# Disaster Risk Finance:
Protecting Livelihoods and Development

**Ending Poverty and Boosting Shared Prosperity**

**Development Challenge**
The High Cost of Disasters across Society

**Economic Growth**
The High Cost of Disasters across Society

**Financial Costs Are Still Increasing**

**Financial Protection for Governments**

- **Thailand**: Floods, 2011
  - Damage & Loss
  - US $46.5 Billion or more than 13% of GDP

**Agricultural Insurance for Loss of Crops & Livestock**

- **Kenya**: Drought, 2008 - 2011
  - Livestock Loss
  - US $9.1 Billion

**Property Catastrophe Risk Insurance**

- **Chile**: Earthquake, 2010
  - Property Damage
  - US $500 Million

**Disaster Risk Finance for Scalable Social Protection**

- **Ethiopia**: Drought
  - Impact
  - Children under age five are 36% more likely to be malnourished in drought-prone areas

**Solutions for Countries**

- To Improve their Financial Resilience

**US $3.4 Billion** in risk financing solutions provided by the World Bank Group to vulnerable countries, often leveraging financial markets.

**US $70 Million** for 21,000 claims were paid by the Turkish Catastrophe Insurance Pool.

**More than 3.1 Million** people benefited from Ethiopia’s Productive Safety Net Program during the 2011 Horn of Africa drought.

**Official Development Assistance** in 2013

- US $165 Billion
- Losses exceeding $100 billion in 6 of these years

- US $135 Billion

**Average Direct Financial Loss**

- During the past 10 years

**Official Development Assistance** in 2013

**Ending Poverty and Boosting Shared Prosperity**

**The Disaster Risk Financing and Insurance (DRFI) Program**, a partnership of the World Bank Group and the Global Facility for Disaster Reduction and Recovery (GFDRR), is a leading partner of developing countries helping governments, businesses, and households clarify and efficiently manage the financial impacts of natural and climate risks without compromising sustainable development, fiscal stability, or wellbeing.

*May 2015*
DEVELOPMENT CHALLENGE
The High Cost of Disasters across Society

FINANCIAL COSTS ARE STILL INCREASING

AVGARE DIRECT FINANCIAL LOSS
During the last 10 years

OFFICIAL DEVELOPMENT ASSISTANCE in 2013

GOVERNMENT

Thailand
Floods, 2011

DAMAGE & LOSS

US$46.5 BILLION or more than 13% of GDP

SOLUTIONS FOR COUNTRIES
To Improve their Financial Resilience

Financial Protection for Governments

US$3.4 BILLION in risk financing solutions provided by the World Bank to vulnerable countries, often leveraging financial markets.

May 2015
75% of the losses falling on Livestock Owners

Kenya
Drought, 2008 - 2011

LIVESTOCK LOSS
US $12 BILLION

OFFICIAL DEVELOPMENT ASSISTANCE in 2013
US $135 BILLION

AVERAGE DIRECT FINANCIAL LOSS During the past 10 years

FINANCIAL COSTS ARE STILL INCREASING

Agricultural Insurance for Loss of Crops & Livestock

MORE THAN 34mil FARMERS benefited from increased insurance coverage and faster claims payments in India through improvements to the National Agricultural Insurance Scheme.

SOLUTIONS FOR COUNTRIES To Improve their Financial Resilience

FARMERS / HERDERS

9% of the National Herd died

75% of the losses falling on Livestock Owners

DEVELOPMENT CHALLENGE
The High Cost of Disasters across Society

OFFICIAL DEVELOPMENT ASSISTANCE in 2013
US $135 BILLION

AVERAGE DIRECT FINANCIAL LOSS During the past 10 years

FINANCIAL COSTS ARE STILL INCREASING

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May 2015

OFFICIAL DEVELOPMENT ASSISTANCE in 2013
US $135 BILLION

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AVERAGE DIRECT FINANCIAL LOSS During the past 10 years

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The High Cost of Disasters across Society

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SOLUTIONS FOR COUNTRIES To Improve their Financial Resilience

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May 2015
Of small businesses with property damages had NO INSURANCE

These companies had to absorb damages of US$500 MILLION

Chile Earthquake, 2010

PROPERTY DAMAGE

US$30 BILLION in damages during the 2010 earthquake in Chile

70% of small businesses with property damages had NO INSURANCE

SOLUTIONS FOR COUNTRIES To Improve their Financial Resilience

Property Catastrophe Risk Insurance

US$70 MILLION for 21,000 claims were paid by the Turkish Catastrophe Insurance Pool.
Ethiopia

Drought

IMPACT

Children UNDER AGE FIVE are 36% more likely to be malnourished in drought-prone areas.

are 36% more likely to be MALNOURISHED

are 41% more likely to be STUNTED if they are born during a drought year.

SOLUTIONS FOR COUNTRIES

To Improve their Financial Resilience

3.1 MILLION

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FINANCIAL COSTS ARE STILL INCREASING

AVG DIRECT FINANCIAL LOSS

During the past 10 years

$165 BILLION

OFFICIAL DEVELOPMENT ASSISTANCE in 2013

$135 BILLION

THE POOREST

May 2015

Disaster Risk Finance for Scalable Social Protection

DEVELOPMENT CHALLENGE

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