What does Disaster Risk Finance mean to you?
Ensuring money reaches people who need it the most, when they need it the most

Using Financial Planning to protect Investments in human development and productive assets

Adapting to long-term climate changes and trends

Planning on how to meet the cost of disasters before they happen

Increasing the speed, predictability and transparency of disaster response

Raising funds from International partners after a disaster

Financing risk reduction and development
Without Financial Protection

Negative coping strategies slow down development progress, keep people in poverty, or push them back into it.

A lack of resources to respond immediately and effectively in the onset of a disaster can lead to rapidly increasing human and economic costs.

Governments often have to draw funding away from basic public services or divert funds from other development programs.

Losses from the 2008-2011 drought in Kenya was estimated at $12.1 billion with the majority (72 percent) of losses falling on individuals, households or businesses that owned livestock.

The 2004 Indian Ocean Tsunami destroyed over 111,000 fishing boats and $520 million in damages to fishermen in affected countries.

The 2010 Chile Earthquake caused a 3 percent (50,000 people) rise in National Poverty Index and an increase in the number of destitute from 80,000 people to 700,000 people.

The average household income in the Philippines declined 6.6% in a year following a typhoon. This caused severe reduction in household spending in human capital investments like education, healthcare etc.
With Financial Protection

- Investments in human capital and future growth continue – shocks are managed as part of everyday financial planning.

- The government has the necessary resources to respond immediately and effectively at the onset of a disaster.

- Vulnerable households know that they will receive support in case of a catastrophe and can plan ahead.


The government of Mexico established its Natural Disaster Fund (FONDEN), with a mandatory annual budget allocation (at least 0.4% of total expenditure).

The index-based Livestock Insurance Pilot in Mongolia protects the livelihoods of 11,000 herders or 22% of herders in all piloted provinces.
Increasing occurrence of natural disasters is having an adverse impact on growth, budget, external sector and poverty reduction.

Average long term annual losses are estimated at **LKR 50 billion**: floods (LKR 32 bn), cyclones or high winds (LKR 11 bn), droughts (LKR 5.2 bn) and landslides (LKR 1.8 bn). This is equivalent to 0.4 percent of GDP or 2.1 percent of government expenditure.

**2017 floods:** 213 deaths, 88,000 partially or fully damaged houses, over 100,000 displaced people, and economic damages and losses of about **LKR 70 billion**. The total recovery needs are estimated at **LKR 116 billion**.

**2017 drought:** Approximately 2 million people affected; Government expenditure was **LKR 24 bn** (estimated by NBD).

Due to the increased sophistication the economy, the damage caused by the 2016 and 2017 disasters was more than twice as high in rupee terms than the worst floods between 1992 - 2011.
What is Disaster Risk Finance?

PROTECTING LIVELIHOODS AND DEVELOPMENT

Increasing the Financial Resilience of the national and subnational governments, businesses, households, farmers, and the most vulnerable against natural disasters by implementing sustainable and cost-effective financial protection policies and operations.
Four Primary Groups impacted by natural disasters and climate risk

- Government
- Home/Business Owners
- Farmers/Herders
- The Poorest
Emergency borrowers, struggling to find money in a time of crisis

Take away already budgeted resources and disrupt planned spending

Difficult and long negotiations with providers of support and within government to prioritize spending, have to take place during an emergency.

Financial assistance particularly for subnational governments and households is uncertain and unpredictable.

Effective risk managers, planning ahead and being prepared

Dedicated resources are available for disaster response, protecting planned investments and public services.

Negotiations are carried out in advance and clear rules and financing mechanisms are in place that allow everyone to focus on the response.

Subnational governments and households know in advance when they will receive assistance and how much, allowing for improved planning.
National Natural Disaster Insurance Scheme - offers nationwide financial protection against property damage and accidental death arising out from natural disasters.

In India, more than 34 million farmers benefited through improved insurance coverage and faster claims payments through improvements to the national Agricultural Insurance Scheme operating since 2010.

The Productive Safety Net Programme (PSNP) in Ethiopia aims to help the rural poor facing chronic food insecurity to resist shocks and become food self-sufficient.
Loss of income/livelihood due to damage of often insured or underinsured assets

Loss of already limited assets and resources for investment in human capital

Reliance on the government to provide post-disaster assistance

Decreases expenditure on necessities like food, health and human capital

Access to compensation for property damage and other indirect losses

Mitigates shocks by providing compensation for livelihoods, safeguarding people from falling into poverty.

