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Disaster Funds -

How to get them right

Tatiana Skalon and Stephanie Allan



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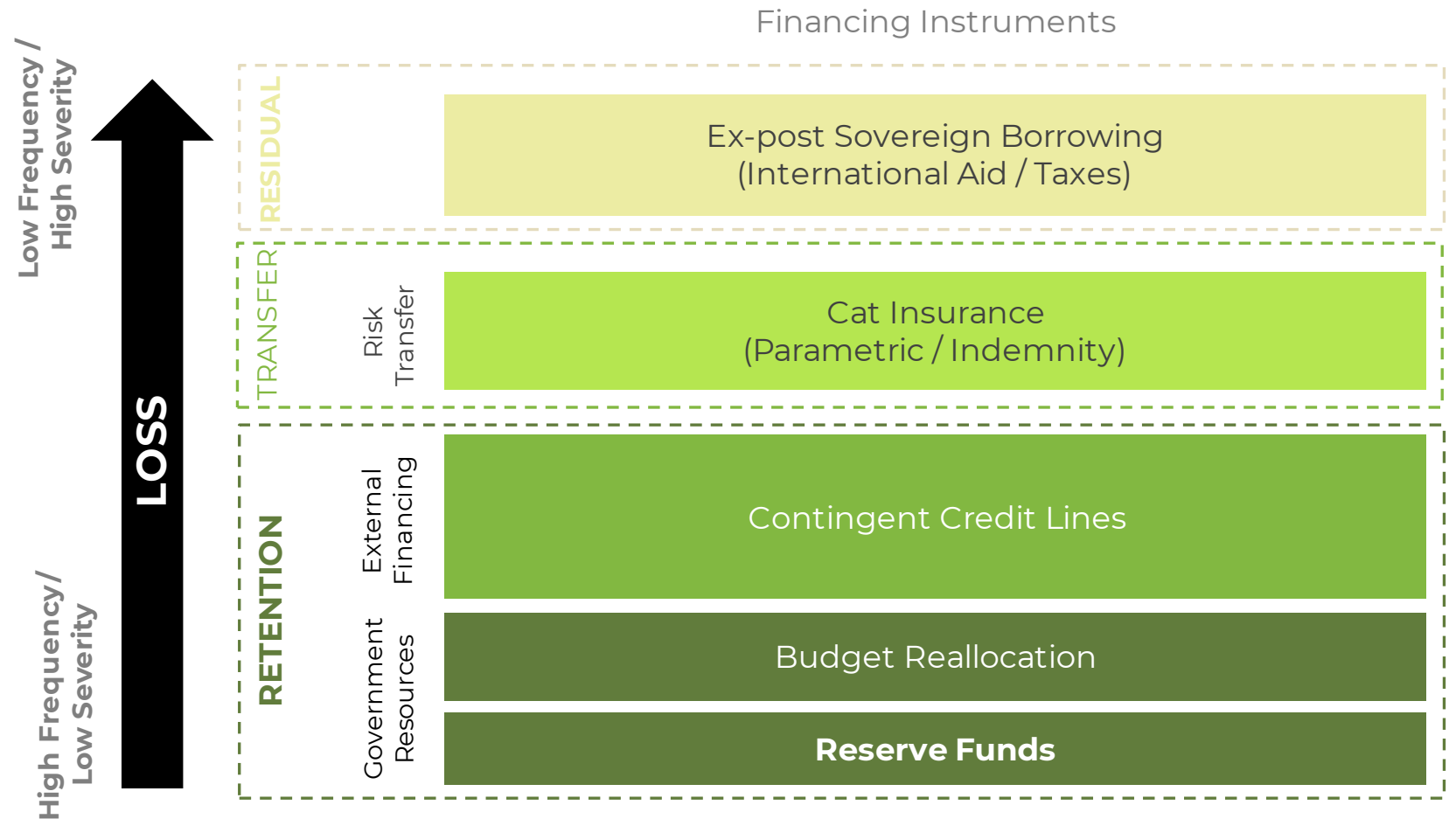


