Concept note

Technical Workshop 2: Investing in disaster risk reduction
Disaster risk-sensitive investment

Date, time: 15 July, 11.00 – 13.00
Venue: Geneva, Palais des Nations, building E, room XVIII
Session language: English (with interpretation into 6 UN official languages).

Moderator:
H. E. Ambassador Kenichi Suganuma, in charge of the Third World Conference on DRR, Japan

Panelists:
Dr. Salvador Pérez Maldonado, Director General, Risk Administration, Ministry of Finance and Public Credit, México;
Mr. Geert Wismans, Ministry of Security and Justice, The Netherlands;
Dr. Reinhard Mechler, International Institute for Applied Systems Analysis (IIASA).
Dr. Robert Muir-Wood, Chief Research Officer Science and Technology Research, Risk Management Solutions (RMS).

Organizers: UNISDR, Focal point: Marc Gordon.

1. Background and Rationale

The adoption and implementation of the Hyogo Framework for Action 2005-2015 (HFA), and the unrelenting increase in exposure and disaster losses, have catalysed national and international political prioritization and effort to reduce disaster risk. As a consequence, disaster risk management considerations are appearing more frequently in the decisions of policy makers and businesses, many of which have been increasing their investment in reducing critical risks, or transferring risk to mechanisms such as insurance. In assessing progress in implementing the HFA, ninety percent of countries state that they consider disaster risk in relation to national and sector public investment, with fifty percent taking the costs and benefits of disaster risk and risk reduction into account in the planning and operation of major development projects.

However, the degree to which these inform policy and practice, and the extent to which compliance is assured, varies significantly. The prevailing mindset remains one of managing crisis as opposed to managing risk, and consequently the volume of investment in disaster risk prevention and reduction remains small relative to spending on crisis response and recovery.

The economic value at risk from natural hazards continues to rise. An increasingly interconnected and interdependent global economic landscape may have brought productivity gains, greater wealth and asset values, but the business practices that have accompanied globalization have often come with an unsustainable accumulation of disaster risk. Traditionally hidden, there is evidence of a growing awareness of these risks, so that disaster risk management is being viewed less as a cost and more as an opportunity.
However, the shift from protecting social and economic development against perceived external shocks, to transforming growth and development to manage risks in a holistic manner that promotes sustainable economic growth and social welfare, a healthy environment and strengthened resilience and stability, has not yet been achieved and yet is a pre-requisite to the Sustainable Development Goals inter alia.

The development of the post-2015 framework for disaster risk reduction presents a clear opportunity for countries, businesses and other stakeholders to position disaster risk appropriately in investment decision-making.

2. **Session objectives**

Through the intervention of key discussants from member states, the private sector and the research community, this workshop will examine how investment decisions adopted by both the public and private sectors can reduce risk and strengthen resilience.

Participants will discuss how the increase in exposure to disaster risk affects the value of public and private assets, how this creates new vulnerabilities in national and local economies, and conversely, how strengthening resilience can increase value.

It will discuss the degree to which the costs and benefits of disaster risk reduction can be factored into policy and investment decisions, including in economic valuations, public finance and competitiveness strategies. Member states and businesses will explore how approaches can be adjusted, both individually and collectively, from managing disasters as external shocks and assuming the resultant costs, to investing in the prevention and mitigation of the disaster impacts by managing risks.

3. **Expected outcomes**

1) Exchange experiences on good/bad practices in managing disaster risk in public and private investment.

2) Discuss innovations and pathways to promote disaster risk-sensitive public and private investment in post-2015 societies.

4. **Proposed agenda**

   11.00 The Moderator opens the session, introduces the discussants.
   11.05 The Moderator outlines the relevance of the discussion for the Preparatory Committee and the post-2015 framework, establishes the context and describes the objectives.
   11.10 Presentations by panelists.
   11.40 The floor is open for discussion.
   12.50 Closing remarks from the Moderator.
   13.00 End of workshop.