Multi-year Expert Meeting on Transport, Trade Logistics and Trade Facilitation:

Third Session:
Small Island Developing States: Transport and Trade Logistics Challenges

24 – 26 November 2014

Building Resilience to Natural Hazards
Experience at GFDRR and the World Bank

Presentation by

Ms. Isabelle Forge
Representative, Global Facility for Disaster Reduction and Recovery
World Bank Group

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3rd Multi-year Expert Meeting on Transport, Trade Logistics and Trade Facilitation
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Building Resilience to Natural Hazards
Experience at GFDRR and the World Bank

Isabelle Forge
WB/GFDRR

International Context
A relentless increase in disaster loss

Disaster loss has tripled in 30 years
2,275,000 fatalities
Close to US$ 4 billion of economic losses

International Financing for DRM: THE GAP

Emergency Response
US$63.72 billion

Prevention and Preparedness
US$3.25 billion

3.6%
24.8%
69.9%
Resilience to Climate Change and Disasters is at the center of the development challenges faced by Small Island States

- Small Island States account for two thirds of the countries with highest relative annual disaster losses
- Losses average 1-9% of GDP per year
- This acts as a ‘leaking bucket’, pulling back economic growth and development

THE WORLD BANK & GFDRR
DRM: a growing priority for the World Bank

... to US$ 5.3 billion in FY14

The Global Facility for Disaster Reduction and Recovery

A Global Partnership

Mission:
to help high-risk, low income developing countries better understand and reduce their vulnerabilities to natural hazards, and to adapt to climate change.
Five Pillars of Action

- Risk Identification
- Risk Reduction
- Preparedness
- Financial Protection
- Resilient Recovery

Specialized teams

- Open Data for Resilience
- Safer Schools Initiative
- Resilient Cities
- Climate Resilience
- Hydromet Services
- Disaster Risk Financing
- Post Disaster Assessments
- Recovery Framework

An engagement in over 70 countries
Launched in 2011
- EUR 54.5 million grant, funded by the European Union (through 10th EDF intra-ACP envelope for DRR)

Specific programs:

- Objective:
  Prevention, Mitigation & Preparedness to natural hazards in Africa, the Caribbean and the Pacific

Windows of Action:

1. Regional activities
   Strengthen regional & sub-regional cooperation to advance ACP countries’ national DRR agendas

2. Country activities
   Technical Assistance for DRR and CCA
   Policy development & implementation

3. Post disaster response & Capacity building
   Post disaster needs assessment (PDNA); rapid technical assistance; ex-ante capacity building for PDNAs; DRR mainstreaming in recovery planning

Activity Distribution (as of 28 March, 2014)

- Funds received: EUR 49 million
- Funds committed:
  - Africa: EUR 12 million
  - Caribbean: EUR 5.1 million
  - Pacific: EUR 6.3 million
UNDERSTANDING RISK for ACTIONS

Risk Assessment

Measuring the scope of exposure and vulnerabilities … to Progress of Resilience

- The Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI), for example, has mapped more than 2 million buildings in areas at risk
Post Disaster Needs Assessments – PDNA -

The open window for
- RESILIENT recovery and reconstruction
- Multi sectoral approach
- Integrating DRM measures

- In recent years, GFDRR funded rapid post disaster assessments in St. Lucia, St. Vincent and Grenadines, Tonga, Solomon Islands, Seychelles and Comoros...

- These assessments have facilitated countries’ access to funding for more resilient reconstruction.

Disaster Risk Financing and Insurance:
A growing investment in SIDS
Disaster Risk Financing and Insurance …

Role of Private sector

… identifying best opportunities

Layered Strategy for Financing Disaster Losses
The Caribbean Catastrophe Risk Insurance Facility

Main issues

- High exposure to adverse natural events
- Limited capacity to establish national reserves
- Limited capacity to spread risk (small size, debt levels)
- Limited access to insurance/reinsurance markets

The solution:

A joint reserve mechanism allowing Caribbean Governments to access liquidity at short notice in case of a major hurricane or an earthquake
- quick disbursing
- transparent rules
- at the lowest possible cost

But ... support from the donor partners was essential for the establishment of the CCRIF:
- Initial grant from Government of Japan for the preparation phase (2005-2007)

Expanding the Experience of CCRIF to the Pacific ....

- with the support of GFDRR, the EC, Government of Japan and Regional Organizations
- by pooling the risk across multiple countries, premiums can be lowered

- ACP-EU support help refine models for applications such as the Catastrophe Insurance Pilot, enhancing its credibility and attractiveness to the private sector
The question remains on whether individual or joint solutions can be found to increase the financial resilience of the Island States against natural hazards.

