

Master that Disaster!

A Game on Disaster Risk Financing



Disaster Risk Financing
& Insurance Program



SUPPORTED BY
WORLD BANK GROUP

Ground Rules

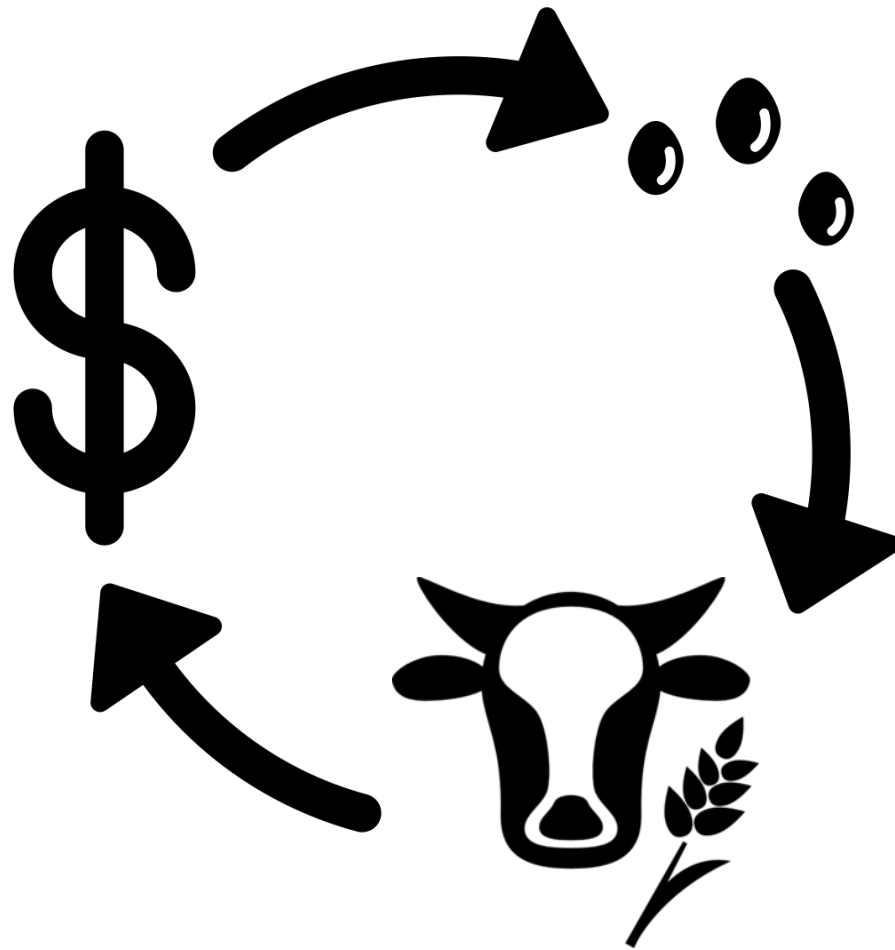
Goal: Experience disaster risk financing

One turn = one year

Game = *simplified* representation of reality

Facilitator's decisions cannot be appealed

Your Goal: Invest & Develop



5 Ministries per Country



Finance



Education
+ Youth



Health



Transport



Agriculture

Ministers cannot
Exchange Assets

WINNERS & LOSERS

Winning Ministers: Most Assets

Start with 7 or 8

Losing Ministers: Crisis

Total Assets = 4 or less? → Fired !

Losing Country: Catastrophe

Cannot cover all needs in time (before deadline)

Winning Country: Most Assets

Start with 29

Your Performance depends on:



Pre-covered Needs

until Aug.

until July

Productive Assets

8

7

Min. Finance Cash

?

?

Productive Assets

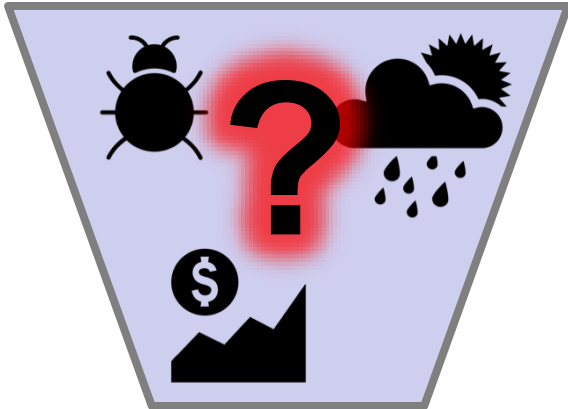
Tokens: inputs per year

Labor

Seeds

Infr.

