



Photo: NHLP (National Horticulture and Livestock Project) World Bank

GRiF Technical Talks

Online Speaker Series, Session 1

Introduction

The Global Risk Financing Facility (GRiF) Technical Talks webinar series will focus on technical and operational issues and share lessons learned from the set-up and implementation of GRiF, a trust fund program housed at the World Bank.

The series aims to increase the understanding and awareness of GRiF and the projects it finances among partners interested in crisis and disaster risk finance—officials from ministries of finance as well as other line ministries, development professionals, World Bank donors, World Bank project teams, and others. In each webinar, members of the GRiF Secretariat will facilitate conversations with experts in the field of crisis and disaster risk finance, who will share their experiences working with the program.



**Global Risk
Financing Facility**

Supporting Early Action to Climate Shocks, Disasters, and Crises



Photo: John Hogg (World Bank)



Technical Talk 1

will provide an overview on the program, lessons learned since the inception of operations in 2018, and directions for the future.

About the Global Risk Financing Facility (GRiF)

GRiF supports financial preparedness for climate shocks, disasters, and crises.



The facility was established in October 2018 as a multi-donor trust fund to help countries design and implement financial solutions to manage disasters and climate shocks.



The program is financed by the governments of Germany (Federal Ministry for Economic Cooperation and Development, BMZ) and the United Kingdom (Foreign, Commonwealth & Development Office, FCDO) with over \$250 million in pledges.



Representatives from BMZ, FCDO, and the World Bank form the Steering Committee. This committee serves as the primary governing body, providing guidance and strategic advice on program priorities.



The Secretariat is formed by two units: the Disaster Risk Financing and Insurance Program (DRFIP), which acts as the technical manager; and the Global Facility for Disaster Reduction and Recovery (GFDRR), which acts as the trust fund manager.

How GRiF Works

GRiF strengthens financial resilience by supporting countries' efforts to arrange financial solutions in advance of climate shocks, disasters, and crises. Its grants offer financial and technical assistance to enable governments to setup risk retention instruments (such as contingency funds) or risk transfer instruments (such as insurance solutions) that are linked to delivery systems—for example, social safety nets that can channel assistance to affected populations. Pre-arranging finance and pre-identifying delivery channels increases the speed, predictability, and transparency of the response to crises and their aftermath.

To maximize impact, GRiF projects are designed as part of World Bank projects. This ensures that country-owned delivery systems are used to directly reach affected populations such as farmers, small and medium enterprises, and the very poor. Recognizing that no sector is immune to the impacts of disasters and other crises, the facility provides support across a variety of sectors. For example, financial solutions are being designed for projects focused on agriculture, disaster risk and urban development management, the financial sector and jobs, and social protection; new engagements have begun in infrastructure sectors such as transport, energy, and water. A key objective of the program is to spur innovation and expansion of financial solutions and tools that address new risks.

Guiding Principles

Grants are guided by a set of principles that maximize GRiF's beneficial impact on the financial resilience of developing countries and the well-being of vulnerable people exposed to shocks and crises. The principles help guide strategic resource allocations for the portfolio and offer guidance for technical enhancement of project implementation. Specifically, these principles comprise the appraisal framework against which grant applications are considered and selected. The full set of principles and appraisal framework can be found [here](#).



Photo: Dominic Chavez (World Bank)

Key Partners

The founding partners of this program are the governments of Germany (BMZ) and the United Kingdom (FCDO) along with the World Bank.

GRiF works with the InsuResilience Global Partnership—the primary networking and knowledge-sharing platform for the climate and disaster risk finance and insurance community—to achieve the goals of InsuResilience's Vision 2025. In addition, GRiF also collaborates on evaluation and learning activities with the Centre for Disaster Protection.

GRiF has a core focus on bringing private sector expertise and capital to support climate risk management in vulnerable countries. It partners with the private sector to build comprehensive financial packages that include market-based solutions. The ability to directly co-finance risk transfer instruments is an important step toward supporting countries in developing and accessing private markets.

Finally, key partners in the humanitarian sector include various Red Cross and Red Crescent affiliates, the Start Network, and others.

