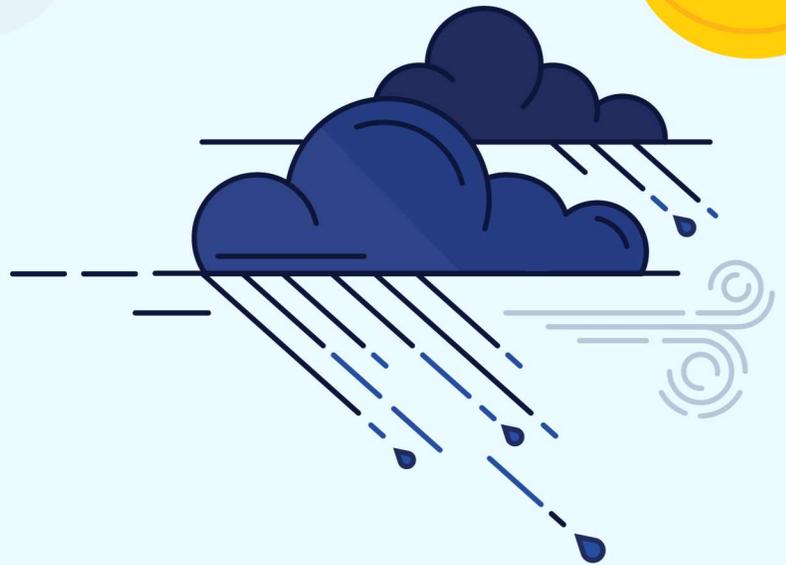


Disaster Risk Finance:

Stock-Taking and Action Plan Workbook



Name:

Date:

**Disaster Risk Financing
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SECTION 1: Disaster Case History Worksheet

STEP 1: Disaster Case History

-  **Date of event:**
-  **Location** (country, region, community):
-  **Type of disaster** (eg, flood, drought, typhoon, epidemic):
-  **Brief description of the disaster:**
-  **Consequences:**

 Type of loss or damage	 Description of specific losses/damage (including # of people impacted)	 Estimated total costs for emergency support and recovery
 Destruction of physical assets (schools, hospitals, plantations, government buildings, farms, etc.)		
 Loss of lives		
 Loss of agricultural assets (crops, livestock)		
 Destruction of transportation, utility and/or communication systems		
 Public health risks (contaminated water, spread of contagious diseases, etc.)		
 Other		

STEP 2: Financial Constraints

A	Total estimated costs of emergency and rehabilitation response (total from column 3 in Section 1)	
B	Amount available from the Disaster Risk Management Fund (if any)	
C	Additional amount available from discretionary funds (if any)	

SECTION 2: Taking Stock of Current Approach to Disaster Response Financing

STEP 1: Recent Experience with Disaster Response Financing

Identify a recent significant disaster event that occurred locally or regionally (for example, the disaster event used for the role play earlier).

Disaster event (type of event, date, location) and brief description of consequences/damage:

For this event, reflect on what *really* happened in this situation, to the best of your knowledge. Consider the following questions, and make brief notes of your answers. Table 1 may be used to record the numbers.

1. List of all of the types of financing that were available, including government sources and external sources of funding.

2. For each of these types of financing, what losses were covered by it, and what percentage of the loss was covered? (*choose at least the 3 most important to go into detail, and more if there is time*)

3. What constraints affected the availability or amount of external funding?

4. How would you verify this information? (or obtain it, if you don't immediately know the answers). What sources do you have?

  **TABLE 1: Funding Sources**

Funding Instrument	Amount (currency)	Targeted Population*	Risk Layer Covered	Data Required	Rules or Restrictions	Timing of Payments	% of Budget
DRM Fund							
Continent budget line (discretionary spending, budget reallocations)							
Private-sector agriculture insurance							
Private-sector property insurance							
Contingent credit (eg. emergency loan)							
International risk transfer (risk pools, parametric insurance, CAT bonds, etc)							
Donor support							
Other							



*Targeted population refers to the four primary groups impacted by a natural disaster: governments, homeowners and SMEs, farmers and the poorest.

 **STEP 2: Action Items**

Identify 3 critical challenges or concerns based on the group’s analysis. For each of these key areas, what actions can you take to address them? What resources do you need? What is the first step?

 Challenge or Concern	 How can you take action to address this challenge?	 What Resources are Needed?	 First Step?
1.			
2.			
3.			



SECTION 3: Assessing Disaster Risks



STEP 1: Recent Disaster Event

Identify a recent significant disaster event that occurred locally or regionally (for example, the disaster event used for the role play earlier). Refer to the disaster case history worksheet (Section 2) as needed.



Hazard:

What was the cause or type of the disaster? (Flood, drought, typhoon, epidemic, etc.).

How often does a disaster of this type occur in your region?



Exposure:

What people, properties, systems, or other infrastructure are at risk for damage or loss due to this type of disaster?

Which of these suffered losses or damage due to this specific disaster event?



SECTION 3: Assessing Disaster Risks



STEP 1 CONTINUED: Recent Disaster Event



Impact:

For this type of disaster, how severe was this event (1 = mild, 5 = catastrophic)?

What criteria did you consider in ranking severity? (for example, independent scale such as storm category or richter scale, number of lives lost, number of physical assets destroyed, reconstruction costs, long-term financial impact, etc.)?

Estimate the total losses or damages due to this event (use Table 2 as a guide):



Data Requirements:

Do you have the data needed to complete this analysis? If not, how would you obtain it?

TABLE 2: Estimating Impact

Considering the exposure and vulnerability of people and assets to this type of disaster event, what is the type and range of financial outcomes that could occur? Use the chart below to estimate the direct and indirect costs that applied for each category due to this disaster event.

