

# THE STATE OF PRE-ARRANGED FINANCING FOR DISASTERS



2025

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## About the Centre for Disaster Protection

The Centre for Disaster Protection works to prevent disasters devastating lives, by helping people, countries and organisations change how they plan and pay for disasters.

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## FOREWORD

**A massive earthquake struck Myanmar in March 2025 and back-to-back typhoons rocked the Philippines – Super Typhoon Fung-wong was the biggest typhoon to blow through the country in years. The past year has again provided a sobering reminder of the impact of shocks on the most vulnerable communities.**

Hurricane Melissa was the most powerful storm on record to hit Jamaica and the first category five hurricane to make landfall in the country. High winds, storm surge and heavy rainfall caused widespread damage and loss of life.

But alongside the devastation, Jamaica has a parallel story to tell, one of painful lessons learned and difficult but timely decisions. For more than 10 years now, the country has been building its approach to financing responses for exactly this sort of shock: spreading and layering its risks, drawing on different instruments and providers, and asking, ‘What if...?’ questions.

That approach is now paying dividends. Thanks to the comprehensive disaster risk financing strategy that the country had put in place, hundreds of millions of dollars of payouts were confirmed within days of the government formally declaring the entire island a disaster area. Money arrived in a matter of days and weeks, giving Jamaica certainty in planning and rapid liquidity as it rebuilds towards a more resilient future. It is testament to a radically different way of planning for and responding to disasters, and of preparing for future disasters.

As Prime Minister Andrew Holness made clear in his statement to the Jamaican parliament: “Hurricane Melissa was not only a national tragedy – it was a warning ... The era of ‘once-in-a-generation’ hurricanes is over” (OPM Communications 2025).

This type of proactive approach is gaining momentum. Earlier this year the G20 agreed on new principles for disaster risk reduction that carved out significant space for pre-arranged finance.

The once-in-a-decade Financing for Development negotiations signalled strong international support for these mechanisms. The UK and Bridgetown Initiative’s efforts as part of the Sevilla Platform for Action build on the work of the High-Level Panel on Closing the Crisis Protection Gap convened by the Centre for Disaster Protection, uniting partners behind a shared ambition: putting pre-arranged finance at the heart of a more proactive approach to disaster risk. The wind is in the political sails.

So, *The State of Pre-Arranged Financing for Disasters* report matters. It matters for countries and communities on the front line of disaster risk seeking to understand what protection is in place, how well systems are delivering against expectations and what decisions are being made about shared futures. It also matters at international level: to track progress and setbacks, identify trends and ensure that global commitments translate into new ways of working.

This is the third year that the Centre for Disaster Protection has published its flagship report, and this year it goes further than ever before. Unprecedented levels of information sharing and collaboration by regional risk pools, multilateral development banks, humanitarian actors and other key pre-arranged financing (PAF) providers have enabled a significantly more detailed, instrument-specific understanding. As a result, this year's findings give us the most comprehensive and up-to-date picture yet of how PAF is working at global level.

That picture is one of cautious optimism. There is unquestionably good news here: PAF reached an all-time high of USD9.4 billion in 2024, with growth across all country groupings and types. But the report also surfaces challenges.

Low-income countries and fragile and conflict-affected situations still have the smallest share of PAF by some way. More should be done here to support the most vulnerable communities to prepare for and address crisis risks, and to meaningfully and more systematically integrate pre-arranged crisis finance into wider approaches.

Emerging instruments raise questions as to how they can be incorporated in reporting and confidentiality concerns mean some information is not publicly available. All actors must commit to greater transparency in how PAF is deployed and reported.

But perhaps the biggest cause for concern is what is not included here. This report gives us numbers through to the end of last year. But from early 2025, we know a series of sweeping cuts were implemented or signalled across international donor funding. The impact of those cuts will only become evident in next year's report and in those following it.

As more frequent shocks and evolving risks collide with increasingly stretched resources and strained funding, it will be more important than ever to shine a light on where and on what basis funds are being allocated and prioritised. Transparency and accountability are no longer optional.



A handwritten signature in black ink, appearing to read 'Colin Bruce'.

Colin Bruce,  
Board Member and Co-Chair



A handwritten signature in black ink, appearing to read 'Kimberly Gire'.

Kimberly Gire,  
Board Member and Co-Chair



## EXECUTIVE SUMMARY

**As the world enters a period of tightening aid budgets and fiscal pressures, tracking pre-arranged financing (PAF) has never been more important, both to ensure scarce resources are used effectively and to protect the most vulnerable people when crises strike.**

Now in its third year, *The State of Pre-Arranged Financing for Disasters* report analyses PAF in the context of strengthening financial protection for low- and middle-income countries. By consolidating dispersed and often inaccessible data, this analysis brings greater transparency and accountability to the international financing system – an essential step towards ensuring timely, equitable and dignified protection when crises strike. Drawing on data from multilateral development banks, regional risk pools and humanitarian partners, the report provides the most comprehensive view yet of how much PAF is being deployed, which regions and countries use the most, and where gaps remain.

**In 2024, international PAF reached an all-time high of USD9.4 billion, marking a significant rise across all country groupings.** This growth reflects a stronger global commitment to proactive disaster response, yet the distribution of PAF remains uneven.

**Both low-income countries (LICs) and fragile and conflict-affected situations (FCSs) continue to receive less than 7% of total international PAF,** underscoring persistent inequities in access to and affordability of financial protection.

**The increase in overall volume has been driven primarily by contingent loans,** especially those provided by the World Bank and Inter-American Development Bank. However, these instruments are most accessible to countries with higher borrowing capacity. Countries that are less able to borrow need better access to PAF, with instruments designed to meet their specific needs. This is particularly important post-2025, as aid budget cuts threaten the availability of grant-based and highly concessional PAF.

**While the amount of PAF available has grown substantially, this should not be the only measure of progress.** To get a better idea of progress, we also need to consider how much PAF is being released when disasters strike, and how much bilateral and multilateral donor funding continues to support the overall PAF agenda:

**PAF payouts more than doubled in 2024 after several years of decline** since the covid-19 response peak in 2020, with World Bank Catastrophe Deferred Drawdown Options accounting for most of the payouts.

**Support from development partners also grew modestly – rising by 6% in 2023 to USD889 million, equivalent to around 1.2% of their total crisis financing.**

A larger share of this support flowed to lower-middle-income countries compared to previous years, while allocations to LICs were minimal.

**Despite progress in data availability, significant gaps still limit a full understanding of the PAF landscape.**

Transparency about donor support remains incomplete and for certain instruments, such as climate-resilient debt clauses, no common methodology exists for estimating available financial protection.

Overall, the findings signal positive momentum in scaling up PAF and improving readiness. To ensure that PAF achieves its promise of delivering timely, equitable and effective crisis protection for all, the report identifies three key priorities:

1. **Donors and providers must continue to scale up international PAF**, ensuring that all countries, especially those most exposed to climate and disaster risks, have reliable access to adequate and timely financing. This is critical amid shrinking aid budgets, tightening fiscal space and escalating climate impacts.
2. **Greater accessibility and affordability of PAF instruments for LICs and FCSs is essential.** Donors and providers must continue to expand affordable PAF mechanisms that reach the most at-risk people, ensuring that protection is both equitable and sustainable.
3. **All actors, recipients, donors and providers alike must commit to greater transparency in how PAF is deployed and reported.** Improving visibility will strengthen accountability and coordination, ultimately supporting PAF to build resilience and deliver dignified crisis protection at scale.



## INTRODUCTION

**When disasters strike, the speed and reliability of funding can determine how many lives and livelihoods are saved. Yet too often, financing arrives only after a crisis has already caused significant harm. Disaster risk financing (DRF) seeks to change that by ensuring countries have the financial systems and tools in place to respond quickly, reduce losses and protect people when shocks occur. Pre-arranged financing is a particular category of financing within the wider set of actions and financing tools that make up DRF. It is a way to guarantee financing is in place and ready to arrive when crises occur.**

This is the third year that the Centre for Disaster Protection (‘the Centre’) has sought to track PAF for disasters to help drive a shift in the international system towards more proactive financing for disasters. The purpose of this report, which has been published annually since 2023,<sup>1</sup> is to analyse the use of PAF. It uses detailed data from key international providers to monitor how much PAF they put in place for countries and humanitarian agencies over time, how much is paid out and where it is going. These findings aim to inform governments, providers of PAF instruments and other key stakeholders, enabling them to identify trends and potential gaps in the targeting of PAF and to better understand what innovations in the PAF toolkit mean for countries’ level of financial protection. It also includes analysis of how bilateral and multilateral donor support for PAF is evolving over time to learn about the progress that has been made.

This year’s analysis relies heavily on data shared and reviewed by the main providers of international PAF to governments and humanitarian agencies: multilateral development banks (MDBs) – the Asian Development Bank (ADB), Inter-American Development Bank (IDB) and World Bank; and four regional risk pools – African Risk Capacity (ARC), the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF SPC), the Pacific Catastrophe Risk Insurance Company (PCRIC) and the Southeast Asia Disaster Risk Insurance Facility (SEADRIF). Other data this report relies on, in relation to anticipatory action and donor reporting to the Organisation for Economic Co-operation and Development Development Assistance Committee (OECD DAC), is collected by the Anticipation Hub, hosted by the German Red Cross.

<sup>1</sup> See [The State of Pre-Arranged Financing for Disasters 2023](#) and [The State of Pre-Arranged Financing for Disasters 2024](#).

The detailed data set this data collection and research resulted in allows the study of PAF more closely on a by-instrument and by-country basis, and feeds into a forthcoming interactive PAF data dashboard on the Centre's website, which will complement the analysis in this report.

Most PAF instruments are designed to provide quick financing to governments or humanitarian agencies so they can better protect communities, preserve livelihoods and help shift leadership mindsets from reaction to readiness. Yet gaps remain in publicly accessible information on which instruments governments and humanitarian agencies are using, what risks they cover and what payouts are triggered. Where data is available, it is often not easily accessible or standardised, but rather

is mostly provided by individual instrument providers in bespoke formats or in annual budget documents. The PAF report and its accompanying dashboard aim to change that by consolidating and visualising key data on instruments, coverage and payouts. They provide a clearer picture of the PAF that is in place, which countries it protects and where gaps remain.

This transparency is essential for improving accountability, coordination and, ultimately, the effectiveness of PAF in providing dignified crisis protection at scale. Crucially, it represents a foundational step – one that must be built on through continued investment in data systems, reporting standards and institutional capacity to ensure that PAF realises its full potential.



## MEASURING PRE-ARRANGED FINANCING

### What is pre-arranged financing?

PAF is financing that is approved in advance of a crisis and is guaranteed to be released to a specific implementer when a pre-identified trigger condition is met (see Box 1).

In other words, PAF means having the money and systems in place before a disaster strikes, so funds can flow automatically and quickly when specific conditions are met.

#### BOX 1: DEFINING PRE-ARRANGED FINANCING AND ITS RELATIONSHIP WITH OTHER TYPES OF FINANCING

The Centre for Disaster Protection defines **pre-arranged financing** as financing that has been approved in advance of a crisis, and that is guaranteed to be released to a specific implementer when a specific pre-identified trigger condition is met.

The trigger may be based on data or models related to impacts, forecasts or projections of need, or a declaration of emergency (or similar) by a specified respondent. The funding may be used for anticipatory action or in response to a crisis, either linked to a clear plan for a very specific purpose or for general budget support (Centre for Disaster Protection n.d.).

