GLOBAL SHIELD FINANCING FACILITY

ANNUAL REPORT 2024

Global Shield Financing Facility

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51.2 million people protected with pre-arranged financing

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DONORS

Canada

Germany

Japan

Luxembourg

UK

PARTNERS

Africa Risk Capacity Limited (ARC)

African Development Bank

Anticipation Hub

Asian Development Bank

Bandung Institute of Technology (ITB)

Caribbean Catastrophe Risk Insurance Facility

Centre for Disaster Protection

Climate Vulnerable Forum & V20 Joint Multi Donor Fund

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

European Space Agency

Georgetown University

Global Risk Modelling Alliance (GRMA)

Global Shield Secretariat

Global Shield Solutions Platform

Government of Germany - Federal Ministry for Economic Cooperation and Development (BMZ)

Insurance Development Forum

InsuResilience Global Partnership

InsuResiluence Solutions Fund

International Federation of Red Cross and Red Crescent Societies

Japan International Cooperation Agency

Oxfam

Pacific Catastrophe Risk Insurance Company

Red Cross Climate Centre

Southeast Asia Disaster Risk Insurance Facility

START Network

UNICEF

University of Oxford

World Food Programme

EXECUTIVE SUMMARY

The impacts of climate and disaster shocks continue to rise, with developing countries facing an increasingly complex risk environment. Across the developing world, nearly one in five people are at risk of climate hazards and are likely to experience a severe climate shock in their lifetime that they will struggle to recover from[1]. Moreover, faced with increasingly constrained fiscal space, many governments must juggle the difficult trade-off of protecting their people and economies from the crises of today, while trying to invest for the future and to better prepare for the crises of tomorrow.

Through its financial support, the Global Shield Financing Facility (GSFF) is helping countries invest in crisis and disaster risk finance and insurance (CDRFI) solutions and therefore supporting countries' climate adaptation and disaster resilience efforts. Fiscal year 2024 saw significant progress for GSFF, with key achievements that are helping to close critical protection gaps, support crisis preparedness, and strengthen partnerships for climate and disaster resilience.

Over the year, GSFF provided grants that are enabling 18 countries to access financial protection, potentially protecting 51.2 million people, including over 25 million women.

GSFF-supported financial protection instruments triggered $13 million in payouts, providing direct support to nearly 800,000 individuals.

Gender inclusion continues to be integral to GSFF's approach, guided by its Gender Strategy. Across its country-level and global engagements, GSFF addressed gender-specific vulnerabilities, such as providing financial literacy training for women-led micro, small and medium enterprises in Southern Africa and supporting women borrowers in Pakistan's microfinance sector.

Looking forward, GSFF is committed to scaling its impact and fostering resilience for vulnerable communities. By focusing on inclusive solutions, strategic partnerships, and knowledge sharing, GSFF will continue to drive progress in financial protection and climate resilience globally.

1 WBG Corporate Scorecard, 2024.

FY24 IN NUMBERS[2]

18 countries
receiving GSFF support.

Over
$4.5 billion
in pre-arranged financing.

5 instruments triggered in FY24 totaling almost
$13 million in payouts

$3 billion
in WB financing informed

51.2 million people protected
with pre-arranged financing of whom just over 50% women.

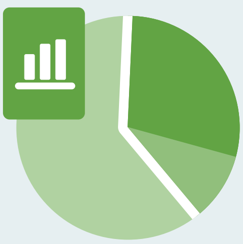
Over
800k beneficiaries
reached with payouts in FY24, where just over 50% female.

16 country workshops
/trainings conducted

Over **600 stakeholders**
trained through GSFF co-financing in FY24

11 active instruments
providing coverage in 9 countries

21 analytic products
designed or supported by GSFF, over the life of the TF



8 analytics completed this year of which

2 were specifically gender-informed.

Abbreviations: FY: Financial Year; CDRFI: Crisis and Disaster Risk Finance and Insurance; GSFF: Global Shield Financing Facility; TF: Trust Fund; WB: World Bank

2 For more details, please refer to the Results Framework, p.122-129.

ABOUT GSFF

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WHO WE ARE

The Global Shield Financing Facility (GSFF) is a multi-donor trust fund hosted by the World Bank and financed by the Governments of Canada, Germany, Japan, Luxembourg, and the United Kingdom.

GSFF supports poor and vulnerable countries and people with increased access to financial protection against climate shocks, disasters, and crises through technical advisory services and integrated financial packages that address protection gaps.

GSFF finances climate and disaster risk finance and insurance (CDRFI) solutions for the most vulnerable countries and communities by strengthening partnerships with a range of stakeholders, including civil society organizations (CSOs), regional risk pools, humanitarian organizations, and the private sector. To support countries in designing and implementing their CDRFI strategies, GSFF leverages the World Bank's analytical and advisory work, policy dialogue, and lending operations.

GSFF is one of three financing vehicles of the Global Shield against Climate Risks (Global Shield) and supports its objectives: to increase protection for vulnerable people and countries; enable faster, more reliable response to climate change impacts; close urgent protection gaps; and make financial protection more systematic, coherent, and sustained. Within an evolving CDRFI landscape, it is a flexible and collaborative vehicle that can provide financial resources to a wide range of partners.

GSFF evolved from an earlier entity, the Global Risk Financing Facility (GRiF), and was formally launched in November 2022. Hence, FY24 represents its first complete fiscal year of operation.

GSFF is one of the three financing vehicles of the Global Shield against Climate Risks.

HOW WE WORK

GSFF leverages the World Bank's analytical and advisory work, policy dialogue, and lending operations to support countries with the design and implementation of their CDRFI strategies. GSFF also cofinances the development and implementation of CDRFI instruments as part of larger World Bank lending operations.

GSFF funds activities that help governments, businesses, and households prepare for and respond to shocks, and fosters technical collaboration with Global Shield partners. The GSFF primarily supports Global Shield priority countries[3] but, where agreed with its donor partners, can provide funding to other countries if there is the potential for innovations or lessons that could benefit Global Shield priority countries. In addition to providing support directly to countries, GSFF can provide transfers-out to eligible multilateral development banks and United Nations (UN) agencies at the request of donor partners, who manage dialogue with eligible transferees.

3 In its initial phase, the Global Shield started activities in eight pathfinder countries and one pathfinder region, namely Bangladesh, Costa Rica, Ghana, Jamaica, Malawi, Pakistan, The Philippines, Senegal, and the Pacific. The new cohort of Global Shield countries was announced by the Global Shield Board in April 2024 and includes the following countries: The Gambia, Madagascar, Peru, Rwanda and Somalia. [Source: https://www.globalshield.org/#:~:text=In%20its%20initial%20phase%2C%20the,%2C%20Senegal%2C%20and%20the%20Pacific.]

GSFF GRANTS HELP GOVERNMENTS, BUSINESSES, AND HOUSEHOLDS PREPARE FOR AND RESPOND TO SHOCKS THROUGH FOUR PILLARS OF ACTION:

PILLAR 1.
GLOBAL ENGAGEMENTS

to help achieve the objective of closing the protection gap globally by fostering global goods like data, analytics, and capacity building

PILLAR 2.
PARTNERSHIPS WITH HUMANITARIAN AGENCIES & CIVIL SOCIETY ORGANIZATIONS

to help ensure that humanitarian response includes risk finance principles

PILLAR 3.
DESIGN AND DEVELOPMENT OF INTEGRATED FINANCIAL PROTECTION PACKAGES

to support countries in implementing CDRFI solutions, with priority for comprehensive programs that can scale both regionally and globally

PILLAR 4.
PRIVATE RISK CAPITAL MOBILIZATION

to help close the financial protection gap by strengthening partnerships with industry and working to strengthen domestic markets and enabling access to products offered by risk pools

GSFF SUPPORTS SOLUTIONS THAT TARGET SPECIFIC GROUPS:

PROTECTING PEOPLE AND HOUSEHOLDS

Poverty and climate vulnerability often go together, as poor households tend to live in riskier locations, have fewer savings, and have less insurance protection than better-off households. GSFF support helps governments develop solutions that protect those who need it most, when they need it most, by directly targeting poor individuals and households vulnerable to climate and disaster shocks.

SUPPORTING THE REAL ECONOMY AS A SOURCE OF RESILIENCE

Resilient and sustainable development relies on the protection of the real economy and especially its micro, small, and medium enterprises (MSMEs). Improving MSMEs' access to credit, including in the aftermath of a disaster, safeguards livelihoods and economic activity and thus speeds the recovery of the economy—and ultimately that of the population.

ENABLING GOVERNMENTS TO BE EFFECTIVE RISK MANAGERS

GSFF supports governments by enhancing their ability to assess, prepare for, and respond to risks effectively. It enables effective partnership with governments to develop comprehensive CDRFI strategies that ensure fiscal stability, support recovery efforts, and build capacity to manage unexpected expenses. By providing technical assistance and funding for tools like catastrophe (CAT) bonds and sovereign insurance products, GSFF helps governments secure pre-arranged financing to mitigate the economic impacts of disasters and ensure that essential public services can continue uninterrupted.

GSFF provides finance to develop shock-responsive mechanisms within financing institutions that can enable continued access to credit for small and medium enterprises so they can maintain their operations, pay suppliers, and sustain employment even during climate shocks.

GSFF SUPPORT IS GUIDED BY A SERIES OF THEMATIC PRIORITIES THAT CUT ACROSS THE FOUR PILLARS OF ACTION AND HELP PRIORITIZE INTERVENTIONS FOR IMPACT:

FOCUSING ON WOMEN THROUGH GSFF'S GENDER STRATEGY:

The potential of CDRFI to systematically include a gender dimension holds tremendous promise for protecting and enhancing women's economic participation. Through its Gender Strategy, GSFF employs a systematic and results-focused approach to integrating gender in GSFF-funded activities.

ENABLING AND LEVERAGING THE ROLE OF THE PRIVATE SECTOR:

GSFF's engagement with the private sector is fundamental to its mission and its success. GSFF leverages the expertise, technical knowledge, and financial solutions offered by the private sector to strengthen domestic insurance markets and promote access to international reinsurance markets. This collaboration is essential for strengthening domestic insurance markets and accessing international reinsurance markets, particularly in developing countries.

SUPPORTING COUNTRIES AFFECTED BY FRAGILITY, CONFLICT, AND VIOLENCE (FCV):

In fragile and conflict-affected settings, vulnerability to shocks is acute, and resilience is often low. A growing number of GSFF investments benefit communities in fragile and conflict-affected situations with tailored CDRFI solutions that address their unique challenges.

SUPPORTING GLOBAL PUBLIC GOODS THROUGH CUTTING-EDGE ANALYTICS AND KNOWLEDGE:

Financial protection against disasters and climate shocks depends on financial risk information and risk analysis. GSFF deploys innovative CDRFI analytics as a prerequisite for effective use of CDRFI strategies and tools. CDRFI analytics empower governments to make better-informed decisions by bridging the gap between raw risk data and information that can be used by policy makers. In addition, recognizing that sharing insights and best practices is crucial for building resilience, GSFF is dedicated to contributing to the global CDRFI knowledge base. Through its support for knowledge-sharing initiatives like the World Bank Group Academy, GSFF's impact extends beyond individual projects and fosters a global culture of preparedness and resilience that benefits those most vulnerable to climate-related risks.

BUILDING COUNTRY CAPACITY FOR CDRFI:

GSFF prioritizes financing country-specific capacity-building initiatives as part of its operational engagement to empower national governments and other key in-country stakeholders in managing disaster risks effectively. Through programs, such as the "Executive Education Program on Disaster Risk Finance for Indonesia" held in 2024, GSFF supports tailored training that builds technical expertise and strategic knowledge within client governments.

GSFF'S ACHIEVEMENTS IN IMPLEMENTING THESE PRIORITIES ARE DESCRIBED IN DETAIL IN SECTION 3.

WHAT DOES GSFF DO?

AS ONE OF THE FINANCING VEHICLES OF THE GLOBAL SHIELD, GSFF:

- **Supports countries in designing and implementing CDRFI strategies** leveraging World Bank expertise, policy dialogue, and lending.
- **Co-finances CDRFI tools** within World Bank operations
- Helps governments, businesses, and households prepare for **shocks**

FOUR PILLARS OF ACTION:

Global Shield Financing Facility

- **Global Engagements** Closes protection gaps through data, analytics, and capacity building.
- **Private Sector Mobilization** Engages industry to close protection gaps.
- **Partnerships** Collaborates with CSOs and humanitarian partners on CDRFI.
- **Financial Protection Packages** Delivers comprehensive CDRFI solutions.

PROTECTION PRIORITIES:

- **People and households**
- **Real economy and jobs**
- **Government budget**

THEMATIC PRIORITIES:

- **Gender** Advances gender-sensitive CDRFI
- **FCV** Adapts DRF solutions for fragile settings
- **Private sector** Expands insurance markets and CDRFI access
- **Global public goods** Delivers cutting-edge analytics and knowledge on CDRFI
- **Capacity-building** Provides tailored solutions to build government capacity for CDRFI

GSFF's role is to respond to countries' requests for CDRFI support through inclusive, country-led processes, thereby facilitating increased access to pre-arranged financial instruments and mechanisms that protect against disasters.

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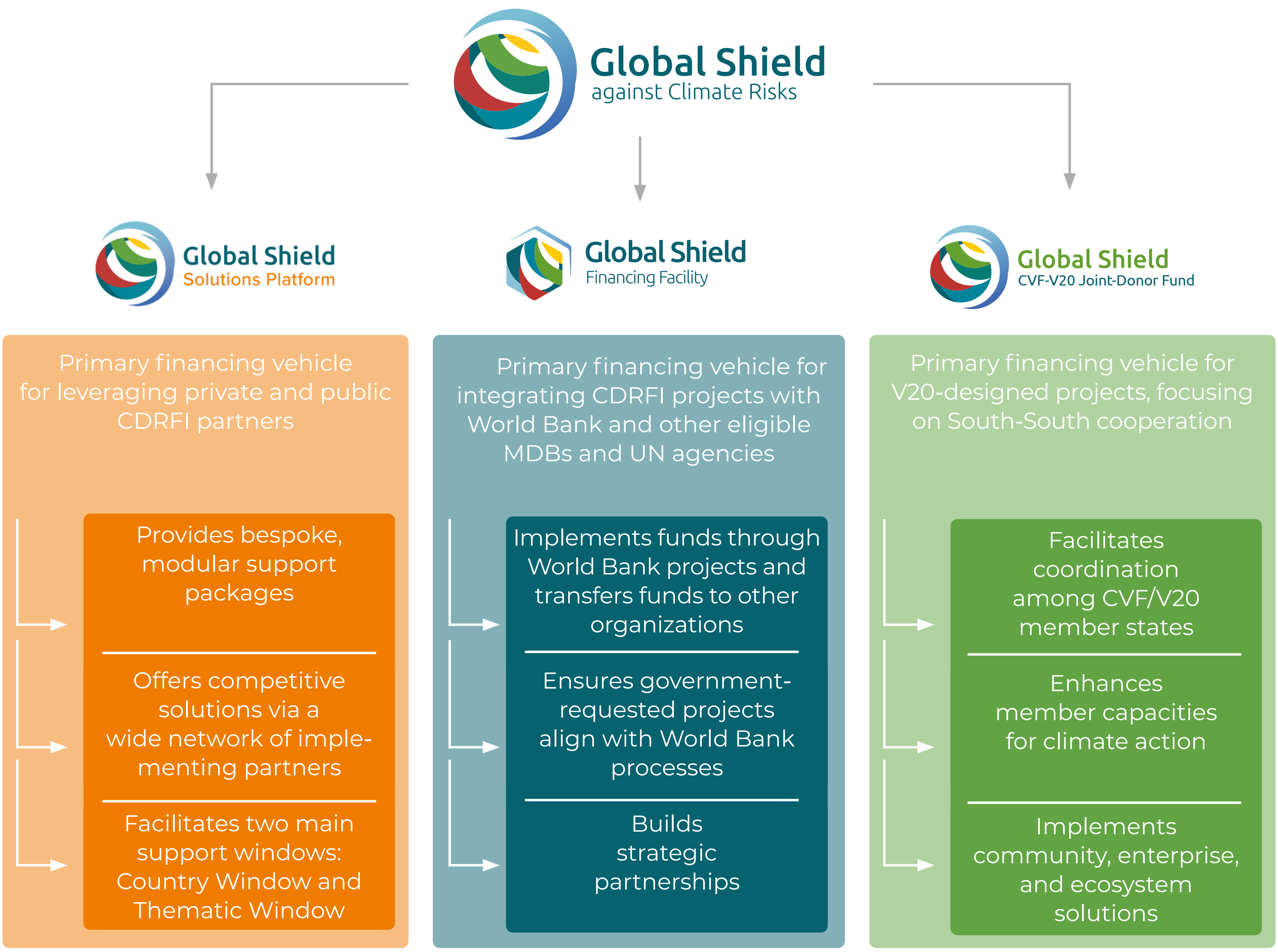
GSFF AND THE GLOBAL SHIELD AGAINST CLIMATE RISKS

GSFF serves as one of three financing vehicles of the Global Shield (Figure 1). It is the primary vehicle for projects that can be integrated into ongoing World Bank programs on risk finance, social protection, disaster risk reduction, and market development, among others. As a Global Shield financing vehicle, GSFF can implement funds through World Bank projects and, under exceptional circumstances, transfer them to other eligible organizations. Its role is to respond to countries' requests for CDRFI support through inclusive, country-led processes, thereby facilitating increased access to pre-arranged financial instruments and mechanisms that protect against disasters.

FIGURE 1: GLOBAL SHIELD AGAINST CLIMATE RISKS AND ITS FINANCING VEHICLES



Source: World Bank. Abbreviations: CDRFI = climate and disaster risk finance and insurance; CVF = Climate Vulnerable Forum; MDB = multilateral development bank; V20 = Vulnerable Twenty.

GSFF works collaboratively with the two other Global Shield financing vehicles—the Global Shield Solutions Platform and the Climate Vulnerable Forum/V20 Joint Multi-Donor Trust Fund—to support the in-country process (ICP). This is a central element of the Global Shield that facilitates the identification of country-specific needs and options of interventions.

The ICP is an inclusive, country-led process which engages all stakeholders relevant to advancing CDRFI, including the needs and perspectives of vulnerable and affected groups. The ICP aims at facilitating greater understanding and informed decision-making by governments on risks, vulnerabilities, protection gaps, and the potential role of different CDRFI interventions and instruments in addressing these gaps. It ultimately enables countries to submit a request for CDRFI support to the Global Shield. GSFF makes substantial contributions to the ICP for countries where there is well-established World Bank dialogue on CDRFI (through prior or potential engagement as part of World Bank programs); in cases where World Bank CDRFI engagements are not present, the GSFF aims to identify entry points in the existing World Bank program that align with the country's request to the Global Shield, while adhering to World Bank governance processes and ensuring alignment with established program priorities. GSFF supports countries at all stages of the ICP through technical and financial resources, as shown in Table 1.

TABLE 1. GSFF'S ROLE IN THE GLOBAL SHIELD IN-COUNTRY PROCESS

<table>
<tr><th>STEPS</th><th>ROLE OF GSFF</th></tr>
<tr><td>Initiation of In-Country Process</td><td>GSFF helps coordinate participation of key government counterparts working on Disaster Risk Finance, Disaster Risk Management and Adaptive Social Protection, with inputs from World Bank experts in country</td></tr>
<tr><td>Stock-take</td><td>GSFF coordinates inputs from across the World Bank, with focal points in each Global Shield country working closely with the GSFF Secretariat to support this effort</td></tr>
<tr><td>Gap analysis</td><td>At the request of the Global Shield Secretariat, GSFF provides technical inputs and review, including building on the findings of the World Bank's Disaster Risk Finance Diagnostics where available.</td></tr>
<tr><td>Request for CDRFI support</td><td rowspan="2">GSFF responds to the request for support within the scope of its mandate and governance arrangements</td></tr>
<tr><td>Tailoring of support package</td></tr>
<tr><td>Implementation of support package</td><td>GSFF grants are embedded in World Bank projects</td></tr>
</table>

Source: GSFF Secretariat Abbreviation: CDRFI = climate and disaster risk finance and insurance.

GSFF AND THE WORLD BANK

ALIGNMENT WITH AND SUPPORT FOR WORLD BANK CORPORATE PRIORITIES

As the World Bank's flagship program on climate and disaster risk finance, GSFF makes a central contribution to strengthening the financial preparedness of Bank client countries to climate shocks, disasters, and crisis. With the launch of the crisis preparedness toolkit in FY24, the topic is now increasingly prioritized within World Bank programs.

Under **IDA20** (the 20th International Development Association replenishment cycle), the World Bank made this agenda a priority in its support to vulnerable countries: it highlighted **crisis preparedness as a cross-cutting issue** and made a commitment to integrate support for crisis preparedness in all IDA country programs. GSFF-financed activities support this priority by enabling investments that help governments, businesses, and households in 16 IDA countries better prepare for and manage shocks.

In 2024, the World Bank also launched an enhanced **Crisis Preparedness and Response Toolkit**, which offers a suite of tools to help client countries prepare for and respond to shocks. The toolkit's objective is to mainstream integration of financial solutions to crises into World Bank projects, bringing scale to the projects that GSFF (formerly GRiF) has financed over the last 7 years. GSFF plays a critical role in the ongoing operationalization of the toolkit. GSFF-supported technical analysis was especially instrumental in the development of the **Climate Resilient Debt Clause (CRDC)**, a central component of the toolkit–including the definition of eligible events (please see page 33 for more details). The GSFF's contribution to these processes is crucial to the toolkit's ability to deliver rapid and reliable payouts. GSFF is also playing a critical role in the ongoing roll out of the toolkit, including by helping governments and World Bank teams integrate the toolkit's instruments in countries' CDRFI strategies.

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GSFF investments align closely with several key outcome areas of the new World Bank Group Corporate Scorecard (CSC), such as protecting the poorest, strengthening macro-economic and fiscal management, promoting resilience to climate change, and improving preparedness for food insecurity.

GSFF's gender team guides project teams in designing and implementing CDRFI activities that contribute to gender-related targets set under the CSC. This effort is closely coordinated with the GSFF monitoring and evaluation (M&E) team, which monitors indicators that feed into and support CSC targets.

Finally, GSFF supports the World Bank's strategic emphasis on knowledge, and specifically on making knowledge available to clients to empower response to complex development challenges. The Crisis and Disaster Risk Finance Executive Education Program, held on June 13-14, 2024, was organized as part of the roll-out of the World Bank Group Academy under the Knowledge Compact for Action. The program was supported by GSFF funding (please see page 55 for more details).

COLLABORATION WITH KEY CDRFI PROGRAMS HOSTED BY THE WORLD BANK

The GSFF is a strong partnership between the disaster risk management and finance teams within the World Bank. The trust fund is co-managed by the Global Unit for Climate and Disaster Risk Management (formerly known as the Global Facility for Disaster Reduction and Recovery, GFDRR) and the technical program is implemented by the Disaster Risk Financing and Insurance Program (DRFIP).

By focusing on financing solutions that implement pre-arranged risk financing instruments, GSFF complements and leverages other donor-supported risk financing programs that focus on upstream technical assistance and create the enabling environment for these instruments. (See Figure 2)

GSFF's work complements that of the Risk Finance Umbrella (RFU), the main World Bank financing vehicle for upstream CDRFI investments. With funding from the Swiss State Secretariat for Economic Affairs (SECO), the United States Agency for International Development (USAID), and the United Kingdom's Foreign, Commonwealth & Development Office (FCDO), RFU programs and activities enable analytical and advisory work to initiate policy dialogue, inform the design of risk finance instruments, and support the preparation of World Bank lending operations on CDRFI.

FIGURE 2. COMPLEMENTARITY WITH OTHER WORLD BANK TRUST FUNDS

Source: World Bank.

RFU technical expertise—in advice and analytics, research and evidence, capacity building, innovation, policy and outreach, and domestic insurance market development—has benefited several GSFF-funded activities. In Malawi, for example, the RFU and GSFF worked together to enable the national social protection program to reach additional beneficiaries across disaster-vulnerable districts. The RFU led technical analysis to design the shock-responsive mechanism, while GSFF financed enabling investments in the government delivery systems as well as premium support for the sovereign insurance layer of the risk financing strategy.

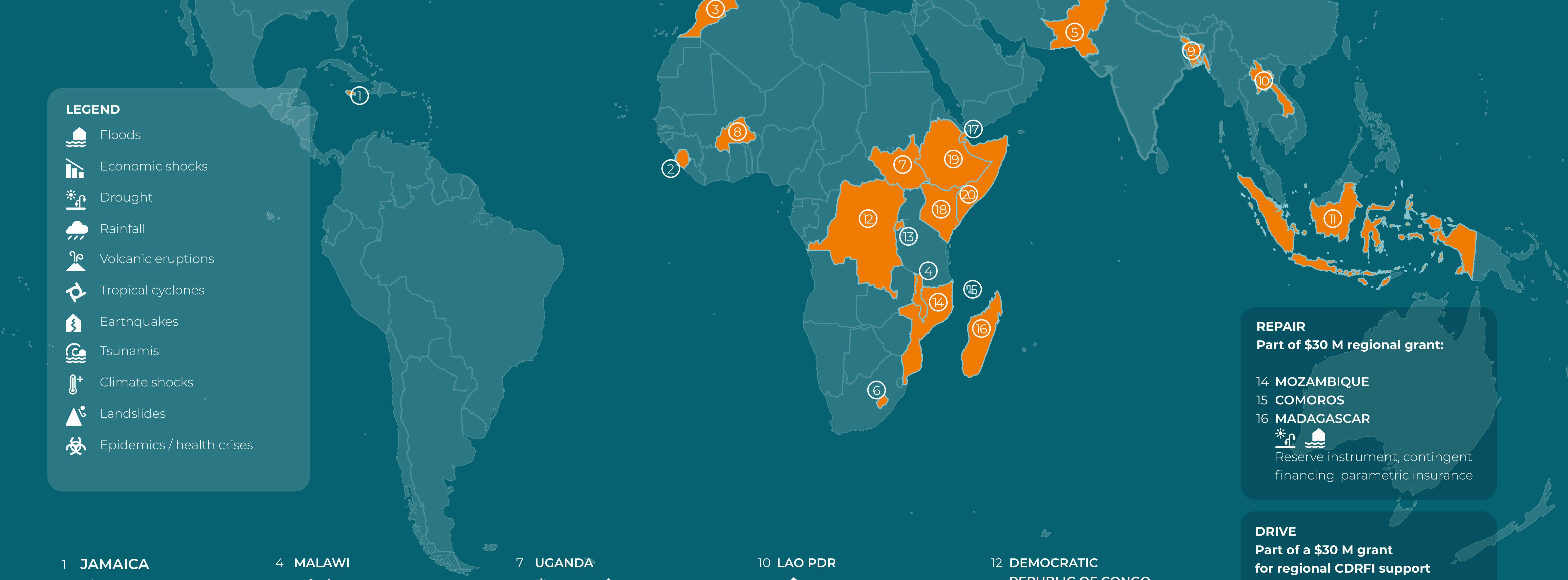
Similarly, the GFDRR Umbrella[6] complements the work of GSFF and embeds CDRFI activities within broader disaster risk management frameworks, ensuring financial instruments are part of a holistic approach to climate and disaster resilience.

