

GRiF

Annual Report



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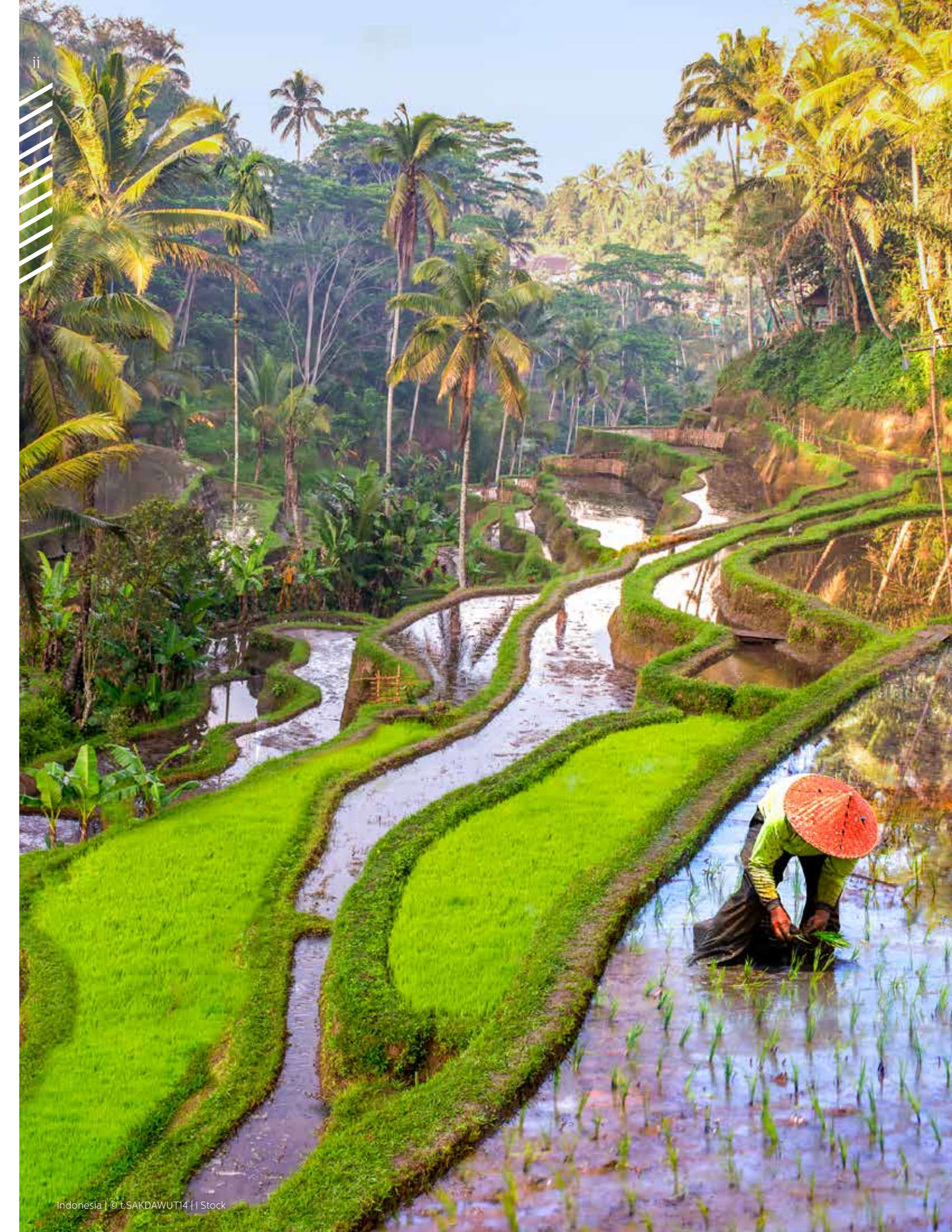
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ABBREVIATIONS AND ACRONYMS

AFE	Africa East and Southern Region (World Bank)
AFW	Africa West and Central Region (World Bank)
ASEAN	Association of Southeast Asian Nations
BDF	Business Development Fund (Rwanda)
BLW	Bridge lending window
BMZ	Federal Ministry for Economic Cooperation and Development (Germany)
CAT Bond	Catastrophe bond
CAT DDO	Catastrophe Deferred Drawdown Option
CDRFI	Climate and disaster risk financing and insurance
CERC	Contingent Emergency Response Component
CREA	Crisis Risk Finance Analytics (World Bank)
CSA	Climate smart agriculture
CVF	Climate Vulnerable Forum
DRF	Disaster risk financing
DRFI	Disaster risk financing and insurance
DRFIP	Disaster Risk Financing and Insurance Program (World Bank)
DRIVE	De-Risking, Inclusion, and Value Enhancement of Pastoral Economies (World Bank)
EAP	East Asia and Pacific Region (World Bank)
ECOWAS	Economic Community of West African States
FCDO	Foreign, Commonwealth & Development Office (UK)
FCS	Fragile and conflict-affected situations
FISP	Financial Inclusion Support Project (World Bank)
FSRP	Food System Resilience Program (World Bank)
FY22	Fiscal year 2022 (July 1, 2021, through June 30, 2022)
GDP	Gross domestic product
GFDRR	Global Facility for Disaster Reduction and Recovery (World Bank)
GRID	Green, resilient, and inclusive development
GRiF	Global Risk Financing Facility
IDA	International Development Association
IDF	Insurance Development Forum
IFC	International Finance Corporation
IGP	InsuResilience Global Partnership
MEL	Monitoring, evaluation, and learning
MENA	Middle East and North Africa Region (World Bank)
MPAC 2025	Master Plan on ASEAN Connectivity 2025 (ASEAN)
MSMEs	Micro, small, and medium enterprises
NaCSA	National Commission for Social Action (Sierra Leone)
NADP	National Agriculture Development Program (Democratic Republic of Congo)
NGFS	Network for Greening the Financial System
PPCG	Partial portfolio credit guarantee
PPP	Purchasing power parity
RFSR	Regional Food Security Reserve (ECOWAS)
SCTP	Social Cash Transfer Program (Malawi)
SEADRIF	Southeast Asia Disaster Risk Insurance Facility
SIDS	Small Island Developing States
UK	United Kingdom

All amounts are in US dollars, unless otherwise noted.

Executive summary



The Global Risk Financing Facility (GRiF) was designed to serve as a more flexible source of climate and disaster risk financing, and it has continued to assist developing countries access and pay for pre-arranged financing during a period of global uncertainty. Although more must be done to address the root causes of climate change, conflict, and other systemic shocks that continue to burden struggling countries, pre-arranged financing does act as a critical stopgap measure that can prevent crippling financial losses and the rolling back of development gains. Pre-arranged financing builds greater financial resilience, and GRiF's grants have enabled governments to navigate crises as they arise. As a result, countries in all regions are providing citizens with better protection from food insecurity and job loss, sending them emergency funds using rapid mobile payments, and rebuilding critical infrastructure following a disaster.

The portfolio

GRiF has received contributions of over \$316 million from donors since 2018. In turn, it has awarded grant funding of \$213 million to more than 40 World Bank projects including 13 Innovation Investments that enhance the quality and availability of climate and disaster finance risk data. Since inception, GRiF's grants have supported or cofinanced a World Bank project portfolio valued at over \$8 billion. The GRiF portfolio continues to address strategic areas of engagement across all regions of World Bank operations. The Africa East and Southern region (AFE) has received approximately 50 percent of GRiF's grants with the Africa West and Central (AFW) region receiving 21 percent and the East Asia and Pacific (EAP) region receiving 13 percent. Innovation Investments have received 6 percent of the total financing to date. The allocation of grants continued to follow these overall trends in the fiscal year 2022.

To align its grant making with the greatest need, more than three-quarters or 76 percent of GRiF's country projects have been in countries that qualify for zero or low interest loans through the World Bank's International Development Association (IDA). Total GRiF commitments in IDA countries is \$98 million. In addition, one-third of country projects and \$44 million in grants provide essential support to fragile and conflict-affected situations (FCS).

In the fiscal year 2022, GRiF had 18 projects in implementation, which support \$3 billion in World Bank project financing. Among these were three regional projects in Africa and Southeast Asia that support crossborder initiatives in 14 countries and four Innovation Investments that enhance institutional capacity and crisis risk analysis tools.

During the reporting period, GRiF also approved two new scoping grants that fund the technical assistance and initial analysis necessary to develop country-specific financial solutions. In the Lao People's Democratic Republic, GRiF is providing \$200,000 to lay the groundwork for what is known as a shock-responsive fund; it will cover the costs of road repair along a critical transportation corridor in the event of a shock, in this instance, severe flooding. A second \$200,000 grant will assess which risk transfer instruments will best provide Nepal the financial capacity to respond to earthquakes and flooding; in the last 20 years, the country has lost an estimated \$7 billion owing to earthquakes.





Solutions that build financial resilience in the face of crisis

Thanks to GRiF's grants countries around the world continue to benefit from increased access to pre-arranged financing. During the fiscal year 2022, governments continued to use their increased financial resilience to protect critical development gains in their countries.

- **Securing and scaling up social safety nets.** In Malawi, a \$21 million grant is strengthening the government's cash transfer payment system, allowing its main social safety net program to scale up. Through the program, \$6.3 million has already been disbursed to nearly 320,000 people. In Sierra Leone, an additional \$3 million grant provides technical assistance to the government to continue managing its successful safety net program, which has been a critical component of the country's COVID-19 response.
- **Increasing food security in Africa.** In West Africa, a \$25 million grant will facilitate the development of a regional financing instrument as part of the World Bank's West Africa

Food System Resilience Program (FSRP). In the Horn of Africa, GRiF is providing \$30 million to provide 1.6 million pastoralists with access to financial services, helping them to weather the worst drought in 40 years. These regional efforts are supplemented by direct support to countries like the Democratic Republic of Congo where a \$23 million grant will help protect the contributions smallholder farmers have invested in adopting climate smart agriculture practices.

- **Keeping credit flowing to micro, small, and medium enterprises (MSMEs).** In Rwanda, \$8 million in GRiF grants toward a bridge lending window and insurance backstop mechanism will lower the risk exposure of financial institutions to compound risk when they lend to MSMEs. In Burkina Faso, a \$12 million GRiF grant will help guarantee loans made by banks and microfinance institutions to MSMEs in the agriculture sector and those owned by women entrepreneurs.
- **Recovering from massive financial losses and preparing for the next disaster.** Jamaica suffered damages and losses of more than \$350 million from Hurricane Ivan in 2004. A \$16 million grant from GRiF helped Jamaica place a catastrophe (cat) bond that provides it with \$185 million in coverage against future storms. In Mozambique, the high concentration of population and economic activities in its coastal areas predisposes the country to large losses from tropical cyclones. GRiF's \$8 million grant will fund a risk transfer product and a national level disaster risk financing strategy.
- **Investing in crisis risk analytics and capacity building.** A \$4.2 million Innovation Investment grant provides ongoing support to the Crisis Risk Analytics Finance program. This fiscal year, under GRiF's pillar of work on financing in fragile and conflict-affected areas, the project team developed social risk modeling that can forecast changes in levels of violence in three provinces of the Democratic Republic of Congo. Another \$5.5 million grant is increasing the quality and number of disaster risk financing specialists in developing countries, a capacity strengthening program that will leverage a roster of international experts.

Bringing GRiF's experiences into policy dialogue

GRiF's experience over the past four years continues to demonstrate how important it is for the international community to focus policy dialogue in four key areas:

- Sustaining political and financial commitment in partner countries to reap the long-term benefits of disaster risk financing instruments;
- Combining customized financial instruments with policy reforms will offer countries the most effective financial protection;
- Creating new partnerships while expanding the efficacy and reach of existing initiatives will reduce fragmentation or duplication; and
- Mobilizing private risk capital is critical to complement limited public resources for climate adaptation and resilience.

Looking forward

The G7 in close partnership with the V20, a group of Finance Ministers of the most climate-vulnerable countries—presently 58 countries—launched the Global Shield against Climate Risks at COP27 in November 2022. This is a new initiative, building on the successes of the InsuResilience Global Partnership, to provide more and better pre-arranged finance to vulnerable countries and communities through instruments of climate and disaster risk finance and insurance (CDRFI). It aims to improve the coordination among key stakeholders who are active in the area of CDRFI. As one of three financing vehicles that will be a part of the Global Shield Financing Structure, it is envisaged to transform the GRiF into the Global Shield Financing Facility (GSFF). GRiF's flexible design will be an asset, allowing it to pivot and support the Global Shield's ambitious goals. Through the implementation of the Global Shield processes in 2023, GRiF will be able to participate in the Global Shield In-Country Dialogues to contribute to the stocktake and gap analyses.



ABOUT THIS REPORT

This Annual Report covers GRiF’s activities and results during the fiscal year 2022 (FY22), which ran from July 1, 2021, through June 30, 2022.

The first chapter covers the facility’s operation and structure. GRiF is a large multidonor trust fund administered by the World Bank whose activities and funding decisions are also aligned with the principles of major global partners.

The second chapter details the distribution of grants and illustrates how each active project receiving GRiF funding builds the financial resilience of partner countries. GRiF maintained a full pipeline of projects and, as in previous years, most of the projects focused on developing pre-arranged financing solutions at the country or regional level. A smaller portion of Innovation Investment projects focus on enhancing the quality and accessibility of the

data used to develop and refine disaster risk financing solutions, particularly for countries with technological or other capacity restraints. GRiF continues to focus on climate hotspots: (i) to test the feasibility of launching financial protection instruments in fragile and conflict-affected situations (FCS), and (ii) to meet the needs of countries with large vulnerable populations as well as those less populated ones whose geography makes them extremely vulnerable to climate change. With the ability to offer countries a wide range of financial protection instruments for numerous perils, GRiF’s grants address a country’s specific circumstances and risks. Projects can provide targeted financial protection to countries that confront heightened climate risks such as increased incidence of flooding or hurricanes. Projects can also finance certain sectors within the economy—such as MSMEs facing a credit crunch—or help address the consequences of compounded crises such as growing food insecurity. Finally, this chapter provides a deeper analysis of project beneficiaries—a critical component of GRiF’s ongoing evaluation activities—and a summary of how GRiF’s experience thus far can inform policy dialogue.

