ENHANCING FINANCIAL RESILIENCE FOR HOUSEHOLDS AND MSMES

PROTECTING VULNERABLE HOUSEHOLDS

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CENTRE FOR DISASTER PROTECTION

Vision

A world where disasters do not devastate lives

Mission

We prevent disasters devastating lives
by helping people countries and organisations
change how they plan and pay for disasters

What we do

We focus on Disaster Risk Financing to **help ensure that money and plans are in place before a disaster strikes**, so that the poorest and most vulnerable people are better protected

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Session overview

1. Framing disaster financing and linking to adaptive social protection
2. Contextual considerations
3. Case studies
4. Deep-dive: Kazakhstan's Experience
5. Group Exercise

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Definitions

What is adaptive social protection (ASP)?

BOWEN ET AL. 2020

- ASP approaches use social protection systems to **enhance governments' response to shocks and to build the resilience of poor and vulnerable households**, by making them adaptive to shocks.

- **Effective ASP systems build the resilience of the poor and vulnerable** by:
  - investing in their capacity to prepare for, cope with and adapt to shocks;
  - prioritising the well-being of populations with a high disaster risk exposure;
  - ensuring they do not fall into poverty and/or become trapped in poverty because of disasters.

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Why is it important to protect vulnerable households?

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Whose responsibility is it to protect vulnerable households?

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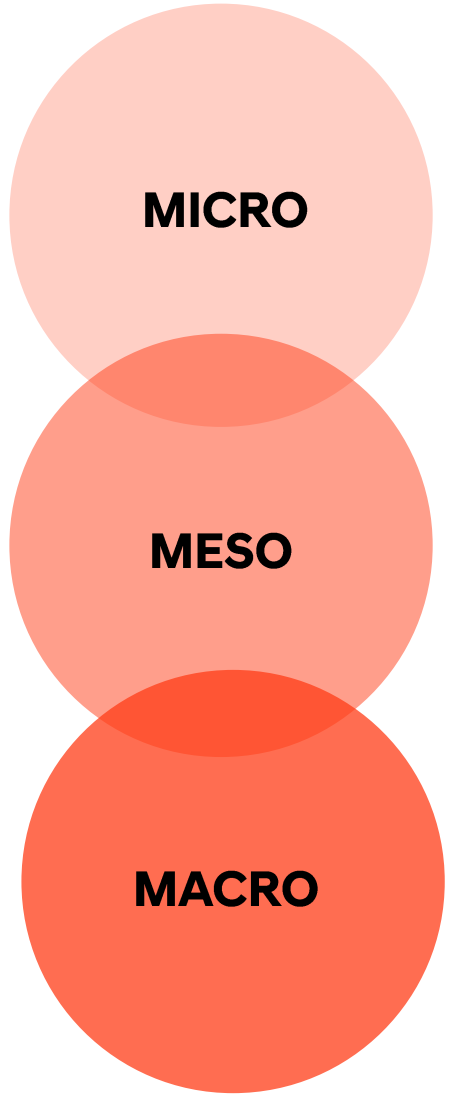
WHO ARE THE RISK HOLDERS?

Individual
Household, business owners

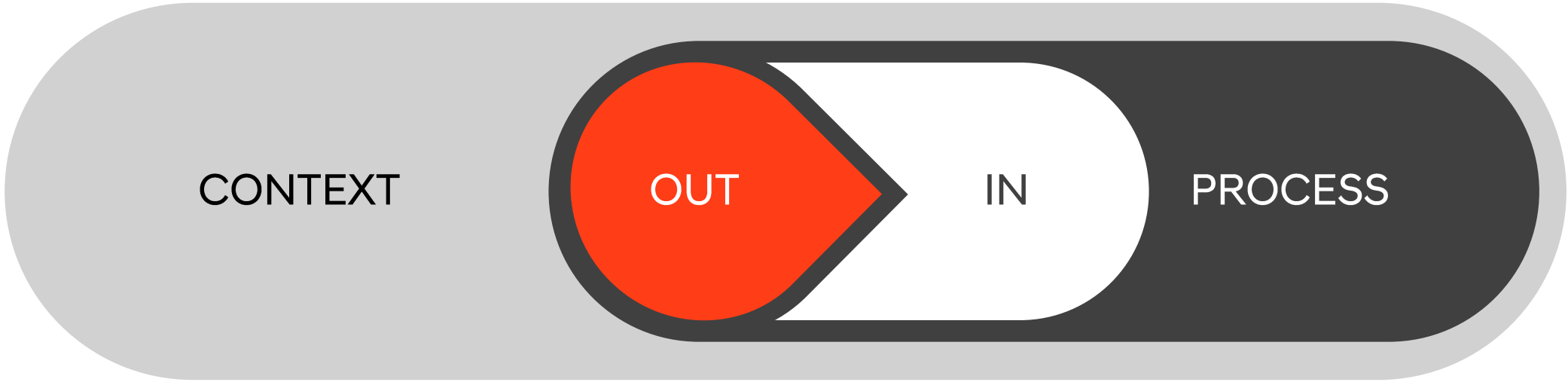
Community
Groups of households, individuals or businesses

