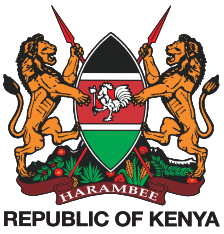
REPUBLIC OF KENYA

THE NATIONAL TREASURY

Disaster Risk Financing Strategy 2026-2030

Building Financial Resilience and Protecting Development Gains



THE NATIONAL
TREASURY

Disaster Risk Financing Strategy

2026-2030

This Disaster Risk Financing Strategy was compiled by:
The National Treasury

Through the:
Financial and Sectoral Affairs Department
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WFP World Food Programme wfp.org

UNDRR UN Office for Disaster Risk Reduction

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Foreword

Disasters continue to jeopardise the lives and livelihoods of people, national and county development, and economic stability. The growing frequency and intensity of hazards such as droughts, floods, and disease outbreaks highlights the need for a more proactive, comprehensive and well-coordinated approach to managing their financial impacts.

It is within this context, therefore that the Government has developed its second Disaster Risk Financing Strategy. The goal of this Strategy is to enhance the financial capacity of National and County Governments to effectively manage disaster risks along the Disaster Risk Management continuum to protect the most vulnerable, safeguard development goals, build resilience and ensure fiscal stability. This Strategy takes into account the country's multi-hazard exposure, the need for comprehensive disaster risk financing instruments, and fiscal measures designed to catalyse investments for disaster risk reduction. Using a risk layering approach, the Strategy sets out a clear framework for pre-arranged mechanisms for mobilizing, managing, and using financial resources to support preparedness, mitigation, response, and recovery efforts in a predictable, timely and efficient manner.

This Strategy demonstrates the Government's commitment to integrating disaster risk considerations into national and county development planning and public financial management systems. It draws from lessons learned in past emergencies, reflects international good practice, and encourages collaboration among government institutions, development partners, private sector, and civil society organizations to improve financial preparedness and response to reduce disaster risks.

I commend all stakeholders who contributed to the development of this Strategy for their invaluable input and dedication. I am confident that effective implementation of this Strategy will greatly enhance Kenya's capacity to manage disaster risks and safeguard the well-being and prosperity of its citizens.

Hon. FCPA John Mbadi Ng'ongo, EGH
Cabinet Secretary
The National Treasury

Acknowledgement

The development of this second Disaster Risk Financing Strategy has been made possible through the collaborative efforts of multiple stakeholders across Government, Development Partners, Private sector, and the Civil Society.

I wish to express my sincere gratitude to all institutions and individuals who contributed their expertise, time, and resources towards the formulation of this Strategy. Special appreciation goes to the technical teams within the National Treasury, whose dedication and effective coordination steered the development of this Strategy.

I also gratefully acknowledge the invaluable input from the Inter-Agency team whose insights and rigorous analysis ensured that the Strategy is comprehensive, practical, and responsive to the diverse disaster risk contexts across the country and beyond.

Special thanks to our Development Partners namely: the United Nations Office for Disaster Risk Reduction, Centre for Disaster Protection, Foreign Commonwealth and Development Office and the World Food Programme for technical and financial support throughout this process.

Finally, I recognize the guidance and support from policymakers, researchers, and practitioners in the field of disaster risk management and financing, whose shared knowledge and experiences strengthened the quality and relevance of this Strategy.

It is my hope that this Strategy will serve as a practical guide for all stakeholders committed to enhancing Kenya's resilience against disasters and ensuring sustainable economic and social development.

Dr. Chris Kiptoo, CBS
Principal Secretary
The National Treasury

Executive Summary

Kenya's economic and social landscape is highly susceptible to a diverse range of hazards such as droughts, floods, epidemics, landslides, mudslides, pest infestation, fires, road traffic accidents, and building collapses, among others. Disasters resulting from these hazards have adversely affected Kenya's macro-fiscal stability, as over 30% of GDP and 40% of employment rely heavily on vulnerable sectors like agriculture.

In recent years, overlapping shocks have intensified both economic and fiscal fluctuations. Specifically, the Covid-19 pandemic, the 2021–2023 drought and the 2020 desert locust invasion resulted in a decline in GDP growth from the 5% in 2019 down to 0.3% in 2020. These impacts were further exacerbated by the severe floods in October-December 2023 (short rains) and in March-May 2024 (long rains), which caused total damages and losses estimated at KSh 187.82 billion, further straining public finances and slowing economic recovery.

To manage disaster risks amidst ballooning public debt and declining international aid, the Disaster Risk Financing (DRF) Strategy 2026-2030 builds on the foundations of the DRF Strategy 2018–2022. It adopts a comprehensive multi-hazard and multi-sectoral approach that addresses both climate- and non-climate-related hazards.

The goal of the DRF Strategy 2026-2030 is to enhance the financial capacity of national and county governments to effectively manage disaster risks across the disaster risk management (DRM) continuum to protect the most vulnerable, safeguard development goals, build resilience and ensure fiscal stability. It transitions from reactive spending to a proactive, layered risk financing model that strategically combines risk reduction, risk retention, and risk transfer to manage diverse disaster profiles more efficiently.

The Strategy outlines six strategic priorities to achieve this goal;

1. Enhanced coordination in disaster risk reduction, retention and transfer across national and county government institutions managing various mechanisms to finance disaster risks,
2. Enhanced capacity and awareness in ministries, departments and agencies and county governments on the need to strengthen financing for disaster preparedness and response capacity for resilience,
3. Increased risk-based public financial management (PFM), transparency and accountability in disaster risk financing (DRF),
4. Improved financing capacity through strengthened and expanded government portfolio of risk retention and transfer instruments,
5. Strengthened key pre-arranged programmes to protect the most vulnerable populations from the impacts of disasters and contribute to building resilience, and
6. Increased financing for disaster risk prevention and preparedness to reduce future disaster risk.

The DRF Strategy 2026-2030 represents a comprehensive roadmap for institutionalising financial resilience. It integrates gender and social inclusion, ensuring that financing mechanisms and recovery trajectories are designed to meet the differentiated needs of at-risk populations.

By integrating disaster risk into every stage of the budget cycle and diversifying its portfolio of risk reduction, retention, and transfer instruments, the Government of Kenya is taking the necessary steps to safeguard its economic future. Conclusively, by implementation of its six strategic priorities and the continuous monitoring of key performance indicators, this Strategy will enhance the financial resilience of both national and county governments, ensure that timely and adequate resources are available to protect the most vulnerable populations, maintain critical public services, and build a more resilient future for all Kenyans.

Abbreviations and Acronyms

AF	Adaptation Fund
AfDB	African Development Bank
AfRSDRR	African Regional Strategy for Disaster Risk Reduction
AKI	Association of Kenya Insurers
ARC	African Risk Capacity
ASAL	Arid and Semi-Arid Lands
CS	Cabinet Secretary
CT-OVC	Cash Transfer for Orphans and Vulnerable Children
CBK	Central Bank of Kenya
CCTP	Consolidated Cash Transfer Programme
CPiE	Child Protection in Emergencies
CRDCs	Climate-Resilient Debt Clauses
CERC	Contingent Emergency Response Component
CERM	Contingent Emergency Response Mechanism
CERP	Contingent Emergency Response Project
CEF	County Emergency Fund
CMA	Capital Markets Authority
DCBT	Disaster and Climate Budget Tagging
DFIs	Development Finance Institutions
Cat DDO	Development Policy Loan with Catastrophe Deferred Drawdown Option
CCOFS	County Climate Outlook Forums
DRF	Disaster Risk Financing
DRIVE	De-risking Inclusion and Value Enhancement of Pastoral Economies
DRM	Disaster Risk Management
DRR	Disaster Risk Reduction
EAC	East African Community
ESR	Enhanced Single Registry
FAW	Fall Army Worm
FLLoCA	Financing Locally Led Climate Action
GEF	Global Environment Facility
GCF	Green Climate Fund
HSNP	Hunger Safety Net Programme
IBLI	Index-Based Livestock Insurance
IGAD	Intergovernmental Authority on Development

ILS	Insurance-Linked Securities
IRA	Insurance Regulatory Authority
KAIRMP	Kenya Agricultural Insurance and Risk Management Programme
KAIP	Kenya Agricultural Insurance Programme
KBA	Kenya Bankers Association
KDC	Kenya Development Corporation
KEPSA	Kenya Private Sector Alliance
KIAMIS	Kenya Integrated Agricultural Management Information System
KIPPRA	Kenya Institute for Public Policy Research and Analysis
KMD	Kenya Meteorological Department
KMSA	Kenya Meteorological Services Authority
KPIs	Key Performance Indicators
MTP	Medium-Term Plan
MDAs	Ministries, Departments and Agencies
MDBs	Multilateral Development Banks
NCCAP	National Climate Change Action Plan
NCOFS	National Climate Outlook Forums
NDA	National Designated Authority
NDMU	National Disaster Management Unit
NDOC	National Disaster Operations Centre
NDEF	National Drought Emergency Fund
NDMA	National Drought Management Authority
NEMA	National Environment Management Authority
NFCS	National Framework for Climate Services
NIEs	National Implementing Entities
NSC	National Security Council
NDC	Nationally Determined Contribution
NGOs	Non-Governmental Organizations
ODA	Official Development Assistance
PSs	Principal Secretaries
PFM	Public Financial Management
PIM	Public Investment Management
PPP	Public Private Partnership
PSP	Participatory Scenario Planning
RBA	Retirement Benefits Authority
RRO	Rapid Response Option

RSF	Resilience and Sustainability Facility
RVF	Rift Valley Fever
SASRA	SACCO Societies Regulatory Authority
SDSP	State Department for Social Protection
SFDRR	Sendai Framework for Disaster Risk Reduction
SOEs	State-Owned Enterprises
SWOT	Strengths, Weaknesses, Opportunities and Threats
UN	United Nations

1. Introduction

1.1 Background and Objectives

Kenya's economic and social landscape is highly susceptible to a diverse range of natural and human-induced hazards such as droughts, floods, epidemics, landslides, mudslides, pest infestation, fires, road traffic accidents, and building collapses, among others. Disasters from many of these hazards have increased in frequency, severity, and complexity in recent years, exacerbated by climate change, rapid urbanization, environmental degradation, and population growth. These disasters have negatively impacted the economy and placed considerable pressure on public finances, diverting resources from long-term development priorities and slowing progress toward national and county development goals. Additionally, disasters weaken private sector finances, disrupt business operations, damage assets, affect supply chains, and undermine economic stability. At the community level, disasters cause loss of lives and erode livelihoods.

The impacts of disasters differ among various demographic groups, disproportionately affecting vulnerable people such as women, girls, people with disabilities, youth and elderly people. For instance, while women constitute approximately 75% of the small-scale agricultural labour force in Kenya, 62% lack title deeds[1], which heightens their vulnerability to climate shocks. Additionally, women spend more time (up to five times) on unpaid care and domestic work compared to men,[2] a burden that intensifies during disasters. Moreover, during disasters, vulnerable people such as persons with disabilities, elderly persons, and marginalized communities face systemic barriers in accessing early warning systems (EWS), evacuation services, and recovery support. Men and youth are also affected, mainly through livelihood disruption and displacement. Despite differences in the impacts of disasters among various demographic groups, existing disaster risk financing instruments do not consistently incorporate differentiated risk profiles, resulting in unequal access to and outcomes from disaster financing interventions.

In response to these challenges, the Government of Kenya implemented its first Disaster Risk Financing (DRF) Strategy 2018-2022, which laid a foundation for strengthening financial preparedness to disasters. The strategy supported the establishment of key institutional arrangements, improved coordination across national and county governments, and piloted risk financing instruments to support emergency response. Though notable progress was made in integrating disaster risk considerations into public financial management (PFM) systems and in mobilizing resources for post-disaster response, financing for disasters is mainly reactive, significantly relying on ex-post budget reallocations, supplementary budgets and humanitarian assistance. This often results in delayed mobilization of resources, insufficient resources, delayed response and inefficient use of the resources mobilized. Further, it constrains financial assistance to populations facing heightened vulnerability, including women, persons with disabilities and other at-risk groups.

1 UN Women Kenya (2025). Agriculture, environment and resilience building in Kenya.
2 Kenya National Bureau of Statistics (KNBS) (2023). Kenya Time Use Survey 2021: UN Women Kenya (2024). Kenya: 2023 time-use survey report and care assessment. Summary Brief.

The current DRF instruments are not systematically designed to be inclusive. Although social protection programmes such as Inua Jamii reach over 1.7 million beneficiaries,[3] coverage remains insufficient relative to need, particularly in Arid and Semi-Arid Lands (ASALs) counties where poverty rates exceed 60% in some areas.[4] Consequently, financing flows are not consistently timely, adequate, or effectively targeted to those most at risk. A key constraint to more inclusive DRF is the limited availability and application of disaggregated data by sex, age, and disability (SADD) across registries and financing mechanisms. Existing assessments indicate that disaggregated data remains limited across DRM and DRF systems,[5] constraining evidence-based decision-making and the ability to assess distributional impacts. In parallel, institutional capacity to implement gender-responsive budgeting and integrate Gender Equality and Social Inclusion (GESI) within PFM systems remains insufficient. While institutional arrangements for DRM and DRF are evolving, gender considerations are not systematically embedded within coordination and governance structures. Though gender focal points are present within government institutions, their influence on financing decisions is limited, and representation of women and marginalized groups in DRF governance structures remains low, hence the need for their greater involvement.

As disaster risks continue to evolve, there is a growing recognition of the need to shift from ad hoc and reactive financing approaches toward pre-arranged, predictable, and timely financing mechanisms. This includes strengthening investments in disaster risk reduction (DRR) priorities to prevent disasters and mitigate their impacts when they occur, thus lowering the overall financial costs of future disasters in the country. Pre-arranged financing for disaster response, recovery and reconstruction, including risk retention and risk transfer, enables the government to effectively manage residual risks and promote quick access to funds following a shock (or in anticipation of it), thereby reducing response delays, minimizing human and economic losses, and improving accountability and transparency in the use of public funds. Notably, when designed using risk-informed and equity-sensitive criteria, such mechanisms can help ensure that financial resources are targeted to those most affected by disasters and most constrained in their ability to cope and recover. This comprehensive approach is particularly critical given Kenya's expanding and increasingly differentiated risk profile.

This Disaster Risk Financing (DRF) Strategy 2026-2030 is designed to build on the achievements and lessons of the first DRF Strategy, while addressing identified gaps and emerging risks. The new Strategy adopts a multi-hazard and multi-sectoral approach, extending beyond climate-related shocks to include non-climate risks due to biological, geological, technological and societal hazards, which have significant humanitarian and fiscal implications. It also incorporates financing for DRR and emphasizes the strategic use of a layered risk financing approach, combining financial instruments for risk reduction (such as budget allocations, loans, grants and bonds) with risk retention instruments (like budget allocations, contingency financing and reserve funds) and risk transfer instruments (such as insurance or catastrophe bonds), and innovative financing mechanisms to manage different types of disaster risks more effectively. Across these instruments, the Strategy recognises gender inequality and disability as material risk factors that influence loss profiles, financing needs, and recovery trajectories.

The DRF Strategy 2026-2030 is aligned with and complements the implementation of Kenya's Disaster Risk Management (DRM) Strategy 2025-2030, ensuring coherence across the entire DRM continuum. Its scope is focused on financing, thus complementing the legislative and operational focus of the DRM Strategy.

1.2 Types of disasters and their impacts in Kenya

Kenya's disaster risk profile is shaped by the interaction between hazards, exposure, and socio-economic vulnerability. While hazards occur nationwide, their impacts are highly uneven, reflecting spatial differences in climate, topography, land use, and development patterns. Table 1 below summarizes the socio-economic impacts of major hazards that Kenya is exposed to, including hydro-meteorological, environmental, biological, geological or geophysical, technological hazards, and societal hazards and emerging issues.

3 State Department for Social Protection (2025). Poverty eradication, social protection, and social services.
4 Kenya National Bureau of Statistics (KNBS) (2024). Poverty report: Based on the 2022 Kenya Continuous Household Survey.
5 UNDP (2025). Women's leadership at the heart of disaster risk reduction.

Table 1: Major hazards and their impacts in Kenya[6]

Hydro-meteorological hazards	
Droughts	▶ Over 80% of Kenya's landmass is classified as arid and semi-arid lands (ASALs), making drought the leading threat to the country's economic and fiscal stability. The 2021-2023 drought which left 4.4 million people in need of emergency support and killed 2.1 million livestock was ranked as the worst the country has experienced in 40 years[7]. ▶ Recurrent droughts disrupt local markets, agricultural output, and food supply chains, contributing to higher food prices, economic stress, and reduced incomes[8]. ▶ Drought disproportionately affects women, persons with disabilities and children, and pastoralist communities through increased unpaid care burdens, heightened protection risks, and reduced access to services. ▶ In (agro-)pastoral areas, drought frequently overlaps with conflict and insecurity, exacerbating competition over water and pasture, triggering displacement, restricting access to assistance, and amplifying humanitarian needs and fiscal pressures[9].
Floods/heavy rainfall	▶ Between 1990-2020, riverine floods, flash floods and urban flooding combined affected over 2.5 million people and caused 1,400 deaths.[10] ▶ Severe floods in 2018 and 2023/2024 killed hundreds of people, affected and displaced hundreds of thousands, and interrupted the delivery of critical services. ▶ Common flood impacts in Kenya include cholera outbreaks and a rise in mosquito borne diseases, destruction of homes and livelihoods, interruptions in the provision of services like education, health and water, and prolonged displacement. ▶ Flood-related displacement often deepens exclusion, disproportionately impacting persons with disabilities because of inaccessible shelters, and women and girls, including heightened exposure to gender-based violence.
Heat stress	▶ Heat stress is an emerging challenge for Kenya as climate projections estimate a rise in temperature of 1.7°C by the 2050s and 3.5C by 2100, globally. ▶ Increasing temperatures and extreme heat conditions will affect human and animal health, ecosystems, and agriculture.[11] ▶ Heat stress disproportionately affects women, older persons, outdoor and informal workers, and persons with disabilities, particularly those with mobility, cardiovascular or respiratory conditions, increasing health risks, care burdens, and productivity losses.
Environmental hazards	
Lake and Sea level rise	▶ Along Kenya's coastline, rising waters are increasing the frequency of coastal flooding, storm surges, tidal inundation, and shoreline erosion, placing communities, infrastructure, and ecosystems at risk.[12] Average erosion is 3.6m/year, resulting in the loss of beaches, coastal land, and natural buffers like mangroves and reefs. ▶ Rising lake levels in major water bodies, including Lake Victoria, have increased shoreline inundation and erosion, damaging lakeshore infrastructure, disrupting transport and market access routes, and displacing fishing and farming communities. ▶ Both sea level rise and lake level rise disrupt local economies and livelihoods, particularly in fisheries, tourism, and agriculture, leading to loss of income, reduced market activity, and increased economic hardship for vulnerable communities. ▶ Coastal flooding and erosion disproportionately affect low-income households, women engaged in informal coastal livelihoods, and persons with disabilities, due to insecure housing, limited mobility, and barriers to evacuation, shelter access, and assistance.

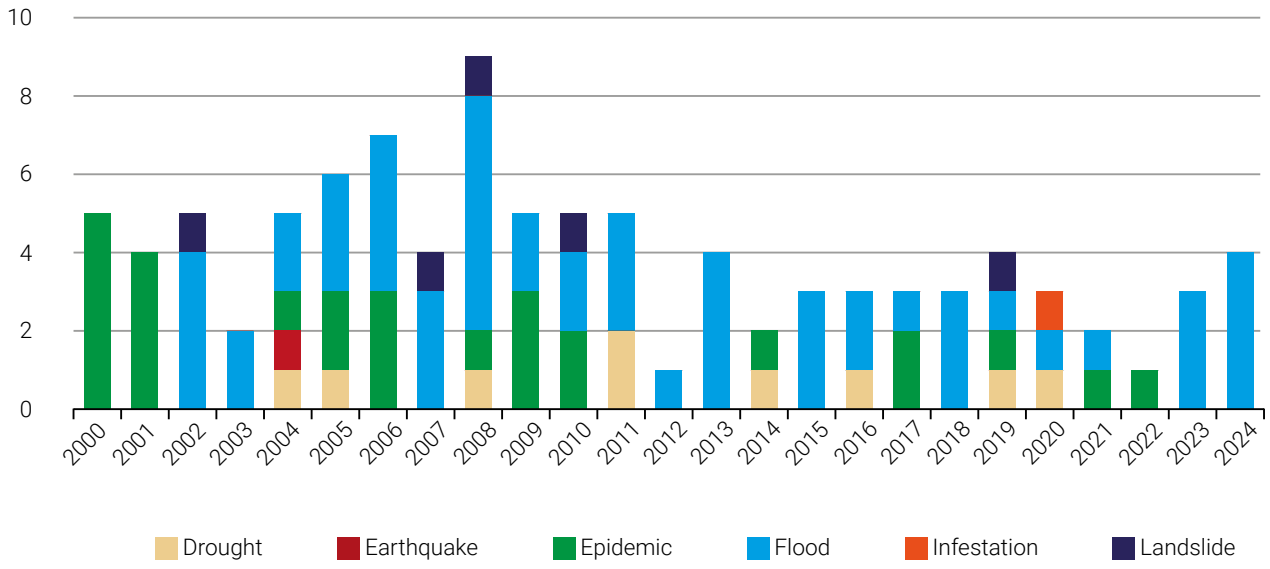
6 The hazard categories included here follow the National Disaster Risk Management Strategy 2025-2030
7 Kenya Institute for Public Policy Research and Analysis (KIPPRA) (2023). Effectiveness of Drought Response Interventions in Arid and Semi-Arid Lands in Kenya.
8 World Bank Group (2021). Climate Risk Profile: Kenya.
9 Jensen, N. D., Lopez-Rivas, J. D., Morsink, K., & Rikken, E. E. (2025). Weathering conflict: the effect of resource shocks on livestock raids. University of Oxford.
10 Red Cross Red Crescent Climate Centre and Kenya Red Cross (2024) Climate Fact Sheet Kenya.
11 World Bank Group (2021). Climate Risk Profile: Kenya.
12 Kebede, A.S., R.J. Nicholls, S. Hanson, and M. Mokrech. (2012). Impacts of Climate Change and Sea-Level Rise: A Preliminary Case Study of Mombasa, Kenya. Journal of Coastal Research 8 (1A): 8–19.

Biological hazards	
Epidemics	▶ Epidemics like COVID-19, cholera, dengue fever, Rift Valley Fever (RVF), measles and malaria disrupt daily life, overwhelming local health systems, and increasing demand for emergency services. ▶ Many epidemic outbreaks in Kenya, especially cholera, malaria, dengue, fever and RVF are linked to heavy rainfall and warming temperatures. ▶ Epidemics have differentiated impacts: Women face increased unpaid care burdens and exposure in frontline and informal work, while persons with disabilities often experience barriers to accessing health services, information, and continuity of care.
Pest infestations	▶ Pest infestations represent a recurrent, high-impact hazard in Kenya; the 2019/20 desert locust invasion and Fall Army Worm (FAW) spread caused major agricultural losses, threatening food supplies, reducing marketable surplus, and lowering incomes. ▶ In pastoral areas, locust-induced forage losses worsened livestock mortality during drought cycles, intensifying livelihood instability. ▶ Agricultural losses from pest infestations disproportionately affect women farmers and pastoralists with limited access to extension and financial services, while compounding food insecurity and livelihood risks for households with persons with disabilities.
Geological or geophysical hazards	
Earthquakes	▶ Kenya faces earthquake risks from the East African Rift. ▶ Most recorded events are small to moderate, but there is potential for infrequent high impact events causing damage to buildings and transport infrastructure, with most structures not built to ensure resilience to emerging geological risks.[13] ▶ Structural damage from earthquakes poses heightened risks for persons with disabilities, older persons, and low-income households due to building accessibility constraints, evacuation challenges, and unequal access to recovery financing.
Landslides and Mudslides	▶ Landslides and mudslides are prevalent in Kenya's highland areas, often triggered by heavy rains, flooding or unstable slopes in hilly terrain. ▶ Landslide and mudslide impacts include loss of life, damage to homes, roads, bridges and other infrastructure, isolating communities, disrupting services, and displacement. ▶ They disproportionately affect women, children, and persons with disabilities in highland and informal settlements, where housing is often located in high-risk areas and access to early warning, evacuation, and post-disaster support is limited.
Technological hazards	
Road traffic accidents	▶ Road traffic accidents kill thousands of people every year; nearly half of them are pedestrians, while the share of motorcyclists and passengers is rapidly growing. ▶ They also incur high economic losses driven by fatalities, severe injuries, long-term disability, medical treatment costs, property damage, and lost productivity. ▶ Long-term disability and income loss disproportionately affect low-income households, women caregivers, and persons with disabilities, increasing demand for health, social protection, and rehabilitation financing.
Fires	▶ Fires inflict economic losses in Kenya, devastating informal settlements, affecting businesses and infrastructure and harming small traders and low-income families through livelihood destruction and displacement.[14] ▶ Industrial fires trigger production halts, unemployment, and supply chain breakdowns. ▶ Wildfires erode water catchments and biodiversity hotspots, impacting tourism, agriculture, hydropower generation, and ecosystem services.[15] ▶ Fires in informal settlements disproportionately affect women-led households, persons with disabilities, and small informal businesses due to high exposure, limited insurance coverage, and barriers to accessing compensation and recovery support.

