

# Enabling timely action for climate shocks, disasters, and crises

THE WORLD BANK'S COMMITMENT TO DEVELOP INNOVATIVE DRF SOLUTIONS



Global Shield  
Financing Facility

# The World Bank Group (WBG) has actively promoted disaster risk finance as part of its new Evolution Roadmap.

Disaster risk finance refers to the financial tools and mechanisms used to manage and mitigate the financial impacts of disasters, including natural disasters and climate-related events.

Investing in disaster risk finance generates significant returns on investment by reducing the costs associated with post-disaster response and recovery. The World Bank's Disaster Risk Financing and Insurance Program (DRFIP) provides governments and partners with technical and financial support to develop and implement effective disaster risk finance solutions tailored to address specific disaster risks and country contexts.

The World Bank Group has assisted over 130 countries in developing Disaster Risk Finance strategies and solutions.

We play a vital role in partnering with countries to enhance financial protection and build resilience in disaster-prone regions, fostering sustainable development for vulnerable communities.

**130+**

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countries

## How does the Global Shield Against Climate Risks link to the World Bank's Financing Facility (GSFF)?



The Global Shield against Climate Risks is an initiative launched by the G7 and the Vulnerable Twenty (V20) Group of Ministers of Finance; it aims to increase protection for vulnerable people and countries by providing and facilitating substantially more and better pre-arranged finance against disasters and climate risks. The Global Shield against Climate Risks is implemented through its financing vehicle, which includes three programs: The Global Shield Solutions Platform, hosted by the Frankfurt School; the CVF & V20 Joint Multi-donor Trust Fund and **the Global Shield Financing Facility hosted by the World Bank.**

# The World Bank's Global Shield Financing Facility (GSFF) supports vulnerable countries and communities with increased access to climate shocks, disasters, and crises by:

Enhancing financial protection against disasters and climate shocks for vulnerable countries through analytical, advisory, and operational expertise.

Strengthening partnerships with non-traditional stakeholders, including regional risk pools, private sector, civil society organizations, and humanitarian organizations.

Helping address financial protection gaps by providing strategic partnerships, technical advisory services and integrated financial packages which offer coordinated and consolidated financial support to the vulnerable.



# What will the Global Shield Financing Facility (GSFF) do?

## Program financial protection packages through World Bank country engagements

Teams will prepare the project as per the World Bank project cycle, where the Disaster Risk Finance engagement is a component within a larger WB project or a standalone Recipient Executed Trust Fund. The design of the project is guided by the GSFF project appraisal criteria, ensuring that the DRF engagement is well-structured and aligns with the project objectives.



**\$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.**



PHOTO BY: A'MELODY LEE, WORLD BANK

# What will the Global Shield Financing Facility (GSFF) do?

## Transfer funds out to partners for activities that align with the Facility's development objective





Approval is required from the GSFF Steering Committee for any transfer outs requested by eligible transferees, which include eligible UN organizations and multilateral institutions that can access resources from World Bank trust funds. All decisions on transfer outs are made by the donors of the GSFF. The World Bank does not have fiduciary oversight on any funds transferred out.



**World Food Program (WFP):** WFP received US\$20 million from Germany and the United Kingdom through the World Bank's Global Shield Financing Facility to support the expansion of WFP's climate and disaster risk financing cover in 23 countries across the globe, protecting up to 4.6 million people from climate risks over the next two years.

# What will the Global Shield Financing Facility (GSFF) do?

This is done through four pillars

 Pillar 1	 Pillar 2	 Pillar 3	 Pillar 4
Global engagements to close the protection gap and support the Global Shield against climate risks.	Deepening partnerships with humanitarian agencies and Civil Society Organizations.	Designing and implementing integrated financial protection packages.	Mobilizing private risk capital.



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 partner countries to significantly increase their financial capacity in the aftermath of disasters. In Jamaica, a successful placement of the CAT bond provides additional coverage of \$185 million, which adds an indispensable layer of disaster risk financing to the instruments Jamaica already had in place.

Through programs like the GRiF, more than US\$4 bn in private capital has been facilitated in 10+ countries, protecting close to 10 million beneficiaries.

# Finance for setting up and implementing instruments



## Technical and Policy advice to countries

In Indonesia, a \$14 million grant will help the Government increase its technical capacity to set up and establish a pooling fund. This will improve the response to disasters and thus protect its population and public finances, specifically by supporting the timely implementation of the National Disaster Risk Financing and Insurance Strategy. The grant supports a larger \$500 million World Bank operation.



## Data, Analytics, Tools

\$4.2 million Innovation Investment grant provides ongoing support to the Crisis Risk Analytics Finance program. Most recently, through this grant, the project team developed social risk modeling that can forecast changes in levels of violence in three provinces of the Democratic Republic of Congo.



## Capacity building and Implementation support

In Southeast Asia a \$10.5 million grant will enable the Southeast Asia Disaster Risk Insurance Facility (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.



# Finance for setting up and implementing instruments

In Jamaica, a \$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.

## Global Public Goods

\$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.

### **The scope of the GSFF extends globally, with a particular focus on countries that are considered fragile and vulnerable.**

This prioritization is in line with the Global Shield initiative, which aims to protect countries from climate-related risks. The Facility will provide support to countries where there is a demonstrated demand for assistance, as identified through the World Bank's engagement and approved by the World Bank's steering committee. This approach ensures that the Facility's resources are allocated effectively and in alignment with the needs and priorities of the countries involved.



PHOTO BY: ANDRZJ BROWN

# Finance for setting up and implementing instruments

**All funds implemented by the World Bank within GSFF undergo a corporate and grant level gender screening process.**

GSFF's four strategic objectives for gender-related activities include



Embedding gender considerations in all systems and processes.



Increasing the gender knowledge and capacity of project teams.



Building partnerships with humanitarian organizations and civil society organizations.



Contributing to global public goods on gender-sensitive DRF.

By integrating gender in its operations, empowering project teams, fostering collaborations, and promoting inclusive DRFI practices, the GSFF actively works towards gender equality and inclusion.



PHOTO BY: SCOTT WALLACE, WORLD BANK

# Driving Collaborative Impact on Disaster Risk Finance

The Global Shield Financing Facility is financed by Canada, Germany, Japan, and the U.K. It is jointly managed by the World Bank's Finance, Competitiveness, and Innovation (FCI) and Urban, Risk, Resilience and Land (PURL) Global Practices.

The Facility provides support to a range of countries and is governed by its Steering Committee, which consists of members including contributing donors and the World Bank. Additionally, observers such as the V20 representative and the GS Secretariat participate in the committee. Decisions within the Facility are made by the members, based on a consensus approach. Furthermore, the Facility benefits from strategic guidance from the High-Level Consultative Group of the Global Shield initiative, which focuses on mitigating climate risks at a global level. This collaborative structure ensures that the Facility operates effectively, considering the expertise and perspectives of various stakeholders involved.



PHOTO BY: NUGROHO NURDIKIawan SUNJOYO, WORLD BANK

**For more information;**

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