The third chapter summarizes how GRiF has been able to share its expertise with other practitioners and policy makers, activities which support its monitoring, evaluation, and learning (MEL) framework. The “Technical Talk” series is a cornerstone of GRiF’s expanded knowledge sharing efforts, and this fiscal year have featured projects meant to minimize the financial impact of COVID-19.

The future of GRiF is discussed in the fourth chapter, which explains the programmatic changes GRiF will make in the next fiscal year in support of the G7’s new Global Shield. GRiF will continue to leverage its connection to World Bank programs while contributing to a more coordinated global effort to improve climate and disaster risk financing.





Chapter **1**
About GRiF



1.1 WHAT GRIF IS

GRiF is a multi-donor trust fund that was established in 2018 and is administered by the World Bank. It is funded with contributions from the governments of Germany and the United Kingdom—through the Federal Ministry for Economic Cooperation and Development (BMZ) and Foreign, Commonwealth & Development Office (FCDO), respectively.

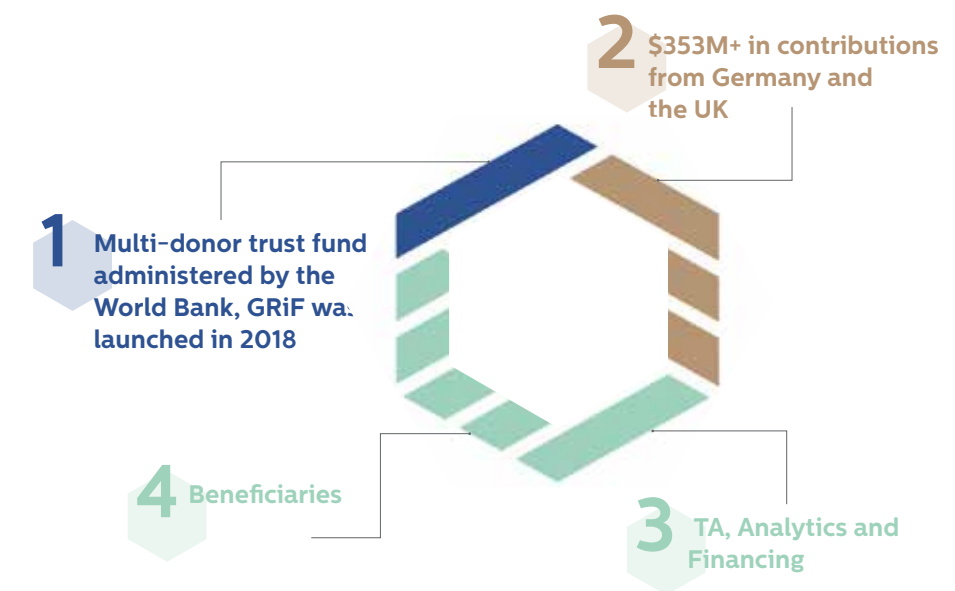
GRiF grants make it easier and more affordable for poorer countries to access financial instruments that offer protection from the economic impacts of climate shocks and other crises.

GRiF grants make it easier and more affordable for poorer countries to access financial instruments that offer protection from the economic impacts of climate shocks and other crises. A more predictable alternative to securing post disaster humanitarian aid, pre-arranged financing allows governments in poorer countries to avoid the need to divert money from national budgets when a disaster strikes. Properly structured, climate and disaster finance and insurance (CDRFI) are cost-effective, and it provides countries that rely heavily on foreign aid one possible avenue to greater financial independence.

Funding from GRiF cofinances or complements World Bank projects, and further embeds financial protection mechanisms into large scale development programs and contributes to longer term outcomes. GRiF's work is aligned with key World Bank climate initiatives, including the 2021–2025 Action Plan on Climate Change Adaptation and Resilience. GRiF similarly embraces the green, resilient, and inclusive development (GRID) approach, which posits that poverty and climate change are interrelated and need to be addressed simultaneously and systematically. GRiF complements and leverages other existing donor-supported risk financing programs administered by the World Bank that focus on the upstream technical assistance which contributes to better enabling environments for complex financial instruments. These programs include the Global Facility for Disaster Reduction and Recovery (GFDRR), and the Disaster

Risk Financing and Insurance Program (DRFIP) and its newly established Risk Finance Umbrella Program.

GRiF's activities and funding decisions are also aligned with the principles of major global partners, including the InsuResilience Global Partnership's Vision 2025. The G7 committed to insuring an additional 400 million people against climate and disaster risks in 2015, leading to the creation of the InsuResilience initiative, which then gained the support of the G20 and V20 countries¹ two years later to become the InsuResilience Global Partnership (IGP). As a member of the IGP and its Program Alliance, GRiF encourages greater collaboration across the CDRFI community. It works closely with other multistakeholder disaster risk finance programs—including the Insurance Development Forum and the Center for Disaster Protection—to capture, analyze, and act upon the lessons learned emanating from each member's projects.



Notes

1. The Vulnerable Twenty (V20) Group of Ministers of Finance of the Climate Vulnerable Forum is a dedicated cooperation initiative of economies systemically vulnerable to climate change.

1.2 WHAT GRiF FUNDS

GRiF reduces financial barriers associated with developing and placing disaster risk financing instruments. Grants that help defray financial barriers may cover, among other things, start-up costs, capital, and premium financing. In developing appropriate financial solutions, GRiF and governments plan how to cover the costs of continuing to use the financial solutions they developed once GRiF's grant money has been spent. This helps ensure long term financial resilience.

GRiF builds financial knowledge and institutional capacity through technical assistance grants. Governments need officials who are deeply versed in finance and policy and whose local insight leads to the most appropriate solutions for their countries to successfully implement their financial tools. In many countries, however, systemic challenges such as human capital flight or sustained conflict have significantly reduced institutional capacity. GRiF considers what kind of technical assistance will create the best enabling environment to ensure sustained uptake for its financial tools.

GRiF makes powerful data and analytics more accessible through Innovation Investments. Determining the right triggers and payout mechanisms for financial products require accurate, consistent, and up-to-date data. However, high quality data are often too expensive for poorer countries to invest in or are simply unavailable for more remote areas. GRiF believes such information should be a global public good, and it supports open data initiatives through its Innovation Investment grants. These grants allow governments to make more informed decisions about their financial planning, contribute to demand for financial solutions in new countries and sectors, as well as spur technical innovation that can further reduce the financial impact of natural disasters.

Governments need officials who are deeply versed in finance and policy and whose local insight leads to the most appropriate solutions for their countries to successfully implement their financial tools.



Rwanda | © Heejin Yu

Building Resilience Today, for Tomorrow – What GRiF Funds

Investments Supporting Risk Financing Instruments

- Start-up and operating costs
- Up-front capital
- Cost of Risk Financing Instruments
- Co-payment of insurance premiums

Types of Risk Financing Instruments supported by GRiF

- Sovereign insurance
- Catastrophe bonds
- Contingency funds
- Risk pools
- Partial credit guarantee schemes
- Adaptive social protection

Investments which embed pre-arranged funding to national deliver mechanisms

- Adaptive social safety nets
- Integrating disaster risk into public financial management systems

1.3 HOW GRiF IS STRUCTURED

As a joint initiative between Germany and the United Kingdom, this multidonor trust fund (figure 1.1) is overseen at the strategic level by Germany's Federal Ministry of Economic Cooperation and Development (BMZ) and the UK's Foreign, Commonwealth & Development Office (FCDO). The World Bank, Germany, and the United Kingdom form the GRiF Steering Committee. This committee serves as the primary governing body to decide priorities, guide, and supervise GRiF's program and activities. This fiscal year, the Steering Committee met twice.

The GRiF Secretariat is responsible for overall work planning and program administration of the trust fund. It also facilitates the working relationship with donors and partners. The Secretariat is jointly formed by the World Bank's Disaster Risk Financing and Insurance Program (DRFIP) in the Finance, Competitiveness, and Innovation Global Practice, and the Global Facility for Disaster Reduction and Recovery (GFDRR) in the Urban, Resilience, and Land Global Practice.

The Secretariat is supported by a multidisciplinary Technical Committee comprised of senior World Bank staff and representatives from donor agencies. During GRiF's first two years, the Technical Committee was responsible for building the project pipeline and for the technical review of individual grant proposals. With available funds largely programmed, its role was slightly modified, and members now participate in learning workshops and provide advice for projects in implementation.



Chapter 2

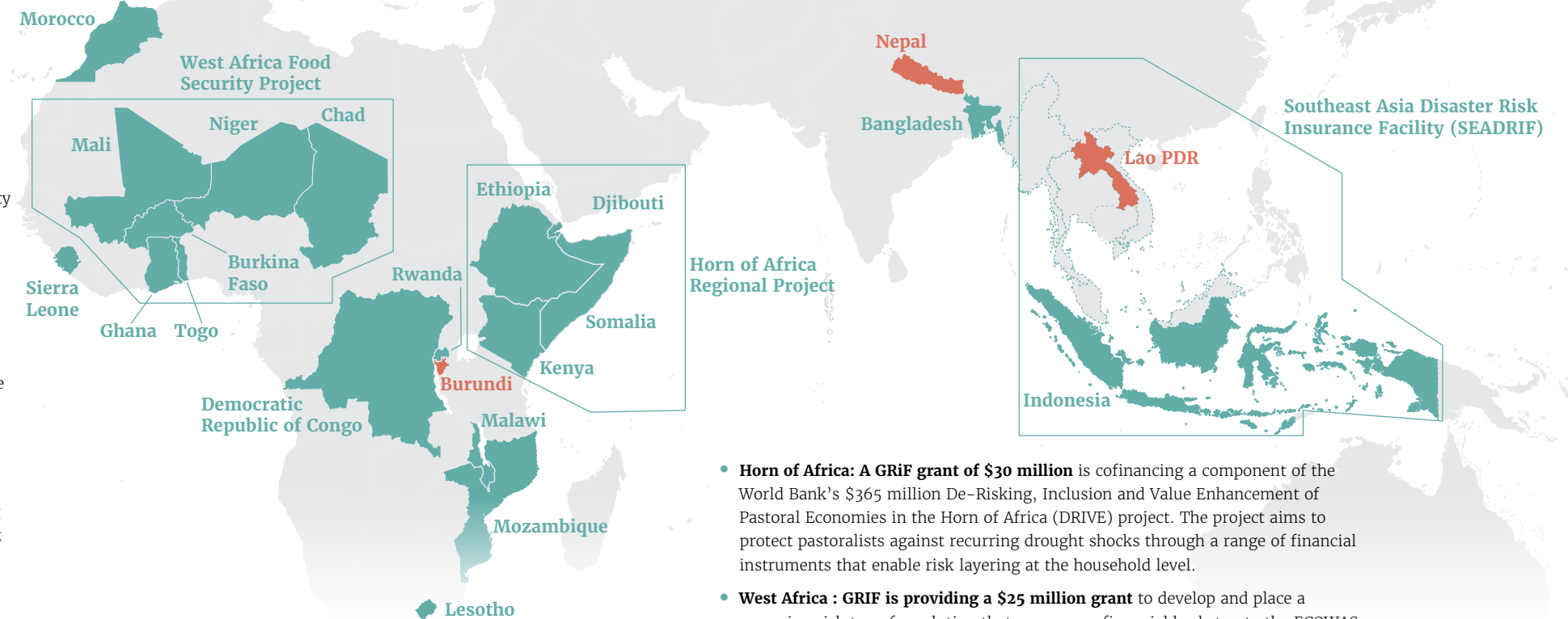
Portfolio Progress and Impact



GRIF AT WORK AROUND THE GLOBE

Country Grants*

- **Jamaica: \$16.4 million grant** supporting a \$70 million World Bank operation. This project finances premium payments for a risk transfer instrument that will expand the country's suite of financial preparedness instruments to protect its budget from climate shocks.
- **Morocco: \$5.3 million grant** supporting a \$200 million World Bank operation, to issue a catastrophe bond that will provide a sustainable, public funding mechanism to protect vulnerable households during catastrophes. The project also supports improvements to climate risk modeling, and awareness-raising of drought risks.
- **Mozambique: \$8.0 million grant** to strengthen the capacity of the Government of Mozambique to access and manage post-disaster financing including the co-financing of three years' worth of insurance premiums for sovereign risk transfer solutions for the government. The grant supports a \$90 million World Bank Operation.
- **Sierra Leone: \$5.5 million grant** to increase the financial resilience of extremely poor households in Sierra Leone to disasters and crises by supporting the establishment and scale-up of a shock-responsive social safety net. The grant is part of a \$30 million operation.
- **Malawi: \$21 million grant** is part of a \$125 million World Bank operation. This project enables the country's Social Cash Transfer Program to scale up during emergencies and funds the design of a parametric insurance instrument that will provide protection against more severe events.
- **Democratic Republic of Congo: \$21.5 million grant** to design risk transfer solutions that protects smallholder farmers' investments in climate resilience and supports agriculture and food security interventions. The grant is part of a \$500 million World Bank project.
- **Indonesia: \$14 million grant** will help the Government improve its response to disasters and thus protect its population and public finances, specifically by supporting timely implementation of the National Disaster Risk Financing and Insurance Strategy. The grant supports a larger \$500 million World Bank operation.
- **Southeast Asia: \$10.5 million grant** to support the development of the SEADRIF ecosystem. The project will enable SEADRIF to become a regional risk financing platform for all Association of Southeast Asian Nations (ASEAN) countries.
- **Rwanda: \$8.5 million grant** supporting a \$150 million World Bank operation. The project provides protection to low-income farmers and agribusinesses with high-quality insurance in the event of agricultural shocks and through a shock-responsive guarantee, to protect banks and MSMEs from climatic shocks such as drought and compound shocks.
- **Burkina Faso: \$12 million grant** to establish a crisis window in an existing Partial Portfolio Credit Guarantee and a linked loan restructuring facility in order to protect banks and microfinance institutions from compound risk of drought. The grant is part of a \$100 million World Bank operation.



Approved in this Fiscal Year

- **Bangladesh: A \$9 million grant** is supporting the development of two financial instruments that can offer communities living along the Jamuna River financial protection in the event of floods. The GRIF grant is part of one of a series of World Bank projects receiving \$1 billion in financing that focus on building the climate resilience of the Jamuna region.
- **Lesotho: GRIF is providing \$8 million** to help Lesotho better layer risk in its disaster risk financing plan through the capitalization of a MSME resilience window as well as co-finance insurance premiums. GRIF's project includes a range of technical assistance initiatives and is part of a larger \$45 million World Bank approved project.

