

An Executive Education Program on
Disaster Risk Finance (DRF) for Bangladesh

DAY 3: BANGLADESH CONTEXT

Practical Exercise: A DRF Portfolio

Disaster Risk Financing
& Insurance Program



SUPPORTED BY
WORLD BANK GROUP



Global Shield
Financing Facility



ঢাকা বিশ্ববিদ্যালয়



What is the purpose of this session?

1

Design a hypothetical DRF portfolio for a flood-prone district

2

To use the learnings from the earlier sessions to combine different financial instruments so that they offer a suitable financial protection approach

Context

We opened the session with a flood event that imposed 1bn in losses in 2024. These can be considered expensive and rare events.



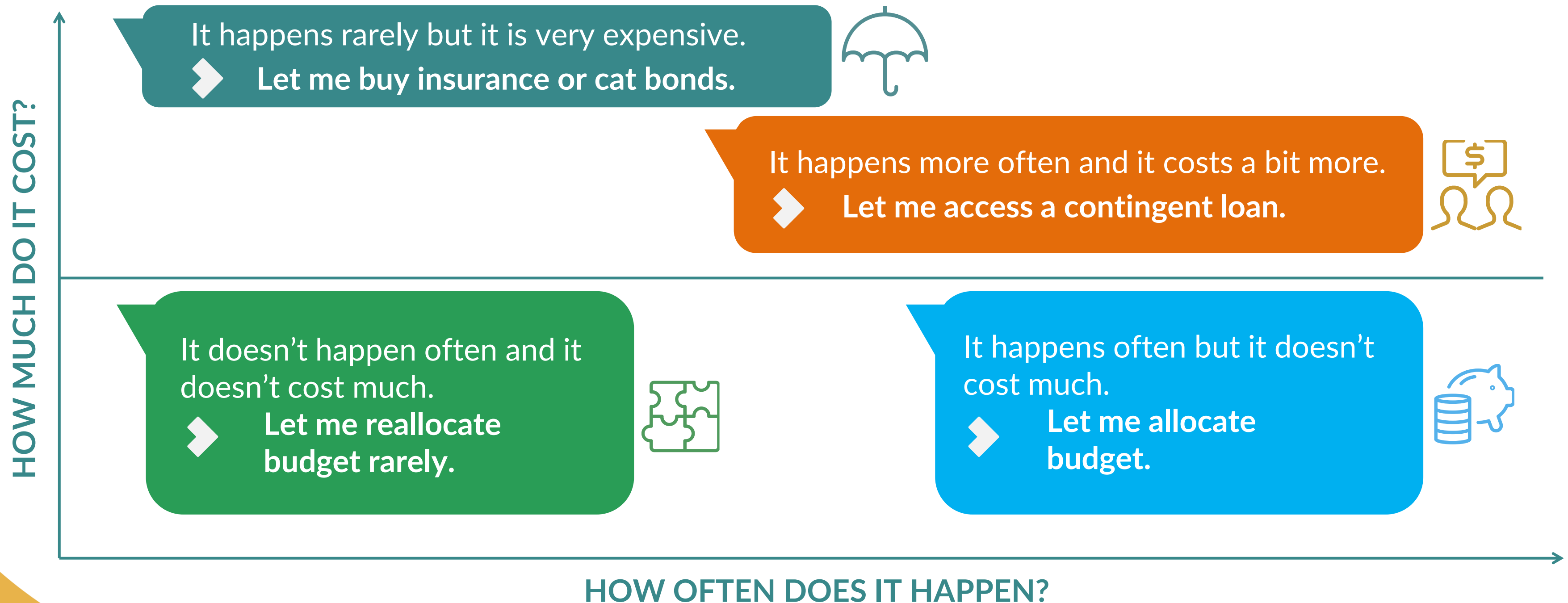
Think about what you have learned, and if you were to use different instruments (your budget, credit lines, insurance solutions) how much would you expect to mobilize funding through the different instruments and why?