Etc.

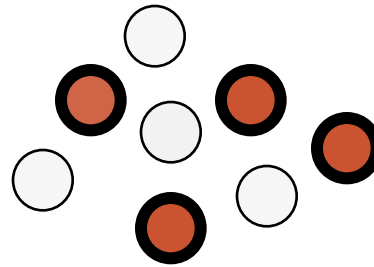
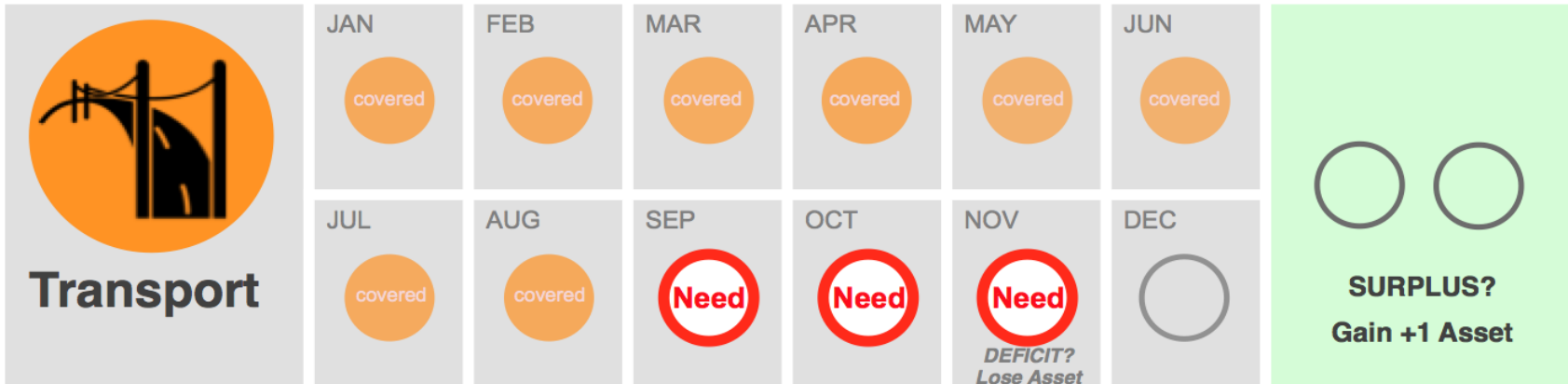


Seasonal Conditions

Shake and Flip Assets

Covering Needs

Use Assets to cover 12 months



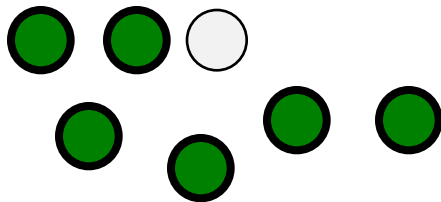
All Needs covered, No Surplus?



“Just enough”

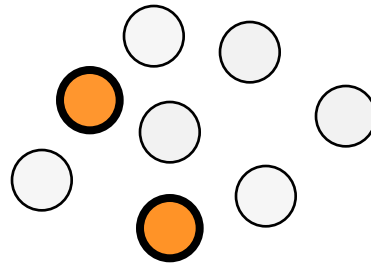
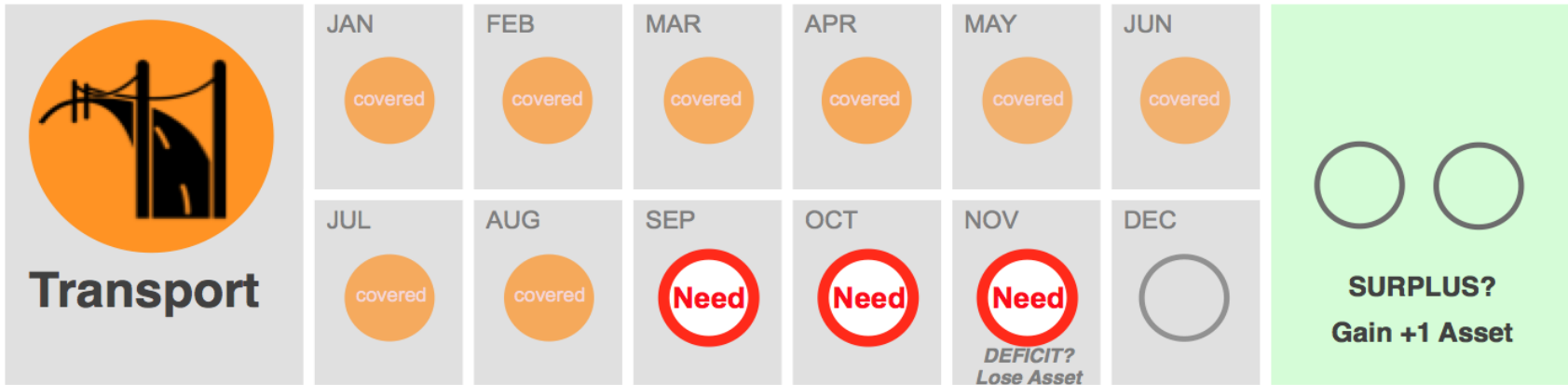
Cover more than needed?

