Preparation on Resilience Building (session 4)
Consultative Meeting of LDCs and Friends of LDCs on the implementation of the Sustainable Development Goals in LDCs
Glen Cove, New York
28 June 2017
Disasters and shocks: an overview

External shock

Country-specific shock
- Global knowledge & expertise

Cross-national shock
- Institutional framework
- Financial support
  - Mitigating risks: insurance & other ex-ante risk-mitigating activities
  - Rehabilitation & coping activities
Vulnerability stems from various types of shocks and crises

1. Economic and financial crises
2. Natural disasters of various type
3. Health disasters—pandemics
4. Political shocks—refugee influx
Food prices FAO Food Price index (1990-2017)
**Natural disasters**

<table>
<thead>
<tr>
<th>Year</th>
<th>Incidence</th>
<th>Impacts</th>
<th>Damage ('000 US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>Earthquake in Haiti</td>
<td>222,570</td>
<td>3,700,000</td>
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<tr>
<td></td>
<td></td>
<td>8,000,000</td>
<td></td>
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<tr>
<td>2011</td>
<td>Drought, Afghanistan</td>
<td>1,750,000</td>
<td>142,000</td>
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<tr>
<td>2011</td>
<td>Droughts in Ethiopia, Uganda and Somalia</td>
<td>9,474,679</td>
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<tr>
<td>2011-2013</td>
<td>Riverine flood, Cambodia</td>
<td>447</td>
<td>3,140,023</td>
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<td></td>
<td></td>
<td>1,021,000</td>
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<tr>
<td>2012-2013</td>
<td>Floods, Niger</td>
<td>123</td>
<td>711,981</td>
</tr>
<tr>
<td></td>
<td></td>
<td>248,839</td>
<td></td>
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<tr>
<td>2013</td>
<td>Floods in Mozambique</td>
<td>136</td>
<td>315,986</td>
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<td></td>
<td></td>
<td>30,000</td>
<td></td>
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<tr>
<td>2014</td>
<td>Floods in Solomon Islands</td>
<td>47</td>
<td>52,000</td>
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<td></td>
<td></td>
<td>24,000 [Caused economic losses equivalent to 4.7% of GDP]</td>
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<td>2013-2015</td>
<td>Riverine flood, Bangladesh</td>
<td>90</td>
<td>4,212,348</td>
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<tr>
<td>March 2015</td>
<td>Cyclone in Vanuatu</td>
<td>11</td>
<td>188,000</td>
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<td></td>
<td></td>
<td>449,400</td>
<td></td>
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<tr>
<td>April 2015</td>
<td>Earthquake in Nepal</td>
<td>8,969</td>
<td>5,642,150</td>
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<td></td>
<td></td>
<td>5,174,000</td>
<td></td>
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<tr>
<td>2015</td>
<td>Riverine Flood, Myanmar</td>
<td>117</td>
<td>9,014,000</td>
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<td></td>
<td></td>
<td>119,000</td>
<td></td>
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<tr>
<td>2015</td>
<td>Floods in Malawi</td>
<td>278</td>
<td>638,645</td>
</tr>
<tr>
<td></td>
<td></td>
<td>390,000</td>
<td></td>
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<tr>
<td>2015</td>
<td>Floods, Sudan</td>
<td>206</td>
<td>927,834</td>
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<td></td>
<td></td>
<td>7,000</td>
<td></td>
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<tr>
<td>2015</td>
<td>Drought in Ethiopia</td>
<td>0</td>
<td>10,200,000</td>
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<td></td>
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<td>1,400,000</td>
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<tr>
<td>2016</td>
<td>Food insecurity (Population in Crisis, Emergency and Famine)</td>
<td>8,500,000 (Afghanistan), 6,700,000 (Malawi), 2,900,000 (Somalia), 4,900,000 (South Sudan), 4,400,000 Sudan, (14,100,000) Yemen</td>
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<tr>
<td>2016</td>
<td>Extra-topical storm, Haiti</td>
<td>546</td>
<td>2,100,438</td>
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<tr>
<td>March, 2017</td>
<td>Cyclone, Madagascar</td>
<td>250,000 [number of displaced people]</td>
<td>155,000</td>
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<td></td>
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<td>760,000 [expected]</td>
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</tbody>
</table>
Health disasters-pandemics

<table>
<thead>
<tr>
<th>Year</th>
<th>Incidence</th>
<th>Total deaths</th>
<th>Total affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>Ebola Outbreak in Guinea, Liberia and Sierra-Leone</td>
<td>11,308</td>
<td>28,610 [confirmed, probable and suspected cases reported in the 3 LDCs]</td>
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<tr>
<td>2015</td>
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Political shocks: refugee influx

• LDCs are the major source countries of refugees (7.8 million out of 22 million). Major source countries are Afghanistan, Somalia, South Sudan, Sudan, DRC, Central African Republic.

