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But before we start, I have a new word for you. And I'm sure you're going to like it. It's tasty.

It makes you happy. It's in all over the world. But in Japan, we say, buru, buru. Very important tonight when you go to a restaurant. Buru, beer, excellent. So after this panel, we have the last technical sessions that are running.

We have five technical sessions. Here's the map. Please, please, please be on time. Be respectful for the session leads and the session presenters that have been working very, very, very hard to make this very interesting for you.

So let's start. I would like to introduce the executive director for Japan at the World Bank, Hideaki Imamura, to open this session. Please.

Good afternoon, good evening, good morning to all in the audience and the colleagues connected remotely. I would like to extend my hearty welcome to this session, which is to shed light on money of disaster risk management.

In the past 40 years, the cost of disasters from natural hazards has been as large as 6 trillion US dollars. On annual basis, the damage is increased by 350% from 52 billion dollars in the 1980s to 232 billion dollars in the early 2020s.

Governments around the globe now have to address the following key questions. How can they secure adequate resources for disaster responses without compromising other wide -ranging development challenges such as power, education, infrastructure, health, and you name it.

This is particularly important and challenging for fiscal authorities, most of which are subject to limited fiscal spaces and increasing debt burden. Here disaster risk management financing has a pivotal role to play.

It is vital to minimize the financial losses from natural hazards and climate change. Disaster financing strategies are to encourage risk -based decision -making for financial protection instruments and more reliable systems for responding to and recovering from climate and disaster shocks.

The World Bank Group has been a front -runner in supporting client countries to strive in this regard. Under the evolution exercise of the bank, which is well underway, the crisis response toolkits have been substantially revamped, allowing clients larger and more rapid access to emergency resources.

The DFDRR and its Tokyo DRM Hub continues to support low- and middle -income countries to develop and implement financial preparedness programs that consist of policy frameworks and financial instruments.

A key aspect of these programs, supported by DFDRR, is that they are integrated within a comprehensive disaster risk management framework, enhancing disaster and climate shock management response and recovery.

Today, we are delighted to have distinguished panelists from finance ministries representing Granada, the Philippines, and the Republic of the Marshall Islands, who have been on this journey of developing financial resilience through their respective work.

I look forward to very useful insight from our panel's wide -ranging experience today. This will highlight what is currently working, where we can do better, where the gaps are, and emerging aspects such as engaging the private sector for residents in the context of disaster risk financing for financial resilience.

With this, I would like to hand the mic to Sumati to start our discussion. Thank you very much.

Thank you, Imam Rasan, for setting the context very well. And good evening to all of you. Thank you for being here so late in the day. And I have to say, you've made the right choice by being here because this is going to be the most exciting panel of the you are.

So with that, let me invite the most exciting panelists who are right here in front of me. I'm going to ask Ms. Shevin Britton, who is the Deputy Permanent Secretary from Grenada, Mr. Abdel Jalil from Morocco, who's the head of Social Welfare and Insurance Division in the Ministry of Finance in Morocco, Ms.

Donalyn or Ms. Donna, as she likes to be called, Finance Secretary of the Philippines, and Ms. Malie, who's Assistant Secretary of the Republic of Marshall Islands. So I'm going to make my job a lot easier today, and I'm going to make the job of the panelists a lot harder because we're going to make this a very crisp, quick response session.

So to get us started, I'm going to ask each of them the same question. So that's very easy for me, and they're going to have to answer in three minutes a very, very pertinent question. So starting with Grenada, I want to ask you to talk about what are your country's, what's your country's financial resilience journey, and also basically what are some of the, now that you've got a mic, I can go back because I was going to hand it to you.

So what are your country's, what's been your country's financial resilience journey? Please highlight some key reforms, some key instruments that you've put in place, and then we're going to go from west to east.

So we're going to start with Grenada, go to Morocco, go to the Philippines, and go to the Marshall Islands.

All right, thank you and good afternoon, everyone. So I'll start from the beginning in terms of where we were and I'll speak to where we are now. So in Grenada, Grenada is a small island in the Caribbean for those who don't know.

In 2004, we experienced a category four hurricane, Hurricane Ivan, that was quite devastating for Grenada. The damage was estimated at around 200% of GDP, 90% of housing stock was damaged in one form or another.