Increases awareness and understanding of financial vulnerability to natural disasters and incentivizes investment in risk reduction.

Rapid assistance to reduce need for relying on negative coping strategies.
Financial Protection and DRM

**Pillar 1: Risk Identification**
Improved Identification and understanding of disaster risks through building capacity for assessments and analysis

**Pillar 2: Risk Reduction**
Avoided creation of new risks and reduced risks in society through greater disaster risk consideration in policy and investment

**Pillar 3: Preparedness**
Improved capacity to manage crisis through developing forecasting and disaster management capacities

**Pillar 4: Financial Protection**
Increased Financial resilience of governments, private sector and households through financial protection strategies

**Pillar 5: Resilient Recovery**
Quicker, more resilient recovery through support for reconstruction planning

Disaster Risk Finance is one component of a comprehensive approach to risk management.

Financial protection complements, but does not replace, risk reduction and resilience measures.
Workshop Objectives

- Understand the purpose and role of disaster risk financing
- Get to know four core principles of disaster risk financing
- Be able to explain six key steps to get started in strengthening financial resilience
Effective risk financing and insurance programs

**COORDINATED PLAN** For post-disaster action agreed in advance

**Fast, evidence-based DECISION-MAKING PROCESS**

**PRE-PLANNED FINANCING** to ensure plan can be implemented
- Ensures funds are available quickly when—and only when—they are required
- Binds partners to pre-agreed objectives, decision processes, and implementation and modalities
- Promotes greater discipline, transparency, and predictability in post-disaster spending
- Ensures rapid mobilization of funds, reducing humanitarian costs and potentially saving money

Based on Dull Disasters (2016). Clarke and Dercon. OUP
Core Principles of Disaster Risk Finance
Core Principle 1

TIMELINESS OF FUNDING

Speed matters, but not all resources are needed at once.
Core Principle 1
TIMELINESS OF FUNDING - TRADEOFFS

Most programs that use parametric triggers for finance or action, e.g. Kenya’s Hunger Safety Net Programme, Caribbean, Pacific and African sovereign risk pools.
Core Principle 1: Timeliness of Funding

Development Challenge

• Severe flooding in May 2014 affected 1.6 million people (22 percent of the population).
• Difficult to set aside considerable amounts of budgetary resources for contingencies.
• Government requires access to short-term immediate liquidity for emergency response and maintenance of essential services until additional funds become available.

DRF Solution:
US$70 million World Bank Contingent Line of Credit (2017)

• A World Bank Development Policy Loan with a Catastrophe Deferred Drawdown Option.
• Funds may be drawn upon declaration of a State of Emergency in the Borrower’s territory, as a result of a natural disaster.
• A fiscal buffer to reduce the impact of future disasters on its fiscal balance as well as critical bridge financing available immediately after a disaster until other domestic funds can be reallocated or international aid is received.
• Since the introduction of the Cat-DDO in 2008, the World Bank has approved 12 Cat-DDOs for a total value of $2.3 billion.
**Core Principle 1: Timeliness of funding**

**PACIFIC CATASTROPHE RISK INSURANCE PROGRAM**

**Development Challenge**

- Small pacific island economies are highly exposed to natural disasters and may suffer large shocks as a % of GDP
- Governments require access to short-term immediate liquidity for emergency response and maintenance of essential services until additional funds become available

**DRF Solution:**

**Pacific Catastrophe Risk Insurance**

- Provides rapid payouts for immediate relief - linked to impact of a tropical cyclone, tsunami or earthquake
- Parametric catastrophe risk insurance taken to global reinsurance market as a single portfolio
- Countries select own coverage/premium level – doesn’t cover everything!
- 2 payouts to date, both received within 15 days of event
Core Principle 2

HOW MONEY REACHES BENEFICIARIES IS AS IMPORTANT AS WHERE IT COMES FROM
Core Principle 2: Disbursement of Funds

KENYA HUNGER SAFETY NET PROGRAM

Development Challenge

• large drought exposure and the poor have limited capacity to absorb shocks and often resort to extreme coping mechanisms

