

DRF Complement Investments in Risk Reduction Resilience

Governments can take steps to reduce the negative financial effects of disasters in a way that protects both people and assets. The World Bank and the Global Facility for Disaster Reduction and Recovery (GFDRR) have developed a framework that guides governments through a practical and comprehensive approach to disaster risk management.

This disaster risk management framework brings together necessary actions for building resilience, including: risk identification; risk reduction; preparedness; financial protection; and planning for disaster recovery. This framework is based on the fundamental principle of empowering citizens and governments to understand their risks and make informed choices about how best to address them.

To sustainably reduce the financial impact of disasters governments should always consider ways to reduce the underlying drivers of risk. Financial protection complements risk reduction by helping a government address residual risk, which is either not feasible or not cost effective to mitigate. Absent a sustainable risk financing strategy, as laid out under Pillar 4, a country with an otherwise robust disaster risk management approach can remain highly exposed to financial shocks, either to the government budget or to groups throughout society. Financial protection helps a government manage those shocks without compromising development progress, fiscal stability, and wellbeing.

Disaster risk financing and insurance can also help countries prepare for increased climate variability and extreme events associated with climate change. From a disaster risk financing perspective, while climate risks increase climate variability and uncertain extreme weather events, it does not fundamentally alter the underlying challenges. Just as financial protection is a critical component of any disaster risk management approach it also plays an important role in helping countries become more resilient to climate risks.

1 RISK IDENTIFICATION	Improved identification and understanding of disaster risks through building capacity for assessments and analysis
2 RISK REDUCTION	Avoided creation of new risks and reduced risks in society through greater disaster risk consideration in policy and investment
3 preparedness	Improved capacity to manage crises through developing forecasting and disaster management capacities
4 FINANCIAL PROTECTION	Increased financial resilience of governments, private sector and households through financial protection strategies
5 PLANNING FOR DISASTER RECOVERY	Quicker, more resilient recovery through support for reconstruction planning.



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