**Disaster risk financing** is broader than PAF. It covers the system of budgetary and financial mechanisms to credibly pay for a specific risk, arranged before a potential shock. This can include paying to prevent and reduce disaster risk, as well as preparing for and responding to disasters (Centre for Disaster Protection n.d.).

While there is some overlap, not all PAF counts as climate finance. **Climate finance** is typically associated with financial resources mobilised and provided to fund actions that mitigate, adapt to and address the impacts of climate change, including public climate finance commitments by developed countries under the United Nations Framework Convention on Climate Change (UNFCCC) (ODI Global and HBS 2025). PAF instruments such as insurance and contingency funds are being included in countries' climate policy frameworks under the UNFCCC (UNDP 2025). However, PAF can respond to disasters that are not caused by climate change; for example, public health emergencies or geophysical hazards.

## How can you measure pre-arranged financing?

As new types of PAF instruments continue to emerge from a growing range of providers, we have further developed our methodology to keep up with these developments. This year's report builds on our learning, and presents three different ways to measure and track international progress on PAF:

1. **International PAF:** the total coverage provided by a selection of international PAF instruments (see Table 1). In other words, it reflects the maximum amount of funding that would be available to countries and humanitarian agencies if all the PAF instruments were triggered during a given year.<sup>2</sup> This measure is important because it shows how much potential support is in place from such instruments.
2. **PAF payouts:** the total value of payouts released from international PAF instruments to countries and humanitarian agencies. In other words, the total amount of PAF triggered by the instruments in Table 1 during the year. This measure shows how much PAF is flowing through the international system.
3. **Development partner support for PAF:** this represents the total volume of financial support from bilateral and multilateral donors' for PAF during the year, shown as an absolute value and also presented as a percentage of the donors' overall financing for crises. This measure highlights the donors' commitment to supporting and building a system that arranges financing for disasters in advance. Unlike the previous two PAF measures, it is based on data up to 2023 and captures a wider set of instruments, including:
  - Payouts from contingent grants and loans provided by development partners.
  - Subsidies for instruments such as insurance.

- Financing to create an enabling environment for PAF (e.g. for capacity building, technical assistance, research, advocacy, and capitalising and setting up specific PAF instruments).<sup>3</sup>

### A more comprehensive and timely view of pre-arranged financing: evolving our methodology

In previous years, *The State of Pre-Arranged Financing for Disasters* reports have mainly drawn on donor-reported data to the OECD. This provides a useful view of how much development partners have spent supporting PAF. However, it is only part of the picture: the OECD data does not capture all PAF instruments and there is a two-year time lag before the reported data becomes available.<sup>4</sup> To capture how much PAF is actually available to countries, and how much is reaching them, we evolved our methodology.

That evolution began with our *Demystifying Pre-arranged Financing for Governments* report, which assessed the performance of key PAF instruments.<sup>5</sup> Rather than focusing on aggregated donor reporting, we pioneered a new approach that pieces together information shared by development banks, regional risk pools and other actors on their specific instruments. This shift gives an overall global picture of PAF. Thanks to unprecedented information sharing by regional risk pools, development banks and humanitarian actors, we were able to further develop our approach, to track a range of PAF instruments and present data from 2017 up to 2024 (for coverage and payouts), which was not previously possible. However, it means the data in this report cannot be directly compared to previous editions. Collecting more detailed, instrument-specific information has also allowed us to develop a PAF data dashboard that government officials and other key stakeholders can use to understand PAF coverage and payouts, by instrument and by year, for their specific country and region.

2 Data was sourced directly from the PAF providers, including MDBs and regional risk pools, with data on anticipatory action provided by the Anticipation Hub.

3 Data was sourced from the OECD Creditor Reporting System (CRS) using the same methodology as described in Annex 3 of the [2024 report](#) (OECD 2025a). One adjustment is that an additional step has been introduced to manually exclude non-contingent financing from Catastrophe Deferred Drawdown Option (Cat DDO) payouts. In some cases, this is substantial; for example, the Fiji Recovery and Resilience First Development Policy Operation with a Cat DDO is a USD145 million project, with only USD10 million of this amount being contingent financing (World Bank Group 2024).

4 The OECD CRS data set does not consistently capture the detail required to identify existing and emerging PAF instruments; for example, World Bank Investment Project Financing with Deferred Drawdown Option (IPF DDO) for disasters or support to the regional risk pools. The granularity of reporting also makes it difficult to disaggregate some of the relevant information.

5 Some of the data and findings were also included in *The State of Pre-Arranged Financing for Disasters 2024*.

## What pre-arranged financing instruments are included?

PAF instruments have only been included in the international PAF and PAF payouts analysis if they meet **all** the following criteria:

- The financing meets the Centre’s definition of PAF (see Box 1) – in other words, financing has been approved in advance of a crisis and is guaranteed to be released to a specific implementer when a specific, pre-identified trigger condition is met.
- The instrument is predominantly used for geophysical hazards, climate-related shocks and public health crises.
- It is provided by an international financial institution (e.g. an MDB) or a regional risk pool, and/or it has been paid for by bilateral donors.
- The recipient is a sovereign government or humanitarian agency.
- The necessary information about the instrument is publicly available or has been shared by the provider or a reliable third party (e.g. the Anticipation Hub,<sup>6</sup> which collects data on payouts and coverage of anticipatory action frameworks).

Table 1 sets out the main PAF instruments included in the analysis.

**Table 1: Pre-arranged financing instruments included in the analysis**

Instrument	
Contingent loans and grants <sup>7</sup> from MDBs	Catastrophe Deferred Drawdown Option (World Bank) Investment Project Financing with a Deferred Drawdown Option for disasters and public health emergencies (World Bank) Contingent Credit Facility (IDB) Contingent Disaster Financing (ADB)
Regional risk pools	ARC CCRIF SPC PCRIC SEADRIF
Catastrophe bonds	Facilitated by MDBs (e.g. International Bank for Reconstruction and Development)
Anticipatory action frameworks	Coordinated by UN agencies, non-governmental/non-profit organisations, Red Cross Red Crescent, government or multi-organisation partnerships (e.g. United Nations Office for the Coordination of Humanitarian Affairs Central Emergency Response Fund, International Federation of Red Cross and Red Crescent Societies’ Disaster Response Emergency Fund, World Food Programme, Food and Agriculture Organization of the United Nations Special Fund for Emergency and Resilience Activities)

<sup>7</sup> More specifically, these are contingent *disaster* loans and grants, as in some cases MDBs provide contingent loans or grants that are not limited to disasters and public health emergencies, but also cover other types of shocks, which are outside of the scope of this report. The term *contingent loans and grants* is used throughout the report for conciseness.

<sup>6</sup> For more information, see: <https://www.anticipation-hub.org/>

## BOX 2: EXPLAINING PRE-ARRANGED FINANCING INSTRUMENTS

**MDB contingent loans and grants:** Contingent loans or grants are prepared and approved in advance of a disaster and can be disbursed quickly when pre-agreed trigger conditions are met. Depending on the provider, triggers can be based on either a parametric trigger (an objectively verifiable data-based threshold) or a soft trigger (such as a declaration of emergency by the country), or on both.

**Regional risk pool insurance:** Regional risk pools are not-for-profit insurance companies. They were created to help countries access insurance and capital markets on competitive terms in pursuit of development objectives. They combine and thereby diversify the risks of multiple countries, offering policies to countries and humanitarian agencies for specific catastrophe risks. Although products may differ across the regional risk pools, all the risk pools' products rely on parametric triggers, given the objective of providing rapid, flexible funds within weeks of an event.

**Catastrophe bonds:** Similar to insurance, catastrophe (cat) bonds are risk transfer products that protect countries against events that are less frequent but have higher negative impacts. They transfer the risk related to specific events from countries (sponsors) to investors. Cat bonds pay investors high returns to compensate for the risk of the bond issuer not having to repay the principal in the event of a major catastrophe. Cat bonds intermediated by MDBs such as the World Bank aim to make this complex type of instrument accessible to country governments and tend to have parametric triggers, with the aim of offering sponsors quick and transparent payouts.

**Anticipatory action:** Defined as 'acting ahead of predicted hazardous events to prevent or reduce humanitarian impacts before they fully unfold' (REAP 2022). Some international organisations pre-arrange the financing for anticipatory action using contingency funds. Funding is all grant-based, often channelled through humanitarian agencies.

Sources: Mustapha and Benson 2024<sup>8</sup> and REAP 2022

8 For more detail on MDB contingent loans and grants, regional risk pool insurance and cat bonds, see the Centre report [Demystifying Pre-Arranged Financing for Governments](#).

Other instruments have many similarities with PAF but were excluded as they do not strictly meet the criteria above; for example, World Bank Contingent Emergency Response Components, which are triggered partly at the discretion of the provider rather than the recipient, so have not been included. Some instruments were excluded because, although they meet the definition of PAF and could in principle be used for disaster response,

they are designed to protect or rebuild a country's general-purpose fiscal buffers and are typically used for macroeconomic shocks. If such instruments are neither routinely used to finance disaster response nor typically mentioned in government DRF strategies, we have not included them; for example, International Monetary Fund (IMF) precautionary instruments, such as the Precautionary and Liquidity Line.<sup>9</sup>

## Key limitations

The figures presented in this report for PAF will be underestimates. Although the availability of information has improved, significant data gaps remain. Some instruments meet the Centre's definition of PAF but have not been included because we were unable to access reliable and complete data. These include domestic financing instruments such as countries' reserve funds or

contingency budgets; meso- or micro-level instruments such as micro-insurance; or fully commercial instruments such as private insurance. While contingent loans and grants from MDBs have been included, it was not possible to include those offered by bilateral donors, such as the French Development Agency or the Japan International Cooperation Agency. Climate-resilient debt

9 Please email [info@disasterprotection.org](mailto:info@disasterprotection.org) if you wish to enquire about whether a specific instrument has been included in the analysis.

clauses could also not be included in the main analysis due to limitations in the way data about them was provided; however, see Box 4 for a summary.

In some cases, it is likely that the available data is incomplete. For example, for anticipatory action, which is based on voluntary self-reporting. Data taken from the OECD DAC Creditor Reporting System (CRS) (OECD 2025a) does not always specify the related financing instrument, which affects what is captured in the figures on development partner support for PAF. Please see Annex 3 of the 2024 report for more detail on how data was extracted from the CRS.

Despite these limitations, the data is useful for identifying trends in international PAF since 2017 and is the only report of this kind in this rapidly growing space. We will continue developing our methodology to improve the completeness and accuracy of the data, and we welcome collaboration with other organisations that can provide collated information on additional PAF instruments that meet our criteria.

# 2

## INTERNATIONAL PRE-ARRANGED FINANCING

### SUMMARY

- International PAF increased sharply in 2024, to an all-time high of USD9.4 million.
- Growth was evident across all country groupings and types.
- Low-income countries and fragile and conflict-affected situations still account for a small share of total international PAF.
- The volume and growth mainly come from contingent loans, most of which are offered by the World Bank and the IDB. Countries that are less able to borrow require instruments that are easier to access and tailored to their needs.
- While more PAF is available than ever before should there be a disaster, availability should not be our only measure. To get a better overview of progress, we also need to consider how much PAF is actually being released and how much donor funding is going to supporting the PAF agenda.