Portfolio Overview

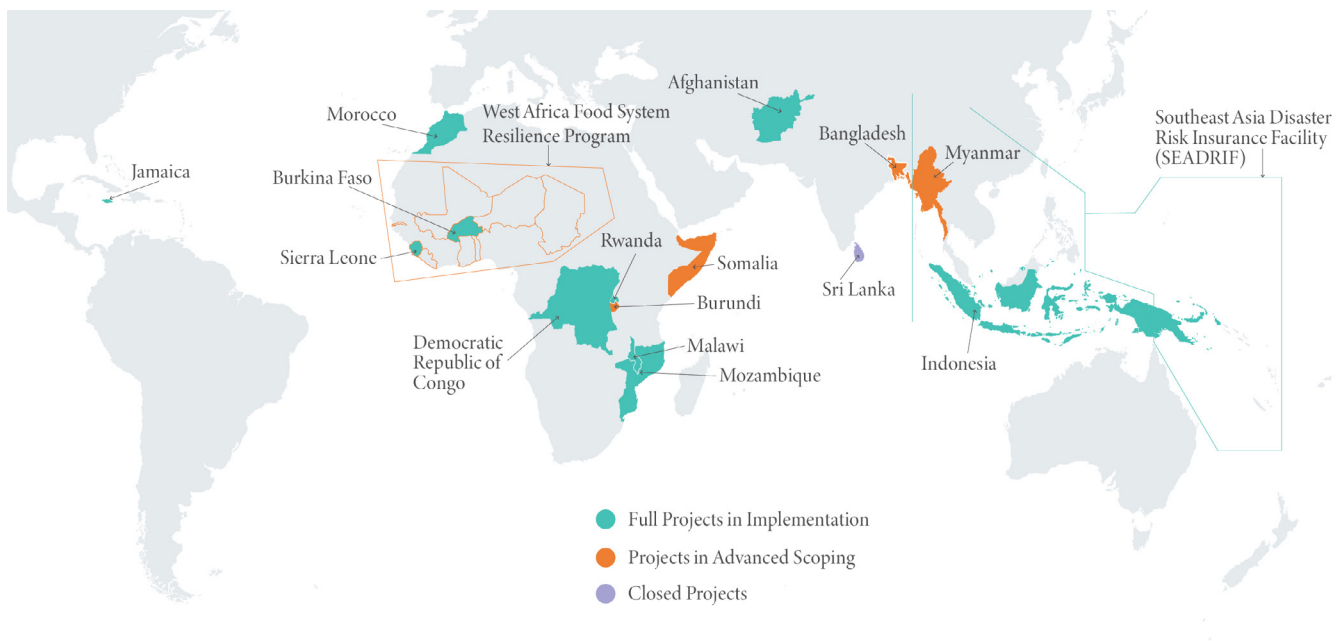


Since its inception two and a half years ago, GRiF has received approximately \$260 million in pledges and contributions, of which \$150+ million is currently programmed in 12 country projects, one large global goods program and a number of smaller global grants. The facility's grant funding has co-financed approximately \$1 billion in World Bank operations, of which \$445 million is in low-income countries.



The portfolio has evolved from a focus on more traditionally aligned sectors—disaster risk management and urban; macro-fiscal; social protection—and now includes activities in sectors such as agriculture, transportation, energy, and water.

GRiF Around the World



Mozambique



The \$8 million grant co-finance a \$90 million World Bank operation to support the government's disaster risk management program, with a strong focus on financial planning. The funds will enable the design of a sovereign risk insurance mechanism against severe events and pay part of the costs of premiums for this instrument.

Afghanistan



The \$25 million grant co-finance the design, set-up, and co-financing of premium payments for a shock-responsive mechanism, part of a new social protection system being set up under a corresponding \$200 million World Bank operation.

Indonesia



The \$14 million grant co-finance a \$500 million World Bank operation to help the country build and strengthen its financial response to natural disasters, climate risks, and health-related shocks.

Malawi



The \$21 million grant co-finance a \$125 million World Bank operation that 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.

Sierra Leone



The \$2.5 million grant co-finance a \$30 million World Bank operation to enable the country's existing social safety net to respond to shocks. The grant initially focused on preparing for natural disasters, but because of Sierra Leone's experience with disease outbreaks, pandemics were also included in the scope. In April 2020, the program was swiftly reoriented to support COVID-19 relief.

Responding to COVID-19



GRiF has enabled countries to respond to COVID-19 in a variety of ways. Several existing grants were quickly adjusted to support COVID-19 response. In Sierra Leone and Malawi, for example, teams developing shock-responsive safety nets were able to use GRiF-funded technical assistance to build and adapt systems for COVID-19 emergency support. In the two countries, GRiF financing helped enable emergency transfers to approximately 350,000 people, demonstrating proof of concept for pre-arranging financial and technical assistance. Based on the success of this initial response, the European Union has agreed to provide an additional €5 million in Sierra Leone for emergency cash transfers designed to reach 228,000 more people.



GRiF also rapidly restructured its pipeline to support countries in preparing for potential compound shocks. As an immediate measure, the facility provided small short-term grants (up to \$200,000) for analytical work that incorporates financial preparedness to compound shocks into COVID-19 response and recovery projects currently under preparation. For instance, GRiF awarded three grants worth \$750,000 in line with the approach to mobilizing analytical work for projects addressing COVID-19 and future compound shocks. Among them was a grant focused on financial assessments of COVID-19's impact on water utilities in three pilot countries: Albania, Brazil, and Colombia. The findings from these assessments will be used to develop a national, regional, or global liquidity facility to provide timely support to water service providers so they can continue service delivery even in the face of shocks.



GRiF also reallocated funds to new projects that include financial solutions for compound shocks. The resulting mechanisms will be sustained beyond the immediate pandemic to respond to future shocks and crises. Country projects have been approved in Burkina Faso and Rwanda, where the governments are creating shock-responsive Partial Portfolio Credit Guarantee Schemes through inclusion of dedicated shock windows for small and medium enterprises. These would mobilize for compound shocks (as well as the ongoing pandemic) and could potentially be insured in the future with risk transfer solutions.

For more information:

To learn more about the Global Risk Financing Facility, please visit <https://www.globalriskfinancing.org/> or contact Technical Team Leads [Benedikt Signer](#) and [Sumati Rajput](#) or Trust Fund Team Leads: [Zoe Elena Trohanis](#) and [Ronette Gwendolyn Jordan](#).



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