

28th Regional Disaster Managers Meeting  
Tanoa Hotel, Nadi, Fiji

11 April 2024

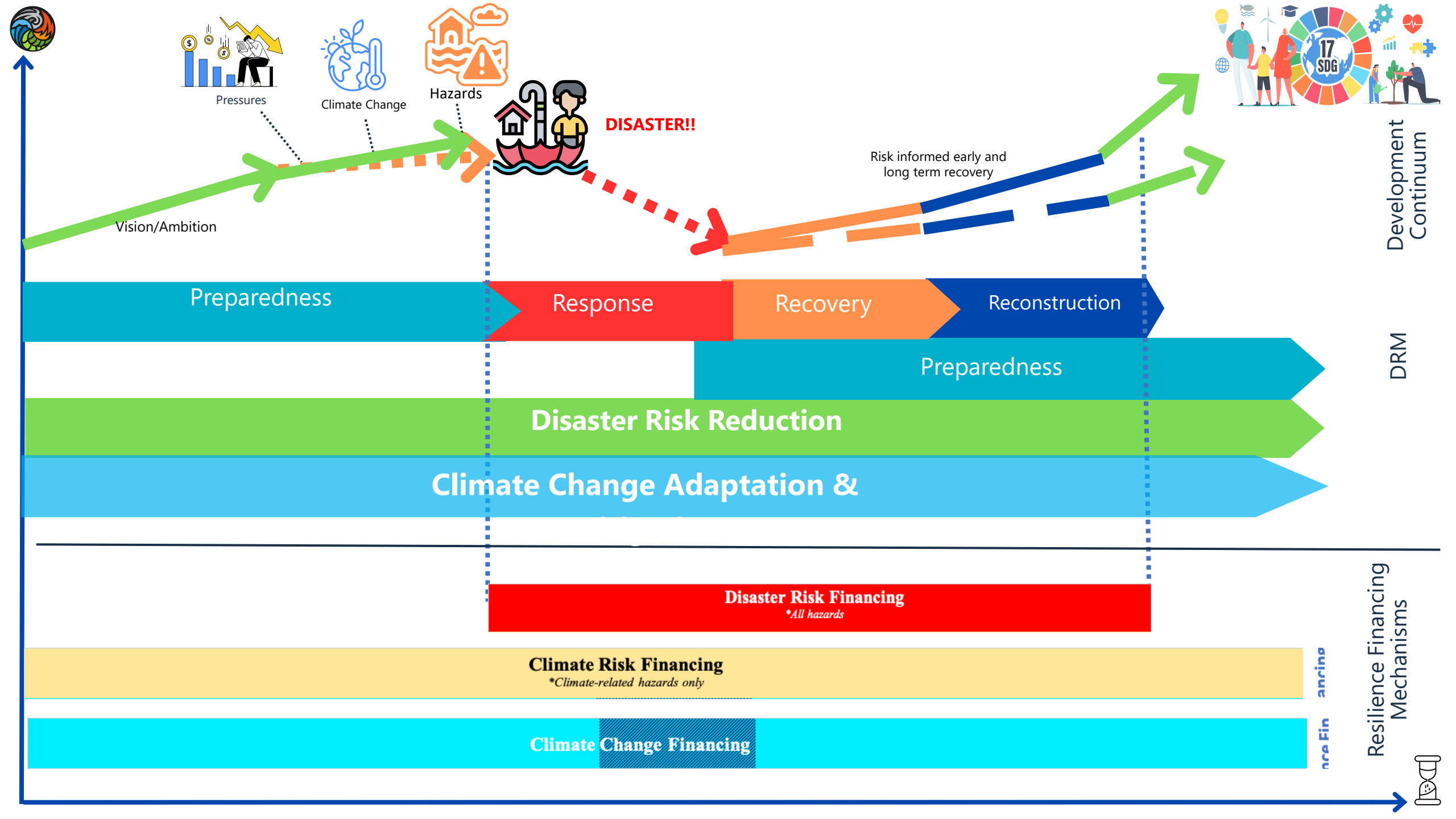
## **Agenda Item 4: Strengthening NDMO Support for National Disaster Risk Financing**