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Disaster Reserve Funds

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



Disaster Reserve Funds: tradeoffs

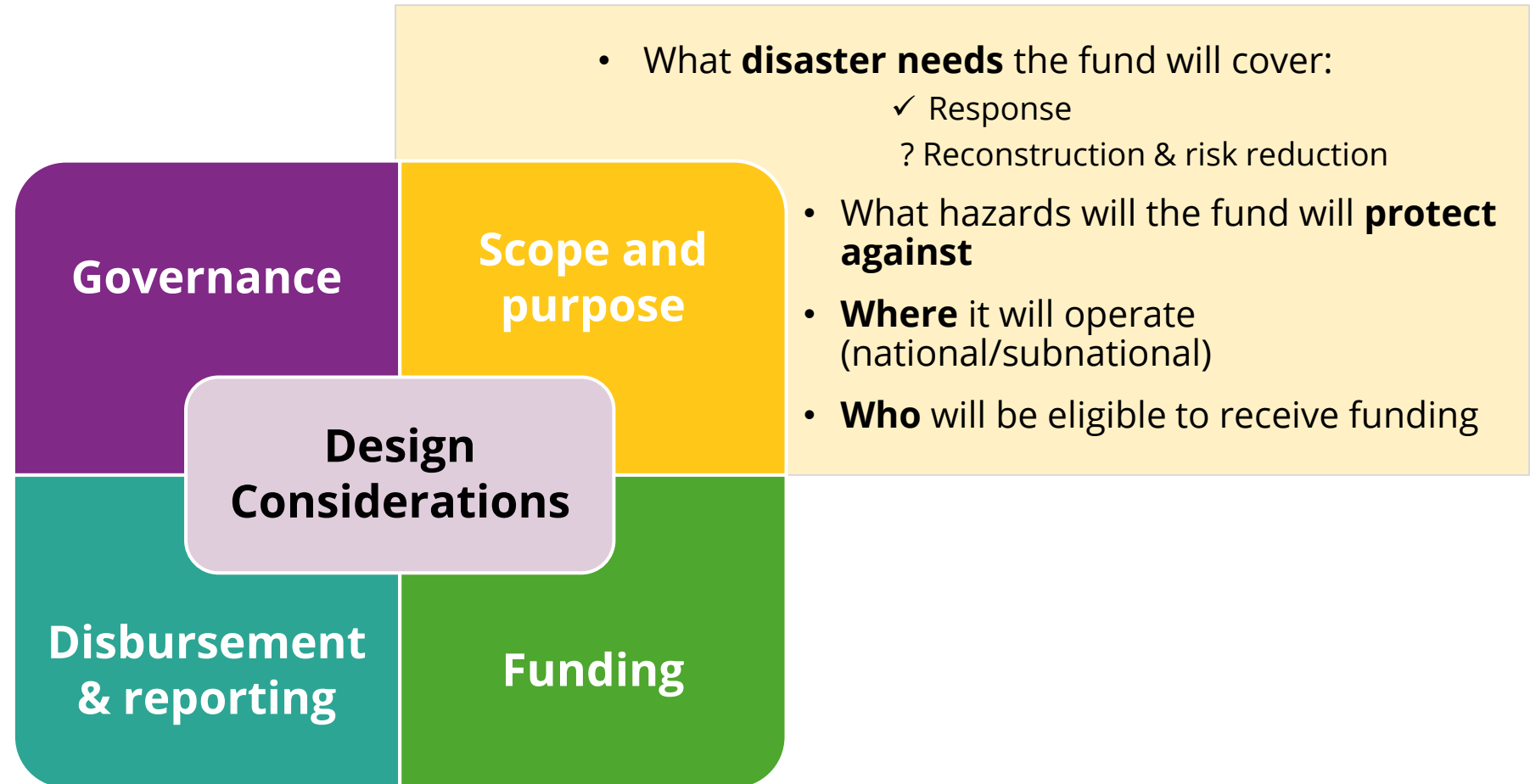


- Timeliness: pre-allocated, with streamlined procedures
- Value for Money
- Transparency & accountability
- Coordination
- Predictability
- Reduced dependency on debt, budget reallocations, and aid
- No regrets: funds remain available and accumulates if no disaster occurs

