

Master that Disaster!

A Game on Disaster Risk Financing



Disaster Risk Financing
& Insurance Program



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Ground Rules

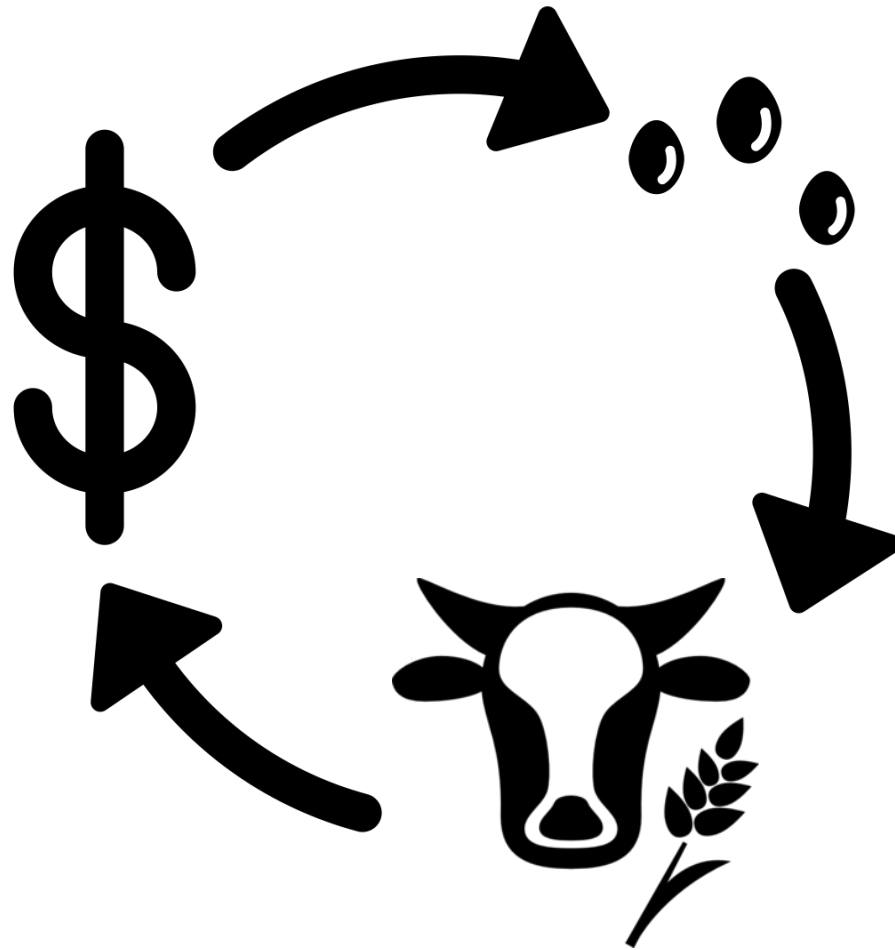
Goal: Experience disaster risk financing

One turn = one year

Game = *simplified* representation of reality

Facilitator's decisions cannot be appealed

Your Goal: Invest & Develop



5 Ministries per Country



Finance



Education



Health



Transport



Agriculture

Ministers cannot
Exchange Assets

WINNERS & LOSERS

Winning Ministers: Most Assets

Start with 7 or 8

Losing Ministers: Crisis

Total Assets = 4 or less? → Fired!

Losing Country: Catastrophe

Cannot cover all needs in time (before deadline)

Winning Country: Most Assets

Start with 29

Your Performance depends on:



Pre-covered Needs

until Aug.

until July

Productive Assets

8

7

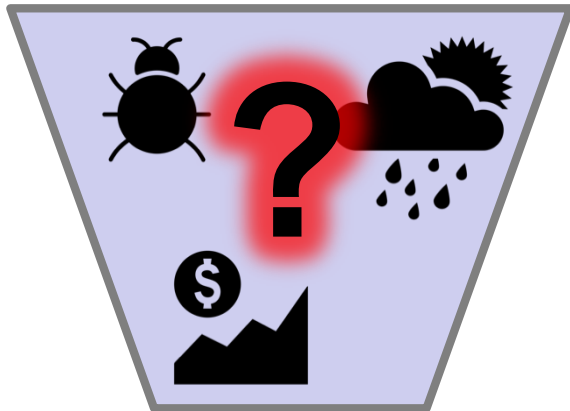
Min. Finance Cash

?

?