This section provides an overall picture of the total coverage provided by international PAF instruments, or the maximum amount of funds that would be available to countries and humanitarian agencies if all the available PAF were triggered during the year. Data has been compiled in relation to the PAF instruments in Table 1, including coverage by contingent loans and grants from MDBs, insurance provided by regional risk pools,

cat bonds arranged by the World Bank and anticipatory action frameworks implemented by humanitarian agencies. The figures are therefore not exhaustive but include the main PAF instruments and indicate the minimum total amount of international PAF.

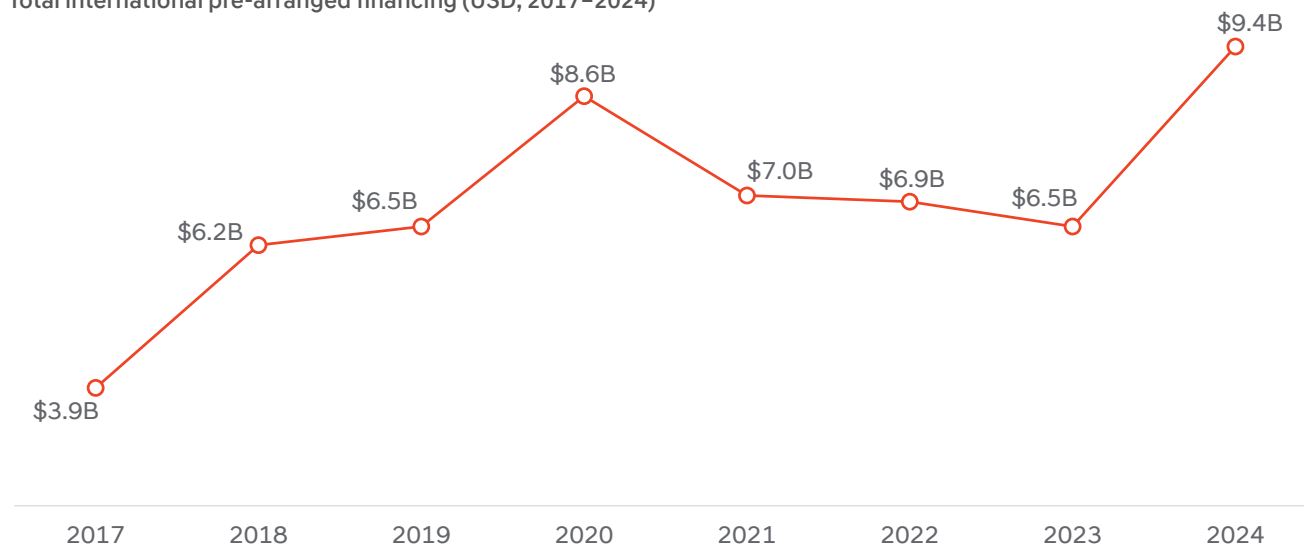
## Record levels of international pre-arranged financing

There has been a sharp increase in PAF, with total coverage reaching its highest ever point of USD9.4 billion in 2024 (Figure 1). Countries now have more PAF available to them than ever before. This marks a reversal of the downward trend since 2020 and a 46.0% increase on the previous year (2023).

This substantial increase is reflected across different country groupings,<sup>10</sup> with countries from the Vulnerable Twenty Group (V20) and Small Island Developing States (SIDS) seeing sharp rises in international PAF. LICs and FCSs also experienced an increase in PAF, but on a smaller scale (Figure 2).

**Figure 1: International pre-arranged financing reached an all-time high in 2024**

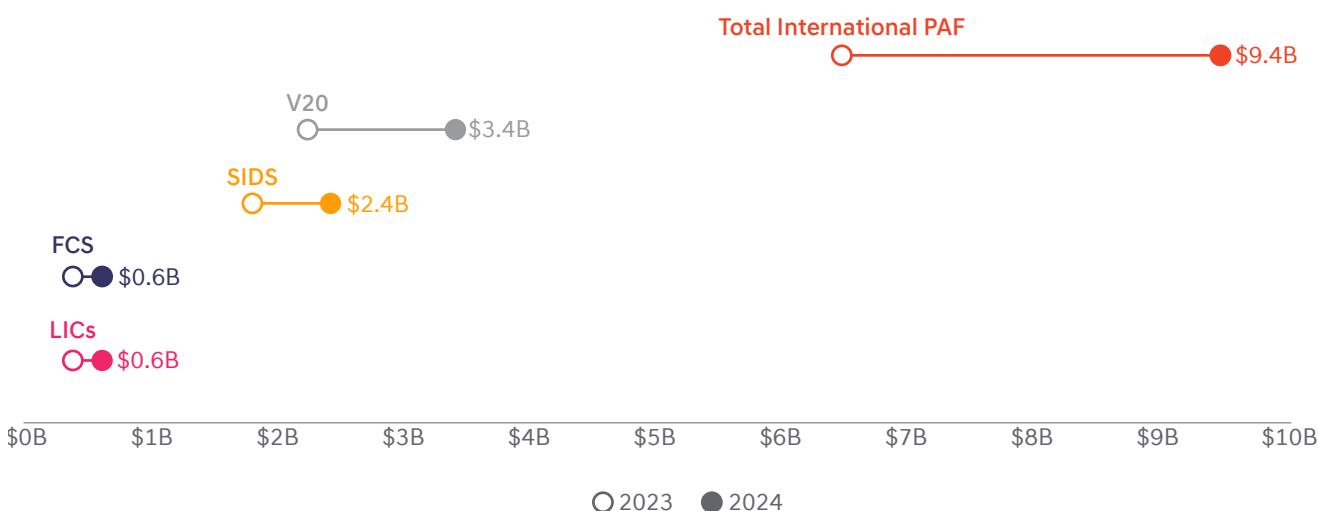
Total international pre-arranged financing (USD, 2017–2024)



Source: Centre for Disaster Protection analysis (see Annex 2).

**Figure 2: Pre-arranged financing rises globally, but equity gap persists**

International pre-arranged financing by selected country groups (USD, 2023–2024)



Source: Centre for Disaster Protection analysis (see Annex 2).

<sup>10</sup> These groups overlap, but nevertheless it is useful to see a consistent upward trend across all groups. To access the historical country lists for each of these classifications, please refer to Annex 2.

Despite the positive story of an overall increase across all the identified country groupings, it is important to note that some groupings still only received a small share of the overall USD9.4 billion total in international PAF for 2024. Approximately a third (36.1%) of the total coverage went to V20 countries, about a quarter to SIDS (25.6%),

and less than 7% both to LICs and FCSs. The reasons underlying this distribution of international PAF lies in the characteristics of key PAF instruments, and their varying accessibility and attractiveness across country groupings.

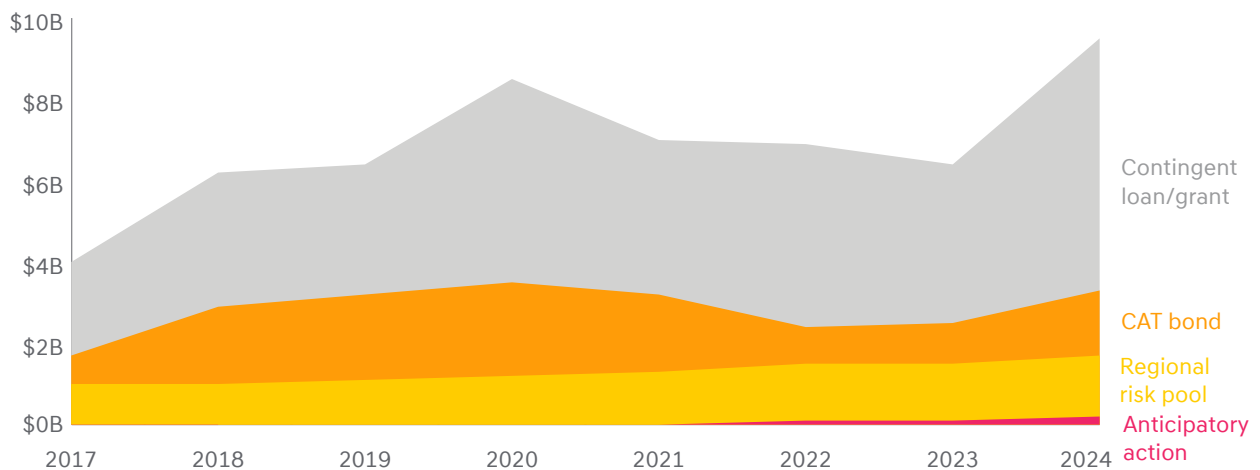
## What drove the overall increase in pre-arranged financing?

The sharp increase in international PAF was mainly driven by considerable growth in contingent financing from MDBs, with other instruments having small or relatively stable volumes (Figure 3). Disaggregating

the regional risk pools shows a mixed picture, with the greatest volume and absolute increase related to CCRIF SPC (Table 2).

**Figure 3: Contingent loans have driven the increase in overall volume of pre-arranged financing**

International pre-arranged financing by instrument type (USD, 2017–2024)



Note: Anticipatory action data is based on data collected by the Anticipation Hub from 2022 onwards.

Source: Centre for Disaster Protection analysis (see Annex 2).

**Table 2: International pre-arranged financing from regional risk pools (USD, 2020–2024)**

Regional risk pool	2020	2021	2022	2023	2024	2020–2024
ARC	\$117.4M	\$180.8M	\$127.8M	\$264.4M	\$168.7M	
CCRIF SPC	\$1,073.8M	\$1,106.5M	\$1,215.7M	\$1,094.8M	\$1,235.1M	
PCRIC	\$20.3M	\$20.6M	\$0.9M	\$33.7M	\$47.3M	
SEADRIF	\$0.0M	\$30.0M	\$30.0M	\$30.0M	\$37.0M	

Source: Centre for Disaster Protection analysis (see Annex 2).

Figures 4 and 5 show that the growth in MDB PAF has mainly been in non-concessional contingent loans. The IDB Contingent Credit Facility (CCF) and International Bank for Reconstruction and Development (IBRD) Catastrophe Deferred Drawdown Options (Cat DDOs) are mostly non-concessional loans. These instruments are mainly available to middle-income countries and credit-worthy LICs, which explains why only a small share of total PAF relates to LICs and FCSs. This reflects a need for PAF instruments specifically designed to meet the needs and constraints of those countries.