As you design this program, think about the principle of timeliness. Usually, smaller volumes are required immediately for response and larger volumes are needed for repair and reconstruction. Does this affect how you allocate funds to the various instruments?

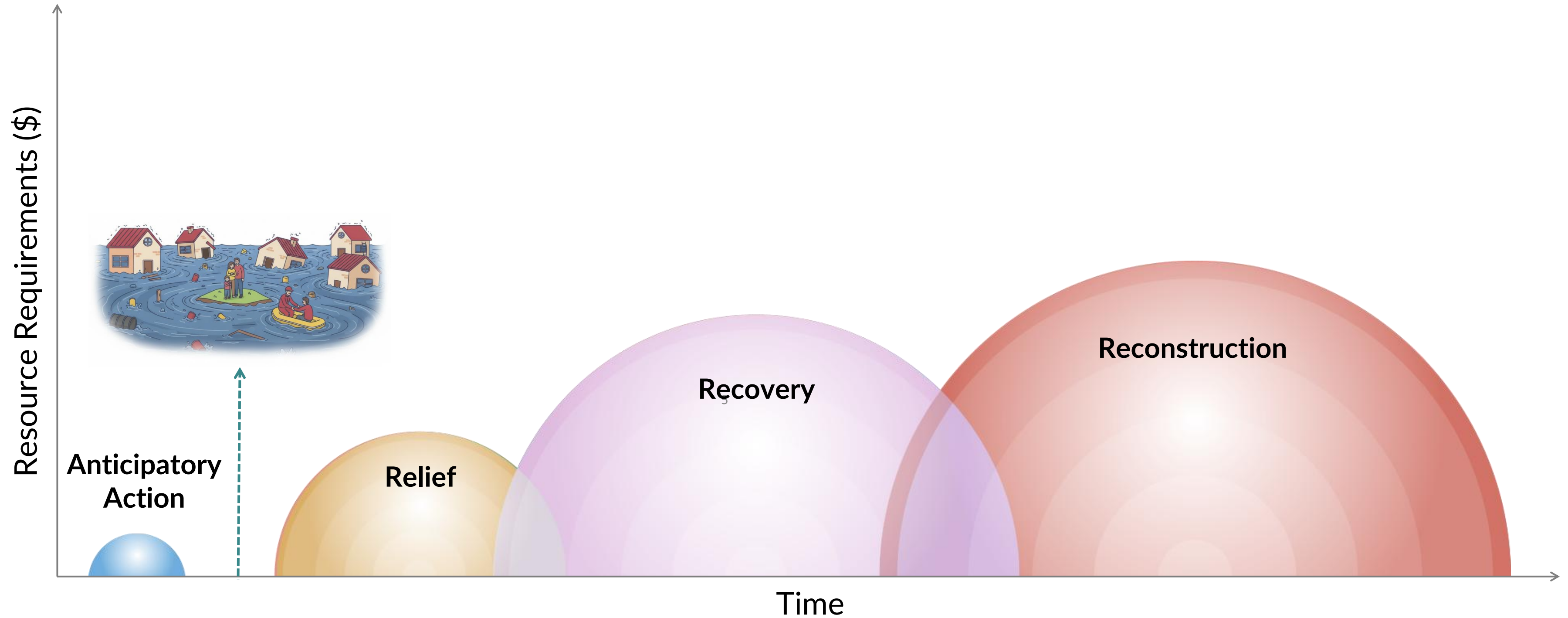
Recap – Risk Layering

Different types of disasters are better financed through different types of instruments



