



**Asia-Pacific
Economic Cooperation**

2015/SFOM13/022

Session: 5

Disaster Risk Financing in Japan

Purpose: Information
Submitted by: Japan



APEC
PHILIPPINES
2 0 1 5

**13th Senior Finance Officials' Meeting
Bagac, Philippines
11-12 June 2015**

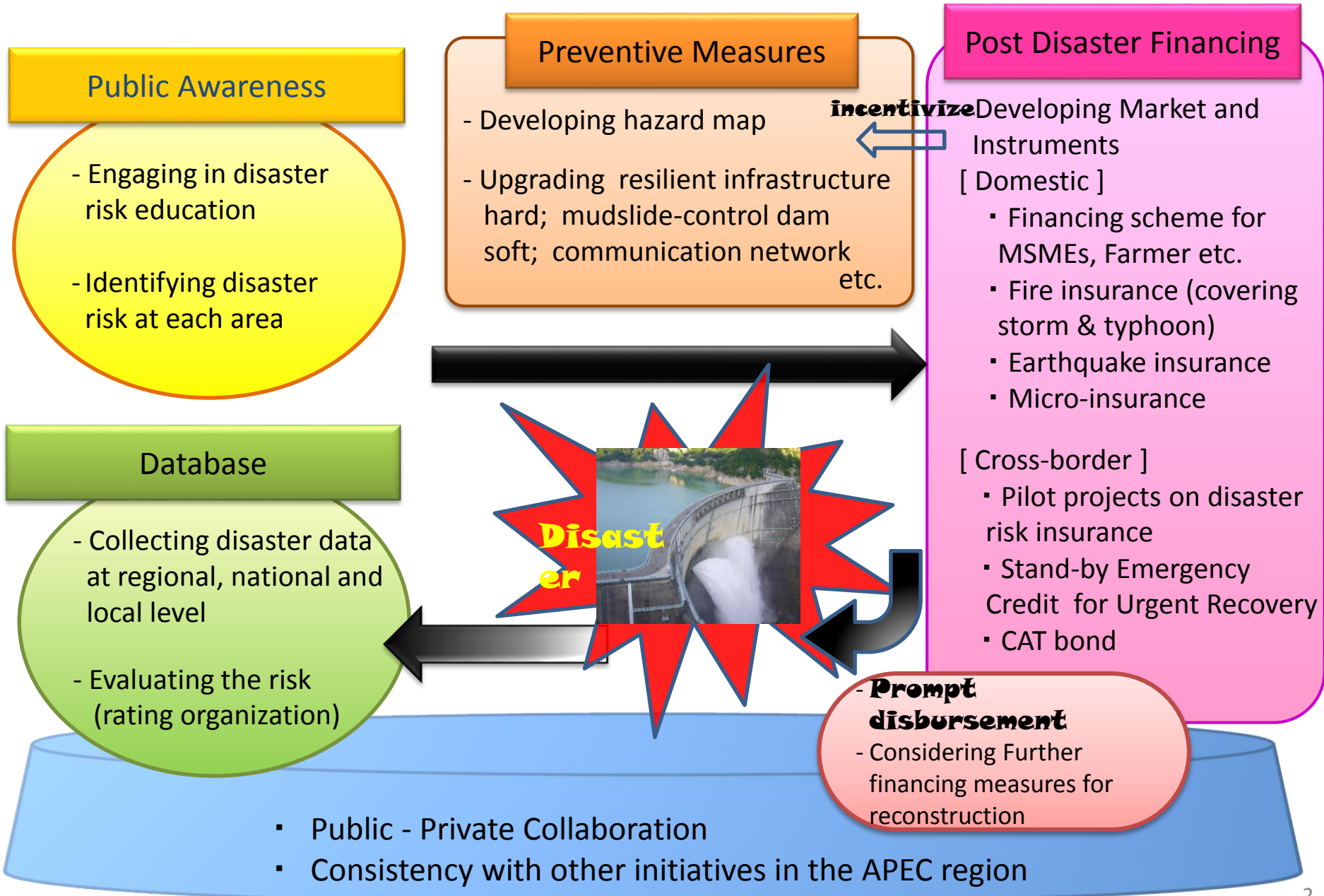
Session5

Enhancing Financial Resiliency - Disaster Risk Financing in Japan -

APEC Senior Finance Officials' Meeting
Jun 12 , 2015

Shigeto HIKI
Director, International Bureau
Ministry of Finance, Japan

Approach to Enhance Resilience to Natural Disaster Risk



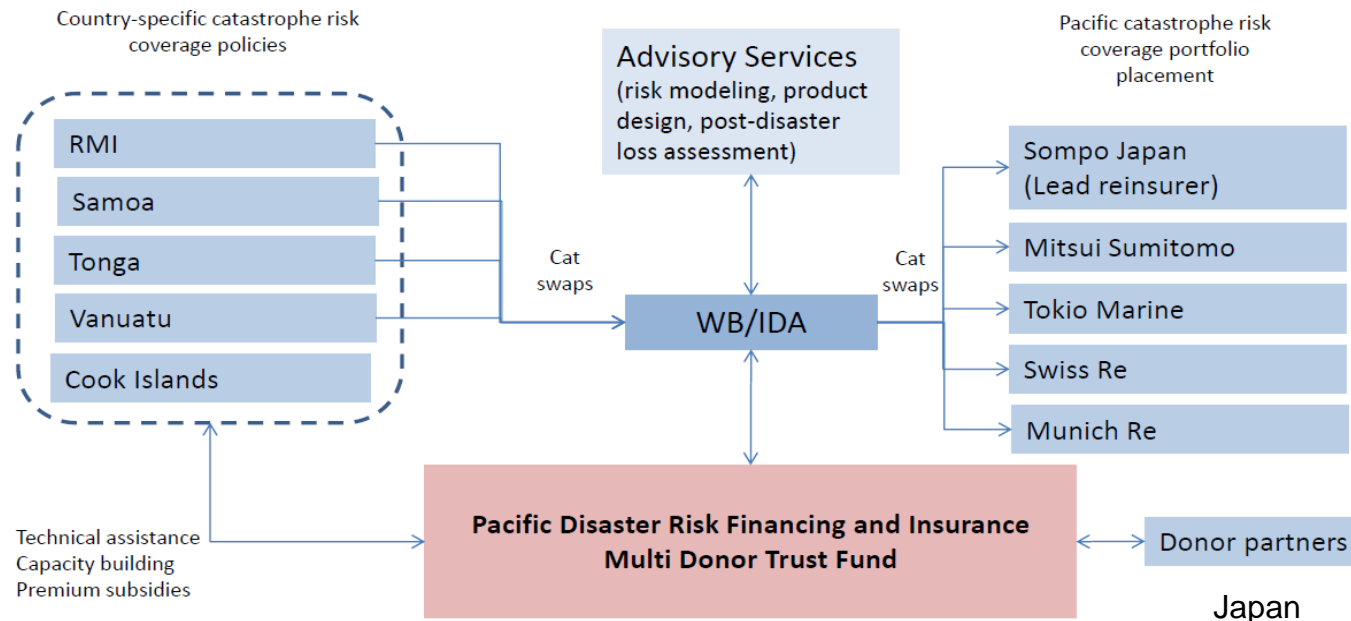
- Public - Private Collaboration
- Consistency with other initiatives in the APEC region

Pilot Projects on Disaster Risk Insurance

~Japan's contribution to the initiatives in the APEC region~

- 1 Disaster Risk Insurance Project of ASEAN+3 Financial Cooperation
- 2 Pacific Catastrophe Risk Insurance Pilot Program with World Bank
- 3 Natural Disaster Risk Insurance in Major Asian Cities with ADB

Pacific Catastrophe Risk Insurance Pilot Program



Source: World Bank Group

Stand-by Emergency Credit for Urgent Recovery (SECURE)

SECURE will provide quick disbursement for recovering from the natural disaster, by signing Exchange of Notes and Loan Agreement in advance.