MDB contingent grants and loans are provided as a mixture of overseas development assistance (ODA) grants, ODA loans and ‘other official flows’ (OOFs), which are aid-like flows that do not meet the criteria for ODA, often because they are not as concessional (OECD 2025c). The volume and share that comprise ODA grants increased in 2024 to their highest levels,

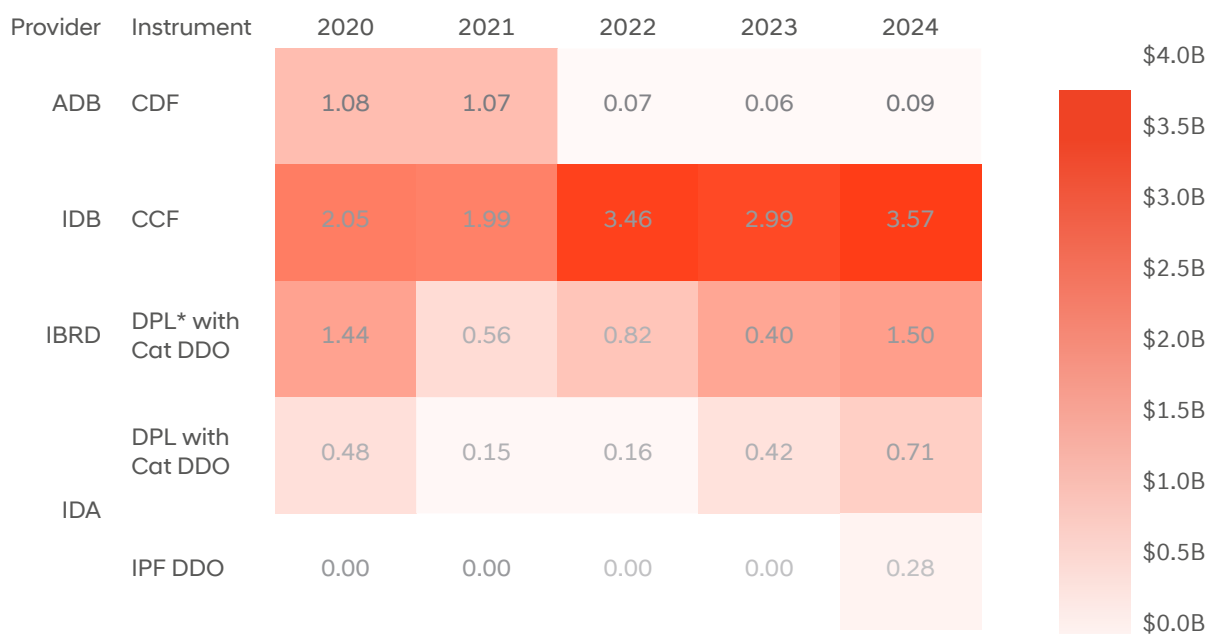
but the significant majority (74%) was in the form of OOFs, which are less concessional than ODA loans.<sup>11</sup>

IDB contingent loans have consistently provided the largest amount of coverage over recent years. It is therefore not surprising that Latin America and the Caribbean has consistently been the region with the most international PAF, accounting for 75% in 2024 (also helped by CCRIF SPC providing the largest amount of coverage of all the regional risk pools). Previous research by the Centre showed a high uptake of the IDB CCF among eligible countries. The CCF is designed to reduce the full economic costs to governments; for example, it does not require countries to pay a front-end fee nor does it reduce their overall country envelope (Mustapha and Benson 2024).

Although the IDB CCF’s volume has risen considerably, the 2024 increase in international PAF has mainly come from growth in World Bank Cat DDOs across

**Figure 4: Inter-American Development Bank has provided the largest amount of contingent loans in recent years**

International pre-arranged financing from multilateral development bank contingent loans and grants (USD, 2020–2024)



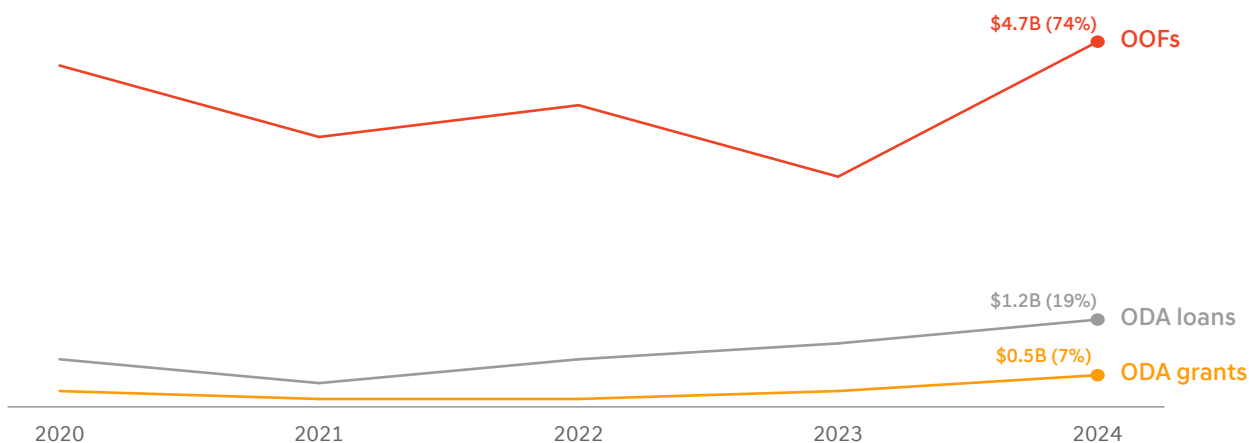
NOTE: DPL = Development Policy Loan

Source: Centre for Disaster Protection analysis (see Annex 2).

11 ODA is often understood as ‘aid’. The official definition is: ‘Flows to countries and territories on the DAC List of ODA Recipients and to multilateral development institutions which are: (1) provided by official agencies, including state and local governments, or by their executive agencies; and (2) each transaction of which: (2.1) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and (2.2) is concessional in character ... Loans whose terms are not consistent with the IMF Debt Limits Policy and/or the World Bank’s Non-Concessional Borrowing Policy are not reportable as ODA’. The OECD’s definition of ODA specifies when a loan is considered concessional (unlike OOFs) (OECD 2025b).

**Figure 5: Contingent grants have grown over time but multilateral development banks still mostly provide less concessional loans**

Multilateral development bank contingent loans and grants by financing type (USD, 2020–2024)



Source: Centre for Disaster Protection analysis (see Annex 2).

both International Development Association (IDA) and IBRD countries. Twelve new Cat DDOs were put in place in 2024, of which seven were in IDA countries. The increase in demand for CAT DDOs was potentially due to several changes that were introduced in 2023 when the World Bank first announced its *Crisis Preparedness and Response Toolkit* (World Bank Group 2023). This included increasing the country limit of a Development Policy Financing (DPF) Cat DDO, as well as introducing options to scale up or top up an existing DPF Cat DDO.<sup>12</sup> Another possible reason

for the growth in Cat DDOs in recent years is that there was a spike in both approvals and disbursements in 2020 and 2021 in response to the covid-19 pandemic. The 2024 increase in IDA countries could also have been driven by more beneficial terms on Cat DDOs for these countries, which were introduced under the twentieth replenishment of the International Development Association (IDA20) (see Box 3). Coverage is now even higher than 2020 levels.

### BOX 3: INCREASING PRE-ARRANGED FINANCING FOR LOWER-INCOME COUNTRIES

The cost of PAF solutions is a widely recognised barrier to their uptake and retention (Mustapha and Benson 2024). Countries with lower incomes and higher risk of debt distress need greater access to concessional and grant-based PAF. This box explores two PAF instruments that are targeted at lower-income countries and which grew in 2024, IDA Cat DDOs and anticipatory action:

#### IDA Cat DDOs

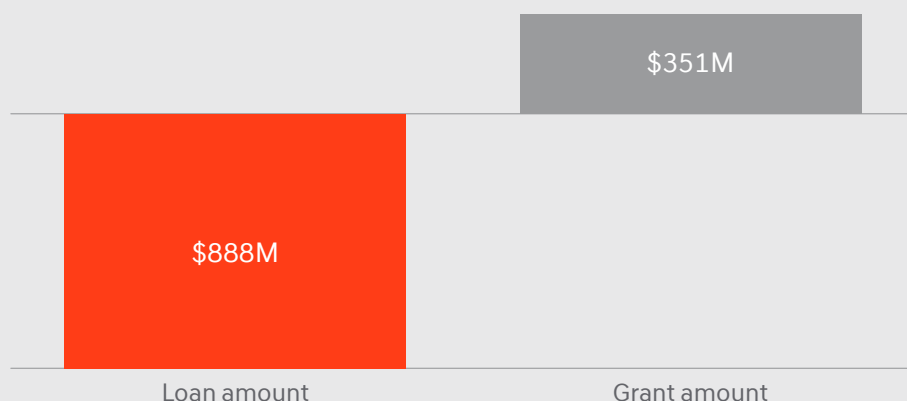
IDA-eligible countries are the poorest in the world (measured by gross national income per capita) and struggle with creditworthiness. The number of IDA countries taking up World Bank Cat DDOs has increased considerably, although Cat DDOs for IDA countries tend to be much smaller in size than for IBRD countries, as the ceiling is largely based on a country's gross domestic product (GDP). Between their introduction, in 2018, and 2024, the total amount put in place was USD1.2 billion, of which close to one-third were grants (USD350.7 million), with the remainder being ODA loans.

12 The IBRD DPF Cat DDO product note specifies: 'An existing DPF Cat DDO may be topped up with up to 10 percent of undisbursed balances across the country's Bank portfolio of Investment Project Financing and Program for Results operations, under the Rapid Response Option (RRO).' Further details are given in Box 4 (World Bank Treasury 2025).

### BOX 3: INCREASING PRE-ARRANGED FINANCING FOR LOWER-INCOME COUNTRIES (CONTINUED)

Figure 6: About a third of pre-arranged financing from International Development Association Catastrophe Deferred Drawdown Options have been grants

Total International Development Association Catastrophe Deferred Drawdown Option amounts put in place since inception (USD, 2018–2024)



Source: Centre for Disaster Protection (see Annex 2).

Uptake of IDA Cat DDOs has been driven by incentives introduced during the IDA20 cycle (2022–2025), specifically, the World Bank’s ‘4 for 1’ offer: for every dollar that countries made available for a Cat DDO from their overall funding envelope, they were also able to access a dollar from the IDA Crisis Response Window and two dollars from other general IDA resources (World Bank 2022).

The World Bank’s limit on total IDA Cat DDOs is USD3 billion per three-year cycle (World Bank 2022). Yet total approvals for the IDA20 cycle remain below USD1 billion, suggesting there is significant room to scale up coverage in IDA countries. It is important to note that there may be barriers to uptake given the structure of the instrument. IDA Cat DDOs are policy-based loans or grants and therefore, before being granted approval, require that the country has an adequate macroeconomic policy framework and a satisfactory programme in place to manage risks from natural hazards and public health emergencies. Some countries may be unable to satisfy these conditions, and thus cannot access the instrument.<sup>13</sup>

#### Anticipatory action

As anticipatory action funding is all grant based, and given the mandate of humanitarian agencies, it is more targeted at LICs and FCSs than other PAF instruments. Half of the 2024 anticipatory action PAF amount related to LICs and close to half to FCSs (47.7%). However, anticipatory action plays a much smaller role in terms of volume compared with the MDB instruments, representing just 2.3% of international PAF in 2024 (USD217 million).

Anticipatory action funding is difficult to track as it often relates to internal organisational funds, so we have used self-reported data collated by the Anticipation Hub. Some anticipatory action programmes are planned in advance but the financing is not pre-arranged – additional funds are mobilised or budget is reallocated once a disaster has been forecast. In total, Anticipation Hub data shows that USD111.9 million was disbursed for anticipatory action in 2024, but only USD46.0 million of this was arranged in advance and triggered automatically. The Anticipation Hub and others state that anticipatory action works best when financing, actions and triggers are all agreed in advance and listed in a framework such as an early action protocol.

<sup>13</sup> For more analysis on Cat DDOs, see the Centre blog post [“More countries are using Cat DDOs: Here are three things to know”](#).

## BOX 4: WHAT OTHER PRE-ARRANGED FINANCING EXISTS

In addition to the instruments we have included in the above analysis, new PAF instruments are rapidly growing in popularity, but disaggregated information on them is not currently available due to the lack of an agreed reporting methodology, as well as for confidentiality reasons. Below is a snapshot view of two newcomers.

**Climate-resilient debt clauses (CRDCs)** are a new addition to the PAF toolkit. First introduced by the IDB in 2021, and later by the World Bank in 2023, these clauses are built into loan agreements, allowing governments to pause debt repayments temporarily after a disaster, which frees up funds for emergency response. Unlike the other instruments covered in this report, CRDCs do not provide new money; instead, they offer short-term liquidity relief by creating fiscal space for disaster response. The deferred debt payments eventually have to be repaid by the government based on a pre-agreed schedule.