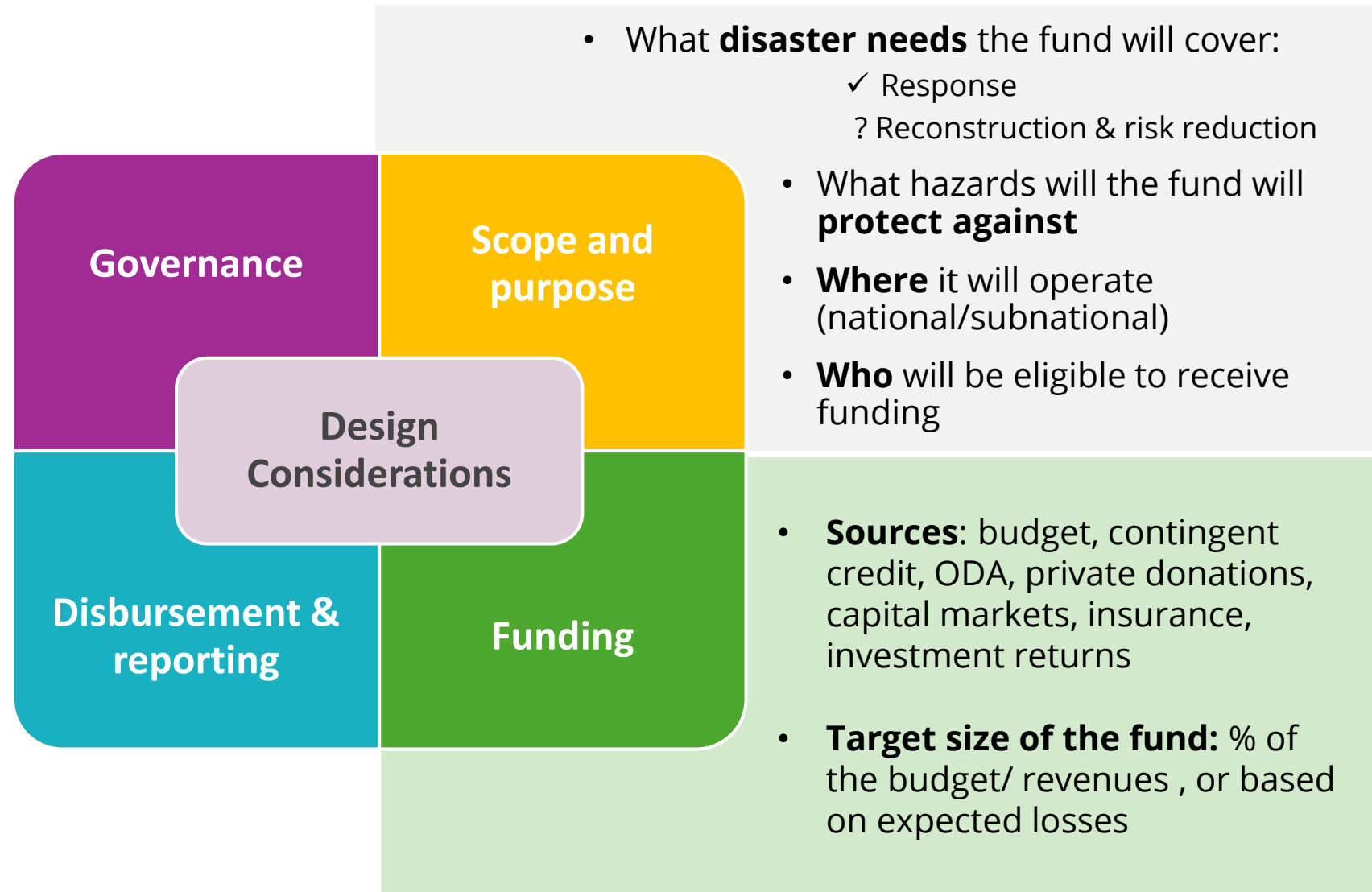


- Time to build up and replenish
- Limited availability: in case of a big disaster, can be exhausted
- Opportunity cost
- Demands fiscal discipline: to allocate funds and prevent misuse / reallocation