Solution

• HSNP IS an unconditional cash transfer program operating in four of the poorest, drought prone ASAL counties of Kenya

• **Effective distribution mechanism for post disaster assistance**

• Provides regular, timely and electronic cash assistance to beneficiaries via bank accounts using pin/biometrics identification

  • Up to **100,000 routine households**

• Scales in response to drought shocks

  • Can scale up to **272,000 additional households**

  • But they need to have a bank account

  • 60% of beneficiaries are women
Key decisions of the GoK enable HSNP to rapidly scale up in times of crisis

1. Enroll ALL households into social protection registry
   - Information available to identify additional households

2. Provide ALL households with bank accounts
   - Enables transfers to additional households (financial inclusion)

3. Base decision to scale up on satellite data
   - Enables rapid response based on objective, timely data

4. Developing a risk financing strategy to finance scale up
   - Funds available and ready when system is triggered
Core Principle 2: Disaster Risk Layering

No single financial instrument can address all risks.

**HAZARD TYPE**

- Low Frequency/High Severity
- High Frequency/Low Severity

**FINANCING INSTRUMENT**

- Market-Based Instruments
  - Risk Transfer: Risk transfer for assets such as property insurance or agricultural insurance and risk transfer for budget management like paramedic insurance, cat bonds/swap

- Contingent Financing
  - Contingent Credit: Financial instruments that provide liquidity immediately after a shock

- Budgetary Instruments
  - Budget Reserves/Reallocations: Reserve funds specifically designated for financing disaster related expenditures, general contingency budgets, or diverted spending from other programs

**THREE-TIERED RISK LAYERING STRATEGY FOR GOVERNMENT**
Complement NNDIS with additional instruments for comprehensive coverage

Financial Instruments

- Sovereign risk transfer for budget protection
- Risk transfer for subnational governments
- Insurance of public assets
- Contingent Credit/Loans (CAT-DDO)
- Reserve Mechanism/Contingent Financing Mechanism
  - Scalable, fast-disbursing social protection
  - Fast payout to affected uninsurable households

Disaster risks

- **Low risk layer** (localized flood, landslides)
- **Medium risk layer** (floods)
- **High risk layer** (major tropical cyclone)

GoSL could engage in either CAT Bonds and/or parametric insurance as a means to access post disaster liquidity (feasibility study).

Ensure roads, bridges, etc can be used sooner after disasters (possible study).

Sustainable and fast payout to affected insurable households and firms (this project).

Immediate budget financing after declaring (national or regional) disaster.

- High risk layer (major tropical cyclone)
- Medium risk layer (floods)
- Low risk layer (localized flood, landslides)

NNDIS: Insurance for homeowners and small business
Core Principle 4

TO MAKE SOUND FINANCIAL DECISIONS YOU NEED TO HAVE THE RIGHT INFORMATION

**DRFI ANALYTICS**

- Loss Data (Historical Data/CAT Risk Model)
- Microeconomic Data
- Financial and other Data

Quantitative Analytics
Financial Decision Making Tools
Financial Impact Analysis
Cost Benefit Analysis

Understanding Financial Impact of Disasters
Make evidence based financial decisions
Leverage private financial markets using quantitative outputs
Monitor and evaluate DFRI strategies
Core Principle 4

TO MAKE SOUND FINANCIAL DECISIONS YOU NEED TO HAVE THE RIGHT INFORMATION

EXAMPLE: IDENTIFY EMERGENCY RELIEF FUNDING GAP POST DISASTER

Input: Reserve Fund

5
Select between US$0m and US$20m

Input: Proportion of Contingency Funds available to relief expenditure

100%
Select between 0 and 110%

Input: General Contingency Fund

2
Select between US$0m and US$20m

Input: Emergency Cost Per Person Affected

50
Select between 0 and 150 per person
Core Principle 4: Data and Analytics

EXAMPLE: IDENTIFY EMERGENCY RELIEF FUNDING GAP POST DISASTER

ESTIMATED RELIEF EXPENDITURE AND AVAILABLE FUNDS

<table>
<thead>
<tr>
<th>Event</th>
<th>Average</th>
<th>1 in 10 year</th>
<th>1 in 30 year</th>
<th>1 in 50 year</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$ MILLIONS</td>
<td>60</td>
<td>40</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Funded</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funding Gap</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Contingency Fund Unused</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve Fund Unused</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Contingency Fund Used</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve Fund Used</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Four Core Principles of Disaster Risk Finance

1. **Timeliness of funding:** speed matters but not all resources are needed at once.