13 GFDRR (2019) Disaster Risk Profile: Kenya.
14 Kamengere, R. N. (2014). Assessing fire hazards reduction capabilities in Nairobi's Kibera informal settlements. University of Nairobi; The New Humanitarian (2011). Slum fires highlight urban preparedness gap.
15 Omoto, A. L., Osore, W., Nassir, S., Nangira, M. and Audi, G. (2024). Disaster Profile and Response in Urban Informal Settlement of Mathare, Nairobi County, Kenya.

Structural collapse	▶ Structural collapse in Kenya primarily stems from non-compliance with building codes, poor workmanship, substandard materials, and construction in unsuitable areas. ▶ Between 2009-2019, a total of 86 buildings valued at over KSh 2.4 billion collapsed, with 200 people losing their lives in these incidents.[16] ▶ Building collapses disproportionately affect low-income residents, including women and persons with disabilities, who are more likely to live or work in poorly regulated structures and face limited access to post-disaster assistance and legal recourse.
Societal hazards and emerging issues	
Civil unrest	▶ Civil unrest in Kenya is defined by episodes of collective action that undermine social cohesion, disrupt economic activity, and impede the effectiveness of state institutions. ▶ Direct impacts include physical harm, loss of lives, destruction of property and infrastructure, and the interruption of essential public services, while indirect impacts include market volatility, diminished investor confidence, disruption of supply chains, restrictions on mobility, and reductions in overall productivity. ▶ Civil unrest exacerbates existing inequalities by restricting mobility, access to services, and livelihoods, while increasing protection risks.
Terrorism	▶ Terrorism attacks frequently target major urban areas in Kenya and result in significant casualties and property damage, impacting security and development priorities. ▶ In 2024, Kenya recorded 85 incidents, causing 107 deaths and 124 injuries (mostly attributed to Al-Shabaab militants); Security officials were commonly targeted. ▶ Terrorism incidents generate differentiated impacts, including long-term physical and psychosocial disabilities, heightened care burdens for women, and exclusion of persons with disabilities from emergency response and compensation mechanisms.

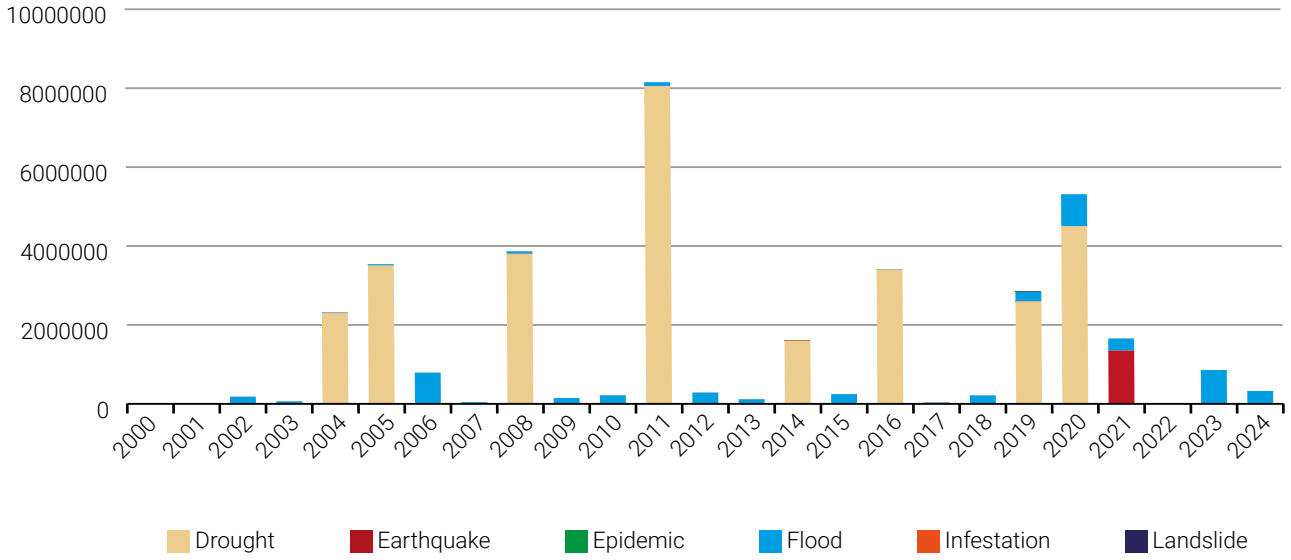
Figure 1: Number of events by hazard type, 2000-2024



Source: Data from EM-DAT; Note: events lasting over multiple years are counted in the year they started.

16 National Construction Authority. (2019). Research on Failure and Collapse of Buildings in Kenya.

Figure 2: Number of people affected by hazard type, 2000-2024



Source: Data from EM-DAT; Note: events lasting over multiple years are counted in the year they started.

Figures 1 and 2 summarise the frequency and human impacts of major hazard events between 2000 and 2024 for some of the main hazards in Kenya (drought, earthquake, epidemic, flood, infestation, and landslides). Figure 1 shows the annual number of recorded events by hazard, while Figure 2 illustrates the estimated number of people affected each year, highlighting the particularly large and recurrent impacts of drought and flood events over time.

1.3 Economic and fiscal impacts of disasters in Kenya

Kenya's economic growth has historically exhibited pronounced sensitivity to major disaster events, particularly droughts, floods, pest infestation and epidemics (Figure 3). Given that more than 30% of the country's GDP and over 40% of employment are tied to climate-sensitive sectors most notably agriculture, severe natural hazard events frequently translate into measurable slowdowns in national economic performance. This pattern is evident across multiple decades. For example, the 1999–2000 drought, one of the most severe of the century, led to a sharp contraction in agricultural output and contributed to a reduced GDP growth by approximately 1.4%, well below long-term averages.[17] Similarly, the 2008 drought, which caused widespread livestock losses and acute food insecurity, contributed to a decline in GDP growth from 7% in 2007 to 1.5% in 2008,[18] an effect compounded by the global financial crisis and post-election unrest with prolonged impacts on pastoral and smallholder livelihoods that constrained income generation and delayed economic recovery.

Likewise, the impact of floods in Kenya is often in the form of capital losses such as bridges, roads, water, sanitation and energy supply infrastructure, among others. The 2018 floods for instance which affected over 300,000 people across 32 counties and damaged critical infrastructure including roads, schools, and agricultural land,[19] disrupted market access, service delivery, and labour participation, particularly in flood-prone and low-income areas. The March to May 2024 rains produced one of the most severe, widespread flood events: ~278,380 people displaced; ~291 deaths; ~412,763 people affected across 38 of 47 counties; 178 active displacement sites and widespread infrastructure damage (roads, schools, health, water, sanitation and hygiene (WASH)).[20] Impacts concentrated not only in traditional flood prone areas but also in urban informal settlements and highland agricultural

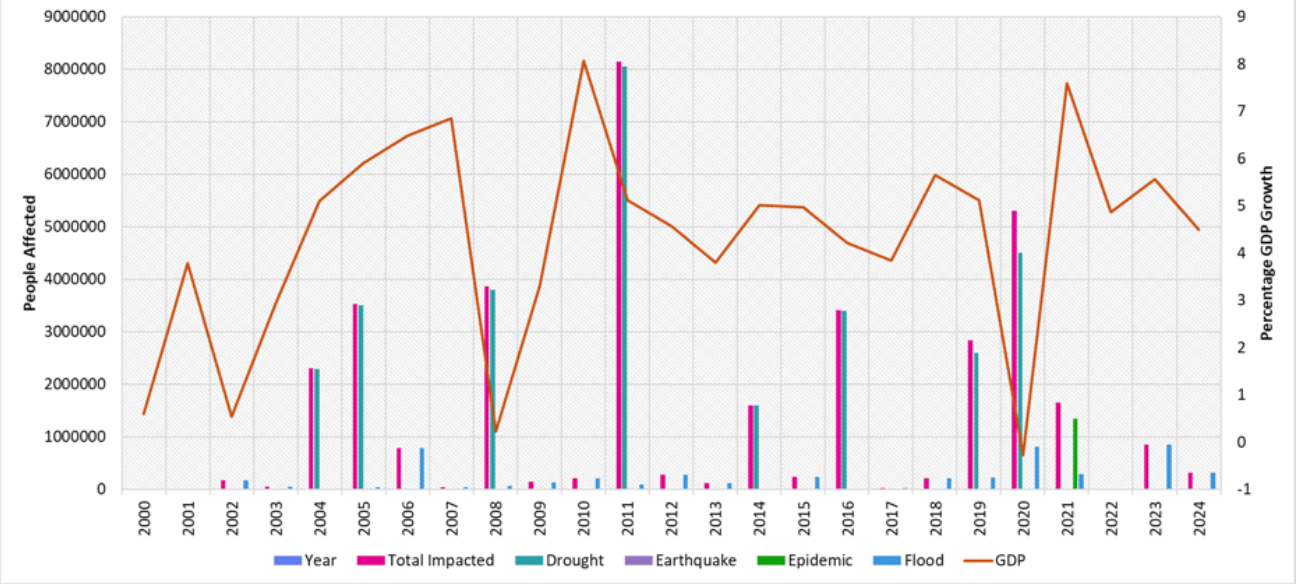
17 Kenya National Bureau of Statistics (KNBS) (2000). Economic Survey 2000.
18 Government of Kenya (GoK), Ministry of Finance. (2012). Kenya Post-Disaster Needs Assessment (PDNA): 2008-2011 Drought.
19 UN Office for the Coordination of Humanitarian Affairs (OCHA) (2018). OCHA Flash Update #1: Floods in Kenya | 25 April 2018.
20 UN Office for the Coordination of Humanitarian Affairs (OCHA) (2024). Kenya: Heavy Rains and Flooding Update - Flash Update #6 (17 May 2024).

zones, revealing vulnerabilities that a drought-centric Strategy did not fully anticipate. These recurring flood events continue to increase in frequency as observed from the March 2026 rains that produced a severe and rapidly escalating flood event: ~70,000 people displaced; ~110 deaths; tens of thousands of people affected across 30 of 47 counties; and widespread infrastructure damage (roads, bridges, health, WASH).[21] Impacts continue to concentrate in both traditional flood-prone areas, urban informal settlements and key agricultural hubs like Kisumu, revealing escalating vulnerabilities.

In recent years, overlapping shocks have intensified economic fluctuations. The COVID-19 pandemic in 2020 led to sharp declines in tourism, manufacturing, agriculture and employment. Further, a combination of the 2020–2022 drought (which was ranked among the most severe in forty years)[22] and the 2020 desert locust invasion[23] resulted in extensive pasture losses which severely undermined livestock production in more than 15 counties in northern Kenya. Overall, the three events resulted in a decline in GDP growth from the 5% recorded in 2019 down to 0.3% in 2020.[24]

Economic impacts from disasters are likely to increase further in the future as a result of climate change. The most recent probabilistic risk assessments estimate average annual agricultural losses from droughts in Kenya at US$ 80-150 million under the current climate, rising by about 45% by mid-century (2050) under a high emission scenario. Flood losses are estimated at around US$ 100 million under current conditions, with up to a 15% increase under the future climate scenario (2050) when the agriculture sub- sector, productive assets, service sub- sector, housing sub-sector, transportation systems and other critical infrastructures are considered; and as much as US$ 255 million when damage to buildings and crops is included. Landslides and earthquakes contribute lower annual average losses (about US$ 1.1 million and US$ 15.5 million respectively), though these figures omit some key sectors and do not include indirect economic effects, meaning total risk could be underestimated.[25]

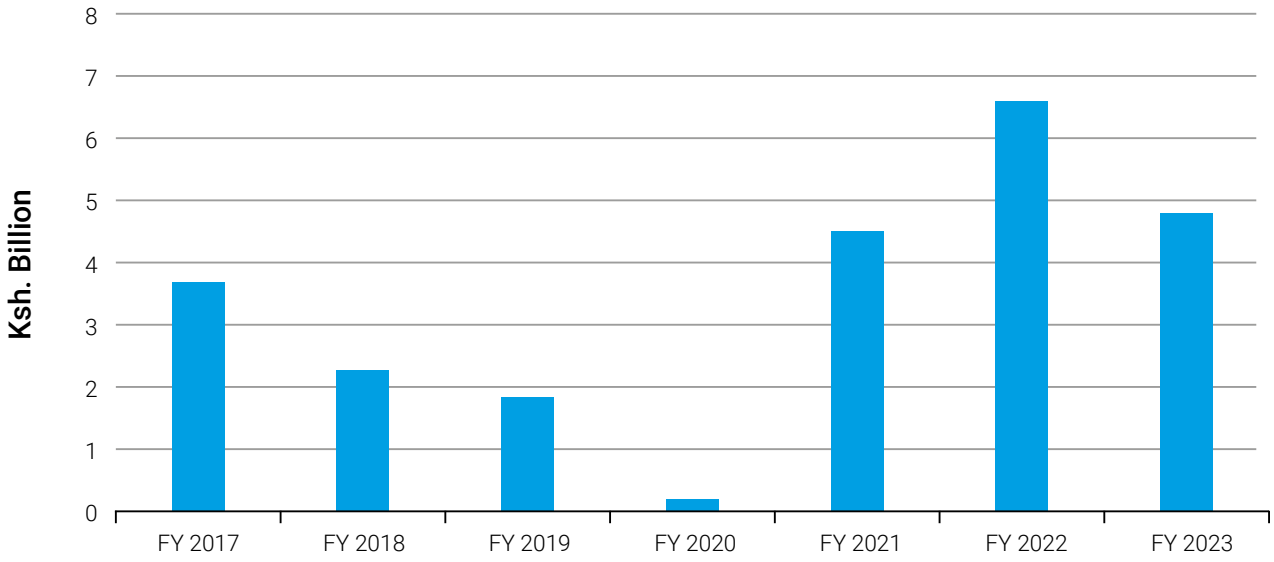
Figure 3: Historical GDP Growth Trend vs. Occurrence of Major Hazards



Source: Date from EMDAT 2024 and World Bank

21 Emergency Response Coordination Centre (ERCC) Echo Flash: Kenya - Severe weather and floods, update.
22 Kenya Institute for Public Policy Research and Analysis (KIPPRA) (2023). Effectiveness of Drought Response Interventions in Arid and Semi-Arid Lands in Kenya.
23 De Groote, H., Omondi, L. B., Omondi, W., & Kimenju, S. C. (2023). Assessing the economic impact of the desert locust infestation of 2019-2021 on Kenyan farmers and pastoralists using mobile phone interviews.
24 Kenya Institute for Public Policy Research and Analysis (KIPPRA) (2021). Kenya Economic Report 2021: Kenya in the Covid-19 Era: Fast-Tracking Recovery and Delivery of the "Big Four" Agenda.
25 The World Bank (2019). Disaster Risk Profile Kenya; UNDRR (2019). Disaster Risk Profile Kenya.

Figure 4: Emergency relief expenditures, Financial Years 2017 - 2023



Source: Data from National Treasury Budget Department

The fiscal impacts of a disaster include changes in government revenues and expenditures caused by the disaster. Between 2017 and 2023, the Government of Kenya spent a total of about KSh 23.87 billion (~ KSh 3 billion per year on average) on emergency relief alone (Figure 4). This includes immediate postdisaster support such as food, medicine, blankets, cash grants, and temporary shelter, but excludes mediumterm recovery and reconstruction efforts. Fiscal impacts from disasters are arising in a context where the Government of Kenya is increasingly constrained by high debt levels, which limit its ability to spend on disaster prevention, preparedness, mitigation, response, recovery and building back better from disasters. In addition, international public official development assistance (ODA) is entering a historical decline. In 2025, ODA fell by 23.1% compared to the previous year. This is the largest annual contraction on record, and projections already indicate a further drop in 2026.[26] In this constrained fiscal environment, disasters that disproportionately affect vulnerable and at-risk populations tend to generate higher and more prolonged public expenditures for relief, social protection, and recovery. This creates an urgent need to identify new and innovative sources of public and private finance to support financial resilience in Kenya, as envisaged in this Strategy.

1.4 Policy, legal and institutional frameworks

1.4.1 Policy and legal frameworks

Kenya is a signatory to major international and regional frameworks in disaster risk management, including the Sendai Framework for Disaster Risk Reduction 2015-2030 (SFDRR) and the African Regional Strategy for Disaster Risk Reduction (AfRSDRR). At the sub-regional level, the East African Community (EAC) and the Intergovernmental Authority on Development (IGAD) have adopted the SFDRR and are collaborating with the African Union to implement its four priorities for action (understanding risk, strengthening risk governance, investing in resilience, and enhancing preparedness to Build Back Better (BBB)). At the national level, the Government of Kenya has embedded the management of disaster risks into key government policies and strategies, summarised in Box 1.

26 OECD (2026). A historic decline in foreign aid: Preliminary 2025 ODA data.

Box 1: Summary of key national policies and strategies for DRM in Kenya

Kenya Vision 2030: Outlines the country's development priorities by the year 2030 and identifies DRR as a key government priority.

Fourth Medium-Term Plan of Kenya Vision 2030 (MTP IV 2023–2027): Identifies drought and disaster risk management as one of its key sectors.

National Disaster Risk Management Act 2026: Establishes the primary legal framework for coordinating DRM in Kenya by defining institutional roles and strengthening mechanisms for DRF, preparedness, response, and resilience across national and county levels.

National Disaster Risk Management Policy 2017: Developed to establish a more coordinated and integrated multi-hazard disaster risk management approach to DRM.

Disaster Risk Financing Strategy (2018-2022): Aimed to strengthen the ability of National and County Governments to respond effectively to disasters, thereby protecting development gains, ensuring fiscal stability, and safeguarding the well-being of citizens.

Disaster Risk Management Strategy 2025-2030: Seeks to reduce exposure and vulnerability to hazards and to strengthen the capacity of National and County governments and communities to withstand the effects of those hazards. It promotes inclusive risk management and recognises the need for disaster financing mechanisms to ensure equitable access to resources, services and recovery support for at-risk populations. It provides a guiding framework for DRM covering both levels of Government; and defines the mandate for a comprehensive financing framework covering all stages of DRM and multiple hazards.

Kenya's Second Nationally Determined Contribution (NDC) (2031–2035): Sets an enhanced climate target to reduce greenhouse gas emissions by about 35% by 2035 compared with a business-as-usual trajectory. It outlines priority measures for climate change mitigation, as well as climate change adaptation and resilience across various sectors, including disaster risk management.

National Climate Change Action Plan (NCCAP) III (2023-2027): Emphasizes the integration of climate change into national and county-level development planning.

National Framework for Climate Services 2025 (NFCS): Provides a key institutional mechanism for coordinating, facilitating, and strengthening collaboration among national institutions to improve the co-production, tailoring, delivery, and use of science-based climate predictions and services.

Kenya National Adaptation Plan 2015-2030: Aims to consolidate the country's vision of adaptation supported by macro-level adaptation actions related to key economic sectors and county-level vulnerabilities, to enhance long-term resilience and adaptive capacity.

Climate Risk Disclosure Framework for the Banking Sector (2025): Developed to guide commercial banks in disclosing climate-related risks in a consistent and comparable manner, thereby strengthening financial-sector resilience to climate shocks.

Kenya Green Finance Taxonomy (2025): Establishes a classification system for economic activities based on their alignment with climate objectives, helping direct finance toward mitigation and adaptation investments.

National Green Fiscal Incentives Policy Framework (2023): Seeks to promote a low-carbon, climate-resilient development pathway through fiscal measures, explicitly identifying disaster risk financing as a key action.

National Agricultural Insurance Policy (2023): Promotes agricultural insurance to strengthen resilience in the agricultural sector.

Underpinning these policies and strategies is a wide range of legal instruments supporting DRM in Kenya (Box 2). Together, these create a comprehensive framework that guides the formulation, funding, and implementation of disaster risk management policies and strategies in Kenya, ensuring that both National and County governments, along with various stakeholders, are well-equipped to manage disaster risk.

Box 2: Overview of key legal frameworks focused on financing for DRM in Kenya

Constitution of Kenya (2010): Makes DRM a shared function of national and county governments, thereby emphasising the devolved nature of governance in Kenya and providing a legal bases for disaster risk reduction, preparedness and response.

National Drought Management Authority (NDMA) Act, 2016: Establishes NDMA as a statutory body mandated to coordinate and strengthen drought risk management.

Public Finance Management (PFM) Act, CAP 412 A: Provides the framework for establishing, managing and monitoring public funds, including resources for DRM. The Act also addresses the establishment of emergency funds by county governments.

Public Finance Management (National Drought Emergency Fund) Regulation, 2021: Establishes a dedicated National Drought Emergency Fund (NDEF) to ensure predictable, timely, and transparent financing for drought-risk management.

Other relevant legislations that cover climate change and sectoral DRM mandates more broadly include: The Climate Change Act of 2016, the Environment Management and Coordination Act of 1999, the National Framework for Climate Services (NFCS), the Physical and Land Use Planning Act No. 13 of 2019, the National Building Code, the Urban Areas and Cities Act of 2011, the Water Act of 2016, and the Forests Act of 2005.

Despite this enabling policy and legal framework, Kenya's response to disaster risks has historically been predominantly reactive and short-term, focused on drought events coupled with insufficient investment in DRR. The End-Term Review of the DRFS 2018-2022 found notable progress in institutional reforms, expanded social protection programmes, and strengthened disaster response systems during the Strategy's implementation period. However, it also highlighted ongoing challenges such as limited multi-hazard coverage, unpredictable funding, coordination issues, and data-sharing bottlenecks. The review recommends broadening hazard coverage, enhancing national and county capacities, revising regulations to attract diverse funding, and clarifying institutional roles to improve the effectiveness and sustainability of financing. This Disaster Risk Financing Strategy 2026-2030 aims to address these gaps to strengthen Kenya's financial resilience.

1.4.2 Institutional arrangements

The Fourth Schedule of the Constitution of Kenya (2010) assigns disaster management functions to National and County Governments. Legal Notice No. 2238 of 1 April 2016 clarifies these roles, designates a single coordinating entity at each level, and defines vertical and horizontal coordination across sectors.[27] It promotes a whole-of-society approach, recognizing the roles of government, civil society, the private sector, academia, and communities in DRM. Box 3 outlines the key institutions and their functions for DRM.

