

Third Session of the Global Platform for Disaster Reduction
Opening Session
Remarks Prepared for Sri Mulyani Indrawati, Managing Director
Geneva, May 10 - 10h30 AM

Secretary General, distinguished panelists and delegates;

It is with great pleasure that I join you for the opening of the Third Session of the Global Platform for Disaster Reduction, and the World Reconstruction Conference.

Never has such an event been more timely: the images of the lives and communities destroyed in recent catastrophes have touched us all. In Pakistan, Haiti, and Japan we have seen the many faces of disasters: the *human* tragedy of lost family, friends, and jobs; the *physical* devastation of homes, schools, and hospitals; the *financial and economic* burden of recovery and reconstruction.

The frequency of disasters is increasing and their economic costs rising. Rapid urbanization and the risks associated with a changing climate can further accelerate this trend. According to recent studies, the number of people living with the threat of earthquakes and cyclones in cities could triple by 2050. And we know that the poorest are always hit first and hardest. The 21st century will increasingly be defined by how we address these global challenges.

As Finance Minister for Indonesia during the devastating tsunami in Aceh in 2004, I experienced firsthand the social and economic burden of disasters.

But I also come from a country that is learning from its experience, in government and in the communities that live with risk every day, to better understand and prepare for the hazards we face.

Now, at the World Bank, I see a global effort underway to support countries as they prepare for and reduce the risks of natural hazards. And it's a global effort to share good practices and lessons learned.

One of our key priorities is to integrate modern disaster risk management practices into the development strategies and investments policies of the countries we work with.

I am pleased to report that, in the last 3 years, 60 Country Assistance Strategies and 39 Poverty Reduction Strategy Papers have addressed disaster and climate change adaptation issues. This is a good start – and we will build on it.

Today, we are here to open the first World Reconstruction Conference. It builds on our commitment and provides space not only to share our experiences and learn from each other, but also to agree on how we should work more effectively together to meet growing needs – in both reducing risk and recovering from disasters.

In this context, I would like to highlight three key areas that are important for us to work on in order to achieve progress:

- Developing an effective framework for post-disaster recovery and reconstruction;
- Improving access to reliable reconstruction and recovery finance; and
- Integrating risk mitigation and climate adaptation in all reconstruction and development activities.

Let me briefly explain each:

Developing an Effective Framework for Post-Disaster Recovery and Reconstruction

When a crisis hits, affected countries often experience a wave of international goodwill which requires coordinating a large number of actors. Governments in advanced economies generally have the capacity to lead the coordination and planning of recovery. But many developing countries can be overwhelmed.

Despite repeated large-scale assistance operations around the world, not much common understanding has evolved across development partners and national governments over the policy, strategy, financing, institutional, implementation, and measurement aspects of recovery and reconstruction programs.

The roles and responsibilities of the various partners remain unclear. Duplication and a lack of good planning can jeopardize the speed and quality of reconstruction.

Therefore, I believe an effective reconstruction and recovery framework should be developed that can:

- a) better define roles and responsibilities within clear institutional arrangements;
- b) capitalize effectively on the strengths of various stakeholders;
- c) clearly place countries in the driver's seat of decision making and resource allocation;
- d) provide in-time relevant knowledge and lessons learned; and
- e) assist in establishing robust and transparent quality and result monitoring systems.

Let me turn to the next point:

Improving Access to Reliable Reconstruction and Recovery Finance

Financing recovery is very costly and can divert resources intended for much needed investments for development. International financial support is critical, but often uneven and dependent on when and where disaster strikes.

The OECD Development Aid Committee reports that outside financing and donations usually offset less than 10 percent of a country's disaster losses. As a result, developing countries often don't have enough resources for what's needed. And, with whatever is available, there is no guarantee it gets to those people who need it, and in a timely manner. Countries that depend on external aid operate and plan without exactly knowing what financial resources will be available to them.

Having said this, let me also raise another concern. When the funds do arrive, a lack of capacity to manage those funds and a pressure to implement quickly can result in the misuse of funds.

We need to find better ways to:

- a) provide access to reliable reconstruction finance;
- b) build capacity to manage the surge of resources;
- c) better integrate the resources of private foundations and NGOs effectively; and
- d) develop instruments to tap the financial capacity of global capital markets.

The World Bank recently announced a Crisis Response Window within the International Development Association (IDA). Contingency funding is set aside for low income countries facing economic crises, food crises, or natural disaster events.

In addition, countries such as Costa Rica, Guatemala, El Salvador, Colombia, and Peru are using new risk financing instruments such as "Catastrophic Risk - Deferred Draw Down Option" or "CAT DDO" to have access to immediate liquidity following a natural disaster. These are steps in the right direction, but more needs to be done.

Finally, let me say a few words about **Integrating Risk Mitigation and Climate Adaptation in All Reconstruction and Development Activities**

Disaster prevention pays, both in terms of lives saved and budgets protected; Better still, it often does not cost more. In addition, low-cost mitigation measures can be very effective.

In 1991, for example, 138,000 people lost their lives when the Bangladesh Cyclone hit. Since then, Bangladesh has invested in early warning systems and cyclone shelters. The country has built a volunteer system for rapid evacuation. Thanks to these efforts, the number of deaths has been drastically reduced. During Cyclone Sidr in 2007, only 3,400 people died. Bangladesh continues to improve its systems.

We need to assist countries in guiding the incentive structures and policy environment towards risk mitigation and climate adaptation. At the same time, I would like to urge international organizations, donors, NGOs, and the private sector to intensify their efforts to integrate risk mitigation and climate adaption in their regular development and investment portfolios.

Conclusion

To achieve progress in these areas I have highlighted, action is needed on many fronts, and in particular in the management of knowledge, the development of partnerships, and the cultivation of innovation.

I am very encouraged by the testimony of partnership, cooperation, knowledge sharing, and innovation, which is the solid basis of the Global Platform and the World Reconstruction Conference. This forum offers an unparalleled opportunity to explore these ideas and advance the discussion in these critical areas.

I am personally excited to contribute to this effect and I look forward to challenging debates and ideas for moving ahead in partnership.

Thank you.