- **Horn of Africa: A GRIF grant of \$30 million** is cofinancing a component of the World Bank's \$365 million De-Risking, Inclusion and Value Enhancement of Pastoral Economies in the Horn of Africa (DRIVE) project. The project aims to protect pastoralists against recurring drought shocks through a range of financial instruments that enable risk layering at the household level.
- **West Africa: GRIF is providing a \$25 million grant** to develop and place a sovereign risk transfer solution that serves as a financial backstop to the ECOWAS Regional Food Security Reserve (RFSR) as part of the World Bank's \$718 million West Africa Food System Resilience Program (FSRP).

Scoping

- Burundi
- Nepal
- Lao PDR

● Full Projects in Implementation ● Countries in Scoping

*This map shows select projects in GRIF's portfolio including those which have received full grants and are in implementation and those in scoping.

2.1. OPERATIONAL REVIEW: AREAS OF ENGAGEMENT

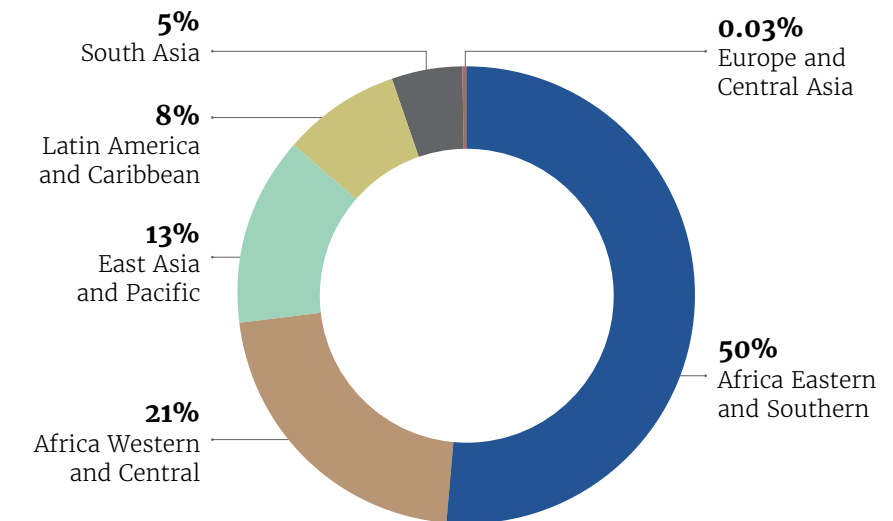
Overview of the portfolio

Since GRiF's establishment in 2018, it has received contributions of \$316 million from donors, as stipulated in the administrative agreement with each donor. At the end of the reporting period, GRiF had awarded grants totaling \$213¹ million to more than 40 World Bank projects, including 13 Innovation Investments. These grants support or cofinance a World Bank project portfolio valued at more than over US\$8 billion. The majority of GRiF's grants support country and regional activities, while about 6 percent of the funding has gone to Innovation Investments. Forty-six percent of projects are in implementation, 15 percent have completed their scoping activities, and 8 percent of projects are undertaking their scoping activities.

GRiF has awarded grants totaling \$213 million to more than 40 World Bank projects, including 13 Innovation Investments.

From the outset, GRiF's donors envisaged a truly global vehicle, and the facility is operating in every region. In building its portfolio, GRiF has had to consider how climate, disaster, and other risks threaten countries and regions differently. Countries with large, vulnerable populations have great quantitative need, whereas small island developing states (SIDS) face an existential threat from climate change. Financial need is also a factor, and more than three-quarters or 76 percent of GRiF's country projects are in countries that belong to the World Bank's International Development Association (IDA), which was created for the world's poorest countries. Total commitment in IDA countries is \$98 million.

Figure 2.1: Distribution of project grant amounts by World Bank regions*



Source: GRiF

Note: *This does not include deprioritized or dropped projects.

GRiF has invested heavily in pre-arranged financing initiatives and technical assistance throughout Africa in line with its focus on climate hotspots. The Africa Eastern and Southern (AFE) region has received about 50 percent of grant funds, followed by Africa Western and Central (AFW) region and East Asia and Pacific (EAP) region with 21 percent and 13 percent respectively (figure 2.1). Six of the ten projects receiving the most funding are based in Africa, with the flagship projects in the Horn of Africa and West Africa having received the most funding to date (table 2.1). These projects leverage existing regional disaster risk financing resources and have the potential to significantly improve food security across multiple countries.

Table 2.1: Top ten country and regional recipients of GRiF grants.*

#	Country/Region	Size of grant in USD
1	Horn of Arica	\$30.0 million
2	West Africa	\$25.2 million
3	Congo, Dem. Rep.	\$23.2 million
4	Malawi	\$21.2 million
5	Jamaica	\$16.4 million
6	Indonesia	\$14.2 million
7	Burkina Faso	\$12.1 million
8	Southeast Asia	\$10.6 million
9	Bangladesh	\$9.4 million
10	Lesotho	\$8.7 million

Source: GRiF
 Note: *This does not include deprioritized or dropped projects.

GRiF is committed to testing disaster risk financing solutions in fragile and conflict-affected situations (FCS) across regions although they are inherently more challenging to implement and difficult to sustain over time. One-third of country projects and \$44 million in grants provide essential support to FCS.

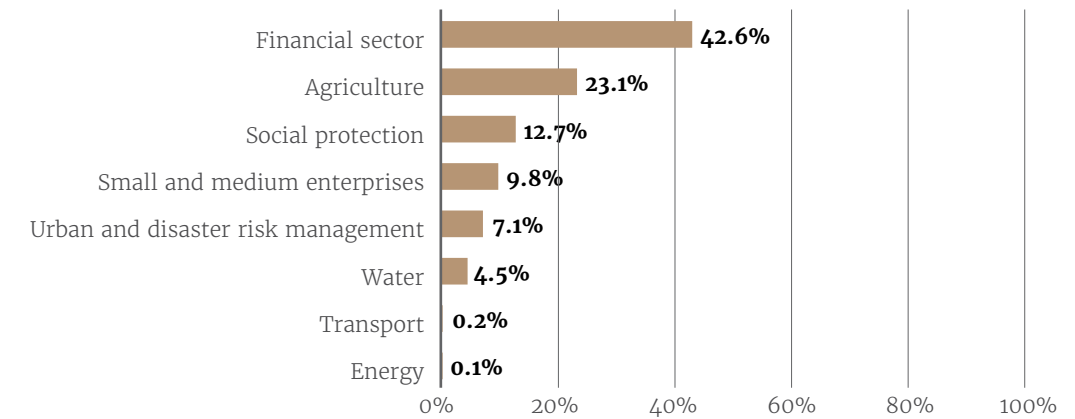
One-third of country projects and \$44 million in grants provide essential support to FCS.

GRiF is helping embed disaster risk financing principles and knowledge across sectors. GRiF is engaged with eight sectors of World Bank operations: finance, urban and disaster risk management, agriculture, social protection, water, SMEs, transport, and energy (figure 2.2). GRiF was able to build upon ongoing disaster risk financing (DRF) initiatives in some of its finance and agriculture projects, making them excellent choices for further engagement. GRiF continues to look for additional opportunities to increase DRF principles in transport or energy projects.

FY22 portfolio

GRiF had 18 projects in implementation in its reporting year 2022. These support \$3 billion in World Bank project financing in 23 countries across six regions. In keeping with GRiF’s strategic imperative to increase coordination and reduce duplication or fragmentation in CDRFI initiatives, among the 18 projects under implementation, 72 percent have private sector involvement and 22 percent include non-traditional partners such as civil society organizations (CSOs).

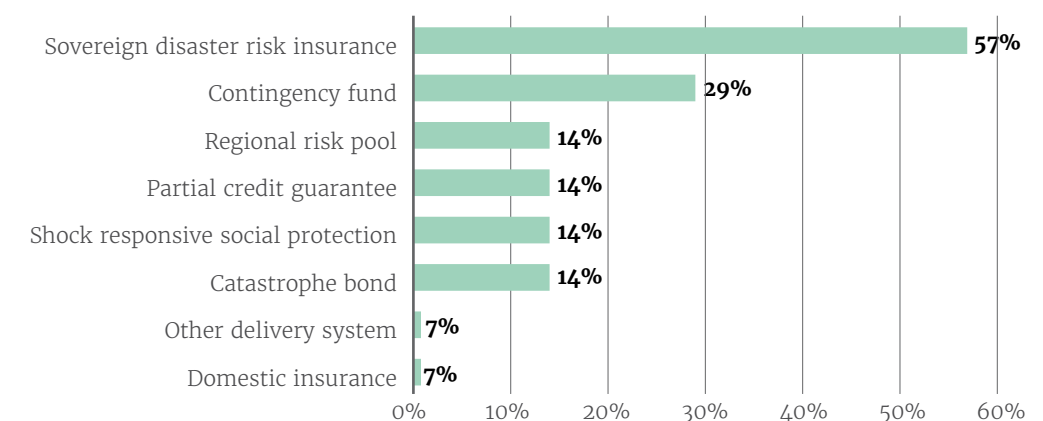
Figure 2.2: Distribution of project grant amount by sectors.*



Source: GRiF
 Note: *This does not include deprioritized or dropped projects.

More than half of the projects active in the fiscal year 2022 (FY22) are developing sovereign disaster risk insurance (figure 2.3). The demand for sovereign risk insurance remained high in FY22, as it provided a first line of defense against catastrophic financial loss for countries in the process of developing climate and disaster risk strategies. GRiF also supported the development and implementation of a range of additional CDRFI instruments to help countries achieve both the retention and transfer of risks. Such instruments include contingency funds, catastrophe bonds,

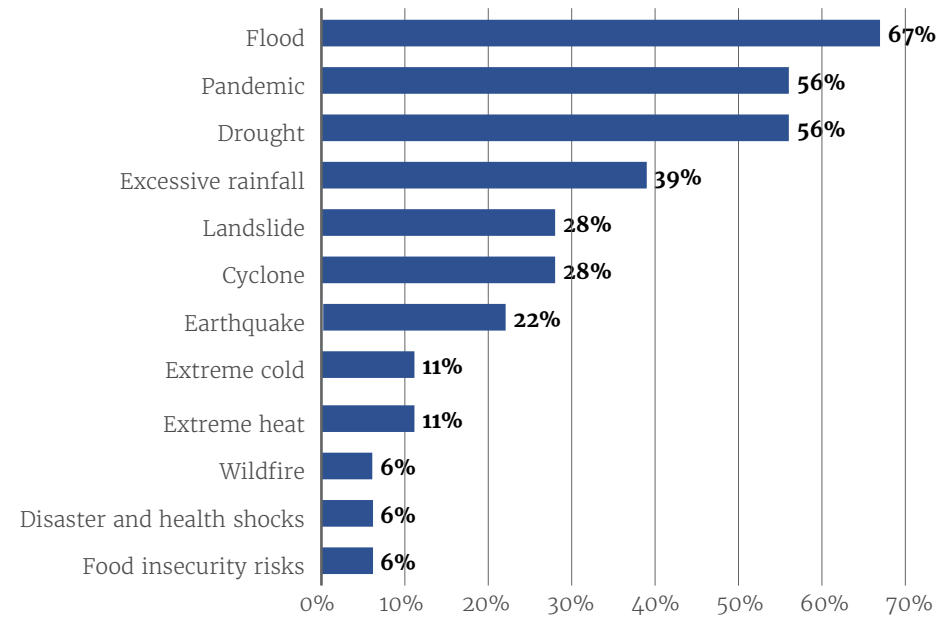
Figure 2.3: Distribution of projects by financial instruments adopted.*



Source: GRiF Task Team Reports.
 Note: *This does not include 3 scoping projects.

shock-responsive social protection, partial credit guarantees, regional risk pools, and domestic insurance. These financial instruments provided coverage against twelve major perils (figure 2.4), with countries most frequently requesting protection from the effects of floods in 67 percent of projects, the COVID-19 pandemic in 56 percent of projects, and droughts in 56 percent of projects. Given the compound nature of risks, projects often aim to address more than one peril.

Figure 2.4: Distribution of projects by perils covered.*



Source: GRiF Task Team Reports.
Note: *This does not include 3 scoping projects.



2.1.1. Progress update: Country grants

Countries in every region are testing and implementing disaster risk financing solutions with the assistance of GRiF grants. The following projects under implementation demonstrate the benefit of embedding GRiF's projects in World Bank operations, a complementary approach that contributes to long term and more widespread development outcomes.

BANGLADESH: WHEN THE JAMUNA RIVER FLOODS, SAFETY NETS PROVIDE AFFECTED COMMUNITIES WITH DIRECT ACCESS TO EMERGENCY FUNDS

Bangladesh is extremely vulnerable to the effects of climate change and has seen repeated floods for decades. The Global Climate Risk Index ranks Bangladesh as one of the world's most affected countries, with flooding presenting numerous risks. It is estimated that a one-meter rise in sea levels would submerge 18 percent of arable land in coastal areas, decimating the agriculture sector, and by 2050, disasters could contribute to more than 13 million Bangladeshis becoming internal climate migrants. The country has several pre-arranged financing instruments in place to respond to emergencies, and approximately 80 percent of its \$1.5 billion long term disaster resilience and reduction budget is earmarked to address flood risk.

How GRiF is supporting

GRiF provided a \$9 million grant to support the development of two financial instruments that can offer communities living along the Jamuna River financial protection in the event of floods. The first is a macro level flood risk transfer product, which has the government as the policy holder and the neighboring communities as beneficiaries. The second is a community protection fund in which a designated account is created within the Ministry of Finance but, again, the communities are the beneficiaries, should either instrument be triggered. The GRiF grant will finance: (i) start-up and operational costs for both instruments; (ii) premiums for the flood risk transfer product; (iii) creating the necessary ecosystem for both instruments to function optimally; and (iv) technical implementation support. This project is one in a series of World Bank projects receiving \$1 billion in financing that focus on building the climate resilience of the Jamuna region.

