



# Disaster Funds -

How to get them right

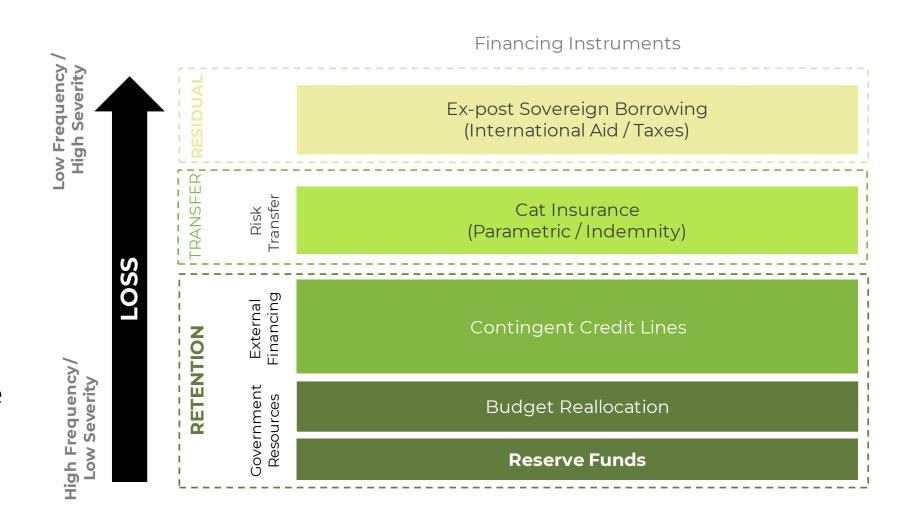


**Tatiana Skalon and Stephanie Allan** 



#### Disaster Reserve Funds

- Money set aside in the budget for disasters
- One solution in a portfolio of instruments
- high-frequency/ low severity events and in the first weeks of a major disaster (before contingent finance or insurance comes in)



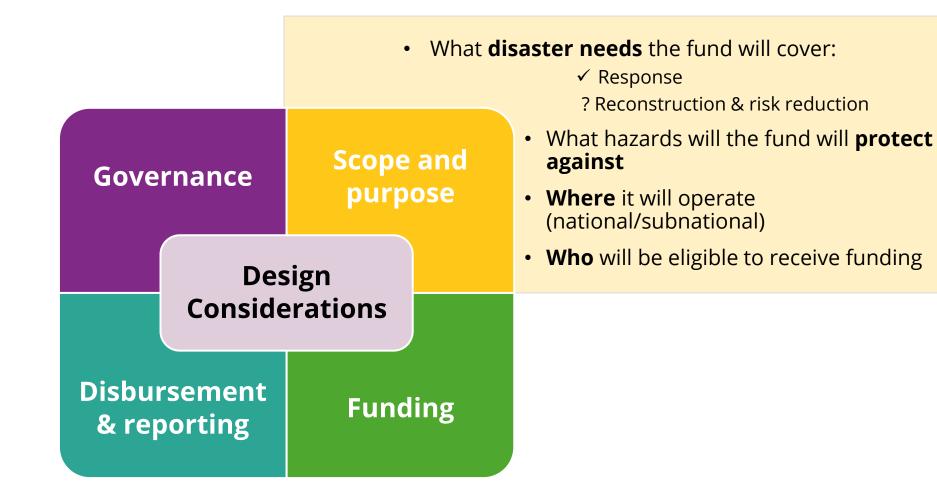
Disaster Reserve Funds — 2

#### Disaster Reserve Funds: tradeoffs

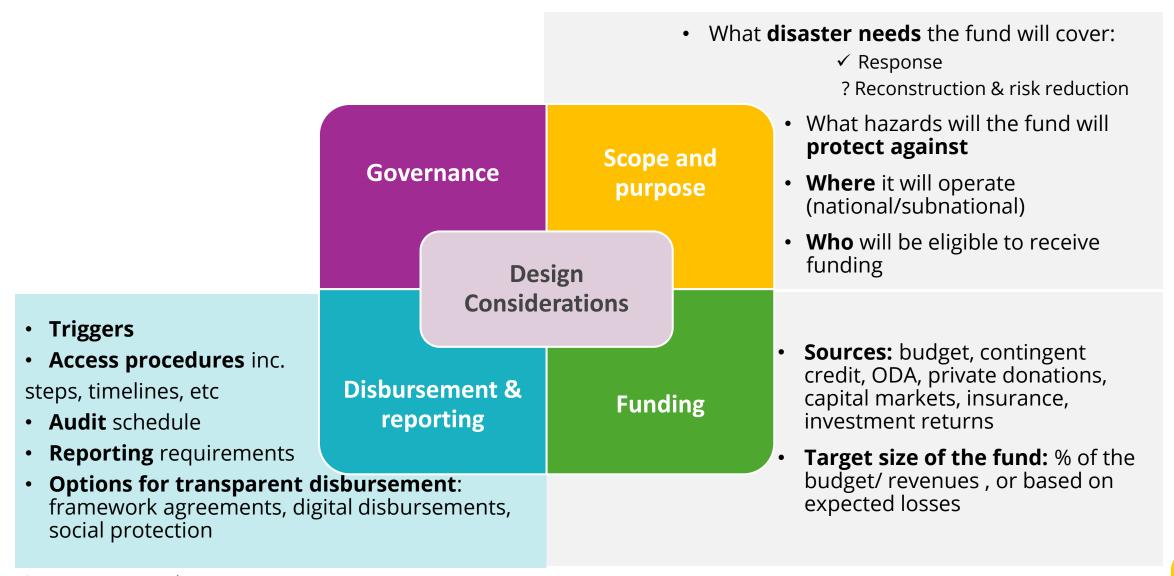


- ■Timeliness: pre-allocated, with streamlined procedures
- ■Value for Money
- Transparency & accountability
- Coordination
- Predictability
- Reduced dependency on debt, budget reallocations, and aid
- ■No regrets: funds remain available and accumulates if no disaster occurs

- ■Time to build up and replenish
  - Limited availability: in case of a big disaster, can be exhausted
  - Opportunity cost
  - Demands fiscal discipline: to allocate funds and prevent misuse / reallocation







- Oversight:

   Concentrated (e.g., MOF, Disaster mgmt. Commission) vs. Multi-stakeholder

   Operational:

   Government operator
   Ind. fund management.

   Financial

   On or off budget.
   TSA or not
- Access procedures inc. steps, timelines, etc
- Audit schedule

Triggers

- Reporting requirements
- Options for transparent disbursement: framework agreements, digital disbursements, social protection

What disaster needs the fund will cover:

- ✓ Response
- ? Reconstruction & DRR
- What hazards will the fund will protect against
- Where it will operate (national/subnational)
- **Who** will be eligible to receive funding

Disbursement & reporting

**Funding** 

Scope and

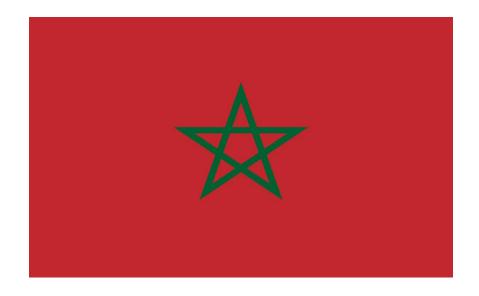
purpose

- Sources: budget, contingent credit, ODA, private donations, capital markets, insurance, investment returns
- Target size of the fund: % of the budget/ revenues , or based on expected losses

Design

Considerations

#### Case studies



Morocco Solidarity Fund against Catastrophic Events (FSEC)



Moldova
Intervention Fund