At that time, previously, the last major storm we had was probably 1955. So growing up, there was this saying that God was a Grenadian because we never had any storms. Little did we know that God probably changed residents in 2004.

So with that mentality, you would understand and also Grenada is traditionally under the hurricane belt. You would understand that government didn't necessarily prioritize financial protection instruments for these sort of events.

So the recovery was largely financed through budgetary allocations where there was space to do so and a lot of grand financing and aid that was provided by friendly countries. So that's how we were able to recover from that particular disaster.

20 years on, after being sufficiently traumatized by that experience, we have several layers of protection currently. It's three layers, but it's four if you count the budgetary allocation, which is the first layer.

But we have, first we maintain a contingency fund, which is essentially a savings account that is financed through receipts from our Citizenship by Investment program. It is legislated that 10% of those receipts that come to government will go to that savings account that is held with the central bank.

And there are rules as to our ability to access those funds. So you have to have a disaster, or it could be used for debt reduction as well. Above that, we have a facility with the World Bank, actually, I'll get the name right.

Disaster Risk Management. Development Policy Credit with Deferred Drawdown for Catastrophic Risk, the CADDDO. I know the short name, I was just trying to get a long name. So we have that facility, 20 million US dollars available to us.

We've had that since 2020. And I think Grenada was the first island in the Caribbean to have that facility. And this is our second cycle. We'll probably renew further cycle as well and increase our coverage.

Above that, we have insurance with CRIF, which is the Caribbean Catastrophic Risk Insurance Facility. We have several policies, the three main ones we have for tropical cyclone, of course. We have for excess rainfall events and also for earthquakes.

How did we get here? How were we able to do this? Fortunately or unfortunately, Grenada had a bit of a fiscal crisis in 2013, and we had to enter into an IMF program. So with that, we implemented legislation that really forced fiscal discipline.

So we were able to build fiscal buffers that now allows us to invest in these sort of financial protection instruments. So that's in three minutes. I don't know if I went over time, but that's the explanation.

Oh, hi, hi, everyone. So in Morocco, we don't speak English, we speak French. Well, we try to speak English. So we had consciousness that there is solutions for disaster risks two years ago, just after the earthquake that hit, I would say, my north of Morocco in 2004.

And we worked on disaster risk finance and disaster risk management, but separately. Now we have an integrated national strategy on disaster risk management. And inside there is an axle of finance. And we have a strategy on risk finance.

We set in 2020 by law 110 .14 a DRF system with two schemes, an insurance scheme for people insured and for businesses, and solidarity scheme, not led by solidarity fund. We had to work on risk modeling and risk assessment, vulnerability curves.

DRF system covers four main risks, earthquake, flood, flash floods, and fourth one, tsunami. Tsunamis, yeah. And the man -made catastrophes like terrorism. And we have another system in parallel is the draft insurance for serials.

What else? Parallelly, we have two other strategies to reinforce or to strengthen our resilience is social protection. We have the objective to generalize social protection within 2025. And we are working also on financial inclusion to strengthen our resilience.

Thank you.

So good afternoon, everyone. In the case of the Philippines, we have our disaster risk and financing and insurance strategy, which was institutionalized in 2015. But looking back, I think the government already recognized that our country is vulnerable to natural disasters as early as 2010, because that time we have passed a law, which is the Philippines Disaster Risk Reduction Management Act of 2010.

And this reform transformed our disaster management system from disaster relief and response to disaster risk reduction. And actually, this country reform was captured in our first cat video with the World Bank in 2011.

But actually, the game changer from our end would be when we experienced Super Typhoon Haiyan or Yolanda in November 2013, wherein it led to around 6 ,201 casualties, and in terms of economic damage, around $12 .87 billion.

So that year, our economic growth was hampered by around 0 .9 percentage points in 2013 and 0 .3 percentage points in 2014. So recognizing that this Super Typhoon Haiyan or Yolanda can be the new normal for the Philippines with the support of the World Bank, we contracted Air Worldwide to develop for us the Catasophy Risk Model.

