



INDONESIA DISASTER RISK FINANCING AND INSURANCE

NATIONAL STRATEGY TO BUILD FISCAL RESILIENCE

Tokyo, January 16, 2019

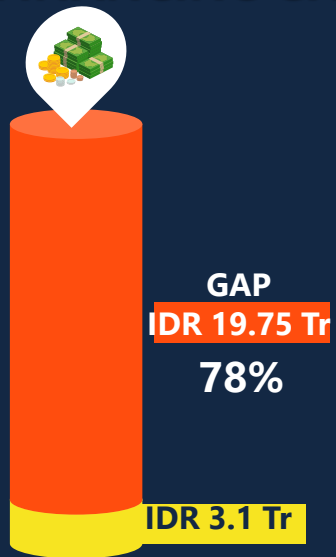
Disaster Impacts in the Past

(2000 – 2016)



MINISTRY OF FINANCE
REPUBLIC OF INDONESIA

FINANCING GAP



Average Annual
Contingency
Fund
(2005 – 2017)

Average Annual Direct
Economic Cost
(2000 – 2016)

IDR 22.8 Tr

GAP
IDR 19.75 Tr

78%

IDR 3.1 Tr



The annual average economic impact of disasters was estimated at IDR22.8 Trillion (USD1.4 Billions) (2000-2016)

Total loss (IDR billion)

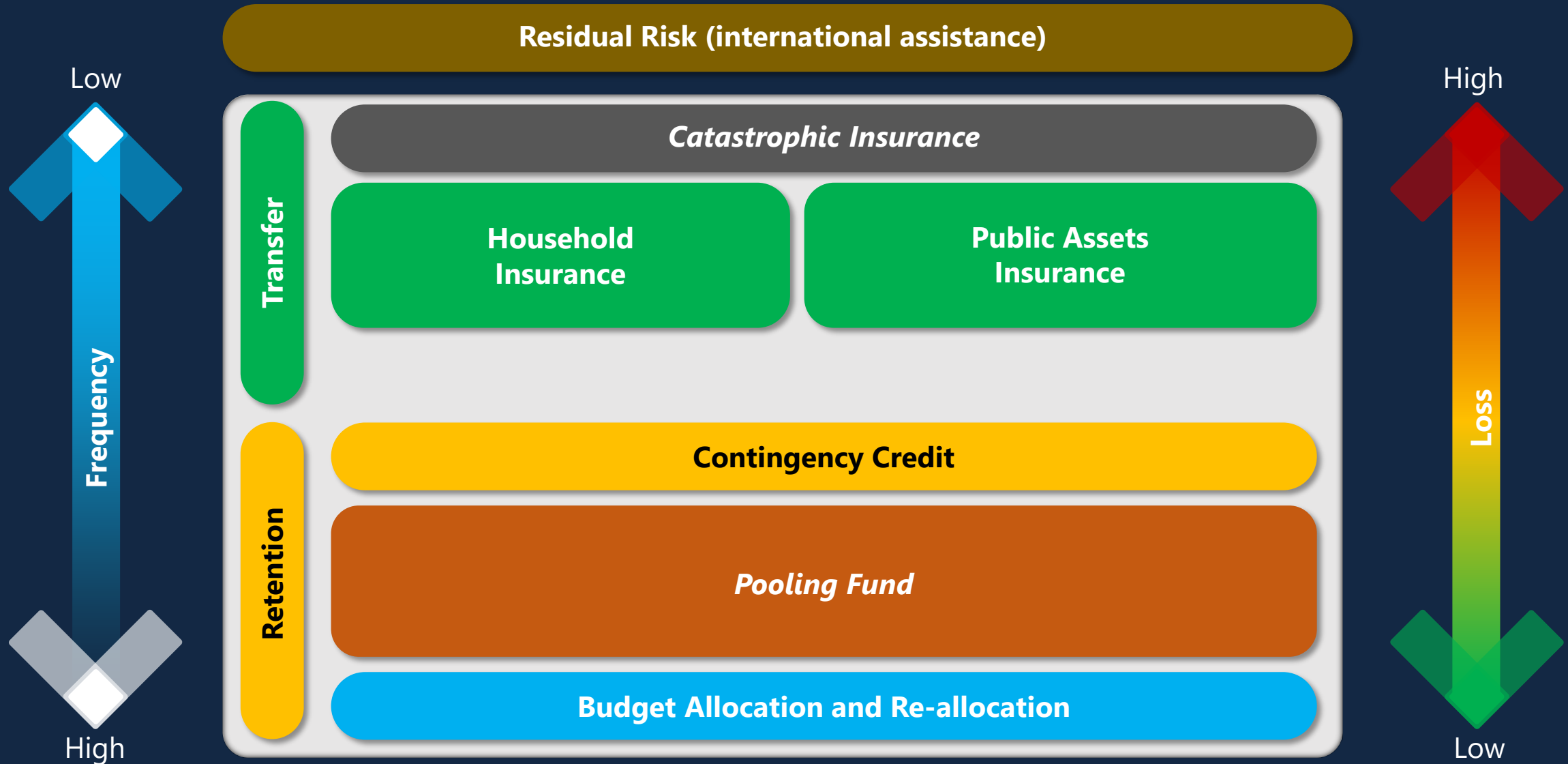
0 - 5000

5000 - 40000

40000 - 76331.70

2018: Lombok and Palu

DRFI Strategy





DRFI STRATEGY



The government **combines financial instruments** to obtain an efficient and effective disaster risk financing scheme



The government **retains the risk of frequent disasters** through the Budget



The government uses **contingent credit to complement the Budget** for more severe risks with moderate to high losses.