**PACIFIC ISLANDS FORUM**



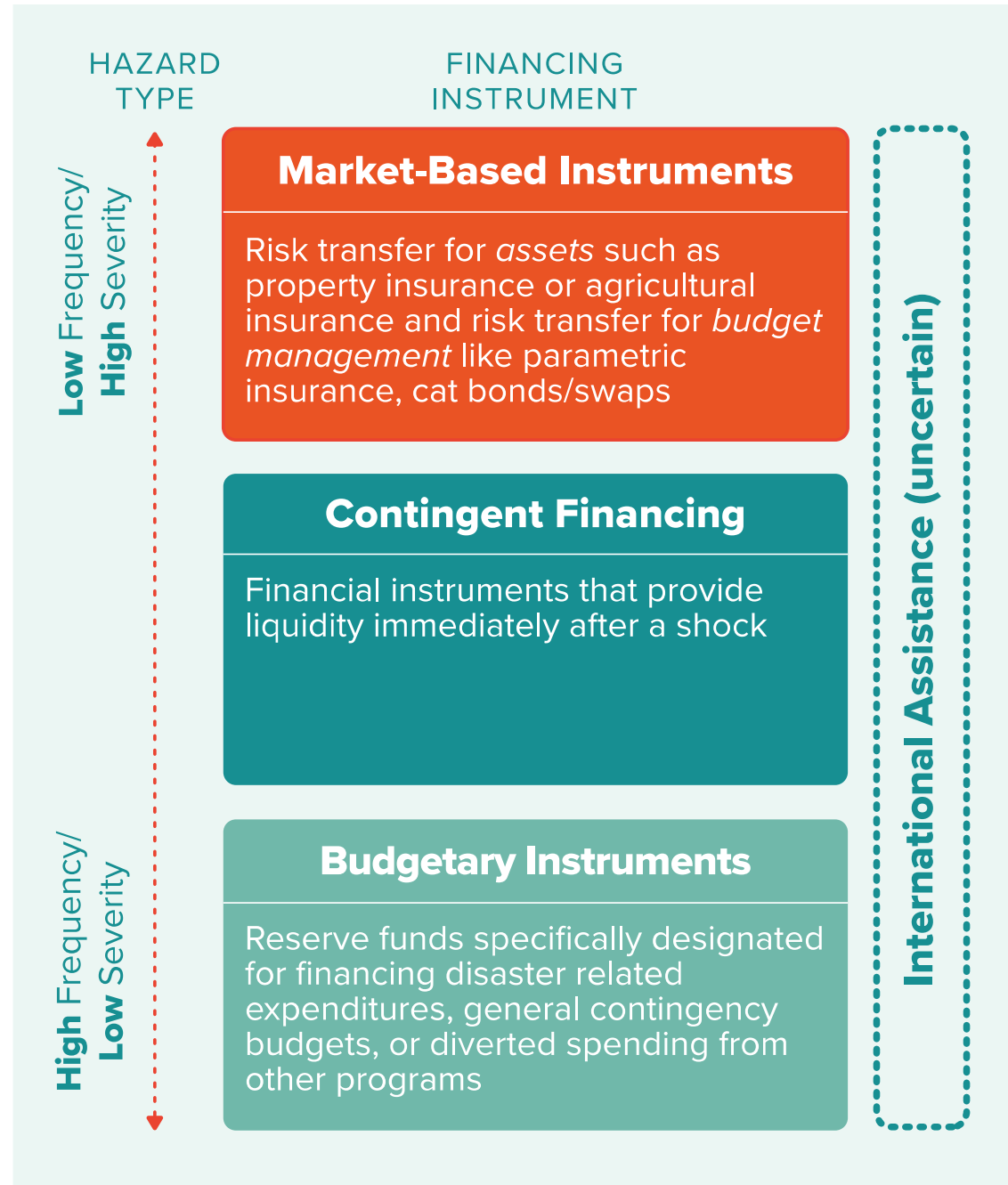
**Disaster Risk Financing  
Technical Working Group**