GRiF provided a \$9 million grant to support the development of two financial instruments that can offer communities living along the Jamuna River financial protection in the event of floods.

PROGRESS UPDATE

A preliminary analysis of flood risk in the region and a feasibility study are completed. The project team is now developing an implementation roadmap for the government that outlines criteria for selecting appropriate sites, identifying beneficiaries and community partners, and determining payment modalities and providers. The project design has been informed by consultations with government officials, civil society organizations, and development partners, particularly Oxfam, START Network, and the World Food Programme, all of whom are already implementing similar engagements. The World Bank Board of Directors is scheduled to review the broader Jamuna River project in April 2023, pending the government's integration of the project within its budget processes.



BURKINA FASO: ENSURING MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMES) RECEIVE THE LOANS THAT KEEP THEIR BUSINESSES AFLOAT

With nearly 90 percent of the population engaged in subsistence farming, Burkina Faso's MSMEs are the fragile backbone of its economy. The country has 65,000 such formal enterprises and an additional 1.4 million informal ones. The Government of Burkina Faso has adopted an Emergency Response and Recovery Plan; however, the plan faces a financing gap, particularly for the economic recovery of the private sector. In response to the COVID-19 pandemic and the potential compounding effects of other threats, the World Bank's Financial Inclusion Support Project (FISP) was restructured to assist the government in crowding in private capital to support MSMEs during this difficult period.

How GRiF is supporting

GRiF provided \$12 million to enhance the capacity of Burkina Faso's existing partial portfolio credit guarantee (PPCG). With initial capital of \$35 million, FISP set up a PPCG fund to guarantee loans made by banks and microfinance institutions to MSMEs in the agriculture sector, as well as those owned by female entrepreneurs. A new crisis response window within the existing credit guarantee fund was added to support small firms affected by the pandemic. Funding from GRIF bolsters the crisis response window by covering restructured loans and short-term working capital loans to MSMEs that are likely to return to productivity although drought or the pandemic have impacted their business.

GRiF provided \$12 million to enhance the capacity of Burkina Faso's existing partial portfolio credit guarantee (PPCG).

The new crisis window complements five other ongoing World Bank programs targeting the agricultural sector, social protection initiatives, and climate resilience in Burkina Faso. The project dovetails with support measures being taken by the Central Bank of West African States to provide liquidity, make concessional loans, and promote electronic payments. Furthermore, GRiF funds support Burkina Faso in developing its first comprehensive disaster risk financing strategy. The funds help it tie together existing disaster finance and management initiatives, which include social safety nets, national funds set aside for disaster relief, a small-scale crop insurance pilot, and a sovereign risk transfer instrument.



PROGRESS UPDATE

Despite periodic suspension of World Bank operations in Burkina Faso during the fiscal year owing to political instability, the project team advanced work in several key aspects. In the reporting period, the crisis response window of the PPCG scheme became fully operational for firms impacted by COVID-19. The project team also developed a risk financing work program to structure the country's approach for supporting MSMEs whose financial solvency is threatened by disasters and presented it to national stakeholders. It also analyzed existing non-performing loans, and the findings will inform wider disaster risk financing policies in Burkina Faso. Additionally, a collaborative effort with the African Development Bank and the Africa Risk Capacity trained 30 key decision makers in the country on disaster risk finance fundamentals.



Burkina Faso | © U.OzelImages | iStock

THE DEMOCRATIC REPUBLIC OF CONGO: PROTECTING FARMERS' INVESTMENTS CAN ENCOURAGE MORE OF THEM TO TRANSITION TO CLIMATE SMART AGRICULTURE PRACTICES

Although the Democratic Republic of Congo is the second largest country in Africa by area and has more than 80 million hectares of arable land, many Congolese are struggling with food insecurity. Excess rainfall, locust invasions, an ongoing conflict, new Ebola outbreaks, and the COVID-19 pandemic have all contributed to the crisis.

How GRiF is supporting

GRiF provided a grant of \$23 million to protect the contributions smallholder farmers invested in adopting climate smart agriculture (CSA) technologies and practices. CSA is an integrated and sustainable approach to manage cropland, livestock, forests, and fisheries that addresses both food security and climate change. During the transition period—and before their investments have paid off—the smallholder farmers' land and livelihoods are particularly vulnerable to extreme weather events. GRiF is financing a parametric insurance instrument, including \$20 million to cover premium costs for five years, and \$3 million in technical assistance to build in-country capacity. Should this parametric insurance instrument prove successful, the Democratic Republic of Congo may also consider additional risk transfer solutions that cover other agricultural risks such as disease outbreaks among animals or plants.

The risk-transfer solution backstops the \$500 million World Bank investment in the National Agriculture Development Program (NADP), which transitions smallholder farmers from subsistence to commercial farming, and promotes private

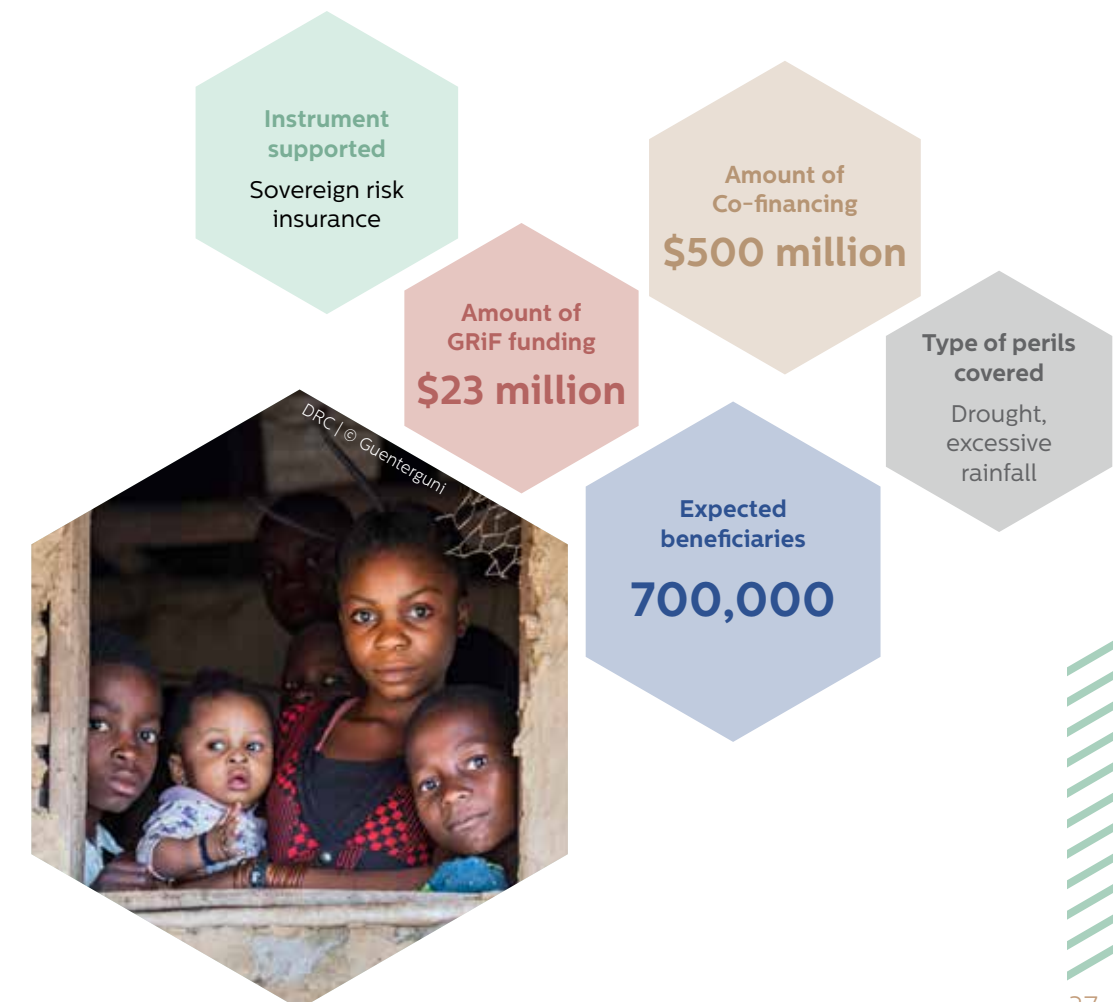
GRiF provided a grant of \$23 million to protect the contributions smallholder farmers invested in adopting climate smart agriculture (CSA) technologies and practices.

investment in commercial agriculture. The first phase, approved at the end of last fiscal year, provides direct support to more than one million smallholder farmers over five years, encouraging them to adopt CSA technologies and practices. These efforts will be complemented by investments to improve market access, including improving the network of rural roads and strengthening the capacity in relevant ministries.

The NADP includes a \$20 million World Bank contingency emergency response component—pre-allocated contingent emergency response component (CERC)—that covers events of lower severity or of higher frequency. NADP funds can be allocated to reimburse farmers for losses suffered from those type of events, as well as those non-insurable risks related to plant or animal health. The GRiF-funded risk transfer solution will backstop CERC by covering extreme weather shocks.

PROGRESS UPDATE

This parametric insurance mechanism is the first of its kind in the Democratic Republic of Congo. The project team has consulted with the government, the World Food Programme, insurance regulators, and the private sector regarding the design of this insurance instrument. The project team is working with catastrophic modeling to determine the most suitable pricing structure and triggers. Design of the parametric insurance product is being done in parallel with another World Bank Group program—the IFC’s Global Index Insurance Facility. Together they are drafting a sandbox regulation for the parametric insurance, which will allow time-bound testing of the product under regulatory oversight. A pilot of the final parametric insurance mechanism will be launched next fiscal year.



INDONESIA: A POOLING FUND SIGNIFICANTLY STRENGTHENS NATIONAL DISASTER RISK FINANCE AND INSURANCE EFFORTS

The Government of Indonesia developed a comprehensive disaster risk finance and insurance strategy, which was launched by the Minister of Finance in 2018. Indonesia has historically suffered from earthquakes, tsunamis, volcanic eruptions, mass flooding and landslides. Many countries are faced with one of these disasters at one time or another; Indonesia frequently faces all of them. Located within the Pacific “Ring of Fire,” 76 out of the 147 volcanoes in Indonesia are active, making the country one of the most disaster-prone places in the world.

How GRiF is supporting

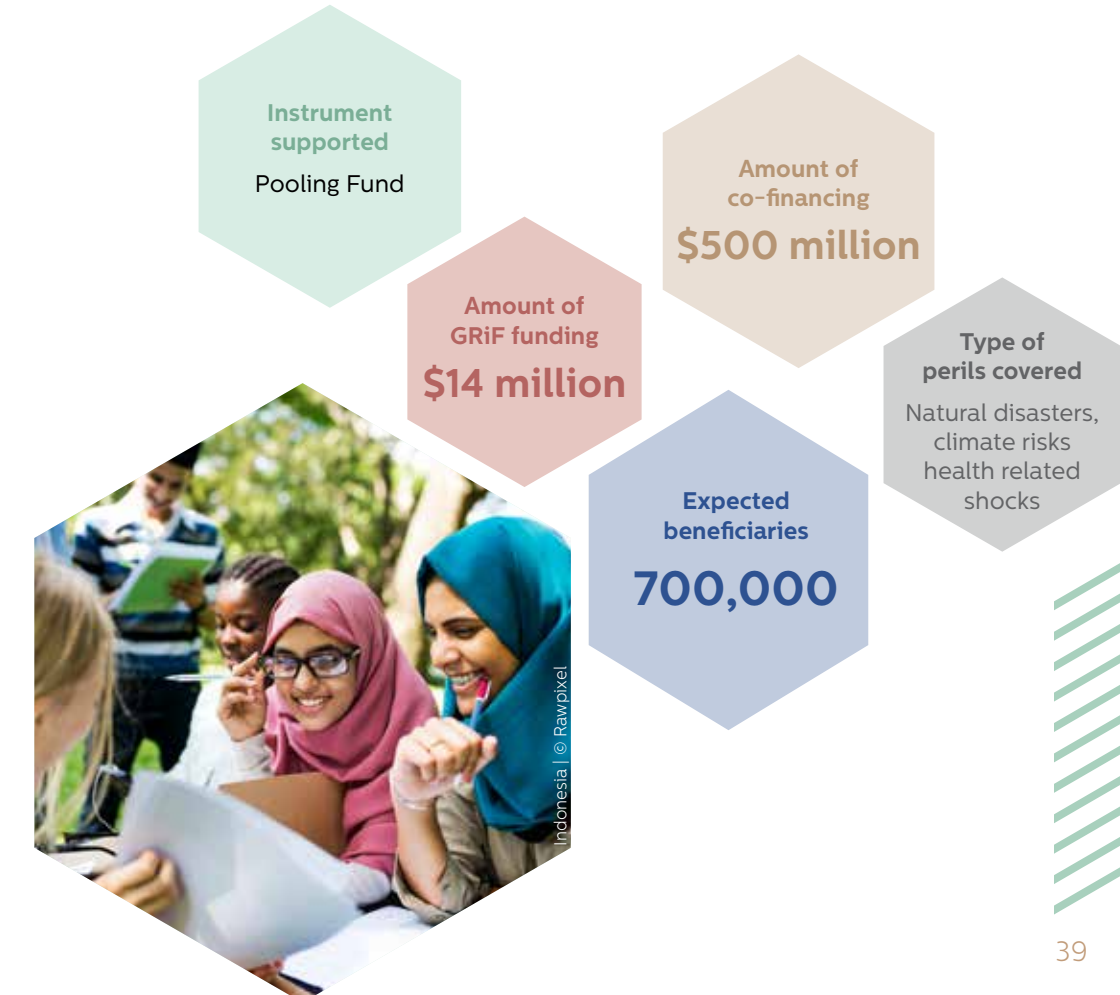
GRiF provided a \$14 million grant to cofinance a project that increases the government’s technical capacity to manage a pooling fund. The GRiF grant is part of a \$500 million World Bank lending operation that supports Indonesia’s efforts to build and strengthen its financial response to natural disasters, climate risks, and health-related shocks, such as the COVID-19 pandemic. Legalized in August 2021, the pooling fund serves as a central mechanism that will help ensure effective and transparent flow of money to relevant government agencies, resulting in faster social assistance payments for disaster victims and improved preparedness. Over time, the pooling fund will leverage domestic and international insurance, as well as capital markets, to increase its financial capacity. The lending operation will also invest in activities to improve financial planning, such as introducing budget tracking for disaster-related expenditures. GRiF’s grant is financing the pooling fund’s start-up and operating costs, as well as the technical expertise needed to unite the country’s disaster risk finance instruments under a centrally coordinated mechanism.

