

Stories of Impact

A series highlighting achievements in disaster risk management

Amplifying Serbia's Financial Resilience Against Natural Hazards



REGION: EUROPE AND CENTRAL ASIA
FOCUS: FINANCIAL PROTECTION
COUNTRY: SERBIA



RESULTS:

- GFDRR and the World Bank supported the establishment of the National Disaster Risk Management Program (NDRMP), an umbrella framework which has managed more than \$80 million to strengthen crisis management systems, inform risk reduction interventions, and implement measures to better absorb fiscal shocks caused by natural disasters.
- GFDRR technical assistance informed the Law on Reconstruction following Natural and other Hazards, which reformed Serbia's assistance and reconstruction system and introduced the "build back better" concept, in line with the Sendai Framework for Disaster Risk Reduction.
- Serbia has recently secured a Disaster Risk Management Development Policy Loan with a Catastrophe Deferred Drawdown Option (Cat-DDO), helping the country to access a contingent credit line of up to \$70 million in rapid liquidity to directly support affected municipalities in the aftermath of a catastrophe without disrupting long-term development efforts.

PROJECT DESCRIPTION:

In May 2014, Serbia experienced its most severe flooding in more than a century, affecting 22% of its population, displacing 32,000 families and claiming 57 lives. A Recovery Needs Assessment supported by the Global Facility for Disaster Reduction and Recovery (GFDRR) also revealed that in a matter of weeks, an estimated 125,000 people fell below the poverty line, illustrating the country's vulnerability to extreme weather events.

Today, Serbia is better equipped to cope with hazard-related shocks and is able to streamline recovery efforts after a disaster. With support from GFDRR, the World Bank, the European Union, the United Nations, and the Swiss Agency for Development and Cooperation, Serbia has adopted one of the most comprehensive approaches to managing disaster risks: the National Disaster Risk Management Program (NDRMP). Recently, Serbia complemented that program with the National Disaster Risk Financing and Insurance (DRFI) Strategy to respond more effectively to the financial impacts of disasters.



GFDRR
Global Facility for Disaster Reduction and Recovery



WORLD BANK GROUP

CONTEXT:

In recent years, Serbia has been severely affected by disasters and has suffered widespread damage. The 2014 floods alone affected 1.6 million people and resulted in damages equivalent to 4.8% of the country's GDP. Serbia is also facing the rising costs of responding to disaster challenges, as weather-related events are becoming more frequent and intense. For example, the recovery and reconstruction needs following the 2014 floods contributed to the onset of a recession and were estimated to be nearly \$1.5 billion. Yet, even with a robust approach to DRM, Serbia could still be exposed to budget shocks caused by a major disaster, which could erode its development gains and socio-economic stability.

APPROACH:

GFDRR, the World Bank, and other partners are supporting the Government of Serbia in shifting how the country addresses natural disasters, moving from disaster response to proactive risk management. Building on its National DRFI strategy, Serbia will take advantage of the Cat-DDO – the first mechanism of its kind in the Europe and Central Asia Region – to better manage budget volatility associated with disasters. This innovative instrument can be triggered after a government declares a state of emergency, such as after massive flooding. It will allow the government to respond quickly to emergency needs by supporting transparent and efficient post-disaster damages assessments of public infrastructure and mobilizing immediate post-disaster funding, without disrupting ongoing resources from longer-term development programs. For example, 15 percent of local self-government units will be able to use the post-disaster loss and needs assessment methodology, which will accelerate potential recovery and reconstruction efforts.

NEXT STEPS:

GFDRR and World Bank support has helped strengthen Serbia's DRM capacity but more remains to be done. Moving forward, DRM engagement in Serbia will:

- Accompany the implementation of the National DRFI Strategy by establishing a fiscal risk unit within the Ministry of Finance to coordinate efforts to minimize post-disaster fiscal burdens.
- Strengthen its legal and institutional framework to improve decision-making – both locally and nationally – for post-disaster reconstruction and harmonize disaster risk management investments.
- Improve access to and accuracy of risk information by creating an open-source geospatial platform and conducting a national flood risk assessment.