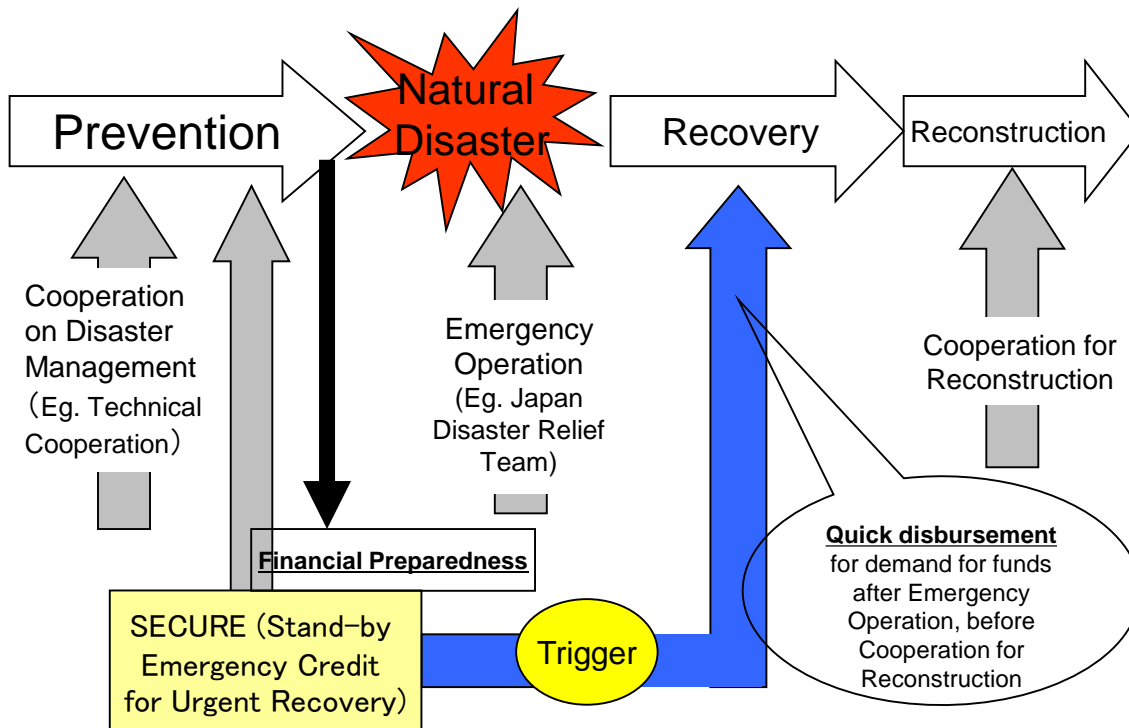
【Purpose】

- **Quick disbursement** for demand for fund at **Recovery stage after Natural Disaster** in the partner countries
 (Though Japan have been extended cooperation for the countries affected by natural disaster through Emergency Operation and Cooperation for Reconstruction, there used to be a time gap between them. No cooperation couldn't be extended at Recovery Stage. SECURE enables cooperation at Recovery Stage by making quick disbursement for the demand for fund.)
- Capacity Development of partner country on Disaster Risk Management through application of Japanese related knowledge, experience and/or human resource

