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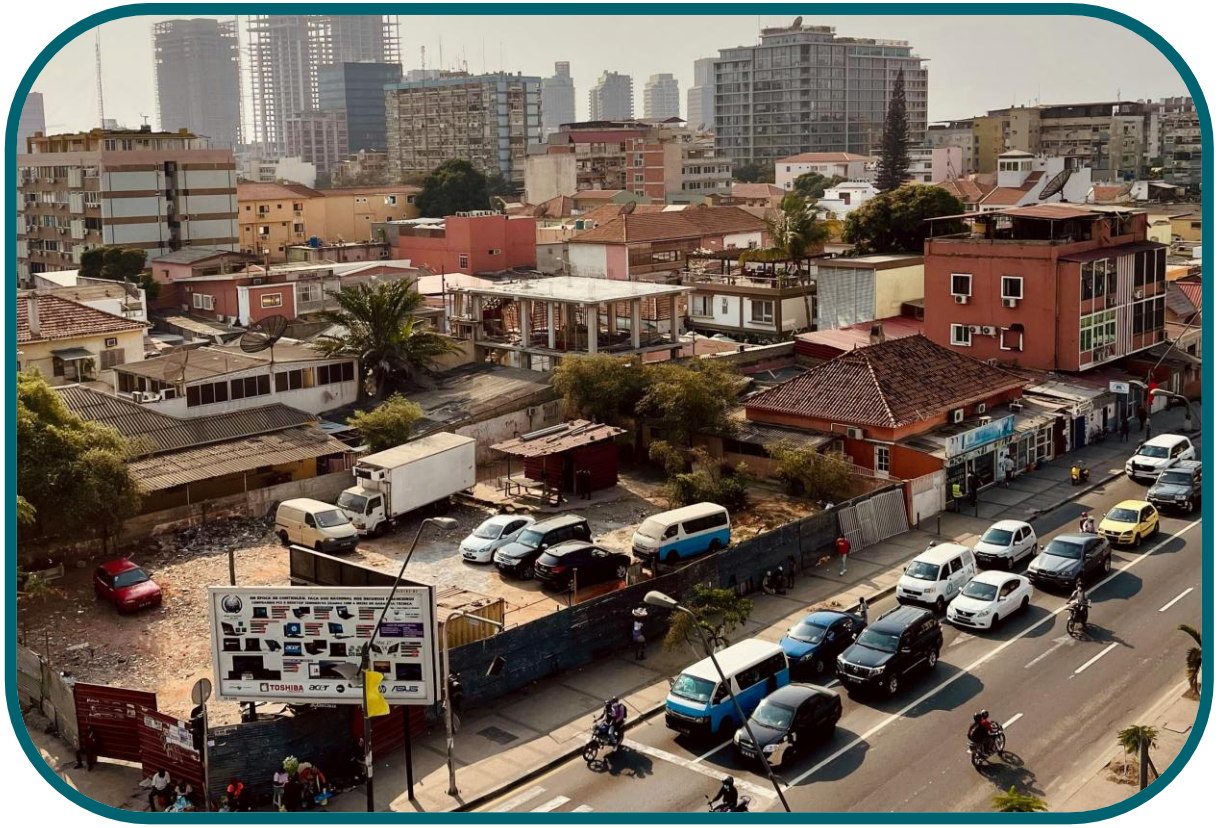
Country Impact Stories

Angola

Disaster Risk Finance for a Safer Future: Lessons Learned and Next Steps

June 3, 2025



Global Shield Financing Facility

Disaster Risk Financing & Insurance Program

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Here with you today from Angola

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Role: Head of the Department

Department: Macro-Fiscal Policy Department/Office for Research, Planning, and Foreign Relations – Ministry of Finance (MINFIN)

Professional background: Airton Lucas is Head of the Macro-Fiscal Policy Department at the Ministry of Finance of Angola, where he leads national efforts in fiscal strategy, macroeconomic forecasting, and disaster risk financing. Previously, he served as Head of Economic and Financial Studies at the Ministry, coordinating macroeconomic research and policy design, and as a Senior Investment Analyst at the Angola Sovereign Wealth Fund (FSDEA), where he managed multi-asset portfolios and contributed to strategic investment decisions. With a strong background in public finance, sovereign investment, and regional policy coordination, he represents Angola in the SADC Macroeconomic Subcommittee. Mr. Lucas holds a Master's in Finance from Coventry University and a Postgraduate Diploma in Public Finance.