In practice, overlapping mandates, weak communication protocols, and logistical constraints continue to fragment responses. Key gaps in vertical coordination include unclear financing escalation protocols, decision-making thresholds for multi-county and cross-border disasters, and the respective roles of national institutions in supporting county-level DRM. Limited data interoperability, delays in information sharing and insufficient integration of climate risk analysis into financial instrument design further slow decision-making and the release of emergency funds. These gaps undermine the effectiveness of disaster risk financing, particularly when rapid action is required. At county level, the establishment and operationalization of County Emergency Funds (CEFs) remain uneven due to the absence of clear national guidelines. This has led to inconsistencies in fund design, governance, and use, weakening system coherence. Supporting coherence and strengthening county-level systems is essential for building a more harmonized, multi-tiered financing architecture that supports financial resilience to disasters.

27 Kenya Gazette. (2016). Gazette Notice No. 2238: Clarification of functions as exercised by the national and county governments in accordance with the Fourth Schedule of the Constitution.

Box 3: Summary of the current institutional framework for DRM in Kenya

National Government

National Security Council (NSC): Serves as the highest authority within the DRR framework, providing overall leadership, strategic direction, and policy oversight for disaster risk management activities.

Ad hoc Committee of Cabinet Secretaries (CSs): responsible for high-level decision-making and coordination of disaster risk management policies and actions.

Ad hoc Committee of Principal Secretaries (PSs): Tasked with operationalizing and overseeing the implementation of decisions made by the Ad hoc Committee of CSs, ensuring coordinated execution of DRM activities across sectors.

National Disaster Operations Centre (NDOC): Coordinates the overall response to emergencies, crises, or disasters by mobilizing resources from various government MDAs, ensuring timely and effective disaster response operations.

National Disaster Management Unit (NDMU): A specialized response service unit within the Kenya Police Service, tasked with providing emergency response services, managing disaster incidents, and supporting the overall disaster risk management efforts.

National Drought Management Authority (NDMA): Responsible for addressing drought emergencies in Kenya at an early stage, preventing escalation into full-scale disasters through proactive monitoring, preparedness, and response measures.

Kenya Meteorological Services Authority (KMSA) (formerly Kenya Meteorological Department (KMD)): Issues weather forecasts, climate information, and early warnings for severe weather events. It monitors and analyzes meteorological data, supports DRM and climate adaptation efforts, and engages in public awareness and capacity-building activities to enhance resilience and inform decision-making across various sectors.

Relevant Sectoral National Government Institutions: Various institutions are assigned specific responsibilities for responding to disasters within their designated sectorial areas, ensuring targeted and effective disaster risk management across different domains.

County Government

County Governments: Constitutionally mandated to manage disaster risk within their respective county boundaries, County Governments are responsible for coordinating disaster response and risk reduction efforts, tailored to the severity and level of the disaster.

County Disaster Management Committees: Responsible for coordinating disaster management and emergency response at the county level, ensuring a unified approach.

Financial Sector Regulators

Central Bank of Kenya (CBK): Oversees monetary policy and financial sector stability, integrating climate and disaster risk considerations into banking regulation and supervision.

Insurance Regulatory Authority (IRA): Regulates and supervises the insurance sector, supporting the development and uptake of DRF instruments

Capital Markets Authority (CMA): Regulates capital markets, enabling the development of DRM-related financial instruments such as resilience bonds and catastrophe-linked securities.

SACCO Societies Regulatory Authority (SASRA): Supervises SACCOs, promoting financial resilience and access to risk financing for members, including in the face of shocks.

Retirement Benefits Authority (RBA): Regulates pension schemes, supporting prudent investment practices that can incorporate climate and disaster risk considerations

Non-governmental Stakeholders

Steering Committee for Drought Response: Coordinating private sector and civil society members to complement public efforts in drought response.

Domestic insurers and reinsurers, mobile network operators and agricultural aggregators: Provide and distribute risk transfer products and facilitate access for vulnerable populations.

Private sector coordinating bodies, e.g. Association of Kenya Insurers (AKI), Kenya Private Sector Alliance (KEPSA) and Kenya Bankers Association (KBA): Facilitate collaboration across financial and business actors relevant to insurance market development and resilience lending.

1.5 National Treasury's role in DRF and DRR financing

The National Treasury has a central role in enabling both National and County Governments to strengthen their financial capacity for disaster prevention, preparedness, mitigation, response, recovery and building back better, to protect lives and livelihoods, and preserve economic growth and fiscal stability. It provides resources to Ministries, Departments, and Agencies (MDAs) responsible for DRM, coordinates public investments in DRR, allocates resources to DRF via risk retention and risk transfer instruments and oversees the Contingencies Fund used to finance disaster related emergency needs and any other unforeseen events to which there is no legislative authority.

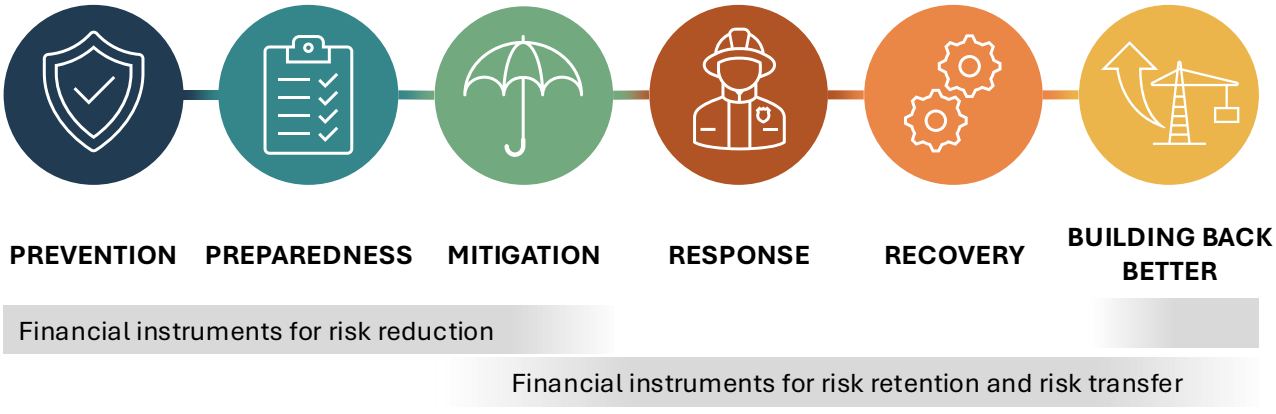
The National Treasury also has a central role in strengthening the climate- and disaster-responsiveness of Kenya's PFM and Public Investment Management (PIM) systems.

2. Financing landscape for DRM in Kenya

2.1 Financing along the DRM continuum

The DRM Strategy 2025-2030 outlines the need for a DRF strategy that covers the full DRM continuum, thus supporting a policy shift from reactive emergency relief towards proactive DRM. It defines DRF as a "set of institutions, relationships, and operational procedures designed to arrange financing in advance to support disaster preparedness, response, recovery and reconstruction covering the future costs associated with these activities". According to the Strategy, a comprehensive approach to DRM financing is to "provide the financial resources required for the implementation and sustainability of DRM activities, [... and to] ensure that funds are available for both immediate disaster response and long-term risk reduction initiatives, facilitating timely and effective action". The DRM strategy also establishes that adequate financing for DRM includes a combination of public and private investments, as well as national and international aid and donor funding. Combining different financing sources and instruments will thus help ensure the availability of resources across all stages of the DRM continuum (Figure 5; Table 2).

Figure 5: Financial instruments along the DRM continuum[28]



Source: Figure developed for this Strategy, based on DRM stages in the Kenya National DRM Strategy 2025-2030

28 The stages of the DRM continuum in this figure are aligned with the National DRM Act 2026 and the 2025 DRM Strategy

Table 2: Financial instruments and their purpose for DRM

Purpose	DRM stage	Financial instruments
Risk reduction Risk reduction instruments provide funding for interventions that prevent, reduce and mitigate the risk of disasters before they happen. They also fund interventions that strengthen preparedness so that disaster response can be faster and more effective when it is needed. These instruments can be arranged at any time; and they can make resources available without depending on the occurrence of a specific disaster event.	Prevention, preparedness, mitigation, building back better	Budget allocations/ appropriations, loans, bonds, equity, grants, subsidies and tax breaks, risk sharing and guarantees, blended finance
Risk retention Risk retention instruments secure pre-arranged funding for disaster response, recovery and building back better. These instruments can be arranged at any time but only make resources available once a disaster occurs or is imminent, based on pre-agreed criteria. The government retains the risk on its balance sheets, in contrast to risk transfer, where the risk is transferred to insurance and capital markets.	Mitigation, response, recovery, building back better	Budget allocations/ appropriations, contingency/reserve funds, contingent grants, contingent loans/credits
Risk transfer Risk transfer instruments such as insurance policies or catastrophe bonds shift a portion of disaster-related financial risk to external parties in the insurance and capital markets. Like risk retention instruments, risk transfer instruments are pre-arranged and based on a trigger for payout. This supports rapid and reliable liquidity after a disaster, thus reducing dependence on ad hoc post-disaster financing mechanisms.	Mitigation, response, recovery, building back better	Sovereign insurance, micro/meso- insurance, catastrophe bonds

Whilst most DRF Strategies focus on governmental and donor financing and large-scale private sector investments, it is important to note that households themselves are the largest financiers of disaster expenditures29 as they invest in their own DRR activities and are the first responders to disasters. Their contributions are complemented by small and medium-sized enterprises (SMEs) and civil society. This Strategy builds on these efforts, ensuring that the priorities of women, persons with disabilities and other vulnerable households are placed front and centre in Government and development partner DRM financing.

2.2 Comprehensive Risk Layering Approach

Recognising that no single financial instrument can entirely address all disaster risks and finance all activities along the DRM continuum, this Disaster Risk Financing Strategy 2026-2030 follows a risk layering approach to combine financial instruments for risk reduction with risk retention and risk transfer instruments. Risk layering matches different financial instruments to different "layers" of potential impacts, depending on how often these impacts are expected to occur and how severe they are likely to be.

29 Eskander, S. and Steele, P. (2019). Bearing the climate burden: How households in Bangladesh are spending too much. London: International Institute for Environment and Development (IIED).

A risk layering approach allows for more efficient financing and management of disaster risks. Financial instruments for risk reduction aim to reduce exposure and vulnerability across all layers of risk, so that fewer impacts occur in the first place. For the remaining residual risk, smaller, more frequent events are often most efficiently covered through risk retention instruments, while risk transfer instruments are used for less frequent but more severe events.

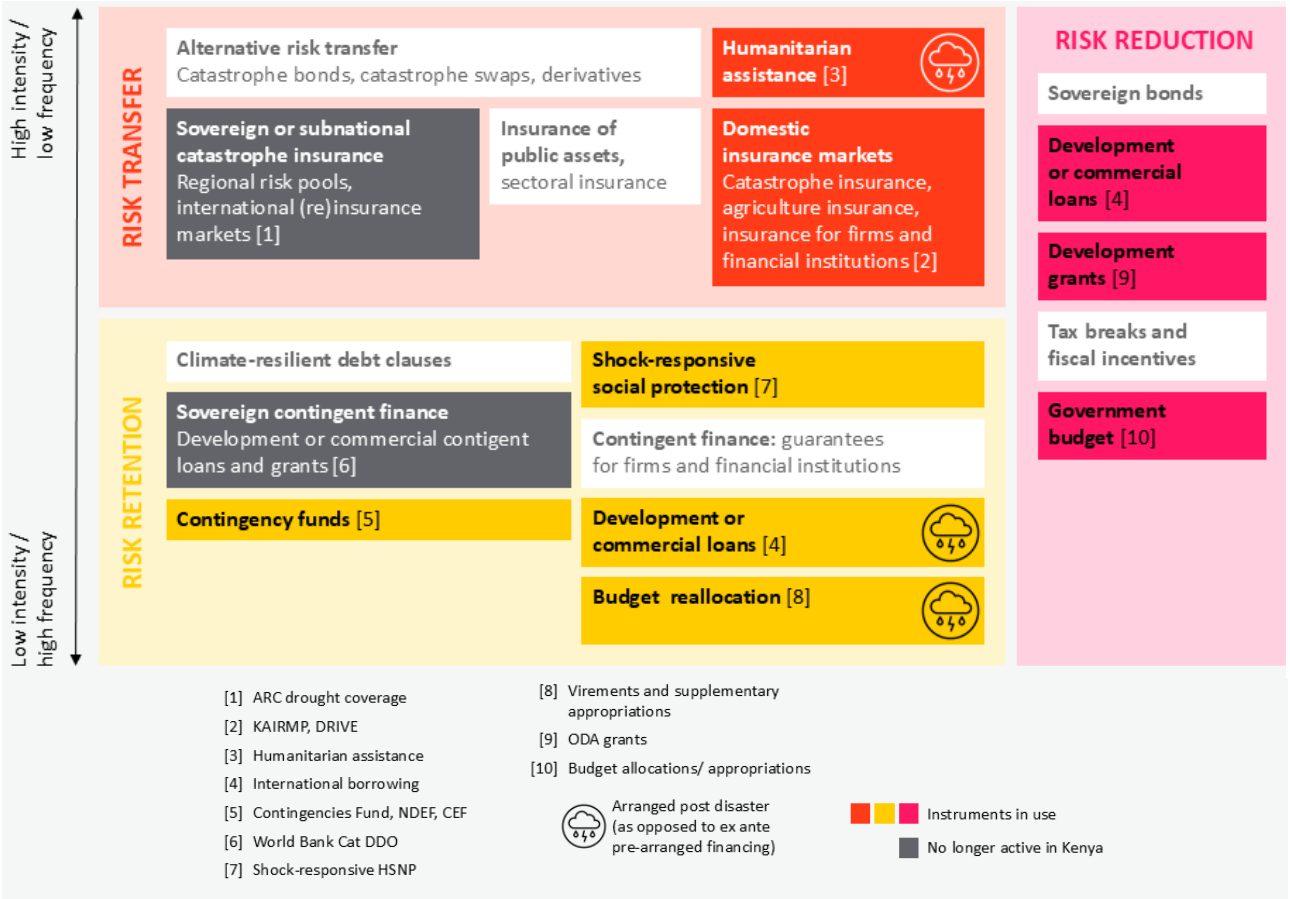
Figure 6 visualises this risk layering strategy, highlighting financial instruments that have been in use in Kenya (those still active in coloured boxes, those no longer active in grey). Chapter 2.3, Annex 2 and Annex 3 provide an overview and more detailed description and assessment of those instruments.

2.2.1 Overview of existing and previously implemented financing instruments for DRM in Kenya

Under the 2018-2022 DRF Strategy, the Government of Kenya advanced its risk retention and risk transfer portfolio through various pre-arranged financial and budgetary instruments, enabling early response and recovery from disasters. While instruments for risk reduction were not part of the strategy, the Government of Kenya has invested in prevention, preparedness and mitigation through domestic resources and international support over the same period.

Table 3 provides an overview of the financing instruments that have been supporting risk reduction, risk retention and risk transfer in Kenya over the past decade. Annex 2 of this Strategy offers more detailed descriptions of each of these instruments.

Figure 6: Disaster Risk Layering Strategy for Governments



Source: Figure developed for this Strategy, based on Kenya DRFS 2018-2022, Table 4 and Annex 2.

Table 3: Overview of existing and previously implemented financial mechanisms for DRM in Kenya

Mechanism	Description	Status (as of Feb 2026)	Hazards covered	Max. annual value	Population/ geographical coverage	Administrator
Risk reduction						
Budget allocations/ appropriations	Annual budget allocations and appropriations	Active	All disasters	KSh 88 billion for national budget lines with direct and explicit DRR contributions (average per FY 2021/22 – 2023/24)	Entire country as determined by Government of Kenya (GoK)	National Treasury, sectoral MDAs
Development loans	Development loans with DRR objectives	Active	All disasters, focus on droughts, floods	(no comprehensive data available)	Entire country as determined by GoK	National Treasury, sectoral MDAs
Development assistance grants	ODA in the form of grants with DRR objectives	Active	All disasters	US$ 32.5 million in grants with direct and explicit DRR contributions (average per year 201z8-2023)	Entire country as determined by GoK	National Treasury, sectoral MDAs
Risk retention						
Contingencies fund	National level fund to respond to emergencies	Active	All disasters	KSh 10 billion capped by Constitution 2010 but can vary based on draw down and demand as per the PFMA Act 2012	Entire country as determined by GoK	National Treasury
National Drought Emergency Fund (NDEF)	National emergency fund to finance preparedness and response activities during drought	Active	Drought	Initial capital of KSh 2 billion financed through annual appropriations by the National Assembly with no prescribed maximum amount	23 ASAL counties (approx. 15 million people)	National Treasury, NDMA, county governments and development partners
County Emergency Funds (CEF)	County-level funds to respond to emergencies	Active	All disasters	Not exceeding 2% of total revenue, PFMA 2012	19 counties (as of 2025)	County governments

Mechanism	Description	Status (as of Feb 2026)	Hazards covered	Max. annual value	Population/ geographical coverage	Administrator
Development Policy Loan with Catastrophe Deferred Drawdown Option (Cat DOO)	World Bank's Contingent line of credit	Inactive (previous Cat DDO was secured in 2018, fully draw down completed in 2020)	Disasters related to natural hazards and health emergencies	US$ 200 million (previous Cat DDO) General: coverage up to US$ 1 billion or 0.5% of GDP (IBRD) or US$ 500 million or 1% of GDP (IDA) (whichever is smaller)	Entire country as determined by GoK	National Treasury, World Bank
Hunger Safety Net Programme (HSNP)	Scalable component of cash transfer programme allowing to reach additional households and increase payments during drought	Active	Drought	US$ 63 million	Turkana, Marsabit, Wajir and Mandera counties (up to 2.1 million people)	County Governments, NDMA, FCDO, EU
Risk transfer						
African Risk Capacity (ARC)	National level drought insurance to finance relief efforts	Inactive (GoK previously held a policy under ARC's Risk Pools / (2014-2015) and (2015-2016))	Drought (short and long rains). ARC also offers coverage against cyclone and flood.	US$ 60 million	Arid and semi-arid regions (up to 3 million people insured across regions per season)	National Treasury, NDMA, ARC
De-risking, Inclusion and Value Enhancement of Pastoral Economies (DRIVE)	Index-based livestock insurance	Active	Drought	KSh 213 million (average per year 2022-24)	140,000 pastoralists covered from 2022-24	Ministry of Agriculture and Livestock Development, World Bank
Kenya Agricultural Insurance and Risk Management Programme (KAIRMP)	National Area Yield Index Insurance Scheme for maize and wheat farmers	Inactive	Multiple peril loss of yield protection	US$ 5.3 million (during first year 2016)	10 counties + ACRE/IAF portfolio of about 200,000 small maize farmers (since 2017)	State Department of Agriculture, National Treasury

Mechanism	Description	Status (as of Feb 2026)	Hazards covered	Max. annual value	Population/ geographical coverage	Administrator
Ad hoc post disaster financing						
Humanitarian assistance	Contribution from international donors to respond to disasters	Ad hoc	Disasters related to national hazards and humanitarian emergencies	US$ 235 million (average per year 2018-2023)	Entire country as determined by GoK, donors and implementing partners	GoK, donors, UN system, NGOs

2.3 Analysis of funding gaps

Kenya has developed a diversified portfolio of financial mechanisms/tools spanning risk reduction, risk retention and risk transfer mechanisms, thus supporting different stages of the DRM cycle. These instruments have evolved under the DRF Strategy 2018-2022 and successive public finance reforms, reflecting efforts to strengthen risk prevention, preparedness, mitigation, response and recovery capacity as well as fiscal resilience.

However, when assessed against the full range of hazards as outlined in the introduction and the strategic priorities of this Strategy, coverage remains uneven. Some instruments are more closely aligned with recurrent, high-impact and slow-onset hazards such as drought, while coverage for sudden-onset events (e.g. floods, landslides, fires) and certain man-made risks is less comprehensive. Additionally, most financing mechanisms have been oriented toward response and recovery, with comparatively fewer and more limited dedicated fiscal measures supporting ex-ante risk reduction and preparedness across sectors.

Strengthening alignment between hazard-specific risk profiles, strategic DRM priorities, and available financing instruments is a critical priority of this DRF Strategy 2026-2030, to ensure that the portfolio adequately addresses multi-hazard risks across prevention, preparedness, mitigation, response, and recovery phases. As the DRM financing landscape continues to evolve, it is important to continuously strengthen technical capacity across MDAs and to sensitise high-level policy makers on this subject matter in order to make more informed and impactful decisions that support Kenya's financial resilience.

2.3.1 Funding gaps for prevention and preparedness (risk reduction)

There is currently no costed plan that quantifies the risk reduction investments required across different sectors in Kenya, making it difficult to assess the funding gap for prevention and preparedness. The 2025-2030 DRM strategy estimates costs for implementing actions under its five DRM priorities, amounting to a total of KSh 975 million. However, these costed activities are primarily focused on strengthening DRM policies and legislation; building DRM capacities of government institutions; enhancing DRM data management and research; developing county and sectoral DRM profiles and plans; and mainstreaming risk-informed decision making in development policies and plans. This does not include estimation of funding needs for hard structural investments that may be required, for example, the cost of seasonal livestock-vaccinations against preventable weather- and climate-related diseases or the cost of making public infrastructure more resilient to floods, in a context where the infrastructure financing gap has been estimated at US$ 4 billion annually while floods, droughts and other hazards impose long-term fiscal liabilities (Chapter 3.1).[30]

Kenya's Nationally Determined Contribution (NDC) updates estimate the total adaptation financing needs between 2020-2030 amount to nearly US$ 44 billion[31] (or ~US$ 4 billion per year on average) and from 2031-2035 to US$ 17.7 billion32 (over US$ 3.5 billion per year). These costings cover interventions to build resilience across sectors (water, agriculture, infrastructure, health, ecosystems, etc.), including those that reduce disaster risks from floods, droughts, and

30 World Bank. (2017). Kenya: Infrastructure Finance and Public Private Partnership Project. World Bank.
31 Government of Kenya (2020). Kenya's Updated Nationally Determined Contribution (NDC) (2020–2030).
32 Government of Kenya (2025). Kenya's Second Nationally Determined Contribution (2031–2035).

other climate extremes. However, as of 2018, total climate finance flows only reach a third of the annual need and just 11.7% of that finance was directed to adaptation and resilience, with private sector contributions remaining negligible.[33] While climate change adaptation measures do not address all risk reduction needs (e.g. not extending to geophysical hazards like earthquakes and epidemics that are not closely following climate signals, nor to manmade hazards), they can provide an entry point for costing DRR priorities. The Government of Kenya has committed to covering 10-20% of the NDC's estimated adaptation costs from domestic resources, with the remaining 80-90% requiring international support. Both pathways currently fall short of these objectives.

Public funds alone cannot provide sustainable solutions to the persistent funding gaps, but financing and private sector investments for DRR faces a range of barriers in Kenya. These include a limited ability to monetise ecosystem services, which hampers lending to activities that substantially reduce disaster risk; and a lack of tools, metrics and risk assessment frameworks for financial institutions to evaluate disaster-related risk beyond what is covered in the Central Bank of Kenya's Green Finance Taxonomy and Climate Risk Disclosure Framework.[34] As a result, resilience-enhancing investments are systematically categorised as high-risk, limiting credit flow to sectors critical for risk reduction.

Operationalization of the Green Finance Taxonomy and Climate Risk Disclosure Framework will provide the analytical infrastructure for banks to identify, report, and expand resilience-related lending, which DRF Strategy 2026-2030 activities can build on and leverage. Concessional capital, first loss guarantees, extended loan tenors and co-financing with DFIs help make such investments bankable. These instruments are used extensively in Kenya, e.g. in the energy and infrastructure sectors and have had some modest and project-specific experience for risk reduction. However, to date, they have been applied to a limited extent for large scale resilience financing to support long-term risk reduction activities such as watershed restoration, soil rehabilitation, mangrove regeneration, and flood-buffer infrastructure.[35]

2.3.2 Funding gap for mitigation, response, recovery and BBB (risk retention and risk transfer)

To date, the primary focus of available risk retention and risk transfer instruments remains on droughts. Whilst there will be a continued need to address the growing and recurrent drought risks, gaps in financial protection against a broader spectrum of hazards such as floods, landslides, epidemics, pest outbreaks, fires, civil unrest and terrorism also need to be addressed. Broadening coverage to additional hazards also provides an opportunity to design risk retention and risk transfer instruments that better reflect differentiated impacts across population groups, particularly in urban flooding, epidemics, and displacement contexts where accessibility and service continuity are critical. Protecting children and vulnerable households from disaster impacts is critical to avoiding long-term human capital losses, yet existing systems targeting these groups are often fragmented and underfunded, limiting their ability to scale rapidly in response to shocks.

