

Coalition's workshop
Addressing Climate Change from a
Disaster Risk Management and
Financing Perspective
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Managing Disaster Risks and Financing

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**Disaster Risk Financing
& Insurance Program**



Disasters threaten development and poverty reduction

US\$300B

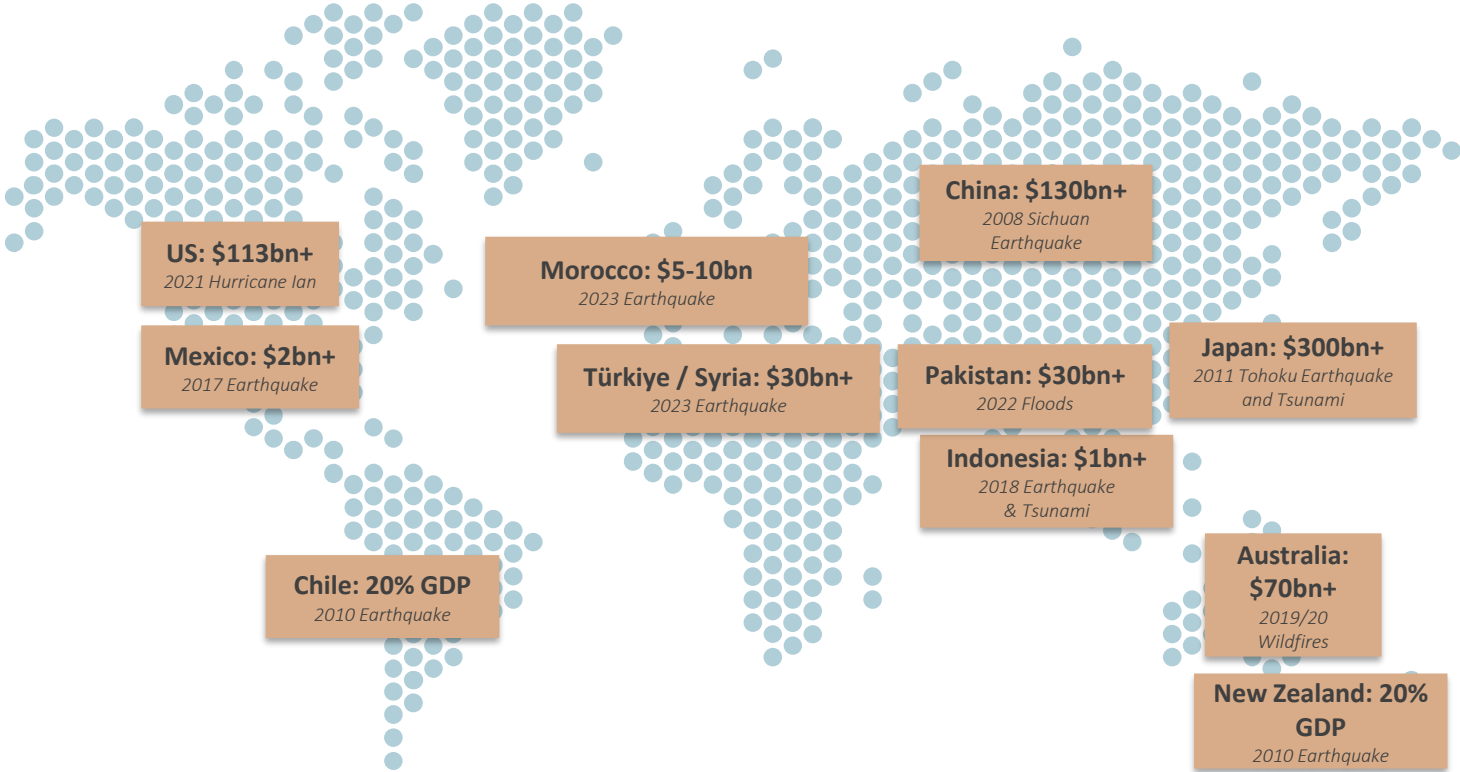
Global economic losses from disasters are on average more than US\$300 billion a year

US\$520B

This increases by 60% to US\$520 billion when estimating global consumption loss

70M

The number of people living in extreme poverty rose by 70 million in 2020 alone.