The uptake of this type of instrument has grown rapidly. IDB CRDCs have been adopted by seven countries so far. As of June 2025, 22 eligible countries included a CRDC in at least one of their financing agreements with the World Bank. Based on several simplifying assumptions, an estimated **USD360 million** of the principal and interest repayments by these countries could be deferred for eligible disaster events if all 22 countries had triggered the clause in their World Bank loans on 1 July 2025.<sup>14</sup>

Measuring the coverage these clauses provide is not straightforward given the current lack of an agreed reporting methodology among MDBs. Instead, MDBs have tended to publicly report on the volumes of their loan portfolios that include CRDCs rather than the potential size of deferrals.

**The Rapid Response Option (RRO)** allows up to 10% of a portfolio's undisbursed funds to be reallocated to disaster response. Countries sign up to the RRO in advance, either with the intention of accessing it through an existing CAT DDO or a new Contingency Emergency Response Project (CERP) (World Bank Group 2025b). As of the end of August 2025, 30 countries had made use of this new option, potentially allowing them to repurpose up to an estimated **USD3 billion** (USD2.4 billion relating to IDA countries). So far, a total of USD110.1 million has been disbursed for disaster response through RRO activation in three countries: Honduras, Romania and Vanuatu.

Information on undisbursed balances is not publicly disclosed, which is why this recently introduced option and the additional financial protection it provides to countries is not included in our analysis of international PAF.

<sup>14</sup> Assuming 1 July 2025 as start date of deferral, the potential size of deferral refers to forecast principal and interest repayments of eligible loans from 1 July 2025 to 30 June 2027. Exchange rates on 30 June 2025 and current interest rates are applied in the forecast.

While the increase in international PAF is a positive story globally, it is not the whole story. It is also important to reflect on other measures of PAF. Some instruments offer very high levels of financial protection, but are designed to be triggered very infrequently, and only for extremely severe events. For example, a country could have an insurance policy in place for a 1-in-50 year tropical storm event, which would cause immense damage but is very unlikely to happen. At the same time the country could be faced with more frequent events, such as seasonal

droughts, which can still be very disruptive and cause major damage. In other words, countries also need PAF for more frequent, less severe events. If we only measure PAF in terms of coverage, it could skew support for instruments that offer high coverage but rarely pay out. The rest of this report therefore considers additional ways to measure PAF: actual payouts to countries and organisations, and development partner support for the agenda. Taken together, these different measures give us a clearer picture of progress.

# 3

## PRE-ARRANGED FINANCING PAYOUTS

### SUMMARY

- The total value of PAF payouts has more than doubled since 2023. After a peak in 2020 for the covid-19 response, PAF payouts had been decreasing, but they increased in 2024.
- World Bank Cat DDOs were the main source of payouts in 2024.

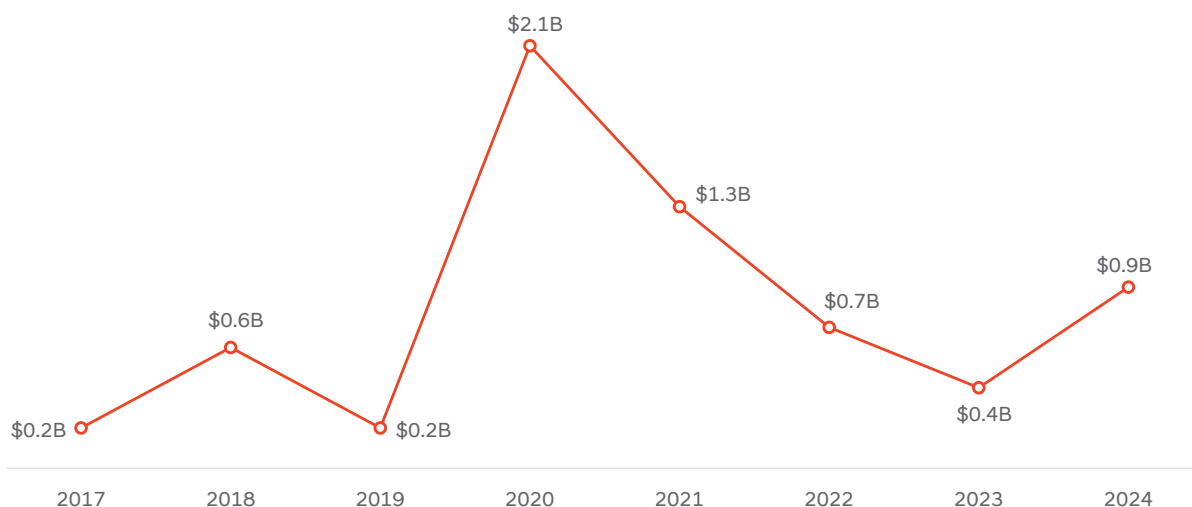
This section presents information on the amount of PAF that has been triggered and paid out to countries or humanitarian agencies following a shock. This measure shows how PAF is functioning in practice and how much PAF is flowing through the international system in response to disasters.

The analysis has the same scope as the preceding section on international PAF, as data has been compiled

from the same sources (see Table 1) and so is directly comparable. Figures include payouts from contingent loans and grants from MDBs, insurance from regional risk pools, World Bank cat bonds and anticipatory action frameworks implemented by humanitarian agencies. The figures are therefore not exhaustive but include the main PAF instruments and provide a minimum total amount of PAF payouts.

**Figure 7: Pre-arranged financing payouts more than doubled in 2024, after the covid-19 peak**

Pre-arranged financing payouts (USD, 2017–2024)



Source: Centre for Disaster Protection analysis (see Annex 2).

## Rising payouts

Payouts from PAF instruments more than doubled, from USD429 million in 2023 to USD879m in 2024. This reversed a decline since the peak of PAF payouts in 2020 in relation to covid-19. Payout levels will always depend on the number of major disasters that have occurred for which PAF was in place. The total volume of international PAF is much higher at USD9.4 billion for 2024. This does not necessarily suggest that PAF instruments are not paying out properly, as payouts are expected to be significantly lower than total international PAF. Many instruments are designed to be triggered for infrequent, severe events only or specific hazards. Countries may also choose not to use all the PAF that is triggered following a disaster (see Box 5 on Jamaica, for example). In some cases, there may be situations of basis risk, where a shock happens but the instrument does not pay out.

Table 3 lists the ten countries that received the largest payouts in 2024. Notably, almost 40% of payouts came from just two Cat DDO disbursements: USD242 million was disbursed to Romania for severe flooding and USD100 million to Honduras for Tropical Storm Sara. These large amounts have a strong effect on the regional distribution of payouts towards Latin America and the Caribbean, and Europe and Central Asia, and on which hazard types trigger the largest volumes of PAF payouts (see Figures 8 and 9).

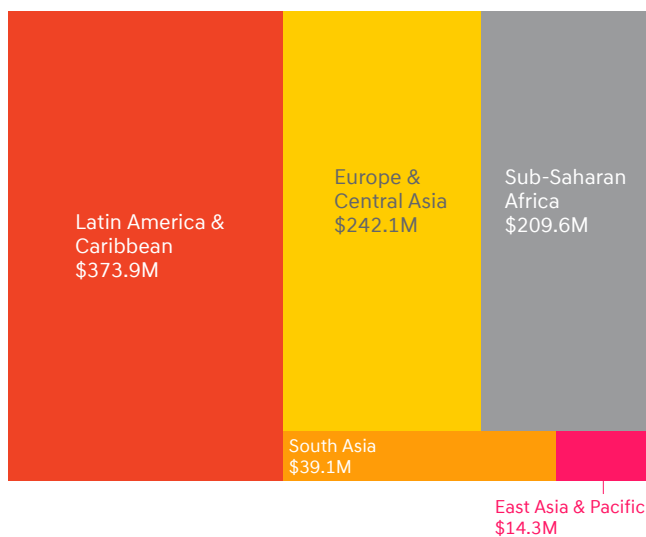
**Table 3: Countries with the largest total payout amounts, by instrument and trigger event (2024)**

Country	Instrument	Payout by instrument (USD)	Trigger event	Total payout (USD)
Romania	IBRD Cat DDO	\$242.0M	Severe flooding – September 2024	\$242.0M
Honduras	IDA Cat DDO	\$100.0M	Tropical Storm Sara – November 2024	\$104.9M
	CCRIF SPC	\$4.7M		
	Anticipatory action	\$0.2M		
Panama	IBRD Cat DDO	\$68.0M	Tropical Storm Sara – November 2024	\$94.7M
	Insurance	\$26.7M		
Malawi	IDA Cat DDO	\$57.1M	Food insecurity – El Niño	\$68.7M
	ARC	\$11.6M		
Grenada	IDA Cat DDO	\$20.0M	Hurricane Beryl – July 2024	\$64.0M
	CCRIF SPC	\$44.0M		
Mexico	Cat bond	\$60.0M	Hurricane Otis – October 2023	\$60.0M
Benin	IDA Cat DDO	\$54.7M	Severe flooding – June 2024	\$54.7M
Zimbabwe	ARC	\$31.9M	Drought – El Niño	\$33.4M
	Anticipatory action	\$1.5M		
Nepal	IDA Cat DDO	\$23.8M	Earthquake – November 2023	\$27.5M
	Anticipatory action	\$3.7M	Multi-hazard	
Jamaica	CCRIF SPC	\$26.9M	Hurricane Beryl – July 2024	\$26.9M

Source: Centre for Disaster Protection analysis (see Annex 2).

**Figure 8: Latin America and the Caribbean has received the largest amount of pre-arranged financing payouts**

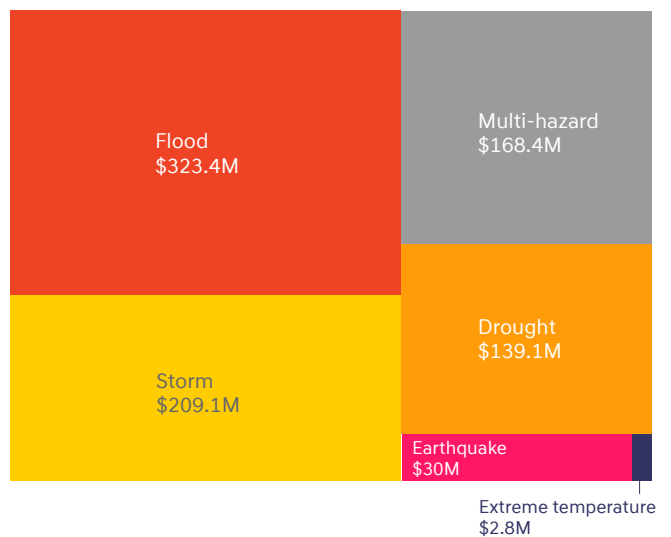
Pre-arranged financing payouts, by region (USD, 2024)



Source: Centre for Disaster Protection analysis (see Annex 2).

**Figure 9: Floods have triggered the largest amount of pre-arranged financing payouts**

Pre-arranged financing payouts by trigger event (USD, 2024)



Source: Centre for Disaster Protection analysis (see Annex 2).

## Explaining the 2024 payout levels

Disaggregating the data by PAF instrument shows that most payouts in 2024 (67.0%) came from MDB contingent loans and grants. This is to be expected, given that they were the source of most of the international PAF, or coverage, during the year. However, Table 4 shows that World Bank Cat DDOs accounted for a higher share of payouts than they did coverage.