The robustness of this Strategy critically depends on the quantification of disaster risks and the government's contingent liabilities, categorized by frequency and severity, to optimize financial preparedness through a layered approach. For instance, low-to-moderate impact disasters, like extended dry spells and localized floods which occur almost annually, could be managed within the regular national and county government budget using flexible annual reallocations and short-term forecast adjustments. However, high impact but infrequent disasters such as severe droughts, major epidemics, or earthquakes pose challenges that exceed the capacity of annual budgetary provisions. Efficiently managing these requires a layered approach to disaster risk financing (this is introduced in Chapter 2.2), supported by broad-mandate response teams and scalable social protection networks like the HSNP and the Kenya Socio- Economic Inclusion Programme (KSEIP). While Kenya has experience with large-scale risk retention and risk transfer instruments, some of these have been exhausted or discontinued in recent years (e.g. ARC Risk Pool and Cat DDO), leaving gaps in coverage for the high impact but infrequent disaster layer.

33 The National Treasury - Republic of Kenya, Climate Policy Initiative and Kenya Climate Innovation Centre (2021) The landscape of climate finance in Kenya: On the road to implementing Kenya's NDC. Climate Policy Initiative.
34 Central Bank of Kenya (2025). Issuance of the Kenya Green Finance Taxonomy and Climate Risk Disclosure Framework.
35 WWF Kenya, FSD Kenya, GIZ and FMO (2025). Assessment of nature-related financing and investment opportunities in Kenya.

Securing sustainable national and county budget allocations, private contributions and donor funding to cover the costs of risk retention and risk transfer instruments (e.g. premium payments) in an environment of raising public debt has also been a major challenge. By the end of June 2025, Kenya's total public debt was about KSh 11.8 trillion (~67.8% of Kenya's GDP, June 2025 estimate and ~64.0% of Kenya's GDP in present value (PV) terms). Kenya's PV of public debt-to-GDP ratio remains above the 55% threshold, indicating elevated debt distress risk but is projected to the 55±5% range.[36] Given this context, the Government of Kenya prioritizes expanding proactive risk financing solutions within this Strategy to reduce reliance on costly post-disaster borrowing. This includes expanding risk retention instruments such as reserve funds at national and county levels, risk transfer such as sovereign insurance, and strengthening social protection systems aligned with shock frequency and impact intensity.

A significant funding gap persists in the sustained financing of core meteorological and climate services infrastructure that underpins effective risk retention and risk transfer instruments. In particular, the National Climate Outlook Forum (NCOF) and County Climate Outlook Forum (CCOF), together with Participatory Scenario Planning (PSP) processes, require predictable and dedicated funding to ensure regular co-production and dissemination of actionable seasonal and sub-seasonal climate forecasts. These platforms are vital for developing reliable trigger mechanisms for anticipatory action, agricultural insurance under KAIP, livestock insurance, and shock-responsive social protection programmes.

Equally critical is the financing of the national meteorological observation network. The Kenya Meteorological Services Authority (KMSA), established under the Meteorology Act, 2026, is mandated to establish, maintain, and expand observation stations, including Automatic Weather Stations (AWS) and radar systems. Current funding levels are insufficient to close existing gaps, particularly in ASAL counties and rapidly urbanizing areas. Addressing these gaps will reduce basis risk in parametric insurance products, improve forecast accuracy for early warning triggers, and strengthen overall sovereign risk layering.[37]

The goal is to build fiscal resilience that supports predictable, timely and adequate emergency funding without exacerbating national debt vulnerabilities.

2.4 Exploring further financial instruments for a comprehensive risk layering approach

Protecting Kenya's economic and fiscal stability from multiple hazards and accelerating post-disaster recovery requires strengthening and diversifying the country's pre-arranged disaster risk financing portfolio through a risk layering structure that pre-positions relevant financing instruments for different types of disasters depending on their frequency and severity. Beyond having additional risk retention and risk transfer instruments, further integration of risk reduction instruments as part of risk layering could enhance Kenya's resilience to disasters while complementing the effectiveness and affordability of risk transfer and risk retention instruments.

Box 4 below describes a set of instruments that could be leveraged to complement those currently in existence or previously used (described in chapter 2.3).

36 Republic of Kenya: The National Treasury (Public Debt Management Office). (2026). Medium Term Debt Management Strategy (2026/27—2028/29). In National Treasury. Government Printer.

37 Meteorology Act. (2026, March 27); Ministry of Environment, Climate Change and Forestry: Kenya Meteorological Department. (2025). National Framework for Climate Services (NFCS) - Kenya.

Box 4: Risk financing instruments explored for Kenya

A. Sovereign resilience bonds

Resilience bonds are use-of-proceeds debt instruments that raise capital specifically for investments that reduce disaster and climate risks and keep critical services functioning. They finance upfront resilience projects and rely on stronger infrastructure and reduce losses over time to improve fiscal and economic resilience. For Kenya, a sovereign resilience bond could provide a structured way to finance priority investments that protect critical services such as urban drainage, water security, transport corridors, and drought resilience, while signalling commitment to risk reduction and potentially broadening the investor base beyond traditional buyers of government debt.

Kenya's prior experience with labelled domestic issuances suggests there is local appetite for thematic instruments, particularly if supported by credible project screening and transparent reporting frameworks aligned with emerging resilience taxonomies.[38] However, given Kenya's high debt-service burden and market sensitivity to sovereign risk, a resilience label alone is unlikely to reduce borrowing costs. Transaction, verification, and reporting requirements would also add complexity, and any issuance would need to be carefully aligned with the overall debt management strategy to avoid increasing foreign exchange or refinancing risks.

B. Debt-for-resilience swaps

Debt-for-resilience swaps are transactions that replace or restructure existing debt so that part of the savings (or new concessional financing) is earmarked for climate and disaster resilience investments. This is often done with the help of guarantees and donor/DFI support. Internationally, deals like Barbados' debt-for-climate resilience swap have shown how refinancing higher-cost debt can free fiscal space for resilience projects without increasing headline debt.[39] However, they can incur high transaction costs and typically require complex structuring, credible project and results frameworks, and external partners. Most successful swaps have relied on strong credit enhancement and concessional co-financing arranged with the help of donor / DFI support.

C. Pre-Determined Cost-Sharing Mechanisms Across Levels of Government

When financial capacity is constrained at county level or within State Owned Enterprises (SOEs), disaster-related damages often become a liability of the national government, leading to unplanned fiscal transfers and delayed response. An emerging international good practice to address this challenge is the establishment of pre-determined cost-sharing mechanisms. These clearly define how disaster costs are shared between national and subnational governments and public entities, including responsibilities for losses and service disruptions affecting essential services relied upon by women, persons with disabilities, and other at-risk groups.

Such mechanisms can enhance predictability, accountability, and speed of response by

- Clarifying ex-ante which level of government finances which type of loss;
- Reducing post-disaster negotiations and fiscal uncertainty; and
- Supporting a layered financing approach that matches different risks to appropriate instruments and contingent liabilities across government.

38 UNDRR (2023). Global taxonomies on adaptation and resilience launched at COP28.
39 Inter-American Development Bank (IDB) (2024). Barbados launched the world's first debt-for-climate-resilience operation.

D. Insurance of Public Assets

In many fast-growing developing economies, SOEs account for a growing share of disaster-related losses, particularly facilities providing critical social services in and in sectors such as energy, water, transport, education and housing. Damage to SOEs or public assets during disasters can have significant fiscal implications, as governments often assume contingent liabilities in the absence of pre-arranged financial protection.

For Kenya, integrating SOEs and public assets into the disaster risk financing framework is therefore critical. Insurance mechanisms for public assets allow the transfer of disaster risks arising from physical assets owned and managed by central government, subnational government, and/or state-owned enterprises to a risk pool, (re)insurance and/or capital markets. This requires:

- A systematic assessment of disaster-related contingent liabilities arising from SOEs/public assets.
- Clear rules on financial responsibility between county and national governments for disaster losses; and
- Incentives for SOEs/public institutions to invest in risk reduction, risk retention and risk transfer.

E. Contingent Financing - Rapid Response Option (RRO) / Contingent Emergency Response Mechanism (CERM)

The World Bank's RRO provides a platform to governments to quickly deploy undisbursed funds in the event of a disaster. With an RRO, the government can access these funds through a standalone Contingent Emergency Response Project (CERP) or an existing Cat DDO. Eligible disasters are from natural hazards and public health emergencies. The pre-defined trigger for the reallocation is typically a soft trigger, i.e. a state of emergency. It can be set up at no cost and used for up to 10% of a country's undisbursed World Bank financing across the Investment Lending and Program for Results portfolio.

F. Debt Pause / Suspension Clauses

A debt pause or suspension clause is a contractual provision in new and existing sovereign debt agreements that allows for the temporary suspension of debt service payments during predefined crises, such as natural hazards or health emergencies. As such, debt pause or suspension clauses provide short-term liquidity relief. The pre-defined trigger for the reallocation is typically a soft trigger, i.e. a state of emergency. The deferred debt payments will eventually be repaid by the government in accordance with a pre-agreed schedule, e.g., for the World Bank, within up to 2 years, plus interest on the deferred amount.

Kenya has no access to debt pause or suspension clauses yet. The World Bank has offered them so far only to small states and small island economies; the AfDB, although committed to introducing climate-resilient debt clauses at the Conference of Parties (COP) in 2023, has not yet made them available; no commercial creditor has offered them yet, possibly due to concerns about their signalling effects on pricing and market sentiment.

Kenya could consider requesting debt pause or suspension clauses in its borrowing contracts to create more fiscal space. Globally, some countries benefited significantly from these clauses (e.g. Grenada during Hurricane Beryl), while others chose not to use them to protect their credit ratings (e.g. Jamaica)[40]. If Kenya decides to engage strategically with creditors to encourage the development and offer of debt pause or suspension clauses, this should be preceded by an assessment of the potential negative signalling effect on commercial creditors, given Kenya's high proportion of credits from them (65% as of 2024/25).[41]

40 Centre for Disaster Protection (2025). Debt pause clauses confront their first disaster: From Hurricane Beryl to broader policy momentum.
41 Kenya National Treasury and Economic Planning (2024). Medium-Term Debt Management Strategy 2024.

G. Sovereign Risk Transfer Instruments

Sovereign risk transfer includes sovereign insurance via risk pools or insurers/reinsurers, as well as the adoption of insurance-linked securities, such as catastrophe bonds. These instruments are typically considered for low-frequency, high-severity events. Catastrophe bonds function similarly to insurance, but instead of transferring risk to re/insurers, they are issued by the government and then transferred to capital market investors. They are typically short-term (3-5 years). If a qualifying disaster triggers a payout, the government receives immediate liquidity; if not, investors earn a return.

Catastrophe bonds come along with high set-up and transaction costs, complex structuring, and the need for robust risk data and models. Kenya has not issued a catastrophe bond yet, but the feasibility of a cat bond to cover Kenya's drought risk in the agriculture sector has been explored. If Kenya were to revisit the use of sovereign risk transfer, considerations could be explored by linking payout triggers to observable impacts on livelihoods and essential services (e.g., agriculture or water access), to ensure payouts from risk transfer instruments reach disaster-affected people in a timely, inclusive, and efficient manner

2.5 Current state and gaps in disaster-responsive PFM

Kenya's national and county-level PFM frameworks are relatively strong overall. However, climate and disaster risks are only partially integrated into strategic planning, budget preparation, formulation, approval, execution, accounting, monitoring, reporting and evaluation processes. Greater consideration of fiscal risks and contingent liabilities, including the exposure and vulnerability of public assets, within PFM frameworks would contribute to more informed DRF and debt policy choices. Figure 7 provides an overview of the ways in which disaster risk can be mainstreamed across PFM systems and processes.

To date, alignment between budgets and key climate and disaster policy frameworks remains uneven in Kenya. Mainstreaming of DRR in planning and budgeting is captured in various National and County Government documents. However, there are currently no guidelines available to MDAs on how to undertake the mainstreaming in practice. Kenya is making progress in institutionalising disaster and climate budget tagging (DCBT). The FY 2024/2025 DCBT exercise represented an important step in this regard, but budget tagging and reporting still requires harmonisation and consolidation across disaster and climate focused approaches and has not yet been fully embedded across PFM systems.

Figure 7: Entry points for the consideration of disaster risks in the budget cycle

Source: World Bank (2024). Conceptualizing Disaster Risk–Based Budgeting and Exploring Practical Applications. https://openknowledge.worldbank.org/entities/publication/271d610a-f9cc-45ca-95a5-8d587e65548f; PAC = public accounts committee.

Kenya's PFM systems have made recent progress in how effectively PIM, asset management, emergency procurement, and revenue administration incorporate disaster risks, but some persistent gaps remain. For instance, the PIM Regulations 2022 now mandate that all new infrastructure projects undergo climate and disaster risk assessments. The Government of Kenya is also developing a climate resilience framework for public private partnerships (PPPs) and new PPP Regulations including platforms like the Infrastructure Finance and Public-Private Partnership Program (IFPPP) to improve the risk-return profile for private investors and thus attract private capital. However, asset registers do not currently include climate and disaster-related information about their exposure and vulnerability to climate variability and extreme weather events. In addition, the Government of Kenya does not systematically report on disaster-related fiscal risks and contingent liabilities, making it more difficult to optimise the selection and use of appropriate DRF instruments.[42] More recently, however, debt sustainability analysis has included a disaster stress test scenario under the IMF's Resilience and Sustainability Facility (RSF), as part of broader efforts to strengthen the capacity of Kenya's PFM systems to prepare against future climate shocks.[43]

42 Republic of Kenya (2023) Climate Responsive PFM Assessment; IMF (2023). Kenya: Climate Module of the Public Investment Management Assessment.
43 IMF (2024). Kenya 2023 Article IV consultation.

3.

Strategic priorities going forward

The goal of the Strategy is to enhance the financial capacity of national and county governments to effectively manage disaster risks along the DRM continuum to protect the most vulnerable, safeguard development goals, build resilience and ensure fiscal stability.

This chapter outlines strategic priorities (SPs) to strengthen the enabling environment, instruments and delivery channels for financing for risk prevention, preparedness, mitigation, response, recovery and building back better. Collectively, these priorities support a comprehensive and coordinated approach to financing disaster risk management across the major hazards Kenya is exposed to (as outlined in Chapter 1.2 of this Strategy). The expansion of existing systems, instruments and programmes – and the development of new ones – across SPs 3-6 aims to explicitly consider options for multi-hazard coverage.

GESI is a cross-cutting principle underpinning all SPs of this Strategy. In line with the Constitution of Kenya 2010, the Strategy recognizes that disaster risks and impacts are not experienced uniformly, and that women, men, children, persons with disabilities, and other marginalized groups often face heightened vulnerability. Accordingly, the Strategy promotes the systematic use of disaggregated data, strengthens inclusive public financial management systems, and ensures that financing mechanisms and delivery channels equitably reach and benefit populations most at risk. Through this approach, the Strategy aims to enhance financial resilience to disasters while contributing to inclusive and sustainable development outcomes.

Strategic Priority 1: Enhanced coordination in disaster risk reduction, retention and transfer across national and county government institutions managing various mechanisms to finance disaster risks

Effective DRM requires a unified and well-coordinated approach to financing across all levels of government and along the DRM continuum. Strategic Priority 1 (SP 1) aims to strengthen coherence in financing for DRM by harmonising policies, reinforcing legal and institutional frameworks, and fostering collaboration among key public, private, and non-state stakeholders. SP1 responds to persistent coordination challenges, including fragmented mandates across institutions, delays in fund mobilisation and disbursement, weak alignment between national and county governments, limited transparency in disaster and relief financing flows, and the under-utilisation of private sector and market-based financing instruments. These challenges undermine the effectiveness, efficiency, and accountability of disaster risk financing, particularly in a context where multiple institutions manage different instruments across preparedness, response, and recovery phases.

To enhance coordination in financing for DRM across national and county governments, SP 1 includes the following activities:

1. **Establishment and strengthening of national and county DRF coordination mechanisms:** This activity proposes the establishment and strengthening of national DRF coordination mechanisms in the form of a dedicated DRF Technical Working Group to convene key stakeholders (including, among others, National Treasury as the designated national lead authority for DRF, other relevant government actors, private sector entities and financial regulators), anchored within the National DRR Platform. This will serve as a multi-stakeholder dialogue and innovation platform. Coordination and mainstreaming will be further enhanced through the integration of DRF components into relevant DRM policies, strategies and plans.

2. **Embed a pre-determined cost-sharing mechanism into national and county-level contingency plans:** This will clearly define, ex-ante, how disaster-related costs are shared between national and county governments and public entities, including SOEs, and which level of government finances specific types of losses. The mechanism will clarify ex-ante financing responsibilities for different types of losses and service disruptions, thus reducing post-disaster negotiations, improving fiscal predictability, and supporting a layered disaster risk financing approach across levels of government. It will also clarify the linkages, complementarities, access options and flow of funds for the contingency funds and the DRM Funds between national and county levels.

3. **Strengthening risk data, analysis and use in financing decisions:** This activity includes developing a national digital interactive multi-hazard risk atlas; enabling secure data sharing and encouraging private-sector data contributions; developing guidelines for updating, validating, and using disaggregated vulnerability and risk data; and finalising and operationalising the Loss & Damage database and Climate Risk Information System (CRIS) to ensure secure, real-time data sharing between national and county institutions. This will be complemented by strengthened integration and systematic use of timely climate information and seasonal/sub-seasonal forecasts generated by KMSA through the NCOFS and County Climate Outlook Forums (CCOFS), including Participatory Scenario Planning (PSP) processes.

4. **Coordination with the Enhanced Single Registry to improve targeting of beneficiaries of key disaster risk financing instruments and programs:** Expanded use of the Single Registry aims to address coordination gaps and double targeting between various programmes aimed at protecting vulnerable populations from disaster impacts, such as scalable cash transfer programmes and microinsurance schemes.

5. **Develop guidelines for coordinated humanitarian assistance and disaster-related displacement support:** This activity covers the establishment of guidelines for coordinating humanitarian donations from the public and other goodwill sources to victims of emergencies, disasters and humanitarian situations in line with Kenya's DRM priorities and with existing national and county-level DRF instruments like the county-level emergency funds, and national and county DRM Funds.

Strategic Priority 2: Enhanced capacity and awareness in MDAs and county governments on the need to strengthen financing for disaster preparedness and response capacity for resilience

This strategic priority focuses on equipping MDAs and county governments with the knowledge, skills and tools required to effectively finance in preparation for and respond to disasters across the DRM continuum. By strengthening institutional capacity and awareness, it aims to enhance the effectiveness of DRM and DRR financing, including timely access, effective utilisation and reporting, across all levels of government. This is complementary with the DRM Strategy 2026-2030, which covers the implementation of public awareness raising on DRM more broadly, and with the Centre of Excellence on DRM that was proposed under the Kenya Vision 2030's Third Medium Term Plan[44].

44 Government of Kenya, The National Treasury and Planning (2019) Third Medium Term Plan 2018-2022.

While capacity strengthening on DRF advanced under the previous DRF Strategy 2018-2022, the end-term review found persistent gaps in institutional capacity at national and county levels. The end-term review recommended sustained capacity building for counties, backed by political commitment and adequate resources to strengthen institutional and financial readiness. It also called for a shift from "training on tools" to enabling MDAs and counties to design, implement, and manage DRF instruments. Key gaps remain in risk-informed budgeting and PFM, innovative financing, DRF reporting and compliance, and harmonized loss and damage tracking. High-level sensitisation is needed to secure political will, prioritisation and funding.

To address these gaps, SP 2 includes the following activities:

1. **Conduct a targeted legislator sensitisation programme on DRF and financing for DRR under the National DRM Act 2026:** This activity will deliver focused technical briefings on the country's disaster financing architecture, including risk retention, risk transfer, and funding flows across national and county levels to strengthen informed decision-making, DRF coordination while accelerating financing provisions provided in the National DRM Act 2026.

2. **Support high-level sensitization of policy decision makers at both national and county governments on DRF:** This activity includes sensitisation of relevant parliament committees, cabinet secretaries, governors, senators, County Commissioners and high-level policy makers on fiscal risk and relevant financial mechanisms. Sensitisation should focus on practical decision points within the authority of senior leadership, including predictable budget allocations for prevention and preparedness, and accountability for ensuring DRR financing reaches at-risk populations. Concrete opportunities to reach high-level decision makers include building sensitisation into induction sessions for the new government after national electoral cycles or convening sensitisation sessions through the head of public service.

3. **Strengthen the capacity of MDAs and counties in operationalizing DRF mechanisms; DRF reporting and compliance; and the use of climate information, loss and damage data and anticipatory action for financial planning and disaster preparedness:** DRF tools need clear understanding to ensure effective implementation. In this regard, MDAs and County Governments need continuous capacity building on their disaster-related fiscal risk and the various DRF instruments available. Capacity building should also include practical guidance on designing inclusive triggers and standard operating procedures for anticipatory action and applying basic accessibility standards in emergency service delivery. The technical working group on DRF (established under SP1) can serve as an additional platform for knowledge transfer with and amongst key stakeholders. This activity will be supported by the development of a DRF capacity-building handbook, to ensure quality and consistency of DRF capacity-strengthening activities.

4. **Build technical capacity of National and County Governments to establish and operationalise DRM Funds:** This activity will provide trainings at national and county level on the establishment and operationalization of DRM funds to enable counties in the implementation of County DRM Fund regulations and guidelines as further supported under Strategic Priority 4, Activity 2.

5. **Strengthen the capacity of communities to prepare for disasters and mobilise resources for DRM:** While communities have a key role in DRM, limited awareness, access, and coordination can constrain the effective use of DRM resources and early warning information for timely and locally appropriate disaster preparedness and response. Considering this challenge, this activity includes strengthening early warning co-creation and dissemination in line with the national framework on climate services, to inform local decision making and financing. It also entails community-level coordination and tailored sensitisation of community groups on options to mobilise resources for DRM.

6. Mainstream DRF in training curricula: This activity aims at strengthening the professional capacities of DRM staff at national and county levels, to ensure officers have the necessary technical qualifications needed to enhance the financial resilience of their institutions. This will be achieved through the development of an occupational standard on DRF.

Strategic Priority 3: Increased risk-based PFM, transparency and accountability in DRF

This priority aims to embed disaster risk considerations into PFM systems, enabling more transparent, data-driven decisions in allocating resources for DRM and mainstreaming risk information across public investment, asset management, and PPP decisions. More specifically, SP 3 supports the systematic integration and prioritisation of risk reduction, risk retention, and risk transfer across planning, budgeting, and reporting cycles in national and county PFM systems. It also intends to facilitate the use of risk-informed investment profiles, integrated data, and robust expenditure tracking to help manage fiscal risks, allocate resources more efficiently and optimize investments across disaster risk reduction, risk retention, and risk transfer.

To make PFM and PPP frameworks more disaster-responsive and promote evidence-based financial decision-making, SP 3 includes the following activities:

1. Mainstream DRR and climate change adaptation financing into national and county budgeting and planning: This activity will entail revision of planning guidelines for both national and county governments to include DRR and climate change adaptation financing.

