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CASE STUDY | Disaster Risk Financing

EASTERN AND SOUTHERN AFRICA

Innovative Regional Multi-layered Financial Solutions to Protect Nations from Disasters

Man stands outside his house after being left homeless from heavy floods in Kibera, Nairobi, Kenya. Credit: Donwilson Odhiambo | iStock

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Countries across Eastern and Southern Africa are increasingly vulnerable to climate-related disasters that exact a heavy toll on people and economies. According to the Notre Dame Global Adaptation Index (ND-GAIN), many of these countries rank among the most climate-vulnerable in the world. *El Niño* events bring extreme temperatures, dry spells, and drought, while *La Niña* leads to excessive rainfall and widespread flooding. In recent years, the region has faced a growing number of severe and often transboundary disasters—including cyclones, floods, and prolonged droughts—that have repeatedly displaced millions and disrupted livelihoods. Major storms such as Idai, Kenneth, Eloise, Freddy, and Chido between 2019 and 2024 collectively affected tens of millions of people across Comoros, Madagascar, Mozambique, Malawi, and neighboring countries. In the same period, prolonged droughts in Angola, Malawi, Zambia, and Zimbabwe pushed 27 million people into food insecurity and left 21 million children malnourished. These escalating climate shocks undermine livelihoods, constrain economic opportunities, and exacerbate migration, conflicts, and social instability.

Most countries in the region still rely heavily on ex-post disaster financing through budget reallocations, humanitarian appeals, and donor assistance. These resources often arrive too late and are insufficient to meet recovery needs. Few have comprehensive pre-arranged financial instruments that can provide timely liquidity for severe and catastrophic events. As a result, disaster response remains reactive rather than proactive, straining public resources and limiting the speed and effectiveness of recovery efforts.

Program

In response to rising climate-related risks, governments across Eastern and Southern Africa are taking steps to strengthen their financial and operational preparedness for disasters. With support from the World Bank Group (WBG), they jointly developed the Regional Emergency Preparedness and Access to Inclusive Recovery (REPAIR) program—a regional platform that empowers participating countries to manage disaster risks more effectively and access rapid financing when shocks occur. REPAIR builds on national disaster risk financing strategies, providing countries with a flexible, multi-layered toolkit that complements ongoing efforts to improve fiscal discipline, budget planning, and crisis coordination.

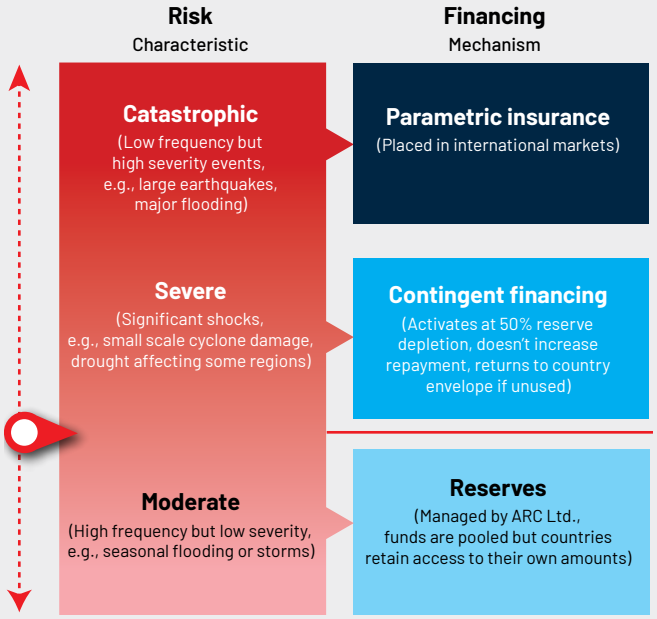
Bringing together several instruments from WBG's crisis response toolkit, the REPAIR facility provides a cost-effective, multi-layered approach to disaster risk financing, designed to respond proportionally to the severity and frequency of shocks (*see Figure 1*). The structure comprises three complementary layers:

- **Reserves for moderate,** recurrent shocks with relatively limited damages, funded through country resources;
- **Contingent financing** (Investment Project Financing with a Deferred Drawdown Option, IPF-DDO) for more severe shocks that cause substantial damage, activated when reserves are at least 50% depleted or upon a declaration of emergency; and
- **Parametric insurance** for rare, but catastrophic disasters, placed in the international reinsurance market.

The program benefits multiple countries in Eastern and Southern Africa. The total approved program is US$926 million, including Phase 1 of US$280 million of IDA financing with Comoros, Madagascar, and Mozambique in 2024, and Phase 2 of US$400 million IBRD/IDA financing with Angola, Burundi, Malawi, Seychelles, and Zambia in 2025. Phase 3 is in preparation for the Democratic Republic of Congo.