# Type of DRF Instruments

<b>1</b> Preparedness and Risk Reduction Instruments	<p>These are instruments that enable pre-emptive financing to target groups in advance of a disaster event thus helping to minimize or reduce risk and loss.</p> <p>Examples: Forecast-based Financing (IFRC); Anticipatory Action Financing (FAO)</p>
<b>2</b> Risk Retention	<p>These financial instruments enable users (e.g., governments) to absorb or retain the costs of the risk associated with a disaster.</p> <p>Example: National disaster funds or reserve funds</p>
<b>3</b> Risk Transfer	<p>These are market-based instruments such as indemnity or parametric insurance and catastrophe bonds which enable the policy holder to transfer the risk of a loss to a wider group of stakeholders.</p> <p>Examples: Regional risk insurance pool (PCRIC); market-based parametric microinsurance (UNCDF-PICAP)</p>
<b>4</b> International Emergency Financing	<p>This type refers to international funds (pre-arranged in advance of an event) such as credit lines and grants that can be accessed by meeting specific criteria established by a donor or provider.</p> <p>Examples: Asia Pacific Disaster Response Fund (ADB); Central Emergency Response Fund (United Nations)</p>
<b>5</b> Post-Event Policy Options	<p>Governments may at times need to identify other types of financing e.g. through taxes or by redeploying existing budgets to help address or supplement financing requirements.</p>

# Risk Layering



Source: World Bank, Core DRF Principles 2018

# DRF Instruments – over time

	SHORT TERM [1-3 MONTHS]	MEDIUM TERM [3-9 MONTHS]	LONG TERM [OVER 9 MONTHS]
<i>Ex-post Financing</i>			
Donor Assistance [relief]	■	■	
Budget Reallocation	■		
Domestic Credit		■	■
External Credit		■	■
Capital Budget Realignment		■	■
Donor Assistance [reconstruction]			■
Tax Increase		■	■
Tax Incentives [Flash Appeal]	■	■	
<i>Ex-ante Financing</i>			
Reserve Fund	■		
Contingency Budget	■	■	
Contingent Credit		■	
Sovereign [parametric] Catastrophe Risk Insurance			■
Traditional Disaster Insurance			■