Cat DDOs are triggered frequently compared to other instruments, possibly because they are not hazard specific, and they are triggered by a country's declaration of a state of emergency rather than by parametric triggers. Conversely, the IDB CCF<sup>15</sup> – which depending on the hazard type has objective parametric triggers – provided significant coverage, but only accounted for 1.4% of payouts. Governments appear to draw down from the IDB CCF less

frequently than from Cat DDOs. This may be because the CCF is an investment loan that has to finance specific government expenditures incurred during the 180–270 calendar days following an eligible event, whereas a World Bank Cat DDO is triggered by the disaster event itself and the amount disbursed is not tied to costs of the disaster response and recovery. This demonstrates why coverage should not be our only measure of PAF progress – some instruments offer high levels of coverage but are not designed to be triggered by high-frequency, low-severity events. The experience of the Government of Jamaica in relation to Hurricane Beryl in 2024 (see Box 5) highlights the importance of governments being able to access the most suitable financing options.

**Table 4: Proportion of each instrument in pre-arranged financing payouts and in total international pre-arranged financing (2024)**

	% of total PAF payouts in 2024	% of total international PAF in 2024
Contingent loans and grants	67.0	65.2
IDB CCF	1.4	37.8
ADB CDF	1.3	1.0
IBRD Cat DDO	35.3	15.9
IDA Cat DDO	29.1	7.5
IDA IPF DDO	0.0	3.0
Regional risk pools	21.0	15.8
ARC	8.0	1.8
CCRIF SPC	12.8	13.1
PCRIC	0.1	0.5
SEADRIF	0.0	0.4
Anticipatory action	5.2	2.3
IBRD cat bond	6.8	16.7

Source: Centre for Disaster Protection analysis (see Annex 2).

15 The IDB CCF uses both parametric (Modality I) and soft (Modality II) triggers depending on the type of hazard. Soft triggers were introduced in 2019 to expand the scope of the CCF to include hazards that are expensive or otherwise challenging to reliably express in terms of parameters; for example, severe droughts and public health emergencies. A declaration of emergency is used to trigger disbursement under CCF Modality II.

## BOX 5: A CASE STUDY ON TRIGGERING INSTRUMENTS – JAMAICA AND HURRICANE BERYL (2024)

Hurricane Beryl in July 2024 presented an early test in the hurricane season for Jamaica’s disaster preparedness. With an estimated total loss equivalent to 1.9% of GDP, Hurricane Beryl is the third most severe storm in terms of damage in 25 years (PIOJ 2024). As part of its USD1.6 billion DRF strategy, Jamaica had several different financing instruments available when Hurricane Beryl struck. These included:

- national reserve funds
- IDB CCF loan
- CCRIF SPC insurance
- World Bank cat bond
- IMF Precautionary and Liquidity Line.

Estimates suggest losses were between USD85 million and USD200 million. Based on publicly available information, the government met some of these costs using the PAF instruments available to it. It seems that: (1) some PAF was triggered, including the CCRIF SPC insurance (providing a payout of USD26.9 million); (2) some was not, notably the World Bank intermediated cat bond, as the hurricane’s severity was lower than the minimum threshold; and (3) some was triggered but the government chose not to use it, including the IDB contingent loan. Having a range of available PAF instruments gave the government the fiscal space needed to adequately cover disaster losses using reserve funds and CCRIF SPC payouts, without needing either the IDB CCF or the IMF Precautionary and Liquidity Line.

This example shows both how well prepared the government was in terms of PAF and how governments may have a PAF instrument in place but choose not to draw on it. This is a positive explanation for the difference between high levels of PAF yet significantly lower volumes of payouts.<sup>16</sup>

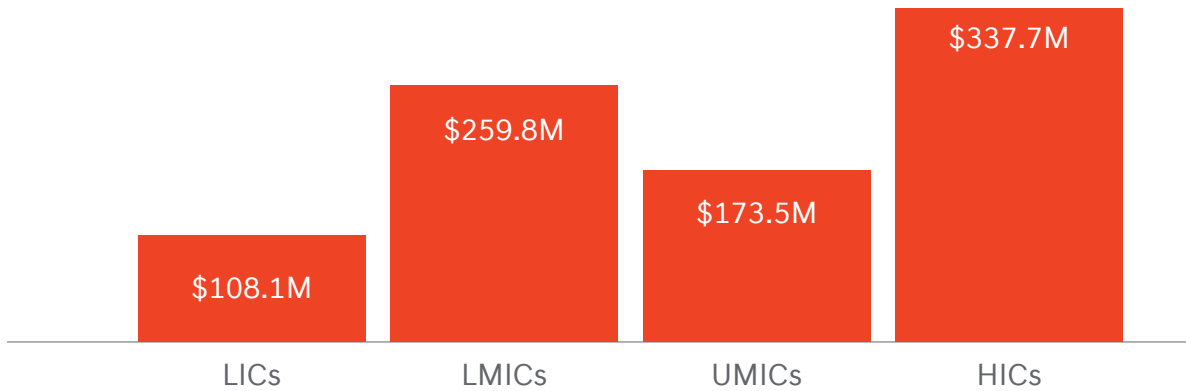
16 For more information, see the Centre blog post [‘Hurricane Beryl: How did Jamaica’s DRF strategy stack up?’](#)

Substantial IBRD Cat DDO payouts to Romania and Panama led to high-income countries (HICs) being the largest recipient income group in 2024. In terms of payouts to LICs, about half of the total amount came from a USD57 million IDA Cat DDO payout to Malawi for food insecurity related to El Niño conditions. Some USD25.9 million of these LIC payouts were from various anticipatory action frameworks.

Figure 11 shows the relevance of mainly IDA Cat DDOs, anticipatory action and the ARC regional risk pool for LICs and lower-middle-income countries (LMICs). This again demonstrates that more concessional or grant-based PAF instruments tend to play a more important role in lower-income countries.

**Figure 10: High-income countries received the largest payouts**

Pre-arranged financing payouts by country group (USD, 2024)

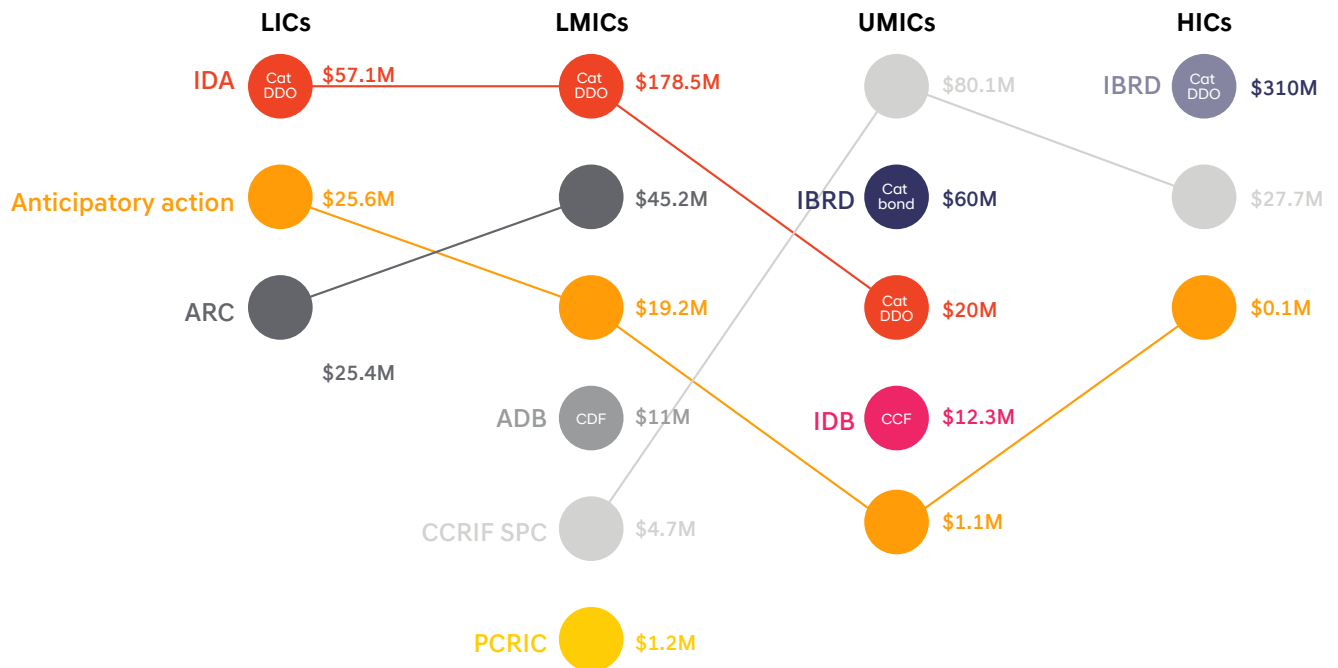


NOTE: UMICs = upper-middle-income countries

Source: Centre for Disaster Protection analysis (see Annex 2).

**Figure 11: Middle-income countries have the biggest range of instruments that have paid out**

Pre-arranged financing instrument payouts ranked from highest to lowest for each income group (USD, 2024)



Source: Centre for Disaster Protection analysis (see Annex 2).

# 4

## DEVELOPMENT PARTNER SUPPORT FOR PRE-ARRANGED FINANCING

### SUMMARY

- The total volume of development partner support to PAF increased slightly (by 6%) in 2023, to a total of USD889 million, or an estimated 1.2% of total crisis financing.
- A larger proportion of development partner support for PAF went to LMICs rather than UMICs compared to recent years, although the level of support to LICs remains very low.

Measuring development partner support for PAF<sup>17</sup> allows us to track bilateral and multilateral donors' performance in meeting their commitments and strengthening accountability for progress. These donors have continued to voice their support for PAF; for example, as part of the Fourth International Conference on Financing for Development in Seville in 2025, which launched the Sevilla Platform for Action that includes a coalition led by the UK and the Bridgetown Initiative to scale up PAF to 20% of total disaster financing by 2035 (UN 2025).

This section provides an overall picture of development partner support to PAF up to 2023, both as an absolute value and as a percentage of partners' overall financing for disasters. Development partner support for PAF is a broad measure that constitutes three quite different components:

- Payouts from contingent grants and loans provided by development partners.
- Subsidies for instruments such as insurance.
- Financing to create an enabling environment for PAF; for example, capacity building, technical assistance, research, advocacy, and capitalising and setting up specific PAF instruments.

The metric is compiled from data extracted from the OECD DAC CRS, which is based on bilateral and multilateral donors' reporting on their spending on ODA and OOFs (OECD 2025a). Data is only available up to 2023, so analysis in this section does not include figures for 2024, as provided in the previous two sections. It is also not as easy to identify and disaggregate the data, meaning there is less clarity on exactly what is

17 In the previous two *The State of Pre-Arranged Financing for Disasters* reports, this was referred to as 'international development financing for PAF'. The term 'development partners' captures more clearly who provides these contributions (i.e. bilateral and multilateral donors reporting to the OECD DAC CRS).

included in or missing from these figures. For example, the methodology aims to capture premium subsidies to regional risk pools, but depends on accurate donor reporting. In other cases, support to PAF is included where it forms part of a wider donor-funded project, but based on the data set and its descriptions, it is not possible to tell the exact proportion of the total which should be included.

Development partner support for PAF has increased slightly, from USD840 million to USD889 million, an increase of approximately 5.8%. The total amount of development partner financing for crises decreased in 2023, but overall there was a very small increase in partners' support for PAF as a percentage of total crisis financing provided during the year, rising from 1.1% to 1.2%.