And with that model, it was able to tell us that there's a 0 .3% annual probability that Typhoon Haiyan or Yolanda will happen again, and then that in the next 25 years, our average annual loss can reach up to $3 .2 billion.

So that's a huge financing requirement. So that's why we came up with our DRFIA strategy, which is a risk -layering strategy that's being done in three levels, at the national level, the local government level, and at the individual level.

So we take into consideration here the severity and frequency of disasters, as well as the needs. Emergency response, recovery, and reconstruction. So that's how we develop our DRFIA strategy. So under this strategy, we have risk retention mechanisms and risk transfer mechanisms.

So risk retention mechanisms would take care of low severe, high -frequent disasters from our end. So we will be using our National Disasteries Management Fund, our Quick Response Fund, and our local disaster risk reduction management plan, a fund at the local level.

So looking at the, since I'm mentioning layering, for more severe disasters, we also have contingent credit lines. So that would include the Cat DDO with the World Bank. So right now we have in place the fifth Cat DDO.

So we have done five with the World Bank. With the Asian Development Bank, we're on the second, second it's called DRIP. And then with the JICA, we are on our third with this one. So we can retain the risk for those kind of disasters.

But when we talk about highly severe and low -frequent disasters, we're using risk transfer mechanisms. So what we did for 2017 and 2018, we had a parametric insurance in place. So it's covering 25 provinces across the seaboard, Eastern seaboard regions where it's usually hit by disasters.

And we also have the catastrophe bonds, which we did in 2021. So both are used for emergency responses. Thank you.

Yokoi, everyone. So to give a bit of context on Marshall Islands, the Marshall Islands territory is 97 .8% water and 2 .2% land. That's the largest proportion of water to land in any sovereign state.

The Marshall Islands is an isolated, sparsely populated, low -lying Pacific Island country, which consists of just 70 square miles of land, spread over 750 square miles of the ocean. We are located just north of the equator.

These characteristics alone make our country vulnerable to transnational threats, natural disasters, and the effects of climate change. As global temperature continues to climb, our country is witnessing firsthand the devastating impacts of climate change.

RMI faces the looming threat of permanent inundation and wave -driven flooding that pose significant challenges to its existence. Recent studies have indicated that if the current trends continue, many of our low -lying islands may become uninhabitable before the end of the century.

This underscores the urgency to invest in climate in resilience measures. And in response to our vulnerabilities, the RMI is undertaking reform actions. We're also modernizing our legislation in disaster risk management.

We've recently adopted a disaster risk management bill, which is set to replace our Emergencies Act of 1979 and the Disaster Assistance Act of 1987. This bill aims to reduce the vulnerability of our people and communities to disasters.

In addition, we also have the National Adaptation Plan. This is envisioned as a dynamic and adaptable blueprint for resilience for the next 120 years. This adaptation plan aligns with our disaster risk management initiatives.

It's combining both the scientific researchers with the traditional indigenous knowledge. RMI has also adopted sea -level rise policy, which we will be reviewing at least every four years. The policy recognizes the need to address the current and future financial barriers in order to achieve our adaptation plan.

And equally important is that the policy provides a clear way forward by identifying and assisting critical decision points that will be required from government, local government, and our traditional leaders.

So in summary, the RMI recognizes that given our vulnerability and our high risk to disasters, ensuring that we are financially resilient is essential for our future generations. And it starts today, it starts now by undertaking reform actions that support disaster preparedness measures, modernizing our legislation to reflect risk of disasters in real time, and clear policy directions and actions,

all of which will contribute to enabling access to disaster financing when it's very critical. Thank you.

Thank you very much, and you all did excellently on the time. So actually, I want to say that one of the things I picked up from almost all the stories that you told about your country was that the sad fact that disasters are an opportunity for investing in preparedness and response is actually true.

So you all in your interventions highlighted how there was a big disaster, and in fact, that's when you realize tomorrow's problem is today's problem. So I think it's definitely telling. I think there's three quick points that I picked up.

One is that you all talked about the importance of having a strategy, because that allows countries to prioritize, there's a lot of protection needs, but having a strategy really allows prioritization of what basically you want to protect.

The second is you talked about a series of different instruments. We used lots of different words, risk retention, risk transfer solutions, and I think in the next round, perhaps I'll dig a little bit deeper with the questions that I ask on those.