Municipality
Cities, sub-national governments

Sovereign
States, international bodies



A FRAMEWORK FOR DISASTER RISK FINANCE



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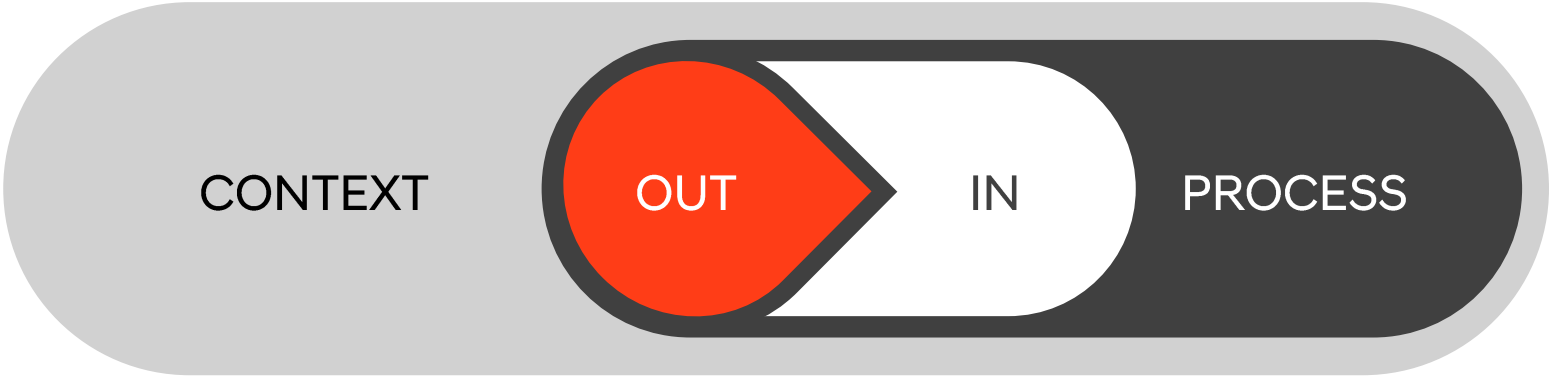
A FRAMEWORK FOR DISASTER RISK FINANCE

1 **Context** – the underlying risk, need, and wider factors to consider when developing Disaster Risk financing (DRF)-based approaches.

3 **Money-in instruments** – the pre-arranged finance instruments in place to supply the right amount of money at the right time.



2 **Money-out systems** – the delivery systems and plans in place that use money to reduce the impact of disasters on people.

4 **Project management processes** – practical considerations, including project implementation processes, costs, contingencies, and monitoring and evaluation.

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ALIGNMENT ACROSS MONEY IN & MONEY OUT

POTENTIAL MONEY IN

National Disaster Fund

Other insurance policies (risk pools)

Catastrophe concessional credit

KEY STAKEHOLDERS

Country government

Local government

Businesses

POTENTIAL MONEY OUT

ASP Cash Transfers

Healthcare support

Food subsidies

Emergency Business Loans

OTHER FINANCIAL OPTIONS

Remittances

Microfinance loans

Cash for work

Other insurance policies (microinsurance)

Zakat

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WHO FUNDS?