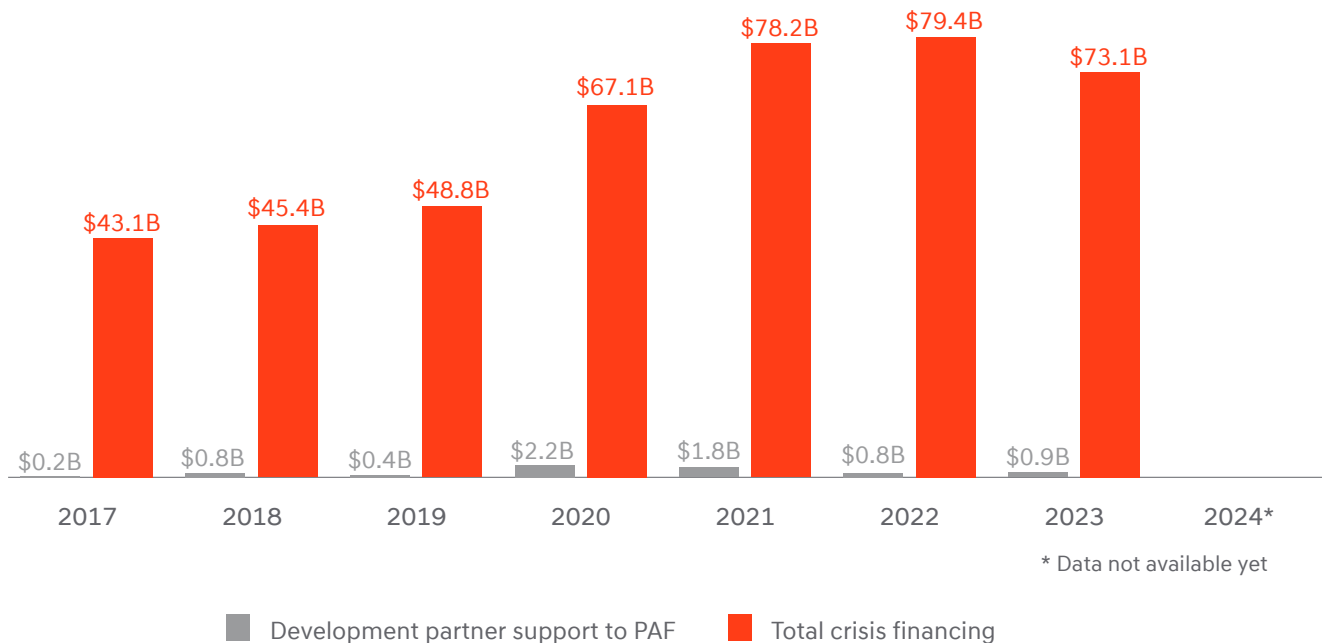
A large component of development partner support for PAF relates to payouts from MDB contingent grants and loans, accounting for 37.6% of the total figure for 2023. This means Figures 12 and 13 largely reflects the trend

in payouts, as set out in Section 3. The overall volume of payouts has generally declined since 2020, when many contingent loans and grants were triggered for covid-19, and the same pattern is observable here. If there had been more disasters during the year that triggered payouts, the volume of development partner support for PAF would have been considerably higher. It should therefore not be judged as inherently negative that the figures presented here are small.

In 2023, a larger proportion of development partner support for PAF went to LMICs than to UMICs, compared with recent years (2020–2022). However, the proportion going to LICs remains very small and bilateral and multilateral donors should review their portfolios to see how this could be increased. Some funding (37.5%) relates to regional spend, so cannot be included in this country-based analysis.

**Figure 12: Support from development partners grew modestly**

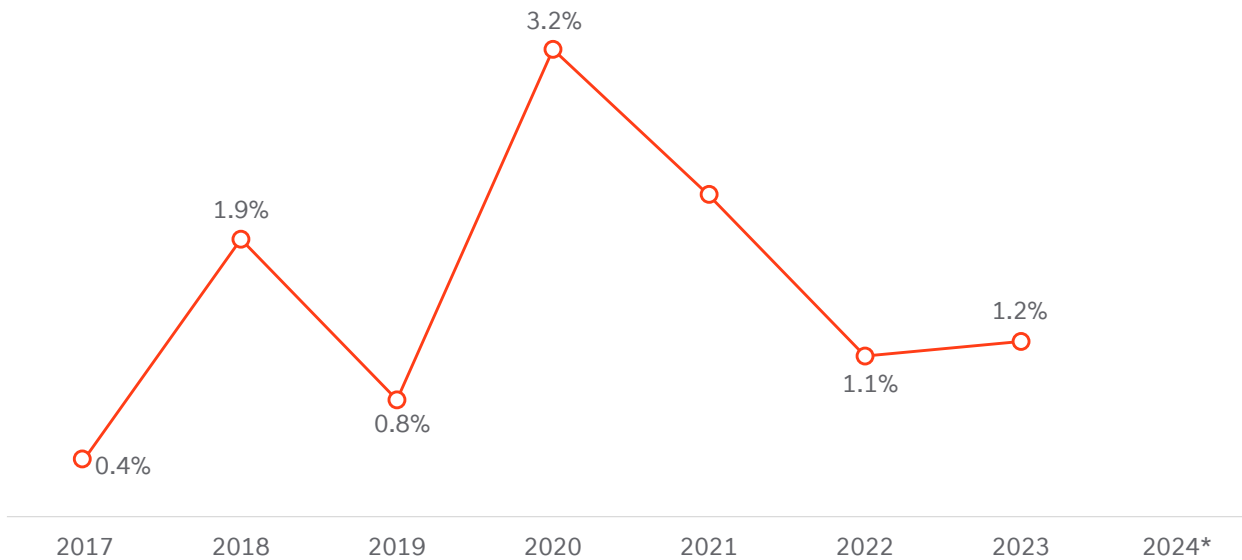
Development partner support for pre-arranged financing and total crisis financing (2017–2023)



Source: Centre for Disaster Protection, based on data from OECD (2025a).

**Figure 13: Development partners spent slightly more on pre-arranged financing as a part of their overall crisis financing**

Development partner support to pre-arranged financing as a percentage of total crisis financing (2017–2023)

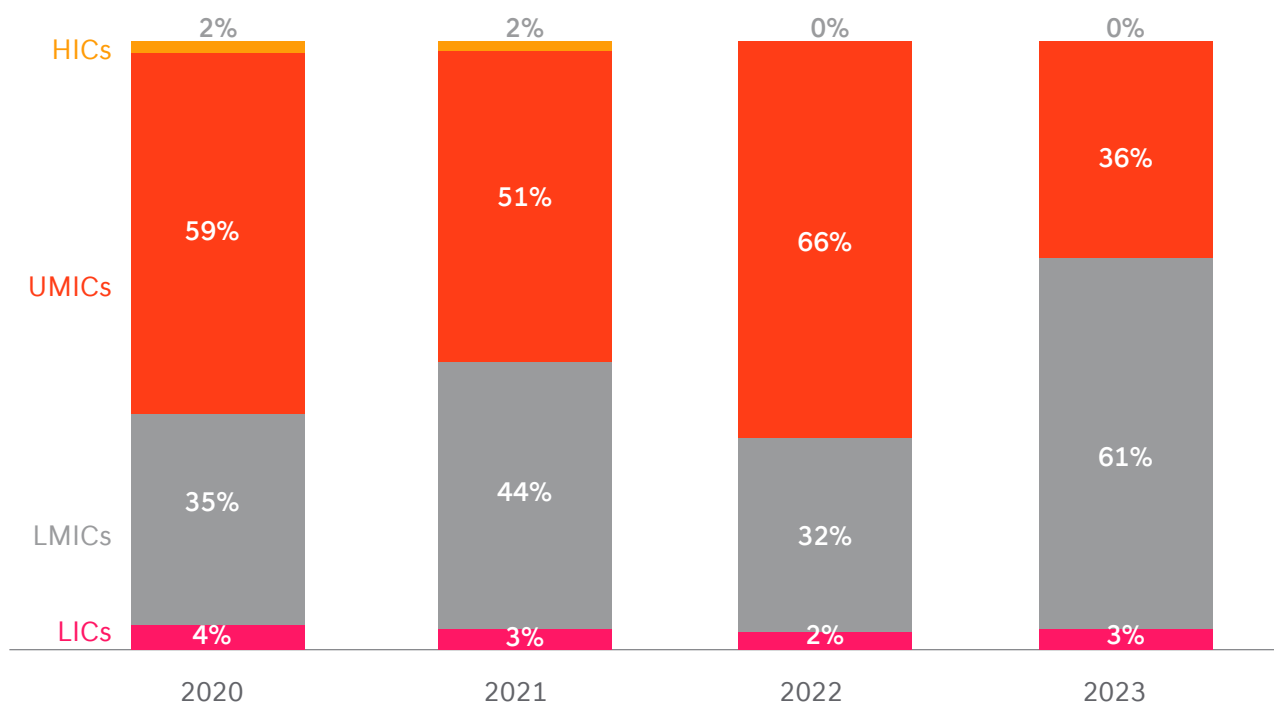


Source: Centre for Disaster Protection, based on data from OECD (2025a).

\* Data not available yet

**Figure 14: The share of development partner support for pre-arranged financing going to lower-middle-income countries grew in 2023**

Percentage of development partner support for pre-arranged financing by income group (2020–2023)



Source: Centre for Disaster Protection, based on data from OECD (2025a).



## CONCLUSION AND POLICY RECOMMENDATIONS

This report highlights significant progress in international PAF, marking a positive step forward in 2024. Overall, PAF volumes have reached their highest levels to date across regions and country groupings, with both payouts and development partner support for PAF continuing to rise. Much of this growth has been driven by the expansion of contingent loans, often on non-concessional terms and thus mostly accessed by UMICs. This trend indicates that both governments and providers are increasingly stepping up to proactively pre-arrange more financing to better protect countries against disasters.

However, this does also mean that LICs and FCSs still account for only a small share of international PAF, despite their high vulnerability to disasters. The uptake of PAF instruments varies largely by countries' income status, leaving the most at-risk countries with far lower levels of protection. To close this gap, there is an urgent need for more instruments tailored to LICs and FCSs, including grant-based or highly concessional financing. Existing mechanisms that already target these countries include IDA Cat DDOs and anticipatory action.

Due to delays in the provision of data, we cannot yet assess the impact of recent donor budget cuts on support

for PAF. However, it is vital that donors sustain their commitments to support effective PAF solutions despite anticipated reductions in ODA budgets, to ensure countries have reliable options for crisis financing available. They should also review their portfolios to continue increasing their support to lower-income countries.

In a context of uncertain aid flows, rising debt burdens and accelerating climate change, the need to track commitments, performance and spending across international PAF has never been greater. Our methodology, which includes three different metrics, provides a nuanced picture: broadly positive for 2024, but not without reasons for caution. While overall PAF volumes have increased, we cannot focus on these alone – instruments that offer potentially high payouts but are very rarely triggered are only part of the story. The goal must be meaningful access to PAF for the most vulnerable countries, and comprehensive protection across different types and layers of risk. As new PAF instruments emerge, we urge providers to share data transparently so that our collective tracking and analysis can continue to improve, helping ensure that PAF truly delivers for those who need it most.