Announce: **SURPLUS!**

Get 1 New Asset from Marketplace



 Food	JAN	FEB	MAR	APR	MAY	JUN	 SURPLUS? Gain +1 Asset
	JUL	AUG	SEP	OCT	NOV	DEC	
covered	covered	covered	covered	covered	covered	covered	
covered	Need	Need	Need	Need	Need		
					<i>DEFICIT?</i> <i>Lose Asset</i>		



Can't cover Needs?

DEFICIT: Oh No!

Stand Up, Ask for Help



If No Aid: Sell one Asset → Cover all Needs

Sit down after problem solved

4 Assets or less? CRISIS! Minister fired

Year 2: Tax & Aid



Min. Finance Gets Annual Budget

At the beginning of each year, Get 2 Coins 'Tax'

You can use Budget to:

- Help other Ministers
- Save for future use



**Bad Year for All
2 Assets Fail**



Normal Year



Normal Year



Normal Year



Normal Year



Normal Year

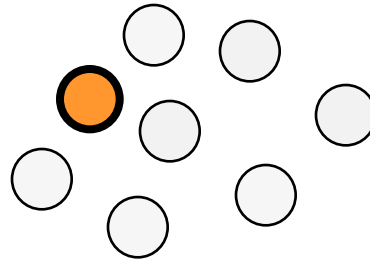
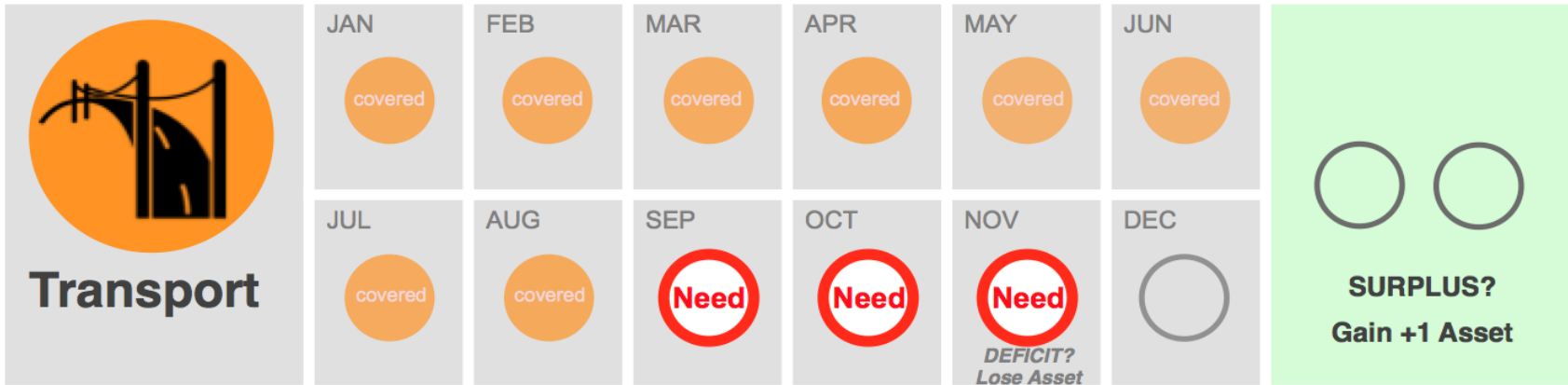