2. Institutionalise harmonised tagging and tracking of public, private, and international expenditure on DRR and climate change adaptation: This activity will involve development and dissemination of harmonised budget tagging guidelines, and coding of disaster-related expenditures in the budget systems to facilitate tracking and reporting of expenditure towards DRR and climate change adaptation. The activity also includes the institutionalisation of disaster and climate budget tagging and tracking within existing PFM systems and processes and linking tracking results to budget-related decision-making. Under this activity, the guidelines will be implemented to support annual disaster and climate budget tagging and the publication of annual expenditure tracking reports.

3. Revise the PIM Regulations 2022 to integrate disaster risk screening: The PIM Regulations 2022 will be updated to incorporate disaster risk and resilience considerations ensuring that public investment is directed toward resilient assets that generate long-term returns. This will build on the already ongoing incorporation of climate change and disaster considerations in PIM templates.

4. Revise the PPP Regulations to integrate climate and disaster risks into PPP frameworks to promote resilient PPP projects: The PPP Regulations will be updated to incorporate climate and disaster risk and resilience considerations, particularly as part of the project preparation guidelines, with a focus on climate and disaster risk identification, quantification and mitigation through available structuring models.

5. Establish an analytical baseline for comprehensive resilience financing to support the Strategy's implementation: This includes conducting a DRF diagnostic to quantify historical economic and fiscal costs of different types of hazards and identify gaps in financing of hazards based on their magnitude and frequencies, including disaster-risk related contingent liabilities. The diagnostic is critical to inform strategic choices on the optimisation of the risk layering, being explored as part of Strategic Priority 4, Activity 5. The activity also includes an assessment of the historic performance, lessons learned and potential improvements of risk retention and risk transfer instruments that have been in use in Kenya. Further, a baseline and gap analysis of financial instruments for risk reduction will be carried out to complement the review of risk retention and risk transfer instruments.

Strategic Priority 4: Improved financing capacity through strengthened and expanded government portfolio of risk retention and transfer instruments

Strengthening and diversifying the government's pre-arranged finance portfolio, including risk retention and risk transfer, will ensure that predictable, timely, adequate and flexible funding is available to respond effectively to emergencies. To enhance financing capacity by strengthening and expanding the government's risk retention and risk transfer instruments, SP 4 includes the following activities:

1. **Establish the DRM Fund as a dedicated national fund for resource mobilisation for efficient and effective disaster risk management:** This activity will entail the finalisation and operationalisation of the draft Public Finance Management (Disaster Risk Management Fund) Regulations, 2025.

2. **Support the establishment of County Level Disaster Risk Management Funds:** The County DRM Funds shall be established through county legislation and operationalized through dedicated county regulations that define their governance, capitalization, disbursement procedures, accountability mechanisms, and safeguards. This activity will support their establishment through model county DRM Fund regulations and guidelines. These model regulations and guidelines should be aligned with the ongoing development of national DRM Fund regulations and include simple disbursement and reporting guidance to demonstrate equitable reach to at-risk populations.

3. **Review the PFM Act CAP 412A to mandate all County Governments to establish County Level Emergency Funds:** Section 110 of the Public Finance Management Act CAP 412A makes provisions for the County Executive Committee Member for Finance to establish a County Emergency Fund for any unforeseen events for which there is no legislative authority. However, as currently drafted, the provisions are not mandatory, hence not all Counties have established these Funds. Therefore, this activity seeks to review the PFM Act CAP 412A (Section 10) to make it mandatory for County Governments to establish County Level Emergency Funds.

4. **Establishment of a CERP/RRO Programme under Kenya's World Bank IDA Portfolio:** This activity will establish and operationalise an RRO platform within Kenya's World Bank IDA portfolio, enabling access to pre-arranged emergency financing through a dedicated CERP. By leveraging existing IDA commitments, including the option to reallocate up to 10% undisbursed funds, to ensure rapid and predictable resource mobilization in the event of a disaster. Therefore, this activity seeks to put in place a standing, rules-based liquidity instrument as a first line of response, strengthening fiscal resilience and reducing reliance on supplementary budgets and emergency borrowing.

5. **Redesign the National Drought Emergency Fund (NDEF) to strengthen its appeal to funding partners:** The NDEF is important in drought risk management, hence the need to further enhance it to a redesigned rules-based, risk-informed financing instrument, through alignment with international financing institutions (IFIs) fiduciary standards, the PFM Act and the National DRM Strategy 2025–2030, would enable a blended funding model drawing on government seed capital, multilateral contributions and private sector capital.

6. **Review additional sovereign pre-arranged financial instruments that are suitable for Kenya's context:** Currently, Kenya is exploring various opportunities to expand its portfolio of risk retention and risk transfer instruments, given the multiple hazards to which the country is already predisposed (see Box 4). This includes risk retention instruments like contingent credit lines as well as risk transfer instruments, such as sovereign insurance at the national and (individual or aggregate) county levels, public asset insurance, catastrophe bonds, or scaling up HSNP through a linkage to a pre-arranged risk retention or transfer instrument. Decision-making on these instruments can be informed by the DRF diagnostic and assessments implemented under Strategic Priority 3; and supported through value-for-money and cost-benefit assessments of the various instruments during the implementation of this Strategy.

Strategic Priority 5: Strengthened key pre-arranged programmes to protect the most vulnerable populations from the impacts of disasters and contribute to building resilience

This strategic priority is dedicated to advancing protection and resilience initiatives, with a particular emphasis on safeguarding those most at risk from the adverse effects of disasters. It aims to support key pre-arranged finance programmes to protect vulnerable populations from the impacts of disasters and contribute to building resilience through risk transfer and risk retention.

To achieve this objective, SP 5 includes the following activities:

1. Scale up the Kenya Agricultural Insurance Programme (KAIP): The scaling of KAIP will focus on both inter- and intra-counties to reach all farmers in 42 counties, including expansion of eligible crops. Scaling efforts could be enhanced through prioritisation of underserved communities by using trusted aggregators, leveraging digital systems for access, and incorporating community insights into product design.

2. Develop regulations specific to agricultural insurance: The proposed agriculture insurance regulations will build on the National Agricultural Insurance Policy (NAIP) 2023, including considerations on the role of the private sector in agricultural insurance. The regulations should include minimum consumer protection and inclusion standards to ensure that product design, enrolment and claims processes do not exclude women, low-literacy users, or persons with disabilities.

3. Develop crop insurance operational guidelines: These guidelines are expected to define insurance approaches, government subsidy, data management and roles of both public and private entities in crop insurance scheme. This aims at addressing persistent delays in farmer compensation, avoiding delays in season onset and increasing trust in the programme. The development of the operational guidelines will be undertaken through a task force.

4. Provide an integrated package of financial services to build the climate resilience of pastoralists: To support protection of livestock assets, this activity includes a) providing subsidised Index-Based Livestock Insurance (IBLI) to pastoralist in 28 ASAL Counties for mitigation of severe drought impacts, b) providing incentives for savings by participating pastoralist for moderate drought response, c) investing in mobile registration and payment systems tailored for pastoral and nomadic herders, and d) mobilising private capital investment into livestock value chains to reduce drought effects by provision of affordable credit and equity financing. The activity also includes an accelerated livestock off-take mechanism triggered by early warning that will operate to safeguard pastoralist livelihoods and their assets before extreme weather events such as droughts reach their peak.

5. Expand HSNP shock-responsive (scalable) cash transfers across the drought-prone ASALs to make it a more adaptive and fiscally resilient social protection framework: Central to this is the development of an Integrated Social Registry to rapidly identify vulnerable households, including mobile pastoralists, without costly re-targeting during crises. Strengthen delivery systems such as digital payments and grievance mechanisms to ensure efficient and transparent disbursement. The expanded HSNP will link to objective, data-driven triggers from NDMA's EWSs, with a gradual shift toward forecast-based triggers to enable anticipatory action (AA). In parallel, sustained high-level stakeholder engagement to secure predictable financing commitments and guarantees for shock-responsive cash transfers across all drought-prone ASAL counties, and establish complimentary financing instruments (e.g., risk transfer), to ensure timely liquidity during shocks. Finally, introducing a clear graduation mechanism to transition households that meet resilience thresholds into a shock-responsive beneficiary category, improving targeting efficiency and long-term sustainability. These activities should align with the Kenya Social and Economic Inclusion Project II (KSEIP II).

6. **Establish and operationalize a comprehensive and sustainably financed Child Protection and Vulnerable Households Disaster Risk Financing (CP-VH DRF) Programme:** This activity will establish a comprehensive, shock-responsive DRF programme by combining risk retention and risk transfer instruments to enable timely scale-up of social protection interventions, supported by a strengthened legal and financing architecture, including gazettement of the PFM (Child Welfare Fund) Regulations. It will operationalize layered financing to trigger automatic expansion of programmes such as Cash Transfer for Orphans and Vulnerable Children (CT-OVC) based on NDMA drought and flood triggers, while leveraging and enhancing the Integrated Single Registry to ensure dynamic targeting of vulnerable households. The activity will also support the implementation of initiatives such as the Climate Resilient Education Systems Trial (CREST) utilising education specific triggers to ensure timely activation, and build on existing platforms, including KSEIP II and NICHE-Plus, to deliver integrated cash, nutrition, and child protection support during climate shocks.

7. **Establish a financing mechanism for the scalability of the Consolidated Cash Transfer Programme (CCTP) to support persons affected by disasters:** Establishment of a financing mechanism for the scalability of the CCTP will provide immediate liquidity to rapidly increase benefit amounts for existing beneficiaries (Vertical Expansion) and or temporary enrolment of persons affected by disasters (Horizontal Expansion) through existing social protection systems. Similar to the CT-OVC, the activity will support CREST in clarifying education-linked trigger design to increase CREST's effectiveness in preventing negative coping strategies and sustaining school attendance during climate shocks.

Strategic Priority 6: Increased financing for disaster risk prevention and preparedness to reduce future disaster risk

This Strategic Priority seeks to strengthen the Government of Kenya's capacity to reduce future disaster risks, including those that are likely to be exacerbated by climate change. It focuses on the identification of investment priorities and the expansion and use of financial instruments for risk reduction. This SP thus complements instruments and programmes that are focused on risk retention and risk transfer and covered in SP 4 and SP 5. To support promotion of financing for disaster risk prevention and preparedness, SP 6 includes the following activities:

1. **Support mechanisms and processes to access multilateral, bilateral, domestic and international public and private funding for climate-related disaster risk management:** This requires streamlining institutional protocols and leverage fiduciary and accreditation mandates through inter-agency coordination between the National Designated Authority (National Treasury) and National Implementing Entities (NIEs), leveraging the mapping of multilateral and bilateral funds in updated Climate Action Plans (CAPs). Streamlining these protocols ensures that MDAs can master fiduciary standards and move from project identification to the development of an investable pipeline of high-quality proposals.

2. **Mobilising commercial capital through resilient PPPs Frameworks to de-risk DRR infrastructure:** Further strengthening of the Public Private Partnerships Committee (PPPC) and the PPP Directorate is critical for enhancing oversight in resilient-focused project appraisal, risk allocation, and contract management. This also includes issuing county-level guidelines to ensure that decentralized resilient projects are bankable and sustainable over their lifecycle.

3. **Establish performance-based financing for local, community-led DRR that integrates risk analysis, leverages mandated local co-financing, and prioritises DRR projects for vulnerable populations:** The Financing Locally Led Climate Action (FLLoCA) Program serves as the primary national benchmark for this activity by institutionalising these learnings by using performance-based financing to drive investment specifically into DRR and preparedness, moving away from a reliance on slow-moving national disaster grants. The activity prioritises the development of measurable performance criteria and resilience metrics with mandated inclusion indicators with realistic reporting requirements such as accessibility standards and documented participation of women and PWDs in risk profiling, leveraging community-driven County Multi-Hazard Risk profiles and assessment

data to establish accurate baselines for prevention actions. Financing will prioritize inclusive and equitable DRR interventions, ensuring meaningful participation of vulnerable and marginalised groups. Further to this, a core component of the performance-based financing activity is mandated local co-financing by conditioning additional allocations on risk-informed project quality and local counterpart contributions.

4. Develop a costed, risk-informed National Resilience Investment Plan: The plan will systematically prioritize and align "hard" (structural) and "soft" (non-structural) risk reduction measures with strategic financing pathways and enhanced governance for critical public assets. The activity is based on PIM Regulations 2022 and standardised costing methodologies and probabilistic risk modelling through KENMod to allow for quantified analysis of how disaster risks impact GDP and fiscal aggregates to establish investment baselines and priorities. With this analysis, a national disaster risk-informed investment taxonomy can be developed and formalised, linking directly with strategic financing pathways for resilient critical assets protected by a multi-layered risk-layering strategy (linked to SP 4). In addition, strengthening governance and accountability ensures that resilience is built into the government's day-to-day operations and the budget lifecycle and strengthened governance accountability frameworks through national and county-level guidelines.

5. Develop County Resilience Investment Profiles and Financing Gap Analyses: Investment prioritization, informed by County Multi-Hazard Risk Profiles (see SP 1, Activity 3) should explicitly consider protection and continuity of critical national and county level services for at-risk users, including health, education, WASH and mobility, particularly for facilities expected to function during emergencies.

6. Advance innovative sovereign financing mechanisms for national DRR investment priorities: This activity includes a fiscal and macroeconomic assessment of (i) Debt-for-Resilience (DfR) swaps providing the necessary fiscal buffers against frequent disasters like floods; and (ii) Resilience Bonds to raise capital for resilient investments to help reduce future disaster risk. The successful deployment of these complex instruments depends on utilising advanced analytics provided by KENMod to provide the rigorous evidence base; building specialised skills like disaster risk modelling and legal structuring of state-contingent debt to meet fiduciary standards of global markets; and deliberate inter-agency coordination between the National Treasury, Central Bank of Kenya and sectoral MDAs through the National DRF Technical Working Group (see SP 1, Activity 1).

7. Secure sustainable financing for NCOFS, CCOFS or PSP, and the national meteorological observation network: This activity includes establishing dedicated and predictable funding streams (through the proposed DRM Fund, NCCF, or enhanced DCBT) to support the regular convening and operationalisation of NCOF and CCOF, PSP processes, and the expansion and maintenance of KMSA's national meteorological observation infrastructure. This includes upgrading AWS, radar coverage, and real-time data transmission systems, particularly in ASAL and urban areas to enhance the quality, coverage, and accessibility of climate and early warning information critical for risk-informed decision-making and DRF trigger mechanisms.

4.

Implementation matrix

The section presents the implementation matrix of each of the SPs, including the specific activities, baselines and targets, key performance indicators (KPIs) and critical institutions. Lead institutions for each activity are highlighted in bold and complemented by the listed supporting institutions.

GESI will be mainstreamed across all DRF activities, baselines, and KPIs to ensure gender-responsive and transformative outcomes. This will include the systematic use of disaggregated data to address current gaps in evidence, inclusive targeting to improve coverage of vulnerable populations, and gender-responsive budgeting to strengthen equitable resource allocation. These measures aim to address documented disparities in access to financing, participation, and resilience outcomes, particularly among women, persons with disabilities, and marginalized communities.

The implementation of the Strategy will be anchored within existing national policy, legal, and institutional frameworks, with the National Treasury providing overall leadership and coordination. Technical guidance, coordination and implementation monitoring will be supported by the National and County Level DRF Technical Working Groups (DRF-TWG) that will be established under Strategic Priority 1 of this Strategy. The National Treasury will embed within existing structures, a dedicated DRF function to manage resource allocation, risk layering, and integration into PFM and PIM systems. Line ministries, departments, and agencies, alongside county governments, will be responsible for sectoral and local implementation. Financial sector regulators and private sector actors will contribute to the development and scaling of risk financing instruments, while the National DRR platform, under which the National DRF-TWG is to be established, will facilitate engagement with CSOs, NGOs, construction practitioners, and development partners. This implementation structure will be reinforced by strengthened data sharing systems and a robust monitoring and evaluation framework to enhance coordination, accountability, and timely decision making.

4.1 Implementation Matrix

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
Strategic Priority 1: Enhanced coordination in disaster risk reduction, retention and transfer across national and county government institutions managing various mechanisms to finance disaster risks.						
1. Establishment and strengthening of national and county DRF coordination mechanisms	Establish a National DRF Technical Working Group (DRF-TWG) (under the National DRR Platform)	National DRF – TWG established	0 (DRF not integrated in the National or county level DRR Platform)	1	FY 27-28	TNT, Council of Governors, State Department for Special Programmes (NDOC) State Department for Interior and National Administration, State Department for TVET, NDMA, NDMU, SDSP
	Establish county DRF-TWG	# of Counties with established DRF – TWG	0	47		
	Develop Harmonized ToRs for use between National and County level DRF-TWGs	Harmonized DRF TWG ToRs for both National and County Governments approved	0	1		
	Engage in reviews and updates of relevant DRM policies, strategies and plans to integrate DRF components	Relevant policies, strategies and plans including a DRF Component	1 (DRM Strategy 2025-2030)	3		
2. Embed a pre-determined disaster cost-sharing mechanism into National and County level contingency plans	Embed a cost-sharing mechanism within National and County contingency plans, based on existing responsibilities disaster management assigned between national and county governments (complementing the Constitution and Legal Notice no. 86 of 2021)	# of national level contingency plans including cost-sharing mechanisms for at least 6 hazards	0	1	FY 26-30	TNT, State Department for Special Programmes (NDOC), NDMU, NDMA, CoG, State Department of ASALs, State Department for TVET, SDSP and other line ministries involved in contingency planning
		# of counties embedding cost-sharing mechanisms into contingency plans for at least two hazards	0	47		
	Update national and county level contingency planning templates to include a section on cost-sharing	Template includes cost-sharing section	0	1	FY 26-27	

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
3. Strengthening risk data, analysis and use in financing decisions	Finalization and operationalization of the Disaster Loss and Damage data tracking system and database	National Disaster Loss and Damage Data tracking system	0	1 Disaster Loss and Damage data tracking system finalized and approved, Loss and Damage database operational	FY 26-30	NDOC, NDMA, KMSA, KNBS, NT, NDMU, ASALs&RD, MoE, SDSP
	Finalise and operationalize Climate Risk Information System (Kenya County Climate Risk Profiles (45+ counties), Climate risk profiles available for 45/47 counties	Climate Risk Dashboard	0	Climate Risk Dashboard live and used	FY 26-30	KMSA
	Develop and operationalise a national digital interactive Multi-Hazard Risk Atlas that can be updated over time and integrate county-level multi-hazard risk profiles	National Digital Multi-Hazard Risk Atlas	0	1	FY 26-30	NDOC, KMSA, State Department for Resource Mapping and Remote Sensing, development partners, State Department for Interior and National Administration, State Department for ASALs&RD, KNBS
	Enable secure data sharing and facilitate private-sector data contributions through a data sharing and quality assurance protocol and bilateral agreements/ MoUs	# of data sharing protocols established	0	1	FY 26-30	State Department for Special Programmes (NDOC), NT (KNBS), NDMU, KMSA, KIPPRA, private sector
		# of bilateral agreements/MoUs for private-sector data sharing	0	3		

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
	Develop guidelines for harmonised updating, validating, and using disaggregated vulnerability and risk data (modelled on – and incorporating – existing tools like KIRA)	# of guidelines approved	0	1	FY 26-27	State Department for Special Programmes (NDOC), NT (KNBS), NDMU, KMSA, KIPPRA, private sector, NDMA, SDSP
4. Coordination with the Enhanced Single Registry to improve targeting of beneficiaries of key disaster risk financing instruments and programs.	Expand the use of Single Registry in DRF and DRR financing interventions and programmes to protect vulnerable populations from disaster impacts	# of agencies/ programmes utilizing data in the ESR to inform targeting or scalability	5	10	FY 26-30	SDSP/MDAs, County Governments
5. Develop guideline for coordinated humanitarian assistance and disaster-related displacement support	Development of a guideline for coordinating humanitarian donations from the public and other goodwill sources to victims of emergencies, disasters and humanitarian situations in line with Kenya's DRM priorities	Approved humanitarian donations guideline	0	1	FY 27-28	Special Programmes, MDAs, COG, TNT
Strategic Priority 2: Enhanced capacity and awareness in MDAs and county governments on the need to strengthen financing for disaster preparedness and response capacity for resilience.						
1. Conduct a targeted legislator sensitisation programme on DRF and financing for DRR under the National DRM Act 2026	Organise structured technical briefings for parliamentary committees and key legislators focusing on DRF coordination, disaster funds, and financing flows across national and county governments	# of technical sensitisation sessions conducted and number of legislators reached	0	5 technical sessions reaching ≥ 50 legislators and committee members	FY 26-27	The National Treasury (TNT), State Department for Special Programmes (NDOC), Parliamentary Committees, Senate

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
2. Support High level sensitization of policy decision makers at both national and county government on DRF	Organise high-level sensitization forums / meetings	# of sensitization forums / meetings held	0	5	FY 26-30	TNT, TVET
3. Strengthen the capacity of MDAs and counties in operationalizing DRF mechanisms; DRF reporting and compliance; and the use of climate information, loss and damage data; social registry; and anticipatory action for financial planning and disaster preparedness	Conduct training sessions at national and county level on DRF	# of trainings conducted	0	10	FY 26-30	TNT, CoG, KMSA, Development Partners, relevant MDAs
	Conduct training for data collection and handling across sectors	# of trainings conducted	0	2		
	Develop a DRF capacity building handbook	# of capacity building handbook developed	0	1		
4. Build technical capacity of National and County Governments implement Disaster Risk Management Funds	Conduct training sessions at national and county level	# of training events held	0	5	FY 26-30	TNT, COG

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
5. Strengthen the capacity of communities to prepare for disasters and mobilise resources for DRM	Co-creation and dissemination of hazard-specific and sector-specific early warnings	# of sensitisation forums held	99	396	FY 26-30	KMSA, NDOC, County Governments, CSOs, ASALs and R&D, NDMA, NDMU, MoH relevant MDAs
		# of hazard-specific and sector-specific early warning messages disseminated	4	28		
	Sensitisation of local DRR Committees and other community groups on resource mobilisation for DRM	# of county-level ToT trainings conducted to enable sensitisation sessions at ward level	0	47	FY 26-30	SDSP (Directorate of Social Development), CoG, KMSA, relevant MDAs
		# of ToTs trained per county	0	40		
		# of community groups successfully mobilise resources for DRM	0	1,450		
6. Expand tertiary-level training on financial instruments for risk reduction, risk retention and risk transfer and on risk data and modelling	Develop an occupational standard on DRF	Occupational standard on DRF developed	0	1	FY 26-28	State Department for TVET, TVETs in other line ministries, Kenya School of Government
Strategic Priority 3: Increased risk-based public financial management, transparency and accountability in disaster risk financing.						
1. Mainstream DRR and CCA financing into national and county budgeting and planning.	Integrate DRR and CCA into the annual national and county budget circulars	# of national budget circulars revised	0	1	FY 26-29	TNT, CoG, State Department for Economic Planning; National Disaster Operations Centre, State Dept. for Special Programmes (SDSP)
		# of county budget circulars revised	0	47		

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
2. Institutionalise harmonised tagging and tracking of public, private, and international expenditure on DRR and CCA	Develop a harmonised guideline and template for climate and disaster related budget tagging and tracking	Guidelines on climate and disaster related expenditures finalised, harmonised and approved	0	1	FY 26-30	TNT
	Integrate harmonised climate and disaster codes into the Integrated Financial Management Information System (IFMIS)	% of harmonised climate and disaster codes integrated into IFMIS	0	100%		
	Conduct annual budget tagging	% of budget lines with functional DRR tags / year	0	100%		
	Publish annual expenditure tracking reports	# of Annual expenditure tracking reports published	0	4		
3. Revise the Public Investment Management Regulation 2022 to integrate disaster and climate risk screening	Update the Regulations to incorporate climate and disaster risk considerations	# of revised regulations issued	0	1	FY 26-29	The National Treasury (PIM Dept.)
	Sensitisation of MDAs on the updated regulations and guidelines	% of projects screened for climate- and disaster-related risks	0	50%		
4. Revise the Public Private Partnership Regulations to integrate climate and disaster risks into public private partnership frameworks to promote resilient PPP projects	Update the PPP Regulations to incorporate climate and disaster risk considerations	# of revised regulations approved	0	1	FY 26-28	The National Treasury (PPP Directorate)