2. **No single financial instrument can address all risks.**

3. **How money reaches beneficiaries is as important as where it comes from.**

4. **To make sound financial decisions you need to have the right information.**
Workshop Objectives

- Understand the purpose and role of disaster risk financing
- Get to know four core principles of disaster risk financing
- Be able to explain six key steps to get started in strengthening financial resilience
Shock-responsive safety nets:
Why is scalability important in the context of disasters?

The disproportionate impact of disasters on the poor is well established.

Because the humanitarian system operates on the basis of ex post appeals for funding, delays in mobilization of funds are not uncommon, and livelihoods often suffer as a result.
Post-disaster expenditure by the Ministry of Disaster Management driven by increased relief payments

- Post-disaster expenditure by the Ministry of Disaster Management has increased by over 1000% from 2013-2017, driven largely by increased relief payments in 2017.
Shock-responsive safety nets—safety nets that scale up in response to disasters—help to safeguard poor households’ livelihoods and improve their resilience to climate-related and other shocks.

These scalable, Shock-responsive safety nets (SRSNs) are designed to assist the chronic poor during ordinary times and to expand assistance in response to a crisis or shock.

To establish SRSNs, governments must have ex ante disaster risk finance (DRF) solutions in place to help facilitate rapid, targeted, and efficient post-disaster response.
By using existing social protection systems and programs to rapidly aid those most in need after a disaster, governments can safeguard livelihoods, smooth consumption, and build the resilience of the poorest and most vulnerable households—potentially helping to break the cycle of poverty and vulnerability that disasters often perpetuate.

Depending on their design and on the needs arising from the crisis, they can scale up or vertically—that is, provide households already enrolled in safety net programs with more, or more frequent, benefits; or they can scale out or horizontally—that is, add new beneficiaries (transitory poor) made more vulnerable by the disaster.

SRSNs are being developed under Disaster Risk Finance for Resilient Livelihoods, a pillar of DRFIP that supports governments in offering social protection designed to rapidly assist vulnerable households affected by shocks (World Bank Group 2016). SRSNs are most effective when part of an integrated DRF solution tailored to meet a country’s specific needs.
Why use Shock-responsive safety nets?

Because SRSNs are part of a larger DRF strategy, governments understand before a crisis how the cost of scaling up will be supported, and can be sure that adequate resources will be available.
### Shock-responsive safety nets are composed of three key (and integrated) building blocks

<table>
<thead>
<tr>
<th>Delivery mechanism (safety net program)</th>
<th>Scalable safety nets have certain characteristics: to make scaling up possible.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk information and early warning system</td>
<td>These provide the objective basis for designing the disaster trigger—that is, the circumstances under which safety nets should scale up—and for determining whether the relevant threshold has been crossed once the mechanism is in place.</td>
</tr>
<tr>
<td>Disaster Risk financing</td>
<td>These strategies help governments clarify who pays for scaled-up social protection, and ensures that they have sufficient budget to cover the financial costs of a scale-up.</td>
</tr>
</tbody>
</table>

**Function:**
Who receives the assistance and how it is channeled to them.

When and for how long the delivery mechanism will scale up, as well as where the vulnerable households are located.

How much the mechanism could cost, and develop appropriate strategies to finance response, with clarity on who pays.
Shock Responsive Safety Nets & Disaster Risk Finance

1. **Timeliness of funding:**
   - Funds are available quickly when—and only when—they are required.

2. **How money reaches beneficiaries:**
   - Led by the Government and its policy priorities, partners are bound to pre-agreed objectives, decision processes, and implementation modalities.

3. **No single financial instrument:**
   - Using a combination of instruments makes SRSNs more transparent, and predictable.

4. **Have the right information:**
   - Data plays an important role in the design of the SRSN delivery mechanism.
Why use Shock-responsive safety nets?