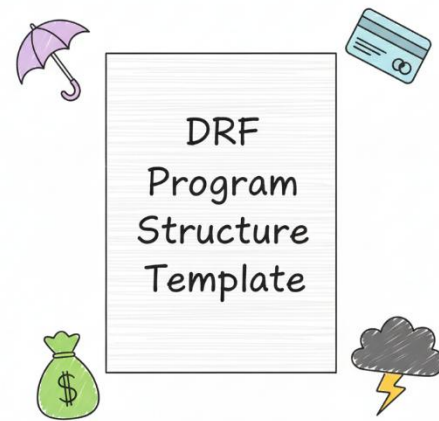
Recap – Timeliness

Not all funding is needed straight away



Instructions

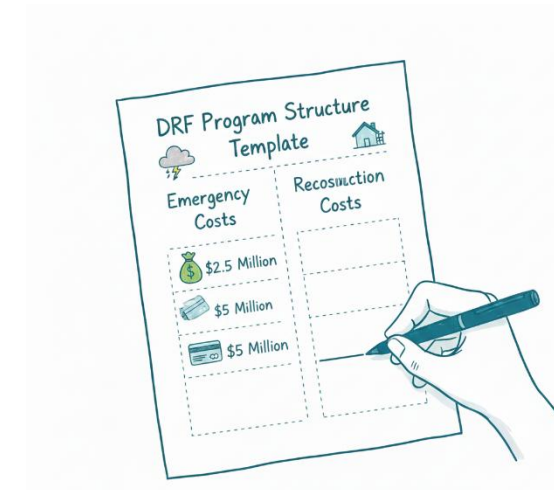
Each table will:



Receive a template of a DRF Program structure (this has space for allocating different DRF instruments for both Emergency Response Costs and Reconstruction Costs)



Discuss how best to design their DRF Program considering the flood risk and what they have learned about different DRF instruments in prior sessions



Show their thinking by inserting their chosen combination of DRF instruments into the DRF Program template. This will include the type of instrument(s) and the value of financial protection afforded by each instrument.



Each group would then explain their reasoning for the DRF program design.

Design Considerations



What DRF instruments might apply and how would they work together to best manage the estimated costs of floods?

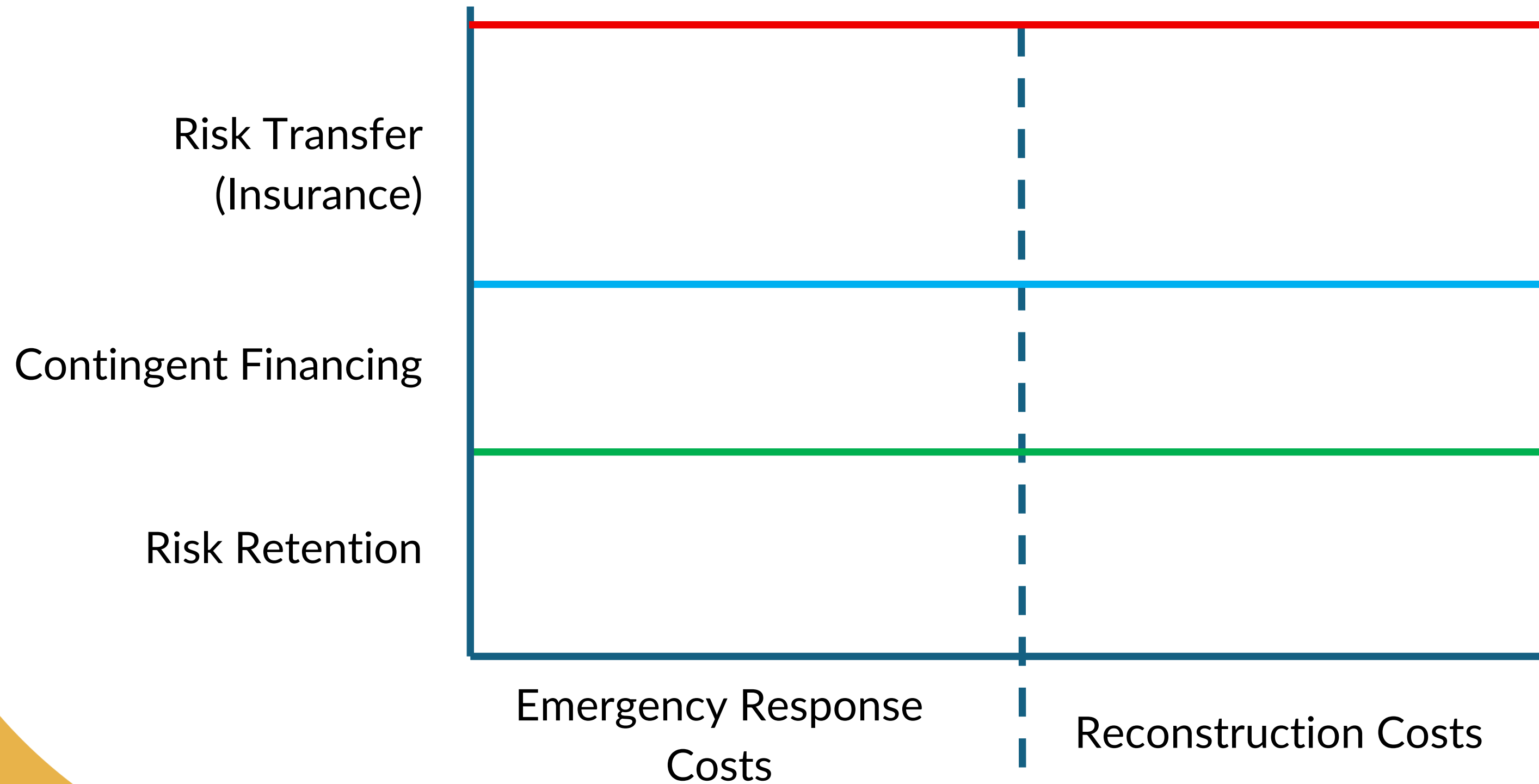
How would you fund more urgent funding needs compared to costs that might be spread over time?