The Southwest Indian Ocean Risk Assessment and Financing Initiative (SWIO RAFI) seeks to answer this question:
- DR financing by improving the understanding of disaster risks and risk financing solutions of participating island nations.

- Collecting /sharing hazard & exposure data
- Developing catastrophic risk profiles
- Assessing regional & national catastrophe risk financing options
- Building a regional open data platform
- Developing preliminary national disaster risk financing strategies

This initiative complements the ongoing work of the IOC in accordance with the Mauritius Strategy for the Further Implementation of the Program of Action for the Sustainable Development of Small Island Developing States (SIDS) 2005–2015.
- supports the Indian Ocean Commission (IOC) ISLANDS project, which is also supported by the European Union (EU), the United Nations Office for Disaster Reduction (UNISDR) and the Agence Française de Développement (AFD).
- will be implemented with financial support from the EU in the framework of the ACP-EU Natural Disaster Risk Reduction Program, managed by the Global Facility for Disaster Reduction and Recovery (GFDRR).
**CAT-DDO - Catastrophe Risk Deferred Drawdown Option**

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**... At a Glance**

- A contingent loan that provides immediate liquidity following a natural disaster
- Funds become available for disbursement after the declaration of a state of emergency due to a natural disaster
- Country must have a disaster risk management program in place, which the Bank will monitor on a periodic basis

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**A Landmark First for Africa: Seychelles Uses Contingent Credit for Disasters October 15, 2014**

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**Mainstreaming Resilience - the example of Belize**

- GFDRR Grant helped Belize prioritize transport infrastructure vulnerable to disasters
- Government adopted a National Climate Resilience Investment Plan
- US$430 million targeted for retrofitting and upgrading to disaster/climate change standards
- This was followed by a US$30 million IBRD investment project, focusing on priority roads
- Belize has now nearly closed the financing gap
- The entire road network of Belize is expected to be made climate resilient
REMAINING ISSUES ....

Funding is Fragmented

- No PIC has yet qualified for direct access to global climate funds
- Access is through an accredited Implementing Agency – World Bank, ADB, UNDP, UNEP, FAO...
- There are many different Implementing Agencies for the largest available fund, the Least Developed Countries Fund.
- Having many Implementing Agencies and projects in same country increases fragmentation
- The Solomon Islands was implementing 22 different projects in 2012
Amount per Country not clearly linked to Vulnerability

Funding per Capita for Climate and Disaster Resilience, in Pacific Island Region (channeled through WBG as a Trustee)

Funding influenced by:
• IDA envelopes
• UN’s Least Developed Country status
• Maturity of national programs
• Recent disasters
• Donor traditional ties

There is a need to further combine funding and harmonize procedures to make financing more accessible and predictable

Fragmented Landscape
(Current Situation)

National Program Approach
(Sources of funds are increasingly complementary)

Harmonized Procedures
(Several sources of funds following same procedures)

Direct Access
(Funding combined, strengthened country procedures)

The WBG and ADB are already moving in this direction, for example through the Pacific Islands Regional Program on Disaster and Climate Resilience
A targeted answer:
The Small Island States Resilience Initiative (SISRI)

- Newly announced at Samoa conference
- Aims to mobilize additional resources to scale up existing assistance
- Specific to Small Island States
- Aims to reduce both disaster and climate risks
- Would form a dedicated global team specializing on the needs of Small Island States
- Allow for sharing of experiences across regions (Caribbean/Pacific/Indian Ocean/West Africa)
- Strengthen countries fiduciary and technical capacity to prepare them for direct access
- Would measure the progress of resilience
Next Steps for SISRI

- A dedicated thematic initiative specializing on Small Island States

- Specialized Knowledge Products, such as:
  - Atoll Islands Resilience Study
  - SimpleCoast: On-line manual of simple coastal resilience options
  - Measuring Resilience in Small Island States
  - Best Practices in Climate and Disaster Risk Financing
  - Population Retreat from High Risk Areas
  - Project Management Best Practices

- Facilitate access to financing – map out existing sources, aggregate funding, and identify gaps

- Work with the WBG and other partners towards long-term, programmatic engagement

For more information please contact
Sofia Bettencourt, GFDRR Lead Specialist on Climate Change
sbettencourt@worldbank.org
Olivier Mahul, GFDRR Program Coordinator Disaster Risk Financing and Insurance
omahul@worldbank.org

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