Resilient development relies on physical, financial and social resilience

Reduce risk, prevent disasters, and be prepared

E.g., quality infrastructure, rehabilitation planning

Physical
Resilience



**Protect governments,
SMEs, and households**

E.g., pre-arranged predictable
funding when disasters strike,
linked to effective disbursement
mechanisms



Financial
Resilience



Social
Resilience

**Help households and society
cope with shocks**

E.g., Shock-responsive safety nets

Risk Finance contributes to sustainable and resilient development



Improve the effectiveness and reduce the cost of disaster response and recovery by planning ahead where funds come from and how they will be implemented.

Significant progress on DRF over the recent years

1

Integration of financial resilience in **macro-fiscal frameworks**

2

Building financial resilience through **integrated financial solutions**

3

Expanding financial protection strategies to **cover other crises and complex risks**

4

Growing financial protection policies and instruments against **interconnected risks**

5

Shifting financial protection of critical infrastructure **from assets to services**

Strengthening fiscal and budget resilience

Fiscal impact of climate shocks and disasters

Disaster risk financing strategies

Disaster reserve funds

Sovereign risk transfer solutions

Proactive planning of budget reallocations

Strengthening financial sector resilience

Deepening domestic catastrophe insurance markets

Promoting Public-private partnerships

Developing a conducive enabling environment for risk financing instruments

Developing disbursement mechanisms

Embedding risk finance into government asset management

Shock-responsive social protection

Developing risk finance solutions for energy, agriculture, water, transport and other sectors

Supported by data, analytics and information

Assessment of disaster-related contingent liabilities

Catastrophe modelling

Financial protection gap assessment

Cost-benefit analysis

Disaster risk-based budgeting

...is the consideration of **disaster risk** throughout the Government **budget cycle**

“The potential loss of life, injury, or destroyed or damaged assets which could occur to a system, society or a community in a specific period of time”.

From budget preparation to accountability
Includes annual and medium-term aspects



Refers to an array of intervention areas across budget cycle



Looks at PFM side of disaster risk finance

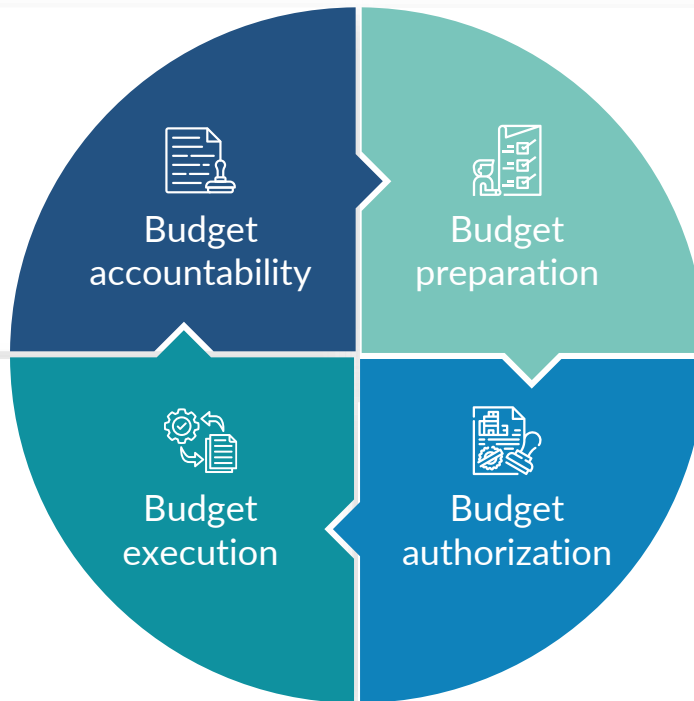


Can be implemented at national, sectoral, or subnational level

Disaster risk can impact budget cycle

- **Tracking** and reporting disaster expenditure
- **Evaluating** impact of disaster expenditure
- **Auditing** disaster risk and expenditure
- **Publishing** disaster expenditure for CSO engagement

