

Disaster economics and governance of risks: investing today for a safer tomorrow

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Impacts of Disasters since the 1992 Rio de **Janeiro Earth Summit**

In 1992, the United Nations organized a conference on environment and development in Rio de Janeiro, called the Earth Summit. The purpose of the conference was to rethink economic growth, advance social equity and ensure environmental protection.

Twenty years later, the UN is organizing Rio+20, a chance to move away from business-as-usual and to end poverty, address environmental destruction and build a bridge to the future. Disaster risk reduction (DRR) plays an important part in this future of sustainable development.

Here's a look at the impact of disasters since the Earth Summit (1992-2012).



Created on 11 June 2012

EM-DAT: - http://www.emdat.be/: The OFDA/CRED international Disaster Database; Data version: 11 June 2012 - v12.07; Disasters: Natural Disasters as categorized in EM-DAT; Affected: The sum of injured, homeless, and people requiring immediate assistance during a period of emergency - it can also include displaced or evacuated people from disasters; Damage-Estimated figures; Killed: Persons confirmed as dead and persons missing and presumed dead.

UN Stats - http://unstats.un.org: Estimated mid-year world population for 2010 is 6.9 billion.

OECD - http://stats.oecd.org: ODA from 1986-2010 totals approximately USD1.7 trillion.

² Airbus - http://www.airbus.com: A380 maximum capacity is 853.





Roughly 64% of the world's population1.

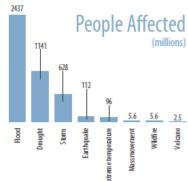


Approximately 25 years of total Overseas Development Aid2.



Comparable to over 1500 airplane3 crashes.

Impact by disasters



Impact by top 10 countries



Bangladesh **Philippines** Thailand Pakistan Ethiopia

Viet Nam

92 million 72 million 64 million 46 million 44 million

39 million

136 million

in damage (USD)

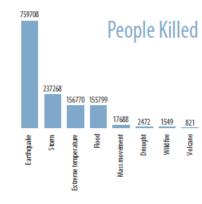
China P Rep

28 billion

Damage

(USD billions)

402 billion 331 billion 45 billion 43 billion 36 billion 31 billion 31 billion 31 billion



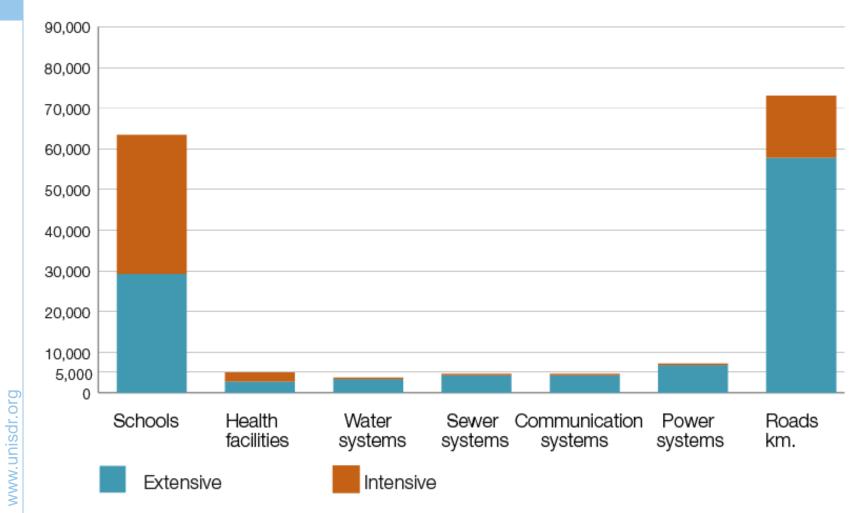
139351 China P Rep 128298 103182 Pakistan 85332 61152 Sri Lanka Iran Islam Rep Venezuela



Developing or increasing our countries' stock of risks and liabilities?