Because SRSNs are part of a larger DRF strategy, governments understand before a crisis how the cost of scaling up will be supported, and can be sure that adequate resources will be available.
### Shock-responsive safety nets are composed of three key (and integrated) building blocks

<table>
<thead>
<tr>
<th>Building Block</th>
<th>Characteristics</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Delivery mechanism</strong></td>
<td>Scalable safety nets have certain characteristics: to make scaling up possible.</td>
<td>Who receives the assistance and how it is channeled to them.</td>
</tr>
<tr>
<td><strong>Risk information and early warning system</strong></td>
<td>These provide the objective basis for designing the disaster trigger—that is, the circumstances under which safety nets should scale up—and for determining whether the relevant threshold has been crossed once the mechanism is in place.</td>
<td>When and for how long the delivery mechanism will scale up, as well as where the vulnerable households are located.</td>
</tr>
<tr>
<td><strong>Disaster Risk financing</strong></td>
<td>These strategies help governments clarify who pays for scaled-up social protection, and ensures that they have sufficient budget to cover the financial costs of a scale-up.</td>
<td>How much the mechanism could cost, and develop appropriate strategies to finance response, with clarity on who pays.</td>
</tr>
</tbody>
</table>
Getting Started:

6 Steps to establishing Finance for Scalability
Six Steps

TOWARDS STRENGTHENING FINANCIAL RESILIENCE

1. Develop a risk profile
2. Decide on policy priorities
3. Design the Scalability Mechanism
4. Estimate the cost of Scalability mechanism
5. Finalize the mechanism rules and devise a DRF strategy to support costs
6. Monitoring and Evaluation
Step 1

**DEVELOP A RISK PROFILE FOR POOR HOUSEHOLDS TO DETERMINE WHAT THREAT IS LIKELY TO HAVE THE WORST IMPACT ON THEM**

The risk profile helps determine the financial impact of shocks on poor households and relies on several sources:

- Household Survey Data
- Data on hazard events
- Data on historical disaster response costs from governments
- Data on the geographical footprint of existing safety nets
- Data on historical responses to disasters from humanitarian organizations and development partners
- Post-Disaster Needs Assessments (PDNAs) and reports by NGOs and humanitarian organizations
Step 2

DECIDE ON POLICY PRIORITIES

**Policy:** Financial Protection Strategy & Action Plan

- **What** do I want to do/are my overall goals?
  - Who do I want to be protected?
  - Identify and prioritize beneficiaries
- **Why** do I want to do this?
  - What do I want them to be protected against?
  - Identify and prioritize financial impact and underlying problems driving this impact
- **How** will I go about achieving these development goals?
  - Who will pay and how?
  - Identify source of funds
  - Identify delivery channels
  - How will the funds reach the beneficiaries?
- **How can I implement these policy decisions?**
  - Identify necessary human, technical, financial resources and partnerships

**Technical:** Operational Framework

- Monitoring & Evaluation
- Start
- Assess Risks
- Arrange Financial Solutions
- Deliver Funds to Beneficiaries
- Implementation
Step 3

**DESIGN THE INTERVENTION’S SCALABILITY MECHANISM, INCLUDING WHAT TRIGGERS WILL DETERMINE SCALE-UP, WHICH HOUSEHOLDS WILL BE COVERED, AND WHAT LEVEL OF AID THEY WILL RECEIVE.**

- **Type of monitoring to conduct (e.g., ongoing, periodic, seasonal)**
- **Type of data to use in devising the trigger for the DRF mechanism, and what trigger threshold will prompt scale-up**
- **How scale-up process will unfold once triggered, including alignment with the existing safety net activities and selection of beneficiaries**
- **Geographical area a scale-up is intended to cover, and through what administrative unit**
- **Number of Beneficiaries**
Step 4

ESTIMATE THE COSTS OF THE SCALABILITY MECHANISM TO DETERMINE HOW FAR (CONSTRAINED) RESOURCES WILL GO

Modeling tools are needed and must be developed to determine the costs of scaling up SRSNs under different scenarios.

The model used should ideally be stochastic, capable of generating 10,000 years of simulations for the cost of the scalability mechanism.

These simulations would then create a distribution, which could inform the client of both the cost on average and the cost for more extreme events, such as a 1-in-50-year shock.
Step 5

FINALIZE THE MECHANISM RULES AND DEVISE A DRF STRATEGY TO SUPPORT COSTS

Scalability + Mechanism = Financing Strategy
Step 6

CONDUCT MONITORING AND EVALUATION TO UNDERSTAND HOW THIS MECHANISM AND OTHERS LIKE IT THAT HAVE YET TO BE DEVELOPED—CAN BE IMPROVED.