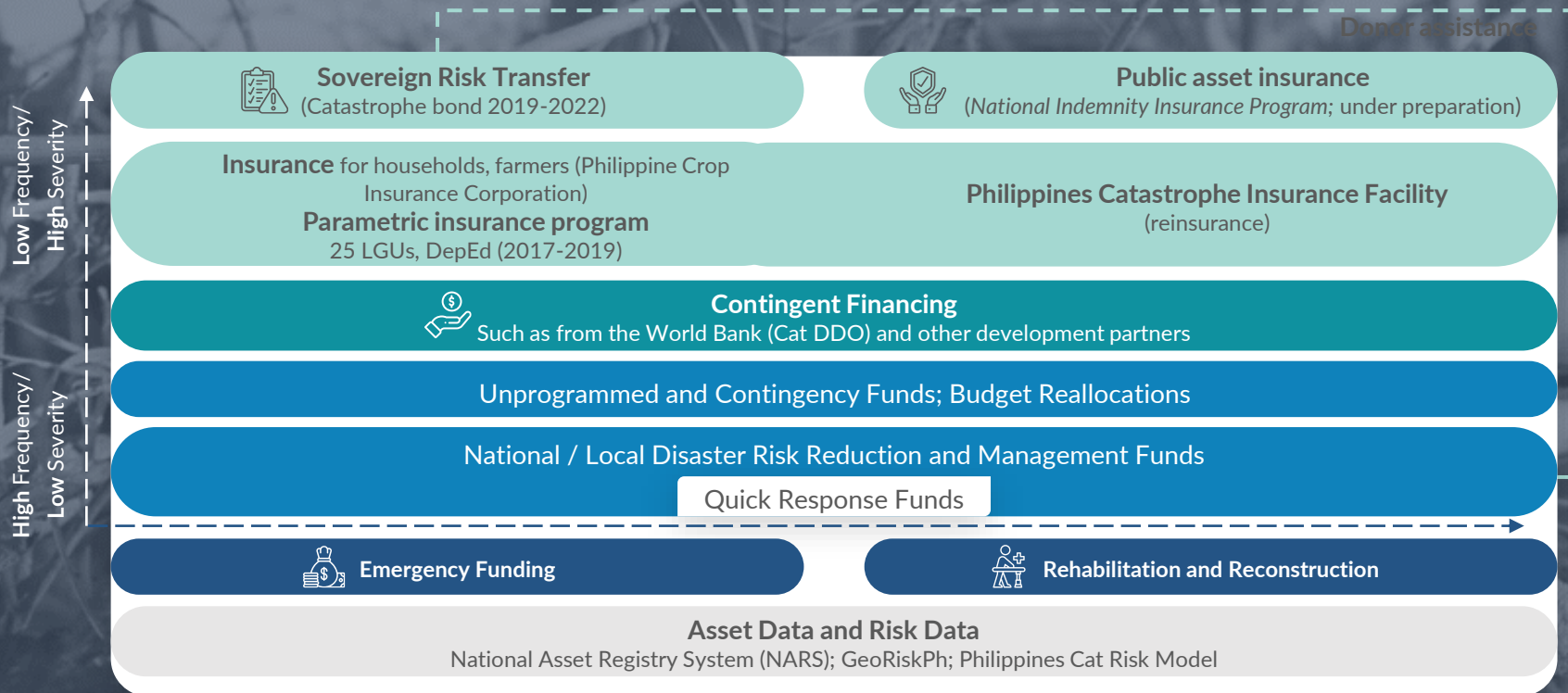
- **Emergency procurement** procedures and protocols
- **Risk-informed** budget reallocation processes
- **Designing** effective disbursement mechanisms for DRF instruments (budget, reserve fund, risk transfer)