6 Implemented by World Bank Global Unit for Disaster and Climate Risk Management (IDURM)

GSFF's IMPACT

2

WHERE WE WORK[4]



REPAIR
Part of $30 M regional grant:

14 **MOZAMBIQUE**
15 **COMOROS**
16 **MADAGASCAR**

Reserve instrument, contingent financing, parametric insurance

1 **JAMAICA**

CAT bond
$ 16.365 M

2 **SIERRA LEONE**

Contingent credit mechanism
$3 M

3 **MOROCCO**

Macro/sovereign insurance product; CAT bond
$5.3 M

4 **MALAWI**

Contingency fund and macro/sovereign risk transfer product
$21 M

5 **PAKISTAN**

CRF including parametric insurance backstop
$25 M

6 **LESOTHO**

Resilience fund window and macro/sovereign insurance product
$8.5 M

7 **UGANDA**

Index-based insurance and savings for pastoralists
$20 M

8 **BURKINA FASO**

Shock-responsive mechanism within a PPCG
$12 M

9 **BANGLADESH**

Macro/sovereign risk transfer product and contingency fund
$9 M

10 **LAO PDR**

Flood insurance product
$3 M

11 **INDONESIA**

National-level fund, Sovereign insurance for state assets
$14 M
CDRFI mechanism for a shock-responsive credit guarantee program
$8 M

12 **DEMOCRATIC REPUBLIC OF CONGO**

Meso-level parametric insurance product
$23 M

13 **RWANDA**

BLW and complementary insurance product
$8.5 M

14 **MOZAMBIQUE**

Macro/sovereign insurance product
$8 M

DRIVE
Part of a $30 M grant for regional CDRFI support in the Horn of Africa:

17 **DJIBOUTI**

Macro/sovereign insurance product

18 **KENYA**
19 **ETHIOPIA**
20 **SOMALIA**

Index-based livestock insurance

Abbreviations: BLW: Bridge lending window; CRF: Climate Risk Fund; CAT bond: Catastrophe bond; SME: Small and medium enterprise; PPCG: Partial portfolio credit guarantee

Note: Uganda, Pakistan and Lao PDR have not yet received approval from the World Bank board, and the US $8 million project in Indonesia, aimed at SMEs, is also still pending approval.

4 All amounts mentioned are grant values.

1.
PROTECTING POOR AND VULNERABLE HOUSEHOLDS

THE CHALLENGE: Disasters and climate-related shocks disproportionately affect the poorest and most vulnerable—keeping some trapped in poverty and pushing others into it. Low-income households often reside in areas highly exposed to shocks, lack savings, and have limited (or no) access to finance or insurance. For poor households relying on climate-sensitive sectors like agriculture and tourism for their livelihoods, shocks can lead to loss of income and employment, making recovery even more challenging. Further, the negative consequences of disasters tend to be experienced disproportionately by women, due to socio-cultural norms and limited access to resources.

OUR RESPONSE: GSFF supports the development and implementation of CDRFI instruments and approaches that are specifically designed to offer financial protection directly to vulnerable populations.

By ensuring that financial resources reach people and households quickly in the aftermath of a disaster, GSFF-financed activities help communities recover faster and minimize the socio-economic and humanitarian impacts of disasters.

© World Bank/Asad

IN FY24, GSFF SUPPORTED SEVERAL PROGRAMS TARGETED TO PEOPLE AND HOUSEHOLDS:

scalable safety nets (Malawi and Uganda), a community protection program (Bangladesh), and financial solutions for pastoralists (Horn of Africa)

A US$21 million GSFF grant has been instrumental in supporting two CDRFI instruments that allow **Malawi's** flagship Social Cash Transfer Programme (SCTP) to scale up and be used for emergency response — a US$21 million contingency fund and a US$11 million macro/sovereign risk transfer instrument. As of FY24, trigger parameters for the insurance policy are working accurately, enabling the SCTP to continue successfully scaling up. Malawi experienced a drought during the 2023–2024 season, and the parametric triggers correctly depicted the situation on the ground. As a result, insurance paid out US$6.6 million and the contingency fund paid out US$5.3 million, benefiting an estimated 142,000 households across 10 districts (please see page 24 for more information).

In **Uganda**, a US$20 million GSFF grant is supporting two new disaster risk finance instruments that will allow Uganda's flagship public works safety net program to cover more people when there are droughts or floods. A US$25 million contingent financing instrument will be used for moderate events and a macro/sovereign risk transfer instrument will provide an additional US$23-35 million in coverage for catastrophic events. In FY24, the World Bank team helped constitute a technical committee; provided members with training on disaster risk finance and the crisis response toolkit in partnership with the World Bank's Multilateral Investment Guarantee Agency (MIGA) and Treasury; and facilitated a knowledge exchange with Jamaica, Kenya, Malawi, Morocco, and Algeria about successfully implementing disaster risk finance strategies. The disaster risk finance strategy is at an advanced stage of development, with government-led consultations and approvals to be completed in early 2025.

In **Bangladesh**, GSFF supports the Jamuna River Sustainable Management Project, which enhances CDRFI for flood-related events through a community protection program that includes a macro-level risk transfer instrument and a complementary community protection fund. The larger World Bank-financed program helps protect about 2,500 hectares of land from riverbank erosion and flooding, thus safeguarding the livelihoods and assets of the local people and creating new economic opportunities. GSFF is supporting two new, complementary financial instruments. A macro-level risk transfer instrument provides an estimate of US$30 million in coverage over three years for approximately 400,000 people, and a US$1.4 million contingency fund provides protection for approximately 56,000 people. The project made notable progress in FY24; it established a project implementation unit, appointed a project director, began needed technical work, and commissioned Network for Information, Response, and Preparedness Activities on Disaster (NIRAPAD), a CSO, to determine the protection gap in the region and address gender-related aspects of program design.

To protect the livelihoods of pastoralists in Djibouti, Ethiopia, Kenya, and Somalia, the World Bank's IDA fund provided US$327.5 million in financing under the **De-Risking, Inclusion, and Value Enhancement of Pastoral Economies in the Horn of Africa (DRIVE)** project. A US$30 million GSFF grant supports a range of financial solutions for pastoralists across four countries whose livelihoods are threatened by drought. During the October–December (OND) 2023 season, drought triggered a payout under a micro-level livestock insurance product, leading to payouts totaling just over US$0.11 million to 10,061 policyholders in Kenya and nearly US$0.46 million to 5,334 policyholders in Ethiopia. In Somalia, an ongoing review of the product is assessing the accuracy of the parametric trigger, which has not yet made any payouts. Sales for the OND 2024 season commenced in August 2024 in all countries.

COUNTRY EXAMPLE: MALAWI

© iStock

Malawi, ranked by the World Bank as the fourth poorest country globally, faces significant socioeconomic challenges, which are exacerbated by climatic events. Recent El Niño-induced floods and droughts have devastated the agricultural sector, pushing approximately 40 percent of the population toward acute hunger. GSFF plays a crucial role in strengthening Malawi's resilience by supporting systems that protect the most vulnerable communities during such catastrophic events.

A US$21 million GSFF grant has been instrumental in supporting two CDRFI instruments that enable Malawi's flagship cash transfer program to scale up for emergency response. Approximately 120,000 households currently enrolled in the cash transfer and Climate Smart Public Works Program are eligible for additional cash when objective indicators of drought are met. The scaling mechanism that increases benefits is supported by the World Bank Social Support for Resilient Livelihoods project, with US$312.5 million of IDA financing allocated to strengthen Malawi's social safety net program.

HIGHLIGHTS

A US$21 million GSFF grant has been instrumental in enabling Malawi's flagship Social Cash Transfer Programme (SCTP) to scale up and be used for emergency response.

COUNTRY EXAMPLE: MALAWI

The GSFF grant enhances the shock-responsive aspects of the program and funds risk transfer instruments to ensure more money is available in the worst years. This aid is crucial, particularly for the poorest, who are most vulnerable during crises. A US$21 million contingency fund currently protects at least 1.2 million people from moderate droughts, while a US$11 million macro/sovereign risk transfer instrument protects an additional 600,000 people from severe droughts for a period of two years. Since the grant's inception, drought has led to three scale-ups of the SCTP, which have provided more than 236,000 households with emergency cash transfers.

To design the SCTP mechanism, the Government of Malawi made key decisions on parameters, including the frequency and types of events that would trigger the mechanism, the number of people it would cover, and the amount of assistance it would provide. Once parameters were selected, the government established rules for implementing this innovative SCTP scalable mechanism and included them in a publicly available, annually updated Scalable Handbook.

When Malawi experienced a drought during the 2023–2024 season, the parametric triggers correctly depicted the situation on the ground, resulting in a US$6.6 million payout from the insurance instrument and a US$5.3 million payout from the contingency fund. Both payouts will be used to finance a scale-up of the social protection program.

In August 2024, payouts were made in 10 districts, totaling US$11.9 million, using insurance (US$6.6 million) and contingency funds, covering an estimated **142,000 households** and providing funds to buy food and resources protecting around 700,000 people.

"Because of the drought, food prices in my district are very high. I received K 150,00 (US$86) from the social cash transfer program, which has greatly helped me and others in my community. Without this support, we would have faced serious challenges. I will use the money for food and my children's school needs. I hope the government can extend this assistance to others who are also in need. Our community is very thankful for the support."

YOHANE BEKA, BENEFICIARY,
BEKA VILLAGE, NGABU, CHIKWAWA DISTRICT

COUNTRY EXAMPLE: MALAWI

In the first two years of implementation, nearly 85,000 households (about 425,000 people) benefited from additional transfers delivered through digital payment systems, with large transfers expected in 2024 in response to the El Niño drought. The original project focused on enrolling 120,000 households from six districts under the scalable cash transfer mechanism. Four districts, targeting another 22,000 of the poorest households, beyond the project's original scope were added to respond to the droughts caused by El Niño. The new districts were selected based on a nationwide application of the same trigger parameters and an assessment of the payment systems to ensure swift payment.

The GSFF grant has also supported improved payment and registration systems for beneficiaries, as well as capacity building, legal reforms, and the codification of standard operating procedures for CDRFI instruments.

"I am thankful for the Social Cash Transfer Program, which helped me buy food when we had none. Hunger often keeps our children from attending school, but this support will help them stay in class. We hope the government continues to help our communities."

OTILE MAKATA, BENEFICIARY, NDILANGA VILLAGE, BLANTYRE DISTRICT

LOOKING FORWARD:
MAXIMIZING THE PRO-POOR BENEFITS OF CDRFI THROUGH DRF FOR ADAPTIVE SOCIAL PROTECTION (DRF4ASP)

A new dedicated window under GSFF will specifically focus on delivering CDRFI solutions that target the poorest and most vulnerable, such as adaptive social protection programs. This approach will help maximize the people-centered impacts of the CDRFI solutions that GSFF supports. By strategically linking CDRFI approaches with adaptive social protection programs and other shock-responsive mechanisms, GSFF-financed solutions will be rapidly and predictably mobilized for those who need them most when disasters strike.

The GSFF Secretariat and the World Food Programme (WFP) have been working together to develop joint principles for people-centered CDRFI that will inform the activities of the broader Global Shield initiative. More specifically, these principles will inform both the incorporation of adaptive social protection into future In-Country Processes and the implementation of people-centered CDRFI solutions linked to delivery mechanisms across Global Shield countries. The objective is to optimize financing to provide maximum protection for the poor and vulnerable, including women and other at-risk groups.

2. PROTECTING THE DOMESTIC PRIVATE SECTOR TO SAFEGUARD JOBS AND LIVELIHOODS

THE CHALLENGE: Climate shocks can devastate firms by destroying assets, disrupting supply chains, and reducing revenue, which can severely impact their ability to operate and meet financial obligations. These shocks create a cascade of challenges, including asset replacement delays, interruptions to supply as global chains and infrastructure falter, and tightened credit conditions as lenders grow more risk-averse. Smaller firms, such as MSMEs, which are responsible for up to 70 percent of jobs globally and contribute 35 percent of the world's food supply—are particularly vulnerable to climate shocks. During the COVID-19 pandemic, 60 percent of micro businesses and 57 percent of small businesses were negatively affected, compared to 43 percent of larger firms. Notably, firms with access to external financing were better able to safeguard jobs. Limited access to finance makes it difficult for these smaller businesses to recover, affecting their growth, viability, and ultimately the livelihoods of millions. There is an urgent need to protect jobs and livelihoods as a crucial source of resilience, especially for vulnerable populations who may not benefit from poverty-targeted safety nets.

OUR RESPONSE: GSFF prioritizes the protection of the domestic private sector through targeted initiatives that provide essential financial support and enhance resilience to climate-related shocks. By developing innovative financial instruments and offering substantial technical assistance, GSFF ensures that the real economy can withstand disasters, recover from them, and maintain economic stability and growth.

IN FY24, GSFF PRIORITIZED INITIATIVES TO PROTECT JOBS AND LIVELIHOODS, AND ENHANCE RESILIENCE ACROSS MULTIPLE COUNTRIES:

climate-smart agriculture insurance (Democratic Republic of Congo), a shock-responsive crisis mechanism for MSMEs (Burkina Faso), bridge lending for agribusinesses (Rwanda), a climate risk fund for microfinance (Pakistan), and resilience support for MSMEs (Lesotho).

In the **Democratic Republic of Congo**, GSFF is supporting solutions that target the agriculture sector and specifically aim to increase smallholder farmers' productivity by supporting their transition to climate-smart agricultural practices and reducing rural poverty. GSFF funding supports the development of the country's first parametric insurance product for drought and excessive rainfall, which will operate in parallel to an existing Contingency Emergency Response Component (CERC).[5] The US$60 million policy is a meso-level product that will be held by the National Agriculture Development Program (NADP), with any payouts used to compensate farmers participating in NADP programming. The preregistration of farmers in the NADP will facilitate rapid payouts. GSFF has designated US$20 million to cover the insurance product's premiums for three years (please see page 31 for more details).

In **Burkina Faso**, a US$12 million GSFF grant initially supported a fourth window for crisis response within a partial portfolio credit guarantee (PPCG) that had three other windows (for MSMEs, women, and smallholder farmers). In January 2024, the crisis response window was redesigned to be a shock-responsive mechanism that backstops the existing three windows. The new shock-responsive mechanism relies on a parametric trigger, and if an eligible climate event occurs during the 2024 rainy season, it will activate. The official PPCG procedure manual has been amended to reflect the restructuring, and a November 2023 workshop with local banks and microfinance institutions informed the design of the trigger.

5 The CERC is a World Bank financing instrument that allows for the rapid reallocation of funds from an ongoing project to cover immediate needs in the event of a disaster or public health emergency. The CERC developed for this phase of the program covers events that are comparatively less severe or more frequent, as well as uninsurable risks such as animal or plant health and price fluctuations. GSFF funding is being used to develop a contingency plan that will outline how CERC funds accessed in these instances will be distributed.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In **Rwanda**, a US$8.5 million grant from GSFF is supporting the development of two instruments with the goal of increasing the resilience of agribusinesses: a US$7 million bridge lending window for an agricultural credit guarantee program is expected to be operational in January 2025, and a complementary insurance product that backstops the window is expected to be operational in January 2026. This will provide liquidity to financial institutions, enabling them to continue lending to MSMEs even when some loans are not repaid. By sustaining access to credit in challenging times, these tools support MSMEs in maintaining operations, managing supplier payments, and preserving employment. Through multiple layers of financial protection, they ensure that businesses have the resources needed to withstand and manage climate shocks. Both instruments are estimated to have sufficient capacity to protect 5,000 MSMEs. As of the end of FY24, the bridge lending window design is complete, and the state-owned Business Development Fund Board has approved the policy manual for the product.

GSFF provides solutions that enable microfinance institutions to continue serving vulnerable populations even in the face of disasters. In **Pakistan**, for example, a US$25 million GSFF grant will help to cofinance the design, establishment, and capitalization of a Climate Risk Fund (CRF), which mitigates climate risk for microfinance lenders and borrowers alike. The CRF is a wholesale financing vehicle that will include both a contingency fund, whose reserve capital can provide microfinance lenders with the liquidity needed to make new or restructure loans when there is a qualifying climatic shock, and a parametric insurance backstop, whose payouts will provide a capital injection into the CRF following extreme shocks.

GSFF also provides extensive technical assistance to strengthen local financial systems and ensure that MSMEs have access to well-structured and effective financial protection. In **Lesotho**, a US$8.5 million GSFF grant funds two new CDRFI instruments (a resilience window and a sovereign insurance product). The government is working with the World Bank and GSFF to develop a resilience fund window within an existing contingency fund (which will provide emergency grants to eligible MSMEs) and a sovereign insurance product. Once in place, the instruments are expected to provide financial protection for 20,000 MSMEs. In FY24, building on the work funded by GSFF, the Government of Lesotho established its first CDRFI technical working group, which will coordinate the implementation of the five-year CDRFI strategy. The national CDRFI strategy is expected in the second half of 2024.

COUNTRY EXAMPLE:

DEMOCRATIC REPUBLIC OF CONGO

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The agricultural sector in the Democratic Republic of Congo is highly vulnerable to extreme droughts and flooding—both of which are expected to increase in frequency and severity due to climate change. Planning and preparing for crises and disasters, and even for common risks such as weather hazards, has proven to be a challenge in the country. The World Bank is seeking to address this challenge and help the Democratic Republic of Congo be better prepared for crises with the National Agriculture Development Program.

The US$280 million World Bank program will benefit 300,000 farmers in three provinces for an initial period of three years; over 15 years, funding is planned to amount to a total of US$1.5 billion and will cover 16 provinces. The project's first phase focuses on increasing farm productivity and reducing rural poverty. Future phases will build links with regional value chains and larger agribusiness investments to promote private investment in commercial agriculture.

The NADP project relies on GSFF funding to support smallholder farmers in adopting climate- and nutrition-smart agriculture practices aimed at improving agricultural productivity, market access, and the overall resilience of farm income to climate change.

HIGHLIGHTS

With a **US$23 million GSFF grant**, the Democratic Republic of Congo is expected to launch its first parametric insurance product in FY25.

COUNTRY EXAMPLE: DRC

With a US$23 million GSFF grant, the Democratic Republic of Congo is expected to launch its first parametric insurance product in FY25 and provide up to US$60 million in coverage over three years for an estimated 300,000 farmers transitioning to climate-smart agricultural practices (GSFF has designated US$20 million to cover the insurance product's premiums for five years initially, now revised to three years to account for the end date of the PNDA project, December 2027).

This meso-level product will be subscribed by the PIU (project implementation unit, representing the ministry of Agriculture) and insured by a consortium of 7 local insurers, and benefiting from participation of international reinsurers. Payouts after shocks such drought or excess rainfall will compensate farmers participating in NADP programming, allowing them to restart the agricultural practices after a climate shock. The preregistration of farmers in the NADP in a national registry for farmers will facilitate rapid payouts. The parametric insurance product will operate in parallel to the pre-allocated CERC. The CERC would cover more common, less severe climate events, as well as uninsurable risks such as animal or plant health. GSFF funding is also being used to improve how the CERC operates. In addition, US$3 million will go toward technical assistance to build in-country capacity for developing the parametric meso insurance instrument and supporting CDRFI work overall.

National regulatory authorities have adopted the sandbox regulation for parametric insurance and microinsurance, thereby creating the legal framework for selling parametric insurance products in the Democratic Republic of Congo. This important step was accomplished through a partnership with the International Finance Corporation. A Climate Contingency Plan for the agricultural sector was completed in FY23 by the project team and government counterparts; this is the first such plan the country has ever prepared. A South-South learning experience organized by the project team gave the Congolese task force charged with launching the insurance product an opportunity to learn from Zambian authorities, who faced similar challenges scaling up a meso-level insurance product.

The project team also worked with the WFP to survey farmers and verify that satellite agricultural data matched what they were experiencing on the ground. This information is crucial for developing the index used for the insurance product.

GSFF grant funding covers **farmers' insurance premiums** for up to three years.

"Thanks to the (GSFF-funded) insurance product, the investment in climate-smart agricultural practices is protected in the event of severe climatic shocks for the duration of the NADP [National Agriculture Development Program] intervention. A part of any insurance, payout to participating farmers will automatically be designated for purchasing seeds for replanting in the following season, and the remainder will be available to farmers as a digital payment. Structuring the insurance product in this way boosts farmers' agricultural production and makes them more resilient to climate change."

IR. JOSÉ ILANGA, DEP COORDINATING DIRECTOR, MINISTRY OF ENVIRONMENT, NATURE CONSERVATION AND TOURISM, DEMOCRATIC REPUBLIC OF CONGO

LOOKING FORWARD:
HOW THE CRISIS PREPAREDNESS AND RESPONSE TOOLKIT LINKS TO THE WORK OF GSFF

GSFF has played a pivotal role in advancing the World Bank's strategic priorities on CDRFI, notably by contributing to the development of the new and enhanced Crisis Preparedness and Response Toolkit. The toolkit supports client countries' efforts to better prepare for and respond to crises—including disasters, conflicts, or pandemics—with tools that provide fast access to cash, reduce debt burden, and foster resilience in the long run. These tools include the Rapid Response Option (RRO), which allows countries to repurpose up to 10 percent of their undisbursed Investment Project Financing (IPF) and Program-for-Results (PforR) portfolio within a fiscal year for rapid emergency response; Catastrophe Deferred Drawdown Option (CAT DDO) and IPF DDO enhancements that provide increased and faster access to contingent and new financing for crisis response; Catastrophe bonds and insurance through World Bank financing operations; and the Climate Resilient Debt Clause (CRDC), which allows eligible small states to defer loan repayments in the event of certain disasters.

GSFF's technical expertise helped ensure that the toolkit is robust and fit for purpose, and that it aligns with the World Bank's broader risk finance objectives. GSFF-supported technical analysis was especially instrumental in the development of the CRDC, including the definition of eligible events. GSFF also plays a critical role in the ongoing operationalization of the toolkit. GSFF's contribution to these processes is crucial to the toolkit's ability to deliver rapid and reliable payouts, which ensure countries have the financial support they need in the aftermath of a disaster, for example in the aftermath of Hurricane Beryl where the team supported the processes to ensure countries could quickly access toolkit instruments such as the CRDC.

The GSFF has also provided essential analytical support to help Treasury and other World Bank departments understand the value of various tools for different countries and scenarios. For instance, the team has evaluated the applicability of the CRDC for IDA countries and small island states to determine under what circumstances these tools might be adopted and what implications they hold for governments.

3.
ENABLING GOVERNMENTS TO BE EFFECTIVE RISK MANAGERS

THE CHALLENGE: The macroeconomic costs of natural disasters are profound and far-reaching: they impact immediate gross domestic product (GDP) growth and also lead to cumulative, permanent GDP losses in the years following major events. In addition to having direct financial impacts, natural disasters can escalate social costs and disrupt essential public infrastructure. Damage to power generation and transport infrastructure alone costs about US$18 billion a year in low- and middle-income countries.

OUR RESPONSE: GSFF supports governments in assessing their exposure to climate and disaster risks and helps them understand the potential economic impacts of these risks. Based on these assessments, it offers financial support to design, place, and operationalize tailored financial protection strategies, including sovereign risk transfer solutions.

IN FY24, GSFF SUPPORTED RESILIENCE THROUGH TAILORED SOVEREIGN SOLUTIONS:

a disaster risk financing strategy (Sierra Leone), a CAT bond renewal (Jamaica), sovereign insurance (Mozambique), regional risk pooling (Lao PDR and Southern Africa), a solidarity fund (Morocco), and a disaster preparedness fund (Indonesia).

In **Sierra Leone**, with support from the GSFF, the government launched its National Disaster Risk Financing Strategy and Implementation Plan in March 2024. This proactive strategy aims to manage disaster risks effectively, in turn ensuring fiscal stability and supporting the recovery of both physical and human capital, which are crucial for long-term economic development.

In **Jamaica**, a GSFF-supported CAT bond is a critical component of the island's CDRFI strategy. When first issued in July 2021, it provided Jamaica with US$185 million in coverage against tropical cyclone winds and was the first CAT bond ever independently sponsored by a small island state. The bond was renewed in April 2024 and now offers US$150 million in protection.

By securing insurance coverage and replenishing disaster funds, GSFF grants help mitigate the impact of severe weather events and support recovery efforts. In **Mozambique**, a US$8 million GSFF grant led to the placement of a sovereign insurance product that offers US$35 million in coverage through September 2025, as well as a contingency fund that has been in place since 2019. The sovereign insurance product backstops Mozambique's disaster fund (Fundo de Gestão de Calamidades); when Tropical Cyclone Freddy hit in 2023, a US$970,000 payout replenished the fund, alleviating the impact on people who lost their homes or were at risk of water-borne diseases. While the World Bank lending project closed in FY24, remaining GSFF funds will finance quality assurance procedures as the government puts the sovereign insurance contract in place for the 2024–2025 tropical cyclone season. The government will continue to finance the disaster fund from its budget and will work with the World Bank and the African Development Bank to extend its macro/sovereign risk insurance coverage.

In the **Lao People's Democratic Republic**, grant funding from GSFF is supporting flood protection instruments. In 2020, GSFF approved a US$10.5 million grant to support ASEAN (Association of Southeast Asian Nations) countries in improving access to cost-effective, pre-arranged financing through the Southeast Asia Disaster Risk Insurance Facility (SEADRIF), a regional insurance platform. In FY24, GSFF reallocated part of the grant to support Lao PDR in renewing its flood policy for another three years. An estimated US$3 million will enable coverage of US$20–30 million, subject to reinsurance market conditions. Much of the remaining funds from the allocation are expected to be reprogrammed.