Productive Assets

Tokens: inputs per year

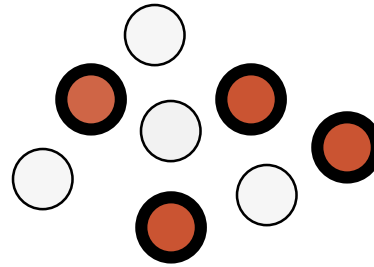
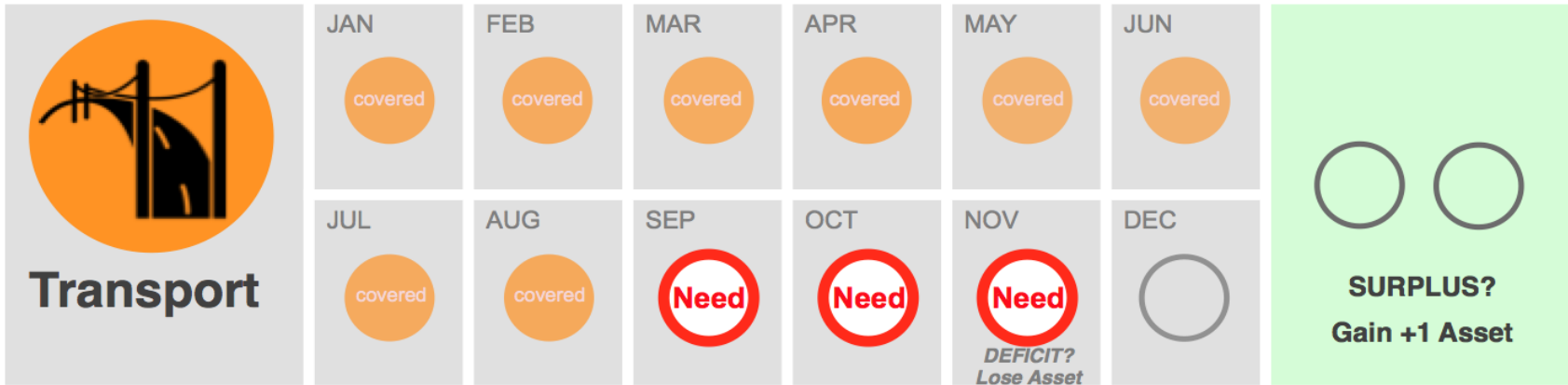


Seasonal Conditions

Shake and Flip Assets

Covering Needs

Use Assets to cover 12 months



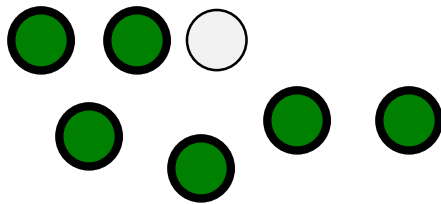
All Needs covered, No Surplus?



“Just enough”

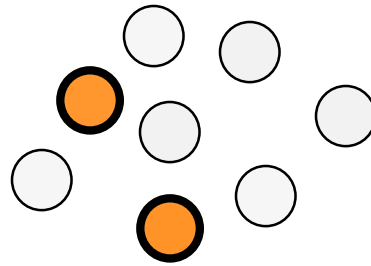
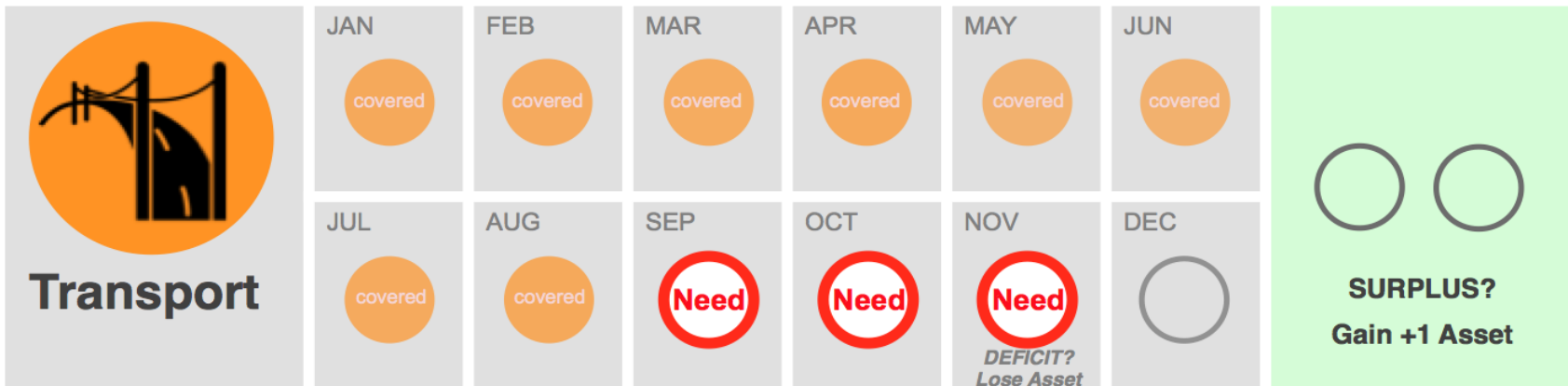
Cover more than needed?