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
5. Establish an analytical baseline for comprehensive resilience financing to support the DRFS implementation	Conduct a DRF diagnostic assessment	# of diagnostic assessments conducted	0	1	FY 26-28	TNT, development partners
	Conduct a performance review of Kenya's risk retention and risk transfer instruments	# of assessments conducted	0	1		
	Conduct a baseline and gap analysis of Kenya's financial instruments for risk reduction	# of baseline and gap analysis reports conducted	0	1		
Strategic Priority 4: Improved financing capacity through strengthened and expanded government portfolio of risk retention and transfer instruments.						
1. Establish a dedicated national fund for resource mobilization for efficient and effective disaster risk management	Finalise and operationalise the national Public Finance Management (Disaster Risk Management Fund) Regulations	# of regulations to establish the Fund approved by Parliament	0	1	FY 26-28	TNT, Ministry of Interior and National Administration, Office of the Attorney General and Department of Justice
2. Support the establishment of County Level Disaster Risk Management Funds	Develop model County DRM Fund regulations	# of model DRM Fund regulations/guideline developed	0	1	FY 27-28	TNT, CoG
		# of counties with an established DRM fund	0	47	FY 27-30	
3. Review the PFM Act CAP 412A to mandate all County Governments to establish County Level Emergency Funds	Amend the Act with provisions making it mandatory for County Governments to establish County Level Emergency Funds	PFM Act amended	0	1	FY 26-29	TNT, CoG, Office of the Attorney General and Department of Justice

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
4. Establishment of a Contingent Emergency Response Programme/ Rapid Response Option Programme under Kenya's World Bank IDA Portfolio	Establish RRO under Kenya's World Bank IDA Portfolio	# of Rapid Response Option Programmes developed and operationalised	0	1	FY 26-27	TNT, World Bank
5. Re-design the National Drought Emergency Fund (NDEF), to create mechanisms to increase attractiveness of the Fund to resource partners with interest in disaster risk financing	Amend the PFM Act (NDEF Regulations) 2021, to establish flexibility on fund components, to accommodate interests of resource partners	# of amended PFM Act (NDEF Regulations) 2021	0	1	FY 26-27	NDMA (NDEF), State Department for Special Programmes, TNT, State Law Office, and State Department for ASALs & RD
	Review the NDEF Guidelines to enhance mechanisms for disaster risk financing partnerships with stakeholders, including communities	# of NDEF Guidelines reviewed	0	1	FY 26-27	NDMA (NDEF), State Department for Special Programmes, TNT, State Law Office, and State Department for ASALs & RD, Other relevant MDAs
	Enhance annual resources mobilization from government and resource partners through high-level engagement sessions with key stakeholders, to support response, shock-responsive cash transfers, and drought recovery needs	% increase in annual resource mobilized	0	100%	FY 26-29	Office of the Deputy President, NDMA (NDEF), State Department for Special Programmes, TNT, State Law Office, and State Department for ASALs & RD, Other relevant MDAs

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
	Establish a Private Sector Co Investment & Innovation Window within NDEF to crowd in private capital, technology, and operational capabilities	% of the total annual Fund allocation to be contributed by the private sector	0	25%	FY 26-28	Office of the Deputy President, PPP Directorate, Ministry of Investments, Trade & Industry, NDMA (NDEF), State Department for Special Programmes, TNT, State Law Office, and State Department for ASALs & RD, Other relevant MDAs
6. Develop additional sovereign pre-arranged financial instruments that are suitable for Kenya's context	Assess the feasibility and VfM of potential instruments, shortlisted on the basis of the results from SP 3 Activity 6	# of instruments assessed in feasibility / VfM assessment	0	5	FY 26-30	TNT
	Assess the feasibility of public asset insurance, linked to the ongoing process of establishing standardised public asset reporting	# of feasibility studies conducted	0	1		
	Through the DRF Technical Working Group, initiate a technical co-creation dialogue on how to better structure market-based disaster risk transfer instruments for Kenya	# of technical forums convened	0	4		
	Select and develop additional sovereign pre-arranged financial instrument	# of risk transfer products developed	0	2		
		# of instruments selected and developed	0	2		

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
Strategic Priority 5: Strengthened key pre-arranged programmes to protect the most vulnerable populations from the impacts of disasters and contribute to building resilience.						
1. Scale up the Kenya Agricultural Insurance Programme (KAIP)	Expand KAIP to cover more counties	# of counties on-boarded to the programme	38	42	FY 26-30	State Department of Agriculture, County Governments, Private sector partners, CoG
		# of farmers who have procured insurance cover for their enterprises	1.6 million	5 million		
	Expand KAIP to cover additional crops while aligning with KSEIP II component 2a & 2b (EIP/EIP-Plus) and linkages to FSRP.	# of new value chains on-boarded to the programme	4	10		
2. Develop agricultural insurance guidelines for use by agricultural insurance stakeholders	Develop guidelines for agricultural insurance	Agricultural insurance guidelines developed and deployed for use	0	1	FY 26-28	SDA, SDL, SDF & Blue Economy, National Treasury.
3. Develop regulations to operationalize agricultural insurance class under Insurance Act Cap 487	Develop agricultural insurance regulations	Agricultural Insurance Regulations developed and approved	0	1	FY 26-29	Insurance Regulatory Authority, National Treasury, SDA, SDL, SDF & Blue Economy, CoG

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
4. Provide an integrated package of financial services to build the climate resilience of pastoralists	Expand subsidized Index-Based Livestock Insurance (IBLI) as a core disaster risk financing tool to protect pastoralist livelihoods from severe drought losses including linkage with KSEIP II (component 2b).	Cumulative Number of IBLI policies	294,000	400,000	FY 26-29	State Department for Livestock Development, Zep-Re, KDC, CoG, County Governments, IRA, Financial Service Providers, NDMA (KSEIP II)
	Promote proactive risk preparedness by encouraging savings among pastoralist households to enable timely response to moderate drought shocks	Cumulative Number of people with digital savings accounts through the respective partners	12,000	40,000		
	Invest in inclusive digital registration, identification, and payment systems tailored to mobile pastoralists to ensure rapid, transparent, and scalable financial support before and after shocks	# of Digital Accounts in use through the respective partners	224,000	304,000		Zep Re (digital policy registration), Financial Service Providers, SDL
			500	2,000		KDC (Mifugo wallet), Private sector
	Mobilize private capital investment into livestock value chains to reduce drought impacts	Amount of Private Capital Mobilized through the facility to de-risk private investment (KSh) through the respective partners	KSh 17 billion	KSh 23 billion		ZEP Re, Private insurers and Reinsurers
			KSh 1.8 billion	KSh 4.8 billion		KDC, SDLD
	Develop a mechanism for accelerated livestock off-take triggered by disaster early warning	# of mechanisms for accelerated livestock off-take	0	1	FY 27-30	SDLD, ASALs and R.D, NDMA, Private Sector, , Development Partners, Communities

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
5. Expand HSNP shock-responsive (scalable) cash transfers across the drought prone ASALs	Carry out household registration and wealth ranking, in the enhanced single registry (ESR) across the drought prone ASAL counties	# of ASAL counties with household registration and wealth ranking in the enhanced single registry (ESR)	8	28	FY 26-27	NDMA, TNT, State Law Office, and State Department for ASALs & RD, Other relevant MDAs
	High-level engagement with key stakeholders to secure guarantees for shock responsive cash transfers for all drought prone ASAL counties	# of high-level engagements with key stakeholders per year	4	10	FY 26-29	
	Establish mechanisms to avail alternative financing instruments for shock-responsive cash transfers for the drought prone ASAL counties including trigger-based emergency cash transfers as outlined under KSEIP II (component 3c)	# of alternative instruments for financing shock-responsive cash transfers	1	3	FY 26-29	
	Develop a graduation mechanism to wean beneficiaries off the unconditional cash transfer programme, once they attain threshold resilience cushion, and to move them to the shock-responsive beneficiary category	# of graduation mechanisms developed for unconditional cash transfer programme	0	1	FY 26-28	NDMA, TNT, State Department for ASALs & RD, Other relevant MDAs
6. Establish and operationalize a comprehensive and sustainably financed Child Protection and Vulnerable Households Disaster Risk Financing (CP-VH DRF) Programme	Legal and financing architecture: Gazette the PFM (Child Welfare Fund) Regulations under the PFM Act, 2012, to facilitate response to the plight of children in emergencies and humanitarian crisis and support their prompt reintegration and reunification with their families and communities.	PFM (Child Welfare Fund) Regulations, 2026 developed and approved	0	1	FY 26-30	TNT, SDCS, SDSP), NDMA, (NDOC), Attorney General's Office, UNICEF, WFP, FCDO (HSNP), World Bank, Council of Governors (CoG)

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
	Operationalization of layered financing: Activate the risk retention layer (KSEIP II emergency funds + Child Welfare Fund) to automatically scale up CT-OVC and HSNP transfers (vertical/horizontal expansion) based on gazetted NDMA drought/flood triggers.	Risk Layering and Financing Strategy approved, explicitly identifying KSEIP II's emergency assistance allocation as part of the risk retention layer	0	1	FY 26-30	TNT, SDCS, SDSP, NDMA, World Bank
	Implement the Climate Resilient Education Systems Trial (CREST) to protect children's education during climate shocks embedded with education linked trigger design embedded with education linked trigger design..	CREST pilot fully operational across target counties, with: Joint SDCS-SDBE rapid response protocol activated within 72 hours of climate trigger Referral pathways established between schools and child protection services CREST lessons incorporated into national DRFS and education sector contingency plans • M&E framework tracking education continuity and child protection outcomes during climate events	0	1	FY 26-28	State Department for Children Services (SDCS), State Department for Basic Education (SDBE), IRC, FCDO, NDMA, The National Treasury

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
7. Establish a financing mechanism for the scalability of the CCTP to support persons affected by disasters	Develop and operationalise the PFM (Social Protection Fund) as a contingency reserve to fund the rapid expansion of the CCTP to support people affected by shocks, including those affected by disasters	PFM (Social Protection Fund) Regulations approved by parliament	0	1	FY 26-28	TNT, SDSP, other line ministries, Parliament
	Provide/disburse emergency cash transfers to persons/households affected by disasters	% of households mapped who received emergency cash transfers	0	100%	FY 28-20	SDSP, TNT, development partners
Strategic Priority 6: Increased financing for disaster risk prevention and preparedness to reduce future disaster risk						
1. Support mechanisms and processes to access multilateral, bilateral, domestic and international public and private funding for climate-related disaster risk management	Develop and operationalize SOPs for inter-agency coordination between the National Designated Authorities (TNT) and National Implementing Entities (NIE)	Streamlined SOPs active	0	1	FY 26-27	TNT - Climate Finance & Green Economy Unit / Financial and Sectoral Affairs Dept., Ministry of Environment, Climate Change and Forestry (MECCF), NDOC, NDMA, State Dept for Economic Planning
	Streamline "No-Objection" procedures and leverage climate finance mapping from updated Climate Action Plans (CAPs) to move from project identification to an investable pipeline of high-quality proposals	Avg. time (months) from concept to NDA endorsement	>12 months	≤6 months		
		# of investable national DRR proposals submitted to GCF/AF/GEF	4 to GCF; 4 to AF proposals; 10 to GEF	20 proposals to GCF/AF/GEF		
2. Mobilising commercial capital through resilient PPPs Frameworks to de-risk DRR infrastructure	Explore PPP opportunities within DRM to address inefficiencies in data management and responsiveness	# of resilient PPP feasibility studies completed	0	4	FY 27-29	TNT (PPP Directorate), Attorney General, Private Sector Alliance (KEPSA), NDOC, NDMA

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
	Utilize the PPP Project Facilitation Fund (PFF) for viability gap funding and conduct market sounding for resilience bonds	# of pilot resilient PPP projects legally structured and tendered	0	2		
		# of PPP agreements signed with embedded resilience clauses	0	2		
		% increase in the contribution of private capital mobilized for DRR	Negligible private sector contribution to DRR	50%		
3. Establish performance-based financing for local, community-led DRR that integrates risk analysis, leverages mandated local co-financing, and prioritises DRR projects for vulnerable populations	Standardize Participatory Climate Risk Assessment (PCRA) tools to include disaster scenarios and establish a simplified Ward-Level Resilience Index to inform local planning	Official adoption of the standardized ward level resilience metric by the CoG	No metric	Metric adopted	FY 26-27	CoG, TNT, NDOC, NDMA
		% of wards with updated, DRR-inclusive risk profiles	0	60%		

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
	Design a DRR Performance Grant window utilizing FLLoCA infrastructure, setting Minimum Access Conditions (MACs) requiring counties to demonstrate risk-informed planning and mandated co-financing	% of counties meeting DRR MACs	0	100%	FY 27-30	TNT (FLLoCA PIU), CoG, County Assemblies Forum
		% of counties successfully accessing the new DRR Performance Grant Window	0	50%		
		Volume of funds (KSh) disbursed via PbF model	FY 2023/24 tranche (FLLoCA): KSh7.4 billion released to 44–45 counties for initial resilience investments (CCRI)	2X additional funds released to all counties as DRR-focused resilience investment grants		
		% increase of direct beneficiaries in high-risk zones covered	1.15 million	50%		
	Develop guidelines for mainstreaming DRR in county integrated development plans (CIDPs)	Mainstreaming guidelines for DRR in CIDPs in place	0	1	FY 27-28	TNT, CoG, County Disaster Management Committees (CDMCs)
4. Develop a costed, risk-informed National Resilience Investment Plan	Finalise the geo-spatial database of critical national- and county-level public assets (transport, water, energy, biological infrastructure); overlay with probabilistic hazard maps to identify at-risk infrastructure	% of critical national assets geo-referenced and mapped against 10/50/100-year return periods	Asset registry compilation is ongoing	100%	FY 26-28	TNT (National Assets & Liability Management), State Dept for Economic Planning, NDOC, Kenya Space Agency, Sector Ministries
		Consolidated Critical Asset Exposure Map completed and published	0	1		

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
	Partner with UN and research agencies to conduct CBA on prevention options to quantify economic justification for priority investments; use modelling outputs to develop asset-level and sector-level risk baselines	# of prioritised projects for which Benefit-Cost Ratio is established, including quantification of total avoided damage value (KSh)	N/A	10	FY 26-28	TNT (PIM Unit), State Dept for Economic Planning; Engineers Board of Kenya, NDOC, Kenya Met Dept (KMD), KNBS, Academia, Development, UN and research agencies, Partners (UNDRR, WB, IMF)
	Analyze how 'hardening' assets reduces insurance premiums; identify private capital de-risking opportunities	% reduction in sovereign insurance premiums	N/A	30%	FY 27-29	TNT (Debt Management Office/PPP), Insurance Regulatory Authority (IRA); State Dept for Economic Planning; Development Partners (UNDRR); Re/insurance sector
	Consolidate the prioritized list into a public National Resilience Investment Pipeline categorized by funding source (Budget, Donor, PPP)	Official National Resilience Investment Pipeline launched	0	1	FY 28-29	TNT (Financial Affairs, PIM Unit), Vision 2030 Secretariat, Auditor General
		# of bankable DRR projects listed	0	10		
		% of pipeline projects funded by external/ private partners	N/A	50%		
5. Develop County Resilience Investment Profiles and Financing Gap Analyses	Review County Integrated Development Plans (CIDPs) to identify unfunded DRR needs and calculate the total resilience financing gap per county	# of County DRR Investment Profiles completed and validated that include quantification of total resilience financing gap	0	75%	FY 26-28	CoG / County Treasuries, Commission on Revenue Allocation (CRA), TNT, Development partners

Activity	Implementation means/Sub-activities	KPIs	Baseline	Target	Timeline	Lead institution
6. Advance innovative sovereign financing mechanisms for national DRR investment priorities	Undertake a macroeconomic assessment of the debt portfolio to identify DfR swap feasibility, creating fiscal space for DRR investments	Presentation of DfR Feasibility Paper and Term Sheet, including identified eligible debt stock volume for swaps, to Cabinet	0	1	FY 26-27	TNT (Debt Management Office), Ministry of Foreign Affairs, CBK, Development partners
	Strengthen technical capacity for structuring complex finance mechanisms through specialized training for Debt Management Office (DMO) and PPP units on structuring derivatives, swaps, and insurance-linked securities	# of Specialist officers certified in innovative financing for DRR	0	20	FY 26-30	Kenya School of Monetary Studies / TNT, Development Partners, CDP UNDRR, WB, IMF
7. Secure sustainable financing for NCOFS, CCOFS, PSP, and national meteorological observation network	Establish dedicated funding streams for NCOFS, CCOFS, PSP	# of functional NCOFS/ CCOFS/PSP sessions annually	0	4	FY 27-30	KMSA, NDOC, NDMA, CoG, TNT
	Expansion of KMSA observation infrastructure (AWS, radar, data platforms) to improve climate information for DRF triggers	% increase in operational observation stations	~40 synoptic weather stations	80% increase	FY 27-30	KMSA, NDOC, NDMA, CoG
		# of DRF instruments using KMSA forecasts/ triggers	5 active instruments - see table 3	10 active instruments	FY 27-30	TNT, KMSA, NDOC, NDMA

4.2 Resource Requirements

The implementation of this Strategy shall be supported by financial resources that will have been duly budgeted for, including through support that will be received from various partners.

4.3 Review

The DRF Strategy 2026–2030 shall be subjected to a structured, clearly defined, and time-bound review framework to ensure continuous learning, accountability, and alignment with evolving national priorities and disaster risk dynamics. As part of this framework, a Mid-Term Review (MTR) will be conducted covering the implementation period from July 2026 to December 2028, with the review process undertaken between January 2029 and June 2029 and finalization scheduled for June 2029. A comprehensive end-term review will subsequently be carried out between July 2031 and December 2031 to assess overall performance and inform the design of the next DRF strategy cycle.

Complementing these periodic reviews, annual progress reviews will be undertaken as part of routine monitoring and evaluation to track implementation performance, support adaptive management, and enable timely corrective action, thereby ensuring the Strategy remains on course towards achieving its intended objectives.

4.3.1 Mid-Term Review (MTR)

The MTR will serve as a comprehensive stocktaking exercise to assess progress, performance, and strategic direction. Specifically, the MTR will assess:

1. **Implementation Progress and Performance:** The extent to which planned activities, outputs, and outcomes are being achieved against the results framework, including adherence to timelines, budgets, and institutional responsibilities.
2. **Relevance and Strategic Alignment:** Continued alignment of the Strategy with evolving disaster risk profiles, climate trends, economic and social vulnerabilities, fiscal conditions, and national development priorities, including the Medium-Term Plan (MTP).
3. **Effectiveness of DRF Instruments:** Performance of financial instruments such as contingency funds, insurance mechanisms, and budget reallocations in delivering timely and adequate resources.
4. **Institutional Coordination and Capacity:** Effectiveness of coordination across MDAs, county governments, and stakeholders, including capacity gaps.
5. **Resource Adequacy and Efficiency:** Adequacy, predictability, and efficiency of financial resources and value for money.
6. **Policy, Legal, and Regulatory Environment:** Implications of changes in laws, policies, and regulations on Strategy implementation.

The MTR further provides a structured assessment of implementation progress by identifying key challenges, bottlenecks, and emerging risks that may affect the achievement of intended results, while also documenting lessons learned and good practices. Based on this assessment, the MTR sets out clear, evidence-based recommendations and strategic adjustments to improve impact, enhance sustainability, and strengthen implementation effectiveness while ensuring that the strategy remains relevant, responsive, and aligned with its objectives.

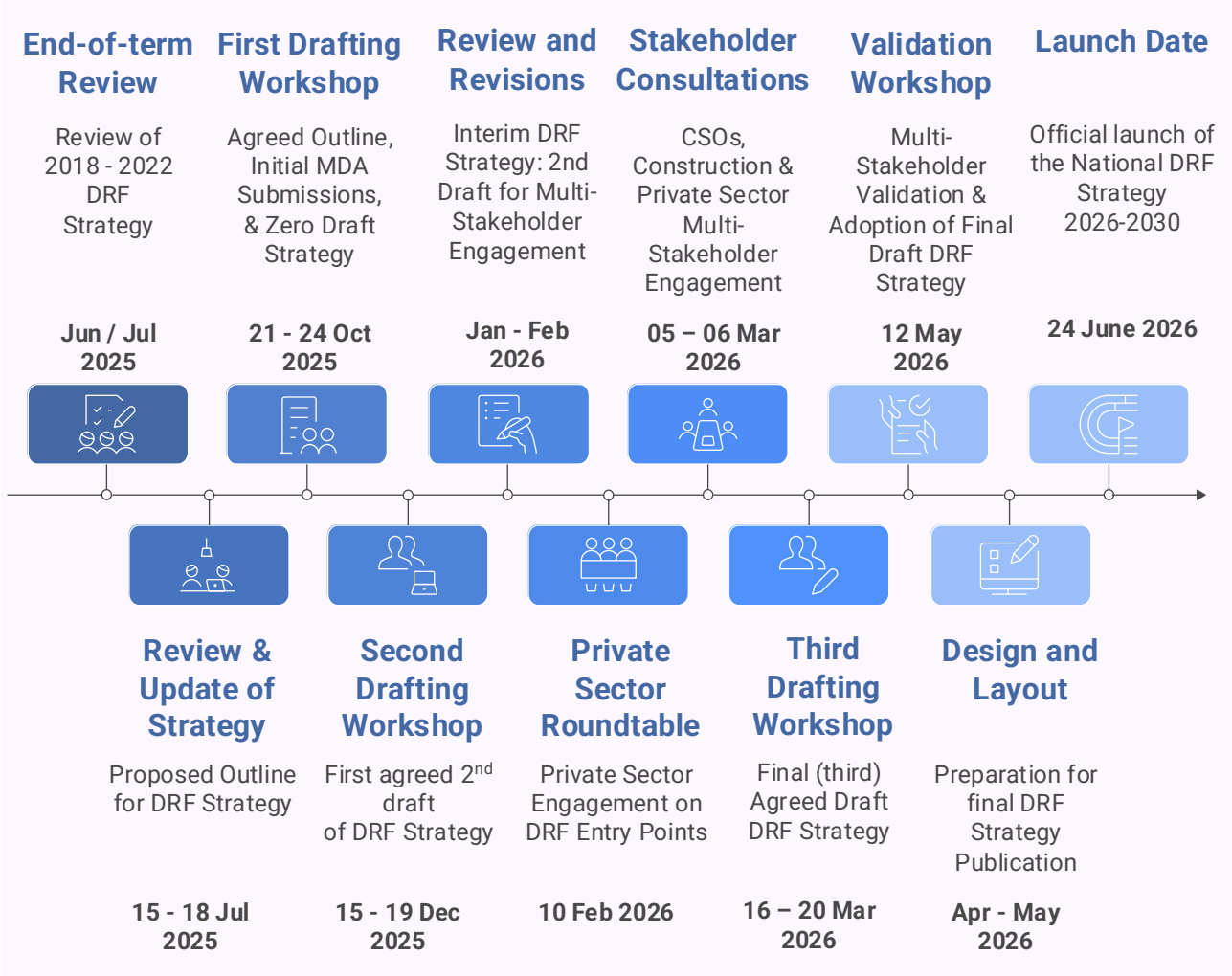
4.3.2 End Term Review (ETR)

The ETR will provide a summative assessment of the overall performance and impact of the Strategy, including achievement of intended outcomes, sustainability and inclusiveness of interventions, and contribution to national resilience objectives.

Given the dynamic and uncertain nature of disaster risks, this review framework is designed to support timely recalibration, adaptive management, and continuous improvement, ensuring that the DRF Strategy remains responsive, evidence-based, and results-oriented throughout its implementation period.