• LDCs provided asylum to 4.2 million refugees (about 26% of global total) in 2015

• Of the 30 countries with the largest number of refugees (as host), 20 are LDCs (DRC, Ethiopia, Uganda, Chad, South Sudan, Afghanistan, Niger)
Existing resilience building arrangements and instruments (National and regional levels)

- National policies and programmes
- Catastrophe bonds, derivatives
- Contingency credits
- Weather-index insurance or parametric insurance
- Regional risk insurance pools
  (i) Caribbean Catastrophe Risk Insurance Facility (CCrif)
  (ii) Pacific Disaster Financing and Insurance Program (PDFIP)
  (iii) African Risk Capacity (The Specialized Agency and the ARC Insurance Company Limited)
Existing arrangements for crisis mitigation and resilience building (multilateral)

- Global Facility for Disaster Reduction and Recovery (Grant-funding mechanism, managed by the World Bank)
- Disaster Risk Financing and Insurance Program [A partnership of the World Bank Group and the Global Facility for Disaster reduction and Recovery (GFDRR)]
- Pandemic Emergency Financing Facility (PEF) (World Bank)
- Emergency Contingency Fund (WHO)
- Green Climate Fund, LDC Fund (UNFCCC)
- Rapid Financing Instrument (IMF)
- Bilateral and other multilateral sources
Constraints and shortcomings

- National policies are often fragmented and under-funded
- Poor technical knowledge and old-aged regulatory regime constrain resilient infrastructure development
- Lack of counter-cyclical macroeconomic policies
- Poor capital market de-incentivizes capital market based risk financing tools and products
- Absence of multi-hazard state of the art early warning systems
- Eligibility constraints to get access to the multilateral risk financing windows (LDC category is not recognized by the IFIs and many agencies)
- Absence of sub-regional risk insurance arrangements
Comprehensive multi-stakeholder resilience building (CMRB) for LDCs

- **National**
  - Policies and Strategies
  - Market based products and instruments

- **Regional**
  - Risk Pool based insurance
  - Early warning systems

- **Global**
  - Bilateral (ODA, S&D, technology)
  - Multilateral
Comprehensive multi-stakeholder resilience-building for LDCs (National level initiatives)

- Appropriate national policies and programmes for resilience building
- Flexible and counter-cyclical macroeconomic policies (managing boom-burst cycles)
- Strong social safety-net programmes
- Product diversification, value addition and global value chains
- Increasing labour productivity through education, training and technology
- Increased investments – resilient infrastructure, R&D to education, improved market access
- Bonds, derivatives and options
Comprehensive multi-stakeholder resilience-building for LDCs (Regional and global level initiatives)

- Composite, integrated and multi-hazard early warning system at national and regional levels
- Weather-index or parametric insurances (in the form of CCRIF)
- Improved market access while maintaining appropriate safeguards for LDCs (S & D treatment)
- Necessary standing capacity (regional and global levels) to extend financial and in-kind support and a pool of volunteers.
Comprehensive multi-stakeholder resilience-building for LDCs (The role of International Community)

The assistance of the international community spans along four vectors:

• It can bring global expertise and knowledge to bear on the various types of external shocks that afflict the LDCs
• In case of multi-country risk, the international community can facilitate cooperation and collective action
• To mitigate risks, assist developing insurance mechanisms and help purchase insurance support (for example, Caribbean Catastrophe Risk Insurance Facility and Weather-Index Based Crop Insurance in Malawi).
• Finally, in the wake of a crisis, emergency financial support for rehabilitation and coping
Comprehensive multi-stakeholder resilience-building for LDCs (The role of International Community) continued…

- **United Nations**: with its specialized agencies, has been the interlocutor for the LDCs to the international community. In the case of natural disasters, it has played the lead role both in ex-ante risk reduction activities as well as in ex-post emergency relief, rehabilitation and coping activities.

- **IMF**: Traditionally, played an important role in economic and financial crisis. Recent initiatives include for ex-ante and ex-post disaster assistance under its Catastrophe Containment and Relief trust (which is revamped version of Post-Catastrophe Debt Relief Trust). This activity includes both natural disasters and health pandemic.

- **MDBs**: Traditionally, multilateral development banks (MDBs) activities were largely focused on emergency recovery and reconstruction. In recent years, MDBs have developed a wide array of financial and non-financial mechanisms and tools for disaster-risk management and build climate resilience. IDA crises response window is an important source.
The way forward

- Leveraging the existing mechanisms, tools and sources of support
- Replicating successful and effective tools to LDCs on a sub-regional basis
- Hedging the risks through market-based disaster risk financing such as different types of derivatives. Multilateral development Banks and UN system can provide intermediation services in this regard.
- Adequate bilateral support to meet the growing needs of LDCs
- Support architecture needs to be harmonized as different agency uses different standards and categorization of countries
- Adequate resources to the financing mechanisms in the field of resilience building for LDCs (Green Climate Fund, LDCs Fund and NAPA)
- Necessary legislative decisions