

SEADRIF-SAFE: Sovereign Asset & Fiscal Empowerment Facility

Technical Design Outline

November 2026

SEADRIF
SOUTHEAST ASIA
DISASTER RISK INSURANCE FACILITY

PROTECTING CRITICAL PUBLIC ASSETS – PROTECTING ASEAN'S FUTURE

USD
476 billion
annual infrastructure investments needed by ASEAN from 2026 to 2040

USD
12 billion
estimated average annual disaster losses to ASEAN infrastructure

Yasuto Watanabe, Director / CEO, AMRO

> [After disasters] comes the fiscal aftershock. If roads, ports, irrigation systems, schools, and hospitals cannot be repaired or replaced in a timely manner, temporary disruptions can turn into a permanent drag on productive capacity. Governments may be forced to divert spending from development, borrow at short notice, or wait for external assistance. A post-disaster financing gap can all too easily become a long-lasting economic slump.



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THE PROBLEM

Insufficient financial resilience – public assets are typically underinsured.
Coverage arranged during construction of development partner-financed projects usually ends at completion, just as the asset starts to deliver critical public services.

Insufficient risk engineering – public assets miss out on physical resilience.
Private infrastructure routinely applies risk engineering to reduce disaster impact; public projects often do not, and insurers are typically brought in only after construction, treating placement as a one-off transaction rather than a source of risk-reduction expertise.

Limited local market capacity – public infrastructure risks remain underserved.
Local insurance markets in ASEAN have limited experience and capacity to provide tailored insurance solutions for complex public infrastructure risks, leaving governments exposed to disaster-related fiscal pressures.

THE STATUS QUO: WHY THIS SITUATION PERSISTS

Insurance for public assets in ASEAN is inadequate overall, implemented piecemeal and chronically underfunded. A handful of sovereign programs exist, but they are limited in scope and duration. Most countries rely on short-term cover or ad hoc arrangements, leaving large gaps in protection.

Insurance is seen as a cost, not an investment in protection.

Annual cover and renewals require unpredictable budget appropriations each year and are often disrupted with policy changes or political cycles.

Public procurement rules are often poorly suited for insurance, slowing contracting.

Costs are too high. Countries negotiating individually with commercial markets face weak bargaining power, high premiums, and often unsuitable products.



SEADRIF-SAFE: A REGIONAL FACILITY TO PROTECT ASEAN'S PUBLIC INFRASTRUCTURE AND FISCAL RESILIENCE.

SEADRIF is ASEAN's development insurer, a multilateral initiative set up by ASEAN+3 Finance Ministers. SAFE is a dedicated SEADRIF program, championed by the Philippines and Japan, as 2026 ASEAN+3 Co-Chairs, to:

- Provide multi-year insurance coverage to governments for infrastructure assets.
- Embed insurance premiums directly into development partner financed projects.
- Aggregate a regional portfolio, achieving better pricing and centralized expertise.
- Provide a range of insurance products on parametric and/or indemnity basis, based on individual project needs and demand.
- Build physical resilience by requiring risk engineering from the start of the project design phase.
- Ensure a minimum standard of insurance coverage is in place during the construction phase of new public asset development where this adds value.
- Foster the development of local insurance markets.



THE BENEFITS OF THIS APPROACH



More resilient assets through risk engineering.
Bringing (re)insurers' risk-reduction expertise into projects at the design stage, rather than after completion, embeds best practice in every public infrastructure investment. Stronger design standards and loss-prevention measures align with the Sendai Framework for Disaster Risk Reduction by reducing risk and strengthening preparedness.

Multi-year insurance cover protects economic outcomes.
Development partners can provide a unique value proposition to borrowing countries – not only investments for growth, but also embedded financial protection on these investments, ensuring funds are available to "Build Back Better" following a disaster event.

Embedded premiums in project financing save costs and ensure multi-year budget availability.
Analysis shows potential premium savings of over 10% on a present-value basis if financed through the project, while removing the need for annual budget appropriations.

Aggregating and pooling through a regional facility reduces premiums.
Economies of scale and regional diversification can achieve premium reductions of over 25% compared with stand-alone arrangements, supported by full transparency in pricing and competitive reinsurance placement.

Mobilizing private risk capital and deepening domestic insurance markets.
De-risking of investments at scale creates a new market for public-asset risk, crowds in billions of private risk capital, and strengthens domestic markets through participation.

WHAT IS NEEDED TO IMPLEMENT SEADRIF-SAFE?

Achieving the full benefits requires embedding insurance in partner-financed investment projects and working through a regional facility that can provide economies of scale.

Consider insurance as an investment in protection, not a cost.
Governments and financing partners need to agree to embed insurance protection (via funding for premiums) in the project design, not treat it as a separate budget line.

Unlock diversification benefits and centralized expertise.
Maximize benefits and minimize costs for ASEAN by channelling projects through a joint facility that works with all development finance institutions, rather than standalone transactions.

Pilot projects to test the approach and work through operational steps.
Initial case study projects have been identified and are under discussion with governments and financing partners as potential pilot projects. The full pipeline of pilot projects needs to be formed with projects from multiple development partners across ASEAN member states to demonstrate SAFE's mechanics and benefits.

Blended finance to build a market and bring down the cost.
SAFE will require concessional capital to provide cost-effective insurance for public infrastructure risks, serving as an innovative market-creation mechanism. By absorbing an initial layer of risk, SAFE reduces premiums for countries, and sustainably crowds in commercial cover above it, including through local participation, helping to build domestic markets.

What USD 100 million capital could deliver.

Based on indicative analysis for a conceptual product structure and portfolio of policies, **USD 100 million** in capital investment could:

- Cover **USD 156 billion**, or 11%, of estimated public assets in ASEAN.
- Provide **USD 6.9 billion annual coverage across 8 ASEAN economies** with two reinstatements, and a USD 600 million payout following major disaster events.
- **Generate annual savings of approximately USD 39 million or 40% of the capital injection,** recouping the capital investment in 2.5 years, with full capital utilization.
- Create a new market for public asset risk and crowd-in domestic market participation.

NEXT STEPS AND ASK

SEADRIF and the SAFE Task Force seek continued support and concrete commitments from ASEAN+3 members and development partners to advance SAFE towards its target operational launch in May 2027.

Provide guidance on the technical design.
SEADRIF to present the SAFE Technical Design Outline at the ASEAN+3 Finance and Central Bank Deputies' Meeting (AFCDM+3) in November 2026 to seek further member feedback and guidance, with a full technical draft being circulated to members in December 2026 for comments.

Commit to explore pilot projects.
Identify candidate projects and provide leadership to bring forward pilots for early implementation, building on those already identified.

Sustain senior level momentum to launch.
Continue engagement through the SAFE Task Force to support SAFE's target operational launch at the ASEAN+3 Finance Ministers' and Central Bank Governors' Meeting (AFMGM+3) in May 2027.

Mobilize capital.
SEADRIF invites ASEAN+3 members and development partners to consider pathways for capital contributions, including concessional and catalytic sources, to support SAFE's capitalization ahead of its May 2027 target launch.

Ramesh Subramaniam, Global Director of the Coalition for Disaster Resilient Infrastructure, and SAFE Task Force Co-Chair

> "ASEAN needs to recognize that when resilience fails, development will also fail. SEADRIF-SAFE can help achieve an overall paradigm shift in disaster risk management, where ASEAN countries will see spending on resilience and insurance as investments, and not merely as a cost. Both will become a key part of pre-arranged financing, with the aim of significantly reducing the cost of disasters.




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