Pillar 1: Public Sector Capacity Development
Pillar 2: Analytical Tool Development
Pillar 3: Knowledge Management
Pillar 4: Monitoring, Evaluation and Learning Framework

Cross-Cutting Activity: Gender
Workshop Objectives

- Understand the purpose and role of disaster risk financing
- Get to know four core principles of disaster risk financing
- Be able to explain five key steps to get started in strengthening financial resilience
Thank You!
Annexes
Data from the 2012–2013 Uganda National Household Survey showed that the Karamoja/Northeastern region of Uganda had the largest concentration of poor people in the country.

According to the survey, nearly three-quarters of the population in this area (74.2 percent) are poor, compared to under 20 percent nationally; this area also scored worst in the country on several key poverty indicators, including stunting, primary school enrollment rate, and under-five mortality.

Data from the Ministry of Water and Environment (Republic of Uganda 2007) showed that drought was the most significant and pervasive climatic shock in Northern Uganda, and that the frequency of droughts is increasing.

Drought is known to have devastating impacts on the herders and subsistence farmers of Northern Uganda/Karamoja: it harms livestock and crop production, which disrupts economic growth and livelihoods, and in Karamoja specifically, poor households have faced famine and starvation.
The policy objective which GoU sought to achieve was “to prevent household consumption from dropping after climatic disasters and to protect [households’] livelihoods and assets, leading to a more rapid post-crisis recovery”
Case Study: Uganda

DETERMINING GOVERNMENT OBJECTIVES UNDER NUSAF III

Peril: The Government focused on drought, being the biggest risk with the highest economic cost in Uganda.

Location: The Government focused the initial phase of the project in Karamoja, given the acute and chronic levels of poverty in the region, as part of their broader policy framework for rehabilitation in the north (see PAD for the policies it aligns to).

The final policy objective was to facilitate the shift away from food aid in Northern Uganda and toward public works programs and cash transfers.
## Uganda NUSAF3 Scalability Design Tool

### 2. Population Coverage (input percentage, cumulative)

- Standard coverage: 4%
- After scale-up: 20%

### 3. LUPW daily wage amount (input USD amount, cumulative)

<table>
<thead>
<tr>
<th>Wage Type</th>
<th>Standard</th>
<th>After scale-up for standard households</th>
<th>After scale-up for additional households</th>
</tr>
</thead>
<tbody>
<tr>
<td>UGX</td>
<td>1,85</td>
<td>5,508</td>
<td>5,508</td>
</tr>
</tbody>
</table>

### 4. LUPW number of working days (input number)

- Average number of days working during project month: 14

### 5. Length of LUPW project after scale-up (select number of months)

- Project length after scale-up (including project preparation time): 4
Case Study: Uganda

For NUSAF III, an Excel-based financial model was developed to estimate multiyear costs of scaling up LIPW. Using historic NDVI anomaly monthly data to calculate how often each Karamoja district reached the trigger threshold in the last 16 years (2001–2017), it was able to generate the costs of scaling up LIPW to the 15 percent of households proposed in the framework.

This analysis found that a scale-up would have been triggered in each of the 16 years considered, at an average cost of US$1.2 million per year. (Other scenarios were also analyzed that included a larger or smaller percentage of the population, which respectively cost more or less than this this figure.)

Thus, the government of Uganda needs an annual DRF budget of US$1.2 million to ensure that scale-up is funded. Expanding the scale-up mechanism to other districts or including other hazards would of course require that costs be recalculated.
DETERMINING MECHANISM RULES UNDER NUSAF III

If the scale-up mechanism is triggered annually in Karamoja, as is expected, there is enough funding through NUSAF III to cover average annual costs over the next five years (US$1.2 million * 5 = US$6 million).
Possible funding sources for the longer term include a disaster reserve fund; this was proposed in the 2011 Ugandan National Policy for Disaster Preparedness and Management but has not been established.

Humanitarian organizations are another possible funding source, but given that one goal of SRSNs is to promote rapid and predictable response to crisis, these are not a good option; the typical donation arrives after a post-disaster appeal and may be delayed by months.