GRiF provided a \$14 million grant to cofinance a project that increases the government’s technical capacity to manage a pooling fund.

PROGRESS UPDATE

This fiscal year, GRiF funding enhanced technical capacity, supporting activities necessary to lay the groundwork for the pooling fund. The project team began developing strategic and budget plans, a risk finance strategy, budget tracking guidelines, and the framework for an environmental and social management system. The disaster information database was updated as well. The modalities for appointing a management structure and a steering committee for the pooling fund were set up, pending the approval of the Ministry of Finance. The government has also begun drafting the regulation for operationalizing the pooling fund. The pooling fund design is expected to be operational before the end of next fiscal year.

The team continues to collaborate with the Ministry of Finance to potentially bring the state assets insurance program within the pooling fund mechanism.



JAMAICA: NEW CATASTROPHE BOND ADDS ANOTHER LAYER OF FINANCIAL PROTECTION AGAINST COSTLY HURRICANES

Natural disasters have cost Jamaica an estimated \$1.2 billion between 2001 and 2010. The damages and losses from Hurricane Ivan in 2004 alone exceeded \$350 million. The government is implementing a disaster risk financing strategy that aims to improve its financial resilience through pre-arranged financing instruments, which include a contingency fund, contingent credit, and catastrophe insurance from the Caribbean Catastrophe Risk Insurance Facility. To complement these efforts, the World Bank issued a catastrophe (CAT) bond in July 2021 that provides Jamaica with \$185 million of insurance cover for eligible named storm events from July 2021 to December 2023.

How GRiF is supporting

GRiF provided \$16 million, which assisted the government in developing and implementing a risk transfer instrument, a CAT bond that provides additional coverage of \$185 million. The CAT bond was issued by the World Bank on behalf of Jamaica; GRiF pays for the premiums, which are held in account by the World Bank Treasury and then paid to private sector risk carriers. The proceeds of the bond are being held by the World Bank, and if a covered event occurs, the World Bank Treasury will pay Jamaica the proceeds of the bond. The CAT Bond helps reduce the prevailing financial gap and, together with Jamaica's other DRF instruments, provides a more efficient risk layering strategy that increases financial protection against natural disasters and climate shocks.

The CAT bond builds upon the World Bank's other programs that support Jamaica's disaster risk management efforts. Projects aimed at enhancing social safety net systems improved distribution channels within the country; proceeds from the CAT bond and other financial instruments can therefore reach those with the greatest need faster and more effectively. Technical assistance provided in advance of placing the CAT bond also strengthened Jamaica's overall disaster risk financing and insurance framework.

GRiF provided \$16 million, which assisted the government in developing and implementing a risk transfer instrument, a CAT bond that provides additional coverage of \$185 million.

PROGRESS UPDATE

The World Bank finalized structuring and placement of the \$185 million CAT bond at the beginning of the reporting period. After the successful placement of the CAT bond, Jamaica has championed the development of a regional Caribbean CAT bond to be placed in the market when its own CAT bond expires. The government has signaled its willingness to use its own resources to pay for the premiums.

In the meantime, the government is advancing critical policy initiatives. Draft legislation that strengthens DRF institutions, processes, systems, and guidelines were approved by the Cabinet for tabling in Parliament as a Green Paper. The public consultation period of the Green Paper is expected to be completed in the first half of the next fiscal year.



LESOTHO: FINANCIAL SUPPORT FOR MSMEs WILL CREATE A MORE COMPETITIVE AND INCLUSIVE PRIVATE SECTOR

Lesotho, a lower-middle-income country, is struggling with persistently high levels of unemployment, informal work, inequality, and poverty—all of which have been further exacerbated by the COVID-19 pandemic. A large public sector is crowding out the private sector, creating a lack of diversification in the economy and a largely informal workforce that receives little government support. The loss of income that self-employed people, in particular women, suffer following a disaster can have large and catastrophic effects on families and communities, emphasizing the need for rapid support to MSMEs owned by women.

How GRiF is supporting

GRiF provided \$8 million to Lesotho for it to better layer risk in its disaster risk financing plan. A resilience window for MSMEs will be created within the government's existing contingency fund and a sovereign insurance backstop will provide financial support to vulnerable MSMEs following a climate shock or other disaster. GRiF funds will capitalize the MSME resilience window, which will provide cash transfers to eligible MSMEs, as well as cofinance insurance premiums. GRiF's project includes a range of technical assistance initiatives. Such funds will support the Ministry of Finance to develop a national disaster risk finance strategy and to structure its contingency fund in line with international best practices. Furthermore, additional work will help the government develop a registry of informal MSMEs that are eligible for assistance and improve digital financial services to speed up payments during disasters. Relief grants provided during the COVID-19 pandemic used mobile money channels to send payments quickly and transparently. The success of this model will inform the technical assistance being funded by GRiF. Finally, as part of the project, women who own MSMEs will receive financial literacy and digital payments training.

GRiF provided \$8 million to Lesotho for it to better layer risk in its disaster risk financing plan.

PROGRESS UPDATE

The project was approved and launched this fiscal year. The project team is in the final stages of hiring a coordinator who will act as the focal point for the financial resilience agenda within the Government of Lesotho. The team is also in the process of registering informal MSMEs that are eligible to receive assistance. Funding also supported procurement related to a value-for-money analysis that will inform the design a sovereign insurance product that best suits Lesotho's financing needs. Finally, GRiF grants supported the finalization of a strategy, which will guide the country in systematically developing and managing DRF instruments.



MALAWI: SCALING UP A SUCCESSFUL SOCIAL PROTECTION PROGRAM

Compared to almost every other country in the region, Malawi faces a higher sensitivity to drought events, making it particularly susceptible to any increase in extreme weather events. Approximately 95 percent of Malawians live in rural areas, and around 70 percent of the population lives below the international poverty line of \$1.90 per day.² Recent reductions in extreme poverty and inequality are promising, although geographic disparities remain. Safety nets, particularly for those living in poorer or more remote areas, are critical building blocks for creating financial resilience and overall wellbeing.

How GRiF is supporting

GRiF's \$21 million grant is funding the scale-up Malawi's successful flagship, Social Cash Transfer Program (SCTP), by supporting two new disaster risk financing instruments. Specifically, GRiF is financing the cost of premiums for a risk transfer product linked to the primary trigger of the mechanism, and it also providing contingency finance, allowing for more flexibility to cover scale-ups in case the risk transfer product fails to disburse—or is not readily available—and drought conditions are clearly observed on the ground. The new disaster risk finance instruments build on pre-existing institutional linkages, historical ties, and early warning systems.

GRiF's \$21 million grant is funding the scale-up Malawi's successful flagship, Social Cash Transfer Program (SCTP).

PROGRESS UPDATE

The project team assisted the government, in the fiscal year 2022, in implementing a mechanism that enables the SCTP to reach additional beneficiaries in the event of climate shocks. The initial focus of the scale-up covers instances of drought. The mechanism was implemented for the first time during the 2021–22 agricultural season and was triggered by a drought. As a result, additional cash transfers of \$6.3 million reached approximately 320,000 people. In the coming fiscal year, the coverage of the mechanism will be increased to six districts and around 500,000 people. Eventually the mechanism will be funded using a risk layered financing approach that includes contingency financing and a risk transfer policy.



During the reporting period, Malawi substantially advanced its disaster risk finance agenda. The government endorsed an operational handbook that establishes the rules for implementing the SCTP scalable mechanism and the risk financing instruments that are to be used to cover the costs of scaling it up in the event of drought. As severe weather and inflation have led to increased food insecurity, the government was able to use the handbook's framework to pre-position IDA contingency financing to cover a scale up of the SCTP. The government also pre-positioned other emergency resources in preparation for the coming year. In addition to the risk financing instruments developed under the Social Support for Resilience Livelihood project, the government purchased a sovereign insurance policy through the African Risk Capacity; the policy was triggered by drought during the reporting period.

The government prepared the bidding package to procure a sovereign parametric insurance product, which would finance future expansions of its safety net programs in case of a shock. In the fiscal year 2023, the mechanism will continue to be funded through project contingency financing. The government has selected a risk transfer provider to underwrite the mechanism for the following two fiscal years. As part of the preparation for the bidding package, the project team provided training and technical assistance in risk layering methodology, navigating the insurance market, and insurance pricing. Following this training, the government now plans to review its disaster risk financing strategy.

The government also strengthened their emergency payment and registration systems using GRiF funds. It signed e-payment contracts with banks and mobile money operators who have a presence in districts covered by the SCTP scalable mechanism. By validating household data, the government will be able to target additional poor and vulnerable households that are eligible to receive benefits from the SCTP scale-up.



MOROCCO: STRENGTHENING THE FINANCIAL RESILIENCE OF AN INNOVATIVE PUBLIC SOLIDARITY FUND AGAINST CLIMATE RISKS

Morocco is among the countries most exposed to geological and climate-related hazards in the Middle East and North Africa region. The World Bank estimates that disasters such as flooding and earthquakes cost the country in excess of \$575 million each year. Moreover, rapid urbanization and climate change threaten to increase the frequency and severity of weather-related events. Since 2015, Morocco has significantly strengthened its technical and financial capacity, and is better prepared to respond to severe disasters and climate shocks.

For example, the country’s public solidarity fund for disasters—Fonds de solidarité contre les événements catastrophiques (FSEC)—includes an innovative catastrophe risk insurance program. The program entitles poor, uninsured households to compensation for personal injury or the demise of their principal resident. It builds on the existing domestic private insurance market to provide insured households and businesses with mandated coverage against catastrophic events through an additional catastrophe risk premium.

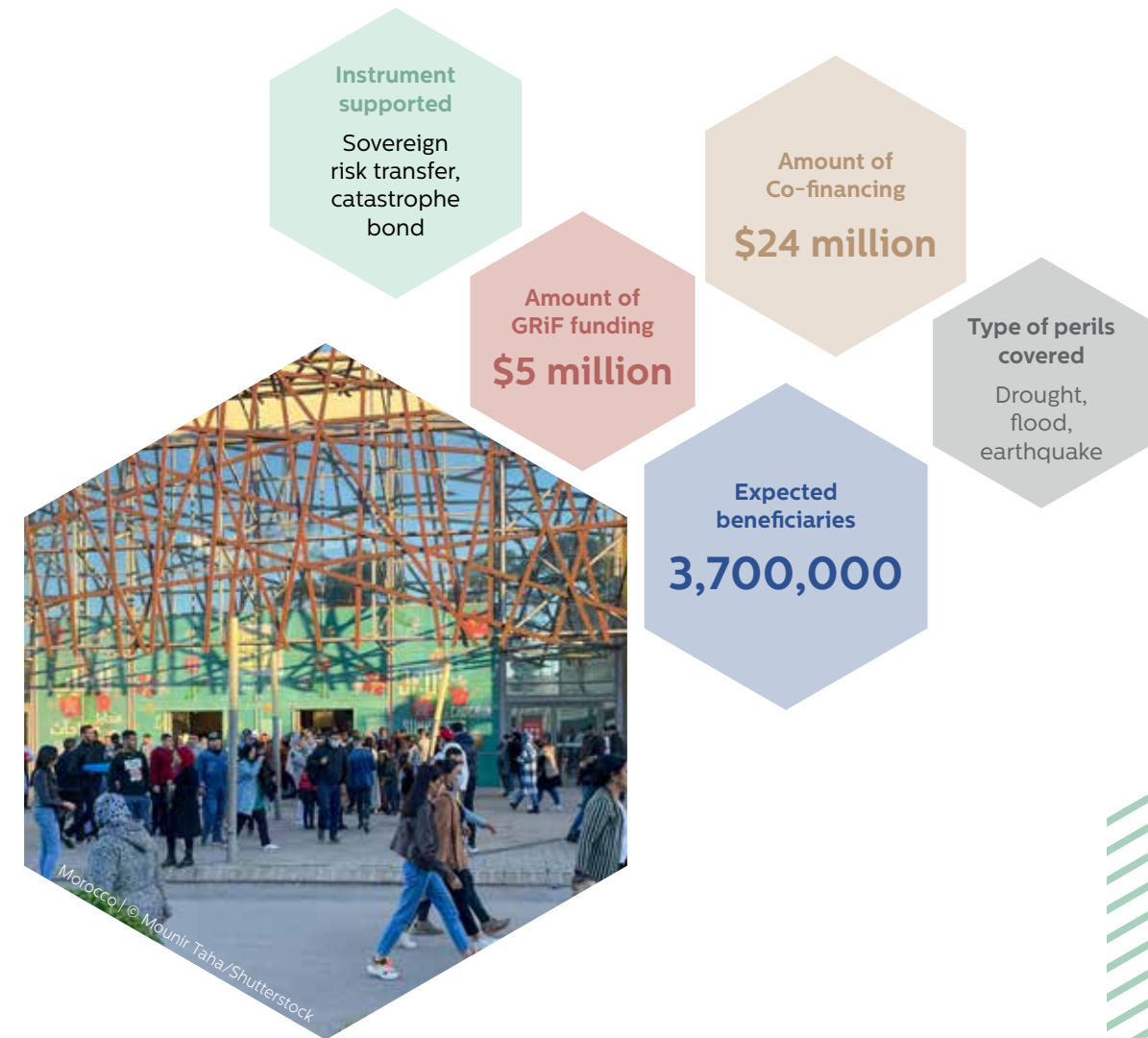
How GRiF is supporting

GRiF provided \$5.3 million to scale up the coverage of FSEC. Funding will finance climate risk modeling, structuring and execution costs, and the establishment of a claims management system for a parametric flood bond. The bond could provide approximately \$100 million financial coverage in case of a severe flood and will be an integral part in ensuring FSEC’s financial sustainability. The work carried out under the grant is expected to feed directly into the Morocco’s National Disaster Risk Finance Strategy.

GRiF provided \$5.3 million to scale up the coverage of FSEC.

