Third United Nations World Conference on Disaster Risk Reduction
Preparatory Committee
Second session
Geneva, 17-18 November 2014

<u>Concept note</u>

Technical Workshop 2
Toward the integration of disaster risks in financing

Date, time: Tuesday 18 November, 10h00 – 12h00

Venue: Geneva, Palais des Nations, building E, room XIX

Session language: English
(with interpretation into UN official languages)

Moderator:

H.E. Ambassador Toni Frisch,
Special Adviser on Disaster Risk Reduction, Switzerland.

Discussants:

Ms. Anoja Seneviratne, Director, Mitigation, Research and Development, Disaster Management Centre, Ministry of Disaster Management, Sri Lanka.

Dra. Sandra Rodríguez, Advisor Vice-Ministry of Economy, Colombia.

Dr. Sebastian von Dahlen, Chief Economist, International Association of Insurance Supervisors, Bank of International Settlements.

Professor Molly Jahn, University of Wisconsin-Madison.

Dr. Rowan Douglas, WillisRe.

1. Background

In September 2014 at the UN General Assembly in New York, global leaders from Government, business, finance and civil society underlined how lives and livelihoods could be saved, and billions of dollars in losses avoided, by undertaking measures for reducing and preventing climate and disaster risk and strengthening societal resilience. Importantly, the Climate Summit 2014 explicitly identified the relationship between the wellbeing of individuals and communities, the resilience of the wider financial system to disaster risks and the urgency of promoting incentives and innovation in systems for financing disaster risk reduction.

With public and private investment in infrastructure, industrial and socio-economic development on the rise , the barrier that has existed between disaster, climate and financial risk, can no longer be ignored. Institutional investors[1] for example, held over $83 trillion in assets in 2012, of which less than 1 percent was invested in climate resilient infrastructure. The need to determine the most

[1] including pension funds, endowments, foundations, investment funds and insurers

effective means to integrate disaster risks into the financial system and economic decision-making has never been more pressing; with rapidly changing risk patterns and demographics, failure to do so will undermine the realization of equitable and sustainable development.

This session will identify existing mechanisms for budgeting, measuring and accounting for risk and tracking investments. It will examine Innovations and new mechanisms that are being tested in public and private sector. Particular attention will be given to lessons and tools from the accounting, regulatory and insurance world, including experiences in establishing and applying risk-sensitive metrics to stimulate and reward the strengthening of resilient societies, enhance asset value and promote sound business practices.

The session will examine how the systematic evaluation of disaster and climate risk, and subsequent losses incurred, can become a feature of investment analysis and financial planning. Collaboration, for example between private entities and public science, is key to enabling risk-informed public and private investment.

The post-2015 framework for disaster risk reduction[2] presents a clear opportunity for Governments, businesses, investors and other stakeholders to position disaster risk appropriately in investment decision-making and the financial system. By reinforcing financial resilience, maintaining economic stability and promoting financial inclusion, enabled by appropriate regulation, the resilience of nations and communities to disasters, and the enabling conditions for sustained development, can be optimised.

2. Session objectives

The purpose of the technical workshop is to examine how policy makers can encourage the prevention and mitigation of disaster impacts, enhance asset value, promote risk-sensitive business practice and increase the dividends to society of both public and private investment.

Through an exchange of practical examples, Governments and other stakeholders will be able to discuss:

1. Potential benefits of the generation of actionable, tailored, open-source data, developed by the combination of public and private science.
2. How better informed disaster risk resilience measures can strengthen capital flows, improve understanding of risk exposure, and incentivise the private sector.
3. How disaster risk can be integrated into national planning and public investment stimulated.
4. Steps available to policy makers to encourage risk-sensitive investments by the public and private sectors.

3. Expected outcomes

1. Options for disaster risk-resilient investments that can benefit society and business.
2. Practical actions and opportunities for strengthening and incentivising disaster risk-resilient public and private investment.

[2] in conjunction with the Sustainable Development Goals and the 21st Session of the Conference of Parties to the UN Framework Convention on Climate Change.

4. Proposed agenda

10:00	The Moderator opens the session, introduces the discussants.
10:05	The Moderator outlines the relevance of the discussion for the post-2015 framework, establishes the context and describes the objectives.
10:10	Remarks by government representative of Sri Lanka.
10:20	Remarks by government representative of Colombia.
10:30	Presentation by regulatory, science and private sector experts .
11:00	Open the floor for questions, answers and discussions.
11:45	Closing observations from discussants.
11:55	Closing remarks from the Moderator.
12:00	End of technical workshop.

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