Normal Year



**DROUGHT
2 Assets Fail**

2 ASSETS AGRICULTURE

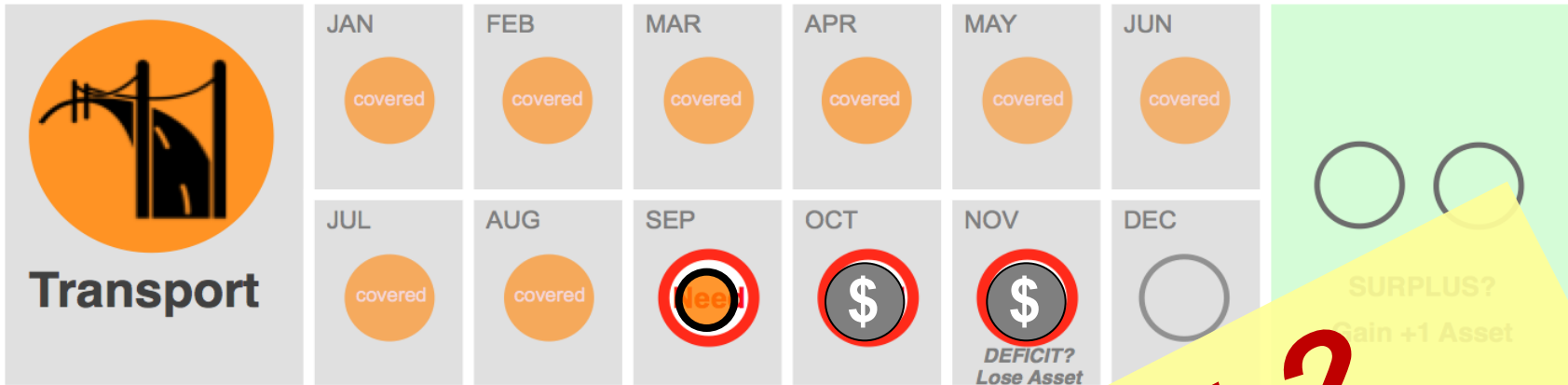


Min. Finance may cover Deficit



“Oh No!” Stand Up, Ask for Help

Aid: Min. Finance cover each Need



Not enough cash?

Min. Finance must explain decisions to Cabinet

Min. Finance must cover Deficit



“Oh No!”

Min. Finance must cover each Need

Needs covered? Pay to Market, then Sit

Or sell 1 asset

Could Shocks lead to Big Deficit?

How to Get Funds Fast?

Year 3:
Shocks &
Loans

FinLoans, Inc.

“Borrow Now, Repay later”

(with interest)



Creditor will give a total of \$ 5m

Min of Finance must repay the Loan, as follows:

Year 1: \$ 1m

Year 2: \$ 1m

Year 3: \$ 2m

Year 4: \$ 2m

Year 5: \$ 2m

Year 6: \$ 2m

If Min. Finance can't repay, Creditor will take possession of 7 assets

Name and Signature

(Minister of Finance)

Official Use Only



**Bad Year for All
2 Assets Fail**



Normal Year



Normal Year



Normal Year



Normal Year



Normal Year



Normal Year



**DROUGHT
2 Assets Fail**

2 ASSETS AGRICULTURE

Shake Tokens!

Year 4: DRFI

Funder



Line Ministries



DIALOGUE



Min. Finance



FLEXIBLE LOAN

“Borrow right after shock, Repay later”

Bank will give a total of \$ _____, in case of occurrence of the following extreme event:

Min of Finance will repay the Loan, as follows:

Year 1: \$ _____

Year 2: \$ _____

Year 3: \$ _____

Year 4: \$ _____

Year 5: \$ _____

Year 6: \$ _____

Name and Signature

(Minister of Finance)

Official Use Only

INSURANCE CONTRACT

“Pay annually. Get cash if *Bad Rains*”



Min. Finance will pay each year a premium of
\$ 1

The insurer will deliver to Min. Finance
a payout of \$ 6, immediately after
the occurrence of a '*Bad Year for All*' card.

Name and Signature

(Minister of Finance)

Official Use Only



WHAT FINANCIAL INSTRUMENT ?

Consult: ~7 min

Submit

Not enough for all
Submit either "Ins" or "Cont. Loan"
At least one country will be left out
Funder will choose most favourable submissions

DRAW A SHOCK CARD

SHAKE

Five Steps Towards Strengthening Financial Resilience

1

- **Take Stock** of how disaster response is currently financed

2

- **Gather risk information** / carry out risk assessment

3

- Decide on **policy priorities**

4

- Build **financial protection strategy**

5

- Work with and improve **existing processes** for DRF

THANK YOU!!!

DISASTER RISK FINANCING AND INSURANCE PROGRAM (DRFIP)