**Development Solutions for Disaster Risk Finance**

**Development Challenge:**

The high cost of disasters across society.

- **Average direct financial loss:** US $165 billion during the last 10 years.
- **Loss exceeding $100 billion in 6 of these years.**
- **Official development assistance in 2013:** US $135 billion.

**Economic Growth Challenges:**
- Asset concentration
- Urbanization
- Changing climate

**Financial Costs Are Still Increasing!**

**Governments**

- Thailand: Floods, 2011
  - Damage & Loss: US $46.5 billion
  - More than 13% of GDP in 2011
  - Reduced Thailand’s current account by 40%
  - Projected $20.6 billion, reduced to $11.9 billion

**Farmers/Herdsmen**

- Kenya: Drought, 2008 - 2011
  - Damage & Loss: US $12.1 billion
  - 9% of national herd died
  - 75% of the losses falling on livestock owners

**Home/Business Owners**

- Chile: Earthquake, 2010
  - Damage: US $30 billion
  - 70% of small businesses with property damages had no insurance
  - These companies had to absorb $500 million in damage

**The Poorest**

- Ethiopia: Drought
  - Children aged 5 or less in drought-prone areas
  - 41% more likely to be stunted if they are born during a drought year
  - 36% more likely to be malnourished

**Solutions for Countries to Improve Their Financial Resilience**

- **Financial Protection for Governments**
  - $1.38 billion
  - In contingent financing solutions provided by the World Bank to nine countries for immediate access to much needed cash in case of disasters.
  - $1.43 billion
  - Risk transferred from vulnerable countries to the private sector through the World Bank.

- **Agricultural Insurance for Loss of Crops and Livestock**
  - More than 34 million farmers
  - Benefited from increased insurance coverage and faster claims payments in India through improvements to the National Agricultural Insurance Scheme.

- **Property Catastrophe Risk Insurance**
  - The Turkish Catastrophe Insurance Pool has paid nearly 21,000 claims totaling over $70 million

- **Disaster-linked Social Protection**
  - Ethiopia’s Productive Safety Net Program rapidly increased the number of beneficiaries of food assistance during the 2011 Horn of Africa drought by 3.1 million people.
  - 9.6 million
  - 6.5 million

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*The Disaster Risk Financing and Insurance (DRFI) Program, a partnership of the World Bank Group’s Finance and Markets Urban Practice and the Global Facility for Disaster Reduction and Recovery (GFDRR), is a leading partner in developing countries helping governments, businesses, and households identify and efficiently manage the financial impacts of disaster and climate risks without compromising sustainable development, food security, or wellbeing.*