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Country Context

What impacts us

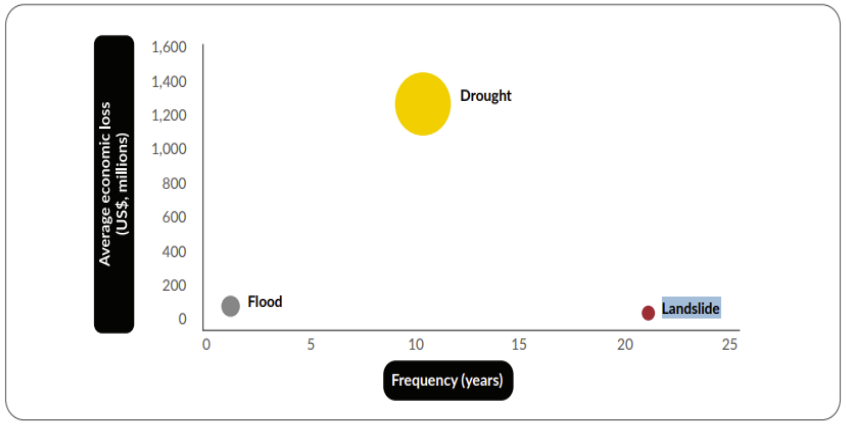
Key Perils & Current DRF Strategy

Angola faces a high exposure to climate risks, notably:

- **Prolonged droughts** in the southern provinces,
- **Seasonal floods** in river basins, and
- **Landslide , Coastal erosion and others,** increasingly affecting infrastructure and communities.

These perils severely impact agriculture, food security, water access, and public finances …

Disaster risk profile of Angola, 1917–2021



Source: World Bank.

Angola does not yet have a formal DRF program or Strategy, but the Ministry of Finance is leading an integrated effort to build one, through:

- **Inclusion of contingency planning** in budget formulation
- **Budget reallocations** and supplementation
- **Combining Financial Instruments,** ongoing:
  - ✓ Exploring the possibility of withdrawing resources from the Sovereign Wealth Fund in the event of a natural disaster emergency
  - ✓ Reviewing legal provisions to allow emergency funding within the State Budget Law;
  - ✓ Exploring regional and market-based risk transfer mechanisms;
  - ✓ Negotiating the World Bank's REPAIR (Regional Emergency Preparedness & Access to Inclusive Recovery) program.

What are we currently doing

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In-depth Analysis of Disaster Risk Finance Initiatives

Overview and Key Impacts

Key Milestones:

- **2011:** Initial Disaster Risk Management Plan (Presidential Decree 103/11).
- **2016:** Strategic Plan for Disaster Risk Prevention and Reduction aligned with the Sendai Framework (Presidential Decree 30/16).
- **Incorporated in the National Development Plan (2023–2027) and aligned with Angola 2050 Long-Term Strategy.**

Strategic Principles:

- ✓ **Prevention and risk reduction** integrated into public investment planning.
- ✓ **Strengthening resilience** and early warning systems.
- ✓ **Inclusion of disaster resilience standards** in infrastructure design.
- ✓ **Multisectoral approach:** Ministries of Finance, Planning, Environment, Agriculture, Health, Civil Protection, and others.

Financial Mechanisms Used:

- ✓ **Budgetary Allocation** through the Ministry of Finance for Civil Protection.
- ✓ **Integration of DRR into public investment screening.**
- ✓ **Contingency Funds** at central and provincial levels (still under development).
- ✓ **External cooperation** (UN agencies, regional platforms, SADC, World Bank).
- ✓ **Emphasis on non-financial instruments:** land-use regulation, building codes, and institutional preparedness.

