Sovereign Disaster Risk Financing: How should governments protect against disasters?
Richard Poulter and Barry Maher, The World Bank

The World Bank

• The World Bank’s mission:
  – End extreme poverty within a generation
  – Boost shared prosperity

• But what does the World Bank actually do?
  – Provide low-interest loans, interest-free credits, and grants to developing countries
  – Manage trust fund partnerships with bilateral and multilateral donors
  – Provide policy advice, research and analysis, and technical assistance.
Outline

- A government’s contingent liability
- DRFI at the World Bank
- Characteristics of financial resilience
- Instruments for a sovereign DRFI strategy
- Interactive discussion: country examples
- Conclusions and recent research

**NOTE:** Details of the group discussion and conclusions will be shared with participants during the workshop session.

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Government’s have control over the level of their contingent liability to disasters
DRFI at the World Bank

Characteristics of financial resilience

- Cost of Capital

Example:
Index insurance in Tonga
Characteristics of financial resilience

- Timeliness

Example:
Agriculture insurance in Kenya

Characteristics of financial resilience

- Discipline

Example:
Reinsurance of FONDEN in Mexico
Characteristics of financial resilience

• Risk information

*Example:* Disaster risk reduction in the Caribbean

Characteristics of financial resilience

• Ownership

*Example:* Earthquake Insurance in Turkey
Instruments for a sovereign DRFI strategy

Group discussion and conclusions

The workshop session will include an interactive discussion for participants to devise a Sovereign Disaster Risk Financing strategy for two example countries facing earthquake and hurricane risk.

In order for participants to get the full benefits of the discussion, further details of the exercise and conclusions are not available ahead of the workshop session.