The government develops a **pooling fund** to improve overall governance of disaster risk financing, including in:
(i) retaining and reducing the risk, (ii) financing all disaster phases, including preparedness and (iii) improving disaster risk financing governance (including aid)



The government uses **insurance to transfer risks** for rare but severe events to financial markets.

PRIORITIES

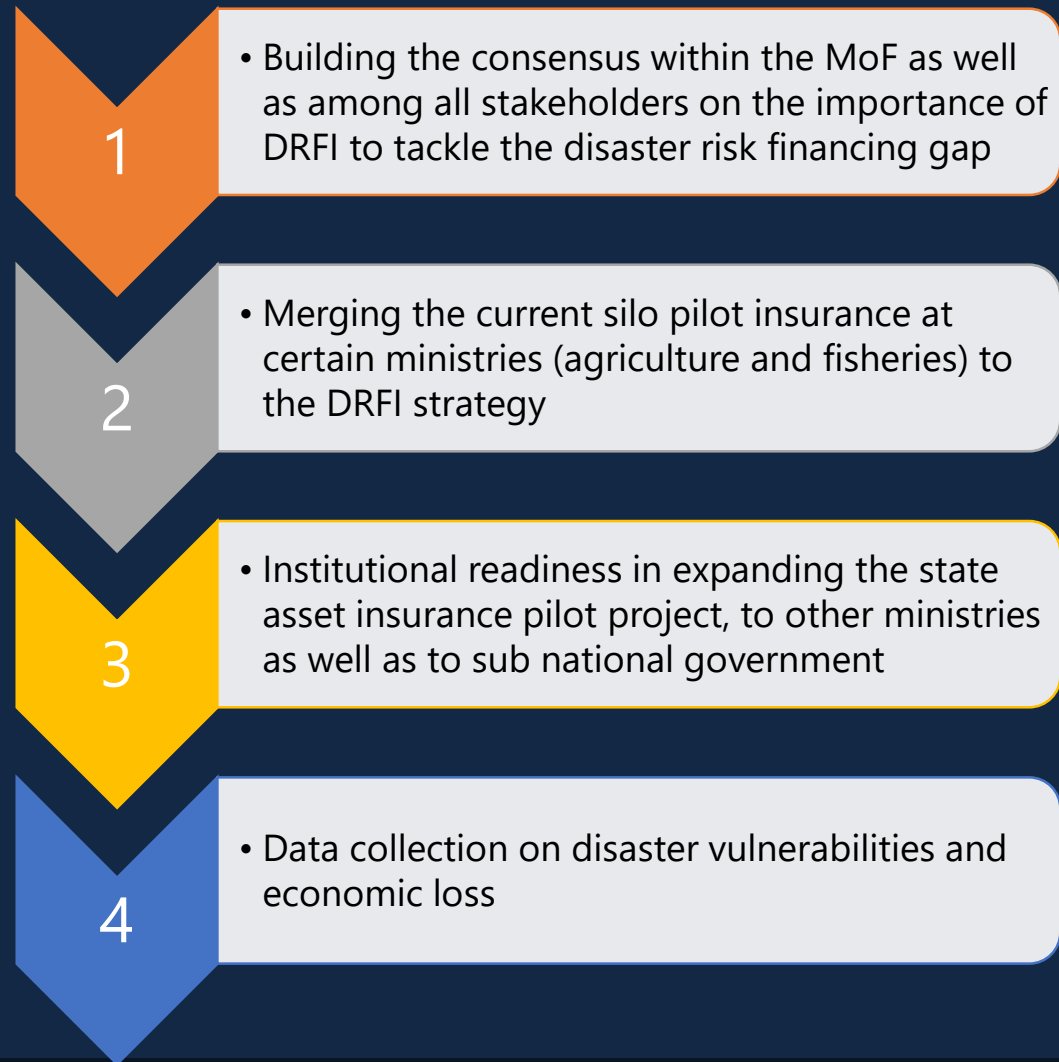
Short Term (2018 – 2019)

- 1 Public Asset Insurance:** Implementing the Pilot Project
- 2** Exploring Options and the **Establishment of Pooling Fund**
- 3** Strengthening and Expanding **Household Insurance Instruments** (Agriculture, Fisheries, Housing Insurance)
- 4** Strengthening **National and Subnational Government** Collaboration
- 5** Exploring **Alternative Financing Scheme** (Eg: CAT-DDO, Cat-Insurance)
- 6** Strengthening **Human Resources Capacity** on DRFI and DRFI Education

Medium Term (2019 – 2023)

- 1 Monitoring & Evaluation of Public Asset Insurance Implementation** and Developing Local Government Asset Insurance
- 2 Strengthening the Pooling Fund Institution**
- 3 Issuance of Standby Loan Instruments**
- 4 Improving Fiscal Policy Framework on DRFI**
- 5 Implementation of the Alternative Financing Scheme**
- 6 Improving the Disbursement Channel**
- 7 Improving Stakeholders Cooperation and Collaboration**

CHALLENGES



LESSONS LEARNT