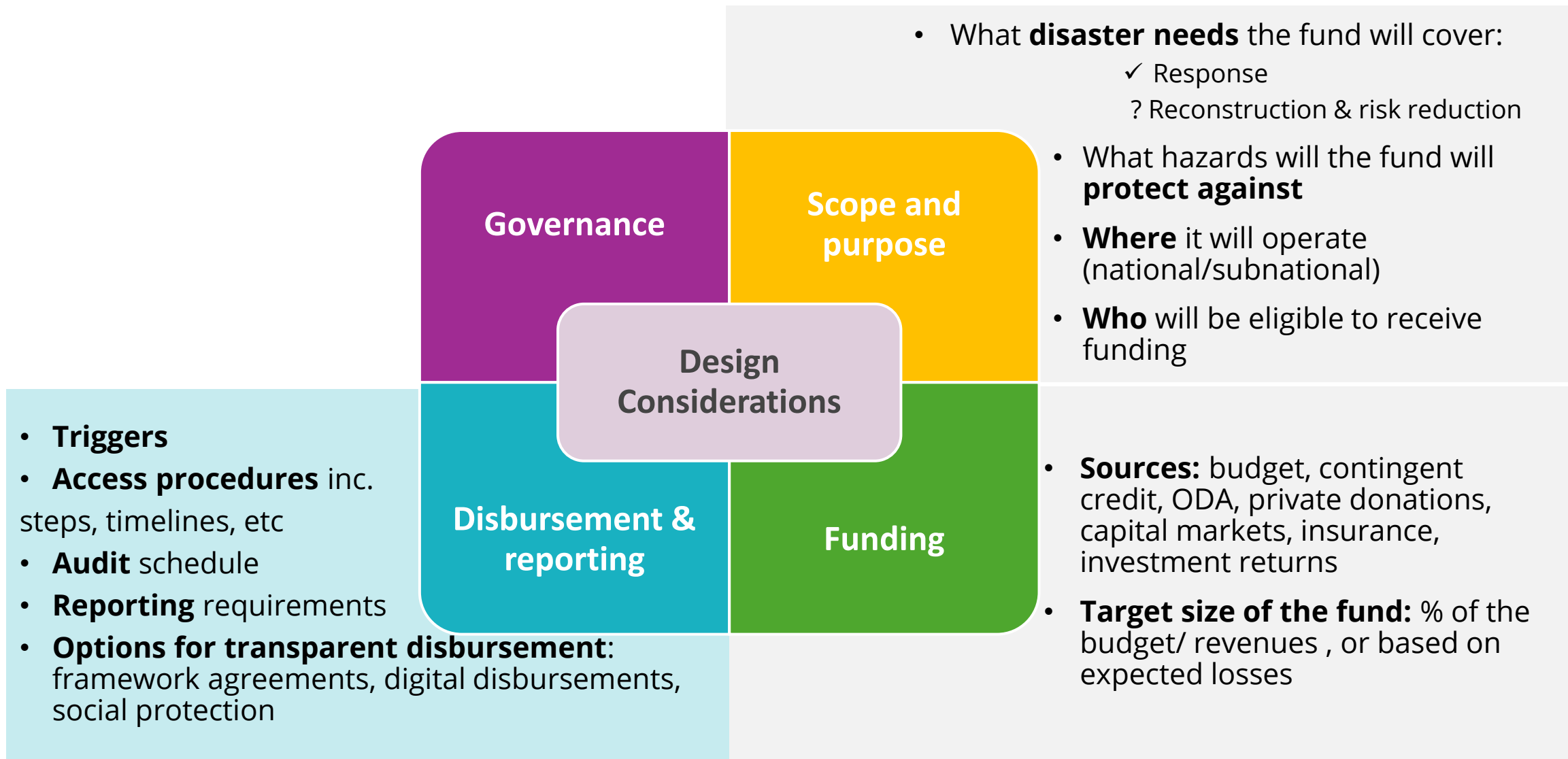
Disaster Reserve Funds: design considerations



