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**Joint
News
Release**
2011/11/8

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**World Bank, GFDRR, ASEAN, and UNISDR
Cooperate to Strengthen Fiscal Resilience to Natural Disasters Forum
Kicks-Off Efforts to Develop Regional Disaster Risk Financing Strategy**

JAKARTA, 8 November 2011 – The Association of Southeast Asian Nations (ASEAN), The World Bank, the Global Facility for Disaster Reduction and Recovery (GFDRR), and the United Nations International Strategy for Disaster Reduction (UNISDR) are convening the “ASEAN Disaster Risk Financing and Insurance Forum” to help ASEAN Member States build greater financial resilience to natural disasters. The three-day Forum, beginning today, is also being supported by the Government of Indonesia as the lead country for Disaster Risk Financing and Insurance (DRFI) under the ASEAN Agreement on Disaster Management and Emergency Response (AADMER) Work Programme.

This joint initiative aims to step up the inter-sectoral discussion on DRFI and initiate the development of a risk financing road map for ASEAN as an effective means to manage the worsening financial impacts of natural disasters on Member States. The Forum is a unique endeavour involving three sectors in ASEAN – disaster management, insurance and finance. Knowledge and experience, recommendations and options will be shared with senior level policy makers from all ten member countries working in multiple sectors including the three sectors to support efforts to develop a regional disaster risk financing strategy.

Secretary-General of ASEAN, Dr Surin Pitsuwan said, *“holding this ASEAN Disaster Risk Financing and Insurance Forum is timely and imperative—given the ever-increasing number, scale, and severity of disasters plaguing the ASEAN region right now. We are witnessing devastating floods that have already taken hundreds of lives and causing massive economic losses in Cambodia, Lao PDR, Myanmar, the Philippines, Viet Nam, and Thailand.”* He further added that, *“It is a matter of urgency that risk financing solutions, as a disaster risk reduction measure, now be pursued more aggressively. Governments must understand the benefits of disaster risk financing as part of their comprehensive disaster risk management strategy.”*

“The poor face disproportionately high hazard risks, as they often live on marginal land and dangerous areas. Rapid urbanization and demographic trends will increase vulnerability if nothing is done to increase disaster resilience,” said **Bert Hofman, World Bank East Asia and Pacific Region Chief Economist**. *“Risk financing can improve resilience by increasing governments’ response capacity in the aftermath of a disaster, while protecting long-term fiscal balance and development gains.”*

Glenn Dolcemascolo, UNISDR Head of the Partnership and Network Unit, in his remarks said that *“Planning and finance ministries have the advantage recognizing the impacts that disasters have on the national economy and growth rates. They are also uniquely positioned to reduce these potential impacts. Establishing a good national disaster loss database is an essential step. When impacts of disasters are recorded and probable future losses are calculated, Governments are better equipped to weigh the cost and benefits of disaster risk reduction and invest accordingly.”*

At the Forum, a draft report “*Advancing Disaster Risk Financing and Insurance in ASEAN countries: Framework and Options for Implementation*” prepared by the World Bank / GFDRR DRFI and the EAP DRM teams will be presented as the analytical basis for discussions. Case studies from Indonesia, Philippines, Mexico, and other countries will also be shared. Private insurance and reinsurance industry will be present as well to discuss Public Private Partnership options in DRFI.

“There are several options for the development of cost-effective, affordable and sustainable disaster risk financing and insurance strategies in ASEAN countries” said **Olivier Mahul, Program Coordinator, Disaster Risk Financing and Insurance, World Bank / GFDRR**. *“These include national disaster funds as a financial mechanism to ensure the fast disbursement and execution of funds post disaster, and the promotion of private catastrophe risk insurance solutions through public-private partnerships.”*

ASEAN Member States are highly exposed to a wide range of adverse natural disasters including earthquakes, floods, cyclones and droughts, with more than 100 million people in member countries affected by disasters since 2000. Each year, on average, the ASEAN region experiences annual expected losses caused by natural disasters estimated at US\$4.6 billion or 0.25% of the region’s GDP. Exposure is increasing as rapid urbanisation has seen a growth in the concentration of peoples and assets in flood-prone areas and coastal cities.

Against this background, building financial resilience has gained increasing significance among policy makers. It has been identified as a flagship initiative under the AADMER, which binds member countries to promote regional cooperation in reducing losses and intensifying a joint emergency response to disasters.

The World Bank is assisting ASEAN in risk financing through initiatives such as this Forum, as part of a broader programme to strengthen disaster risk reduction capacity in Member States. This is based on a tripartite Memorandum of Cooperation (MoC) signed by the World Bank, ASEAN Secretariat and UNISDR in 2009, which includes technical support to help implement AADMER and the Hyogo Framework of Action for resilience.

The GFDRR and the World Bank team have substantial experience in the area of DRFI, in line with its four pillar strategy: (1) Strengthening institutions (2) Building resilience (3) Sustainable recovery (4) Risk financing. Given the increasing importance of risk financing, they will continue to collaborate with UNISDR and other partners to support ASEAN Member States.

Photos of the forum can be obtained through:

<https://www.facebook.com/media/set/?set=a.10150453078483854.428341.52094913853&type=1>

Related Content

ASEAN Disaster Risk Financing and Insurance Forum:

<http://www.aseandrr.net/RegionalNaturalDisasterRiskFinancingandInsuranceStrategyforASEANCountriesOptionsforConsideration.aspx>

World Bank East Asia and Pacific, Disaster Risk Management:

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/EXTEAPREGTOPRISKMGMT/0,,menuPK:4078302~pagePK:34004175~piPK:34004435~theSitePK:4077908,00.html>

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