PROGRESS UPDATE

Activity had initially been delayed due to COVID-19 and other conflicting priorities on the part of the government. To bridge this constraint, consultants with extensive operational capacity were hired to assist the client and mitigate the capacity gaps. Following a successful meeting in April 2022, the project is expected to be approved during the first quarter of 2023. After completing procurement and analytical studies, the project team anticipates the placement of the flood bond in 2023.



**MOZAMBIQUE: A NEW NATIONAL
DISASTER RISK FINANCING STRATEGY AND
RISK TRANSFER PRODUCT
WILL HELP PROTECT THE COUNTRY'S
FINANCES WHEN TROPICAL CYCLONES HIT**

The high concentration of population and economic activities in Mozambique's coastal areas predisposes the country to large losses following extreme weather events. Cyclones and floods threaten the safety of buildings and other physical infrastructure. The Government of Mozambique made disaster prevention and mitigation a policy priority recognizing the magnitude of climate and disaster risks and achieved considerable improvements in its disaster risk management framework.

How GRiF is supporting

GRiF is strengthening the capacity of Mozambique to access and manage post-disaster financing with an \$8 million grant. The grant cofinances three years' worth of insurance premiums for sovereign risk transfer solutions. It also provides technical assistance to strengthen policy dialogue on: financial protection; public financial management of disaster response spending; the government's ability to assess, develop, and pay for the sovereign risk transfer; and access to risk models.

GRiF is strengthening the capacity of Mozambique to access and manage post-disaster financing with an \$8 million grant.

PROGRESS UPDATE

Mozambique adopted its first national disaster risk financing strategy with support from the World Bank in FY22. The project team continued to support Mozambique in finalizing a catastrophe model that will serve as the basis for purchasing a sovereign risk transfer product that covers tropical cyclones. During the reporting period, the model was finalized and reviewed by an independent broker and the project team to assure correct pricing. The team also organized additional in-country training for the government, which covered catastrophe models, insurance, and flood modeling. The insurance product will be placed in the fiscal year 2023, with both Mozambiquan insurers and international reinsurers having agreed to insure a percentage of the insurance policy.



RWANDA: BRIDGE LOANS CAN BE A LIFELINE FOR SMALL AGRI-BUSINESSES FACING CLIMATE SHOCK-INDUCED CREDIT CONSTRAINTS

MSMEs are a key pillar of the Rwandan economy, comprising 98 percent of businesses and contributing 55 percent of total GDP. Agriculture makes up about one-third of Rwanda's GDP and employs more than two-thirds of the work force. However, one-third of Rwandan SMEs reported that access to finance was their largest constraint, particularly for agribusinesses as credit extended to agriculture accounts for less than two percent of all lending. This constraint is likely to be exacerbated by climate change, leading to increased variability of crop yields, damage to physical capital, and reduced labor productivity.

How GRiF is supporting

GRiF provided \$8 million as part of a larger \$150 million World Bank project to support financial resilience among MSMEs that were impacted by the COVID-19 pandemic.

GRiF cofinanced \$2.5 million of a \$5 million bridge lending window (BLW), a short-term financing mechanism that facilitates interim lending to shock-affected MSMEs. Bridge loans are provided through Rwanda's Business Development Fund (BDF), which is jointly owned by the Government of Rwanda and the Development Bank of Rwanda. BDF is the major provider of agricultural guarantees in Rwanda and provides matching grants to farmers and small- and medium-sized agribusiness.

GRiF is investing \$1.5 million for insurance premium co-payments for an insurance backstop for the BLW. This mechanism will trigger payouts in the event of severe climatic shocks, thus safeguarding the BLW's capital and maintaining its ability to provide bridge loans during times of increased need.

Lastly, GRiF invested \$4 million for technical assistance, including for capacity building for the BDF and other key finance institutions so they better understand how the BLW operates.

GRiF provided \$8 million as part of a larger \$150 million World Bank project to support financial resilience among MSMEs.

PROGRESS UPDATE

The BDF is implementing the BLW, which is expected to launch in the fiscal year 2023. The BDF conducted a market survey to understand the requirements of private financial institutions and is now drafting operational documents. Although it is at an early stage, the BLW has already had a positive impact on Rwanda's long term financial resilience. The government, therefore, has stronger institutional capacity to implement the BLW and the private sector is more aware how it increases access to financial products. The team is already exploring ways to scale up the program to extend more, larger, and more diverse loans in the future, pending the approval of the government regulator and the private financial institutions.

The team has also met with insurance companies to inform the underwriting of the insurance backstop product. The BDF will use the insurance companies' feedback in the design of the insurance product.



SIERRA LEONE: SOCIAL SAFETY NETS FOR VULNERABLE YOUTHS

In recent years, Sierra Leone has heavily relied on social protection programs and their delivery systems to respond to shocks and economic crises. The Social Safety Nets project (SSNP) is the government's flagship cash transfer program and was established in 2014 with funding support from the World Bank and other development partners. Though the project has shown its effectiveness during the COVID-19 pandemic, some gaps in social protection coverage remain. The government has recognized the critical need for sustainable jobs among its youths and has identified several key additional areas to propel economic growth. The objective of this program is to improve productivity, employability, and resilience of targeted beneficiaries, including vulnerable youths.

How GRiF is supporting

GRiF provided an initial \$5.5 million to the National Commission for Social Action (NaCSA) to fund technical assistance that would augment Sierra Leone's adaptive social protection efforts. This grant established the basis for a shock responsive safety net and provided capacity building support which allowed the team to develop tools to accurately target potential safety net beneficiaries. As a result of this work, Sierra Leone became the first country in West Africa to use IDA funds to provide emergency cash transfers in response to the COVID-19 pandemic.

In this reporting period, GRiF provided an additional grant of \$3 million. The additional grant will allow Sierra Leone to institutionalize the successful safety net and make it more financially sustainable.

GRiF provided an initial \$5.5 million to the NaCSA to fund technical assistance that would augment Sierra Leone's adaptive social protection efforts.

PROGRESS UPDATE

During the reporting period, the team launched a crisis and disaster risk finance (CDRF) diagnostic tool, a joint effort with the Director of Fiscal Risk in the Ministry of Finance that can strengthen disaster risk finance systems in Sierra Leone. Building on the findings from the disaster risk financing (DRF) diagnostic tool, the team provided additional training and helped form a multistakeholder group within the government that will develop a nationwide CDRF strategy.





2.1.2. Progress update: Regional grants

WEST AFRICA: IMPROVING FOOD SECURITY WITH REGIONAL FINANCING INSTRUMENTS

Food insecurity remains a persistent concern among the 15 countries in the Economic Community of West African States (ECOWAS). The decline in food security is driven by a complex interaction between the impacts of climate change, a growing population, eroding natural resources, and conflict. Together, these factors have impacted market functioning and harvest yields. More than 360 million people live in the ECOWAS zone; just over half live in rural areas and are highly dependent on local agriculture as their main source of food and income.

More than 30 percent of the population remains in extreme poverty, and 60 percent of the poor derive their livelihoods in part or entirely from agriculture. For the 2022 lean season, lasting from June to August, an estimated 38 million people were experiencing a food crisis across 16 countries in the Sahel and West Africa region.

How GRiF is supporting

A previous GRiF scoping grant provided funding to analyze agricultural production and risk financing mechanisms in six ECOWAS countries, which contributed to an expanded analysis of crop production risks in 15 West African countries. The analysis suggested developing a regional financing instrument for the existing Regional Food Security Reserve (RFSR) as part of the World Bank's West Africa Food System Resilience Program (FSRP).

FSRP is a large regional investment program with a total budget of \$716 million that is being implemented in Burkina Faso, Chad, Ghana, Mali, Niger, Togo, and Sierra Leone. The program is led by three regional organizations: ECOWAS, the West and Central Africa Council for Agriculture Research and Development, and the Permanent Interstate Committee for drought control in the Sahel. The program will increase agricultural productivity through climate smart agriculture, promote intraregional value chains and trade, and build regional capacity to manage agricultural risk to increase preparedness against food insecurity and improve the resilience of food systems in participating countries,

For the 2022 lean season, lasting from June to August, an estimated 38 million people were experiencing a food crisis across 16 countries in the Sahel and West Africa region.

PROGRESS UPDATE

GRiF approved a proposal of \$25 million in FY22, to develop and place a sovereign risk transfer solution that serves as a financial backstop to the ECOWAS RFSR. The proposed backstop would be a formal insurance arrangement with existing insurance providers in the region. By adding this layer of protection, the RFSR would have more capacity to respond to food crises. GRiF funding will cover insurance premiums and support technical assistance, such as risk modeling and systems building, so that the risk transfer instrument can be properly placed.



HORN OF AFRICA: DROUGHT INDEX INSURANCE PROTECTS PASTORAL COMMUNITIES AND THEIR LIVESTOCK

The prevailing drought in the Horn of Africa is the worst seen in 40 years. Pastoralism and livestock production are main sources of livelihood, contributing to over one-third of the agricultural GDP in most countries; in Djibouti and Somalia, that number is closer to 80 percent. When drought hits, livestock either die or are sold at bargain prices. Evidence shows that when pastoralists lose half of their livestock, it can take up to 10 years to rebuild their herds.

How GRiF is supporting

GRiF cofinanced a component of the World Bank's De-Risking, Inclusion and Value Enhancement of Pastoral Economies in the Horn of Africa (DRIVE) project. This is a \$365 million regional project in Djibouti, Ethiopia, Kenya, and Somalia. DRIVE aims to protect pastoralists against drought by enhancing their access to financial services, doing more to include them in value chains, and facilitating the livestock trade across the Horn of Africa. DRIVE builds on several years of developments, advancing the disaster risk financing agenda in the region, particularly in areas with vulnerable pastoralists.

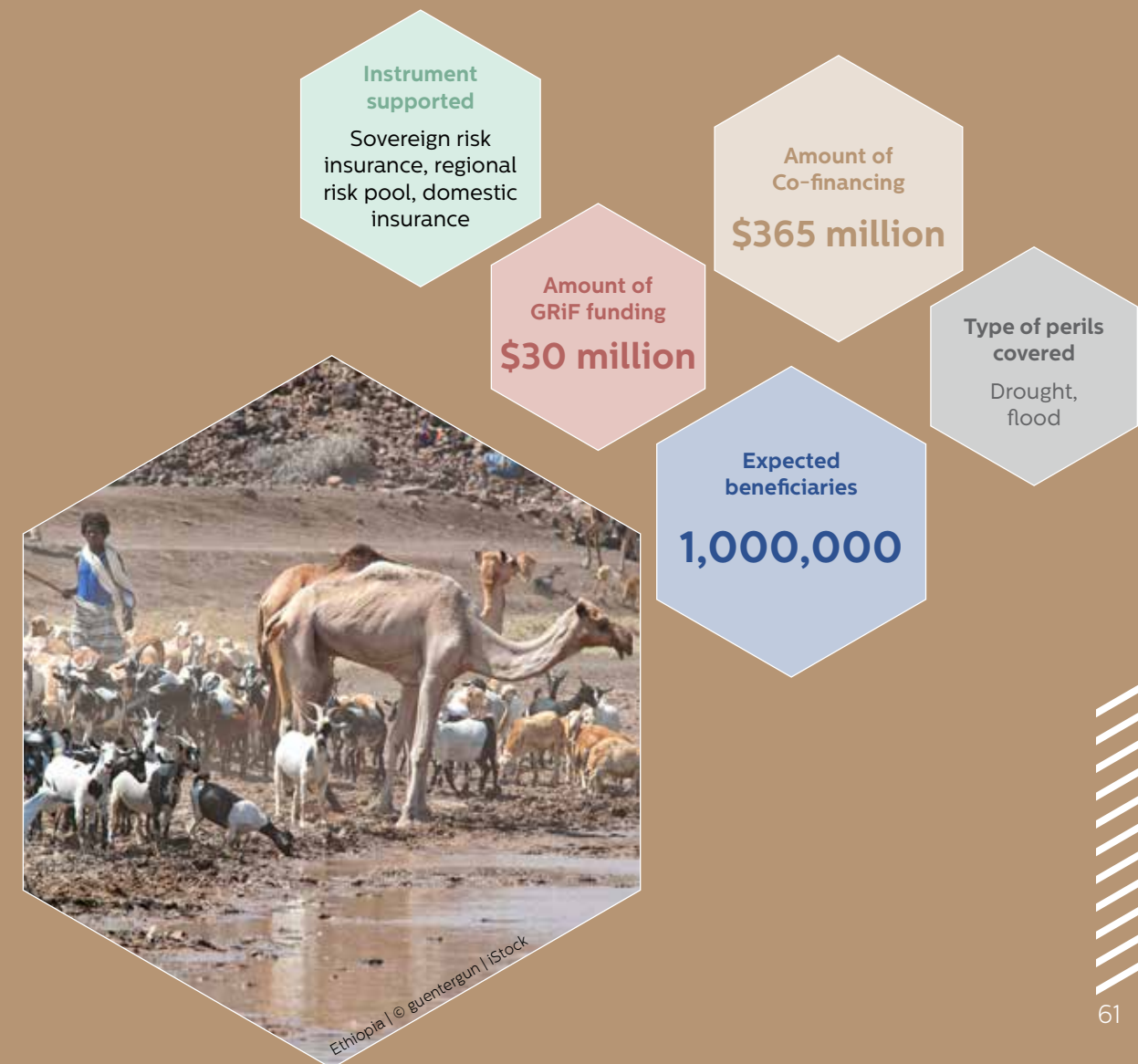
The project will protect pastoralists against recurring drought shocks through a range of financial instruments that enable risk layering at the household level. Savings deposits will help mitigate losses during moderate drought years and drought index insurance will offer protection during severe ones. Drought index insurance aims to protect assets rather than replace them. Using satellite technology to monitor pasture conditions, pastoralists will receive direct payouts through their mobile phones at the onset of a drought, allowing them to buy feed, fodder, and water to keep their animals alive. Pre-arranged, direct assistance to the pastoralists will also reduce the burden on the government's limited budget.

DRIVE will also upgrade the livestock value chain with better quality infrastructure. When organized pastoralist groups participate in regular sales with a higher quality of livestock that are insured against drought, they will be more attractive to credit institutions. In turn, pastoralists will be able to invest more in their livestock, creating a virtuous cycle. The project aims to mobilize private investments into the livestock value chain that will create reliable markets for pastoralists to ensure the sustainability of the intervention.