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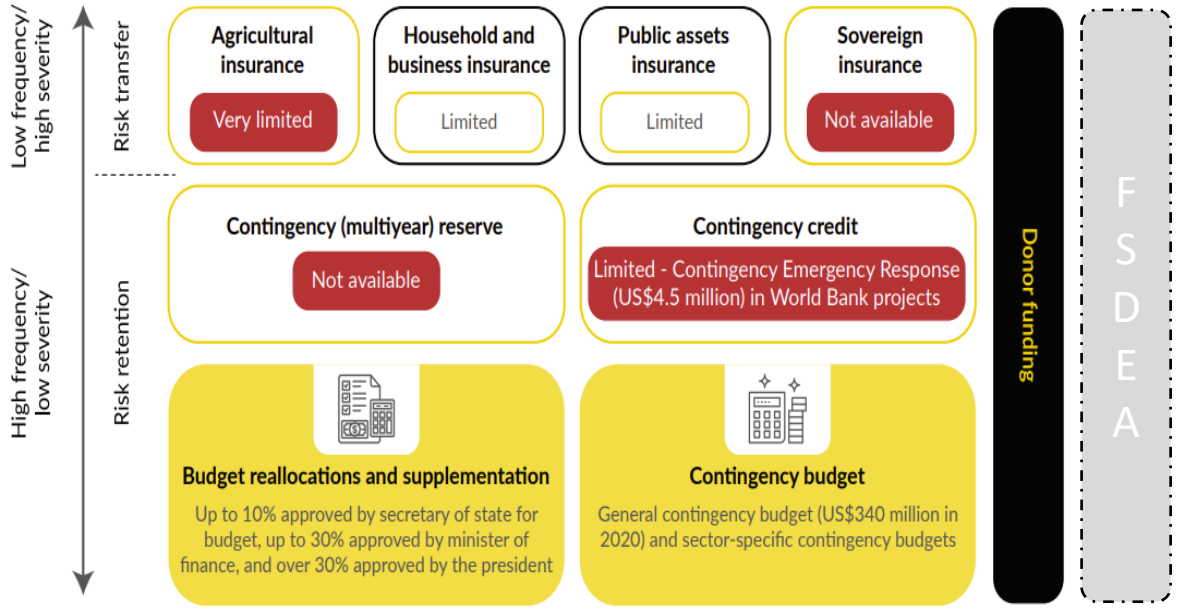
In-depth Analysis of Disaster Risk Finance Initiatives

Overview and Key Impacts

Status of risk financing instruments in Angola



Source: World Bank.

Although our DRF system is in early stages, key building blocks have been launched:

- **Risk-informed fiscal planning:** Angola has introduced scenario-based macro-fiscal forecasting to evaluate shocks such as climate risk, droughts or commodity price drops.
- **Institutional arrangements:** A working group within the Ministry of Finance coordinates with civil protection, planning, and development agencies to elaborate a DRF strategy, assess financing needs and response gaps.
- **Instruments under development:**
  - ✓ Development of a Rapid Response Reserve embedded in the budget;
  - ✓ Initiatives Undertaken to Strengthen the Resilience of the Insurance Sector to Natural Disasters and Other Systemic Shocks;
  - ✓ Dialogue with the Sovereign Wealth Fund (FSDEA) to incorporate a resilience pillar;
  - ✓ Successfully Secured REPAIR Program Funds.

Early results show improved awareness among policymakers and increased budget transparency on climate shocks.

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Challenges and Way Ahead

Key challenges?

- **Reactive financing:** Current system relies on ex-post Treasury reallocations.
- **Lack of data:** Disaster loss and exposure data are fragmented or outdated.
- **Institutional fragmentation:** Coordination between national and subnational actors needs strengthening.
- **Limited technical capacity:** Especially for modelling fiscal risk or designing financial instruments.

Opportunities

- **Leverage fiscal reforms** to institutionalize contingency frameworks;
- **Embed DRF** into national public financial management systems;
- **Strengthen ties with global partners** and regional platforms.

Where do you see the DRF program in next 5 years?

- ✓ Adopt a comprehensive National DRF Planning/Strategy;
- ✓ Operationalize at least one parametric insurance scheme;
- ✓ Fully integrate disaster risks into budgeting and debt planning;
- ✓ Implement the Operational Framework for Sustainable Financing (OFSF).
- ✓ Promote the supply of parametric insurance products for climate risks in our market;
- ✓ Establish a decentralized DRF response mechanism to reach local governments swiftly.

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What can private sector do?

We believe the private sector has a critical role to play in scaling up Angola's disaster risk finance ecosystem. Our asks include:

- **Product innovation:** Develop and test parametric insurance solutions adapted to Angola's drought- and flood-prone areas.
- **Data partnerships:** Support risk modelling, remote sensing, and early warning systems.
- **Public-private financing:** Co-finance DRF solutions through PPPs or blended finance in agriculture, infrastructure, and logistics.
- **Capacity building:** Partner with the government and academia to strengthen skills in risk analytics, financial structuring, and impact measurement.

The private sector can be a driving force to connect disaster resilience with investment, innovation, and inclusive development.