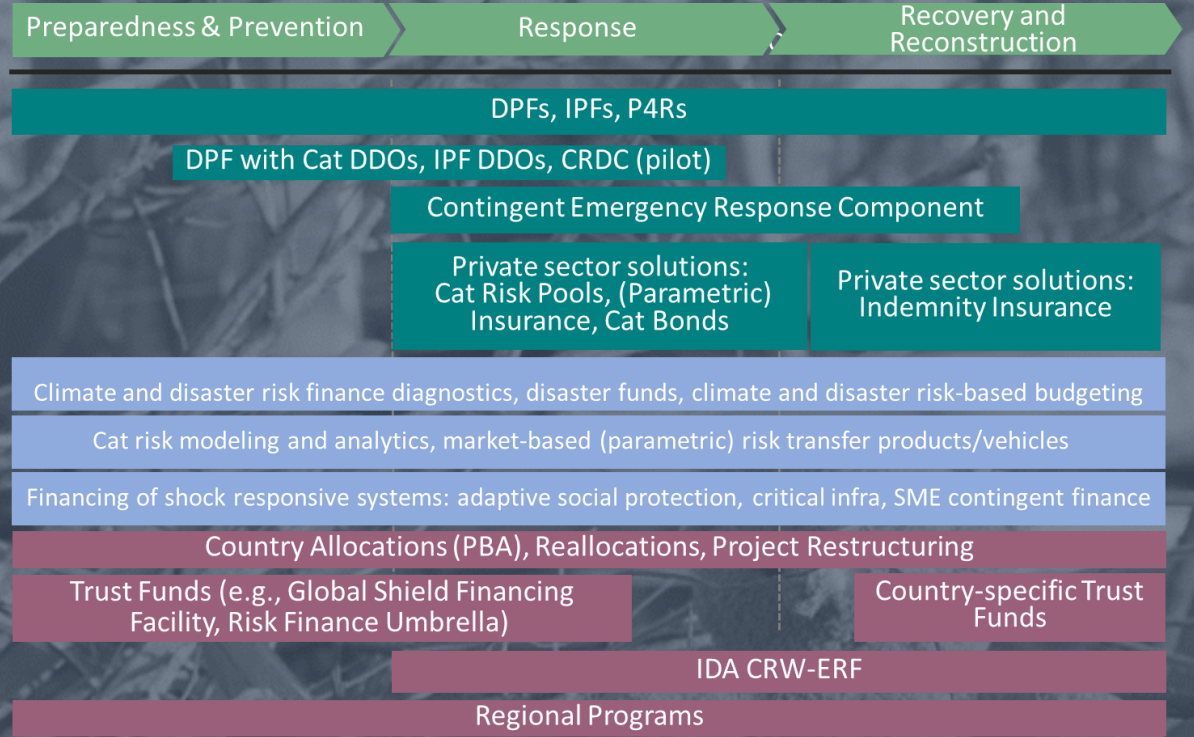
- **Identifying** & quantifying the cost of disaster contingent liabilities
- **Integrating** risk into medium-term forecasts
- **Mainstreaming** risk into annual budgets
- **Budgeting** for DRF instruments
- Risk-informed public asset management
- Risk-informed revenue budgeting

- **Providing** Congress with sufficient information related to disaster risks
- **Building** capacity of relevant committees to scrutinise the mgmt. of disaster risks

Philippines Integrated Disaster Risk Finance Strategy

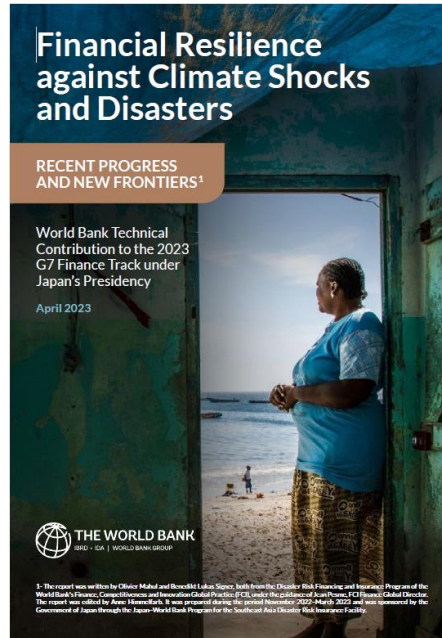


World Bank's Disaster Risk Finance Toolkit



■ Financial Instruments / Mechanisms
 ■ Analytical and advisory services
 ■ Sources of Financing

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Boosting Financial Resilience to Disaster Shocks:

Good Practices and New Frontiers

World Bank Technical Contribution to the
2019 G20 Finance Ministers' and Central
Bank Governors' Meeting

