

70th Coordination Group Meeting of the Arab Aid Consortium

12 March, Kuwait City, Kuwait

**Address by Margareta Wahlström
Special Representative of the UN Secretary-General
for Disaster Risk Reduction**

Excellencies, Distinguished Representatives, Colleagues, Ladies and Gentlemen,

I am honoured to have been invited to talk to you today on the occasion of the **70th Coordination Group Meeting of the Arab Aid Consortium**, and in celebration of 50 years of **the Kuwait Fund for Arab Economic Development**.

I would like to thank the Kuwait Fund and the Arab Fund for Economic and Social Development for their gracious hospitality, and the Arab Aid Consortium Secretariat for inviting me to this gathering. It comes at an opportune moment, at a time when the international community is critically examining domestic and aid financing systems in seeking to fundamentally improve the effectiveness of support to nations' development and growth.

This drive to improve effectiveness, and therefore minimise loss and maximise the return on investment, is focusing increasingly on our understanding of the risks that both public and private sector activities are exposed to, and how we can better manage and reduce these risks.

Disaster risk ranks high in this reflection, which when poorly understood and managed, can have catastrophic consequences on rich and poor countries alike. 2011 was a stark reminder of the vulnerability of modern day society to disasters and a reminder that the impacts of natural catastrophes on people, countries and regions in the short, medium and long term are increasingly global in nature.

With governments in countries at risk leading the way, aided and abetted by the *Hyogo Framework for Action 2005-2015* and the work of the UNISDR secretariat and its partners, the management of disaster risk and strengthening nations' resilience are now considered a fundamental part of the 21st century drive for effective societal development.

Why is this an imperative?

1. 2011 was a record year for all the wrong reasons – it saw 302 human impact disasters, killing nearly 30,000 people and affecting 206 million. The reinsurance company MunichRe estimated global economic losses to be in excess of US\$ 380 billion. Never before has the need for collaborative action to reduce risk, vulnerability and the exposure of populations and assets been more keenly felt.

2. Mortality in disasters may be trending downwards over time, but economic loss risk is rising rapidly. The risk of economic losses is now growing faster than average GDP growth – in other words, faster than the ability of countries to create wealth. This is not a concern solely for the developing world.
3. Five of the ten costliest (in terms of money rather than lives) were in the past four years. 2011 alone saw the earthquake and tsunami costing Japan an estimated US\$ 300+ billion in losses (forcing it back into recession), the earthquake in Christchurch cost New Zealand US\$ 8.5 billion, floods in Australia cost US\$ 9 billion (forced a deficit on its trade balance), and floods cost Thailand an estimated US\$ 40 billion and according to J.P. Morgan are reported to have set back global industrial production by 2.5%.
4. The costs of recovery for countries can be enormous, not least in high-tech, industrialised societies. The budgetary allocation by the Government of Japan for recovery and reconstruction following the 2011 earthquake is approximately USD 260 billion, or approximately 25% of GDP. High-income countries may be able to absorb losses and recovery costs over the long term, but middle and low-income countries can be severely incapacitated by disasters, and in the worst cases (Haiti for example), see decades of development investment undone.
5. Major catastrophic events are commonly not the most damaging to a society. Crises, shocks and stresses affect people differently. Approximately 50% of all disaster losses are estimated to come from recurrent, small-scale disaster events. The poor are disproportionately affected. Women, children, older and disabled people, and marginalized groups are often more exposed to risks, and usually have less capacity and fewer defences against the impact of a crisis. A significant proportion of small-scale recurrent losses are not accounted for, and not paid for by governments and are simply absorbed by low-income households and small businesses.
6. These losses translate into a series of poverty outcomes (increasing breadth and depth of poverty; inequality; declines in nutrition and health etc.). Building resilience is therefore central to achieving the Millennium Development Goals.
7. All governments are responsible for their stock of public assets. These include schools, health facilities, roads and infrastructure. Unfortunately, much public investment does not increase a countries stock of development assets rather it increases its stock of risks and liabilities – which is amplified by poorly managed urban growth and environmental degradation.
8. The Global Assessment Report on Disaster Risk Reduction 2011 has looked in detail at nationally reported disaster losses in 21 countries in Africa, Asia and Latin America. Since 1989, 46% of the schools, 54% of the health facilities, 80% of the roads and more than 90% of the water, sewer and power installations were damaged or destroyed in frequently occurring disaster. When these losses are monetized they are huge, for example, all Mexican governments since 1982 have had to deal with losses of between US\$10 and 20 billion.
9. The consequences of failing to mitigate disaster risk in public and private investment are measured not only in lives lost or economic costs incurred, but also in political, and in the worst cases, social instability. Witness political fallout in Sweden after the 2004 Indian