Individual / Businesses

- (Micro)finance loans
- (Micro)insurance
- Remittances

Community

- Zakat

Municipality

- Healthcare support
- Food subsidies
- Cash for work

Sovereign

- Cash transfers
- Cash for work
- Zakat

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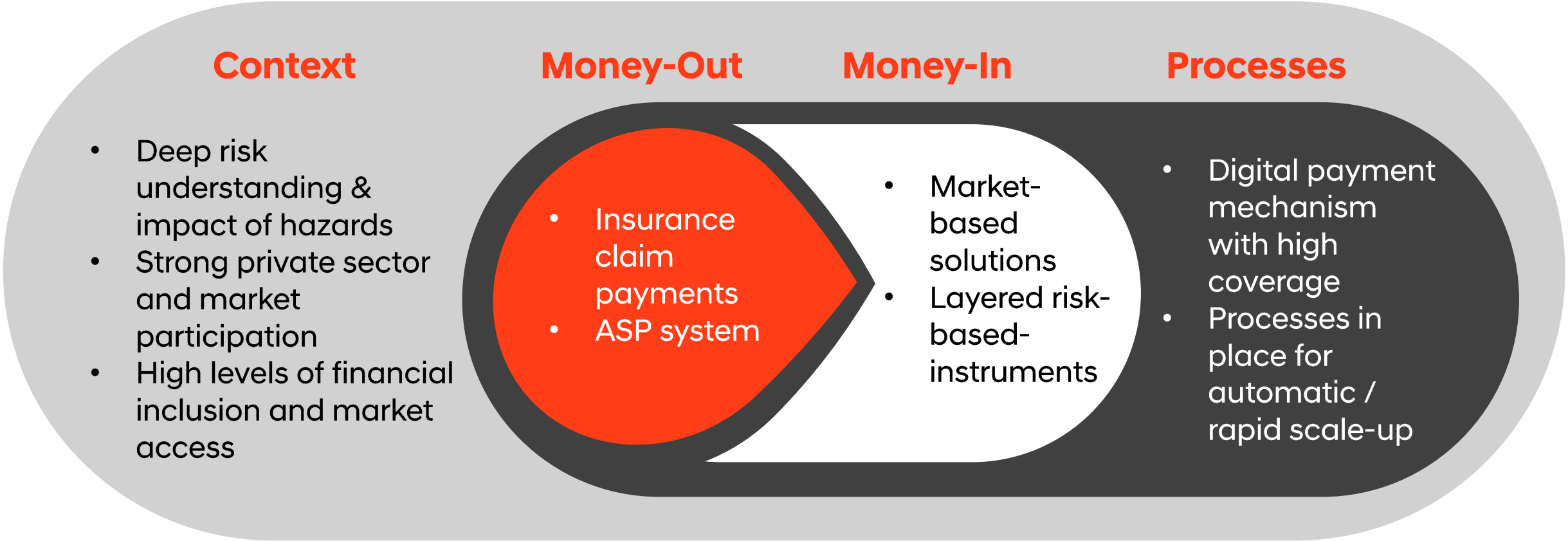
CONTEXT DRIVES DECISIONS – HIGHER-INCOME