In **Southern Africa**, where a 2023 tropical cyclone caused US$507 million in damage, GSFF is addressing the urgent need for a regional approach to increased financial resilience. It has embedded a US$30 million grant into the Regional Emergency Preparedness and Access to Inclusive Recovery Program (REPAIR) project to support increased financial resources, coordination, and preparedness across borders. More specifically, the grant supports a new regional climate fund that will eventually protect 12 countries against events of varying frequency and severity with three layered financial instruments: a reserve instrument, contingent financing, and parametric insurance products. Three countries (Comoros, Madagascar, and Mozambique) have joined the initiative and allocated their US$280 million World Bank IDA funds to the different instruments; and nine other countries are expected to be onboarded in 2025–2026.

In **Morocco**, a US$5.3 million GSFF grant is strengthening the Solidarity Fund against Catastrophic Events (Fonds de Solidarité contre les Évènements Catastrophiques, FSEC), which provides disaster protection to people not covered by private insurance. The grant is being used to reinforce the technical, operational, and financial capacity of FSEC and Moroccan CDRFI practitioners. It supports the development of two CDRFI instruments. The first is a catastrophe (CAT) bond, which FSEC's Board is exploring as an alternative to the current earthquake reinsurance program, following the Al Haouz earthquake in 2023 and the increasing cost of traditional macro/sovereign reinsurance. In 2024, FSEC began laying the groundwork for this CAT bond, which will likely replace the existing earthquake insurance. The second instrument is a macro/sovereign insurance product for severe flooding, which is still under development.

In **Indonesia**, a US$14 million GSFF grant is funding the start-up and operational costs of the US$500 million Pooling Fund Bencana (Pooling Fund for Disasters), the country's central mechanism for financing disaster preparedness and response, and the cornerstone of its 2018 CDRFI strategy. In FY24, the government achieved 10 of 21 performance-based conditions related to the World Bank lending operation, including the setup of the pooling fund in the Indonesia Environment Fund (BPDLH), adoption of the pooling fund strategic plan and risk finance strategy, adoption of the environmental and social management system, adoption of the pooling fund annual budget plan, and the introduction of guidelines for disaster expenditure tracking (please see page 37 for more details).

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COUNTRY EXAMPLE:
INDONESIA


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Indonesia, with over 17,000 islands spanning 1,500 kilometers, has a history of earthquakes, tsunamis, volcanic eruptions, floods, and landslides. Located on the "Pacific Ring of Fire," the country has 76 active volcanoes, recording over 3,000 natural disasters annually. Disasters over a decade can cost thousands of lives, displace tens of thousands, and result in $3 billion in annual economic losses. From 2014 to 2018, the central government spent $90–500 million annually on disaster response and recovery, with subnational governments adding $250 million, amounting to 1.4–1.9% of total central government spending. However, over the years, the Government of Indonesia has been very engaged on advancing the Disaster Risk Financing and Insurance (DRFI) agenda, and the country is a leading champion for DRFI globally.

To protect the state budget, the government established the Pooling Fund Bencana (PFB [Pooling Fund for Disasters]), with support from $500 million investment project finance with performance-based conditions. Since the setup, the government has annually contributed its own budget to the fund, and expects to continue to do this. A US$14 million GSFF grant is funding the start-up and operational costs of the PFB. Established to coordinate the DRFI landscape in Indonesia, PFB serves as a centralized mechanism for channeling financial resources for disaster preparedness and response. While it establishes all the

A **US$14 million GSFF grant** is funding the start-up and operational costs of the US$500 million Pooling Fund Bencana, the country's central mechanism for financing disaster preparedness and response.

COUNTRY EXAMPLE: INDONESIA

necessary environmental and social safeguards to respond to high-risk post-disaster activities, PFB will finance preparedness initiatives such as premium subsidies for insurance products and other pre-disaster activities such as risk awareness and training. PFB has been designed to be a self-insuring vehicle with a robust investment strategy. Looking forward, and once fully operational, PFB will leverage reinsurance and capital markets to expand its financing for high-severity shocks. At present, the government is exploring the development of earthquake parametric solutions, to be financed through PFB. Several regulations have been adopted to institutionalize this mechanism, which is also reflected as a Key Performance Indicator for the country's Finance Minister, a key measure of sustaining this mechanism within the country. To set up this world-class DRFI mechanism, GSFF funds the technical expertise and data improvements needed to design a self-sustaining mechanism in line with global standards.

To protect state assets, the government established a state assets insurance program (Program Asuransi Barang Milik Negara, ABMN). ABMN is an all-risk indemnity insurance program managed by the Ministry of Finance, with voluntary participation from line ministries, and supported by the World Bank. Since 2019, the program has insured 10,920 buildings, with participation from over 70 line ministries, and leverages $2.4 billion in reinsurance capital. ABMN has already paid out on several occasions, including after the 2020 Jakarta floods and the 2021 Mamuju earthquakes. In both instances, line ministries that incurred damage received funds that enabled repairs and minimized public service disruption. GSFF funding facilitated a three-year renewal of the existing ABMN in 2023, and it will support an expansion of ABMN to cover additional infrastructure assets.

Setting up a coordinated DRFI mechanism in a country and embedding it within government systems requires much more time, effort, and capacity than simply setting up a financial solution. Acting as a de-facto institution, such a mechanism requires: extensive stakeholder engagement and consultation across and outside of government; new regulations and changes to existing regulations to ensure the different entities involved have a legal mandate to perform the needed institutional functions; ongoing capacity building and awareness-raising for different stakeholders; and technical enhancement of implementing agencies to increase their knowledge of different financial solutions and ensure funds are deployed rapidly after disasters. This has required day-to-day engagement and capacity building of various in-country stakeholders, and has led to strong country championship of the topic.

GSFF RESOURCES ARE SUPPORTING THE EXPANSION OF INDONESIA'S OVERALL DRFI CAPACITY

Alignment with Indonesia's overall DRFI landscape: GSFF support for PFB design and operationalization to protect the state budget; ABMN implementation and expansion; enabling a link between PFB and ABMN.

Support for the national DRFI regulatory environment: Enabling the provision of technical inputs to ministerial-level and technical-level regulations for implementation of the PFB and ABMN programs

Capacity building: Hands-on technical support on all aspects of design and implementation of the two solutions, with targeted capacity building sessions for developing PFB's investment strategy, DRFI strategy, and Monitoring, Evaluation and Learning (MEL) approach, among others. Of note is the flagship program developed as a DRFI Executive Education Program in collaboration with the Bandung Institute of Technology, which will continue to deliver this going forward. Several knowledge visits were also organized for Government of Indonesia to Switzerland and Singapore, to learn from world class examples of risk management.

COUNTRY EXAMPLE: INDONESIA

"In Indonesia, we recognize the importance of insuring state assets, particularly hospitals, schools, and other public service buildings, to ensure continuous service delivery to the people. In the face of disasters, protecting essential assets to maintain public services should be a priority, along with establishing effective risk management measures. We analyzed our budget and decided to start by insuring a select group of assets rather than attempting to cover everything at once. This approach ensures that our budget is used efficiently and effectively.

When it comes to designing and implementing national disaster risk finance strategies, it is essential that stakeholders understand the priorities. Capacity building also helps us determine the budget required and identify which assets to prioritize. I am grateful to the World Bank Group, through the GSFF, for organizing an executive education program tailored to Indonesia's DRFI strategy and held at the Bandung Institute of Technology in March 2024. This program brought together relevant stakeholders, including several line ministries, and helped embed a deeper understanding of the importance of these efforts within the country. Ensuring that such knowledge is retained within the country is vital."

RIONALD SILABHAN, DIRECTOR GENERAL OF STATE ASSET MANAGEMENT, MINISTRY OF FINANCE, REPUBLIC OF INDONESIA

To date, the State Assets Insurance Program (Program Asuransi Barang Milik Negara, ABMN) has provided **coverage of US$2.4 billion**. With GSFF support, the program was renewed in 2023 and will be expanded to cover additional assets.

SPECIAL THEMES

3

1. FOCUSING ON WOMEN THROUGH GSFF'S GENDER STRATEGY

GSFF grants helped ensure the following benefits for women in FY24, and they reflect its focus on gender inclusion in economic activities and CDRFI.

In **Burkina Faso**, micro, small and medium enterprises (MSMEs) will benefit from expanded access to finance, including the country's 10 percent of businesses owned by women.

In **Lesotho**, the Ministry of Gender, Youth, and Social Development is a core member of the new CDRFI Technical Working Group and will help ensure gender considerations are reflected in all relevant strategies and activities. Among other gender-sensitive project activities, women will receive financial literacy and digital payments training.

In **Sierra Leone**, emergency cash transfers target households headed by women, the elderly, and persons with disabilities. In total, 71 percent of program beneficiaries are female.

In **Pakistan**, where women make up 45 percent of the active borrower base in the microfinance sector, the requirement that microfinance lenders meet gender-focused criteria when on-lending will expand women's access to financial resources.

In **Southern Africa**, 2,500 women-led MSMEs will receive financial literacy training and benefit from national gender-informed emergency response plans being developed.

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Systematically including a gender dimension in CDRFI holds tremendous potential for protecting and enhancing women's economic participation.

Recognizing this, GSFF developed a Gender Strategy in 2023 to provide a foundation for a systematic and results-focused approach to integrating gender in GSFF-funded activities. The strategy maps out GSFF's high-level approach to incentivizing teams and clients to scale up the inclusion of gender-related aspects in designing and implementing CDRFI initiatives.

GSFF's Gender Strategy includes four objectives to guide its gender-related activities:

1. **INCORPORATE GENDER IN GSFF'S SYSTEMS AND PROCESSES.**

2. **INCREASE GENDER KNOWLEDGE AND CAPACITY** of World Bank CDRFI task teams and connect them to gender resources.

3. **BUILD PARTNERSHIPS** with humanitarian actors and CSOs experienced in gender-sensitive programming.

4. **CONTRIBUTE TO GLOBAL PUBLIC GOODS** to advance innovative and good practices in gender-sensitive CDRFI.

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ACHIEVEMENTS

GENDER CONSIDERATIONS EMBEDDED IN GSFF GRANT APPROVAL PROCESS

GSFF incorporates targeted gender questions in its grant proposal template, requiring teams to investigate potential gender gaps relevant to project scope and suggest activities to narrow them. Proposals are reviewed by a gender specialist who provides feedback. Dedicated M&E gender indicators have been developed and are being piloted.

TRAINING MODULE

A training module, "Gender and Disaster Risk Finance: Starting the Conversation," developed and designed by the GSFF gender team, raises awareness of gender considerations in CDRFI and equips teams with relevant resources. The module was piloted at Georgetown University in February 2024.

NEW GENDER RESOURCES

GSFF has developed resources for CDRFI practitioners, including a guidance note that provides hands-on guidance to practitioners on how to incorporate gender considerations into CDRFI interventions and measure results. Accompanying the guidance note are three case studies that illustrate how gender aspects were considered in three CDRFI projects, and appropriate activities developed, implemented and monitored: "DRIVE in the Horn of Africa," "Lesotho Competitiveness and Financial Inclusion Project," and the "Third Northern Uganda Social Action Fund." project.

COLLABORATION WITH INSURESILIENCE GLOBAL PARTNERSHIP'S CENTRE OF EXCELLENCE ON GENDER-SMART SOLUTIONS

GSFF collaborates with the **InsuResilience Global Partnership's Centre of Excellence on Gender-Smart Solutions** by providing technical expertise and participating in knowledge exchange. This work includes peer-reviewing guides and policy papers, contributing to gender capacity-building approaches, and participating in webinars such as the "Confronting Challenges in Gender-Smart Climate and Disaster Risk Finance" event held in May 2024.

GENDER ADVISORY SUPPORT TO TASK TEAMS

Project teams working on GSFF-financed projects receive targeted support from GSFF's gender team, which advises on incorporating gender into emerging CDRFI initiatives.

For example, hands-on gender advisory support is provided to the **Bangladesh** project team. Under the CDRFI component of the Bangladesh Jamuna River Sustainable Management Project, a diagnostic and scoping exercise is assessing the gender dimensions of the protection gap across selected sites in the Jamuna River, in part to inform targeting of emergency assistance. The exercise also examines how gender is considered in the design of current programs operating in the selected target sites.

Direct gender advisory support to operations is nascent and will be expanded in FY25. Special emphasis will be placed on guiding teams in designing and implementing CDRFI-relevant gender activities that will enhance CDRFI bank operations and contribute to gender-related targets set under the new World Bank Group Corporate Scorecard.

The **DRIVE project** incorporates a four-year quasi-experimental evaluation—the first of its kind for a large-scale World Bank–funded DRFI project—to investigate the impact of a financial services package offered under the project in Ethiopia and Kenya.

Research design and evaluation questions include gender angles to probe preferences and beliefs, demand, information sharing and uptake, insurance decisions, and intra-household dynamics. A GSFF gender expert is serving as part of the DRIVE implementation team to inform, expand, and extract lessons from the intervention's gender targeting. A workshop held in June 2024 that discussed findings from the DRIVE impact evaluation looked at gender targeting and its effect on knowledge and trust in the program and products.

In **Lesotho**, the GSFF-supported MSME resilience window being developed will account for gender in the eligibility criteria and will establish targets to ensure MSMEs owned by women receive relief funds in the event of shocks. Analytical products, including the national CDRFI strategy, the value for money analysis, and the MSME Resilience Fund Handbook, all take gender-specific impacts into account.

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2.
ENABLING AND LEVERAGING THE PRIVATE SECTOR

The private sector plays a key role in enabling resilience. Domestic insurance markets, backed by international reinsurance markets, help individuals, homeowners, farmers, and businesses be more resilient to shocks, and they reduce the burden on public resources by transferring risk to the market and ensuring financing is available when needed.

The domestic private sector also acts as a source of resilience for local communities by creating jobs and providing livelihoods for millions of people. Governments are increasingly working with private sector players to support public adaptation and resilience efforts—for example, by designing specific CDRFI solutions to safeguard businesses and jobs and by developing public-private insurance partnerships.

GSFF's engagement with the private sector is fundamental to its mission and its success. In FY24, GSFF facilitated US$4.5 billion in private capital, demonstrating its ability to attract and leverage significant resources. GSFF leverages the extensive expertise, technical knowledge, and innovative financial solutions offered by private sector professionals, including risk modelers, actuaries, and brokers. This collaboration is essential for strengthening domestic insurance markets and accessing international reinsurance markets, particularly in developing countries.

In Southern Africa, GSFF funding has enabled countries participating in the **REPAIR** project to benefit from the expertise of the African Risk Capacity Limited (ARC Ltd.). As the regional implementing agency, ARC Ltd. plays multiple roles, including co-designing contingent lending products with the World Bank and partners, raising contingent finance from the private sector at affordable rates, and ensuring sound reserve fund governance for returns and liquidity. ARC also handles parametric insurance product design, distribution, awareness-building, and (re) insurance. ARC Ltd. ensures that funds reach intended beneficiaries and that monitoring and tracking, development of contingency plans, communication with stakeholders, and building of countries' CDRFI capacity all take place.

By leveraging ARC Ltd.'s work, the REPAIR project will develop new financing instruments to cover risks not addressed by existing sovereign policies, enhance contingency plans and fund flows, and mainstream gender in disaster risk management.

Engaging with the private sector helps build and strengthen domestic insurance markets in developing countries. A robust domestic insurance market is vital for managing and mitigating disaster risks effectively. The presence of risk-bearing capital in insurance and capital markets has enabled several developing country governments to shift excess risk to private sector entities, such as international reinsurance companies. This capital has also strengthened domestic insurance markets in these countries by allowing accumulated catastrophe risk to be transferred out of the country and into international markets.

In **Morocco**, ongoing CDRFI work supported by GSFF has helped inform the country's legal and institutional framework, clarifying the roles played by the private insurance and public sectors in the prearranged financing of disaster risks. It has also helped in the development of a financial strategy that uses public funding to cover small losses and mobilizes private risk capital for excess losses.

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Private sector involvement facilitates access to international reinsurance markets. This is particularly important for countries with underdeveloped domestic markets, as it allows them to leverage international capacity to expand the coverage of their risk transfer instruments.

The **DRIVE project** in the Horn of Africa showcases how GSFF fosters economic sustainability by mobilizing the private sector. This project aims to provide financial services and market linkages to pastoralists, and it leverages the private sector to deliver efficient and scalable solutions. A regional entity, ZEP-RE, facilitates access to financial services by pooling risks across countries and engaging local financial institutions and international reinsurers. By partnering with the local private sector, ZEP-RE designs and delivers insurance products tailored to traditionally underserved populations. This private sector approach not only provides technical expertise and market access but also mobilizes private capital in challenging environments, demonstrating the sector's critical role in CDRFI.

Finally, the private sector offers innovative financial solutions and instruments to overcome market development challenges. This has led to the design of new and more efficient products and tools, including catastrophe bonds and other risk transfer mechanisms, that increase access to coverage for previously excluded groups.

In the **Democratic Republic of Congo**, seven insurance companies are working with the Ministry of Agriculture and the insurance regulator to pave the way for the country's first parametric insurance product. This significant private sector involvement came about as a result of GSFF funding for capacity building, specifically insurance workshops and exchange visits that opened communication channels among stakeholders.

Beyond country-level solutions, GSFF funds global-level analytical work and fosters technical collaboration with key industry partners such as the Insurance Development Forum. This partnership focuses on the design and implementation of financial solutions, development of global goods, and executive education in partner countries (please see page 55 for more on the World Bank-Insurance Development Forum Knowledge Partnership).

REGIONAL RISK POOLS

Regional risk pools are a key tool to manage disaster-related financial risks and address the growing insurance protection gap as climate risks intensify. By aggregating risk across regions, these pools offer countries the opportunity to diversify their financial buffers and absorb shocks more effectively. Regional risk pools reduce transaction costs, enable access to centralized expertise, lower total premium costs through economies of scale, and diversify risk portfolios. GSFF plays a pivotal role by partnering with these pools, helping countries tap into their benefits. For example, GSFF has partnered with ARC and SEADRIF, which provide sovereign risk insurance to help countries build resilience against disasters.

The SEADRIF Insurance Company has a flood insurance product with the **Lao People's Democratic Republic**. The original policy was active until early 2024. The Government of Laos requested World Bank support to extend coverage of the policy, and so a US$3 million grant will support Laos with premium support for renewal of the policy for another two years.

In 2023, the Government of **Djibouti** signed a multiyear, multi-peril insurance agreement with the ARC Group—the first of its kind in Africa. Under the agreement, Djibouti has access to disaster risk management capacity building and insurance coverage for five years. Through the DRIVE program, GSFF contributed US$2 million to underwrite the insurance policy. As of 2024, the GSFF team is focused on enlarging the risk pool through geographic and product diversification and exploring how new countries can join the project.

At the "Understanding Risk 2024 Global Forum" in Himeji, Japan, the CDRFI team, in partnership with GSFF, helmed a session, "A Look Back and a Look Forward on Risk Pools: Perspectives from Countries Globally," which showcased regional risk pooling mechanisms to strengthen CDRFI and insurance solutions. Insights were shared by representatives from St. Vincent and the Grenadines on the Caribbean Catastrophe Risk Insurance Facility, Tonga on the Pacific Catastrophe Risk Insurance Company, Malawi on ARC Ltd., and Laos on various approaches in Southeast Asia. Also at the event, SEADRIF presented a regional case study on risk pooling for resilient infrastructures in ASEAN+3, offering insights into regional cooperation and financial pooling mechanisms.

3. WORKING IN THE TOUGHEST ENVIRONMENTS:

SUPPORTING COUNTRIES AFFECTED BY FRAGILITY, CONFLICT, AND VIOLENCE

In FCV contexts, vulnerability to shocks is acute and resilience low among institutions, communities, and households.

Of the 25 most climate-vulnerable countries, 60 percent also feature on the World Bank list of fragile and conflict-affected situations (FCS); people in FCS are three times more likely to be affected by extreme weather annually than others. The high exposure and low resilience to shocks combine to have profound long-term impacts on FCS economies, where estimated cumulative GDP losses reach 4 percent three years after a significant climate event, compared to 1 percent in other countries.

GSFF is uniquely positioned to help mitigate the challenges that FCV countries, such as the Democratic Republic of Congo (please see page 31), face. It can leverage IDA financing, and it offers bespoke support for risk assessment, technical assistance, and project pipeline development, mainly focusing on adaptive social protection systems. GSFF also has the ability to leverage the CDRFI expertise and experience of the World Bank and its clients in FCV settings and elsewhere. In countries where fiscal constraints limit the government's ability to invest in CDRFI, GSFF provides the funds to help co-finance premiums for insurance products or capitalize contingency funds.

In FCV contexts, GSFF's focus on enhancing access to finance and bolstering MSMEs' financial resilience is especially important.

Instruments like partial credit guarantees offer a way to safeguard MSMEs by ensuring continuous access to credit, particularly during climate-related shocks.

This approach not only helps businesses maintain operations after a disruption but also supports the broader financial sector—microfinance institutions, banks, etc.—in unlocking finance essential for growth, employment, and resilience.

In **Burkina Faso**, a US$12 million GSFF grant is increasing MSMEs' financial resilience by supporting a crisis response window within a partial portfolio credit guarantee that also has windows for SMEs, women, and smallholder farmers. In January 2024, the crisis response window was redesigned as a shock-responsive mechanism that will backstop the other three windows, providing them with additional financial capacity so that if any borrowers default on loans, lending institutions will be reimbursed for 70 percent of the amount instead of the usual 50 percent.

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Developing domestic insurance markets in FCV contexts can offer a financial buffer against specific risks. Agricultural insurance, for example, can provide financial security to farmers affected by climate variability. Especially in contexts where fiscal space is limited, sovereign insurance can protect government balance sheets and provide a strategic cushion against shocks.

In **Mozambique**, a US$8 million GSFF grant led to the development of a new sovereign insurance product that currently offers US$35 million in coverage through September 2025. The policy is estimated to benefit more than 224,000 people if it pays out. The sovereign insurance product backstops Mozambique's disaster fund, Fundo de Gestão de Calamidades. The grant has also supported the country's first CDRFI strategy and has consequently improved public management of disaster spending.

GSFF recognizes that more than financial resources is needed to ensure the sustainability of CDRFI mechanisms in FCV settings.

GSFF invests in capacity building to support development of the local institutions, systems, and expertise required to effectively design, manage, and implement CDRFI strategies.

It also serves as a platform for bringing together various actors, including governments, international organizations, private sector entities, and CSOs, to ensure that CDRFI strategies are comprehensive, that they leverage the strengths of different stakeholders, and that they are tailored to specific needs.

PARTNERSHIP WITH THE WORLD FOOD PROGRAMME

GSFF and the World Food Programme (WFP) are working closely together on several initiatives aimed at designing and implementing financial protection solutions for vulnerable populations facing the devastating impacts of climate shocks, disasters, and crises. This partnership builds on their respective strengths to develop financial instruments and strategic collaborations.

Operational partnership: The GSFF and WFP have partnered to learn from each other as they collaborate through their operational programs to build resilience. WFP's experience as an implementer on the ground is valuable for last mile delivery, especially in ensuring that vulnerable communities are reached with appropriate protection mechanisms. Similarly, the World Bank brings finance and supports governments' policy agenda, which are key to creating an enabling environment for change. Sharing knowledge on these different elements can strengthen independent program design. Recently, joint analysis directly informed the design of the DRIVE project.

In addition, WFP's experience with regional governments, insurance partners, and beneficiaries in Ethiopia makes them a key partner in program implementation. The design of the index insurance product draws on technical learning from the product utilized by WFP under their Satellite Index Insurance for Pastoralists in Ethiopia (SIIPE) Program and the WFP plan.

As a transferee: Through the World Bank's Transfer-Out mechanism, GSFF facilities the transfer of funds to eligible multilateral development banks and UN agencies. Under this arrangement, WFP received US$20 million to expand its climate and disaster risk finance cover in 23 countries focusing on the ARC Replica program and on Regional Risk Pools.

Capacity building: Furthermore, the partnership extends to operational knowledge and capacity-building initiatives. WFP participated in an Executive Education program on disaster risk finance in Dakar, Senegal and at the Global Dialogue Platform on Anticipatory Humanitarian Action under this partnership. In addition, two successful Training of Trainers (TOT) Sessions were held to empower WFP staff to deliver standalone training in Panama, focusing on programming the GSFF grant in Latin America and the Caribbean.

Adaptive social protection: Looking forward, the GSFF Secretariat and WFP will work together to develop joint principles for people-centered CDRFI that will inform the activities of the broader Global Shield initiative. Specifically, these principles will inform both the incorporation of adaptive social protection into future In-Country Processes and the implementation of people-centered CDRFI solutions linked to adaptive social protection programs across Global Shield countries (please see page 27 for more information).

4. DELIVERING GLOBAL PUBLIC GOODS

A. PROVIDING CUTTING-EDGE ANALYTICS FOR CDRFI

CDRFI analytics form an integral part of the GSFF's effort to support governments in establishing priorities and implementing policy reforms for financial preparedness. Over the years, GSFF has contributed to the development and implementation of a suite of tools, data, methodologies, and frameworks designed to assist in CDRFI and decision-making. The various CDRFI analytics tools available have grown out of the specific questions and requirements of clients, and they provide both quantitative and qualitative insights to guide strategic decision-making processes.

GSFF contributes to the World Bank's enhanced Crisis Preparedness and Response Toolkit, which offers a suite of tools to help client countries prepare for and respond to shocks. GSFF was instrumental in developing the Climate Resilient Debt Clause (CRDC), a central component of the toolkit. GSFF is also playing a critical role in the ongoing operationalization of the toolkit (please see page 33 for more details).

In **Morocco**, the Crisis Risk Analytics were used to gather exposure data, understand the impact of floods and droughts using satellite imagery and machine learning, and assess how disasters affect the financial sector. These analytics, including the CDRFI value for money approach, helped the government prioritize actions and make informed decisions on disaster risk finance strategies.

GSFF funding also contributed to the development of a newly-launched drought risk finance dashboard, drawing on experiences from countries like Senegal, as well as international expertise and consultations, which underscored the need for its creation. The GSFF-funded NextGen Drought Index Dashboard provides access to the latest and most reliable drought risk information in an easy-to-use tool for technical practitioners and decision makers alike. Currently, the dashboard is operational in the Horn of Africa, where it is being used to support the operation of the DRIVE project. Upcoming versions will expand geographic coverage globally, whilst expanding capabilities to cover a wider range of uses.