Ocean tsunami and Japan following the earthquake in 2011, and social disorder in New Orleans post Katrina in 2008.

10. A focus on resilience will allow multiple risks, shocks and stresses and their impacts on institutions, economies and vulnerable people to be considered together in the context of development programming. Loss accounting, risk assessment and identifying cost-effective risk management strategies can assist society (and thus both public and private investment) avoid having to absorb disaster losses.

What has already been done?

11. A great deal at regional, national and local levels. The growing number of countries, business, cities and communities that have taken action, or have declared a commitment to reduce risk, is evidence of this shift in thinking. Political support for risk management and resilience in both the public sector (especially in the environment, humanitarian and development communities) and private sector has grown significantly, and as such, is bringing decision makers together to develop mutually beneficial strategies for sustained impact and maximise return on investment.
12. This can be seen in many countries and regions, not least in this region, where the Council of Arab Ministers Responsible for the Environment adopted the Arab Strategy for Disaster Risk Reduction 2020 at its 22nd session of the League of Arab States in December 2010, to address the increasing frequency and intensity of recent disasters and recognizing the need to reduce disaster risks in the region. In January 2011, this strategy was endorsed by Heads of States at the 2nd Arab Summit for Socio-Economic Development.
13. Progress is also being made at national and local level in the region. Lebanon is emblematic of this, where the government has established a dedicated Disaster Risk Management Unit under the leadership of the Prime Minister, trained national and local government officials, undertaken advocacy and public awareness actions, and established a national committee on the implementation of and reporting on the Hyogo Framework for Action, as it seeks to reduce losses in lives and assets from disasters.
14. In Peru, a National System for Public Investment was established in 2000 and began to formally incorporate disaster risk into it between 2004 and 2007. Supported by German development cooperation, it trained more than 900 professionals from different departments on risk concepts, new assessment methodologies, and developing a long-term vision of investment.
15. The new investment planning system allowed for the analysis of cost-effectiveness of public investments for different probabilities of disaster occurrence over different time periods. The government was able to estimate the costs of factoring disaster risk reduction into public investments as compared with the avoided losses and reconstruction costs over a period of ten years for different probabilities.
16. Costa Rica built on Peru's experience and developed a public investment system in 2007 that incorporated disaster risk from the start.

17. Rapid progress is also being made at the international level. Driven by a robust G77/partner country caucus, supported by UNISDR, resilience-focused programming is gaining momentum with a number of donors, responding to increasing calls for greater political, strategic and policy leadership and guidance in positioning resilience within development co-operation.
18. Recent global commitments have been made at the High-Level Forum on Aid Effectiveness in Busan¹ wherein OECD countries and the BRICS committed to investing in shock resistant infrastructure and social protection systems for at-risk communities, and for increasing the resources, planning and skills for disaster management.
19. Supported by UNISDR and its partners, the OECD DAC has determined risk reduction and resilience as one of its priorities for their forthcoming programme cycle, and will be generating policy guidance and tools that will assist donors reduce risk, minimise losses and maximise the return on their investment.
20. The Cancun Adaptation Framework under the UN Framework Convention on Climate Change (COP16) identified disaster risk reduction and the HFA as a pillar of country efforts to adapt to climate change. The recently launched IPCC summary report for policy makers on Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation (SREX), to which UNISDR contributed, provides scientific evidence on the link between disaster risk and climate change.