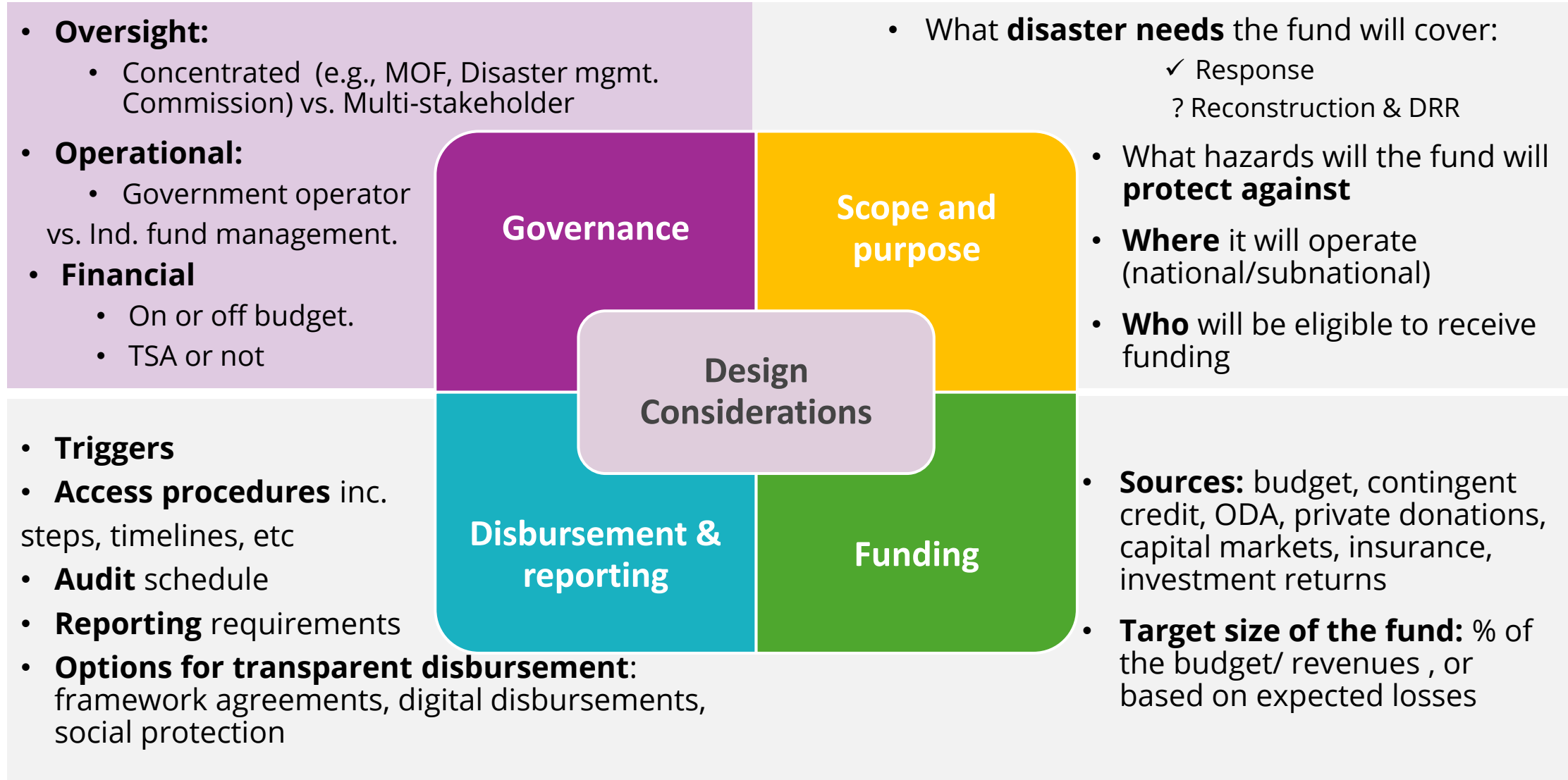
Disaster Reserve Funds: design considerations



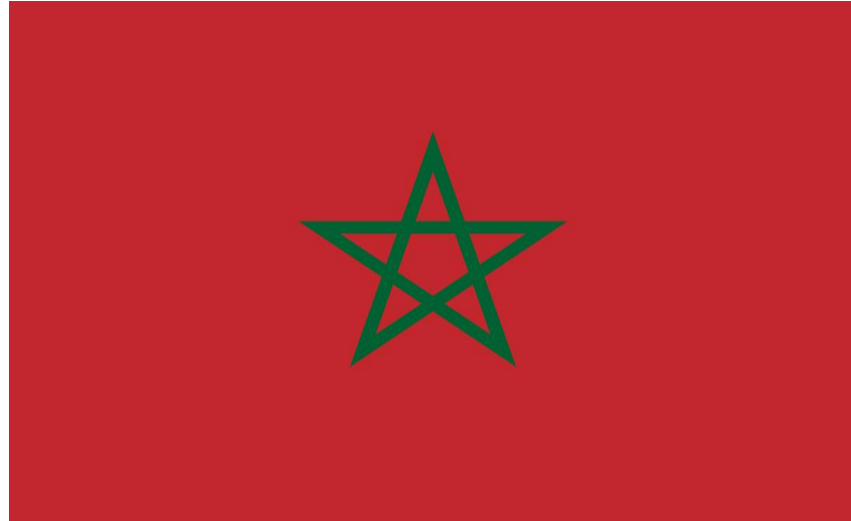
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Disaster Reserve Funds: design considerations



Case studies



Morocco
Solidarity Fund against Catastrophic
Events (FSEC)



Moldova
Intervention Fund