Program implementation is carried out at the regional level to pool expertise and resources, and to enable the platform

FIGURE 1. REPAIR PROGRAM RISK CHARACTERISTICS AND FINANCING



to attract additional partners. A US$26 million Global Shield Financing Facility (GSFF) grant finances implementation costs and strengthens operational preparedness across participating countries. The implementing partner is responsible for executing the three-tiered financial mechanism and building institutional capacity across governments and agencies. Regional delivery through a single platform enables standardized products, efficient pricing and operations, and robust peer-to-peer learning.

A second program component focuses on operational readiness, ensuring that disbursed financing reaches affected populations swiftly and transparently. Each participating country identifies pre-arranged channels to implement post-disaster funds, supported by mechanisms to track, audit, and verify their use. Accountability is reinforced through clear eligibility criteria, a blockchain-based tracking platform developed by the WBG, and independent audits and third-party monitoring. Together, these systems ensure that resources flow efficiently to communities most in need, closing the gap between financial preparedness and on-the-ground impact.

Results

The REPAIR program is helping participating countries strengthen their financial preparedness and ability to respond more effectively to climate-related disasters. Early experience shows that pre-arranged financing can enable governments to act faster and at lower cost when shocks occur, reducing reliance on emergency appeals and budget reallocations. REPAIR is built around three guiding principles that underpin its approach to rapid, transparent, and predictable disaster financing:

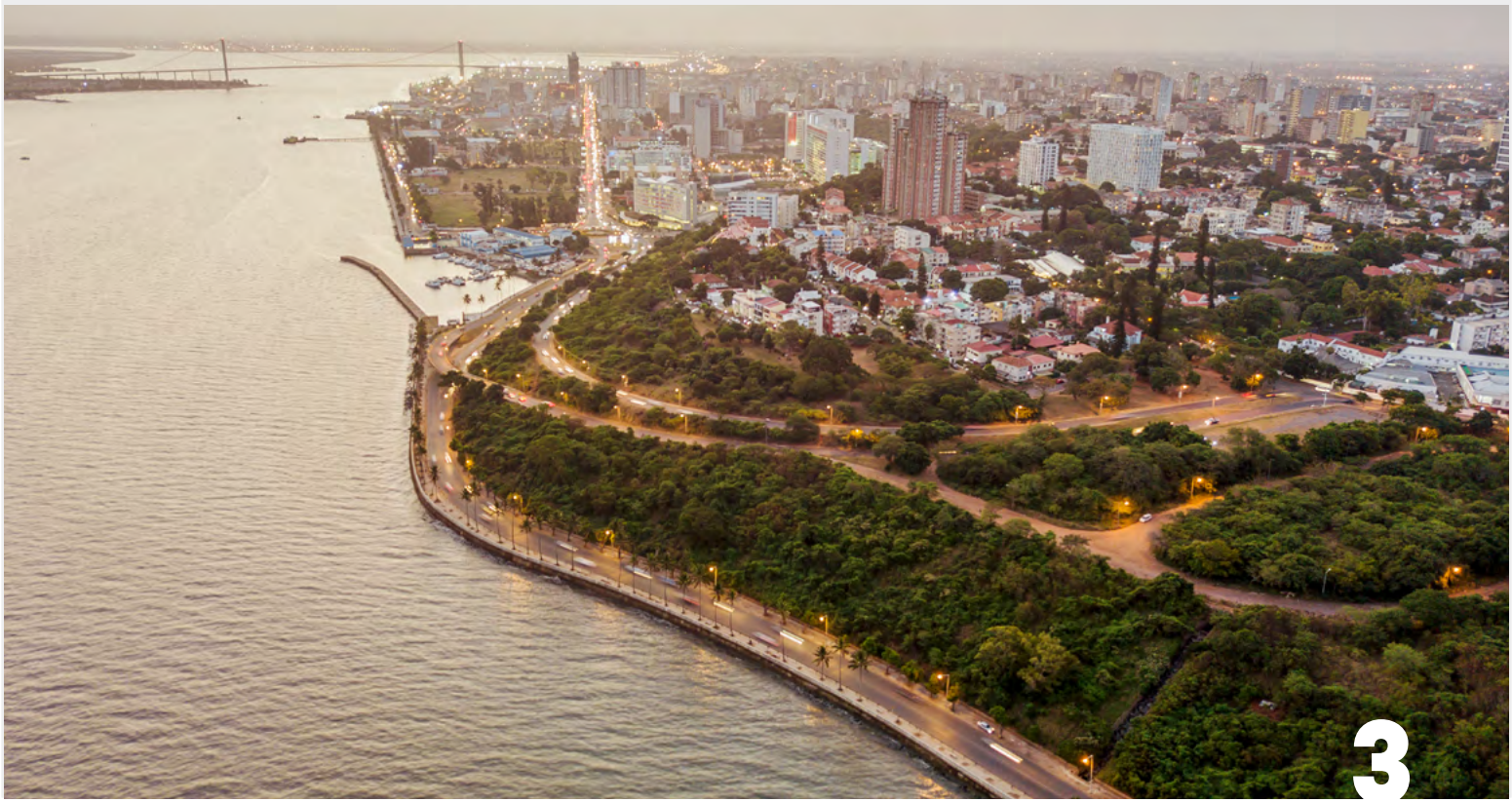
- **Speed**: funds are made available to countries within seven days of a post-disaster request;
- **Flexibility**: participating countries can select from a range of financial instruments and delivery channels, recognizing that disasters vary widely in their nature and impact; and
- **Sustainability**: REPAIR serves as a scalable platform to mobilize large volumes of climate adaptation financing from public and private sources, underpinned by a strong governance framework for fund management and use.