In summary, we make the following recommendations:

1. **Donors and PAF providers should continue to scale up international PAF**, so that countries have reliable access to adequate financing to address disaster impacts. This is particularly important in the context of budget cuts, rising climate risks and shrinking fiscal space for many vulnerable countries.
2. **Providers of PAF, as well as donors, should improve the accessibility and affordability of PAF instruments for LICs and FCSs.** A full assessment of the factors driving low uptake of certain instruments by these countries falls outside the scope of this paper. However, our analysis suggests several potential barriers worth exploring, including the cost and accessibility of instruments. Scaling up concessional and grant-based finance for PAF is likely to be key in ensuring that PAF reaches poor and vulnerable countries with limited fiscal space.
3. **Recipients, donors and providers of PAF must commit to greater transparency in deploying and reporting on PAF solutions.** As highlighted above, gaps in our analysis stem not only from methodological limitations but also from restricted access to key data, particularly at country level, where confidentiality often prevails. Areas where more transparency is needed include donor subsidies for insurance and coverage of new instruments such as CRDCs. Moreover, this report does not capture the full landscape of domestic and international PAF instruments currently being used by governments and humanitarian actors. Strengthening transparency is a shared responsibility and a necessary step towards improving accountability, coordination and the overall effectiveness of PAF in building resilience.

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# ANNEX 1: ABBREVIATIONS AND GLOSSARY

## Abbreviations

<b>ADB</b>	Asian Development Bank	<b>IBRD</b>	International Bank for Reconstruction and Development
<b>ARC</b>	African Risk Capacity	<b>IDB</b>	Inter-American Development Bank
<b>Cat</b>	catastrophe	<b>IMF</b>	International Monetary Fund
<b>CCF</b>	Contingent Credit Facility	<b>LIC</b>	low-income country
<b>CCRIF SPC</b>	Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company	<b>LMIC</b>	lower-middle-income country
<b>CDRFI</b>	climate and disaster risk finance and insurance	<b>MDB</b>	multilateral development bank
<b>CERP</b>	Contingency Emergency Response Project	<b>ODA</b>	overseas development assistance
<b>CRDC</b>	climate-resilient debt clause	<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>CRS</b>	Creditor Reporting System	<b>OOFs</b>	other official flows
<b>DAC</b>	Development Assistance Committee	<b>PAF</b>	pre-arranged financing
<b>DDO</b>	draw-down option	<b>PCRIC</b>	Pacific Catastrophe Risk Insurance Company
<b>DPF</b>	development policy financing	<b>RRO</b>	rapid response option
<b>DRF</b>	disaster risk financing	<b>SEADRIF</b>	Southeast Asia Disaster Risk Insurance Facility
<b>FCS</b>	fragile and conflict-affected situation	<b>SIDS</b>	small island developing states
<b>GDP</b>	gross domestic product	<b>UMIC</b>	upper-middle-income country
<b>HIC</b>	high-income country		
<b>IDA</b>	International Development Association		

## Glossary

All definitions have been developed by the Centre for Disaster Protection unless stated otherwise.

**Anticipatory action:** Acting ahead of predicted hazardous events to prevent or reduce acute humanitarian impacts before they fully unfold (Risk-Informed Early Action Partnership).

**Basis risk:** The difference between an index and the shock that the index is supposed to be a proxy for. A payout triggered by an index may be higher or lower than the beneficiary's losses, leading to an overpayment or a shortfall, respectively. Where there are differences of opinion among stakeholders over what the index is supposed to be a proxy for, the precise definition of basis risk can be contested. For example, disagreement may arise over whether an agricultural insurance product that uses a rainfall-based index covers drought-induced crop disease and pest damage.

**Climate-resilient debt clause:** Also known as a debt pause clause or disaster clause. A pause clause is a provision in sovereign debt contracts that enables the borrower to temporarily stop repaying debt service (interest, principal or both) for a pre-agreed period when a predefined event occurs. These built-in debt deferrals can be designed to be net present value neutral and not extend the instrument's original maturity date.

**Contingent disaster loan or grant:** A type of PAF whereby a loan or grant is approved in advance of a crisis and is guaranteed to be provided to a specific implementer when a specific pre-identified trigger condition is met.

**Disaster risk financing:** The system of budgetary and financial mechanisms to credibly pay for a specific risk, arranged before a potential shock. It can include paying to prevent and reduce disaster risk, as well as preparing for and responding to disasters.

**Official development assistance:** Government aid that promotes and specifically targets the economic development and welfare of developing countries (OECD).

**Other official flows:** Transactions by the official sector (i.e. bilateral and multilateral donors) with countries on the DAC List of ODA Recipients that do not meet the conditions for eligibility as ODA, either because they are not primarily aimed at development or because they have a grant element of less than 25% (OECD).

**Pre-arranged financing:** Financing that has been approved in advance of a crisis and guaranteed to be released to a specific implementer when a specific pre-identified trigger condition is met. The trigger may be based on data or models related to impacts, forecasts or projections of need, or a declaration of emergency (or similar) by the specified respondent. The funding may be used for anticipatory action or in response to a crisis, either linked to a clear plan for a very specific purpose or as general budget support.

**Total crisis financing:** A subset of international development financing, which includes activities and flows to organisations whose primary purpose is to deliver prevention, preparedness and response to crises.

**Trigger:** A predefined threshold of an index underlying a risk finance mechanism, which if exceeded prompts a payout. A trigger may also leave an element of discretion to a designated party about whether to launch a response activity.

## ANNEX 2: INTERNATIONAL PRE-ARRANGED FINANCING AND PAYOUT DATA METHODOLOGY AND ASSUMPTIONS

The analysis of international PAF and PAF payouts in sections 2 and 3 relies on detailed data on each of the individual instruments. This annex provides more

information on data collection and the assumptions made for the data analysis in this report.

### Data collection

The collection of data on contingent loans and grants by MDBs, and the regional risk pools, is based on a combination of manual data collection from publicly available sources and, where this was not available, data providers shared with us directly. Where it was possible to obtain the data based on publicly available sources

such as providers' websites and reports, we asked the providers to review and quality-control the information, which resulted in the correction of inaccuracies where needed. Table A1 specifies whether the data was manually collected and reviewed, or directly obtained from the providers.

**Table A1: International pre-arranged financing and payout data sources**

Instrument	Sources
World Bank DPF Cat DDO	World Bank Projects & Operations database. <a href="https://projects.worldbank.org/en/projects-operations/projects-home?lang=en">https://projects.worldbank.org/en/projects-operations/projects-home?lang=en</a> World Bank press releases. <a href="https://www.worldbank.org/en/news/all?lang_exact=English&amp;displayconttype_exact=Press%20Release">https://www.worldbank.org/en/news/all?lang_exact=English&amp;displayconttype_exact=Press%20Release</a> Manually collected, then reviewed by World Bank.
World Bank IPF DDO	Obtained from World Bank.
IDB CCF	IDB project database. <a href="https://www.iadb.org/en/project-search">https://www.iadb.org/en/project-search</a> Manually collected, then reviewed by the IDB.
ADB CDF	ADB Projects & Tenders database. <a href="https://www.adb.org/projects">https://www.adb.org/projects</a> Manually collected, then reviewed by ADB.
ARC	Annual reports. Obtained from ARC.
CCRIF SPC	Annual reports. Obtained from CCRIF SPC.
PCRIC	Annual reports. Obtained from PCRIC.
SEADRIF	Annual reports. Obtained from SEADRIF.
Anticipatory action	Anticipatory Action: A Global Overview. <a href="https://www.anticipation-hub.org/advocate/anticipatory-action-overview-report">https://www.anticipation-hub.org/advocate/anticipatory-action-overview-report</a>
Cat bond	Artemis Catastrophe Bond & Insurance-Linked Securities Deal Directory. <a href="https://www.artemis.bm/deal-directory/">https://www.artemis.bm/deal-directory/</a> World Bank press releases.

Data on anticipatory action frameworks and IBRD cat bonds does not rely on direct verification with the providers. However, the Anticipation Hub collects data on anticipatory action frameworks, which is self-reported by the implementing agencies. Information on IBRD cat bonds is sourced from the Artemis Catastrophe Bond & Insurance-Linked Securities Deal Directory.

We have also received information on CRDCs from the IDB and the World Bank, and on the World Bank’s RRO. Given this could not be verified against publicly available sources, and/or disaggregated to the same extent as the other data for reasons of confidentiality, it has not been included in the overall analysis.

The data requested and collected includes the following variables for each of the PAF instruments:

- Recipient country or humanitarian agency
- Type of recipient (sovereign/humanitarian)
- Coverage:
  - USD amount (size of instrument)
  - Effective date
  - Closing date
    - Original closing date
    - Revised closing date (where relevant)
  - Types of risks covered
- Payouts to recipient (i.e. government or humanitarian agency):
  - USD amount
  - Date of disbursement
  - Trigger event.

## Additional data sources

For the analysis, we enriched the data set based on the following data sources.

**Table A2: Additional data sources for international PAF and payout analysis**

Variable	Data source
Income group	World Development Indicators. <a href="https://databank.worldbank.org/source/world-development-indicators">https://databank.worldbank.org/source/world-development-indicators</a>
Population	World Development Indicators. <a href="https://databank.worldbank.org/source/world-development-indicators">https://databank.worldbank.org/source/world-development-indicators</a>
FCS classification	World Bank Group’s Classification of FCS since 2006. <a href="https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/classification-of-fragile-and-conflict-affected-situations">https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/classification-of-fragile-and-conflict-affected-situations</a>
V20 classification	CVF V20 Membership. <a href="https://cvfv20.org/membership/">https://cvfv20.org/membership/</a>
SIDS classification	UN List of SIDS. <a href="https://www.un.org/ohrls/content/list-sids">https://www.un.org/ohrls/content/list-sids</a>
Region	World Bank Country and Lending Groups. <a href="https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups">https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups</a>

## Data assumptions

We made several assumptions when required to facilitate the data analysis.

### 1. Capturing the coverage provided by international pre-arranged financing by year

For all instruments, except ARC, CCRIF SPC and PCRIC:

- If it became effective in 2017, counting of the coverage amount started in the 2017 column.
- If there were payouts in 2017, they were subtracted from the coverage amount *the next year* (2018).
- If the final closing date was in 2018, then the 2019 coverage amount would become 0 (so the change was also recorded *in the next year*).
- If the payout was slightly larger than the coverage amount (examples of Cat DDOs), the yearly coverage would be set to 0 the year after, rather than have a negative value.

For ARC, CCRIF SPC and PCRIC:

- Because these regional risk pools provide policies for a one-year period, we made sure to only count their coverage in one calendar year, which is the year in which they became effective.
  - In other words, if the policy year was 2017/18, no matter what the starting month of the policy year was, the coverage would be fully counted in 2017 only.

### 2. Anticipatory action

Two data sets were used for each year of data available: 'activations' and 'active frameworks'. Not all activations had a corresponding active framework, for reasons explained in Box 3. Where this was the case, the activation amount was not counted in PAF payouts. Also, where the activation amount exceeded the active framework amount, only the latter was counted as the PAF payout.

### 3. Country classifications

For analysis of where county classifications were used that could possibly change over time (e.g. income group, FCS, V20), we used the relevant classification for the year the instrument became effective.

Countries for which country classifications were not available were included in the aggregate analysis where possible, but are not shown where the analysis uses the country classifications.

- These include Anguilla, the Cook Islands, Montserrat, Niue and Sint Maarten.

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**Cover image:** A man rides his bicycle through trash and floodwaters in a street of San Pedro Sula, Honduras, as local residents are called to evacuate the area.

**Credit:** Yoseph Amaya/Getty Images