Annexes

Annex 1: Kenya DRF Strategy 2026-2030 Development Process



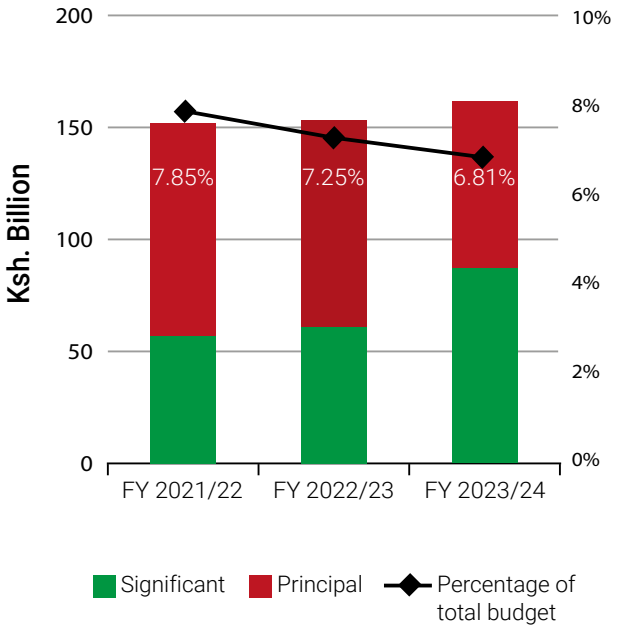
Annex 2: Detailed description of existing and previously implemented financing instruments for DRM

This annex summarises the current state of risk reduction, risk retention and risk transfer instruments and outlines gaps in the DRM financing landscape in Kenya.

Risk reduction

Financial instruments for risk reduction provide funding for interventions that prevent, reduce and mitigate the risk of disasters before they happen. They also fund interventions that strengthen preparedness so that disaster responses can be faster and more effective when they are needed, including preparedness measures that address differentiated risk exposure and access barriers faced by women, persons with disabilities, and other at-risk groups. These instruments can be arranged at any time, and, unlike risk retention and risk transfer instruments, which are pre-arranged financing instruments to release funds triggered by a disaster, they can make resources available without depending on the occurrence of a specific disaster event.

Figure 8: Budget allocations for disaster risk reduction, 2021-2024



Source: GoK (2025) Disaster Risk Reduction and Climate Change Adaptation Budget Tagging: Kenya Country Report.

Budget allocations/appropriations: Budget allocations and appropriations for DRM in Kenya, triggered through the National Treasury Circulars, include annual provisions in DRM sector plans and CIDPs, financial provisions for DRM interventions in the annual budgets of MDAs and County Governments. Thus, they collectively support mainstreamed investments in disaster prevention, preparedness, mitigation, response and recovery across both levels of government.

Between 2021-2024, the Government of Kenya approved average budget allocations of around 7.3% of the total budget towards (sub-)programmes with principal or significant contributions towards DRR (Figure 8).[45] Interestingly, the largest spenders on DRR are not the disaster risk management institutions whose budgets remain rather limited, but the sectoral agencies where DRR is treated as a cross-cutting priority, in particular the State Department for Crop Development, State Department for Irrigation and State Department for Medical Services in FY 2023/2024. Figure 9 presents a more detailed breakdown by State Department.

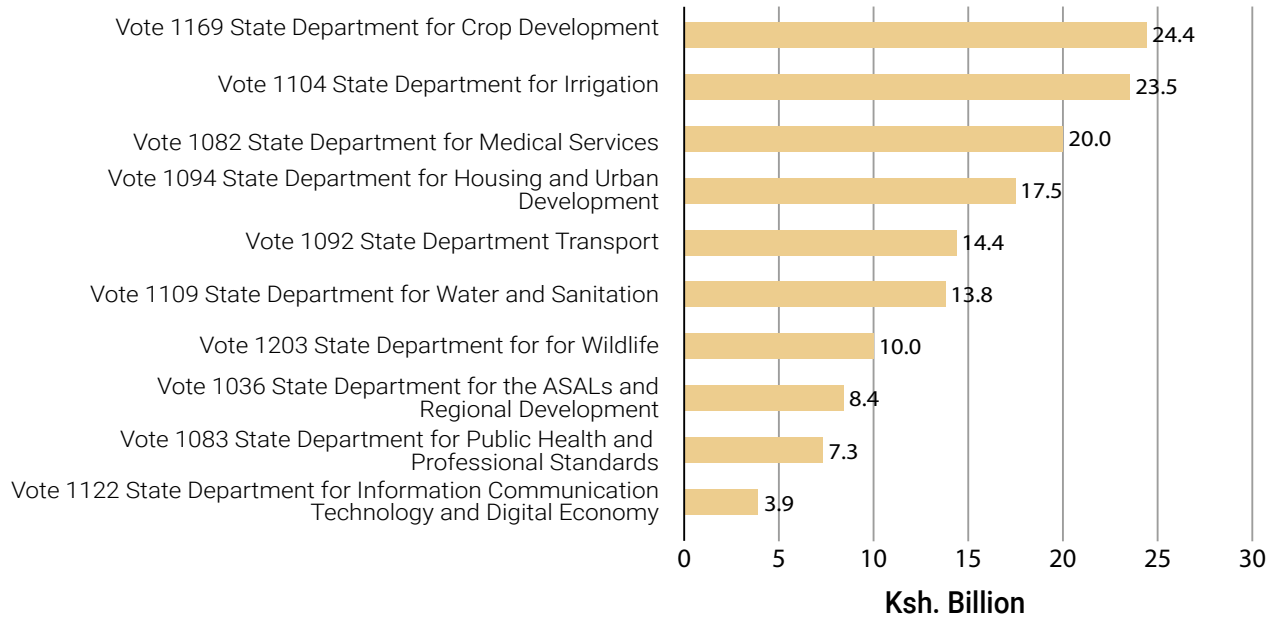
Loans: Kenya has been utilising development loans to finance DRR infrastructure and climate adaptation. For instance, the World Bank funded the Kenya Water Security and Climate Resilience Project invested in flood protection works and water storage to mitigate climate variability. Similarly, the Kenya Climate-Smart Agriculture Project (started 2017) directed loan resources toward drought early warning systems and resilient farming practices.[46] Such projects have helped reduce disaster risk in key sectors.

Grants: Kenya has received official development assistance (ODA) in the form of grant support for activities with significant or principal risk reduction objectives from international partners to an estimated total amount of over US$ 360 million between 2018 and 2023 (Figure 10). Grant financing provides flexibility to pilot and scale gender- and disability-responsive DRM approaches, including community-based preparedness, inclusive early

45 Here, a budget line is "'principal" if it directly and explicitly contributes to DRR. Were it not for the DRR objective, the activity would be unlikely to be approved for funding'. A budget line is considered "'significant" if the DRR objective is explicitly stated and the budget line helps meet those objectives, but they were not its primary motivation. It might be funded anyway, but the DRR objectives may help to tip the balance in the search to secure funding." Source: UNDRR (2023) Budget tagging for Disaster Risk Reduction and Climate Change Adaptation: Guide for design and taxonomy.

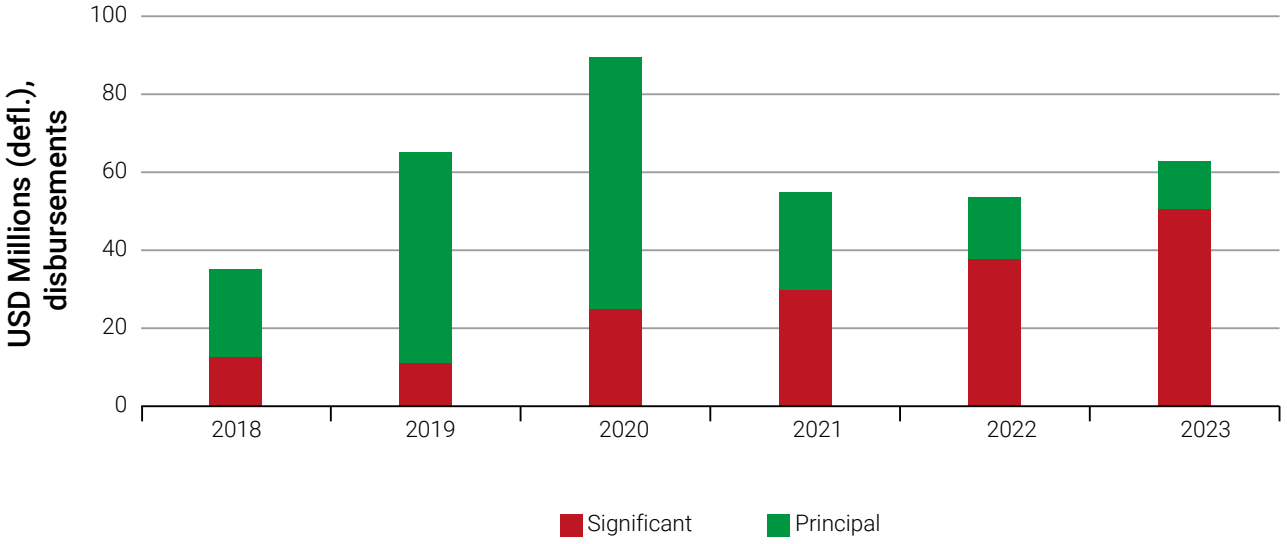
46 The World Bank. (2018). Disaster Risk Management Development Policy Credit with a Catastrophe Deferred Drawdown Option (Cat DDO). In The World Bank.

Figure 9: Disaster risk reduction allocations by State Department, FY 2023/2024



Source: GoK (2025) Disaster Risk Reduction and Climate Change Adaptation Budget Tagging: Kenya Country Report.

Figure 10: ODA grant disbursements with significant and principal DRR objectives



Source: Calculations based on OECD DAC Creditor Reporting System data.

warning systems, and targeted capacity-building for actors working with at-risk groups.

Tax breaks and fiscal incentives: The Kenyan government has implemented some fiscal measures to incentivise risk reduction and resilience investments. The National Green Fiscal Incentives Policy Framework (2023) provides a structured basis for aligning fiscal policy with climate resilience and environmental sustainability objectives. It outlines principles for the use of fiscal measures to encourage investment in green growth, adaptation, and risk reduction. While this framework creates an enabling environment for resilience-oriented fiscal policy, Kenya's overall use of tax breaks and related fiscal measures specifically targeted at disaster risk management has remained limited to date.

Sovereign Bonds (Infrastructure and Green Bonds): Kenya regularly issues government bonds to raise capital for development, including infrastructure that can enhance resilience through DRM mainstreaming at design and implementation (such as dams, roads, and irrigation systems). In the climate finance space,

Kenya made strides by facilitating the first Green Bond issuance in 2019, a KSh 4.3 billion bond by a private issuer for green buildings.[47] While this is relatively modest in macroeconomic terms (0.1% of the national budget at the time), it demonstrated investor appetite for climate- and disaster-aligned financing and helped establish the needed regulatory and investor frameworks.

Risk retention

Financial instruments for risk retention secure pre-arranged funding for interventions that mitigate risks and provide funding for disaster response, recovery and building back better. The government retains the risk on its balance sheets, in contrast to risk transfer, where the risk is transferred to insurance and capital markets. Risk retention includes budget allocations, contingency funds, or contingency loans which release funding triggered by a disaster.

Contingencies Fund: The Contingencies Fund is established under the Constitution of Kenya, 2010, as a public fund to cover "urgent and unforeseen" expenditure for which no legislative authority exists. Under the PFM Act CAP 412 A, the Fund consists of money appropriated from the Consolidated Fund via an Appropriations Act. The fund is administered by the National Treasury. The PFM Act caps the "permanent capital" of the Fund at an amount not exceeding KSh 10 billion or such other amount as may be prescribed by the Cabinet Secretary for the National Treasury with the approval of Parliament. When money is disbursed from the fund, under Article 223 of the Constitution, a "supplementary appropriation" (or supplementary estimates) must later be presented to and approved by Parliament to regularise the expenditure.

National Drought Emergency Fund (NDEF): A dedicated Fund established under the Public Finance Management Act CAP 412 A and operationalised through the PFM (National Drought Emergency Fund) Regulations 2021, administered by NDMA. The Fund was established to finance drought preparedness, early action, response and recovery, avoiding delays that come with ad-hoc appeals or reallocations. However, securing sustained contributions to the Fund has been challenging. While the NDEF's regulations stipulate contributions of KSh 2 billion, cumulative funding as of FY 2025/2026 only reached KSh 872 million through budget allocations. First, tight fiscal space and competing budget priorities limit the National Treasury's ability to meet the stipulated KSh 2 billion capitalization target. Second, the absence of strong legal enforceability and automatic appropriation mechanisms means that annual contributions remain discretionary rather than rules-based, leaving allocations vulnerable to cuts or reallocations under fiscal pressure. Third, the NDEF has struggled to attract development partner support due to concerns around governance, transparency, and alignment with international fiduciary standards, with partners often preferring alternative financing channels.

County Emergency Funds (CEF): Provided under the Public Finance Management Act, CAP 412 A, section 110. The CEF provide local-level emergency funds, meant to allow rapid response to disasters or urgent unforeseen needs with oversight by the County Assembly, and within legal and financial constraints. During a financial year, payments from the CEF are capped: the county may not spend more than 2% of its previous year's total audited revenue.

Hunger Safety Net Programme (HSNP): The program delivers unconditional cash transfers to chronically poor households in Kenya's eight northern arid and semi-arid counties through routine bi-monthly payments reaching over 600,000 people regularly. In case of drought, HSNP enables rapid scale up through NDMA's early-warning triggers comprising of vertical (higher payments) and horizontally (additional households) expansion reaching up to 2.1 million people in crises. For example, in September 2025, NDMA disbursed KSh 422.5 million to 132,779 households across eight arid counties (Mandera, Marsabit, Wajir, Turkana, Samburu, Isiolo, Garissa, Tana River), covering August stipends at KSh 2,700 per household. The World Bank supported KSEIP enhance the National Safety Net Program (NSNP) delivery, including HSNP through cash-plus programmes such as Elderly and Single Persons cash top-up of KSh. 500 per household. Since 2020, HSNP cash transfer payments have been financed directly from domestic public resources, while donors mainly support technical assistance and system strengthening.

Development Policy Loan with Catastrophe Deferred Drawdown Option (Cat DDO): The Kenya Cat DDO was a World Bank contingent credit line, which served as an early financing instrument in the event of natural and health-related shocks.

47 Sabare, O. (2022). Sustainable Finance in Kenya; An overview of green bonds, low carbon development and ESG reporting. SSRN Electronic Journal.

The funds become immediately accessible once a predefined trigger, often a state of emergency declaration, is met. Kenya became the first African country to secure such funding in 2018 and successfully drew the entire amount in two tranches: (a) US$ 70 million in response to floods at the end of 2019 and (b) US$ 130 million to finance COVID-19 response efforts in 2020.[48] Key lessons learned include, i) a successful Cat DDO needs to align actions with government priorities and match the dialogue with technical assistance; (ii) DRM policy is most effective when based on adequate risk identification, including both physical and fiscal risks; and (iii) it is important to position the CAT DDO within a broader DRF strategy.[49]

Risk transfer

Risk transfer instruments such as insurance policies or catastrophe bonds shift a portion of disaster-related financial risk to external parties, for instance, insurance, reinsurance companies or risk pools (in the case of insurance) or to the capital market (in the case of catastrophe bonds). Like risk retention instruments, risk transfer instruments are pre-arranged and based on a trigger for payout. This supports rapid, reliable liquidity after a disaster, thus reducing dependence on ad hoc post-disaster financing mechanisms.

Risk transfer instruments rely on either government or market systems to ensure payouts from these instruments lead to timely, efficient and inclusive disaster relief in case of a disaster. This can be supported through pre-arranged emergency rules and contingency plans within the public administration and public financial management systems and through using existing social protection registries.

De-risking, Inclusion and Value Enhancement of Pastoral Economies (DRIVE) Initiative: DRIVE is a 5-year project launched in 2022 under the World Bank's Horn of Africa Initiative. In Kenya, it builds on experiences from the preceding Kenya Livestock Insurance Programme (KLIP) and aims to protect pastoralists against recurring drought shocks with a package of financial services, including drought index insurance and savings package for household-level risk retention, as well as linkage to financial services. So far, DRIVE has scaled up index-based livestock insurance in 21 ASAL counties. Over 140,000 pastoralists have been insured under KLIP since its inception, resulting in total claims of KSh 640 million paid against severe drought events. In total, the premium subsidy, enrolment savings and livestock insurance payouts to pastoralists amounted to over KSh 2 billion[50].

Kenya Agricultural Insurance and Risk Management Programme (KAIRMP): KAIRMP was launched in 2015/2016 to offer partially subsidised crop insurance against climate-related risks to Kenyan smallholders. By 2025, out of the 7.2 million farmers captured in the Kenya Integrated Agricultural Management Information System (KIAMIS), only 1.6 million had procured a cover for their crop enterprises, leaving the majority predisposed to the negative impacts of extreme weather patterns and climate change. At the same time, the KAIRMP had been partially implemented in 38 counties out of the 47 counties in Kenya, with the Government of Kenya providing subsidy support. Gaps include the programme's focus on a lean crop portfolio comprising Maize, Irish Potatoes, Sorghum and Onions, a lack of sub-sector specific regulations for agricultural insurance, and the absence of operational guidelines governing product design and delivery, enrolment, and subsidy support. This has led, at times, to long delays in farmer compensation and a slow season onset resulting in reduced trust in the programme.

Sovereign Insurance: The Government of Kenya has taken out sovereign insurance through the ARC in the past. The insurance arm of ARC, ARC Ltd., provides sovereign parametric insurance against drought, flood, and tropical cyclone to African governments and humanitarian agencies through a shared risk pool. Kenya joined the ARC risk pool in FY2014/15 and FY2015/16, buying drought cover for both rainy seasons (up to US$ 30 million per season for an annual premium of US$ 9 million), but no payouts were triggered in either year. In part, this was because the countrywide insurance unit failed to capture the differences in drought conditions between ASAL and non-ASAL areas. Although the FY2015/16 policy introduced this distinction, it still did not trigger for localised droughts, leading Kenya to discontinue the policy. NDMA has been working with ARC to technically review the drought model

48 Development Projects Disaster Risk Management Development Policy Credit with a Catastrophe Deferred Drawdown Option (Cat DDO) - P161562. (n.d.). World Bank.
49 Independent Evaluation Group (IEG). (n.d.). Implementation Completion Report (ICR) Review: Kenya CAT DDO (P161562) (No. ICRR0023264; pp. 1–21).
50 Auditor-General, O. O. T. (2024, November 14). Report of the Auditor-General on De-Risking Inclusion and Value Enhancement of Pastoral Economies in the Horn of Africa Project.

and explore a revised product aligned with HSNP scale-up triggers. Furthermore, there is increasing international support to co-finance sovereign insurance premiums. There are different channels to access grant-based international premium support, including the African Development Bank's Africa Disaster Risk Finance Programme (ADRiFi), a separate premium support facility managed by ARC, and through the Global Shield Financing Vehicles.

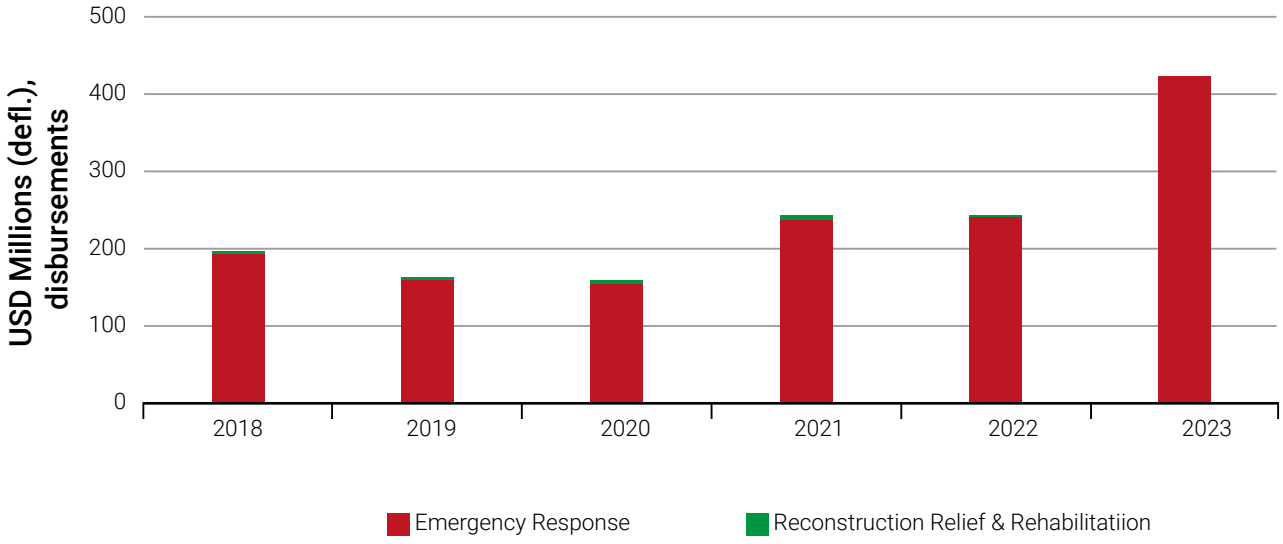
Ad hoc post-disaster financing

Ad hoc post-disaster financing refers to resources mobilised only after a disaster has occurred, for example, through virements and budget reallocations via supplementary budgets, which are legislated by the PFM Act, and domestic or external borrowing. Because these instruments are not arranged in advance, their availability and volume are uncertain, and it takes time to access funding, which delays response and recovery efforts. In these contexts, delays disproportionately affect women, persons with disabilities, and other at-risk groups. Even modest procedural measures, such as prioritising inclusive service restoration and accessible relief within supplementary budget allocations, can improve equity outcomes without increasing fiscal costs.

Budget reallocations and supplementary appropriations: Kenya's PFM Act 2012 (Cap. 412A) enables disaster response and recovery spending through in-year reallocations (virements) and supplementary appropriations (complementing the pre-arranged Contingencies Fund and the CEFs). However, virements are tightly capped at 10% of a programme/sub-vote, cannot shift funds across key categories, and cannot alter total voted expenditure. Reallocations exceeding these criteria require the parliament's approval. This limits flexibility in larger or cross-sector emergencies. Supplementary appropriations (as the Contingencies Fund) are restricted to urgent and unforeseen needs, require ex-post parliamentary approval within strict timelines, and are subject to an annual ceiling (10% of the approved budget), which can delay or limit rapid scale-up. Nonetheless, reallocations for disaster response are common in Kenya, for instance, in the context of large-scale droughts and health emergencies[51].

International borrowing and humanitarian assistance: When disaster needs exceed available contingency funds, emergency budgets, and reallocated resources, the Government of Kenya has turned to international borrowing and humanitarian assistance. International borrowing following a disaster, however, has been increasing Kenya's external public debt, contributing to an already rising debt burden in the country.[52] There continues to be a high reliance on ODA grants for humanitarian response in Kenya, with disbursements totalling over US$ 1.4 billion between 2018 and 2023 (Figure 11).

Figure 11: ODA grant disbursements for emergency response and reconstruction relief & rehabilitation in Kenya, 2018-2023



Source: Calculations based on OECD DAC Creditor Reporting System data.

51 World Bank (2022) Technical Note: Review of post-disaster expenditures in Kenya 2014-2020, to inform implementation of DRF strategy. Washington, D.C.: World Bank.