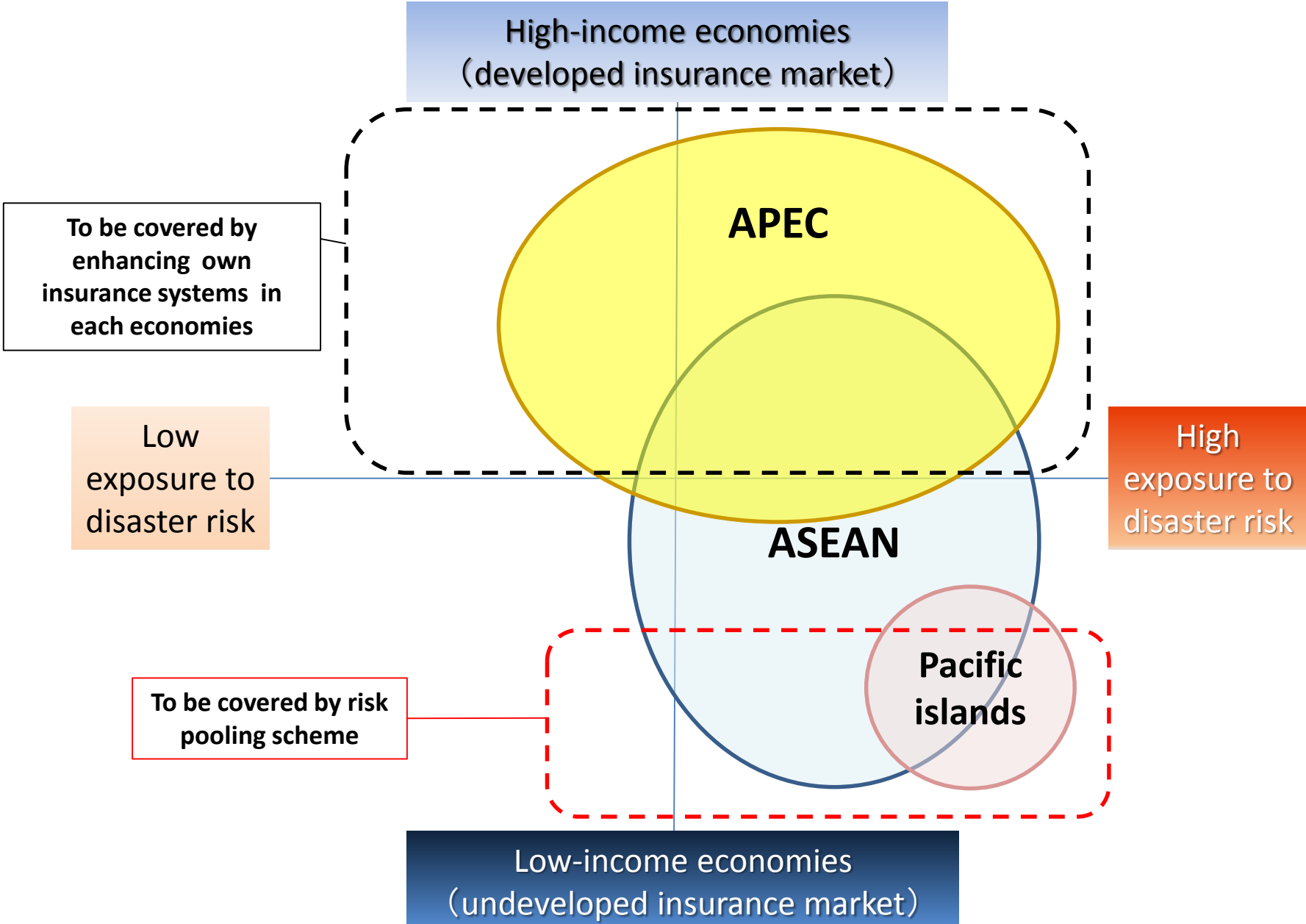
<Brief Overview of SECURE>

Target Country	Lower Middle Income Countries categories or above
Ceiling Amount (per country)	In principle, 10 bil. JPY or 0.25 % of GDP (whichever is less)
Disbursement Period	3 yrs (Extendable)
Repayment Period	40 yrs
Grace Period	10 yrs
Interest Rate	0.01%
Fee	Front-End Fee: 0.5% of commitment amount Renewal Fee: 0.25% of undisbursed amount
Precondition	- sound macroeconomic and public financial management - Having an experience / plan of utilizing Japan's technical cooperation for disaster prevention - Policy Matrix on Disaster Risk Management programme
Withdrawal Trigger	Eg. Emergency Declaration caused by Natural Disaster

JICA's Cooperation on Disaster Management (image)



Needs for Disaster Risk Insurance in the APEC region



Approach to promoting Disaster Risk Insurance in the APEC region

2015
Philippines

2016
Peru

2017年
Vietnam

Medium-term
(~2020)

Private sector (ABAC)

- ✓ Assess needs from private insurance companies at ABAC/APFF (ex. what kinds of disaster data are necessary to be collected, what obstacles to sharing data exist)
- ✓ ABAC reports outcomes to FMM in Sep 2015

- ✓ Further collect disaster data for a couple of years and study on possibility of constructing disaster risk data base (collaborating with ASEAN+3 initiative)

- ✓ Report to FMP the theme required to discuss among governments of each economies

- ✓ Establish private disaster insurance systems among each economies, based on efforts to consolidate data as above
- ✓ Structuring a risk pooling scheme mainly by private companies if there are needs

Public sector (APEC)

- ✓ Research on the status of development of disaster risk data and insurance systems among each economies
- ✓ Share information about each economies progress and assist capacity building (collaborating with World Bank and ASEAN+3 initiative)

• Consider structuring a risk pooling scheme among APEC economies if there are needs

• Consider supportive financing options (reinsurance, CAT bonds etc.) if needed