Finally, recognizing the need for analysis of physical climate risk to the financial sector to identify and evaluate risk, inform risk management decisions, and ultimately contribute to strengthened financial stability, GSFF contributed financing for "Compound Risks: Implications for Physical Climate Scenario Analysis." This note, a collaborative effort of the World Bank and Network for Greening the Financial System (NGFS) Scenarios Workstream, provides evidence on the materiality of compound shocks and reviews approaches for incorporating such shocks within climate scenario analysis for physical risks.

Going forward, GSFF will support updates to the CDRFI value for money framework, new CDRFI capacity-building games on risk layering, and a series of knowledge products to make CDRFI analytics accessible to a non-technical audience. A comprehensive stock-take of CDRFI analytics will inform an analytics strategy, thereby guiding the development of future tools and the use of existing ones. Looking ahead, the emphasis is on bridging gaps where analytics can make a significant difference, such as for understanding the impacts of disasters on MSMEs. There are also plans to develop a CDRFI analytics training program for executive education and capacity-building workshops.

THE NEXTGEN DASHBOARD is being piloted in Ethiopia, Kenya, and Somalia, where it guides stakeholders through every stage of a drought risk finance project life cycle. For example, it identifies available risk data, explains how different types of data can complement each other, and shows how data can be used to construct an index insurance product. As a comprehensive and accessible one-stop solution for all data-related project aspects, the dashboard empowers stakeholders to make informed decisions and assume risk ownership. Designed for scalability, it can expand geographically across Africa and globally; it can also incorporate broader data sets and features and extend to other applications, such as climate insurance for households and SMEs, adaptive social protection programs, and sovereign CDRFI.

In the Horn of Africa, the World Bank team and ZEP-RE leveraged the newly piloted dashboard to engage governments in a constructive and mutually owned technical dialogue. The dashboard generated Normalized Difference Vegetation Index (NDVI) data maps of all project regions, which showed why insurance thresholds had not been breached. Cross-comparative analysis of the NDVI vegetation data with alternative drought proxy indices (soil moisture and rainfall) confirmed that the NDVI was appropriate as the risk data index for the insurance product. The dashboard has also been used to identify geographic areas where the current DRIVE insurance product is not viable.

B. SUPPORTING GLOBAL PUBLIC GOODS THROUGH KNOWLEDGE

GSFF continues to make significant strides in supporting global public goods through the dissemination of knowledge and the funding of capacity-building and executive education training programs. A central part of GSFF's mission is to enhance global resilience against the increasing threat of climate change and natural disasters by equipping stakeholders with the necessary skills and knowledge.

WORLD BANK GROUP KNOWLEDGE COMPACT

In 2024, the GSFF focused on fostering an environment where knowledge sharing and capacity building are paramount. One of the key means of supporting this goal was to support the World Bank Group Knowledge Compact and the newly launched World Bank Group Academy under it. The Academy aims to fulfill the promise of the Knowledge Compact by enhancing engagement among government officials, development practitioners, World Bank staff, and other stakeholders. It is designed to build global knowledge and capacity to tackle pressing development and financial challenges, and offers clients a range of capacity-building programs that share global development knowledge, cutting-edge analytics, and lessons learned.

With funding from GSFF, the Crisis and Disaster Risk Finance Executive Education Program, one of the first programs piloted under the Academy, was held at the University of Oxford in June 2024. This program, co-delivered by the University of Oxford, the Global Shield against Climate Risks, and the Insurance Development Forum, provided a platform for senior policymakers from 21 client countries to engage in a rich exchange of ideas and practical strategies. This two-day event emphasized collaborative and innovative approaches to building financial resilience against climate shocks.

INSURANCE DEVELOPMENT FORUM—WORLD BANK GROUP KNOWLEDGE PARTNERSHIP

The Insurance Development Forum and World Bank Group launched a knowledge partnership designed to enhance climate resilience for vulnerable countries through targeted knowledge exchange and capacity building and to deliver CDRFI solutions around the world.

To provide operational solutions to countries, the partnership focuses on the following:

PROJECT-SPECIFIC KNOWLEDGE EXCHANGE: Sharing key technical insights into tailored financial instruments and solutions will improve the design and implementation of CDRFI projects globally.

THEMATIC KNOWLEDGE PARTNERSHIP: Easier access to best practices, lessons learned, and groundbreaking ideas—from the World Bank's own development experiences, private sector partners, and countries around the world—will ensure knowledge and solutions to development challenges are delivered at scale.

EXECUTIVE EDUCATION: Leveraging of expertise will strengthen technical knowledge on CDRFI, including risk modeling, risk prevention, risk financing, and the role of domestic insurance markets.

The World Bank's FCI team organized a study tour to Switzerland for government officials from Indonesia, which included interactions with Insurance Development Forum partners. The primary goal of this GSFF-financed program was to deepen officials' understanding of Switzerland's disaster risk finance and disaster risk management systems. It also sought to facilitate a technical knowledge exchange to help the Government of Indonesia implement its PFB and the state asset insurance program (ABMN). Swiss Re, a key member of the Insurance Development Forum, presented at two sessions.

The Crisis Risk Financing: Preparing to Respond to the Shocks of Tomorrow session, organized by GSFF as a part of Fragility Forum 2024 and attended by more than 80 participants, presented strategies for helping fragile countries increase their resilience to disasters. It focused specifically on the role of pre-arranged financing, the different financial instruments available, the possibility of scaling up crisis risk financing, and the role of financing from the private sector. This event was part of the ongoing partnership between the World Bank Group and the Insurance Development Forum.

In June 2024, as part of a collaboration with the Insurance Development Forum and World Bank Disaster Risk Financing and Insurance Program, the GSFF convened a two-day event focused on the role of insurance in CDRFI. The Insurance Development Forum–World Bank Group Knowledge Hub Day offered over 30 delegates from 21 client countries an opportunity to learn from industry experts on designing and implementing effective climate and disaster risk finance strategies. The Knowledge Hub Day was intended to expose World Bank country clients from low- and middle- income countries to industry expertise and enhance their understanding of what industry can offer. The aim was to strengthen countries' understanding of the role of insurance and to pave the way for increased engagement with the insurance industry and its capabilities, in particular levering domestic insurance markets, going forward. Delegates were all high-level representatives from Ministries of Finance, National Banks, Insurance regulators, from across the world. The day offered a variety of sessions focusing on insurance markets, country insights on CDRFI, and risk modelling and risk understanding. A panel discussion opened the floor for delegates to exchange views on the challenges facing their respective countries, including poor availability and quality of risk data, significant budget restrictions and large protections gaps fueled by low insurance penetration. The Insurance Development Forum Summit, held the following day, focused on the theme "Why Insurance Matters: Prevent, Protect, Provoke." Speakers emphasized the critical role of insurance in building resilience against disasters.

In February 2024, the pilot Executive Education Program on Disaster Risk Financing and Training of Trainers was delivered by the CDRFI team in collaboration with the GSFF and the McCourt School of Public Policy at Georgetown University. The four-day program for World Bank staff was attended by 38 senior task team leaders and other staff at the historic Georgetown University campus, and included sessions on best practices in risk transfer and insurance in collaboration with the Insurance Development Forum.

The Challenges and Opportunities for Climate Risk Takaful webinar, held in May 2024, was co-hosted by the Insurance Development Forum and the World Bank's Disaster Risk Financing and Insurance Program with support from GSFF. Over 150 participants from 69 countries joined to discuss the challenges and emerging opportunities for implementing inclusive takaful solutions for climate-vulnerable populations.

GSFF WEBSITE LAUNCH

In a bid to further its knowledge-sharing mission, GSFF is excited to announce the launch of its website. This platform provides detailed information on GSFF client countries through blogs, news articles, interviews, and publications. It aims to be a one-stop resource for all stakeholders interested in learning more about GSFF's initiatives and the impact of its work.

KNOWLEDGE PRODUCTS

Financial support provided by the GSFF in FY24 led to the production of over 30 knowledge products, including key publications and videos. The GSFF-financed "In the Spotlight" series, whose publications have garnered over 20,000 reads each, strategically showcases the journeys of influential CDRFI leaders and innovative CDRFI projects, while the "Women in Risk Finance" podcast series showcases female leaders in the CDRFI space.

VALUE FOR MONEY APPROACH

The World Bank Group's Crisis and Disaster Risk Finance unit has developed and implemented a value for money (VfM) process, which provides a sound and transparent methodology and set of analytical tools to help governments determine the mix of risk financing instruments in their layered CDRFI strategy. The VfM process relies on quantitative and qualitative analytics, including actuarial science, economics, and catastrophe risk modeling. It includes **interactive capacity-building tools**, as well as more customizable tools to support governments in making risk finance decisions.

As part of preparation for the GSFF-funded REPAIR project, the VfM process has been tailored to assess the optimal mix of instruments to suit the risk profile, objectives, and constraints of each participating country. In **Mozambique**, a diagnostic and technical assessment identified a significant financing gap of 70 percent for post-disaster reconstruction. This finding informed the government's CDRFI strategy, which prioritized the capitalization of Mozambique's National Disaster Management Fund and the placement of sovereign catastrophe insurance against tropical cyclone risk. In **Madagascar**, a detailed cost-benefit analysis was conducted to assess the appropriate level of capitalization of the country's reserve fund.

In **Morocco**, the FSEC solidarity fund was informed and refined by years of diagnostics and analytics. In addition to providing technical assistance for development of effective risk modeling and risk transfer products, GSFF funding has supported the government's development of a cost-effective risk-layering strategy covering over US$300 million in potential losses, specifically by supporting decisions on the optimal mix of risk retention and risk transfer instruments.

In **Lesotho**, the VfM analysis for an insurance product was completed in May 2024. The analysis is part of a broader set of analytical products, including the national disaster risk finance strategy and the *MSME Resilience Fund Handbook*, all of which incorporate gender-specific impacts.

5. BUILDING COUNTRY CAPACITY FOR CDRFI

Throughout the year, GSFF organized and participated in several high-profile events aimed at sharing knowledge and best practices in CDRFI and climate resilience.

The GSFF-financed Executive Education Program on CDRFI for Indonesia, held at the Institut Teknologi Bandung (ITB), was the first executive education program tailored specifically to Indonesia's CDRFI strategy. Delivered in the Bahasa Indonesia language, it aimed to enhance local understanding and implementation of CDRFI strategies.

GSFF participated in the Understanding Risk 2024 Global Forum in Himeji, Japan. Along with other global leaders and experts in disaster risk management and finance, they met over four days to explore various dimensions of financial resilience against natural disasters and to share valuable insights and experiences.

The Learning Program on Implementing Disaster Risk Financing (DRF) Strategies: A Knowledge Visit to Malawi and Mozambique was attended by 20 government delegates from Bangladesh and Sierra Leone, who joined counterparts from Malawi and Mozambique for an in-person knowledge exchange. This was the first-ever knowledge exchange where four countries, all implementing programs financed by the GSFF, dived deep into their experience of establishing financial solutions for protection against climate shocks and disasters.

GSFF finances capacity-building initiatives to empower national governments and other key in-country stakeholders in managing disaster risks effectively.

The DRIVE Takaful Capacity Building Program for Horn of Africa countries, including Ethiopia and Somalia, was held to enhance financial resilience. The training, held in collaboration with ZEP-RE and delivered by the International Shari'ah Research Academy for Islamic Finance (ISRA), focused on drought insurance for pastoralists.

Introduction to Takaful and Lessons from the Experience of the DRIVE Project, a webinar delivered in March 2024, increased understanding of takaful, sharia compliance, and related implementation challenges.

At the **REPAIR Regional Workshop on Financing Instruments for Ministries of Finance** held in March 2024 in Muldersdrift, South Africa, the REPAIR program's philosophy and objectives were presented in connection with the broader concepts DRFI, highlighting its relevance and application. The discussions encompassed the layering of risk transfer provided by the REPAIR program, including the structuring of financial instruments for different risk layers, as well as the associated costs, returns, and triggers for each layer. Countries were guided on critical decisions such as the allocation of their IDA envelopes between reserves, a contingent layer, and insurance premiums, as well as how to evaluate and decide between the contingent layer and reserves.

INFLUENCING GLOBAL POLICY DIALOGUE

GSFF is at the forefront of shaping global policy dialogue on CDRFI and plays a pivotal role in the development agenda of tomorrow. Through its involvement in various global events and partnerships, GSFF is driving discussions on innovative financial protection solutions and the importance of building robust CDRFI frameworks.

The GSFF supported the 2023 **Japan G7 Presidency** by producing "Financial Resilience against Climate Shocks and Disasters - World Bank Technical Contribution to the 2023 G7 Finance Track under Japan's Presidency" which focuses on recent progress and new frontiers of financial resilience against climate shocks and disasters.

At the **InsuResilience Annual Forum 2023**, GSFF provided key insights into its purpose and methods: its aim of increasing financial protection against climate shocks among poor and vulnerable countries and people; its provision of technical advisory services and integrated financial packages to address protection gaps; and its concern with building strategic partnerships. The session focused on GSFF's four pillars, its programming of financial protection packages through World Bank country engagements, and its support of a range of financial instruments, including sovereign risk transfer, catastrophe bonds, risk pools, partial credit guarantee schemes, adaptive social protection, and contingency funds.

A session on "Adapting to Climate Change in Fragile and Conflict Settings: Opportunities for Scaling Action" was organized by GSFF at the World Bank Pavilion during **COP28** in December 2023. The session addressed the urgent challenges faced by fragile and conflict-affected countries in the wake of climate change. It highlighted the key role of partnerships and community input; the need for robust response plans, including funding considerations, before a disaster occurs; and the importance of addressing the development challenge in FCV settings.

As part of the "Global Shield and Its Relevance to Anticipatory Action" workshop, held in October 2023 at the **11th Global Dialogue Platform on Anticipatory Action (AA)**, the GSFF team described GSFF's support for climate and disaster risk finance instruments, including AA approaches, and explored the role of the AA community in CDRFI. The presentation raised awareness of the Global Shield and the in-country processes and opportunities that come with it. It also noted that sovereign actors and the humanitarian AA community have an opportunity to coordinate their efforts, and that the capacities of AA should be harnessed to strengthen CDRFI systems, and vice versa, in ways that better serve people at risk.

Annex 1: Country Projects

GRANTS ENDORSED — RELATED WORLD BANK PROJECTS NOT YET APPROVED IN FY24

INDONESIA:
EXTRA LENDING SUPPORT WILL AID SMALL ENVIRONMENTALLY FOCUSED FIRMS RECOVER FROM CLIMATE DISASTERS

Background:
Indonesia is looking to significantly expand the use of green finance to help meet its climate goals. The Indonesia Financing Green Transformation project is a US$500 million World Bank lending operation that aims to increase financial services for green small and medium enterprises (SMEs) by creating a green window within the ongoing Indonesia Indonesia's People's Business Credit (KUR) program. The new window will make it easier for lenders to take on more risk and increase lending to green SMEs. According to the World Bank, SMEs constitute nearly the entirety of Indonesia's economic structure (99 percent), but only approximately 3 percent of them use any kind of disaster protection instrument. Most businesses lack the necessary resources and capacity to manage a quick recovery following disasters.

- In FY24, GSFF Steering Committee members endorsed a proposal for a US$8 million GSFF grant to cofinance a World Bank program for a project currently under preparation.

- Activities supported by the grant aim to safeguard SMEs in the event of disasters; the grant stimulates lending in green SME markets by embedding a **resilience mechanism** within Indonesia's KUR, a government subsidy scheme for SMEs. The resilience mechanism will be associated with a new green KUR window that aims to increase sustainable lending to SMEs and incentivize activities that contribute to greening; the mechanism will provide lenders with emergency liquidity, allowing them to offer new or restructured loans to eligible SMEs.

- The resilience window is expected to benefit 1 million SMEs affected by climate shocks.

- Grant activities emphasize the provision of loans to women-owned SMEs.

- Advancement of this project has been delayed due to elections in Indonesia. Award of the GSFF grant is contingent upon approval of the full grant proposal as part of the World Bank's project approval process. The project is set to go to the World Bank Board of Directors for approval in Q1 FY26.

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

November 16, 2023

GENDER HIGHLIGHTS:

Extension of loans to women-owned SMEs is emphasized.

AMOUNT ENDORSED: US$8 M

Of which:

Technical assistance:	US$1.5 M
Start-up costs and operating costs for risk financing vehicles:	US$1 M
Costs of financial instruments (including premiums):	US$5 M
Capitalization:	US$0.5 M

MATCHING FUNDS FOR CAPITALIZATION OF FINANCIAL INSTRUMENT(S): US$5 M (IBRD)

DISASTER RISK FINANCE INSTRUMENT(S) SUPPORTED:

Resilience mechanism within an existing government support program for SMEs (expected date TBD)

LAO PDR:

MEMBERSHIP IN A REGIONAL RISK POOL HAS FACILITATED THE COUNTRY'S PURCHASE OF A US$30 MILLION FLOOD INSURANCE PRODUCT

Background:
SEADRIF was established in December 2018 as a regional platform to strengthen financial resilience to climate shocks and disasters for ASEAN countries through market-based risk transfer products and technical support. The founding members of SEADRIF are Cambodia, Indonesia, Lao PDR, Myanmar, Japan, and Singapore. The Philippines and Vietnam joined in 2019 and 2022, respectively. SEADRIF supports members to advance policy dialogue and implement upstream capacity building activities. The SEADRIF Insurance Company provides downstream insurance services to member countries.

Lao PDR's flood insurance policy was the SEADRIF Insurance Company's first product and was reinsured to international reinsurance markets. The insurance policy comprised two parts, the first of which was a parametric insurance product that triggered based on the number of people affected by floods of more than 25cm depth. A second finite insurance component provided financing for costs resulting from events that did not trigger the parametric component.

- In FY24, GSFF Steering Committee members endorsed[1] a US$3 million GSFF grant that will cover the premium needed to renew Lao PDR's flood insurance policy from the Southeast Asia Disaster Risk Insurance Facility (SEADRIF).

- The original policy offered approximately US$30 million in coverage and, to date, has provided the government with US$4.5 in payouts, including US$3 million in the aftermath of the devastating cyclone Yagi in September 2024.

- Award of the GSFF grant is contingent upon approval of the full grant proposal, as part of the World Bank's project approval process.

1 A $10.5 million GSFF grant to SEADRIF was re-purposed to provide the US$3 million in funding for the Lao PDR project. The remaining SEADRIF grant funds were returned to GSFF and will be reallocated."

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

October 2023

AMOUNT ENDORSED:

US$3 M

Of which:
Costs of financial instruments (including premiums): US$3 M

MATCHING FUNDS:
Costs of financial instrument(s): US$5 M (IBRD)

DISASTER RISK FINANCE INSTRUMENT(S) SUPPORTED:

Macro/sovereign-level parametric insurance product (renewal)

WORLD BANK PROJECT:

Lao PDR: Improved Access to Disaster Risk Financing (P505224)

PAKISTAN:

DRF INSTRUMENTS WILL PROVIDE EMERGENCY LIQUIDITY TO MICROFINANCE LENDERS AND BORROWERS OPERATING IN DISASTER-PRONE AREAS

Background:
Pakistan's microfinance sector caters to the financing needs of those at the bottom of the income pyramid, thereby driving financial inclusion of small businesses, women, and rural residents. Microfinance lenders, however, are not willing to fully assume the large risks associated with lending to borrowers in disaster-prone areas. Major floods in 2022 inundated one-third of the country and affected close to 33 million people. The World Bank is preparing the US$125 million Resilient and Accessible Microfinance lending operation to support climate resilience in Pakistan. The project complements ongoing DRF initiatives, including a national strategy and a nascent agricultural insurance market.

- In FY24, GSFF Steering Committee members endorsed a US$25 million GSFF grant that cofinances the design, establishment, and capitalization of a Climate Risk Fund (CRF), which mitigates climate risk for both microfinance lenders and borrowers.

- The CRF is a wholesale financing vehicle that will include a contingency fund; in the event of a climate shock, the fund's reserve capital can provide microfinance lenders with the liquidity needed to make or restructure loans. The CRF will also include a parametric insurance backstop whose payouts will provide a capital injection following extreme shocks.

- The project will benefit an estimated 2 million lenders and borrowers over 20 years and will ensure that microfinance lenders use pricing incentives to help the project achieve gender-focused outcomes when on-lending. Approximately 45 percent of microfinance borrowers in Pakistan are women.

- Award of the GSFF grant is contingent upon approval of the full grant proposal, as part of the World Bank's project approval process. The project is set to go to the World Bank Board for approval on March 6, 2025.

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

November 16, 2023

GENDER HIGHLIGHTS:

Approximately 45 percent of the active borrowers in the microfinance sector database are women; microfinance lenders will use pricing incentives to help the project achieve gender-focused outcomes when on-lending.

AMOUNT ENDORSED: US$25 M

Of which:

Technical assistance:	US$2 M
Costs of financial instruments (including premiums):	US$13 M
Capitalization:	US$10 M

MATCHING FUNDS: US$13 M (IDA)

Costs of financial instrument(s):	US$13 M (IDA)
Capitalization:	US$10 M

DISASTER RISK FINANCE INSTRUMENT(S) SUPPORTED:

1. Macro/sovereign-level parametric insurance product
2. Contingency fund

WORLD BANK PROJECT:

Resilient and Accessible Microfinance (P181037)

UGANDA:
PRE-ARRANGED FINANCING WILL SCALE UP A PUBLIC WORKS SAFETY NET PROGRAM IN ANTICIPATION OF CLIMATE SHOCKS

Background:
The World Bank has supported the social protection sector since 2002 through three rounds of financing to the flagship Northern Uganda Social Action Fund (NUSAF), one of the largest safety-net programs in the country. US$250 million in IDA resources will build on NUSAF's earlier progress and will include, among other components, a public works safety net that pays eligible participants a seasonal wage for completing labor-intensive jobs on projects that increase their community's physical resilience to climate change. The public works interventions will be located primarily in districts that have high drought and flood risks. Disaster risk finance is therefore critical to ensuring the success of this safety net scheme.

Financial solution:
Use disaster risk finance to make the public works cash transfer program shock-responsive (i.e., scalable in the event of a drought or flooding). Pre-arranged funding will provide emergency cash transfers when there are moderate climate events. A sovereign risk transfer instrument will cover the cost of larger scale-ups for more severe events.

A US$20 million GSFF grant will make the public works safety net scalable so that when there is a climate shock, the government can support more people whom it has identified as vulnerable. Half of the grant will be used to capitalize a US$25 million contingent financing instrument for the safety net. Linking the instrument to the Ministry of Finance, Planning and Economic Development will facilitate the government in making future budgetary allocations to it and promote its long-term sustainability.

The grant also provides US$3 million in premium subsidies for a sovereign risk transfer instrument that can replenish the prearranged funding facility in the event of a catastrophic drought or flood. The sovereign risk transfer instrument would provide US$23-35 million in coverage, though its design will proceed only once the government completes and adopts a disaster risk finance strategy. Together, the two instruments are estimated to cover emergency payments to 1.4 million people.

- A US$20 million GSFF grant is supporting two new disaster risk finance instruments that will allow Uganda's flagship public works safety net program to cover more people when there are droughts or floods. US$25 million in prearranged funding[1] will be used for moderate events and a macro/sovereign risk transfer instrument will provide an additional US$23-35 million in coverage for catastrophic events.

- The GSFF grant will also support the government to develop a disaster risk finance strategy, contributing to increased institutional capacity to respond quickly and efficiently to disasters.

1 Uganda has an existing national contingency fund managed by the Treasury and which disburses after emergencies; it is separate from the prearranged funding facility that will be supported by GSFF.

The grant also funds implementation infrastructure, systems and expertise, trigger design, institutional and governance processes, and critical capacity building which is necessary to develop the instruments and support for the government to finalize its disaster risk finance strategy.

Progress made during previous fiscal years:

The GSFF grant was approved at the end of FY23.

Updates for FY24:

- Supported the government in drafting its disaster risk finance strategy: The team helped constitute a technical committee; provided members with training on disaster risk finance and the World Bank's Crisis Preparedness and Response Toolkit in partnership with the World Bank's Multilateral Investment Guarantee Agency (MIGA) and Treasury; and facilitated a knowledge exchange with Jamaica, Kenya, Malawi, Morocco, and Algeria about successfully implementing disaster risk finance strategies. The disaster risk finance strategy is at an advanced stage of development, with government-led consultations and approvals to be completed in early 2025.

- Trigger design progressed: Validation of proposed trigger thresholds for drought in new areas is nearly complete and will inform updates to the government's disaster risk finance manual and management information system under the NUSAF project. The final model can be adopted and used by other programs and sectors under the leadership of the Minister for Disaster Relief in the office of the Prime Minister. A flood risk analysis done with JBA Risk Management has identified specific districts which should be covered.

Expected deliverables for FY25:

- The project is tentatively scheduled to be presented to the World Bank Board of Directors in January 2025.[2] Pending approval, the following activities will proceed:

- Support the implementation of Uganda's disaster risk finance strategy, including establishing the prearranged funding facility and placing the sovereign risk transfer instrument.

- Design an impact evaluation to inform long-term investment in Uganda's shock responsive social protection and the use of a risk layering approach.

- Ensure operational readiness for a shock-responsive social protection delivery system: i) update the trigger tool, ii) establish a trigger monitoring function within the government's project implementation unit, iii) complete flood registry and contingency plans in five districts and iv) update the disaster risk finance manual and management information system.

- Purchase sovereign insurance, subject to the outcome of a feasibility assessment.

- Have prearranged funding facility in place for scaling up the public works safety net, should triggers be met.

2 Processing of new projects currently in Uganda's pipeline has been paused. However, the World Bank's Regional Vice President for Africa East, during her visit to Uganda in November 2024, reiterated the World Bank's support for the country and stated that she expects the pause to be lifted in early 2025.

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

February 15, 2023
(FY23)

AMOUNT AWARDED: US$20 M

Of which:

Technical assistance:	US$3 M
Start-up costs and operating costs for risk financing vehicles:	US$1.5 M
Costs of financial instruments (including premiums):	US$3 M
Capitalization:	US$10 M
Costs for implementation/ system building:	US$2.5 M

MATCHING FUNDS:

Costs of financial instrument(s):	US$3 M (IDA)
Capitalization:	US$10 M (IDA)

WORLD BANK PROJECT:

Northern Uganda Social Action Fund IV (P179904)

GENDER HIGHLIGHTS:

The disaster risk finance strategy development highlights the gendered impacts of disasters. The implementation strategy, both at the beneficiary level and institutional level, will ensure gender responsiveness.