Evidence shows that when pastoralists lose half of their livestock, it can take up to 10 years to rebuild their herds.

PROGRESS UPDATE

GRiF provided a \$30 million grant in FY22. The project was approved in June 2022. GRiF financing will provide significant technical assistance, including the technical reviews of models, indices, and pricing. It will further allow the private sector, local technical experts, and the pastoralist communities to create a regional platform of risk infrastructure. It will facilitate a digital registration and underwriting system, eligibility criteria for access to premium finance, premium subsidy management or disbursement systems, capacity building, and other services. Lastly, the GRiF grant will provide \$13 million in premium financing. Premium support will be regressive, and over time the pastoralists will make progressively higher contributions toward their drought index insurance.



**SOUTHEAST ASIA DISASTER RISK
INSURANCE FACILITY (SEADRIF):
BUILDING CAPACITY IN SOUTHEAST ASIA
FOR COUNTRIES TO DESIGN, FUND, AND
CAPITALIZE REGIONAL DISASTER RISK
FINANCING SOLUTIONS**

The Southeast Asia Disaster Risk Insurance Facility (SEADRIF) is a platform for the Association of Southeast Asian Nations (ASEAN) plus three (APT) countries to access disaster risk financing and advisory services, increasing their financial resilience in the face of climate and disaster shocks. In December 2018, Cambodia, Indonesia, the Lao People's Democratic Republic (Lao PDR), Myanmar, Singapore, and Japan agreed to establish SEADRIF as a trust that would own a general insurance company in Singapore. The first financial solution developed by SEADRIF is a flood policy for Lao PDR, for which the World Bank Disaster Risk Financing and Insurance Program (DRFIP) provided technical assistance. SEADRIF is also planning to develop additional financial solutions for other middle income ASEAN countries that are developing and enhancing insurance coverage for their government buildings and other public assets.

How GRiF is supporting

A \$10.5 million GRiF grant will enable SEADRIF to bridge capacity gaps, help overcome market inefficiencies, develop new financial products, and support more efficient ways for participating governments to access financial markets. Several ASEAN countries are in the process of developing disaster risk financing instruments with World Bank support, and many have already invested their own budgets or IDA allocations in risk transfer solutions.

This project also builds on existing World Bank operations. IDA credits of \$5 million for Lao PDR have been earmarked to cover the insurance premium payments due to SEADRIF until 2023. The project also aligns with ongoing technical assistance activities in the region such as the SEADRIF Technical Assistance program and the Swiss State Secretariat for Economic Affairs' (SECO) Sovereign Disaster Risk Financing and Insurance Program Phase 2.

IDA credits of \$5 million for Lao PDR have been earmarked to cover the insurance premium payments due to SEADRIF until 2023

PROGRESS UPDATE

SEADRIF's first product launched and offers Lao PDR insurance coverage during 2021–2023. Comprising both market-based parametric and finite risk components, the insurance provides the government with a coverage against flood and other disaster risks. In the case of a qualifying disaster, the insurance will leverage the international reinsurance market to provide rapid liquidity to the insured country for disaster response and recovery.

The region's first near-real-time flood monitoring platform and risk model was used to design a more accurate insurance instrument. The platform drew from cutting edge satellite technology and ground measurements developed in partnership with the European Space Agency and specialized service providers in Europe.



2.1.3. Scoping grants approved in the fiscal year 2022

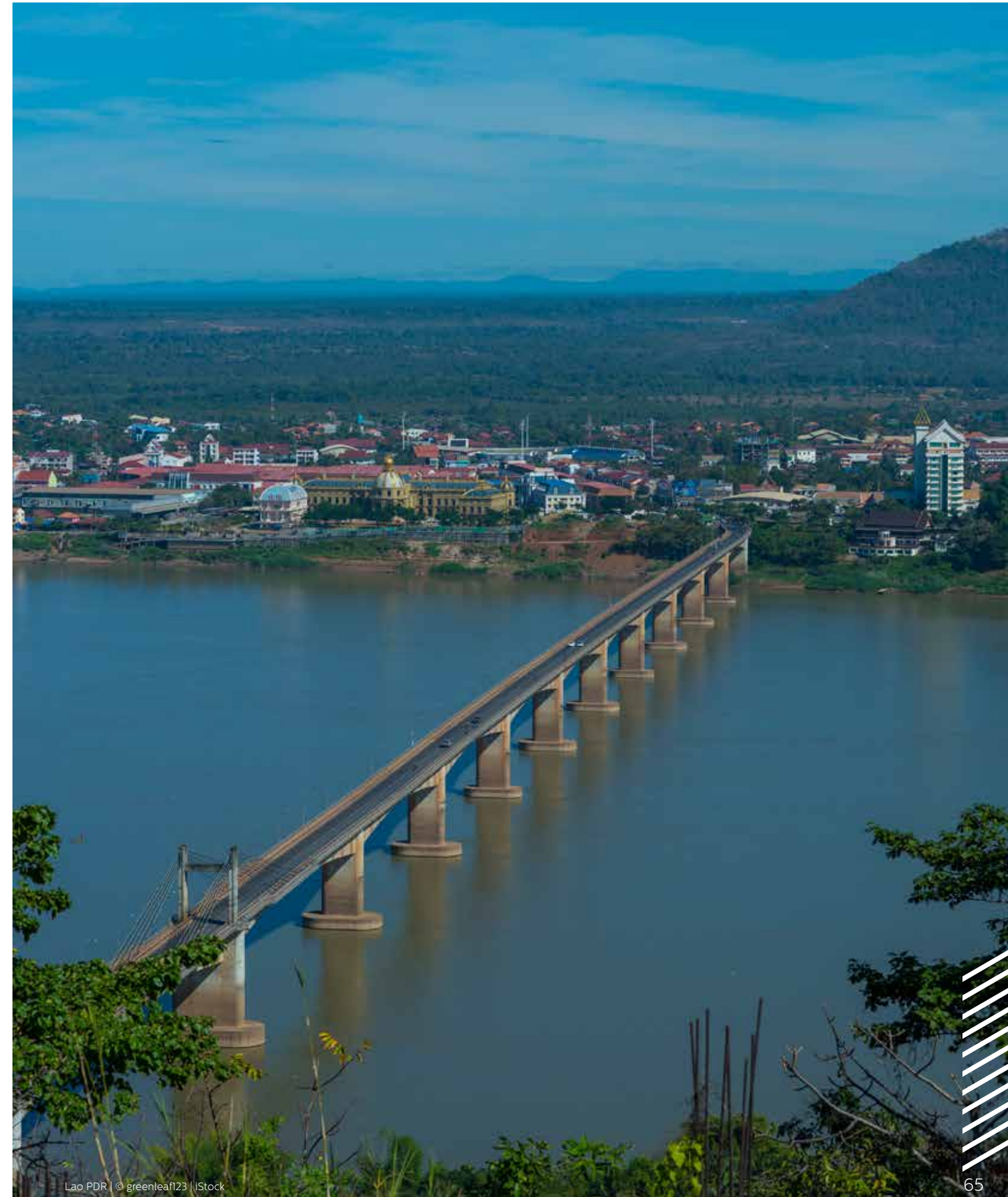
LAO PDR: CLIMATE RESILIENT ROADS ARE ESSENTIAL TO REGIONAL ECONOMIC ACTIVITY

Lao PDR is the key country linking land trade routes across northern Southeast Asia. However, its transportation infrastructure is not resilient enough to withstand the floods, storms, and droughts which climate change will exacerbate. In 2018, damage to transport and waterways sectors accounted for more than 55 percent of the overall losses caused by severe flooding.

ASEAN countries adopted the Master Plan on ASEAN Connectivity 2025 (MPAC 2025) in 2016. A more seamlessly and comprehensively integrated ASEAN would improve the region's competitiveness, inclusiveness, and engender a greater sense of community. The World Bank is preparing a \$70 million investment to improve regional connectivity, trade flows, and risk management of disruptions to realize some of the priorities highlighted in MPAC 2025. Specifically, the project will finance road infrastructure improvements, more integrated climate resilience measures, and logistics systems upgrades.

GRiF is providing a \$200,000 scoping grant to lay the groundwork for a shock responsive road fund as part of the World Bank's proposed project. The road fund would provide the Ministry of Transport and Public Works with quick access to emergency funding when flood-related disruptions on national and provincial roads occur. GRiF's scoping grant will strengthen the country systems necessary to place new risk finance instruments. The team is considering measures that can ensure the fund's financial sustainability. The ministry has requested the World Bank's assistance in enhancing the country's revenue collection systems so that more funds can be earmarked for emergency response. The government is also considering making annual allocations to the road fund.

The World Bank is preparing a \$70 million investment to improve regional connectivity, trade flows, and risk management of disruptions to realize some of the priorities highlighted in MPAC 2025.





NEPAL: THREE FINANCIAL INSTRUMENTS CAN HELP BOOST FINANCIAL RESILIENCE AFTER TWO DECADES OF SEVERE EARTHQUAKES

Nepal ranks fourth in the world for climate risks faced. Nepal's economy has already suffered more than \$7 billion in losses over the past 20 years from earthquakes. With 80 percent of its population at risk from a range of natural hazards, the Government of Nepal has prioritized developing a more comprehensive, layered disaster risk financing strategy. The existing strategy had reduced the country's reliance on post-disaster financing, but the COVID-19 pandemic presented additional economic uncertainties such as a significant decline in remittance inflows. Payments from an existing catastrophe deferred drawdown option (Cat DDO) have provided the government some relief, but considerable uncertainty persists around the depth and duration of the crisis.

GRiF is providing a \$200,000 grant to explore how Nepal can leverage private sector capital from the insurance or re-insurance markets. The grant will explore the feasibility of three instruments: two sovereign parametric risk transfer products for flood and earthquake, and capitalization of an insurance facility to help protect public assets or MSMEs or both from damage on account of flooding and earthquakes.

Nepal has expressed its commitment to placing sustainable risk transfer solutions, as well as their intent to pay the respective premiums in the long term. The development of catastrophe risk models and their associated outputs would enable the private sector—the Nepal Re, Himalaya Re and domestic insurers—to gain a deeper understanding of their risks and ensure they account for natural hazards in their pricing and reserving strategies.

GRiF is providing a \$200,000 grant to explore how Nepal can leverage private sector capital from the insurance or re-insurance markets.

2.2. PROGRESS UPDATE: INNOVATION INVESTMENTS

GRiF's Innovation Investment grants target gaps in the quality and accessibility of risk data in many lower income or conflict-affected countries. For these countries, data are often scarce, and information does not stretch far enough back sufficiently to analyze trends. Conflict contributes to more complex and interlinked risks which are more difficult to assess. Innovation Investments are also meant to enhance technical expertise within underresourced countries and encourage the development of solutions that are more relevant and appropriate to their circumstances.

ASSESSING FINANCIAL IMPACTS OF PANDEMICS AND DISASTER SHOCKS ON SMALL AND MEDIUM ENTERPRISES TO TARGET RECOVERY SUPPORT

The World Bank increased technical assistance and financial packages to SMEs impacted by the COVID-19 pandemic in response to requests from its client countries. An estimated \$2 billion in support provided lines of credit, guarantees, and other financial mechanisms to increase liquidity. Some economic impacts were readily apparent. Companies faced labor shortages as workers became sick, needed to care for sick dependents, and needed to look after children who no longer were in school. Lockdown or quarantine measures further restricted worker capacity. A sudden loss of revenue caused severe liquidity shortages, particularly for SMEs. However, the impact of possible compounding shocks during the pandemic recovery phase remains less clear.

How GRiF is supporting

Through this Innovation Investment grant, GRiF is supporting policies and financing mechanisms that will help protect vulnerable SMEs against the impact of climate and disaster shocks during the pandemic recovery phase. A new assessment methodology that other World Bank project teams can use to inform project preparation will quantify the amount of funding needed to recover liquidity shortfalls due to shocks, clarify in what aspects the pandemic has increased firms' financial vulnerability, and support the design and integration of features that mitigate potential compounding shocks in COVID-19 recovery projects.



PROGRESS UPDATE

The work has progressed substantially during the reporting period. The project team has completed the methodology note for assessing the financial impacts from pandemic and disaster shocks on firms, including SMEs. It covers how to assess financial vulnerability, liquidity gaps, the resulting impact on employment, debt, and government tax revenues. It also lays out the costs of different policies options that would help firms weather the shocks. A more user-friendly model of the assessment that can be adapted to a country's unique context has also been completed. Two pilots of the assessment have been conducted in Albania and Vietnam, and a third, which is underway in Georgia, will also address how the overall financial sector has been impacted. Further, as COVID-19 has subsided, the modeling is being revised to incorporate more accurate data based on what firms experienced during the height of the pandemic.

CRISIS RISK FINANCE ANALYTICS: BRINGING THE POWER OF TECHNOLOGY TO DISASTER RISK FINANCE DATA

Earth observation satellites coupled with new systems for managing large datasets or big data greatly improve the quality of available disaster risk finance analytics by generating information that is unprecedented in its high resolution and global coverage. These technologies also contribute to improving the accuracy and timeliness of risk information by processing vast amounts of data in near real time. With access to this kind of accurate and detailed information, governments and policy makers can deploy financial resources more quickly, limiting the widespread destruction that often befalls communities, businesses, and entire industries during a catastrophe.

How GRiF is supporting

A \$4.2 million Innovation Investment grant was awarded to the Crisis Risk Finance Analytics (CRFA) program, which leverages technological advances to improve the information used to inform pre-arranged financing solutions. Under this program, the World Bank has partnered with the European Space Agency to link information from field operations with the most sophisticated analytical technology, making it easier to scale up climate and disaster risk financing in a sustainable, robust, and transparent manner.

A \$4.2 million Innovation Investment grant was awarded to the Crisis Risk Finance Analytics (CRFA) program.



PROGRESS UPDATE

The CRFA program advanced in three areas.