And the last bit is it needs enabling environment. You need the reforms to be in place to actually unlock the private capital, be it from domestic or international markets. So I think those are very pertinent points.

So I think I'm going to go back to Grenada then and ask if you could actually talk now from a bit of a general perspective on the small islands and talk about what financial solutions you think are most useful for small islands.

And then also, I mean, we see, of course, Prime Minister Motley championing the agenda for the small islands and making access to finance more easily available. But then what are other constraints that island countries face when accessing financial solutions?

And you have another three minutes.

Okay, so as I mentioned in my previous contribution, the CRIF, for us, that was quite revolutionary in the Caribbean. And CRIF was actually born out of the tragedy of Hurricane Ivan, so it was after Hurricane Ivan that this idea to come up with this parametric insurance facility came about.

So CRIF allows us to pool our resources and transfer risk and enable us to access financing that we probably would not have had access to before. Now, due to financial constraints, not every island would be able to have these three layers that we spoke about, but what CRIF does is that it makes the access to the financing affordable because essentially it's an expense, yes, but it's an expense that is palatable,

it's something that we can plan for in our budgets every year, and it's also something that is flexible because the premium depends on the features of your policy. So it gives us that flexibility and also assures us that we would have coverage if we have a natural disaster.

So as with all small islands, we have various priorities, we have development goals that we want to achieve and so on. So you always have to justify why, if you have to save for a disaster, why save when I have to finance education, I have to finance infrastructure and so on now.

So CRIF allows us to have coverage for a small amount of money relatively because, for instance, Grenada renewed its CRIF policy earlier this month. We spent 1 .5 million US dollars for coverage of exceeding 57 million in total.

So I mean, that's a win -win for us in case we get a disaster, which we hope we never get. We've had a policy since 2007, we've never triggered a policy. Maybe God moved back, I'm not sure, maybe, but so far we've had a good go at it.

Now, in terms of other challenges, as I mentioned, the fiscal space constraints that we have, we can't speak about small islands without speaking about the fiscal constraints, really, and justifying why save for later when we have priorities now.

But how we can mitigate against these would be to exercise, I think, planning, better planning, something that we're probably deficient in in the region, and also fiscal discipline. I mentioned before that Grenada went to a structural adjustment program and is out of that crisis that we were able to actually implement the laws and the policies that we needed to ensure that we have fiscal sustainability going forward.

So access to finance is one thing, but being properly able to manage those finances and give us the space to be able to invest in those financial protection instruments is very important. So it's something that, I mean, it was successful with us, we've been preaching it to our counterparts to be able to plan better and to legislate in some instances the fiscal responsibility that we have now.

One major hindrance, I think, to our development goals is the changing in political cycles. Sometimes that really hinders our goals. So properly planning for a period of time spanning 15, 20 years is actually helping us, we're actually almost about to legislate our development goals so that whatever government comes in, we still have to ensure that we implement policies and maintain fiscal sustainability so that we meet those goals going forward.

I think that's one of the areas that we need to work on as well that will also contribute to the access to finance that we want to get.

Fabulous. I mean, the power of regional solutions is definitely real. So you talked about CRIF, and of course, now there's other regional risk pools that other regions have unlocked as well. And I think the point about institutionalization of disastrous finance, disastrous management within ministries of finance beyond political cycles is absolutely fundamental as well.

So thank you for that. Now going to Morocco. You have a very fascinating mechanism, of course, with the Solidarity Fund that you mentioned in your response. Obviously, it takes on the different layers of risk.

So perhaps you could talk a little bit about the rationale for why it's structured, the way it's structured, and then importantly, how has it been useful? I think it's triggered in the past. So what was the experience?

Maybe you can share a little bit on that.

Thank you. So the solidarity fund, one created was protected by law, they can't spend more the funds he had. So legally he's protected, but politically it is unacceptable. So we had to have financial strategy.

First we work on risk modelling, mostly on earthquake and flood modelling, and we had the average annual loss, the maximum probable loss. So we knew that the fund should have at least the annual average loss, almost $20 million.