DISASTER RISK FINANCE INSTRUMENT(S) SUPPORTED:

1. Contingent financing instrument (under design, 2025)
2. Sovereign risk transfer instrument (planned, TBD)

ANALYTICS, PRODUCTS, AND REFORMS SUPPORTED IN CONJUNCTION WITH THIS PROJECT:

- Technical report, Operational Procedural Manual (under design, 2025)
- Risk analysis and validation of government flood forecast model and EWS (under design, June 2025)
- Risk analysis and validation of drought trigger thresholds, (under design, July 2024) - March 2025
- Policy/legislation, DRF Strategy (under design, Sep. 2024) – advanced draft, completion and adoption Q1, 2025
- Evaluation: Impact evaluation study to assess the welfare benefits of shock responsive labor-intensive public works subcomponent (tbd)

Technical report:

- Review of DRF Handbook (under review, Dec. 2024) – June 2025
- Feasibility assessment of sovereign parametric insurance to provide more funds in the event of a severe or catastrophic drought or flood (under design, June 2025)

GRANTS ENDORSED – RELATED WORLD BANK PROJECTS APPROVED IN FY24

BANGLADESH:

A NEW MACRO/SOVEREIGN DISASTER RISK FINANCE SOLUTION WILL HELP THE GOVERNMENT SUPPORT FLOOD-PRONE COMMUNITIES

Background:
Bangladesh has developed numerous microinsurance programs but has limited experience developing macro/sovereign products, where the government is the insurance policyholder and any payouts increase its financial capacity to respond to shocks. In 2022, the country experienced the worst floods in more than a century, and rainfall overall is becoming increasingly unpredictable, causing rivers to surge to dangerous levels more often than in the past.

Financial solution:[1]
Improve the government's preparedness at the national level to respond to the needs of flood-prone communities by developing two disaster risk finance instruments that address flood risks of varying severity and frequency: a macro/sovereign risk transfer instrument and a community protection (contingency) fund.

GSFF funds both instruments' start-up and operational costs as well as the flood risk transfer product's premiums.

The macro/sovereign risk transfer instrument, still in development, will provide an estimated US$30 million in coverage over three years to approximately 400,000 people in the event of catastrophic flooding.

The proposed US$1.4 million contingency fund, capitalized by the government budget, will offer three years of coverage and provide relief to approximately 56,000 people for specific eligible events that are not covered by the macro/sovereign insurance mechanism[2].

- A US$9 million GSFF grant is cofinancing a US$102 million World Bank project to strengthen Bangladesh's flood management capacity. Approved in September 2023, the World Bank project invests in risk reduction and risk financing measures. The GSFF grant will finance the development of the country's first macro/sovereign risk transfer product linked to a community protection (contingency) fund.
- The macro/sovereign risk transfer instrument and contingency fund are expected to become active by December 2025.

1 This project was initially funded under the predecessor to GSFF, the Global Risk Financing Facility (GRiF).
2 These numbers are rough estimates. Ultimately the coverage volume and number of beneficiaries protected will be determined based on market acceptance of the product.

When either instrument is triggered, emergency cash payments will be delivered to pre-identified vulnerable individuals. The project will work with on-the-ground implementation partners, such as civil society organizations or humanitarian agencies, leveraging flood assistance programs used in the past to improve payout distribution.

Progress made during previous fiscal years:

A preliminary analysis of flood risk in the region and a feasibility study were completed in FY22. In FY23, the World Bank project team worked with the government to integrate the grant into their budgeting process, engaging organizations such as Start Network, Oxfam, and the World Food Program to help guide, for example, how to structure procurement packages. The project team also assessed existing flood risk analytics and models being used by different local partners and explored how to seamlessly integrate emergency payouts to individuals using a digital payment system such as a mobile wallet.

Updates for FY24:

- After the World Bank Board of Directors approved the project in September 2023, the Bangladeshi government established the Project Implementation Unit and appointed an official project director. The project team has since initiated a series of technical engagements with the government to determine the project sites and identify existing meso-level programs that could be scaled up through government support.
- A civil society organization, NIRAPAD (Network for Information, Response, and Preparedness Activities on Disaster), has been commissioned to enable identification of a delivery partner, determine the protection gap that exists for people living in project sites, understand existing meso-level schemes, and explore ways for program design to consider gender differences among target beneficiaries. The government will use NIRAPAD's findings to inform technical decisions related to the two proposed financial instruments.

Expected deliverables for FY25:

- Design governance mechanisms and operationalize the community protection fund to be active in 2025.
- Identify a delivery partner, upgrade risk modeling to meet industry standards, and have an operations manual in place so that the insurance product is ready to be placed ahead of the rainy season in 2025.

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

May 10, 2022
(FY22)

RELATED WORLD BANK PROJECT APPROVED BY BOARD OF DIRECTORS:

September 19, 2023

EXPECTED CLOSING DATE:

December 31, 2028

AMOUNT AWARDED: US$9 M

Of which:

Technical assistance:	US$3 M
Start-up costs and operating costs for risk financing vehicles:	US$1.5 M
Costs of financial instruments (including premiums):	US$3 M
Systems building:	US$1.5 M

MATCHING FUNDS: Costs of financial instrument(s): US$3 M (government budget[3])

DISASTER RISK FINANCE INSTRUMENT(S) SUPPORTED:

1. Macro/sovereign-level parametric insurance product (under design, 2026)
2. Contingency fund (under design, 2025)

WORLD BANK PROJECT:

Jamuna River Sustainable Management Project 1
(P172499)

WORLD BANK PROJECT LENDING AMOUNT:

US$ 102 M
(IDA)

GENDER HIGHLIGHTS:

NIRAPAD research is exploring gender dimensions within existing flood protection programs to help inform project implementation, specifically the delivery channel used to make relief payments. Gender dimensions are also being considered in assessing the protection gap and making recommendations for how to best target emergency assistance.

ANALYTICS, PRODUCTS, AND REFORMS SUPPORTED IN CONJUNCTION WITH THIS PROJECT:

Risk analytics:
- DRF diagnostic (internal draft completed 2023; superseded by an International Monetary Fund diagnostic)
- Landscape review of existing flood risk data and models for Jamuna River DRF applications (final draft 2024)
- Upgrade of risk model to industry standards (in process, estimated June 2025)

Policy/legislation/reforms:
- Legal review to ensure proposed solutions fit under regulatory framework (in process, estimated December 2024)

3 amount to be split between insurance premium support and operational cost of designing and implementing the two solutions.

GRANTS UNDER IMPLEMENTATION

BURKINA FASO:
A RESTRUCTURED PROJECT INCREASES THE COVERAGE AMOUNT PROVIDED BY A PARTIAL PORTFOLIO CREDIT GUARANTEE DURING CRISES

Background:
Burkina Faso's economy is dominated by MSMEs, including more than 1.5 million informal enterprises and 65,000 formal ones. MSMEs increase the number of people who can participate in and contribute to the economy, but their limited access to financial resources makes it harder for them to grow and to withstand economic shocks. To facilitate access to finance, in 2020 the World Bank and Burkina Faso launched the US$100 million Financial Sector Inclusion Project (FSIP). As of June 2024, FSIP includes a US$35 million PPCG that (as of June 2024) backs as much as US$188 million in loans extended by 11 private banks and microfinance institutions under three windows to more than 10,000 MSMEs, women entrepreneurs, and smallholder farmers. If borrowers from these windows default on their loans, the guarantee covers part of the losses incurred by the lending institutions.

Financial solution[1] (revised in FY24):
Transform the stand-alone crisis window to a shock-responsive mechanism that will backstop the three existing standard windows for MSMEs, women, and smallholder farmers. The shock-responsive mechanism will trigger when there is an eligible crisis, increasing the coverage of the standard windows from 50 percent to 70 percent and incentivizing financial institutions to lend despite the crisis.

The restructuring became necessary due to low demand for the crisis response window, which covered 50 borrowers and used 3 percent of the available capital. Factors influencing low uptake included complicated banking sector procedures for restructuring loans, the narrow definition of crises eligible under the crisis response window, and the waning impact of the COVID-19 pandemic at the time the window became operational.

- A US$12 million GSFF grant initially supported a fourth window for crisis response within a partial portfolio credit guarantee (PPCG) that had three other windows—for micro, small, and medium enterprises (MSMEs), women, and smallholder farmers.

- The crisis response window opened in November 2021 in response to the COVID-19 pandemic and closed in February 2023, having covered more than US$3.5 million in restructured and working capital loans for 50 MSMEs.

- In January 2024, the crisis response window was redesigned to be a shock-responsive mechanism that will backstop the existing three windows.

- If any borrowers from these windows default on loans during a crisis, lending institutions will now be reimbursed for 70 percent of the amount instead of the usual 50 percent, and the coverage period will be extended to 15 months.

1 This project was initially funded under GRiF, the predecessor to GSFF.

The original crisis response window was capitalized with a US$10 million grant from GSFF and US$10 million in matching IDA funds available through the FSIP. As part of the project restructuring, half of these funds will now be allocated to the windows for women and MSMEs, with the remainder capitalizing the shock-responsive mechanism.

Progress made during previous fiscal years:
The original crisis response window became effective in November 2021 in response to the COVID-19 pandemic. The window closed in February 2023, having covered a loan portfolio of US$3,535,450 for 50 SMEs. The portfolio of outstanding loans as of June 2024 is US$2,579,212, and none of the participating financial institutions has filed a claim through the PPCG for reimbursement of a defaulted loan.

Updates for FY24:
- The new shock-responsive mechanism relies on a parametric trigger, whose design was informed by a November 2023 workshop with local banks and microfinance institutions. If an eligible climate event occurs during the 2024 rainy season, the mechanism will activate in October. The official PPCG procedure manual has been amended to reflect the restructuring.

Expected deliverables for FY25:
- Drawing on the DRF strategy currently being drafted, develop and have the government adopt its first climate finance strategy.

- Partner with a national insurance company to monitor the country’s climate risks using the Water Requirements Satisfaction Index, which is also used to determine the trigger for the new shock-responsive mechanism.

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

February 16, 2021
(FY21)

RELATED WORLD BANK PROJECT APPROVED BY BOARD OF DIRECTORS:

June 30, 2021

EXPECTED CLOSING DATE:

April 30, 2025

AMOUNT AWARDED:

US$12 M

Of which:

Technical assistance:	US$2 M
Capitalization: Original amount (crisis window):	US$10 M
Restructured amount: (shock-responsive mechanism)	US$5 M
TBD:	US$5 M

MATCHING FUNDS FOR CAPITALIZATION OF FINANCIAL INSTRUMENT(S):

ORIGINAL AMOUNT: IDA US$10 M (CRISIS WINDOW)

Restructured amount: (shock-responsive mechanism)	IDA US$5 M
IDA (windows for MSMEs and women)	US$5 M

DISASTER RISK FINANCE INSTRUMENT(S) SUPPORTED:

Shock-responsive mechanism within a partial portfolio credit guarantee; serves as a backstop for the other three windows in the PPCG (for MSMEs, women entrepreneurs, and smallholder farmers)

WORLD BANK PROJECT:

Financial Inclusion Support in Burkina Faso
(P164786)

Additional Financing for Financial Inclusion Support Project to Support COVID-19 Crisis Recovery
(P177087)

WORLD BANK PROJECT LENDING AMOUNT:

US$ 100 M
(IDA)

GENDER HIGHLIGHTS:

Approximately 10 percent of participating MSMEs are owned by women.

ANALYTICS, PRODUCTS, AND REFORMS SUPPORTED IN CONJUNCTION WITH THIS PROJECT:

Analytics:
- Review of risk model trigger options (completed)
- DRF diagnostic (completed 2024)

Policy/legislation/reforms:
- DRF strategy (under design, 2025)

DEMOCRATIC REPUBLIC OF CONGO:

THE COUNTRY'S FIRST PARAMETRIC INSURANCE PRODUCT WILL REDUCE RISKS FOR FARMERS ADOPTING CLIMATE-SMART AGRICULTURAL PRACTICES

Background:
Extreme weather and conflict continue to threaten food securit in the Democratic Republic of Congo. To address this situation, the World Bank has lent the country US$280 million for a multi-phase project under the National Agriculture Development Program (NADP). This first phase focuses on increasing smallholder farmers' productivity by supporting their transition to climate-smart agricultural practices and reducing rural poverty. Future phases will progressively build links between regional value chains and agribusiness to promote private investment in commercial agriculture. Prior to 2019, the government did not use macro/ sovereign or agricultural insurance, as the country had an underdeveloped insurance market and no access to insurance through regional pools such as the African Risk Capacity Limited (ARC Ltd.).

Financial solution:
Develop a parametric insurance product that covers extreme weather events and that operates in parallel to contingent financing currently available through the NADP. Strengthen institutional capacity to manage DRF.[1]

During the transition to climate-smart agricultural practices—and before investments in these practices pay off—the livelihoods of smallholder farmers are especially vulnerable to extreme weather events. NADP has therefore been designed to include a Contingency Emergency Response Component (CERC), a World Bank financing instrument that allows for the rapid reallocation of funds from an ongoing project to cover immediate needs in the event of a disaster or public health emergency. The CERC developed for this phase of the program covers events that are comparatively less severe or more frequent, as well as uninsurable risks

- In FY25, with a US$23 million GSFF grant, the Democratic Republic of Congo is expected to launch its first meso-level parametric insurance product, which will provide up to US$60 million in coverage over three years for an estimated 300,000 farmers transitioning to climate-smart agricultural practices. Grant funding covers farmers' insurance premiums for three years.

- Technical assistance provided through the grant has supported the drafting of necessary regulations and helped grow the nascent domestic insurance market by building stronger connections between government agencies and local insurers.

1 This project was initially funded under GRiF, the predecessor to GSFF.

such as animal or plant health and price fluctuations. GSFF funding is being used to develop a contingency plan that will outline how CERC funds accessed in these instances will be distributed.

GSFF funding supports the development of the country's first parametric insurance product for drought and excessive rainfall, which will operate in parallel to the CERC. The US$60 million policy is a meso-level product that will be held by the NADP. GSFF has designated US$20 million to cover the insurance product's premiums for three years[2]. NADP will use any payouts to compensate farmers participating in its programming.

An additional US$3 million in GSFF funding has been allocated for technical assistance to build in-country capacity for developing the instrument and for enhancing DRF work overall.

Progress made during previous fiscal years:

Progress has been made in growing the domestic insurance market, creating an enabling environment for the new insurance product, and leveraging the expertise of on-the-ground humanitarian organizations.

- GSFF funding for capacity building through insurance workshops and exchange visits has enabled the World Bank to open communication channels among stakeholders; seven insurance companies are now working with the Ministry of Agriculture and the insurance regulator to pave the way for the country's first parametric insurance product. Domestic insurance companies have also agreed on a form of coinsurance to front risks and are in ongoing discussions with the regulator to determine how much risk they can retain domestically.

- The government's first-ever Climate Contingency Plan lays out the framework for preparing and responding to climate shocks in the agricultural sector. The Congolese interinstitutional task force responsible for launching the insurance product benefited from meeting with Zambian authorities, who faced similar challenges scaling up a meso-level insurance product.

- The World Food Programme continues to provide technical guidance to the government, surveying farmers to verify that satellite agricultural data match what they have experienced on the ground. This information is crucial for developing the index that is the basis for the insurance product.

Updates for FY24:

- The national regulatory authorities adopted the sandbox regulation for parametric insurance and microinsurance, thereby creating the legal framework for selling parametric products in the Democratic Republic of Congo. This important step was accomplished through a partnership with the International Finance Corporation. The team is discussing a value added tax exemption for the insurance product with the insurance regulator.

- All stakeholders have aligned for a launch date for the product. AXA Climate, a technical consultant, has been hired to finalize product development and pricing.

Expected deliverables for FY25:

- Launch a pilot of the insurance product and hold a roundtable to agree on policy terms.

- Begin monitoring and evaluation to assess the impact of the product and any payout(s).

- Initiate consultations on how to shift farmers from relying on a fully subsidized meso insurance product to purchasing a microinsurance product that is delivered entirely through the local market and whose premium subsidies decrease over time.

2 The GSFF grant will support the subsidized premiums for farmers.

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

October 26, 2020
(FY21)

RELATED WORLD BANK PROJECT APPROVED BY BOARD OF DIRECTORS:

June 25, 2021

EXPECTED CLOSING DATE:

June 30, 2026

AMOUNT ENDORSED:

US$23 M

Of which:

Technical assistance:	US$3 M
Costs of financial instruments (including premiums):	US$20

MATCHING FUNDS FOR COSTS OF FINANCIAL INSTRUMENT(S):

US$20 M
(IDA)

DISASTER RISK FINANCE INSTRUMENT(S) SUPPORTED:

1. Meso risk transfer instrument (under design, 2025)
2. Contingent credit (CERC) (under design, 2025)

WORLD BANK PROJECT:

National Agriculture Development Program for the Democratic Republic of Congo
(P169021)

World Bank project lending amount:

US$440 M
(IDA)

GENDER HIGHLIGHTS:

Gender-related activities and results will be fully reflected in the monitoring and evaluation assessment planned for FY25. This assessment will analyze the adoption and impact of the insurance product among registered farmers, 51 percent of whom are women.

ANALYTICS, PRODUCTS, AND REFORMS SUPPORTED IN CONJUNCTION WITH THIS PROJECT:

Risk analytics:

- Climate Contingency Plan (completed 2023)
- Animal and plant health outbreaks contingency plan (under design 2025)
- Risk model (under design 2024)

Policy/legislation/reforms:

- Microinsurance and parametric insurance regulation (adopted 2024)

INDONESIA:
EXPANDING THE COUNTRY'S DISASTER RISK FINANCE AGENDA WILL PROTECT ITS BUDGET AND ASSETS

Background:
Indonesia has steadily increased its use of DRF over the years and in 2018 completed a comprehensive disaster risk finance and insurance strategy. Among the priorities outlined in the strategy are protection of state assets and protection of the state budget.

To protect assets, the government established the state assets insurance program, ABMN, in 2019. The program was renewed in 2023 with GSFF funds and will be expanded to include additional infrastructure going forward.

To protect the state budget, the government established the PFB with support from US$500 million in World Bank Investment Project Financing. The pooling fund receives a matched allocation from the state budget and is expected to continue receiving annual budget allocations after the World Bank project closes. In 2021, the government passed a presidential regulation that legalized the establishment of the pooling fund. The PFB has required extensive regulatory work for various ministries and agencies involved and is expected to become operational in 2025.

The pooling fund serves as a centralized mechanism to coordinate the country's DRF strategy and channel financial resources used for disaster risk preparedness and response. Initially, it will be used to finance pre-disaster activities—such as emergency preparedness training—or to subsidize premium payments for insurance products. Over time, the pooling fund will leverage domestic and international insurance and capital markets by purchasing additional instruments that increase its financial capacity and ability to provide large-scale post-disaster relief. As part of this effort, ABMN will be included as one of the products financed by the pooling fund (see Figure A1.1).

- A US$14 million GSFF grant is funding the start-up and operating costs of a US$500 million Pooling Fund for Disaster (Pooling Fund Bencana, PFB), the country's central mechanism for financing disaster preparedness and response, and the cornerstone of its 2018 DRF strategy.

- The pooling fund serves multiple purposes and will be used to finance disaster preparedness activities, provide contingency funding for emergency response, fund new DRF instruments, and renew and expand the existing state assets insurance program (Program Asuransi Barang Milik Negara, ABMN).

- Since its inception in 2019, ABMN has provided total coverage of US$2.4 billion. The program is expected to be renewed and expanded in future to cover additional insurable infrastructure assets.

Financial solution:[1]

Support the PFB's start-up and operating costs, and provide the technical expertise and data improvements needed to design an autonomous mechanism in line with global standards.

The pooling fund can be used to cover pre-disaster risk preparedness activities or meet the cost of other pre-arranged risk finance products (i.e., macro/sovereign, meso, or micro risk insurance). When budget allocations for emergency response run out, the government can use a portion of the pooling fund as a contingency fund that provides emergency rehabilitation and reconstruction funding for disasters.

GSFF funding facilitated a three-year renewal of the existing ABMN in 2023, and it will also support an expansion of ABMN to cover additional infrastructure assets. The program currently provides US$2.4 billion in coverage for 10,920 government buildings and has paid out more than US$5.4 million following four earthquakes and tsunamis.

In February 2024, the government decided to leverage pooling fund resources to explore the development of a parametric product for earthquake risks that would protect the government budget and a similar risk financing product to protect subnational government budgets.

Progress made during previous fiscal years:

In FY22, GSFF funding supported activities that lay the groundwork for the PFB, including development of strategic and budget plans, a risk finance strategy, budget tracking guidelines, and an environmental and social management system framework. In FY23, Indonesia's Ministry of Finance began drafting the regulation to make the pooling fund operational and created a new project management unit to manage and implement it.

Updates for FY24:

- The government has achieved 10 of 21 performance-based conditions related to the World Bank lending operation, including the setup of the pooling fund in the Indonesia Environment Fund (BPDLH), adoption of the pooling fund strategic plan and risk finance strategy, adoption of the environmental and social management system, adoption of the pooling fund annual budget plan, and the introduction of guidelines for disaster expenditure tracking.

- Major capacity-building initiatives completed during the fiscal year include (i) a four-day DRF executive education program in Bandung in March 2024; (ii) knowledge sharing on DRF systems and disaster risk management strategies in Switzerland in November 2023; (iii) knowledge exchange and collaboration with Singapore on catastrophe risk modeling in May 2024; (iv) post-disaster financing study tour in Palu, Central Sulawesi; (v) Environmental and Social Framework training; and (vi) participation in the Understanding Risk Forum in Japan.

- The regulation that would make the pooling fund operational is pending approval.

Expected deliverables for FY25:

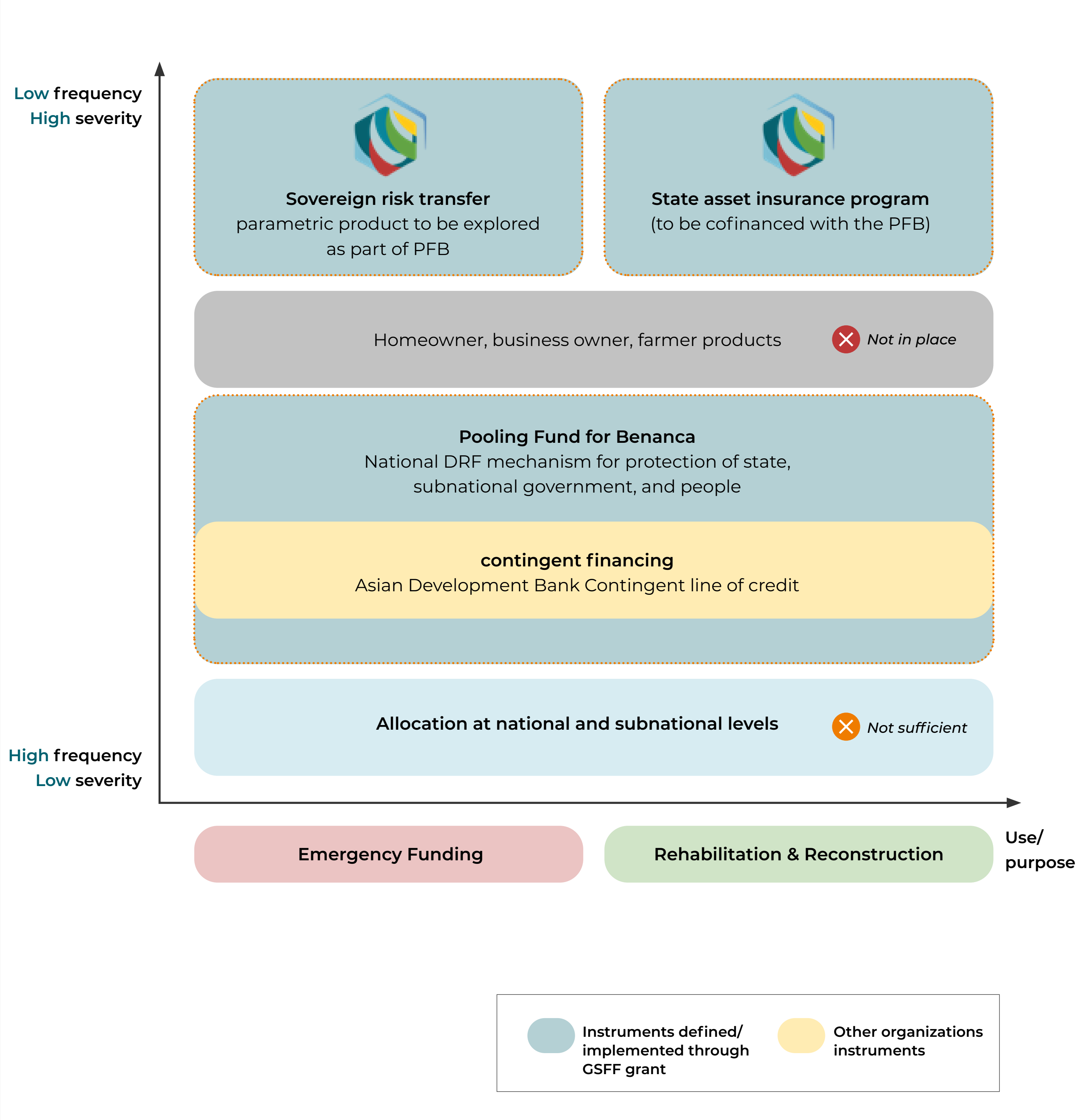
- Issue the Minister of Finance Decree for operationalizing the pooling fund.

- Fully implement the PFB and disburse its funds to ministries and beneficiaries.

- Continue technical work for expansion of assets covered under ABMN to include additional insurable infrastructure assets.

1 This project was initially funded under GRiF, the predecessor to GSFF.

FIGURE A1.1. INDONESIA'S DRF LANDSCAPE



Source: World Bank
Note: DRF = disaster risk finance; PFB = Pooling Fund for Disaster [Bencana].