1 See Article 27. http://www.aideffectiveness.org/busanhlf4/images/stories/hlf4/OUTCOME_DOCUMENT_-_FINAL_EN.pdf

Special Report on Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation, of the Intergovernmental Panel on Climate Change (IPCC).

The report provides information on how:

- Natural climate variability and human-generated climate change influence the frequency, intensity, spatial extent, and duration of some extreme weather and climate events;
- The vulnerability of exposed human society and ecosystems interacts with these events to determine impacts and the likelihood of disasters;
- Different development pathways can make future populations more or less vulnerable to extreme events;
- Experience with climate extremes and adaptation to climate change provides lessons on ways to better manage current and future risks related to extreme weather and climate events, and;
- Populations can become more resilient before disasters strike.

Highlights:

- Measures that provide benefits under current climate and a range of future climate change scenarios, called low-regrets measures, are available starting points for addressing projected trends in exposure, vulnerability, and climate extremes.
- Effective risk management generally involves a portfolio of actions to reduce and transfer risk and to respond to events and disasters, as opposed to a singular focus on any one action or type of action.
- Opportunities exist to create synergies in international finance for disaster risk management and adaptation to climate change, but these have not yet been fully realized
- Stronger efforts at the international level do not necessarily lead to substantive and rapid results at the local level
- Appropriate and timely risk communication is critical for effective adaptation and disaster risk management
- The most effective adaptation and disaster risk reduction actions are those that offer development benefits in the relatively near term, as well as reductions in vulnerability over the longer term (concerning trade-offs between current decisions and long-term goals).
- The interactions among climate change mitigation, adaptation, and disaster risk management may have a major influence on resilient and sustainable pathways.

21. The G20 has placed disaster risk management on their 2012 agenda, and the UK, US, Japan, European Union, the UN and the World Bank have committed to make disaster risk reduction and resilience a core development priority.
22. Risk and resilience are issues for emerging donors and drivers of the 21st century development agenda – Brazil has recently opened a Centre for Excellence in Disaster Risk Reduction, the President of Indonesia was recognized as the "Global Champion for

Disaster Risk Reduction" and will host the 2012 Asian Ministerial Conference on DRR, and South Africa has been at the forefront of African risk reduction since 2002.

23. The business world is on "the cusp of a major revolution" in its understanding of disaster risk reduction, as insurance industry demands force a shift from traditional accounting-based management to risk-based management². This new form of financial management will soon begin to have an influence on company behaviour, as an evaluation of the risk to capital becomes prerequisite.
24. UNISDR works with members of the private sector who recognise that investing in disaster risk reduction offers a triple return by ensuring business continuity, safeguarding long-term investments, and protecting employees, their families, communities and environments.

How can the Arab Aid Consortium contribute?

25. Effective management of risk requires a multi-stakeholder approach at all levels of society. This is encapsulated in the *Hyogo Framework for Action 2005-2015 – Building the resilience of nations and communities to disasters* (HFA), adopted by 168 governments in 2005, and which guides actions for building and strengthening the resilience of nations and communities in a coordinated fashion and sets the basis for measuring results.
26. The HFA has proven value in helping governments and other stakeholders shape their strategic approach to reducing disaster losses, but as the impacts of disasters on society are country-specific and contingent upon the degree to which people and institutions are risk aware and empowered to develop a culture of disaster prevention and resilience, the HFA must be applied in a contextual manner.
27. Small countries (such as SIDS), with economies concentrated in one or two sectors, with low levels of gross national savings and capital accumulation, and difficulties to participate in the global economy are far less resilient and have more difficulty in recovering than large diversified economies (where in any case most assets are insured).
28. In many cases, low income countries are not investing adequately in risk reduction nor are they effectively using development instruments to do so – meaning that investment in development is often investment in risk. Countries have found it difficult to use measures such as land-use planning and management, building standards and environmental management to reduce vulnerability.
29. Governments, however, do have a choice. They can continue to face huge and growing losses, or they can decide to *invest today for a safer tomorrow* redefining development to reduce risk.
30. Multi-hazard vulnerability and risk assessments can be undertaken at all levels, from the household to line ministries to understand the specific factors that put lives and assets at risk and the most appropriate coping measures to build resilience starting at the