Announce: **SURPLUS!**

Get 1 New Asset from Marketplace



 Food	JAN	FEB	MAR	APR	MAY	JUN	 SURPLUS? Gain +1 Asset
	JUL	AUG	SEP	OCT	NOV	DEC	
covered	covered	covered	covered	covered	covered	covered	
covered	Need	Need	Need	Need	Need		
					DEFICIT? Lose Asset		



Can't cover Needs?

DEFICIT: Oh No!

Stand Up, Ask for Help



If No Aid: Sell one Asset → Cover all Needs

Sit down after problem solved

4 Assets or less? CRISIS! Minister fired

Asset Level

start

round 1

round 2

round 3

Asset Level

11

11

10

10

9

9

8

8

7

7

6

6

5

5

increase 
 same 
 decrease 

No. of
Players

1000

363

492

145

174

334

309

150

33

132

189

265

217

134

52

11



Asset Level

start

round 1

round 2

round 3

Asset Level

10

10

9

9

8

8

7

7

6

6

5

5

4

4

increase 
 same 
 decrease 

No. of
Players

1000

437

222

124

501

383

237

329

313

267

62

57

44

9

13

2



Year 2: Tax & Aid

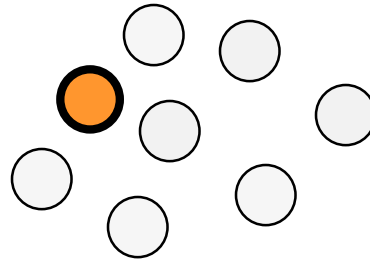
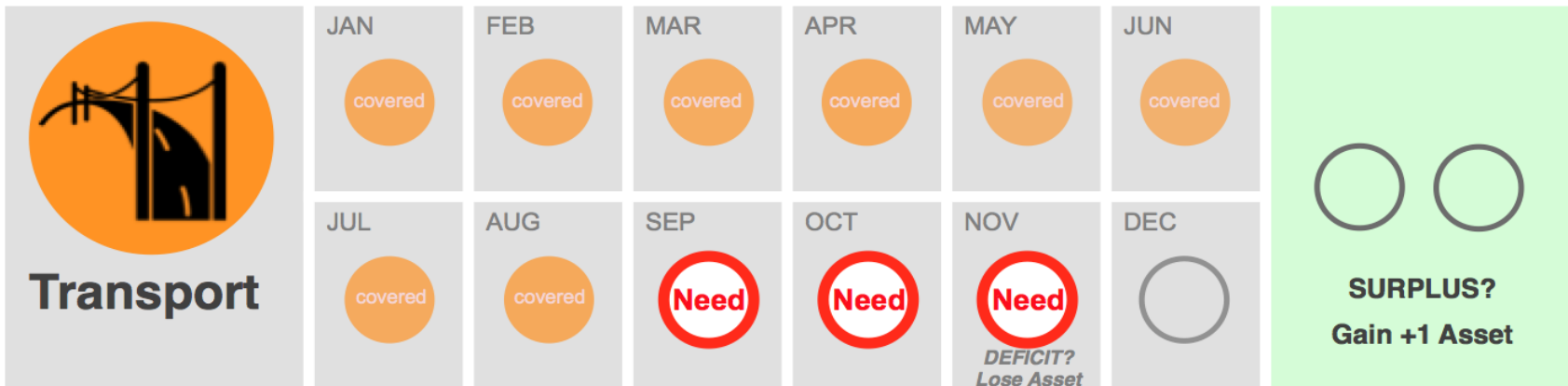


