

Name of Event: [Plenary] The Economics of Disaster – Effective Financial Investments to Reduce Risk

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Panellists:

- Ms. Asha-Rose Migiro, Deputy Secretary-General of the United Nations (Chair)
- Ms. Raghida Dergham, Senior Diplomatic Analyst, Al Hayat News Agency (Moderator)
- Ms. Kristalina Georgieva, European Commissioner for International Cooperation, Humanitarian Aid & Crisis Response
- Mr. Woochong Um, Deputy Director General, Asian Development Bank
- Mr. Oscar Ortiz, Mayor of Santa Tecla, El Salvador
- Mr. Nirankar Saxena, Director, Federation of Indian Chamber of Commerce and Industry, India
- Mr. Dato Seri Mohamed Aziz, Minister in the Prime Minister's Department, Malaysia

1) Outline

Investment in disaster risk reduction pays. Despite this, there is woefully inadequate public and private investment in DRR. This reflects a range of factors including short memories, with the impact of past disasters quickly forgotten; fragmented interests, with insufficient cross-sectoral institutional capacity to drive the disaster risk reduction agenda; and obstacles presented by the fact that DRR investments can result in potential losers as well as gainers. There is huge scope for much greater private, as well as public, investment in disaster risk reduction. Indeed, private sector resources urgently need to be captured to help address the enormous gap in funding for DRR. Conditionalities aimed at driving improved DRR practice are controversial, particularly as regards linking access to post-disaster response to prior risk reduction efforts. However, strong public support for humanitarian aid response could be harnessed and redirected in support of much greater ex ante investment in DRR.

2) Key messages, outcomes, recommendations

- Efforts to mainstream DRR concerns into international community, national and local government, community and private sector development initiatives need to be stepped up and accelerated (e.g., via EIA requirements and upstream development policy and project design).

- New financing mechanisms are required to channel greater resources into DRR, in particular ensuring far greater local government and community access to this funding.
- Private sector investment in DRR needs to be encouraged, both via the creation of enabling environments (e.g., tax incentives) and efforts to create better awareness of potential opportunities for commercial gain.
- Finance and development planning ministries need to be directly engaged in discussions around the long-term benefits of disaster risk reduction, both in terms of returns to individual investments and the wider socio-economic impacts of disasters.
- Good practice examples of successful public and private DRR initiatives and related net economic gains should be widely shared across communities and countries.