So we set up para -fiscal tax, it is 1% of non -life insurance premium. So now he has every year 1% of non -life insurance premiums. So it covers the $20 million, more than $20 million. And we had the objective to cover one on 100 years, the maximum probable loss is $600 million.

So we made a strategy with three layers, maybe as like other countries working with the World Bank. So the reserve layer for small disasters, and CADDO for middle disasters, and risk transfer for major disasters.

So we had earthquake transfer because our modelling was accepted by the market. And thanks to this contract, we had a pay -out last year for the earthquake of Alhous region of Marrakesh of $275 million.

With this money, we compensate people for the loss of houses. We had almost 60 ,000 houses destroyed, totally or partially. We gave an aid of $8 ,000 for each household, partially destroyed, and $14 ,000 for houses totally destroyed.

So our financial strategy is we have to work on floods, how to transfer floods risk. So we're working with the World Bank on the modelling of floods. And also we are working with the Treasury of the World Bank to issue a CADBON next year on earthquakes.

Thank you so much. And Morocco is a very telling story because it's a great way to consolidate or coordinate your entire disastrous finance program through this mechanism, the various layers. So I think it's a very interesting example.

With that, perhaps, moving on to the Philippines. In your intervention earlier, you talked about parametric insurance. You talked about catastrophe bonds. Maybe you can explain to the audience a little bit what's the difference between these mechanisms and also how have they benefited the Philippines.

So for our risk transfer instruments, I think maybe I can name at least three of the considerations on how we choose parametric insurance and the catastrophe bonds. So as I mentioned earlier, we're considering how severe a disaster is.

So first, what are we trying to cover ourselves from? So in the case of parametric insurance, we are covering a one in 10 event happening. And in the case of catastrophe bonds, that's one in 19 event.

So the one in 19 event is the super typhoon Haiyan or Yolanda that we experienced from before. So the coverage would be for not much severe. We're doing parametric insurance. Much severe than that, we're doing the cut bonds.

Second is, when there is a payout, how long will the national government receive the funds from those financing instruments? So in the case of parametric insurance, we're able to receive payouts in a span of 15 days.

And in the case of catastrophe bonds, almost around two months. So that's how quick parametric insurance payout is against the catastrophe bonds. And lastly, how will we use the payout we are getting from both instruments?

In the case of both the parametric insurance and the catastrophe bonds, we did use it for emergency response. Given that there's bruising and all that, so mainly that's for emergency response needs of the government.

I can say that in both cases, we are successful because we are able to draw out payouts from both financial instruments. But looking back, I think we can improve it more. So we weren't able to renew both the parametric insurance and the cut bonds because right now we are currently looking on how to improve it more.

And in terms of the implementation, in terms of getting the payout, in terms of delivering it to the affected areas, of the natural disaster. Thank you.

Thank you so much. And I just want to pick up on the point that the Philippines has been lucky to have both the instruments triggered. We have the case of the Caribbean, where, of course, they've had the policy for a while, and they've been lucky not to have a disaster.

So in fact, two points, right? You don't want the disaster to happen, but if it happens and you have some solutions in place, it can benefit countries. But also, it's important to note that they don't always trigger.

There's very high thresholds set for these kinds of instruments. Last, I'm going to go to the Republic of Marshall Islands. So of course, you talked a little bit about the steps that you're taking, but could you elaborate a bit more on how the Republic of Marshall Islands is proactively working on their risk -finance strategy, and how are some of the challenges and lessons of the past informing this forward -looking approach that you talked about?

Thank you, so to reiterate the Marshall Islands like many other small island nations Is this proportionately vulnerable to the definite devastating effects of climate climate change induced disasters?

Rising sea levels increasingly severe storms and typhoons king tides and coastal erosion pose imminent threats to the lives livelihoods and infrastructure of our people and in the face of such adversity the Government of Marshall Islands is working towards an integrated strategy to finance DRM Not only in response and recovery, but also exantia resilience building one of the key approaches adopted by the Marshall Islands is proactive engagement with our international partners and organization Recognizing the limitations of our own financial resources We have actively sought assistance and collaboration from our international community To bolster our disaster financing mechanisms Through partnerships with entities such as the US adb and the World Bank We have been able to access critical funding and technical expertise to strengthen our financial protection measures We are also exploring the new opportunities with peak Rick Which provides sovereign risk insurance to Pacific countries?