Source: World Bank, 2015

# DRF Regional Policy Landscape

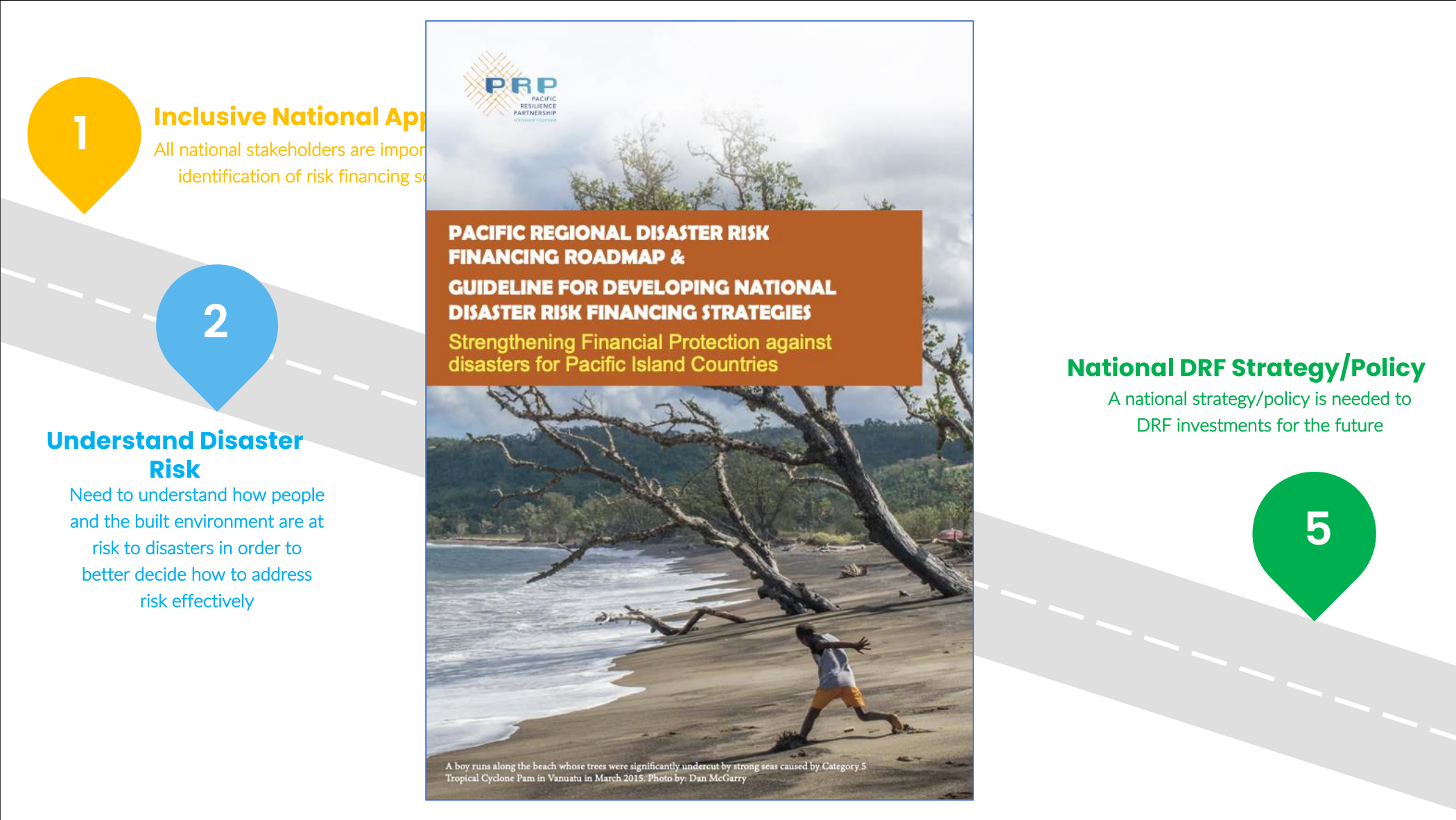




# Key Challenges for DRF

1. The lack of strong leadership, human capacity and flexible and agile institutional arrangements to support DRF;
2. Greater awareness and understanding of disaster risk;
3. Understanding the range of DRF instruments and products;
4. Greater coherence of DRF with other forms of resilience-related financing and investments including DRR/DRM financing, Climate financing etc.
5. The need to acknowledge and embrace the diverse needs of different stakeholders and also ensure that the needs of the most vulnerable are paramount when developing and implementing DRF instruments;
6. Sources of funding/tailored funding to support DRF solutions;
7. Need to strengthen DRF coordination, cooperation and collaboration at regional, national and subnational levels;
8. Need for a more strategic approach to DRF at the national and subnational level in Pacific Island countries

# Priorities







## NDMO Support for National DRF – How best? (1/2)

1. Support to ensure stronger alignment to the National DRM governance arrangements (i.e. structure, policy, legislation etc).
  - Also look at enhancements to the DRM arrangements to help make DRF more effective.
2. Help MoF to look into enhancements to the national PFM system
  - Expedite financing for humanitarian action/early recovery
  - Strengthen recovery financing capability – connect better with PDNA outcomes and recovery planning
3. Hazard/risk, disaster loss, disaster expenditure data and information – to support DRF Diagnostic Study.



# NDMO Support for National DRF – How best? (2/2)

4. Support DRF awareness and understanding.
5. Help identify DRF needs for communities, businesses etc.
6. Leadership and support for a national DRF strategy and improved national coordination of DRF with MoF
7. Join the PRP Technical Working Group on DRF and encourage your MoF's to join.
  - Current PIC members: Cook Islands, Fiji, PNG, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu



Thank you