How would you fund smaller, less costly events that happen more frequently?

How would you fund more costly but rare events?

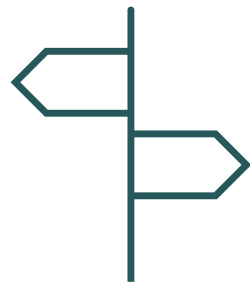
What if more than one event happens in the financial year?

DRF Program Template



Insert your DRF Instruments into the relevant section of this template, including the value of financial protection provided by that instrument

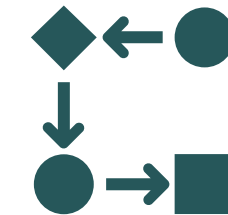
DRF Program Design Feedback



What were the common design themes across the room?



Who would be involved in designing a DRF Program in Bangladesh?



What are the challenges for designing a fit for purpose DRF Program in Bangladesh?

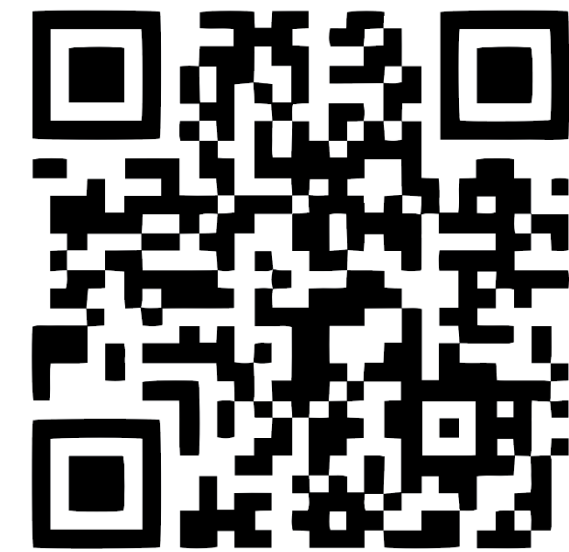
Thank you



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