We've worked with them to develop new products for drought and heavy rainfall As our country is highly vulnerable to these drought hazards Moreover, we have implemented innovative financing mechanisms to mitigate the economic impacts of disasters and also to facilitate swift recovery One notable example is the establishment of our disaster contingency fund through our recently revised Public Financial Management Act This will pull resources from domestic sources International donors and insurance schemes to ensure rapid access to funds in the event of a disaster We also have the access to contingent funds financing through our multilateral partners that help us Draw down on standby funds in case of a disaster The flexible approach of this mechanism combined with reform areas that these instruments support helps to enhance our DRM frameworks proactively For example with the World Bank.

We have the 12 million Catastrophe deferred drawdown option or cat DDO This will not only provide us with the access to additional contingent financing sources But also support our DRM app, which has been revised for the first time in over 35 years this is the Pacific region's first ever national sea level rise policy and In addition to that we also have the National Building Act to regulate our new building code Importantly our government is prioritizing investments in climate resilient infrastructure and community - based adaptation Initiatives to enhance our capacity to withstand future disasters and climate change and by integrating climate resilience Proactively into development planning and infrastructure projects such as coastal protection Our government aims to reduce vulnerability and build a more sustainable future for our citizens This will help reduce the cost of future disasters and climate change not only through reduced damages to our asset,

but reduce losses of livelihood and While our country has made great strides in recent years to enhance our disaster risk financing strategies there are inevitably areas where challenges persist and Lessons can be learned one significant challenge is the inherent complexity and unpredictability of disaster events such as our ongoing drought higher frequency of king tides and despite proactive measures and investments in disaster preparedness the severity and frequency of disasters often They often exceed the initial projections placing significant strain on existing financing mechanisms In such instances,

the adequacy of available funds may prove insufficient to cover the full extent of damages and facilitate comprehensive recovery efforts leading to a prolonged socioeconomic disruptions. Now I wish to share two key lessons to be gleaned from the experience of disaster risk financing in the Marshall Islands.

Firstly, there is the need for greater emphasis on building local capacity and institutional resilience. This will enhance the effectiveness of disaster response and recovery efforts, strengthen domestic institutions and empowering local communities to take ownership of disaster risk management initiatives and can facilitate more agile and adaptive responses to our emergency challenges.

Secondly is diversifying sources of financing and reducing dependence on external assistance. This will enhance the resilience of disaster financing mechanisms against external shocks and fluctuations and exploring innovative financing instruments such as micro insurance schemes and new climate finance instruments.

Could provide additional avenues for mobilizing resources, spreading risk, thereby increasing the financial resilience of the Marshall Islands to disaster. Thank you.

Thank you. Thank you so much. And you made some really, really great points, especially on the importance of strengthening the PFM structures in the country to make sure money moves quickly. We have two minutes left, and I want to ask one of the panelists, you're going to decide which one, in 60 seconds or less, if there's one thing you want to share with the UR community for what we can do better to give you the connections,

the knowledge that you need to further you on your disaster risk finance journey, what will it be? Which one of you wants to take the floor?

I think your events like this, actually, it's a very good platform and avenue for us not only to showcase what we are doing in our country, but also learn from other countries' experiences and best practices and challenges as well.

So I think from our end, it's a way for us to assess. If what we are currently doing is still efficient, still up -to -date, or is it time for us, again, to revisit our financing instruments that we are doing so that we can develop new and more up -to -date financing instruments in our country.

Thank you.

Thank you so much. Big round of applause for the panelists. So I think we're done. I'm not going to attempt to summarize, but if I had to just leave you with three points. One we heard from the panelists that undertaking these instruments, reforms in country, it's not easy, but it's worth it.

So we should be doing it. Second is let's be friends with the private sector because actually all these instruments like RIST Transfer Solutions they talked about, they are leveraging private sector capacity and public money is just not enough.

And the third one is what Donna said, I couldn't say it better, but let's learn from our peers and our neighbors because there's a lot of experience there. So thank you everyone for listening and thank you to the panelists for an excellent session.