Min. Finance Gets Annual Budget

At the beginning of each year, Get 2 Coins 'Tax'

You can use Budget to:

- Help other Ministers
- Save for future use

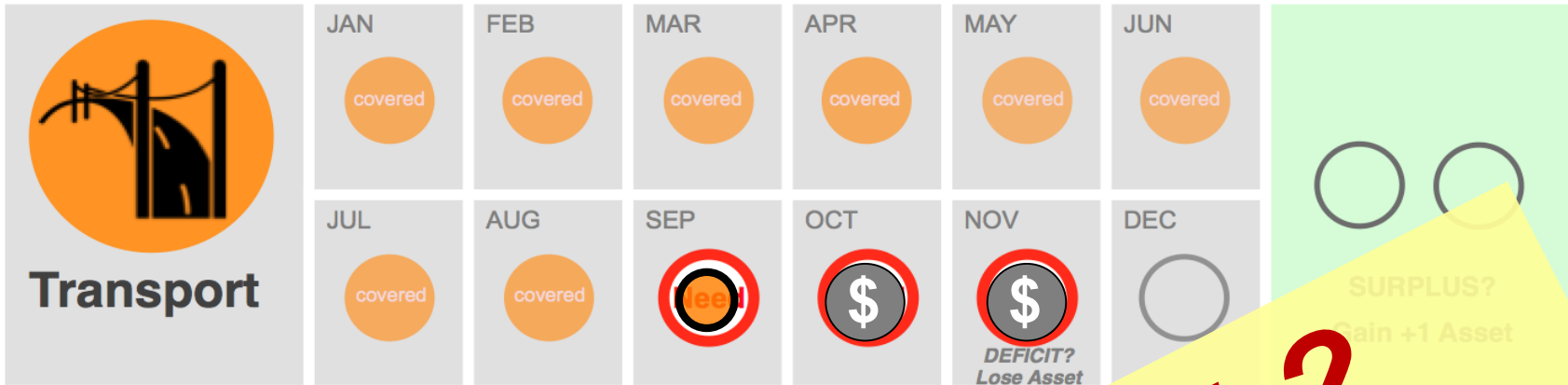


Min. Finance may cover Deficit



“Oh No!” Stand Up, Ask for Help

Aid: Min. Finance cover each Need



Not enough cash?

Min. Finance must explain decisions to Cabinet

Min. Finance must explain decisions to Cabinet

Min. Finance must explain decisions to Cabinet

Or sell 1 asset



Could Shocks lead to Big Deficit?

How to Get Funds Fast?

Year 3:
Shocks &
Loans

FinLoans, Inc.

“Borrow Now, Repay later”

(with interest)



Creditor will give a total of \$ 5m

Min of Finance must repay the Loan, as follows:

Year 1: \$ 1m

Year 2: \$ 1m

Year 3: \$ 2m

Year 4: \$ 2m

Year 5: \$ 2m

Year 6: \$ 2m

If Min. Finance can't repay, Creditor will take possession of 7 assets

Name and Signature

(Minister of Finance)



Bad Year for All
2 Assets Fail



Normal Year



Normal Year



Normal Year



Normal Year



Normal Year



Normal Year



Bad Year for Farmers
2 Assets Fail

Shake Tokens!

Year 4: DRFI

Funder



Line Ministries



DIALOGUE



Min. Finance

INSURANCE CONTRACT

“Pay annually. Get cash if *Bad Rains*”



Min. Finance will pay each year a premium of \$ 1

The insurer will deliver to Min. Finance a payout of \$ 6, immediately after the occurrence of a *'Bad Year for All'* card.

Name and Signature
(Minister of Finance)



CONTINGENCY LOAN

“Borrow right after shock, Repay later”

Bank will give a total of \$ _____, in case of occurrence of the following extreme event:
[describe verifiable event]

Min of Finance will repay the Loan, as follows:

Year 1: \$ 1
Year 2: \$ 1
Year 3: \$ 1
Year 4: \$ 1 or 2
Year 5: \$ 1 or 2
Year 6: \$ 1 or 2

Name and Signature
(Minister of Finance)



WHAT FINANCIAL INSTRUMENT ?

Consult: ~7 min

Submit

Not enough for all

Submit either "Ins" or "Cont. Loan"

At least one country will be left out

Funder will choose most favourable submissions

Deadline.