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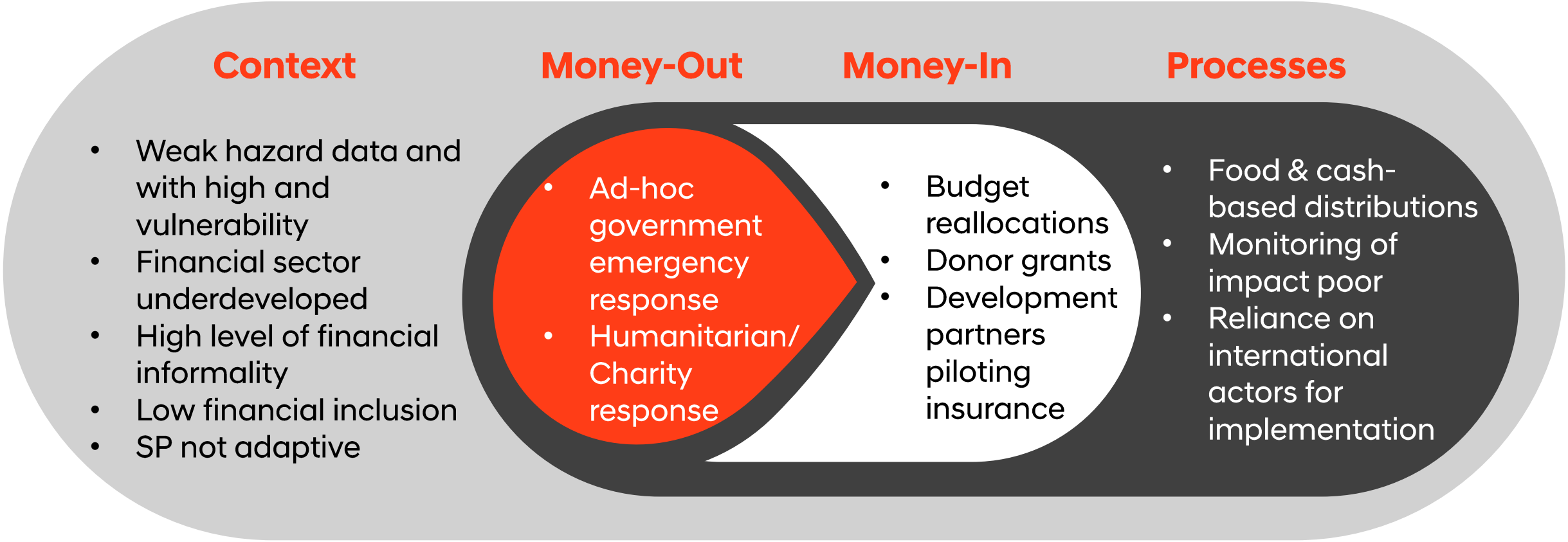
CONTEXT DRIVES DECISIONS – LOWER INCOME



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QUESTIONS

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CASE STUDY 1: ROMANIA'S EXPERIENCE WITH SUBSIDIZING PREMIUMS FOR THE POOREST HOUSEHOLDS.

Overview:

- Disaster insurance includes a legal requirement for mandatory homeowner insurance through the government-supported Insurance Pool against Natural Disasters (PAID).
- Local authorities pay the compulsory for individuals
- Form of pre-emptive adaptive social protection

Key Points	Description
Key Dates	**2021 -** The government piloted premium subsidies to lower insurance costs for the poorest households, enhancing disaster resilience.
Hazard	Primarily covers **natural disasters**, particularly **floods and other climate-related hazards**, as part of efforts to enhance financial protection for the poorest households
Stakeholders	The premium subsidy program in Romania engaged the government, European Union regulatory bodies, local municipalities, and technical assistance providers.
Scaling	Vertical
Target Beneficiary	Poorest households identified through means-testing
Coverage	Approx. 175,000 households

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CASE STUDY 2: NEPAL'S POST EARTHQUAKE PROGRAM: RURAL HOUSING RECONSTRUCTION PROGRAM

Overview

- Developed after the April 2015 earthquake to rebuild homes.
- Homeowners lead the rebuilding process & eligible households receive cash payments upon completing construction milestones, ensuring earthquake-resistant techniques are used.

Key Points	Description
Key Dates	**2015 -** A major earthquake triggered emergency relief and initial response activities. **2016 -** Financial, technical, and material support was provided to affected rural households, emphasizing resilient reconstruction.
Hazard	Focused on rural households most affected by the earthquake, particularly the poorest communities.
Stakeholders	Involved government agencies, NGOs, and international donors for coordinated planning and implementation.
Scaling	Horizontal
Target Beneficiary	Supporting rebuilding and recovery for rural household. (Integrated with broader disaster risk reduction and sustainable housing strategies)

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CASE STUDY 3: ESTONIA'S X-ROAD SYSTEM.

Overview:

- Government system designed to provide unified and secure data exchange among different organisations.
- Links both government and non-government systems and services based on the 'once-only' principle using a single e-ID for all citizens.

Key Points	Description
Key Dates	**2001 – 2005 -** Launch of X-Road, enabling seamless and secure data exchange among government and private entities.
Hazard	The X-Road system is a **digital infrastructure tool**, not a social protection measure, but it indirectly supports resilience against cyber threats and data security risks by ensuring secure, interoperable, and reliable digital services across sectors.
Stakeholders	Involved the Government of Estonia (led by the Information System Authority), private sector IT firms, local municipalities, and international digital governance partners
Scaling	Systemic Infrastructure
Beneficiary	Provides the government and private entities with a secure, standardised platform for real-time data exchange among disparate systems.
Coverage	X-Road enables 99% of public services to be accessible online 24/7.

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QUESTIONS

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