52 *Ibid*

Annex 3: SWOT Analysis of Instruments

Risk reduction instruments

Instrument	Strengths	Weaknesses	Opportunities	Threats
Budget allocations & appropriations (National & County)	• Embedded in national PFM systems, CIDPs, and sector plans. • Enable continuous financing for prevention, preparedness, mitigation, response, and recovery. • Average ~7.3% of total GoK budget (2021–2024) allocated to programmes with DRR relevance. • Major DRR investments driven by large MDAs (Crop Development, Irrigation, Medical Services)	• DRR expenditures fragmented and spread across MDAs with limited coordination. • Core disaster management institutions (NDMA, NDOC) remain underfunded. • Weak visibility and accountability without fully institutionalized budget tagging.	• Institutionalize DRR/CCA budget tagging to improve transparency and prioritization. • Better link budget allocations to national and county risk profiles. • Strengthen county planning and alignment with national DRM priorities.	• Fiscal consolidation and competing development priorities. • Reallocation of funds toward response during major shocks
Loans for DRR & climate adaptation	• Provide large-scale, multi-year financing for resilience infrastructure. • Support high-impact investments (flood protection, water storage, climate-smart agriculture). • Proven effectiveness in key sectors.	• Increase public debt exposure. • Slow preparation and disbursement cycles. • Primarily project-based rather than systemic DRF solutions.	• Align development loans with DRF risk-layering strategy. • Embed disaster and climate risk screening in public investment management (PIM).	• Rising debt distress limits borrowing space. • Reduced concessional financing over time
Grants, subsidies & tax incentives	• Non-debt financing supporting innovation and pilots. • Significant ODA inflows (US$ 360+ million for DRR, 2018–2023). • Strong engagement from development partners.	• Unpredictable and donor-driven flows. • Fragmented across sectors and projects. • Limited sustainability	• Implement Green Fiscal Incentives Framework to scale private DRR investment. • Expand targeted subsidies and incentives for resilience.	• Aid volatility and donor fatigue. • Shifting global priorities.
Sovereign & green bonds (infrastructure)	• Mobilize domestic capital at scale. • Long-term financing aligned with infrastructure lifecycles. • Tax-free infrastructure bonds attractive to investors.	• Not always explicitly labelled as DRR or resilience instruments. • Limited tracking of resilience outcomes	• Issue resilience- or DRR-labelled bonds. • Strengthen impact reporting and disclosure.	• Market volatility. • Investor confidence and macroeconomic risks.

Risk Retention Instruments

Instrument	Strengths	Weaknesses	Opportunities	Threats
National Drought Emergency Fund (NDEF)	• Dedicated, pre-arranged drought financing mechanism. • Supports preparedness, early action, response, and recovery. • Clear allocation rules (50% prevention, 45% response).	• Under-capitalized (cumulative funding KSh 872m as of FY 25/26 vs KSh 2bn target). • No sustained donor or private contributions. • Limited to drought risk only.	• Capitalize through predictable budget Enhance governance, disbursement and fiduciary rules to attract new funders. • Link disbursements to early warning and anticipatory triggers.	• Prolonged drought cycles strain resources. • Funding fatigue.
County Emergency Funds (CEF)	• Rapid local response mechanism. • Legally mandated under PFM Act.	• 2% cap often insufficient for large shocks. • Uneven county capacity and utilization.	• Better align with county DRM strategies and DRF escalation protocols.	• Oversight and accountability risks.
Contingencies Fund	• Constitutional backing. • Provides rapid liquidity for urgent needs.	• Limited size. • Requires ex-post parliamentary approval, delaying regularization.	• Clarify disaster-specific triggers and role in DRF layering.	• Political delays. • Competing urgent demands.
HSNP (Scalable social protection)	• Proven rapid scale-up using early warning triggers. • Strong data systems and delivery mechanisms. • Reached up to 2.1 million people during crises.	• Limited to ASAL counties. • Focused mainly on drought.	• Link HSNP as shock-response pillar with risk retention and risk transfer instruments.	• Fiscal sustainability risks. • Trigger or data failures.
Cat DDO	• Rapid liquidity in case of natural hazards and public health emergencies. • Coverage up to US$ 1 billion or 0.5% of GDP (IBRD) or US$ 500 million or 1% of GDP (IDA) (whichever is less).	• Increases national debt • Opportunity costs for financing from bilateral envelope. • Linked to policy reform conditions.	• Disbursement as general budget support • Potential additional support to strengthen national disaster risk management systems.	• Satisfactory implementation of the committed reform program required for disbursement • Disbursement not automatically linked to national contingency plans or pre-arranged usage of funds.

Instrument	Strengths	Weaknesses	Opportunities	Threats
RRO/CERM	• to quickly deploy undisbursed funds in cases of natural or public health disasters.	• Coverage limited to 10% of a country's undisbursed World Bank Financing across the investment lending and program for results portfolio.	• Set up at no cost.	• Reallocated funds from other operations might threaten success of other operations.
Debt Pause/ Suspension Clauses	• Fast liquidity in cases of disasters • Impact can be substantial if considered in major part of debt	• Temporary effect, as deferred payments need to be paid back.	• Strong commitment to expand CRDC offer through MDBs	• CRDCs sending a negative signal on the commercial credit market • Limited impact if only small portion of credits include clauses

Risk Transfer Instruments

Instrument	Strengths	Weaknesses	Opportunities	Threats
KLIP / DRIVE (Livestock insurance)	• Protects pastoralist livelihoods. • Index-based, relatively fast payouts.	• Funding volatility. • Basis risk affects trust. • Limited county co-financing.	• Strengthen data systems. • Expand county participation under DRIVE.	• Climate extremes exceed coverage, • Basis risk due to data and model challenges.
KAIRMP (Crop insurance)	• Wide farmer coverage (1.6+ million farmers by 2025). • Subsidized premiums improve uptake.	• High administrative costs. • Basis risk affects trust. • Limited crop portfolio • Gaps in operational guidelines and regulation	• Bundle insurance with extension, credit, and digital services.	• Farmer disengagement if payouts disappoint.
Sovereign Insurance-African Risk Capacity (ARC)	• Sovereign risk pooling. • Rapid payout potential	• Basis risk, previous policies did not trigger payouts. • Model misalignment with Kenya's diverse risk profiles.	• Redesign product aligned with HSNP scale-up response and national data. • International premium support.	• Basis risk due to data challenges and model inaccuracies. • Lack of sustainable international support.
Catastrophe bonds/ Insurance-linked Securities (ILS)	• Large, multi-year coverage. • In case of payout, no repayment obligation.	• High costs for set-up, transaction, and risk transfer (equalises insurance premium). • Complex structuring and high data requirements. • No established international support for market-based risk transfer accessible.	• Explore regional or MDB-backed cat bonds.	• Market appetite risk. • Basis risk. • Lack of international support for coverage.

Ad hoc instruments

Instrument	Strengths	Weaknesses	Opportunities	Threats
Supplementary budgets & reallocations	• Flexible and legally established.	• Delayed response. • Disrupts development spending.	• Reduce reliance through pre-arranged DRF instruments.	• Political bargaining. • Service delivery disruption.
Emergency borrowing	• Provides large-scale liquidity during crises.	• Increases public debt. • Only available post-shock.	• Replace with contingent finance and retention instruments.	• Debt distress.
Humanitarian ODA (post-disaster)	• Rapid life-saving assistance. • Large volumes (US$ 1.4+ billion, 2018–2023)	• Unpredictable and externally driven. • Weak alignment with national systems.	• Shift toward anticipatory and nationally led financing.	• Trend of decreasing donor funds. • Protracted crises.

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Annex 5: Glossary[53]

Anticipatory action
Acting in advance of a predicted hazardous event (e.g., drought, flood) to prevent or reduce its humanitarian and fiscal impacts, based on early warning systems and pre-agreed triggers.

Basis risk
The risk that a parametric insurance payout does not perfectly match the actual losses experienced by the insured party. This can occur when the index, and the underlying data and models, used to trigger the payout (e.g., rainfall levels, do not correlate exactly with the policyholder's specific situation. It includes the risk of receiving no payout, even when a real disaster event occurred and vice versa.

Blended finance
A structuring approach that uses catalytic capital from public or philanthropic sources to increase private sector investment in developing countries to realize the Sustainable Development Goals (SDGs) [Convergence Finance].

Budget tagging
The process of identifying, recording, and tracking budget allocations and expenditures that contribute to climate change adaptation, climate change mitigation, disaster risk reduction, disaster risk management, and gender-related expenditures, to improve transparency, accountability, and policy alignment.

Building back better
The use of the recovery, rehabilitation and reconstruction phases after a disaster to increase the resilience of nations and communities through integrating disaster risk reduction measures into the restoration of physical infrastructure and societal systems, and into the revitalization of livelihoods, economies and the environment.

Catastrophe bond (CAT Bond)
A high-yielding, insurance-linked security providing for payment of interest and/ or principal to be suspended or cancelled in the event of a specified catastrophe, such as an earthquake of a certain magnitude or above that occurs within a predefined geographical area.

Climate change
A change of climate which is attributed directly or indirectly to human activity or natural climate variability observed over extended time periods, resulting in alterations in the composition of the global atmosphere.

Climate change adaptation (CCA)
Adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities.

Contingent credit
A pre-arranged loan facility that can be accessed by a government immediately after a disaster, provided pre-agreed trigger thresholds have been met, or a national disaster has been declared. This type of funding is typically pre-approved within the credit facility to finance losses caused by recurrent natural hazards. A well-known example is the World Bank's Catastrophe Deferred Drawdown Option (Cat DDO).

Contingent financing (disaster-related)
Pre-arranged risk retention instruments and funds, such as lines of credit or contingent loans or grants from international financial institutions or national contingency, that provide a government with immediate access to funds following the occurrence of a pre-defined trigger disaster event, without the need for new negotiations. They are ex-ante instruments that allow governments to prepare for natural hazards by securing financing before they occur.

Contingency planning
A management process that analyses disaster risks and establishes arrangements in advance to enable timely, effective and appropriate responses.

Contingent liability (disaster-related)
A potential financial obligation that the government may be required to pay for costs arising from uncertain future disasters, which often arise from damage to state-owned assets, uninsured public infrastructure, or support for subnational governments. They can be explicit – formally committed in advance through contracts

53 Based on Kenya Disaster Risk Financing Strategy 2018-2022; Kenya Social Protection Act, 2025; United Nations Office for Disaster Risk Reduction (UNDRR) (2023) Report of the Open-Ended Intergovernmental Expert Working Group on Indicators and Terminologies. Geneva: UNDRR; United Nations Office for Disaster Risk Reduction (UNDRR) (2025) Hazard Information Profiles: 2025 Version Updates. Geneva: UNDRR; UNDRR (2017) Disaster Risk Reduction Terminology; United Nations (1992) United Nations Framework Convention on Climate Change, Article 1(2).

or legislation – or implicit, where no formal commitment exists, but the government is nonetheless expected to respond.

Debt Pause/Suspension Clause
A provision in sovereign debt contracts that allows a government to temporarily suspend debt service (interest, principal or both) when a pre-agreed disaster (e.g., a major flood) is triggered, providing predictable, short-term liquidity relief. As a pre-arranged risk retention instrument, it allows sovereign borrowers to prepare for a natural hazard by securing financing/protecting the country's fiscal space before it occurs. Climate-Resilient Debt Clauses (CRDCs) are a prominent example in which the trigger is a major climate-related disaster.

Disaster
A serious disruption of the functioning of a community or a society involving widespread human, material, economic or environmental losses and impacts, which exceeds the ability of the affected community or society to cope using its own resources.

Disaster impact
The total effect, including negative effects (e.g., economic losses) and positive effects (e.g., economic gains), of a hazardous event or a disaster. The term includes economic, human and environmental impacts, and may include death, injuries, disease and other negative effects on human physical, mental and social well-being.

Disaster management
The systemic process of planning, organizing, and application of measures preventing, preparing for, responding to and recovering from disasters. It focuses on minimizing the impact of a disaster on people, property and the environment.

Disaster risk
Disaster risk is the likelihood of harmful consequences such as loss of life, injury, or damage to assets arising over a given period from the interaction between hazardous events, the exposure of people and assets, their vulnerability to damage, and the capacity of systems to anticipate, cope with, and recover from those impacts.

- Acceptable risk, or tolerable risk, is the extent to which a disaster risk is deemed acceptable or tolerable, dependent on existing social, economic, political, cultural, technical and environmental conditions.
- Residual risk is the disaster risk that remains even when effective disaster risk reduction and management measures are in place, and for which emergency response and recovery capacities must be maintained.

Disaster risk financing (DRF)
A system of budgetary and financial instruments arranged in advance to support governments, businesses and households to manage the cost of disasters and respond quickly when they occur.

Disaster risk reduction (DRR)
The concept and practice of reducing disaster risks through systematic efforts to analyse and manage the causal factors of disasters, including through reduced exposure to hazards, lessened vulnerability of people and property, wise management of land and the environment, and improved preparedness for adverse events.

DRR Financing
A comprehensive set of financial and non-financial mechanisms that support investment in risk reduction before disasters occur, including resilient infrastructure, early warning systems and risk-informed urban planning. This dual approach helps governments reduce losses, avoid long-term economic scarring and protect development gains.

Early warning system (EWS)
An integrated system of hazard monitoring, forecasting and prediction, disaster risk assessment, communication and preparedness activities, systems and processes that enables individuals, communities, governments, businesses and others to take timely action to reduce disaster risks in advance of hazardous events.

Economic loss
The total economic impact consists of direct economic loss and indirect economic loss.

- Direct economic loss: Usually happens during a disaster event or within the first few hours after the event, it is the monetary value of total or partial destruction of physical assets existing in the affected area. Direct economic loss is nearly equivalent to physical damage.
- Indirect economic loss: a decline in economic value added as a consequence of direct economic loss and/or human and environmental impacts, occurring inside or outside of the hazard area and often has a time lag.

Ecosystem
An ecosystem is a community of living organisms (plants, animals, microbes) interacting with each other and their non-living environment (sunlight, air, water, soil) within a specific area.

Emergency
Sometimes used interchangeably with the term disaster, as, for example, in the context of biological and technological hazards or health emergencies, which, however, can also relate to hazardous events that do not result in the serious disruption of the functioning of a community or society.

Evacuation
Moving people and assets temporarily to safer places before, during or after the occurrence of a hazardous event in order to protect them.

Exposure
The situation of people, infrastructure, housing, production capacities and other tangible human assets located in hazard-prone areas.

Ex-ante financing
Financial resources that are planned, budgeted, and made available before a disaster occurs (e.g., budget allocations for prevention, insurance premiums, contingency funds).

Ex-post financing
Financial resources that are mobilized after a disaster has occurred (e.g., budget reallocations, emergency loans, humanitarian appeals).

Gender equality and social inclusion (GESI)
A cross-cutting principle that recognizes disaster risks and impacts are not uniform, and that women, men, children, persons with disabilities, and other marginalized groups often face heightened vulnerability. It promotes the systematic use of disaggregated data and inclusive systems to ensure equitable reach and benefits.

Hazard
A process, phenomenon or human activity that may cause loss of life, injury or other health impacts, property damage, social and economic disruption or environmental degradation.

- Biological: Of organic origin or conveyed by biological vectors, including pathogenic microorganisms, toxins and bioactive substances. Examples are bacteria, viruses or parasites, as well as venomous wildlife and insects, poisonous plants and mosquitoes carrying disease-causing agents.
- Geological/Geophysical: Rapid onset events that originate from internal earth processes. Examples are earthquakes, volcanic activity and emissions, and related geophysical processes such as mass movements, landslides, rockslides, surface collapses and debris or mud flows. Tsunamis are difficult to categorize since they are triggered by undersea earthquakes and other geological events. They then become an oceanic process that is manifested as a coastal water-related hazard.
- Environmental (chemical, natural and biological): Slow onset processes created by environmental degradation or physical or chemical pollution in the air, water and soil. However, many of the processes and phenomena that fall into this category may be termed drivers of hazard and risk rather than hazards in themselves, such as soil degradation, deforestation, loss of biodiversity, salinization and sea-level rise.
- Meteorological and hydrological: Extreme weather /climate events such as drought, heat (extreme heat, heatwave), cold, precipitation (riverine and pluvial flooding), wind (tornadoes, tropical storms), snow and ice, and coastal/oceanic (storm surge, ocean heatwave). Slow onset processes such as heat (increased average temperature, wet bulb temperature), increased aridity, variable precipitation, decreasing glaciers/snow cover/permafrost, and coastal/oceanic (sea level risk, ocean warming, acidification).
- Technological: Originate from technological or industrial conditions, dangerous procedures, infrastructure failures or specific human activities. Examples include industrial pollution, nuclear radiation, toxic wastes, dam failures, transport accidents, factory explosions, fires and chemical spills. Technological hazards may also arise directly as a result of the impacts of a natural hazard event.

Index (parametric) Insurance
A type of insurance where pre-defined payout amounts are triggered by the occurrence of a specific measured hazard event (such as a certain flood severity above a defined threshold). Unlike indemnity insurance, no assessment of actual losses is required. This parametric approach is commonly used for catastrophe risk coverage and in agricultural contexts, such as livestock or crop insurance. The term parametric insurance is often used interchangeably with index insurance.

Index-based livestock insurance (IBLI)
A type of insurance where payouts are triggered when an index (e.g., a measure of forage scarcity based on satellite data) crosses a pre-determined threshold, rather than requiring an assessment of actual livestock losses.

Insurance-linked securities (ILS)
A type of financial instrument that transfers insurance or reinsurance risk from insurers, reinsurers, or other protection buyers to capital market investors

Insurance penetration
The ratio of gross direct insurance premiums to GDP, used as an indicator of the size of insurance activity relative to the economy.

Loss and damage
The total adverse effects of a disaster comprising (i) physical damage to assets and infrastructure measured in replacement cost terms, and (ii) economic losses reflecting changes in economic flows resulting from the disaster over time. In climate policy contexts, loss and damage often refers to the adverse impacts of climate change, including from extreme weather and slow-onset processes, that occur despite or beyond mitigation and adaptation efforts and therefore must be averted, minimized, or addressed.

Mitigation
The lessening or minimizing of the adverse impacts of a hazardous event.

Multi-hazard
Means the selection of multiple major hazards that the country faces, and the specific contexts where hazardous events may occur simultaneously, cascadingly or cumulatively over time, and taking into account the potential interrelated effects.

Performance-based financing (PBF)
Often used interchangeably with Results-Based Financing (RBF) or Outcome-based financing, it is a strategic approach that ties the disbursement of funds or the repayment of capital to the achievement of measurable, predefined, and independently verified results. In the context of sovereign disbursements, it is a funding mechanism that allocates resources to government levels or other implementing entities/agencies based on their achievement of pre-defined performance criteria, incentivizing effectiveness and accountability in areas like disaster risk reduction.

Probabilistic modelling
A methodology used to quantify disaster risk by combining the probability of hazard events with the exposure and vulnerability of assets and people, often used to estimate average annual losses and inform financial decisions.

Platform for Disaster Risk Reduction
A generic term for mechanisms for coordination and policy guidance on disaster risk reduction that are multisectoral and interdisciplinary in nature, with public, private and civil society participation involving all concerned entities within a country.

Preparedness
The knowledge and capacities developed by governments, response and recovery organizations, communities and individuals to effectively anticipate, respond to and recover from the impacts of likely, imminent or current disasters.

Preparedness plan
Establishes arrangements in advance to enable timely, effective and appropriate responses to specific potential hazardous events or emerging disaster situations that might threaten society or the environment.

Prevention
Activities and measures to avoid existing and new disaster risks.

Public Financial Management (PFM)
A comprehensive set of laws, rules, policies, processes and systems that govern how public funds are planned, allocated, managed, and accounted national, subnational, and local levels. It covers the entire cycle of mobilizing revenue, allocating funds, executing public spending, accounting for those funds, and auditing the final results.

Public Investment Management (PIM)
A comprehensive set of regulations, guidelines, and procedures that define the governance of a government's public investment expenditure. It is primarily concerned with the quality and efficiency of investments, seeking to determine where to invest and how to achieve the highest possible return on every unit of currency spent.

Reconstruction
The medium- and long-term rebuilding and sustainable restoration of resilient critical infrastructures, services, housing, facilities and livelihoods required for the full functioning of a

community or a society affected by a disaster, aligning with the principles of sustainable development and "build back better", to avoid or reduce future disaster risk.

Recovery
The restoration or improvement of livelihoods and health, as well as economic, physical, social, cultural and environmental assets, systems and activities, of a disaster-affected community or society, aligning with the principles of sustainable development and "build back better", to avoid or reduce future disaster risk.

Rehabilitation
The restoration of basic services and facilities for the functioning of a community or a society affected by a disaster.

Residual risk
is the disaster risk that remains even when effective disaster risk reduction measures are in place, and for which emergency response and recovery capacities must be maintained. The presence of residual risk implies a continuing need to develop and support effective capacities for emergency services, preparedness, response and recovery, together with socioeconomic policies such as safety nets and risk transfer mechanisms, as part of a holistic approach.

Resilience
The ability of a system, community or society exposed to hazards to resist, absorb, accommodate, adapt to, transform and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions through risk management.

Response
Actions taken directly before, during or immediately after a disaster in order to save lives, reduce health impacts, ensure public safety and meet the basic subsistence needs of the people affected.

Risk assessment
A qualitative or quantitative approach to determine the nature and extent of disaster risk by analysing potential hazards and evaluating existing conditions of exposure and vulnerability that together could harm people, property, services, livelihoods and the environment on which they depend.

Risk governance
The system of institutions, mechanisms, policy and legal frameworks, and other arrangements to guide, coordinate and oversee disaster risk reduction and related areas of policy.

Risk information
Comprehensive information on all dimensions of disaster risk, including hazards, exposure, vulnerability and capacity, related to persons, communities, organizations and countries and their assets.

Risk layering
An approach to disaster risk financing that matches different financial instruments (e.g., risk reduction, risk retention, risk transfer) to different layers of risk based on their frequency and severity. It aims to use the most cost-effective instrument for each risk layer.

Risk pool
The aggregation of individual risks to manage the consequences of independent risks. Risk pooling is based on the law of large numbers.

Risk retention
The process where a party retains the financial responsibility for loss in the event of a shock. An example is where a government assumes and manages a portion of its disaster-related financial risk using its own resources or pre-arranged instruments like budget allocations, contingency funds, or contingent loans.

Risk transfer
The process of formally or informally shifting the financial consequences of particular risks from one party to another, whereby a household, community, enterprise or state authority will obtain resources from the other party after a disaster occurs, in exchange for ongoing or compensatory social or financial benefits provided to that other party. An example is where a government shifts a portion of its disaster-related financial risk to an external party, such as an insurance company, reinsurer, or capital market investors, typically in exchange for a premium.

Shelter
Refers to a habitable covered living space that provides a secure and healthy environment, ensuring privacy, comfort, and emotional security. It is essential for the immediate survival and

wellbeing of individuals, especially those displaced due to violence or persecution. UNHCR aims to provide safe and sustainable shelter within existing communities, often through temporary solutions during emergencies, and supports the construction of durable houses to meet the needs of displaced people.

Shock
A slow or rapid onset of high-impact ecological, environmental, economic or social disturbance that affects the well-being or socio-economic condition of an individual, household or any segment of the population.

Shock-responsive social protection
The adaptation of existing social protection systems (e.g., cash transfer programmes) to enable them to scale up and respond to shocks, such as droughts or floods, in a predictable and timely manner.

Sovereign insurance
An insurance policy purchased by a national government to provide liquidity following a major disaster, protecting the country's fiscal balance and enabling a faster response.

Sovereign risk
Is the economic (or financial) impact a government would face in the event of a disaster. If the potential occurrence of a disaster is not taken into account in the government's budget and a disaster occurs, this could entail a deficit for the country, and have a negative impact on the country's creditworthiness. A sovereign risk financing strategy aims at strengthening the capacity of the government to respond after a disaster event while protecting its fiscal balance.

Trigger (for financing)
A pre-defined, objective condition (e.g., a drought index reaching a certain level, a declaration of a state of emergency) that, when met, automatically releases funds from a pre-arranged risk retention or risk transfer instrument.

Vulnerability
The conditions determined by physical, social, economic and environmental factors or processes which increase the susceptibility of an individual, a community, assets or systems to the impacts of hazards.