GROUP BY MINISTRY

SHAKE

Please Form trios: reflect on decisions

Groups of 3 players from different tables & different ministries

Each trio will briefly share:

- *One emotion*
- *One insight*

Five Steps Towards Strengthening Financial Resilience

1

- **Take Stock** of how disaster response is currently financed

2

- **Gather risk information** / carry out risk assessment

3

- Decide on **policy priorities**

4

- Build **financial protection strategy**

5

- Work with and improve **existing processes** for DRF

THANK YOU!!!

DISASTER RISK FINANCING AND INSURANCE PROGRAM (DRFIP)

MATERIALS

FinLoans, Inc.

“Borrow Now, Repay later”
(with interest)



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*Name and Signature
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INSURANCE CONTRACT

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CONTINGENCY LOAN

“Borrow right after shock, Repay later”

Bank will give a total of \$ _____, in case of occurrence of the following extreme event:

[describe verifiable event]

Min of Finance will repay the Loan, as follows:

Year 1: \$ _____

*Name and Signature
(Minister of Finance)*



Transport

JAN covered	FEB covered	MAR covered	APR covered	MAY covered	JUN covered
JUL covered	AUG covered	SEP Need	OCT Need	NOV Need <i>DEFICIT? Lose Asset</i>	DEC

SURPLUS?
Gain +1 Asset



Surplus? Buy 1 Asset


Deficit? Sell 1 Asset

MARKET

Tax? Get 2 coins

Aid? Spend coins





Food

JAN covered	FEB covered	MAR covered	APR covered	MAY covered	JUN covered
JUL covered	AUG Need	SEP Need	OCT Need	NOV Need <i>DEFICIT? Lose Asset</i>	DEC ○



SURPLUS?
Gain +1 Asset



Health

JAN covered	FEB covered	MAR covered	APR covered	MAY covered	JUN covered
JUL covered	AUG Need	SEP Need	OCT Need	NOV Need <i>DEFICIT? Lose Asset</i>	DEC ○



SURPLUS?
Gain +1 Asset



Education

JAN covered	FEB covered	MAR covered	APR covered	MAY covered	JUN covered
JUL covered	AUG Need	SEP Need	OCT Need	NOV Need <i>DEFICIT? Lose Asset</i>	DEC ○