(i). *Advancements in flood and drought risk modeling, monitoring, and loss assessment for risk financing.* CRFA conducted a pilot of the Next Generation Drought Index in Senegal, which included new drought indices based on earth observation data, high resolution maps of areas covered by crops, and a dashboard for easier data visualization. CRFA, through the ongoing collaboration between the European Space Agency and the World Bank, also conducted enhanced flood risk mapping in Morocco to improve the data used by the government's flagship solidarity fund, the FSEC. The latter exercise used Sentinel-2 and WSF-3D data to locate and classify buildings and city blocks to improve flood risk assessments.

(ii). *Analytics for crisis risk financing in fragile contexts.* The CRFA team helped develop several new tools, including a multidimensional crisis risk monitoring and analytics assessment and a crisis preparedness assessment framework, and data visualization prototype. In helping draw up the crisis preparedness framework, CRFA added a financial preparedness component which was tested in Lao PDR and Malawi and is now being rolled out across IDA countries. CRFA also published "Understanding Compound Events in Fragile Contexts: Insights from Ethiopia and Kenya," a retrospective analysis of two compound crises in the Horn of Africa. Lastly, CRFA helped develop social risk modeling that forecasts changes in levels of violence in three eastern provinces in the Democratic Republic of Congo as well as changes in the number and density of built structures in the Horn of Africa.

(iii). *Physical climate risk analytics.* The CRFA team members analyzed physical climate risks in several countries, including Morocco, Tunisia, and Vietnam, including the first of its kind to examine how climate change related drought risks impact the

financial sector. The CRFA team also contributed to the Network for Greening the Financial System (NGFS), a group formed by central banks and supervisors in 2017 to help the financial system better manage climate risks. The CRFA co-authored a publication for NGFS describing a framework that can be used to assess acute physical climate risks in emerging markets and developing economies. The CRFA team also co-chaired an NGFS working group on physical risk and provided guidance for updating the Climate Impact Explorer, a publicly available climate risk tool being developed with support from NGFS. A CRFA paper on "Banking sector risks in the aftermath of climate-related natural disasters" will be finalized for publication in the fiscal year 2023.



Space Station Flyover of Gulf of Aden and Horn of Africa | NASA

CAPACITY STRENGTHENING PROGRAM: BUILDING GREATER DISASTER RISK FINANCE EXPERTISE IN DEVELOPING COUNTRIES

If GRiF's government counterparts gain greater disaster risk financing expertise, they can plan how to cover costs when GRiF's financing assistance ends.

If GRiF's government counterparts gain greater disaster risk financing expertise, they can plan how to cover costs when GRiF's financing assistance ends. The Capacity Strengthening Program will therefore offer officials in developing countries hands-on support, access to international expertise, and customized training and capacity building. In its initial phase, the program will support those governments implementing GRiF projects. Over time, the program may expand to include officials from other governments that would also benefit from an enhanced expertise in crisis and disaster risk finance.

The program is structured around three components. Resident advisers will be hired locally in countries where governments request support for design and implementation of risk finance solutions. International mentors who have long-standing specialized experience designing and implementing risk finance solutions form the second component. The third is a technical capacity building ecosystem that includes World Bank staff, clients, and other relevant stakeholders who have CDRF knowledge and technical skills.

The resident advisers will facilitate access to capacity building services and products available to their respective country counterparts. They will be matched with the most relevant international mentors but will benefit from access to all mentors. International mentors will possess a cross-section of crisis and disaster risk finance (CDRF) technical expertise and will be available to offer advice on the design and implementation of financial solutions in all countries. Resident advisers and international mentors will support the continued growth of the technical capacity building ecosystem.



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How GRiF is supporting

GRiF awarded a \$5.5 million Innovation Investment grant in 2022 to begin the capacity strengthening program for governments implementing GRiF-financed solutions. Every resident adviser will be cofinanced with counterpart resources or recipient executed resources secured by country projects. Technical capacity building ecosystem activities will be cofinanced by ongoing programs funded by international partners and the World Bank Climate Disaster Risk Finance team's budget.

2.3. PROJECT IMPACT: WHO BENEFITS FROM GRiF

More than 3.7 million people benefited from GRiF supported CDRFI solutions in FY22. Of these, just over one million people were covered by microinsurance.¹ The estimates are based on a methodology, which was jointly developed by the GRiF Secretariat and the InsuResilience Secretariat in FY21 and is used to harmonize reporting across multiple stakeholders working in the field. According to the methodology, GRiF instruments will reach 24.4 million people once fully implemented. Approximately, fifty percent of these people are estimated to be women, almost all of whom are deemed to be poor and vulnerable people. Per InsuResilience methodology, poor is defined as living on no more than \$3.1 per day purchasing power parity (PPP), and vulnerable as living on no more than \$15 PPP per day.

According to the methodology, GRiF instruments will reach 24.4 million people once fully implemented.

Notes

1. According to the InsuResilience Global Partnership methodology, microinsurance includes direct insurance solutions on the household, smallholder farmer and MSME level.



2.4. FRAMING POLICY DIALOGUE: LESSONS LEARNED FROM FOUR YEARS OF GRiF

- First, sustaining political and financial commitment in partner countries reaps the long term benefits of disaster risk financing instruments. GRiF has been instrumental in helping countries build capacity and shoulder the costs of developing and placing financial protection solutions. As countries face an increased threat from climate change and tightened fiscal spaces, sustained political and financial support is essential for increasing pre-arranged disaster risk finance and protecting development gains. Sustained political support has advanced GRiF projects in countries such as Bangladesh, where increased buy-in from the government expedited DRF activities.
- Second, combining customized financial instruments with policy reforms will offer countries the most effective financial protection. Over the last four years, the World Bank's longstanding engagements in many countries facilitated GRiF's ability to provide technical and financial support. GRiF has laid the groundwork for countries to benefit from long term financial protection by increasing fiscal risk management capacity within countries and by embedding CDRFI instruments in long-term financial strategies.

GRiF's technical assistance in FY22 enabled Mozambique to enhance the policies supporting its DRF efforts by launching a new national DRF strategy. The project, as a whole, benefits from synergies with other World Bank financed operations that allow for a more tailored approach to the project activities. As a result, the government has more options that increase the availability, predictability, and efficiency of ex-ante resources for covering the cost of disasters and climate shocks.

- Third, creating new partnerships while expanding the efficacy and reach of existing initiatives will reduce fragmentation or duplication. Since GRiF's launch in 2018, more public, private, and civil society actors are active in the CDRFI field. While their increased presence has benefits, it has also fragmented and duplicated efforts. Partner countries need coordinated and consolidated support if they are to implement policy reforms and place customized financial instruments in an effective and financially sustainable manner.

GRiF has worked continuously with other actors. During FY22, the DRC project team partnered with the World Food Programme whose field staff were able to serve as technical advisers for the GRiF-financed insurance product.

- Fourth, mobilizing private risk capital is critical to complement limited public resources for climate adaptation and resilience. Transferring some of their risks to the markets allows GRiF partner countries to significantly increase their financial capacity in the aftermath of disasters. The successful placement of the CAT bond in Jamaica, which provides additional coverage of \$185 million, is one such example. The CAT bond adds an indispensable layer of disaster risk financing to the instruments Jamaica already had in place.



Chapter 3

Knowledge, Communication, and Visibility



All GRiF investments present both project teams and client governments a with a valuable opportunity to understand more about how to implement disaster and crisis risk financing in each country's unique context. Over the course of FY22, the GRiF Secretariat continued to monitor GRiF's progress and evaluate its monitoring, evaluation, and learning (MEL) framework.¹ To further maximize the impact of its projects, GRiF continued to deliver on its Communications Strategy,² ensuring that all communications and outreach efforts (figure 3.1), inform, educate, and empower practitioners to develop the most effective, cost-efficient disaster risk finance (DRF) solutions.

Similarly, GRiF's learning plan ensures that information and data emerging from GRiF's operational activities and from its MEL framework are broadly shared so they can be used both in operational decision making and in wider circles of knowledge exchange and learning.

As GRiF evolves to become more closely aligned with the new Global Shield, the GRiF Secretariat will revisit the MEL framework in the next fiscal year to reflect any changes in scope.

GRiF's Technical Talks Series target a wide range of stakeholders, including government counterparts, donors, and those working in other areas of development who want to incorporate DRF into their programs. GRiF's network of experts has presented case studies from projects financed by GRiF and delved into broader issues surrounding disaster risk financing. In FY22, the participants had the opportunity to engage virtually with a project team operating in the Horn of Africa. The team's project addressed the financial impact of severe drought through the De-Risking, Inclusion, and Value Enhancement of Pastoral Economies (DRIVE) program. Communications experts also advised disaster risk finance technical specialists how to convey key outcomes and challenges to non-experts.

• AJ_Watt

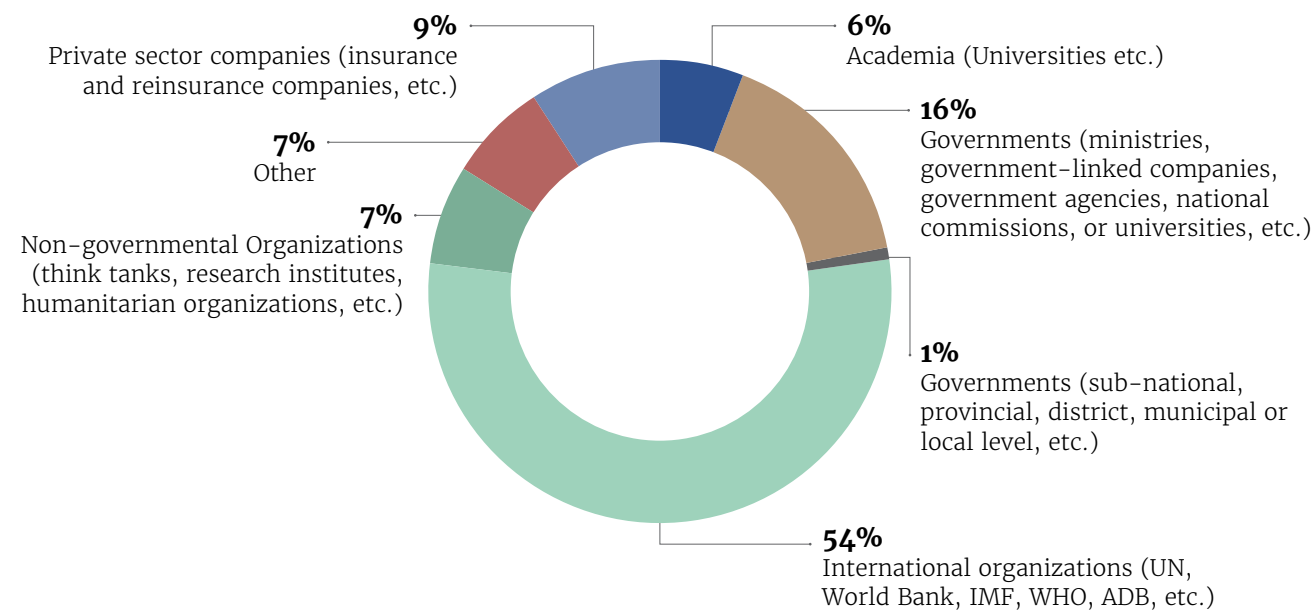
Table 3.1: Composition of registrants.



This fiscal year, the series covered: (i) The Challenge Fund, which received a GRiF Innovation Investment grant; (ii) Three Years of GRiF: Implementation Highlights; and (iii) a study that analyzed the financial impact of COVID-19 on water service providers. In total, approximately 1,500 people registered for the eight webinars (figure 3.2).

In addition to the webinars, all GRiF Technical Talks³ incorporate supplemental materials, including learning briefs that summarize lessons learned and available resources to provide a multimedia virtual learning experience.

Figure 3.2: Composition of registrants.



Notes

- <https://globalriskfinancing.org/publication/grif-monitoring-evaluation-and-learning-framework>
- <https://globalriskfinancing.org/resource/grif-communications-strategy>
- To watch recordings and download materials from the Technical Talks, visit <https://www.globalriskfinancing.org/technical-talks>.

Chapter

4

GRiF Joins Forces with the Global Shield against Climate Risks to Streamline Financing

The G7 in close partnership with the V20, a group of Finance Ministers of the most climate—vulnerable countries—presently 58 countries—launched the Global Shield against Climate Risks at COP27¹ in November 2022. The aim is to provide more and better pre-arranged finance to vulnerable countries and communities through instruments of climate and disaster risk finance and insurance (CDRFI). The Global Shield will better coordinate CDRFI activities, particularly at the country level through In-Country Dialogues, strengthening partnerships among core actors and consolidating financing through the Global Shield Financing Structure. Although governments, multilateral institutions, donors, civil society, and the private sector have already successfully partnered on CDRFI initiatives, fragmentation and duplication of efforts have proven challenging to manage. To support the Global Shield, the World Bank will continue to leverage its analytical, advisory, and operational work in the selected countries partnering with the Global Shield. Although it will continue to implement its pipeline of projects, GRiF will need to adapt its operational model during the fiscal year 2023, as it is expected to serve as one of three financing vehicles for the Global Shield, forming the financing structure. The other two financing vehicles are the Global Shield Solutions Platform (GS-SP) and the Climate Vulnerable Forum (CVF) and Vulnerable Twenty (V20) (CVF-V20) Joint Multi-Donor Trust Fund.

For example, in designing financial protection packages, GRiF will further reduce fragmentation and duplication by more fully integrating the activities and analytics of other stakeholders active in the CDRFI space that the Global Shield aims at bringing together through the stocktake and gap analysis of the In-Country Dialogues. GRiF will continue to build on its experience partnering with humanitarian organizations, such as the Red Cross, and regional risk pools, such as the African Risk Capacity. Through what is known as transfer-out arrangements to non-World Bank entities like the United Nations, GRiF will increasingly support a wider range of implementing partners.

Over the last four years, GRiF has been instrumental in helping countries shoulder the costs of implementing financial solutions, as well as in boosting the resources and knowledge capacity of relevant public sector agencies. By enhancing its operational model, GRiF will continue to serve as an adaptable and innovative partner promoting CDRFI solutions.

Note

1. The 2022 United Nations Climate Change Conference or Conference of the Parties of the UNFCCC, more commonly referred to as COP27, was the 27th United Nations Climate Change conference, held from November 6 until November 20, 2022 in Sharm El Sheikh, Egypt.





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