Key program performance indicators are embedded to track results of the program: the number of people covered by pre-arranged financial instruments**,** the time taken for funds to reach Ministries of Finance following a shock, and the level of private capital mobilized through insurance solutions. Across participating countries, REPAIR aims to strengthen the resilience of 28 million people and attract up to US$795 million in private capital.

The program's effectiveness was demonstrated when Cyclone Chido struck Comoros in December 2024. Within days, US$124,000 of REPAIR financing was disbursed to supply food, water, and reconstruction kits for displaced people. Similarly, in April 2025, Mozambique's Ministry of Finance activated REPAIR to release US$16.9 million to finance the response to Tropical Cyclone Jude, which affected approximately 300,000 people in the Nampula Province. In both cases, funds reached the national treasuries in less than seven days of the request, enabling rapid, targeted emergency support.

An economic analysis confirmed the value of REPAIR's pre-arranged financing models. For Phase 1 countries exposed to tropical cyclones, the economic cost of emergency response was reduced by an estimated 24% for Comoros, 10% for Madagascar, and 43% for Mozambique. Similarly, for Phase 2 countries affected by severe drought, REPAIR reduced the overall fiscal cost of emergency interventions by an average of 30%, underscoring the program's efficiency and cost-effectiveness in managing disaster risk.

Maputo, Costa do Sol, Mozambique. Credit: Jacek_Sopotnicki | iStock



Key Takeaways

The first year of REPAIR implementation offers valuable lessons for replication and scale-up across Africa and beyond. The program demonstrates that regional platforms can deliver disaster risk financing more efficiently and equitably by pooling risks, standardizing governance, and attracting both public and private investment at scale. It also underscores the importance of pairing financial preparedness with operational readiness—ensuring that pre-arranged financing translates quickly into support for affected communities.

1. **The platform approach is essential for cost-effective disaster financing.** REPAIR is managed by a regional implementing entity competitively selected by participating countries. It is designed as an open platform that allows new countries to join as they become ready. All participating members have access to a common menu of pre-arranged financial instruments and apply uniform rules for fund flows, while retaining flexibility to select the instruments and delivery channels that best fit their national context. The platform model delivers four key benefits:
   - **a) Scale**: Aggregates risk and demand across countries, making it possible to attract global reinsurers and overcome the scale barriers typically faced by individual emerging markets.
   - **b) Expertise**: Pools technical capacity in disaster risk finance and fosters peer-to-peer learning among participating countries.
   - **c) Product development**: Enables the design of new financial products, such as earthquake insurance or contingent credit, that would not be viable for a single country.
   - **d) Resource mobilization:** Reduces transaction costs for development partners and investors, supported by a robust governance and fiduciary framework.

2. **Financial preparedness must be matched with operational readiness.** For pre-arranged financing to deliver results on the ground, clear operational systems must be established before disasters occur. This includes common rules and procedures that determine how funds will flow once a disaster is triggered, supported by strong governance mechanisms such as performance contracts, independent audits, third-party verification, and technology platforms to trace disbursements. Equally important are pre-disaster public financial management arrangements that enable emergency resources to reach response sectors quickly, without appropriation delays or administrative bottlenecks. Together, these measures ensure that financial preparedness is matched by institutional capacity, allowing funds to be deployed swiftly, transparently, and effectively to support affected communities.

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