SURPLUS?
Gain +1 Asset



Bad Year for All
2 Assets Fail



Normal Year



Normal Year



Normal Year



Normal Year



Normal Year



Normal Year



Bad Year for Farmers
2 Assets Fail

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Bad Year
2 Assets Fail



Normal Year



Normal Year



Normal Year



Normal Year



Normal Year



Normal Year



Normal Year

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Bad Year
2 Assets Fail



Bad Year
2 Assets Fail



Bad Year
2 Assets Fail



Bad Year
2 Assets Fail



Bad Year
2 Assets Fail



Bad Year
2 Assets Fail



Bad Year
2 Assets Fail



Bad Year
2 Assets Fail

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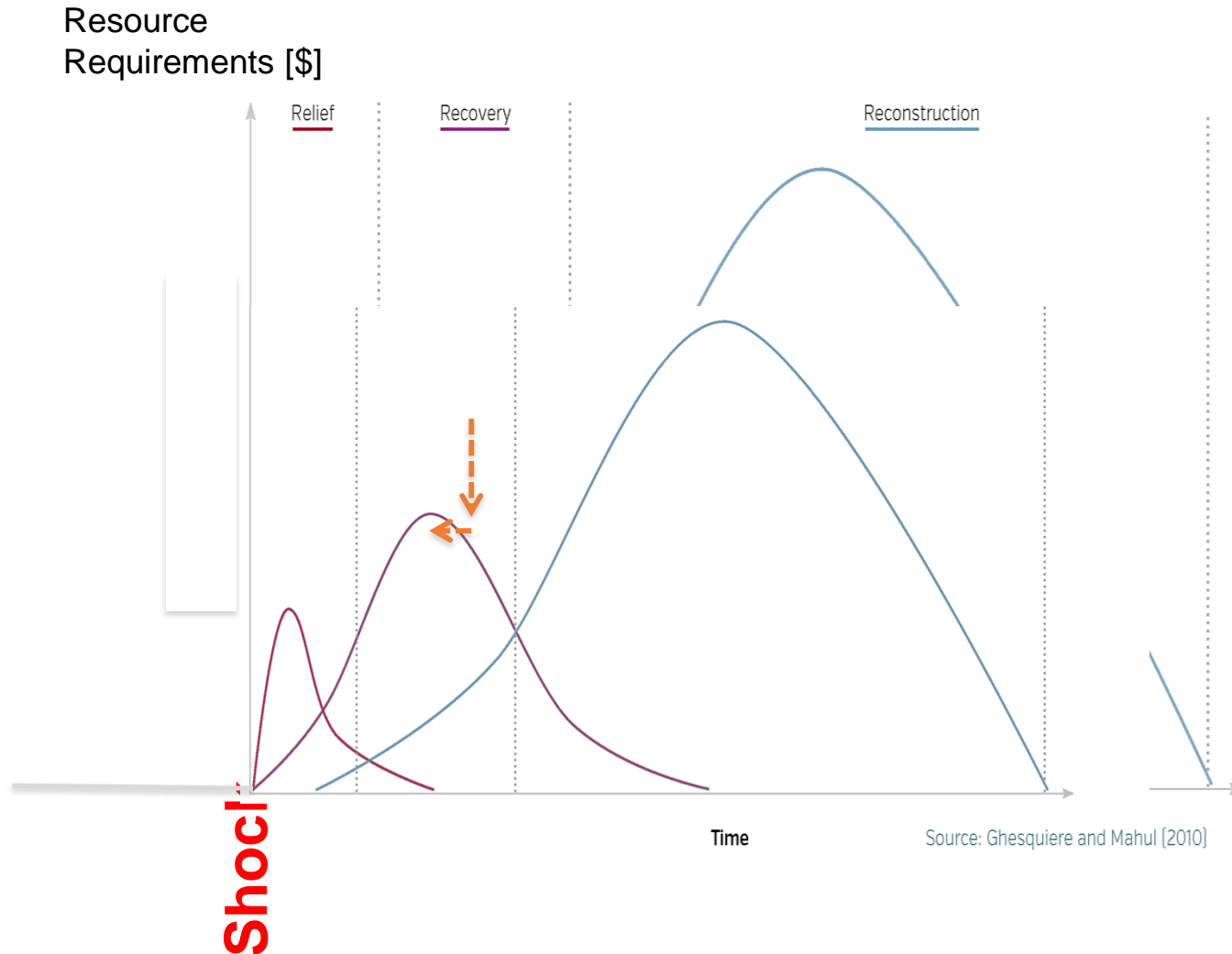


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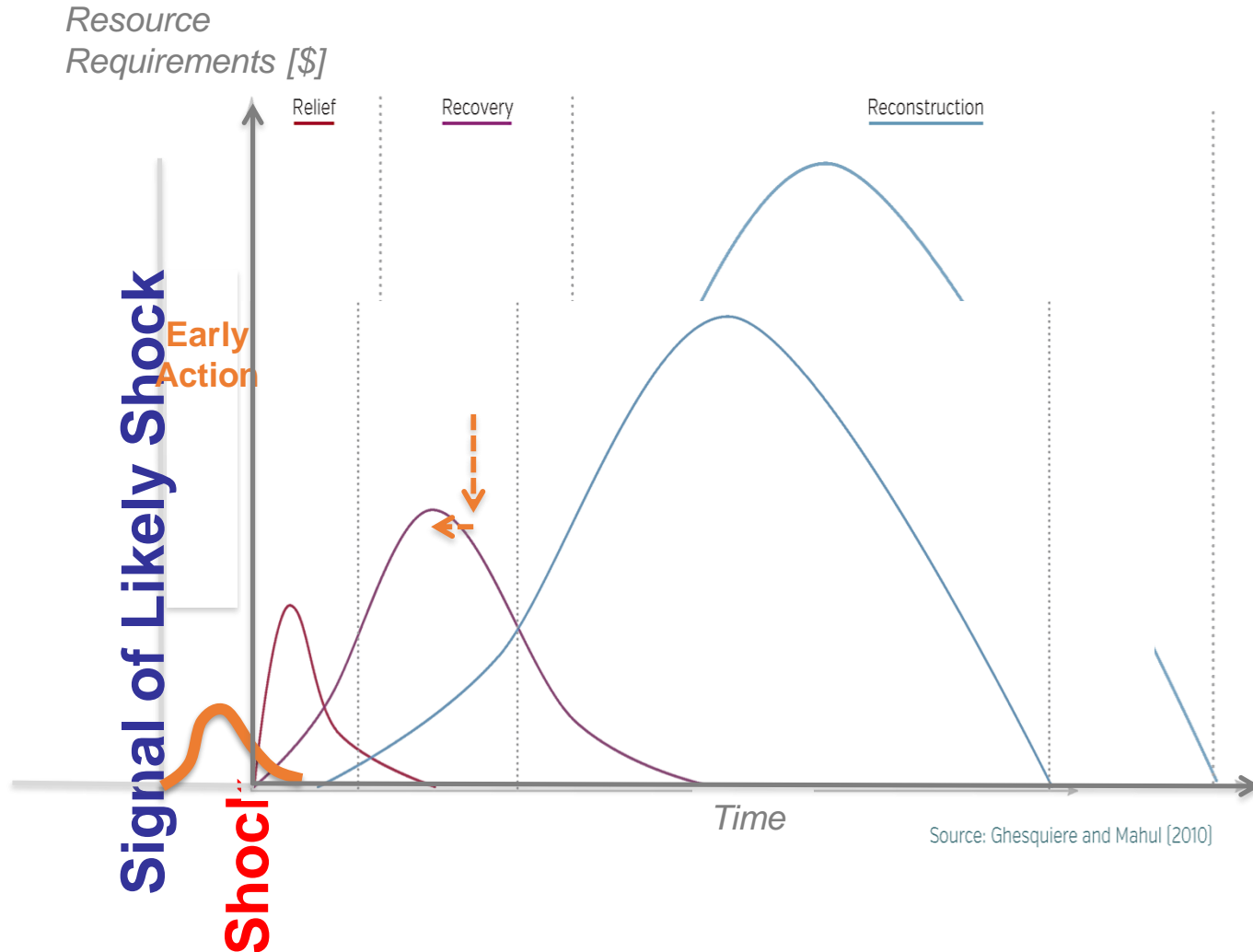
OTHER