² Rowan Douglas, CEO Global Analytics at Willis Group and Co-Chair of the UNISDR Private Sector Advisory Group

community level. Urban and land-use planning can be used to manage disaster risk, investment in drainage infrastructure in flood-prone areas can be increased (currently the case in only 46% of low income countries) and measures can be taken to counter landslide risk (only 31%).

31. Prevention and risk reduction measures proved to be much more cost-effective if investments are made in the design and construction of better and safer buildings rather than retrofitting or rebuilding after they are damaged or collapse. Improved land-use planning and protection of critical infrastructure is an investment in a safer future that we all owe to our communities.

Preventable Catastrophe? - Drought

It is only in Africa that drought kills (in such large numbers), and the crisis in the Horn of Africa is widely recognized as indicative of past development failure – albeit in a very complex and difficult environment. Despite a commitment of over \$1.5 billion in humanitarian funding to the region in 2011 alone by the OECD DAC donors and \$125 million from countries outside of the DAC membership, the disaster in the Horn of Africa continues to unfold.

This prompted the OECD to call for donors to build a sustainable recovery by building longer-term resilience into livelihood systems so as to mitigate future crisis events – and ensure that episodes of drought no longer cause famine.

The DAC has called for recovery programming that is more creative, incorporating social protection instruments such as cash transfers to protect productive assets, and public works to build important infrastructure and environmental capital. Funding for climate change adaptation is recommended to focus on livelihoods – like those of the pastoralists and agro-pastoralists in the Horn of Africa.

32. Losses to lives and livelihoods can be avoided if disaster risk reduction is made a priority at the local, national, regional and international level. Risk management should be a mandatory component of strategic decision making and planning.
33. To facilitate coordination and information sharing, the HFA encourages the establishment of multi-faceted National Platforms for Disaster Risk Reduction. These are multi-stakeholder organisations aimed at improving national coordination of disaster risk management.
34. Their work encapsulates the knowledge of the research community, the coordination of Government actors, the community approach of civil society and the engagement of the private sector, as well as the important advocacy work done by the media.
35. Globally, there are 81 National Platforms, often composed of both national and local stakeholders, coordinating the implementation of the HFA and raising awareness of risk amongst the population.

36. In addition to National Platforms, UNISDR works with Regional organizations and platforms to advance disaster risk reduction. These regional structures, including ministerial conferences and sub-regional inter-governmental initiatives, are increasingly taking ownership for disaster risk reduction actions and following up on the implementation of the HFA.
37. Disaster risk reduction is everybody's business: the public and private sector, civil society organizations government, as well as local authorities and the public at large. It is at the local interface that effective risk management is arguably the most essential. It is at the local level that the impacts of disasters are most keenly felt in both the short and long term; conversely, it is also the level where an investment in risk reduction can generate the most significant dividends.
38. Disasters will increase, most notably as urban risk rises with growing urban populations that settle in exposed and high-risk areas. Eight out of the ten most populous cities in the world are at risk of being severely affected by an earthquake, whereas six out of ten are vulnerable to storm surge and tsunami waves. According to the World Bank, 370 million people currently live in earthquake prone cities. However, exposure and vulnerability is man-made, and thus can be addressed. It is with this in mind that UNISDR engages cities and their populations to build a culture of risk.
39. Cities today are principal providers of economic opportunity, education and security and so in 2010 the campaign *Making Cities Resilient- My city is getting ready!* was launched. In so doing the UNISDR seeks to assist city leaders, local government and city councils build the resilience of urban communities, ultimately supported by stronger national policies to invest in risk reduction at the local level. Over 1,000 local governments from 80 countries worldwide have joined the campaign, and will seeking to reduce risk exposure.