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

August 24, 2020
(FY21)

RELATED WORLD BANK PROJECT APPROVED BY BOARD OF DIRECTORS:

January 21, 2021

EXPECTED CLOSING DATE:

October 4, 2025

AMOUNT AWARDED: US$14 M

Of which:

Technical assistance:	US$4 M
Start-up costs and operating costs for risk financing vehicles:	US$5 M
Costs for implementation /system building:	US$5 M

MATCHING FUNDS: US$500 M
(matched by the Government of Indonesia)

DISASTER RISK FINANCE INSTRUMENT(S) SUPPORTED:

Contingency fund (under design, 2025)
Macro/sovereign insurance for state assets (2019–2023; 2023–2026)
Macro/sovereign risk transfer (planned, TBD)

WORLD BANK PROJECT:

Indonesia Disaster Risk Finance & Insurance
(P173249)

World Bank project lending amount:

US$500 M
(IBRD)

ANALYTICS, PRODUCTS, AND REFORMS SUPPORTED IN CONJUNCTION WITH THIS PROJECT:

Product: Government asset database (under design 2024)

Legislation:
- Establishment of pooling fund (Pooling Fund for Disaster [Bencana], PFB) (adopted 2021)
- Ministry of Finance designation of Indonesia Environment Fund (BPDLH) as the operating unit for PFB (adopted 2021)
- National Disaster Management Bureau (BNPB) regulation on PFB proposal verification (adopted 2024)
- Ministry of Finance regulation for collection, disbursement, and investment of PFB (under design, expected 2024)
- Derivative regulation related to line ministry regulation that supports PFB operationalization (under design, expected 2024)
- Designation of BPDLH as government investment officer (OIP) (under design, expected 2024)

Technical report:
- Roadmap for designing the PFB (completed 2023)
- Strategic plan for PFB (completed 2023)
- DRF strategy for PFB (completed 2023)
- Budget plan for PFB (completed 2023)

LESOTHO:
NEW DRF INSTRUMENTS WILL KEEP SMALL FIRMS IN BUSINESS DURING CLIMATE SHOCKS

Background:
Before engaging with GSFF, Lesotho relied on budget reallocations, borrowing, and humanitarian aid for financing disaster response, making it difficult for the government to manage its increasing climate and disaster risks, especially drought. In addition, Lesotho's largely informal workforce remains particularly vulnerable to the long-lasting impact of such disasters; most are not connected to the official systems through which government support is provided. In June 2022, the World Bank approved US$45 million in IDA financing and a US$8.5 million GSFF grant for the Lesotho Competitiveness and Financial Inclusion project, which provides MSMEs—especially those operated by women or youths—with greater access to business and financial support.

Financial solution:[1]
Create a US$4 million MSME resilience window within one of the government's existing contingency funds. A new macro/sovereign insurance product will backstop the contingency fund to ensure it has adequate financial capacity during severe climate events.[2]

The US$4 million MSME **resilience window** is expected to be ready to disburse in 2025. It will activate when there is a qualifying climate event and provide emergency payments to MSMEs that likely would have remained viable under normal (nonemergency) conditions. One unique aspect of the MSME resilience window is that it will provide MSMEs with grants rather than loans, enabling quicker relief in a context where administering complex programs has repeatedly proven difficult. The structure may switch to loans as the program matures. Part of the GSFF grant is being used to structure the fund to align with international standards for operation and governance.

The macro/**sovereign insurance product**, expected to be placed by the end of 2025, will backstop the contingency fund, ensuring that if a climate shock creates demand exceeding the fund's financial capacity, the government can use the payout to continue providing affected MSMEs with rapid emergency relief payments. GSFF's grant will cofinance the product's premiums.

- A US$8.5 million GSFF grant funds two new DRF instruments, allowing Lesotho to use a risk-layering approach to manage its climate shock risks and protect MSMEs, a key sector of its economy. The grant supplements US$45 million in World Bank IDA lending for a broader financial inclusion project.

- The government is working with the World Bank and GSFF to develop both a resilience fund window within an existing contingency fund, which will provide emergency grants to eligible MSMEs, and a macro/sovereign insurance product. Once in place, the instruments will provide financial protection for an estimated 20,000 MSMEs.

- The GSFF grant also supports the country's first national DRF strategy and improves disbursement mechanisms for emergency payouts.

1 This project was initially funded under GRiF, the predecessor to GSFF.
2 Project funds of US$6 million, split evenly between GSFF and IDA, will be used for premium payments.

Additional activities funded by the GSFF grant contribute to the long-term success of Lesotho's DRF instruments. The government is working with the World Bank to develop a national DRF strategy and to improve the disbursement mechanisms it uses to deliver emergency relief payments.

Progress made during previous fiscal years:

A plan for a single, centralized registry of informal and formal MSMEs was developed; this will replace the multiple registries that have made it difficult for the government to disburse emergency payments quickly and efficiently.

Updates for FY24:

- The government established its first technical working group for DRF, which will coordinate the implementation of the five-year DRF strategy.
- Cabinet approval of the national DRF strategy is anticipated in September 2024.
- The value-for-money analysis for the insurance product was completed in May 2024.
- The World Bank team and government counterparts drafted an official handbook that outlines guiding principles, operations, and institutional structure for the resilience window.
- The government signed the ARC Ltd. charter to become a member and has taken on the chairmanship. This membership allows Lesotho to purchase insurance products from ARC Ltd. and receive capacity-building support.

Expected deliverables for FY25:

- Finalize and have the government adopt the national DRF strategy.
- Finalize and adopt the resilience fund handbook.
- Establish the MSME resilience window.
- Further advance options for macro/sovereign insurance funded under ongoing World Bank projects (e.g., the Regional Emergency Preparedness and Access to Inclusive Recovery Program, or REPAIR) and purchased through ARC Ltd. or directly from insurance providers.

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

April 15, 2022
(FY22)

RELATED WORLD BANK PROJECT APPROVED BY BOARD OF DIRECTORS:

June 24, 2022

EXPECTED CLOSING DATE:

July 31, 2028

AMOUNT AWARDED:

US$8.5 M

Of which:

Technical assistance:	US$1 M
Costs of financial instrument(s), including premiums:	US$5 M
Implementation/system building:	US$2.5 M

MATCHING FUNDS FOR COSTS OF FINANCIAL INSTRUMENT(S):

US$5 M
(IDA)

DISASTER RISK FINANCE INSTRUMENT(S) SUPPORTED:

1. Resilience window within an existing contingency fund (under design, expected December 2024)
2. Macro/sovereign insurance product to backstop the contingency fund (under design, expected December 2025)

WORLD BANK PROJECT:

Lesotho Competitiveness and Financial Inclusion Project
(P175783)

World Bank project lending amount:

US$45 M
(IDA)

GENDER HIGHLIGHTS:

The resilience window will account for gender in the eligibility criteria and will establish targets to ensure MSMEs owned by women receive relief funds in the event of shocks. Analytical products, including the national DRF strategy, the value-for-money analysis, and the MSME Resilience Fund Handbook, all take gender-specific impacts into account. The Ministry of Gender, Youth, and Social Development is a core member of the new DRF Technical Working Group and will help ensure gender considerations are reflected in all relevant strategies and activities. Women will also receive financial literacy and digital payments training.

ANALYTICS, PRODUCTS, AND REFORMS SUPPORTED IN CONJUNCTION WITH THIS PROJECT:

Risk analytics:
- Value-for-money analysis (completed FY24)
- MSME Resilience Fund Handbook (under design, expected Q2 FY 2025)

Policy/legislation/reforms:
- DRF strategy (adoption expected Q2 FY 2025)

MALAWI:
DISASTER RISK FINANCE ENABLES SOCIAL SAFETY NET TO SCALE-UP DURING CRISES

Background:
For more than two decades, Malawi has invested in strengthening its social safety nets, which have kept the country's poorest populations from falling further into poverty. Thanks to small regular payments provided through the flagship SCTP, families have not been forced to choose among essential household expenditures such as school fees or food. The financial resilience they have built remains tenuous, however. In 2019, the World Bank committed US$312.5 million in IDA lending to strengthen Malawi's social safety net program. A large portion of these resources is used for direct cash transfers, with some funds set aside to improve the safety net's electronic payment systems and restructure the SCTP to make it scalable in a crisis. New safety nets in the form of climate-smart public works and livelihood support programs financed by the World Bank complement the cash transfer program and contribute to greater financial inclusion throughout the country.

Financial solution:[1]
Use disaster risk finance to make the social cash transfer program shock-responsive (i.e., capable of being scaled up in the event of a disaster).

A contingency fund provides emergency cash transfers in response to moderate droughts, and a macro/sovereign risk transfer instrument covers the cost of larger scale-ups for more severe droughts. The cash transfer program is scalable in two ways: it can provide additional emergency funds to existing beneficiaries, and it can extend coverage to include new participants who have been pre-identified as vulnerable in the country's social registry. GSFF funding has supported the improvement of payment and registration systems for beneficiaries, as well as capacity building, legal reforms, and the codification of standard operating procedures for DRF instruments.

- A US$21 million GSFF grant has been instrumental in supporting two DRF instruments that allow Malawi's flagship Social Cash Transfer Programme (SCTP) to scale up and be used for emergency response.
- A US$21 million contingency fund, currently protects at least 1.2 million people from moderate droughts, while a US$11 million macro/ sovereign risk transfer instrument protects an additional 600,000 people from severe droughts for a period of two years.[2]
- Since grant inception, drought has led to three scale-ups of the SCTP, which have provided more than 236,000 households with emergency transfers totaling just under US$20 million.
- The GSFF grant has supported the improvement of payment and registration systems for beneficiaries, as well as capacity building, legal reforms, and the codification of standard operating procedures for DRF instruments.

1 This project was initially funded under GRiF, the predecessor to GSFF.
2 Originally capitalized with US$20 million of which $10 million was from IDA, the contingency fund was replenished with US$17.5 million of additional World Bank financing. Some of this additional financing was used for Malawi's response to Tropical Cyclone Freddy, leaving a balance of approximately US$21 million. The sovereign risk transfer instrument is a two-year policy with ARC Ltd. offering US$11 million in coverage per year, equivalent to US$22 million over two years.

Progress made during previous fiscal years:

The government and the World Bank collaborated to ensure Malawi's institutions were prepared to manage augmented DRF functions, such as evaluating bidding requirements and potential providers, reviewing tax requirements, and assessing the legality of using international reinsurers. The government also used GSFF funding to improve the payment and registration systems for disbursing emergency funds and to develop a handbook that standardizes the guiding principles, operational framework, and institutional structure for scaling up the SCTP in response to future shocks.

In 2023, Malawi successfully placed the macro/sovereign risk transfer product with ARC Ltd. that covers the cost of SCTP scale-ups through 2025.[3] GSFF funding enabled the World Bank to perform quality assurance checks for the risk transfer product. Malawi's efforts mark the first time an insurance product has directly backed a shock-responsive component for a social protection program in Africa, and it may pave the way for similar DRF initiatives in other countries on the continent.

In response to a drought in 2022, the government leveraged US$6.3 million in contingency funds to provide emergency cash transfers to 74,000 households (about 350,000–400,000 individuals) in three districts. In 2023, US$0.9 million in contingency funds provided emergency cash transfers to 12,742 households (about 60,000–65,000 individuals) in an affected district.

Though GSFF funding has focused on reducing the negative impact of drought, Malawi has been able to adapt the SCTP's scalable mechanism to handle multiple crises, including the COVID-19 pandemic and Tropical Cyclone Freddy.

Updates for FY24:

- Trigger parameters for the insurance policy are working accurately, enabling the SCTP to continue successfully scaling up. Malawi experienced a drought during the 2023–2024 season, and the parametric triggers correctly reflected the situation on the ground. As a result, insurance paid out US$6.6 million and the contingency fund paid out US$5.3 million, benefiting an estimated 142,000 households across 10 districts.

- Drought trigger parameters were expanded to more districts in response to El Niño. The original project focused on enrolling 120,000 households from six districts under the scalable cash transfer mechanism. Four districts beyond the project's original scope were added to respond to the droughts caused by El Niño. The new districts were selected based on a nationwide application of the same trigger parameters and an assessment of the payment systems to ensure swift payment.

- Payouts have been timely. Both instruments released funds to government accounts within 2.5 months. Payments to households started in July 2024 and are expected to be completed by August 2024, giving families enough time to stock up on staples such as maize in advance of the lean season.

Expected deliverables for FY25:

- Review the insurance product with the African Risk Capacity and renew it for the 2024–2025 agricultural season.

- Continue expanding coverage of the scalable component.

- Complete a learning brief on lessons from the 2024 drought.

3 The policy covers the 2023–2024 and 2024–2025 seasons.

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

October 3, 2019
(FY20)

RELATED WORLD BANK PROJECT APPROVED BY BOARD OF DIRECTORS:

December 10, 2019

EXPECTED CLOSING DATE:

December 31, 2027

AMOUNT AWARDED: US$21 M

Of which:

Technical assistance:	US$4 M
Start-up costs and operating costs for risk financing vehicles:	US$2 M
Costs of financial instruments (including premiums):	US$10 M
Costs for implementation system building:	US$5 M

MATCHING FUNDS FOR COSTS OF FINANCIAL INSTRUMENT(S): US$10 M (capital for the contingency fund)

DISASTER RISK FINANCE INSTRUMENT(S) SUPPORTED:

1. Contingency fund (active since November 2021)
2. Macro/sovereign risk transfer product (placed November 1, 2023–April 10, 2025)

WORLD BANK PROJECT:

Social Support for Resilient Livelihoods Project
(P169198)

WORLD BANK PROJECT LENDING AMOUNT:

US$610 M
(IDA)

ANALYTICS, PRODUCTS, AND REFORMS SUPPORTED IN CONJUNCTION WITH THIS PROJECT:

Risk analytics:
- Risk model (completed 2021)

Technical report:
- Analysis informing trigger design (completed 2021)
- SCTP Scalable Handbook (completed 2022)

Policy/legislation/reforms:
- Development of successor DRF strategy (under design, expected 2025)

MOROCCO:
THE FINANCIAL RESILIENCE OF THE PUBLIC SOLIDARITY FUND (FSEC) IS BEING STRENGTHENED AFTER A RECENT EARTHQUAKE

Background:
Morocco and the World Bank have collaborated for over 15 years to strengthen the country's disaster risk response framework and increase the use of pre-arranged financing. In 2016, the government passed a law requiring insurers to cover earthquakes, floods, and tsunamis in insurance policies. Those who cannot afford private insurance are eligible to apply for compensation through FSEC, which became operational in 2019.

Before engaging with GSFF, Morocco developed several risk finance instruments with World Bank support that have been successfully used for disaster response. A contingent credit instrument provided the government with US$275 million[1] in pre-arranged financing which it then used to manage the impact of the COVID-19 pandemic. A macro/sovereign reinsurance instrument paired with contingent credit paid out US$300 million[2] for FSEC following the Al Haouz earthquake in September 2023. In the aftermath of this earthquake, and following the full disbursement of the initial earthquake macro/sovereign reinsurance contract, FSEC placed a similar instrument that offers one year of coverage. Notably, the premium for this instrument was paid by FSEC.

Financial solution:[3]
Develop a macro/sovereign insurance product for financial protection against flooding and a CAT bond for protection against earthquakes. Both instruments will help protect the FSEC from depletion in case of severe climatic events.

The macro/sovereign insurance product will scale up FSEC's financial capacity in the event of severe flooding and is expected to provide at least US$50 million in coverage. Premiums for the product will be paid from

- Morocco's Solidarity Fund against Catastrophic Events (Fonds de Solidarité contre les Évènements Catastrophiques, FSEC) provides compensation to victims of disasters who are not covered by private insurance.

- A US$5.3 million GSFF grant is being used to reinforce the technical, operational, and financial capacity of FSEC and to increase relevant knowledge among Moroccan DRF practitioners. It covers the development of a macro/sovereign insurance product and a catastrophe (CAT) bond that will ensure FSEC has the financial capacity to continue providing emergency relief payments when a catastrophic event occurs. Actuarial modeling funded by GSFF has highlighted the rising cost of traditional macro/sovereign insurance and the growing value for money provided by CAT bonds. Both instruments are expected to be placed in 2025.

1 This sum was from a Catastrophe Deferred Drawdown Option (CAT DDO) that was restructured to allow the government access to the US$275 million line of credit as part of its pandemic response.
2 Of this sum, US$275 million was payout from the macro/sovereign parametric insurance, and US$25 million was from reserves accumulated from a parafiscal tax on private homeowner insurance policies.
3 This project was initially funded under GRiF, the predecessor to GSFF.

the FSEC without subsidies from GSFF; this arrangement indicates that the government is building the financial and institutional capacity to independently manage its DRF objectives.

The CAT bond will replace the current macro/sovereign reinsurance product for earthquakes once it expires. Based on Morocco's experience with the Al Haouz earthquake, the CAT bond will cover more severe events, with trigger thresholds to be determined during the design phase. Premiums for the CAT bond will be paid by the FSEC.

The GSFF grant supports improvements to the FSEC's distribution channels. Near-real-time systems that more accurately assess the post-disaster financial needs of affected persons and a digital platform that facilitates payments complement traditional claim submission channels.

Progress made during previous fiscal years:
Development of the two financial instruments was initially delayed due to the pandemic; in addition, an assessment done during the project preparation stage identified insufficient fiduciary, financial management, and procurement capacity within the FSEC. During FY23, project preparation better structured Morocco's DRF program. The occurrence of the Al Haouz earthquake in September 2023, just before the project signing in October 2023, shifted the sequencing of the project activities and led to the prioritization of components dedicated to post-disaster response (digital platform and communication campaigns).

Updates for FY24:

- Based on technical assistance for actuarial modeling provided by the World Bank after the Al Haouz earthquake, the FSEC Board has indicated it will explore using a CAT bond as an alternative to traditional macro/sovereign reinsurance due to the increase in the latter's cost.

- In line with the decision to reassess priorities following the earthquake, the government has procured a digital platform to facilitate the distribution of the US$300 million in contingent financing (reserves and macro/sovereign reinsurance) in pre-arranged financing it accessed.

- Communication tools that explain how people can seek compensation will be disseminated during summer 2024.

Expected deliverables for FY25:

- Place the CAT bond.

- Update the flood risk modeling to start in July 2024.

- Develop near-real-time needs assessment systems.

- Place the flood risk transfer instrument.

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

August 31, 2020
(FY21)

May 1, 2022 (FY22) (additional grant request for supervision costs)

RELATED WORLD BANK PROJECT APPROVED BY BOARD OF DIRECTORS:

June 28, 2023

EXPECTED CLOSING DATE:

June 30, 2026

AMOUNT AWARDED:

US$5 M
(FY20)

US$0.3 M
(FY22)

Of which:

Technical assistance:	US$1.8 M
Start-up costs and operating costs for risk financing vehicles:	US$1.5 M
Systems building:	US$2 M

MATCHING FUNDS FOR COSTS OF FINANCIAL INSTRUMENT(S):

Any premium (to be determined during structuring) will be paid through FSEC's budget.

DISASTER RISK FINANCE INSTRUMENT(S) SUPPORTED:

1. Macro/sovereign insurance product for flood (under design, January 2025)
2. CAT bond for earthquakes (under design, April 2025)

WORLD BANK PROJECT:

Strengthening Morocco's Financial Resilience to Climate Physical Risks
(P175523)

GENDER HIGHLIGHTS:

Targeted communications campaigns are designed to resonate with women and clarify their right to seek compensation.

ANALYTICS, PRODUCTS, AND REFORMS SUPPORTED IN CONJUNCTION WITH THIS PROJECT:

Risk analytics:
- Earthquake modeling (under design, February 2025)
- Flood modeling (under design, October 2024)
- Near-real-time tools (under design, March 2025)

RWANDA:
A NEW CREDIT WINDOW PROVIDES BRIDGE LOANS TO AGRIBUSINESSES DEALING WITH CLIMATE SHOCKS

Background:
Prior to the onset of the COVID-19 pandemic, Rwandan agribusinesses were already dealing with limited access to credit and the consequences of climate change, including variable crop yields, damaged physical assets, and reduced labor productivity. A US$150 million World Bank loan aims to increase access to finance and support the recovery and resilience of businesses affected by the COVID-19 pandemic.

Financial solution:[1]
Develop two new multiperil financial instruments that can facilitate short-term financing for agribusinesses during crises, including a bridge lending window within a credit guarantee scheme and an insurance product that serves as a backstop. (See Figure A1.2.)

The GSFF grant will provide US$3.5 million to partially capitalize a US$7 million **bridge lending window** within an existing agricultural credit guarantee program. The bridge loans will give agribusinesses short-term financing and be available through the state-owned Business Development Fund (BDF).

An additional US$1.5 million from GSFF will cover the premium payments for an **insurance product** that serves as a backstop to the bridge lending window. That is, payments from the insurance product will provide additional capital to the bridge lending window in the event that a severe climate shock creates demand for loans beyond the bridge lending window's existing capacity.

The remaining US$3.5 million is designated for activities that enhance Rwanda's technical capacity to develop and manage DRF instruments.

- A US$8.5 million grant from GSFF is supporting the development of two new financial instruments that will increase the resilience of agribusinesses in Rwanda.
- A US$7 million bridge lending window for an agricultural credit guarantee program is expected to be operational in January 2025, and a complementary insurance product that serves as a backstop to the window is expected in January 2026. Both instruments are estimated to have sufficient capacity to protect 5,000 MSMEs.

1 This project was initially funded under GRiF, the predecessor to GSFF.

Progress made during previous fiscal years:
The BDF, which will manage the bridge lending window, conducted a market survey in FY22 to understand the requirements of private financial institutions. In FY23, the project team completed the official policies and procedures manual that will govern the use of the two new instruments. The BDF has subsequently approved the manual, the final step required before the World Bank can disburse funds for establishing both instruments.

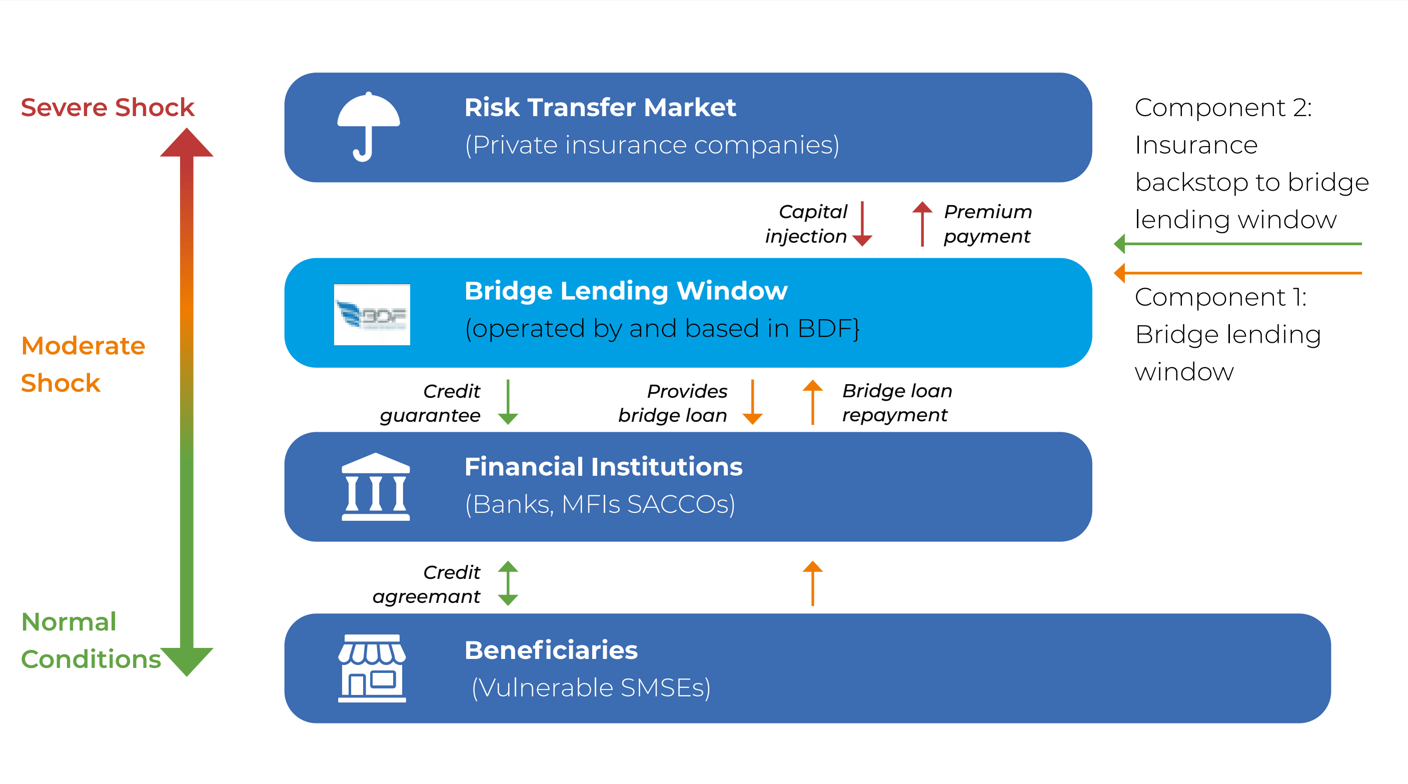
Updates for FY24:

- The bridge lending window design is completed, and the BDF Board has approved the policy manual for the product.
- A procurement process is underway for hiring a firm that will validate and carry out the bridge lending window pilot and design the insurance backstop product.
- The team is currently finalizing a DRF diagnostic that will inform the national DRF strategy and the design of the insurance backstop product.

Expected deliverables for FY25:

- Complete the DRF diagnostic by October 2024.
- Launch the bridge lending window pilot.
- Advance the design of the insurance backstop product.

FIGURE A1.2. PROPOSED STRUCTURE OF BDF BRIDGE LENDING WINDOW AND INSURANCE BACKSTOP IN RWANDA



Note: BDF = Business Development Fund: MFI = microfinance institution; MSMEs = micro, small, and medium enterprises; SACCO = Savings and Credit Cooperative

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

April 13, 2021
(FY21)

RELATED WORLD BANK PROJECT APPROVED BY BOARD OF DIRECTORS:

June 14, 2021

EXPECTED CLOSING DATE:

August 31, 2028

GENDER HIGHLIGHTS:

Gender is accounted for in the implementing agency's corporate strategy. The project has specific gender targets, including increasing the number of women-managed firms that are covered by the portfolio guarantee from 35 percent to 50 percent.

