Early Warning System

WB-P175523

Financial Protection Program against Natural Disasters: Strengthening the Financial Resilience of Morocco

Financial Protection Program against Natural Disasters: Strengthening the Financial Resilience of Morocco

Quick Facts

Countries	Morocco
Financial Institutions	World Bank (WB)
Status	Proposed
Bank Risk Rating	U
Borrower	Government of Morocco
Sectors	Climate and Environment, Technical Cooperation
Investment Type(s)	Advisory Services
Project Cost (USD)	$ 5.00 million

Project Description

According to bank documents, the Project Objective is to strengthen the technical, operational and financial capacity of the Government of Morocco and the Solidarity Fund to respond to severe disasters and climate shocks, and alleviate their impact on the most vulnerable part of the population.

The project has three components:

Component 1: Climate Risk Understanding and Modeling (US$ 1.5 million). This component will support the flood modeling costs required to develop and validate parametricreinsurance-transaction-ready risk information and triggers. It will also raise awareness on drought risk, in the context of highly climate-change-susceptible assets (i.e., the agriculture sector) and given the lack of institutional capacity and understanding of potential contingent liability from climate risk. Finally, this component will support the development of a knowledge and e-learning platform involving the different DRF stakeholders to build their capacity over the long-term and leverage the knowledge sharing element of this activity.

Component 2: Systems Building (US$ 2.0 million). This component will support the building of a risk information and software infrastructure to allow for near real-time impact analysis, estimation of financial losses, and response. It will also further strengthen the operationalization of Law 110-14 and the various bodies set up by the law, as initially supported by the PforR. Finally, it will contribute to faster and more reliable financial compensations in the aftermath of a disaster, for the benefit of the population affected and the most vulnerable.

Component 3: Start-up costs associated with a flood market-based risk transfer solution (US$ 1.5 million). This component will support the transaction costs associated with a competitive, transparent, optimized risk transfer purchase and implementation, covering severe flood events and potentially other risks (earthquakes or droughts). It will cover communication (outreach), structuring, legal, contractual and execution costs of a placement that will aim to be widely open to quotes from a wide variety of (financially acceptable) markets. This includes a benchmark of financial vs reinsurance market parametric solutions, and a comparative analysis for basis risk minimization. It will be placed with the support of expert brokers specialized in parametric, derivate products, with experience relevant to the context of Morocco and flood products, and to be selected through competitive process. It may make use of domestic financial capacity if cost-effective and acceptable rating-wise. It will also include comprehensive validation of the parametric model by the broker to ensure that the policy/contract captures a wide range of possible future catastrophe scenarios and that the product ultimately operates as intended (basis risk minimization, use of markets best practices and lessons learned from international experience). This is also expected to generate additional confidence from the markets in the flood program being placed.

Investment Description

- World Bank (WB)

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ACCESS TO INFORMATION

To submit an information request for project information, you will have to create an account to access the Access to Information request form. You can learn more about this process at: https://www.worldbank.org/en/access-to-information/request-submission

ACCOUNTABILITY MECHANISM OF THE WORLD BANK

The World Bank Inspection Panel is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by a World Bank-financed project. If you submit a complaint to the Inspection Panel, they may investigate to assess whether the World Bank is following its own policies and procedures for preventing harm to people or the environment. You can contact the Inspection Panel or submit a complaint by emailing ipanel@worldbank.org. Information on how to file a complaint and a complaint request form are available at: https://www.inspectionpanel.org/how-to-file-complaint

Bank Documents

- Concept Environmental and Social Review Summary (ESRS) - Financial Protection Program against Natura [Original Source]
- Project Information Document (PID) - Financial Protection Program against Natural Disasters: Strengt [Original Source]