Core Principle 1: Timeliness of funding

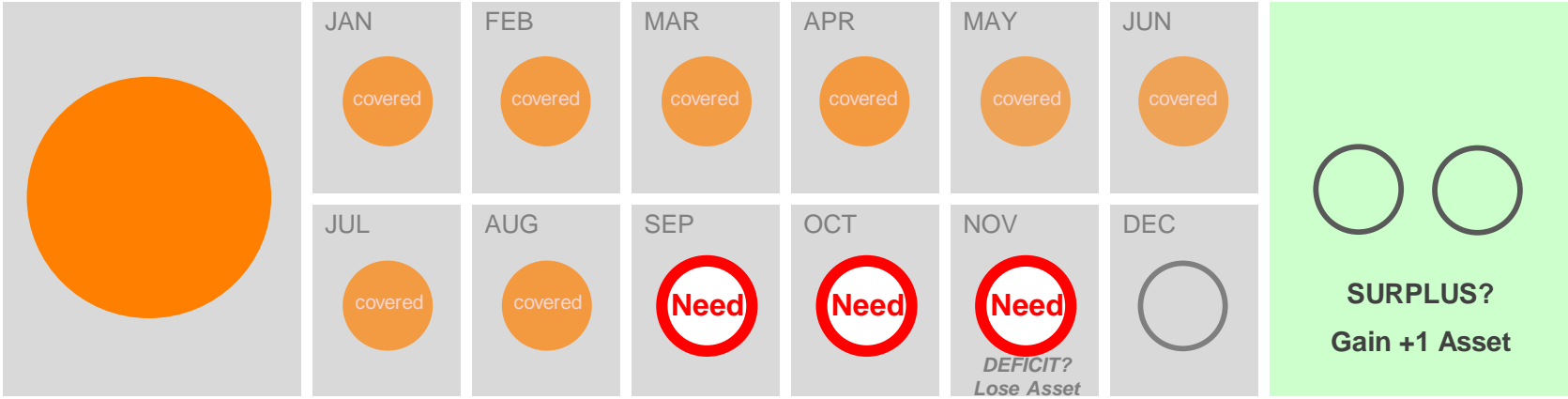


Speed matters, but not all resources are needed
Can we reduce total resources needed, while accelerating recovery?

Core Principle 1: Timeliness of funding



FORECAST-BASED FINANCING: Trigger resources for early action *before the shock*, after science says an extreme event is unusually likely



Surplus? Buy 1 Asset

Deficit? Sell 1 Asset

MARKET

Tax? Get 2 coins

Aid? Spend coins