AMOUNT AWARDED: US$8.5 M

Of which:

Technical assistance:	US$1 M
Start-up costs and operating costs for risk financing vehicles:	US$2.5 M
Costs of financial instruments (including premiums):	US$1.5 M
Capitalization:	US$3.5 M

MATCHING FUNDS FOR CAPITALIZATION OF FINANCIAL INSTRUMENT(S):

US$3.5 M from IDA for capitalization of the bridge lending window

US$ 1.5 M from IDA for insurance premium copayment

DISASTER RISK FINANCE INSTRUMENT(S) SUPPORTED:

1. Bridge lending window within an existing credit guarantee scheme (under design, FY25)
2. Macro/sovereign insurance product (under design, FY26)

WORLD BANK PROJECT:

Access to Finance for Recovery and Resilience Project
(P175273)

WORLD BANK PROJECT LENDING AMOUNT:

US$350 M

ANALYTICS, PRODUCTS, AND REFORMS SUPPORTED IN CONJUNCTION WITH THIS PROJECT:

Risk analytics:
- DRF diagnostic (under design, FY2025)
- Value for money (under design, TBD)

Policy/legislation/reforms:
- Policy manual for bridge lending window (adopted FY2024)
- Policy manual for risk insurance (under design, 2026)

SIERRA LEONE:
A SAFETY NET SUCCESSFULLY SCALES UP TO WITHSTAND MULTIPLE CRISES

Background:
Sierra Leone's flagship cash transfer program, Ep Fet Po, serves as a reliable safety net. Established with support from the World Bank and other development partners in 2014, it has enabled the country to more efficiently allocate emergency cash transfers originating from different financing sources. During the Ebola outbreak in 2015, the government scaled up the safety net to provide households with emergency assistance. When there is no emergency, the safety net provides regular cash transfers to vulnerable households.

Financial solution:[1]
Expand the coverage and functionality of the country's social protection system so that it can be scaled up using a World Bank contingent finance mechanism.

Progress made during previous fiscal years:
In FY20, GSFF made its first US$2.5 million grant to enhance the trigger and disbursement systems of Ep Fet Po's scalable mechanism. These improvements made it possible to use a World Bank mechanism, the Contingent Emergency Response Component (CERC), to reallocate US$4 million in World Bank project funds as a line of credit for emergency response. These funds were disbursed as emergency payments to 29,000 households. Approximately €4.7 million from the European Union reached an additional 36,000 households using the improved disbursement systems. (This first grant closed at the end of FY23.)

Based on Sierra Leone's initial success in scaling up Ep Fet Po, GSFF approved a second US$3 million grant in FY23; this was linked to a new World Bank project focused on urban youth employment, and some of the project's funds were designated as possible CERC funds, if needed. Shortly thereafter, food and fuel price shocks once again triggered the

- Sierra Leone received two GSFF grants totaling US$5.5 million. The first grant enhanced the trigger and disbursement systems of Sierra Leone's safety net and supported the country's DRF strategy. The latest grant updates the DRF strategy, institutionalizes standard operating procedures for funding emergency response, and supports a digital public works program pilot. The program will hire approximately 2,000 youths to collect data in disaster-prone urban areas with the goal of expanding the registry of households eligible for emergency cash transfers.

- These improvements follow the success of earlier interventions that enabled the government to scale up its flagship cash transfer program between 2020 and 2023. More than 100,000 households received a one-time emergency cash transfer of US$135 during the COVID-19 pandemic and in response to fuel and food price shocks.[2]

1 This project was initially funded under GRiF, the predecessor to GSFF.
2 The first emergency cash transfer leveraged the US$4 million CERC set up through the initial World Bank project (Sierra Leone Social Safety Net Project–Second Additional Financing, P143588). The second emergency cash transfer leveraged €4.7 million from the European Union. The third emergency cash transfer used US$6.1 million of IDA funds, leveraging the US$4 million CERC tied to the second World Bank project (Productive Social Safety Nets and Youth Employment, P176789) and an additional US$2.1 million in IDA funds.

CERC, allowing Sierra Leone to access US$6.1 million and to distribute this sum as emergency cash transfers to 35,000 households. An update to the emergency response manual, developed with GSFF support under the predecessor project, guided the successful delivery of this latest round of emergency cash transfers.

The remaining funds from the GSFF grant are being used to strengthen the overall DRF landscape in Sierra Leone by covering the cost of completing the national Disaster Risk Financing Strategy, putting in place new standard operating procedures developed by government officials, and providing ongoing technical support to the country's disaster preparedness officer. The grant will also finance the pilot of an innovative digital public works program that will hire approximately 2,000 youths to collect data in disaster-prone urban areas. The data will fill critical information gaps and improve the government's response to future shocks.

Updates for FY24:

- The Ministry of Finance, the National Disaster Management Agency, and other stakeholders completed Sierra Leone's Disaster Risk Financing Strategy. which was approved by the cabinet on March 21, 2024. The Minister of Finance stressed the importance of the activities outlined in the strategy implementation plan, suggesting they could serve as qualifying prior actions that would make Sierra Leone eligible for future World Bank Development Policy Financing projects.[3]

- The World Bank Board of Directors approved US$2 million in additional financing for the Productive Social Safety Nets and Youth Employment project. As the project becomes effective in FY24, the digital public works program pilot can begin.

- The government continues to expand its beneficiary registry to improve the targeting of cash transfers and public works activities to the country's most vulnerable populations. The registry now covers more than 250,000 households, including persons with disabilities, those in disaster-prone areas, those with aged members, and those that qualify as extremely poor. A disaster preparedness officer has also been retained by the government.

Expected deliverables for FY25:

- Implement the digital public works pilot. The National Commission for Social Action and the Freetown City Council have finalized the subprojects, including the digital public works pilot, which provides short-term employment opportunities to youth who perform tasks related to tree tracking, heat mapping, and disaster risk mapping.

- Support the government in adopting the National Social Protection Bill, currently undergoing validation. The bill will establish an independent social protection authority in Sierra Leone.

- Continue building capacity among key stakeholders to implement activities identified in the Disaster Risk Financing Strategy, including a joint study tour with a delegation from Bangladesh in Malawi and Mozambique.

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

June 6, 2019
(FY20)

August 4, 2022 (FY23)

BOARD APPROVAL:

December 17, 2020

March 8, 2022

EXPECTED CLOSING DATE:

June 30, 2023

June 30, 2027

AMOUNT AWARDED:

US$2.5 M
(FY20)

US$3 M
(FY23)

Of which:

Technical assistance:	US$2.5 M
Systems building:	US$3 M

MATCHING FUNDS FOR CAPITALIZATION OF FINANCIAL INSTRUMENT(S):

US$4 M (IDA)
(FY20)[4]

US$4 M
(IDA) (FY23)[5]

DISASTER RISK FINANCE INSTRUMENT(S) SUPPORTED:

Shock-responsive mechanism for social safety net program leveraging contingent credit (CERC)

WORLD BANK PROJECT:

Sierra Leone Safety Nets Project
(P143588)

Productive Social Safety Nets and Youth Employment
(P176789)

WORLD BANK PROJECT LENDING AMOUNT:

P143588:

US$87 M
(IDA)

P176789:

US$40 M
(IDA)

GENDER HIGHLIGHTS:

The pre-listing and targeting process for emergency cash transfers sought to ensure that women were not excluded from the program. As a result, 71 percent of the households benefiting from the first round of transfers were registered under a female household member (who is often, but not always, the head of household).

Evaluations of the emergency cash transfers made during COVID-19 found that these interventions enabled businesswomen to use the extra funds to increase their businesses' profitability.

In 2022, the government adopted the National Social Protection Strategy (NSPS) with the goal of establishing a gender-sensitive and age-appropriate framework for the protection of the most poor and vulnerable. The new Disaster Risk Finance Strategy will support the implementation of the NSPS. Further, the innovative public works will target at least 50 percent of female youth for short-term employment opportunities and life-skills training.

ANALYTICS, PRODUCTS, AND REFORMS IN CONJUNCTION WITH THIS PROJECT:

Policy/legislation/reforms:

- Disaster Risk Financing Strategy (adopted, March 2024)
- National Social Protection Bill (drafted 2024); World Bank is now supporting activities related to the adoption of the bill

Product:

- Digital public works pilot (under design, 2025)

4 The US$4 million CERC was used in FY22 to provide emergency cash transfers during the COVID-19 crisis.
5 The US$4 million that was set aside for the CERC as part of P176789 was used in FY23 to respond to the fuel and price crisis. The project was able to repurpose an additional US$2.1 million in IDA funds and distributed a total of US$6.1 million in emergency cash transfers.

GRANTS COMPLETED IN FY24

JAMAICA:

THE GOVERNMENT CAN TEST THE VIABILITY OF SPONSORING A CAT BOND BEFORE COMMITTING ITS OWN BUDGET

Background:

In 2016, Jamaica was one of 16 countries in the Caribbean Catastrophe Risk Insurance Facility (CCRIF) regional risk pool that benefited from the World Bank's first CAT bond, and the country has continued to collaborate with the World Bank on its DRF agenda. In 2021, Jamaica issued its National Natural Disaster Risk Financing Policy 2021–2026, which introduced a comprehensive and layered DRF approach that built on the multiple financial instruments the country already had in place: contingent funds, contingent credit lines, and insurance coverage provided by CCRIF. To enhance its coverage and diversify basis risk, the government wanted to add another risk transfer instrument to its existing suite of financial instruments.

Financial solution:[1]

Optimize risk layering by adding a CAT bond to the existing portfolio of disaster risk finance instruments. Jamaica worked with the World Bank to develop the first-ever CAT bond for a small island state that provides coverage against tropical cyclone winds. A US$14.9 million grant from GSFF covered the cost of placing the CAT bond, including premium subsidies, and an additional US$1.4 million covered start-up costs. The instrument included innovative features such as a CAT-in-a-grid structure, which captures data on conditions from different geographical points around the country instead of a single location. This feature allows a more rapid calculation of whether the instrument triggers and a payout is made.

Progress made during previous fiscal years:

Although unfavorable market conditions caused delays in finalizing the transaction, in July 2021 Jamaica successfully placed a CAT bond that provided US$185 million of insurance coverage for eligible named storm events through December 2023.[2] Fitch Ratings reported on the CAT bond's positive impact on Jamaica's fiscal sustainability. In 2022, the CAT bond won Trading Risk's Closing the Protection Gap Initiative of the Year Award.

- Jamaica used a US$16,365,000 million GSFF grant to successfully expand its portfolio of DRF instruments, issuing a CAT bond that provided the country with US$185 million in coverage against tropical cyclone winds for three hurricane seasons. Jamaica is the first small island state to independently sponsor a CAT bond.
- In April 2024, Jamaica chose to renew the CAT bond, covering the majority of the costs for renewal from its own budget. The renewed CAT bond will provide US$150 million in coverage over the next four hurricane seasons.

1 This project was initially funded under GRiF, the predecessor to GSFF.
2 The CAT bond did not trigger a payout during this period.

Updates for FY24:

- With funds remaining from the grant that financed the costs of the original CAT bond placement, GSFF partially supported the April 2024 renewal that provides US$150 million in coverage.[3]

- The government covered the majority of the premium and transaction costs of the renewal, an option it had considered since the project's inception. The GSFF project enabled Jamaica to confirm its institutional capacity to sponsor a CAT bond and assess the product's value before committing its own budget.[4]

- This renewal marks the second time that the World Bank has listed a CAT bond on the Hong Kong exchange, which has an insurance-linked securities grant scheme specifically for CAT bond transactions.

Expected deliverables for FY25:

- This project is now closed. Jamaica's continued interest in renewing its CAT bond using its own funds—and its ability to do so—will be indicators of long-term impact.

3 Less favorable market conditions, characterized by high interest rates, contributed to the reduction in coverage. The interest rate increased from 4.4 percent to 7 percent, and the maturity extended from 2.44 years to 3.66 years. Applying the compound interest formula, the premium for the renewal transaction rose to over US$40 million from US$20 million (for the original CAT bond), despite the reduction in coverage.

4 It did not cover the remaining US$30,638.89 of unused funding from the original GSFF grant.

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

October 15, 2019
(FY21)

RELATED WORLD BANK PROJECT APPROVED BY BOARD OF DIRECTORS:

June 23, 2021

CLOSING DATE:

June 21, 2024
(FY24)

AMOUNT AWARDED: US$16.365 M

Of which:

Start-up and operating costs:	US$ $1,515,000
Instrument costs, including premium:	US$14,850,000

MATCHING FUNDS FOR CAPITALIZATION OF FINANCIAL INSTRUMENT(S):

The original CAT bond premium was US$19.9 million; of this amount, US$14.9 million was financed by GSFF, and the other US$5 million was financed by the United States Agency for International Development (USAID).

DISASTER RISK FINANCE INSTRUMENT(S) SUPPORTED:

1. Original CAT bond in place from July 19, 2021, to December 31, 2023
2. Renewed CAT bond in place from April 25, 2024, to December 29, 2027

WORLD BANK PROJECT:

Jamaica Catastrophe Bond for Increased Financial Resilience to Natural Disasters and Climate Shocks
(P173012)

ANALYTICS, PRODUCTS, AND REFORMS SUPPORTED IN CONJUNCTION WITH THIS PROJECT:

Risk analytics:

- for the initial transaction to support instrument structure and placement transaction (completed 2021)
- for the follow-on transaction to support instrument structure and placement transaction (completed 2024)

MOZAMBIQUE:

AFTER TESTING DISASTER RISK FINANCE INSTRUMENTS WITH GSFF SUPPORT, THE GOVERNMENT PLANS TO CONTINUE USING THEM AFTER THE PROJECT'S END

Background:
Since 1999, when Mozambique's government adopted its first disaster risk management policy, the country has prioritized disaster preparation and response. The government has continued to strengthen its disaster risk management framework; but with more than half of Mozambicans—approximately 60 percent—living in the country's low-lying coastal areas the country's population is increasingly exposed to substantial climate risks. In 2019, in part to address this situation, the World Bank approved US$90 million in IDA lending to leverage the benefits of pre-arranged financing.

Financial solution:[1]
Develop a macro/sovereign insurance product that backstops Mozambique's reserve fund for disasters and a DRF strategy that improves how the government receives and uses disaster funding. The GSFF grant covered the bespoke risk model that underpins the design of the insurance product, and it cofinances three years' worth of insurance premiums. In December 2022, the government placed its first policy in time for the upcoming rainy season and has renewed it annually since.

In case of catastrophic rainfall or wind, payouts from the insurance product are used to replenish the National Disaster Management Fund (Fundo de Gestão de Calamidades), which was established in 2017. It is capitalized annually with government budget and World Bank program funds through 2024. This reserve fund serves as both a financial instrument and a distribution channel, and a portion of the GSFF grant was used to create a governance framework that outlines how payouts are spent. In most cases, the money flows to local government authorities, who then procure temporary shelter and food for affected populations.

- A US$8 million GSFF grant led to the placement of a macro/sovereign insurance product that currently offers US$35 million in coverage through September 2025. The insurance product backstops Mozambique's disaster fund, Fundo de Gestão de Calamidades. When Tropical Cyclone Freddy hit in 2023, a US$970,000 payout replenished the fund and alleviated the impact on people who lost their homes or were at risk of water-borne diseases.

- The grant has also supported the country's first DRF strategy, which has improved public management of disaster spending and made the country more eligible to access pre-arranged financing.

- While the World Bank lending project closed in FY24, remaining GSFF funds will finance quality assurance procedures as the government puts the macro/sovereign insurance contract in place for the 2024–2025 tropical cyclone season. The government will continue to finance the disaster fund from its budget and will work with the African Development Bank and the World Bank, through a follow-on project, to continue its macro/sovereign risk insurance coverage.

1 This project was initially funded under GRiF, the predecessor to GSFF.

GSFF funding also supported the technical expertise required to develop the country's first DRF strategy, which the government adopted in 2022.

Progress made during previous fiscal years:
Progress has been made in developing the domestic insurance market and in rapidly meeting people's needs after a disaster.

- The project team successfully brought in international reinsurers, thereby giving the government access to greater financial capacity than would have been available through Mozambique's nascent insurance market. Notably, the country was the first in Sub-Saharan Africa to place a macro/sovereign insurance product on its own instead of through the regional African Risk Capacity risk pool.

- Tropical Cyclone Freddy twice hit the country (in February and March 2023), affecting more than 1.1 million people. A US$970,000 payout to Mozambique's disaster fund helped replenish the fund's capital and ultimately alleviated the impact on people who lost their homes or faced exposure to water-borne diseases such as cholera.

Updates for FY24:
- The macro/sovereign insurance product currently provides US$35 million in coverage through September 2025.

- The project team completed an analysis of the associated rainfall index. Because Mozambique received a small payout under the excess rainfall policy, the team is revisiting the risk models to increase the value for money offered by the insurance product.

Expected deliverables for FY25 and next steps for Mozambique beyond the project's close:
- Continue minor risk modeling and knowledge management work beyond the project's close at the end of FY24.

- Finance the disaster fund (through the government's own budget) beyond the project's close.

- Continue macro/sovereign insurance coverage with support from the World Bank's REPAIR program (for tropical cyclones and excess rainfall) and the African Development Bank (for drought).

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

January 15, 2019
(FY19)

RELATED WORLD BANK PROJECT APPROVED BY BOARD OF DIRECTORS:

March 19, 2019

CLOSING DATE:

June 30, 2024

AMOUNT AWARDED: US$8 M

Of which:

Technical assistance:	US$2 M
Costs of financial instruments (including premiums):	US$6 M

MATCHING FUNDS FOR CAPITALIZATION OF FINANCIAL INSTRUMENT(S): US$6 M (IDA)

DISASTER RISK FINANCE INSTRUMENT(S) SUPPORTED:

1. Macro/sovereign insurance product (placed, October 1, 2024 – May 31, 2025)
2. Contingency fund (active since 2019)

WORLD BANK PROJECT:

Mozambique Disaster Risk Management and Resilience Program
(P166437)

WORLD BANK PROJECT LENDING AMOUNT:

US$90 M
(IDA)

ANALYTICS, PRODUCTS, AND REFORMS SUPPORTED IN CONJUNCTION WITH THIS PROJECT:

Risk analytics:
- Tropical cyclone risk model (completed in 2022 but updated each year)
- Rainfall index analysis (completed June 2024)

Policy/legislation/reforms:
- DRF strategy (adopted 2022)

Annex 2: Regional Projects

GRANTS ENDORSED — RELATED WORLD BANK PROJECTS NOT YET APPROVED IN FY24

SOUTHERN AFRICA:

COMOROS, MADAGASCAR, AND MOZAMBIQUE ARE THE FIRST TO JOIN A REGIONAL FINANCIAL PROTECTION MECHANISM

Background:
The importance of a regional approach to increased financial resilience in Southern Africa is underscored by cross-border disaster events, such as the 2023 tropical cyclone that hit Malawi and Mozambique. Many countries have a skeleton of DRF components in place, but these systems need additional funding and a greater level of coordination and preparedness to make them truly effective. Madagascar, Malawi, and Mozambique have created national disaster funds and have purchased macro/sovereign parametric insurance for drought and tropical cyclones, but their financial strategies are incomplete and leave large financial protection gaps. Only Mozambique has capitalized its national disaster fund, and reserves are not invested. Several countries have subscribed to macro/sovereign parametric insurance and received payouts (e.g., Madagascar, Malawi, Zambia), but the coverage is typically for only one climatic peril and is not cost-effective. Finally, although some shock-responsive social protection programs have been established, they are rarely linked to pre-arranged financing and so cannot respond quickly.

Financial solution:
Establish the regional climate fund as a centralized mechanism that lowers technical and financial barriers to using DRF instruments. Participating countries will be able to better layer their risks by using instruments that respond to shocks of variable magnitude and frequency.

Relevant DRF instruments include (i) a reserve instrument for low to moderate recurring shocks; (ii) contingent financing for moderate shocks (to be managed by a private asset manager); and (iii) parametric catastrophe risk insurance for large infrequent shocks. Comoros, Madagascar, and Mozambique have already joined the climate fund initiative, and nine more countries will join in two subsequent phases—namely, Angola, Burundi, Democratic Republic of Congo, Eswatini, Lesotho, Malawi, Seychelles, Zambia, and Zimbabwe.

- The Regional Emergency Preparedness and Access to Inclusive Recovery Program (REPAIR) project was approved by the World Bank Board of Directors in July 2024.
- In FY24, GSFF Steering Committee members endorsed the REPAIR work plan, including a proposed US$30 million GSFF grant to support a new regional climate fund that will eventually include 12 countries in Southern Africa. The fund will offer three layered financial instruments to provide financial protection against climate events that range in frequency and severity: a reserve instrument, contingent financing, and parametric insurance products .
- Three countries (Comoros, Madagascar, and Mozambique) have joined the initiative and allocated their US$280 million World Bank IDA funds to the different instruments; nine other countries are expected to be onboarded in 2025–2026.
- The project highlights strong cooperation among African countries and ARC Ltd., which are joining forces and resources to increase regional resilience to natural disasters.

Payouts from the instruments will target vulnerable populations, women, and small firms, and go toward the repair of damaged infrastructure. ARC Ltd. will be the implementing agency and plans to raise additional funds from donors to ensure the long-term viability of REPAIR.

GSFF funding will support the fund's start-up and operating costs and build the capacities of countries to link DRF mechanisms with national delivery channels.

Updates for FY24:

- Comoros, Madagascar, and Mozambique designed a stakeholder engagement plan during project preparation, which includes consultations with civil society actors to inform project implementation and the creation of a grievance redress mechanism.

- The Ministries of Finance of Comoros, Madagascar, Malawi, and Mozambique met with ARC Ltd. and the World Bank at a workshop in Johannesburg in March 2024. The workshop laid the groundwork for REPAIR by enabling countries to share DRF-related knowledge and experiences, agree on REPAIR's design (including the optimal allocation of funds), and discuss institutional arrangements for putting REPAIR in place.

- An analytical tool on layering DRF instruments was completed in May 2024 and will be disseminated in the coming year.

Expected deliverables for FY25

- Operationalize the regional climate risk fund.

- Undertake capacity-building activities to strengthen the link between DRF tools and existing delivery channels within countries.

- Implement onboarding of phase 2 countries and start preliminary work to onboard phase 3 countries (e.g., conduct DRF diagnostics and support the development of national DRF strategies for countries that don't have them).

- Carry out fundraising that targets international bilateral and regional donors/programs to ensure REPAIR's long-term viability.

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

January 16, 2024
(FY24)

GENDER HIGHLIGHTS:

The World Bank and Comoros, Madagascar, and Mozambique have agreed to provide financial literacy training to 2,500 women and 2,500 women-led MSMEs to enhance their resilience against climate shocks. A poll of women-led MSMEs that have been supported through the project will assess REPAIR's impact on their workforce. Countries will also develop national gender-informed emergency response plans and ensure that delivery channels are targeting support to women.

AMOUNT AWARDED: US$30 M

Of which:	
Technical assistance:	US$4 M
Start-up costs and operating costs for risk financing vehicles:	US$16 M
Costs for implementation/ system building:	US$10 M

MATCHING FUNDS FOR CAPITALIZATION OF FINANCIAL INSTRUMENT(S):

In total, countries have allocated US$20.5 million out of their IDA envelope to insurance premiums.

DISASTER RISK FINANCE INSTRUMENT(S) SUPPORTED:

A regional climate risk fund that will offer (i) reserves (which earn income), (ii) a contingent financing product, and (iii) parametric insurance products (under design, expected date TBD)

ANALYTICS, PRODUCTS, AND REFORMS SUPPORTED IN CONJUNCTION WITH THIS PROJECT:

Policy/legislation/reforms:
- Reserves investment policy (completed August 2024)
- DRF strategies (possible; where needed as part of onboarding phase 2 and phase 3 countries)

Technical document:
- Gender-informed response plans (planned, 2025)
- Stakeholder engagement plan (to be updated, 2025)

Risk analytics:
- Analytical tool on layering risk finance instruments (completed May 2024)
- DRF diagnostic(s) (possible; where needed as part of onboarding phase 2 and phase 3 countries)

WORLD BANK PROJECT:

Regional Emergency Preparedness and Access to Inclusive Recovery
(P181014)

GRANTS UNDER IMPLEMENTATION

HORN OF AFRICA:

DRF IS BUILDING CLIMATE RESILIENCE AGAINST DROUGHT FOR MORE THAN 1 MILLION PASTORALISTS

Background:
Severe droughts exacerbate poverty and conflict in the Horn of Africa, particularly for pastoralists, who are among the region's poorest groups and among those most affected by climate change. To better protect the livelihoods of pastoralists in Djibouti, Ethiopia, Kenya, and Somalia, the World Bank's IDA fund provided US$327.5 million in financing under the De-Risking, Inclusion, and Value Enhancement of Pastoral Economies in the Horn of Africa (DRIVE) project.

DRIVE consists of two components: the first increases pastoralists' access to financial services, and the second enhances their commercial prospects by integrating them into value chains and streamlining the regional livestock trade. Not only does DRIVE increase the financial resilience of an especially vulnerable population, but it also reduces tensions among communities in the region by reducing the number of pastoralists who are forced to cross borders in search of improved economic prospects. In addition, the project has designed several interventions that lower the barriers women face using financial services.

Financial solution for Ethiopia, Kenya, and Somalia:[1]

Create a financial services package that helps pastoralists layer their risks by using index-based livestock insurance, savings, and payment accounts.

The package is designed to layer risk, meaning that various financial services address different frequencies and intensities of risk that pastoralists face due to climatic shocks and other hardships. Index-based livestock insurance protects against severe drought events. At the same time, financial incentives encourage pastoralists to open and consistently contribute to a savings account. As a result, during moderate drought, pastoralists can afford to keep their livestock alive; if instead they had to replace livestock that died, the estimated cost would be three times more.

- A US$30 million GSFF grant supports a range of financial solutions for pastoralists in four countries whose livelihoods are threatened by drought.

- A financial services package in Ethiopia, Kenya, and Somalia allows pastoralists to layer their risks: payouts from index-based livestock insurance protect against severe drought, and savings that have been matched by the project are used when there is moderate drought. Since the insurance was placed in 2022, it has paid out more than US$6.3 million.

- A macro/sovereign insurance product placed in Djibouti in 2023 through ARC Ltd. provides US$2.3 million in coverage yearly against flood and drought. In October 2023, the product was triggered, resulting in a payout of US$231,130.

- Part of the grant also supports a digital platform that provides regional-level wholesale risk infrastructure services.

1 Financial solutions for the DRIVE project wereinitially funded under GRIF, the predecessor to GSFF.

Financial solution for Djibouti:

Design and place a macro/sovereign insurance product against flood or drought to better protect pastoralists.

