

# World Bank Group Disaster Risk Financing & Insurance (DRFI) Business Lines



	DRFI Product or Service Line	Specific Product or Service	Project Description	Beneficiary	Risks Addressed	Unique Needs
<b>Sovereign Disaster Risk Financing</b>	Technical assistance in budget planning for natural disasters	Fiscal impact studies	Comprehensive study to assess government's fiscal exposure to natural disasters and to provide financing options to manage its risk exposure	National and Local Governments	Government able to assess its contingent liability to natural disasters and can identify optimal disaster risk financing and insurance strategy	Historical data on natural disasters
		Ex-ante budget planning	Technical assistance to develop national disaster risk financing strategy		Risk financing strategy is tailored to government's specific budgeting needs	Understanding of government's fiscal exposure
	Contingent financing	Catastrophe Deferred Drawdown Option (Cat DDO)	Development Policy Loan issuance to provide immediate post-disaster budget support		Government is able to meet its financial obligations (e.g., post-disaster expenditures in excess of reserves) during post-disaster liquidity crunches	Institutional framework to allow for quick disbursement of funds
		Contingent emergency response window in standard investment projects				
	Sovereign catastrophe insurance pools		Advisory and intermediation services to establish regional sovereign insurance pools		Joint mechanisms allow countries to benefit from regional risk pooling to access affordable reinsurance	
	Insurance-linked securities	Catastrophe bonds	Intermediation services to pool and to transfer government's catastrophe risk to the capital markets through bond issuance		Cat bond provides multi-year coverage for high risk layers of natural catastrophe risk	Appropriate legal framework
		Catastrophe swaps	Intermediation services to transfer catastrophe risk between the government and a capital market partner		Government is able to diversify its exposure to natural disaster	Swap partner with uncorrelated risk exposure
		Weather hedges	Intermediation services allow countries to purchase an option on their exposure to extreme weather		Hedge provides government with insurance against slow-onset disasters such as drought or flood	Robust weather data collection and delivery system

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**GFDRI**  
Global Facility for Disaster Reduction and Recovery



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Property Catastrophe Risk Insurance	Property catastrophe insurance pools	Technical assistance to establish national (regional) insurance or reinsurance pools that facilitate development of domestic (regional) property catastrophe insurance markets	Households, small and medium enterprises	Small and medium enterprises and households covered against relevant perils (i.e., earthquake, flood, drought, etc.); private insurance reduces citizens' post-disaster dependence on government reconstruction funding	Sufficiently mature non-life insurance market(s)
	Specialized risk transfer vehicles for public assets	Technical assistance to develop specialized risk transfer vehicles dedicated to the provision of property catastrophe insurance for public assets	Sovereign government	Government able to pool risk exposure of public assets to lower costs of insurance and to standardize insurance policies	Appropriate legal framework
Agricultural Insurance	Index-based agricultural insurance	Technical assistance to develop index-based agricultural insurance programs or to improve performance of existing national programs	Farmers, herders, rural finance institutions, cooperatives	Agricultural sector participants protected from extreme weather events. Index-based system prevents moral hazard and adverse selection risks.	Organized agricultural sector
	Traditional insurance	Technical assistance to develop traditional, indemnity-based insurance programs		Farmers able to access insurance that meets their specific needs (e.g., hail insurance, livestock mortality)	
	Agricultural insurance pools	Technical assistance to design agricultural insurance pools to increase availability of agricultural insurance		Agricultural sector participants protected from extreme climatic conditions; pool promotes the sustainable growth of domestic agricultural insurance market	
Disaster Micro-Insurance	Disaster micro-insurance programs	Technical assistance to develop disaster insurance products to protect the livelihood of the poor against extreme weather events and promote disaster risk reduction	Low-income populations	Participants protected against loss of livelihood and wealth due to natural disasters	Adequate demand for insurance product

## Contact

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