Looking ahead

40. In June 2012, the Conference on Sustainable Development in Rio de Janeiro, will take stock of 20 years of work for sustainable development. Risk reduction has been identified as one of the seven priorities under the "emerging topics" to be considered at the Rio Conference (Rio+20).
41. Recognising that the failure to ensure an appropriate balance on risk management, prevention and mitigation inhibits our ability to safeguard sustainable and equitable global development and societal growth, the UNISDR is advocating for a sustainable development framework that will be measured by its contribution to reducing disaster risk.
42. In parallel, the UNISDR is working with stakeholders in the development of the successor arrangement to the HFA, which expires in 2015. A process of consultations has been defined and will be clearly integrated in the Post-MDG process, as it is recognised that building resilience, is at the core of sustainable and long-lasting development action.

43. As (DAC and non-DAC) donors and other decision-makers begin to take building resilience more seriously, they will need to:
- Promote policy coherence on risk and resilience between the humanitarian and development communities.
 - Analyse risks better together – risks of disaster, crisis and other shocks, risks inherent in existing programming approaches, and risks to the aid providers.
 - Understand which risk reduction mechanisms work best in different contexts.
 - Use comprehensive risk analyses to better target the right development investments – to ensure that communities, economies and institutions are able to anticipate, absorb, accommodate and/or recover from shocks in a timely and efficient manner, and are more able to cope with future shocks.
44. The value of a preventative approach is uncontested; to engineer a substantial increase in pertinent investments is the critical next step. This where much of our energy is now dedicated.
45. In a rapidly changing, inter-connected and inter-dependent world, the degree to which the resilience of people and societies at risk from current and future shocks can be strengthened, will be one of the single greatest determinants of success for a new global partnership for effective development.
46. As the world moves towards a new development consensus in 2015, *in recognising changing trends in risk and vulnerability, the members of the Arab Aid Consortium have a golden opportunity to show leadership in defining new modalities for effective development in the 21st century.*

Check against delivery.

The HFA is the framework for cooperation internationally, regionally and locally in disaster risk reduction:

The Hyogo Framework for Action 2005-2015: *Building the resilience of nations and communities to disasters.*

The Hyogo Framework for Action (HFA) is a 10-year plan to make the world safer from natural hazards. It was adopted by 168 UN Member States in 2005 at the World Disaster Reduction Conference.

The HFA is a flexible action-oriented tool which explains, describes and details the work that is required from all different sectors and actors to reduce disaster losses. It outlines five priorities for action, and offers guiding principles and practical means for achieving disaster resilience.

Its goal is to substantially reduce disaster losses by 2015 by building the resilience of nations and communities to disasters. This means reducing loss of lives and social, economic, and environmental assets when hazards strike.

- Priority Action 1: Ensure that disaster risk reduction is a national and a local priority with a strong institutional basis for implementation.
- Priority Action 2: Identify, assess and monitor disaster risks and enhance early warning.
- Priority Action 3: Use knowledge, innovation and education to build a culture of safety and resilience at all levels.
- Priority Action 4: Reduce the underlying risk factors.
- Priority Action 5: Strengthen disaster preparedness for effective response at all levels.

The Arab Aid Consortium is composed of:

<i>Multilateral</i>	<i>Bilateral</i>
Arab Fund for Economic and Social Development (the Arab Fund)	Kuwait Fund for Arab Economic Development (the Kuwait Fund)
Arab Gulf Programme for Development (AGFUND)	Saudi Fund for Development (SFD)
OPEC Fund for International Development (OFID)	Abu Dhabi Fund for Development (the ADFD)
Arab Bank for Economic Development in Africa (BADEA)	
Islamic Development Bank (IDB)	

Figure 1a: Arab States progress in DRR (based on 9 countries reporting through the HFA Monitor) compared to global averages (based on 82 country reports):