Affected Group	Example of direct financial costs	Estimate of direct financial costs	Examples of indirect financial costs	Estimate of indirect financial costs
 Governments	<ul style="list-style-type: none"> • Emergency response and recovery • Reconstruction costs for uninsured public assets • Social and economic recovery programs • Contingent liabilities to state-owned enterprises 		<ul style="list-style-type: none"> • Decreased tax revenue • Cost of diverting funds from development to disaster response • Increased cost of borrowing • Increased expenditures for social safety nets • Impact of migration 	
 Homeowners and Small Business Owners	<ul style="list-style-type: none"> • Reconstruction costs for uninsured assets • Health care costs 		<ul style="list-style-type: none"> • Loss of income/livelihood due to business interruption/death of wage earner • Loss of income due to economic decline • Increased borrowing costs • Cost of alternate premises during reconstruction 	
 Farmers / Herders	<ul style="list-style-type: none"> • Reconstruction costs for uninsured physical assets • Replacing agricultural assets such as livestock or crops 		<ul style="list-style-type: none"> • Loss of income due to loss of agricultural assets • Loss of income due to economic decline • Increased borrowing costs • Increased risk aversion, leading to lower-yield (but safer) farming strategies 	
 The Poorest	<ul style="list-style-type: none"> • Reconstruction costs for damaged physical assets • Replacement of livestock 		<ul style="list-style-type: none"> • Decrease in expenditure on food, accommodation, healthcare, education, etc. • Loss of social support such as family and community support • Loss of income and employment • Increased borrowing costs 	

 **STEP 2: Action Steps**

Identify 3 critical challenges or concerns based on your analysis. For each of these key areas, what actions can you take to address them? What resources do you need? What is the first step?

 Challenge or Concern	 How can you take action to address this challenge?	 What Resources are Needed?	 First Step?
1.			
2.			
3.			

SECTION 4: Setting Policy Priorities

STEP 1: Who and What Do We Want to Protect?

Consider the four primary groups that are impacted financially by natural disasters or climate risks, both directly and indirectly: governments, homeowners and small business owners, farmers and herders, and the poorest.

Brainstorm a list of all of the possible financial impacts – both direct and indirect – faced by each group in the event of a typical disaster for your region. Use the chart below to record your list. (Refer to the analysis in Section 2 if needed).

Governments	Homeowners and SMES
 <p>National government; Sub-national government; Local government</p> <p>Risk events with most significant impact:</p> <p>Direct financial costs:</p> <p>Indirect financial costs:</p>	 <p>Homeowners; Small businesses; Medium businesses</p> <p>Risk events with most significant impact:</p> <p>Direct financial costs:</p> <p>Indirect financial costs:</p>
Farmers	The Poorest
 <p>Farm owners; Tenant farmers</p> <p>Risk events with most significant impact:</p> <p>Direct financial costs:</p> <p>Indirect financial costs:</p>	 <p>Employed poor; Unemployed poor; Beneficiaries under current social protection programmes</p> <p>Risk events with most significant impact:</p> <p>Direct financial costs:</p> <p>Indirect financial costs:</p>

STEP 2: Deciding on Overall Priorities

From the above brainstorm list, select the 3 most important items for each group that should be included in your financial protection strategy. Then, as a group, rank these 12 items according to overall importance for your strategy. Record the results of the ranking exercise here (12 priority items for your financial protection strategy, listed in order of importance):

- | | |
|-----------|------------|
| 1. | 7. |
| 2. | 8. |
| 3. | 9. |
| 4. | 10. |
| 5. | 11. |
| 6. | 12. |

SECTION 5: Developing a Financial Protection Strategy

STEP 1: Who Will Pay and How?

Different financial solutions are available to meet the financial protection needs of each group. For each of the top priorities recorded above, **identify appropriate financial solutions that might be used.** Consider the current sources of funding from Section 2, as well as other possible options.

One of the core principles of DRF is that how funds reach beneficiaries is just as important as having the funds available to meet their needs. Given the financial solutions identified above, **what could be the most effective delivery channels to reach these beneficiaries?**

Identify 2 or 3 short-term objectives for each of these priority areas.

Use the following chart to record your responses.

Priority Item	Possible Financial Solutions	Delivery Channels	Short-Term Objectives
1.			
2.			
3.			
4.			

STEP 2: Expand on Short-Term Policy Objectives

For each of the short-term policy objectives listed in step 1, consider the following questions: Who should provide leadership? What resources are needed? (human, technical, financial)? What other policy areas or partners should be involved?

Use the following chart to record your responses and initial ideas.

Specific short-term policy objective 	What actions are involved? 	Who should provide leadership? 	What resources (human, technical, financial) are needed? 	What other policy areas or partners* should be involved? 
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				

* Consider partnerships with private sector, international organisations, other government departments, non-government organisations, etc. Other policy areas might include: disaster and climate risk management, public financial management, financial sector development, social protection, water, energy, agriculture, food security, etc.

SECTION 6: Action Steps

STEP 1: Identify Project-Specific Action Items:

Given all of the material covered today, and the priorities and action steps identified earlier, what are the key action items for moving forward with this project?

As a group, identify 5-7 key items and rank them in order of priority (if possible). Record them using the chart below.

For each of these key items, specify the following:

- **Specific measurable result** (What will be used to indicate success or completion?)
- **Person responsible** (Who will be held accountable?)
- **Resources required** (human, technical, financial, etc.)
- **Timeframe** (When should it be completed? How much time is needed?)

Key item	Specific Result	Person Responsible	Resources Required	Timeframe
1.				
2.				
3.				
4.				
5.				
6.				
7.				



STEP 2: Personal Action Plan

After what I have learned today, I plan to pursue the following topics or activities further:

1.

2.

3.



On Monday, my first action to work towards the above goals will be to:

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