The GSFF grant cofinances another intervention within DRIVE's first component: it covers half of the premium for a macro/sovereign insurance policy against drought and flood.[2] The policy is active through 2027 and is renewed automatically each year, with an option for the government to adjust parameters as they wish.

Financial solution for the region:

Establish a regional platform for implementing a package of financial services across different countries. ZEP-RE (PTA Reinsurance Company), a specialized institution within the Common Market of Eastern Africa (COMESA), operates as an African multilateral insurance institution with a developmental mandate. Part of the GSFF grant supplied the financial resources that allow ZEP-RE to provide regional-level wholesale risk infrastructure services, including beneficiary database management, insurance product design, calculation agent services, reinsurance arrangements, payout management systems, financial literacy resources for beneficiaries, communication tools, and more.

Progress made during previous fiscal years:

Ethiopia, Kenya, Somalia: Within just nine months of the financial package's launch, 170,000 pastoralist households signed up for the livestock micro-level insurance and became eligible for bonus payments for registering their mobile banking savings accounts with the DRIVE platform. The insurance coverage is seasonal, providing policies for the March–June season (MAMJ) and the October-December season (OND). During the OND 2022 and MAMJ 2023 coverage seasons, drought triggered insurance payouts of over US$5 million for 88,000 policyholders in Kenya; over 15,000 policyholders in Ethiopia received a total of US$0.85 million.

Through targeted education and marketing efforts, the financial package has begun to narrow the region's financial inclusion gender gap, and nearly 57 percent of the 170,000 participating households are headed by women. The drought insurance product leveraged more than US$100 million in capital from the international reinsurance market; in so doing, it increased private sector investment in an overlooked region and strengthened the project's long-term sustainability. A graduated premium support strategy, wherein pastoralists incrementally contribute more for their coverage as their financial security improves, further ensures the project's lasting viability. The current strategy increases pastoralists' contributions after three years.

Djibouti: Within five months of the grant award in FY22, the government designed and placed a macro/sovereign insurance policy with the regional risk pool ARC Ltd. This policy provides about US$2 million in coverage per year against flood and drought. Notably, this policy marks Africa's first macro/sovereign multiperil, multiyear climate insurance initiative. The World Bank, in collaboration with the private sector's technical design team, played a critical role in the quick delivery of this product.

Updates for FY24:

- **Ethiopia, Kenya, Somalia:** During the OND 2023 coverage season, drought triggered payouts totaling just over US$0.11 million to 10,061 policyholders in Kenya and nearly US$0.46 million to 5,334 policyholders in Ethiopia. In Somalia, an ongoing review of the product is assessing the accuracy of the parametric trigger, since it has not yet made any payouts. Until that review is completed, the government is focusing on policy renewals. Sales for the OND 2024 season commence in August 2024 in all countries.

- **Djibouti:** In October 2023, ARC Ltd. announced that moderate drought triggered the macro/sovereign product and resulted in a payout of US$231,130. Because of institutional bottlenecks, however, the national bank account allowing ARC

2 IDA funds pay for the other half of the premium payments.

Ltd. to disburse the payout had not been opened by the government. As a result, the payout was delayed by five months. ARC Ltd. continues to work with the government to finalize Djibouti's national contingency plan, which should expedite future payouts. The DRIVE team will closely monitor relief activities funded by the payout and follow up with ARC Agency on recommended updates to the contingency plan. The team is using GSFF funding to develop a digital platform that will allow the government to anticipate potential payouts and provide capacity-building activities. The team will also work closely with the African Development Bank, which is providing funding through the Africa Disaster Risk Financing Programme, to develop a national DRF strategy and an impact evaluation for the insurance product (see below).

- **Regional digital platform:** The ZEP-RE digital platform registers pastoralists and allows them to manage their financial services package. This platform recently went live in Kenya, although as of the end of the fiscal year, only sales agents have access. In Ethiopia, agents expressed concern that the platform might slow down the registration process. In response, ZEP-RE is working on simplifying the information collected through the platform and is providing additional training before taking the system live. For future sales, using the digital platform will be mandatory for all sales agents.

- **Impact evaluation:** A comprehensive impact evaluation assessing the project's progress in Kenya and Ethiopia completed initial findings in June 2024. (The evaluation is largely funded by USAID, but GSFF funds enable ZEP-RE's participation.) Key findings and recommendations include the following:

- Despite government efforts to raise awareness, understanding of the product remains low. Closer monitoring is needed to ensure that efforts to raise awareness are effective.

- Mobile phones that also provide access to interactive voice response (IVR) in local languages have improved product and process knowledge for consumers.

- IVR has facilitated the reporting of grievances—e.g., inactivated accounts, nonreceipt of enrollment bonuses, and nonreceipt of indemnity payments—and such issues are now better monitored.

- Data collected by bank agents, community mobilizers, and cooperative representatives can be used to improve outcomes related to registration, knowledge, grievances, and renewals.

Expected deliverables for FY25:

The following deliverables aim to increase the long-term sustainability of livestock insurance:

- Enlarge the risk pool through geographic and product diversification. The team will continue to explore how new countries can join the project.

- Reassess the role of the private sector in distribution and market linkages to ensure a sustainable program in the medium term.

- Work more closely with regulators to strengthen consumer protection. The team will test whether new DRF products based on the design of the index-based livestock insurance product can be used to de-risk value chains such as milk production. This work falls under the second component of the project in Kenya.

- Conduct research that can be used to increase renewal rates. The number of policies sold has exceeded initial project targets, but renewal rates have been inconsistent.

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

January 24, 2022
(FY22)

RELATED WORLD BANK PROJECT APPROVED BY BOARD OF DIRECTORS:

June 21, 2022

EXPECTED CLOSING DATE:

September 30, 2027

AMOUNT AWARDED: US$30 M

Of which:

Technical assistance:	US$2 M
Start-up costs and operating costs for risk financing vehicles:	US$2 M
Costs of financial instruments (including premiums):	US$13 M
Costs for implementation/ system building:	US$13 M

MATCHING FUNDS FOR CAPITALIZATION OF FINANCIAL INSTRUMENT(S): US$91 M (IDA)

DISASTER RISK FINANCE INSTRUMENT(S) SUPPORTED:

1. Kenya, Somalia, Ethiopia: Micro risk insurance (index-based livestock insurance; sold biannually since 2022)
2. Djibouti: Macro/sovereign risk insurance (placed January 31, 2023–January 31, 2027)

WORLD BANK PROJECT:

De-risking, Inclusion, and Value Enhancement of Pastoral Economies in the Horn of Africa
(P176517)

WORLD BANK PROJECT LENDING AMOUNT:

US$327.5 M
(IDA)

GENDER HIGHLIGHTS:

Several project interventions lower the barriers women face using financial services and have facilitated an increase in formal savings accounts among women. Marketing and education surrounding financial services have been tailored to women and leverage the influence of female community leaders in villages. Activities that heighten awareness about gender considerations target both pastoralists and financial service providers. For further details on DRIVE's gender-related interventions, see "De-risking, Inclusion, and Value Enhancement of Pastoral Economies in the Horn of Africa (DRIVE): Integrating a Gender Equality Lens."

ANALYTICS, PRODUCTS, AND REFORMS SUPPORTED IN CONJUNCTION WITH THIS PROJECT:

Risk analytics:
- Review of drought indices (completed 2024)
- Djibouti digital platform monitor index (planned, TBD)

Technical report:
- Evaluation (under design, initial findings to be presented in 2024)

Policy/legislation/reforms:
- Regulatory framework for Ethiopia (planned, TBD)

WEST AFRICA:
SECURING PRE-ARRANGED FINANCING FOR A REGIONAL MECHANISM SET UP TO IMPROVE FOOD SECURITY IN SEVEN COUNTRIES

Background:
West African countries are leveraging their regional institutions to address persistent food insecurity. With US$347.3 million in support from World Bank IDA financing, the West and Central Africa Council for Agriculture Research and Development (ECOWAS), and the Permanent Interstate Committee for Drought Control in the Sahel are taking the lead to increase agricultural productivity through climate-smart agriculture, strengthen intraregional value chains, and build regional capacity to manage agricultural risk. The project's first phase covered Burkina Faso, Mali, Niger, and Togo; the second phase expanded to include Chad, Ghana, and Sierra Leone.

Financial solution:
Develop and put in place a risk financing product whose payouts would go into ECOWAS's Regional Food Security Reserve (RFSR) which provides food aid or financial resources to member states.

RFSR would use payouts for emergency relief when there is an event that creates food insecurity. In addition to premium support, the GSFF grant covers the necessary analysis to structure the financial instrument and ensure proper governance, disbursement, and contingency planning procedures will be in place.

Updates for FY24:
- Completed Agriculture Risk Assessment Reports for Togo and Sierra Leone and held a stakeholder dissemination workshop in Togo.
- A consulting firm completed the Feasibility Study on Risk Finance Instrument for the ECOWAS Regional Food Security Reserve (RFSR): Holistic Risk Assessment, Market Review and Stakeholder Consultation

Expected deliverables for FY25:
- Complete Agriculture Risk Assessment Reports for Senegal and Chad using the Platform for Agricultural Risk Management, methodology which was developed as a G20 initiative.
- A consulting firm to complete its second assessment of financial feasibility of potential risk transfer mechanisms.

- A US$25 million GSFF grant is supporting West Africa regional stakeholders to develop a risk financing product that can provide additional capital during emergencies for an established food security mechanism.
- The grant has funded crucial technical assistance, including two feasibility studies in Chad and Togo, and will eventually cover premiums for the risk financing product.

- Organize stakeholder engagement workshop.
- Organize a knowledge exchange workshop with ARC, Ltd. about drought, flood, and pandemic insurance products they developed for the West African Development Bank (La BOAD, Banque Ouest Africane de Développment).

GSFF GRANT ENDORSED BY STEERING COMMITTEE:

June 14, 2022
(FY 21)

RELATED WORLD BANK PROJECT APPROVED BY BOARD OF DIRECTORS:

August 11, 2023

EXPECTED CLOSING DATE:

May 31, 2027
(FY 28)

AMOUNT AWARDED: US$25 M

Of which:

Technical assistance:	US$2,000,000
Start-up costs and operating costs for risk financing vehicles:	US$3,000,000
Costs of financial instruments (including premiums):	US$ 20,000,000

MATCHING FUNDS FOR CAPITALIZATION OF FINANCIAL INSTRUMENT(S): US$20 M
(IDA)

WORLD BANK PROJECT:

West Africa Food System Resilience Program (FSRP)
(P172769)

WORLD BANK PROJECT LENDING AMOUNT:

US$330 M

GENDER HIGHLIGHTS:

Gender dimension will not be captured in this project which deals with funding for the regional reserve upon triggered events.

Results Framework

GSFF RESULTS FRAMEWORK

Abbreviations:

MAMJ Season: March, April, May, June
OND Season: October, November, December

#	INDICATOR NAME	FY 2024	DETAILS
Result Countries access inclusive, affordable financial instruments needed to layer and manage their risks (**Long-term change 1**)			
1	Total number of financial instruments providing coverage in FY	11	Burkina Faso-Partial portfolio credit guarantee-Shock responsive Djibouti-Sovereign risk insurance Ethiopia-Meso risk insurance Indonesia (PFB)-Sovereign risk insurance Jamaica-Catastrophe bond Kenya-Micro risk insurance Malawi-Sovereign risk insurance-Shock responsive social protection Malawi-Contingency fund-Shock responsive social protection Mozambique-Sovereign risk insurance Mozambique-Contingency fund Somalia-Micro risk insurance
2	# of new financial instruments in place and operational in FY [gender marker]	0	
3	Number of financial instruments triggered in current FY Total Value: US$12,687,938	5	Malawi-Sovereign risk insurance-Shock responsive social protection $6,610,660 Malawi-Contingency fund-Shock responsive social protection $5,276,590 Djibouti-Sovereign risk insurance $231,130 Kenya-Micro risk insurance -OND 2023 $111,063 Ethiopia-Micro risk insurance -OND 2023 $458,495
4	Total number of financial instruments designed and **put in place** over life of TF	12	
5	Total number of financial instruments **triggered** over life of TF	16	Djibouti Sovereign risk insurance (1 time) Ethiopia Micro risk insurance (3 seasons) Kenya Micro risk insurance (3 seasons) Malawi Contingency fund-Shock responsive social protection (3 times) Malawi Sovereign risk insurance-Shock responsive social protection (1 time) Mozambique Sovereign risk insurance (1 time) Mozambique Contingency fund (1 time) Sierra Leane Contingency credit (3 emergency cash transfers)

#	INDICATOR NAME	FY 2024	DETAILS
Result Countries at varying levels of readiness design and adopt inclusive DRF strategies and policies, improving the enabling environment for financial protection (**Intermediate outcome 1**)			
6	Number of countries who have adopted a DRF strategy with GSFF support over life of TF [gender marker]	3	Mozambique 2022 Indonesia 2022 (for PFB) Sierra Leone (2024)
7	# of key pieces of legislation adopted to enable placement of an instrument over life of TF	5	Rwanda (1) DRC (1) Indonesia (3)
Result Extend coverage and impact of protection strategies by increasing humanitarian and development organization capacities and resources (**Long-term change 2**)			
8	**Active notional coverage**[1]: estimated maximum number of beneficiaries covered by or with access to pre-arranged financial mechanisms [gender marker] in the FY	51,880,001[2] [25,988,407] Without Indonesia: 4,041,036 [2,068,925]	Burkina Faso-Partial portfolio credit guarantee-Shock responsive 21,429 [2,143] Djibouti-Sovereign risk insurance 57,000 [28,500] Ethiopia-Micro risk insurance - MAMJ 2024 375,398 [168,929]3 Indonesia (PFB)-Sovereign risk insurance 47,838,964 [23,919,482] Jamaica-Catastrophe bond 455,639 [232,376] Kenya-Micro risk insurance -OND 2023 226,553 [135,932] Malawi-Sovereign risk insurance-Shock responsive social protection 600,000 [300,000] Malawi-Contingency fund-Shock responsive social protection 1,200,000 [600,000] Mozambique-Sovereign risk insurance 224,247 [112,123] Mozambique-Contingency fund 64,071 [32,035] Somalia-Micro risk insurance -OND 2023 434,259 [256,212]

1 Notional coverage represents the estimated maximum number of individuals the instrument could cover regardless of the protection priority (people, budget, assets, etc). So, for instance, even though an instrument may be meant to cover the cost of replacing infrastructure, we convert the maximum payout into an estimate of how many people that payout could cover based on average relief costs.

2 GSFF is supporting the renewal of the Indonesia Asset Insurance Program which has a very large number of assets it covers (US$4.2 billion) which masks the contributions of other instruments. As such, in the results framework we provide the indicator with and without the figures for this program.

3 For DRIVE countries (Ethiopia, Kenya, Somalia) where the instrument provides coverage for two seasons annually, we do not know the number of repeat sales. As such, we only count the season with the highest number of sales.

#	INDICATOR NAME	FY 2024	DETAILS
9	**Potential notional coverage**: estimated maximum number of beneficiaries who would be covered once instruments under design become active [gender marker]	9,561,649 [4,796,732]	Bangladesh-Contingency fund-Shock responsive social protection 56,000 [28,000] Bangladesh-Sovereign risk insurance -Shock responsive social protection 400,000 [200,000] DRC-Meso RI 1,192,965 [608,412] DRC-Contingency credit 397,655 [202,804] Indonesia (PFB)-Contingency fund 5,695,114 [2,847,557] Lesotho-Sovereign risk insurance 12,000 [6,000] Lesotho-Contingency fund 18,000 [9,000] Morocco-Sovereign risk insurance 368,617 [184,308] Morocco-Catastrophe bond TBD Pakistan-Sovereign risk insurance TBD Pakistan-Contingency fund TBD REPAIR-TBD Rwanda-Partial portfolio credit guarantee 8,732 [4,366] Rwanda-Sovereign risk insurance 12,565 [6,282] Uganda-Contingency credit -Shock responsive social protection 900,000 [450,000] Uganda-Sovereign risk insurance -Shock responsive social protection 500,000 [250,000]
10	**Actual Beneficiaries:** Number of beneficiaries (individuals, farmers, households or businesses) who have received payouts from pre-arranged financial instruments in the FY [gender marker]	831,641 [422,846]	Malawi-Sovereign risk insurance-Shock responsive social protection 397,600 [198,800] Malawi-Contingency fund-Shock responsive social protection 312,400 [156,200] Djibouti-Sovereign risk insurance 23,113 [13,868][4] Kenya-Micro risk insurance -OND 2023 64,390 [38,634] Ethiopia-Micro risk insurance -OND 2023 34,138 [15,362]
11	% of financial instruments triggered in the current FY that have paid out within the agreed timelines	0.8	Djibouti Sovereign risk insurance 2023 (delayed) Ethiopia Micro risk insurance OND 2023 Kenya Micro risk insurance OND 2023 Malawi Contingency fund-Shock responsive social protection Malawi Sovereign risk insurance Shock responsive social protection
12	% of GSFF projects that directly contribute to increasing humanitarian resources and capacity[5]	14%	Bangladesh DRC

Result

Greater coordination of program activities among WB, governments, CSOs, and Humanitarian partners working on CDRF at technical and operational levels **(Intermediate outcome 2)**

#	INDICATOR NAME	FY 2024	DETAILS
13	# and % of program-supported projects where CSOs/humanitarian agencies are included in the design of the instruments	64%	Bangladesh, Burkina Faso, DRC, DRIVE, Lesotho, Malawi, Mozambique, Uganda, REPAIR

4 Djibouti figures are based on an estimate calculation as the actuals have not yet been released.
5 Includes projects where resources have been directly transferred to CSOs/humanitarian organizations for implementation.

#	INDICATOR NAME	FY 2024	DETAILS
Result More developed and inclusive financial markets exist in countries with access to CDRFI products offered by regional risk pools and other private sector players **(Long-term change 3)**			
14	Total amount of private capital facilitated (PCF)[6] (in US$) by GSFF-supported instruments in current FY	$4,507,879,528 without Indonesia: 307,879,528	Djibouti-Sovereign risk insurance $2,300,000 Ethiopia-Micro risk insurance -OND 2023 $15,314,740 Ethiopia-Micro risk insurance - MAMJ 2024 $19,487,348 Indonesia (PFB)-Sovereign risk insurance $4,200,000,000 Jamaica-Catastrophe bond $150,000,000 Kenya-Micro risk insurance -OND 2023 $12,719,558 Kenya-Micro risk insurance - MAMJ 2024 $10,725,198 Malawi-Sovereign risk insurance-Shock responsive social protection $11,128,000 Mozambique-Sovereign risk insurance $35,000,000 Somalia-Micro risk insurance -OND 2023 $50,429,394 Somalia-Micro risk insurance - MAMJ 2024 $775,290
15	Total value (in US$) of pre-arranged financing put in place in current FY from GSFF- supported instruments.	4,548,879,528 without Indonesia: 348,879,528	Burkina Faso - Partial portfolio credit guarantee-Shock responsive $10,000,000 Djibouti-Sovereign risk insurance $2,300,000 Ethiopia-Micro risk insurance -OND 2023 $15,314,740 Ethiopia-Micro risk insurance - MAMJ 2024 $19,487,348 Indonesia (PFB)-Sovereign risk insurance $4,200,000,000 Jamaica-Catastrophe bond $150,000,000 Kenya-Micro risk insurance -OND 2023 $12,719,558 Kenya-Micro risk insurance - MAMJ 2024 $10,725,198 Malawi-Sovereign risk insurance-Shock responsive social protection $11,128,000 Malawi-Contingency fund-Shock responsive social protection 21,000,000 Mozambique-Sovereign risk insurance $35,000,000 Mozambique-Contingency fund $10,000,000 Somalia-Micro risk insurance -OND 2023 $50,429,394 Somalia-Micro risk insurance - MAMJ 2024 $775,290
16	Total value (in US$) of pre-arranged financing expected to be in place in the next FY	5,246,279,528 without Indonesia: 1,046,279,528	Bangladesh-Contingency fund-Shock responsive social protection $1,400,000 Bangladesh-Sovereign risk insurance -Shock responsive social protection $30,000,000 Burkina Faso-Partial portfolio credit guarantee-Shock responsive $10,000,000 Djibouti-Sovereign risk insurance $2,300,000 DRC-MesoRI $60,000,000 DRC-Contingency credit $20,000,000 Ethiopia-Micro risk insurance -OND 2023 $15,314,740 Ethiopia-Micro risk insurance - MAMJ 2024 $19,487,348

6 PCF defined as total sum insured for placed insurance and catastrophe bond financial products.

#	INDICATOR NAME	FY 2024	DETAILS
16	(...)		Indonesia (PFB)-Contingency fund $500,000,000 Indonesia (PFB)-Sovereign risk insurance $4,200,000,000 Jamaica-Catastrophe bond $150,000,000 Kenya-Micro risk insurance -OND 2023 $12,719,558 Kenya-Micro risk insurance - MAMJ 2024 $10,725,198 Lesotho-Contingency fund $4,000,000 Malawi-Sovereign risk insurance-Shock responsive social protection $11,128,000 Malawi-Contingency fund-Shock responsive social protection $21,000,000 Mozambique-Sovereign risk insurance $35,000,000 Mozambique-Contingency fund $10,000,000 Morocco-Sovereign risk insurance $50,000,000 Rwanda-Partial portfolio credit guarantee $7,000,000 Somalia-Micro risk insurance -OND 2023 $50,429,394 Somalia-Micro risk insurance - MAMJ 2024 $775,290 Uganda-Contingency credit -Shock responsive social protection $25,000,000
Result Domestic financial markets are strengthened and scaled, supporting country-owned collaboration and investment in public goods **(Intermediate outcome 3)**			
17	# and % of GSFF-supported countries where domestic insurance market has the capability to insure product[7]	7 (70%)	DRC (TBD) Ethiopia (10%) Indonesia (20%) Kenya (5%) Lesotho (5%) Morocco (45% bodily injury; 9% residential) Mozambique (10%) Rwanda - (TBD)
Result Collaborative engagements with CSO, humanitarian, and private sector partners established **(Output 1)**			
18	# of financial/advisory support grants provided to CSO/humanitarian agencies (Transfers Out)	2	2 Transfer-out: TF0C0040 (WFP) - $20 million and TF0C0467(UNICEF) - $15 million
19	Total value (in US$) of grants to CSO/ humanitarian agencies (Transfers Out)	35,000,000	2 Transfer-out: TF0C0040 (WFP) - $20 million and TF0C0467(UNICEF) - $15 million

7 Based on responding 'yes' to a question that asks, is *any portion of the risk held by the domestic market? If yes, do you know what portion is held by the domestic market?*

#	INDICATOR NAME	FY 2024	DETAILS
20	# of CDRFI events organized that include a range of stakeholders (CSOs, humanitarian, private sector, etc.)[8]	25	
Result High quality risk analytics and forecasting tools & technologies developed **(Output 2)**			
21	# of analytic products developed or improved with GSFF support in FY [gender marker]	8 [2]	Bangladesh (1 - gender component) Burkina Faso (1) PASA (1) East Africa -DRIVE (1) Jamaica (1) Lesotho (1 - gender component) Mozambique (1) REPAIR (1)
22	Number of new (or improved) analytic products completed over life of trust fund	21	2021 (2) 2022 (4) 2023 (7) 2024 (8)
Result CDRFI knowledge products designed and disseminated, increasing stakeholder capacity **(Output 3)**			
23	Number of CDRFI knowledge products produced and disseminated[9] [gender marker]	18 22% a specified gender lens	
24	Number of people trained (disaggregated by sex)	623 55% female[10]	
25	Number of country workshops/trainings conducted that inform DRF products [11]	16	
26	Number of WBG corporate CDRFI documents/ publications to which the project team provided input [Peer Reviewed]	4	

8 This figure includes workshops, trainings, webinars, and conference sessions. *Note*: there is no clear methodology to identify a range of stakeholders. We will revisit this indicator next year.

9 This figure includes publications, newsletters, blogs and videos reported by PASA and by TTLs

10 Not all training events provided sex-disaggregated data. The 55 percent reported here represents the average for those that did report sex-disaggregation (n=8).

11 This figure includes study visits, workshops, and trainings that took place in countries/regions of GSFF funded projects. It does not include virtual trainings and those conducted in the US or UK.

#	INDICATOR NAME	FY 2024	DETAILS
Result CDRFI strategies and policies designed **(Output 4)**			
27	Number of countries where GSFF is supporting the development/ improvement of a DRF strategy planned or under design [gender marker]	6 [2]	Burkina Faso (est. 2025) Lesotho (est. 2025 - gender component) Malawi (est. 2025) Rwanda (est. TBD) Sierra Leone (est. 2025 -gender component) Uganda (est. 2025)
28	# of key pieces of legislation GSFF is supporting to enable placement of an instrument (planned or under draft)	5	Rwanda (1, est. 2026) Indonesia (3, est. 2024) Bangladesh (1, est. 2025)
Result Innovative and integrated financial protection products and solutions proposed **(Output 5)**			
29	Number of country/ regional projects in the GSFF portfolio by project status as of the close of the fiscal year - Total	Grants approved by GSFF in FY24: 5 Grants under implementation: 12 Grants closed in FY24: 2	5 Grants endorsed by the GSFF Secretariat in FY24 (Indonesia SME, Lao PDR, Pakistan, Uganda, REPAIR[12]) 1 Grants that had their related World Bank projects approved by the Board of Directors in FY24 (Bangladesh) 11 Grants under implementation (Burkina Faso, DRC, Indonesia PFB, Lesotho, Malawi, Morocco, Rwanda, Sierra Leone, DRIVE, SEADRIF, West Africa) 2 Grants completed in FY24 (Jamaica, Mozambique)
30	Total value (in US$) of GSFF portfolio by project status as of close of fiscal year	Grants approved by GSFF in FY24: 86,000,000 Grants under implementation: 161,800,000 Grants closed in FY24: 21,365,000	

12 REPAIR was approved by the World Bank Board in July 2024 – so FY 25

#	INDICATOR NAME	FY 2024	DETAILS
Result WBG CDRFI products and services acknowledge and address the gender dimensions of disaster, climate shocks and other crises **(Output 6)**			
31	Number of global public goods and knowledge products produced that include gender dimensions of CDRFI	4	DRIVE (1) Lesotho (1) Uganda (1) Global (1)
32	Number of gender-CDRFI events/trainings delivered	2	Global (Washington, DC) (1) Bangladesh (1)
33	Number of internal gender trainings/courses delivered related to CDRFI	0	0