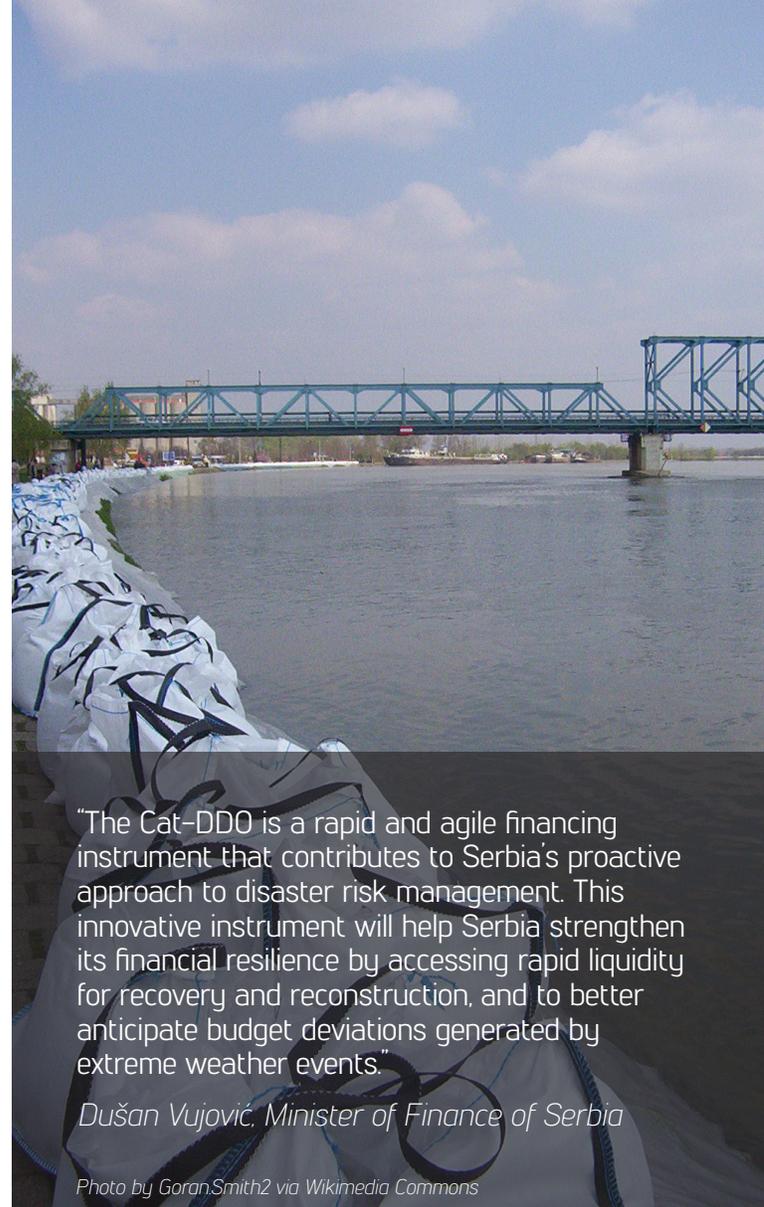
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Learn more at www.gfdr.org

*ALL MONETARY VALUES IN USD



“The Cat-DDO is a rapid and agile financing instrument that contributes to Serbia's proactive approach to disaster risk management. This innovative instrument will help Serbia strengthen its financial resilience by accessing rapid liquidity for recovery and reconstruction, and to better anticipate budget deviations generated by extreme weather events.”

Dušan Vujović, Minister of Finance of Serbia

Photo by GoranSmith2 via Wikimedia Commons

LESSONS LEARNED:

Strengthening preparedness and hazard monitoring require a systematic approach. There were no adequate systems in place during the 2014 floods to respond to the overwhelming needs in a coordinated manner. Serbia has improved its crisis management system to improve the safety of citizens and maximize the protection of assets by reviewing information flows of its early warning systems and ensuring that emergency response is based on adequate rescue and protection plans.

Risk-informed principles are essential for shaping a resilient and sustainable recovery. The 2014 floods revealed striking examples of risk-creating infrastructures such as bridges built without hydrological and geomechanical surveys. Recognizing that no single agency can be solely responsible for generating, sharing, and using hazard and risk information, Serbia is taking steps, with support from GFDRR and the World Bank, toward strengthening its policies and institutions for risks assessments and risk identification.