Getting Started:
Steps to Strengthen
Financial Resilience
**Step 1**

**TAKE STOCK HOW DISASTER RESPONSE IS CURRENTLY FINANCED**

<table>
<thead>
<tr>
<th>Instrument</th>
<th>$</th>
<th>Targeted Population</th>
<th>Risk Layer Covered</th>
<th>Data Req.</th>
<th>Rules</th>
<th>Timing of Payouts</th>
<th>Pre-Requisites</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRM Fund</td>
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<tr>
<td>Continent Budget line</td>
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<tr>
<td>Private-sector agriculture insurance</td>
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<td>International risk transfer</td>
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<td>etc ...</td>
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</tbody>
</table>
## Disaster Risk Layering in your country

<table>
<thead>
<tr>
<th>Disaster Risks</th>
<th>Financing sources available</th>
<th>Amount of funds available</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High-risk layer</strong> (e.g. Major Floods, Major Typhoons)</td>
<td>Donor Assistance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Disaster Risk Insurance</td>
<td></td>
</tr>
<tr>
<td><strong>Medium-risk layer</strong> (e.g. Regional Floods)</td>
<td>Contingent Financing</td>
<td></td>
</tr>
<tr>
<td><strong>Low-risk layer</strong> (e.g. Localized Floods, Landslides)</td>
<td>Contingency Budget (“Reserve Fund”)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>National Disaster Management Fund</td>
<td>Budget Reallocation</td>
</tr>
</tbody>
</table>
Step 2
GATHER RISK INFORMATION/CARRY OUT RISK ASSESSMENTS
THE COMPONENTS FOR ASSESSING RISK

HAZARD
The likelihood, probability, or chance of a potentially destructive phenomenon.

EXPOSURE
The location, attributes, and values of assets that are important to communities.

VULNERABILITY
The likelihood that assets will be damaged or destroyed when exposed to a hazard event.

IMPACT
For use in preparedness, an evaluation of what might happen to people and assets from a single event.

RISK
Is the composite of the impacts of ALL potential events (100s or 1,000s or models).

Risk information does not have to be complicated! Start by looking at historical data.
Step 2

GATHER RISK INFORMATION/CARRY OUT RISK ASSESSMENTS
REMOTE SENSING FOR MONITORING FLOODS

Number of people affected and damage of selected disasters in Myanmar for the period 1990–2015, by date

<table>
<thead>
<tr>
<th>Disaster Type</th>
<th>Time Period</th>
<th>Number of events</th>
<th>Total number of people affected</th>
<th>Total damage (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flood</td>
<td>1991 - 2015</td>
<td>12</td>
<td>1,104,662</td>
<td>137</td>
</tr>
<tr>
<td>Storm</td>
<td>1991 - 2015</td>
<td>5</td>
<td>2,830,125</td>
<td>4,068</td>
</tr>
<tr>
<td>Earthquake</td>
<td>1991 - 2015</td>
<td>3</td>
<td>38,463</td>
<td>505</td>
</tr>
<tr>
<td>Landslide</td>
<td>1991 - 2015</td>
<td>1</td>
<td>145,000</td>
<td></td>
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</tbody>
</table>
Step 3

DETERMINE ON POLICY PRIORITIES

**Policy: Financial Protection Strategy & Action Plan**

- **What** do I want to do/are my overall goals?
  - Who do I want to be protected?
  - Identify and prioritize beneficiaries

- **Why** do I want to do this?
  - What do I want them to be protected against?
  - Identify and prioritize financial impact and underlying problems driving this impact

- **How** will I go about achieving these development goals?
  - Who will pay and how?
  - Identify source of funds
  - Identify delivery channels
  - Identify necessary human, technical, financial resources and partnerships
  - How will the funds reach the beneficiaries?

- How can I implement these policy decisions?

**Technical: Operational Framework**

- Assess Risks
- Arrange Financial Solutions
- Deliver Funds to Beneficiaries

**Implementation**

**Monitoring & Evaluation**
Step 4
BUILD A FINANCIAL PROTECTION STRATEGY

Colombia: Policy strategy for public financial management of natural disaster risk

REPUBLIC OF THE PHILIPPINES
Disaster Risk Financing and Insurance Strategy

Panama
Strategic Framework for the Financial Management of Disaster Risk
Step 4
BUILD A FINANCIAL PROTECTION STRATEGY

DRF STRATEGY IN THE PHILIPPINES

Strategic Policy Goals

1. To maintain sound fiscal health at the national government level, necessary to support long term rehabilitation and reconstruction needs;

2. To develop sustainable financing mechanisms for local government units, necessary to provide immediate liquidity at the onset of a disaster; and

3. To reduce the impact on the poorest and most vulnerable and prevent them from falling into a cycle of poverty, while also shielding the near-poor from slipping back into poverty.

Priorities Areas:

1. National Level: Enhancing the financing of post-disaster emergency response, recovery, and reconstruction needs

2. Local Level: Providing local governments with funds for recovery and reconstruction after a disaster

3. Individual Level: Empowering poor and vulnerable households and SMEs to quickly restore their livelihoods after a disaster
Step 5
WORK WITH AND IMPROVE EXISTING PROCESSES

Disaster Risk Financing

Climate & Disaster Risk Management
Financial Market Development
Public Debt & Risk Management
Macro & Fiscal Stability
Social Protection and Community Driven Development
Agriculture & Food Security
Infrastructure & Urban Development
Energy & Water

Disaster Risk Finance supplements and connects many policy areas
Five Steps
TOWARDS STRENGTHENING FINANCIAL RESILIENCE

1. Take Stock of how disaster response is currently financed
2. Gather risk information/carry out risk assessments
3. Decide on policy priorities
4. Build financial protection strategy
5. Work with and improve existing processes for DRF