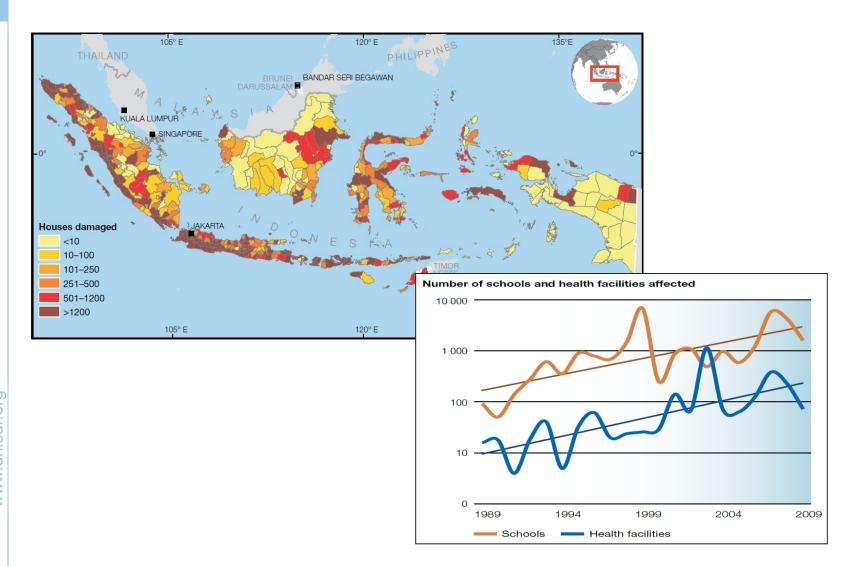


Once upon a time ...





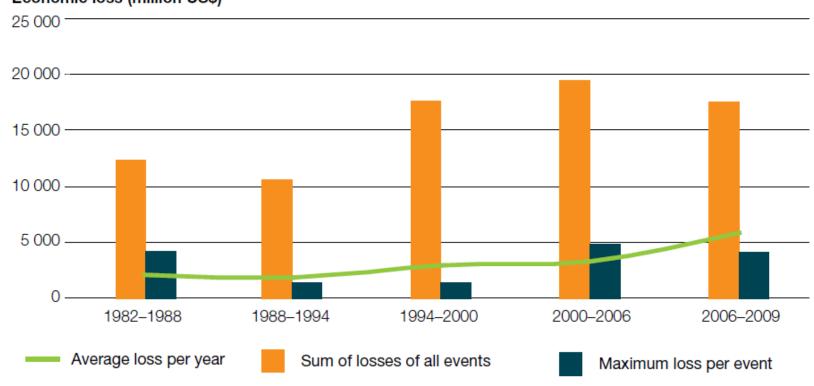
Increasing disaster losses





Growing losses

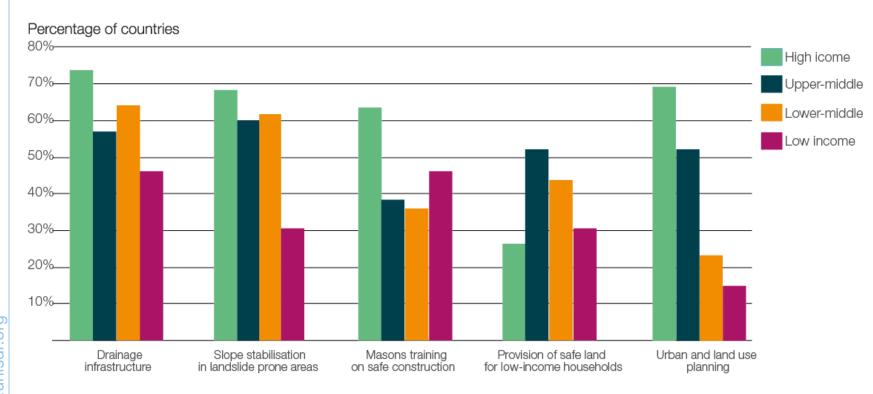




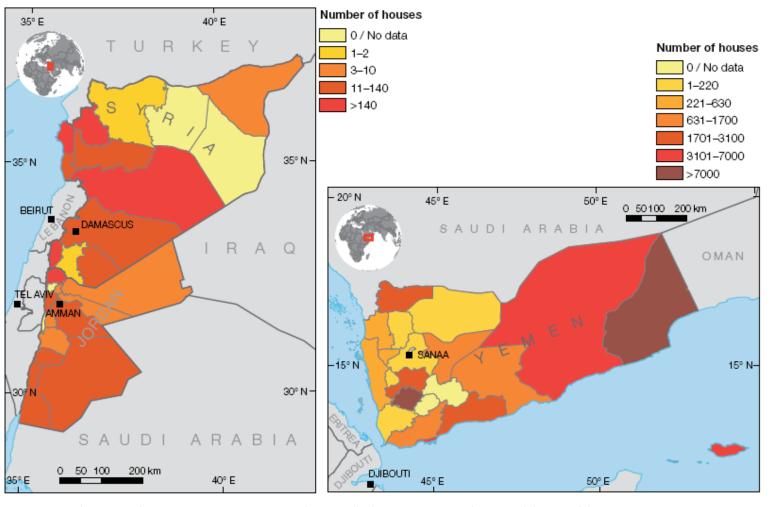
Disaster losses by Presidential period Mexico 1982 – 2009



...and low investment in vulnerability reduction (HFA reports 2011)



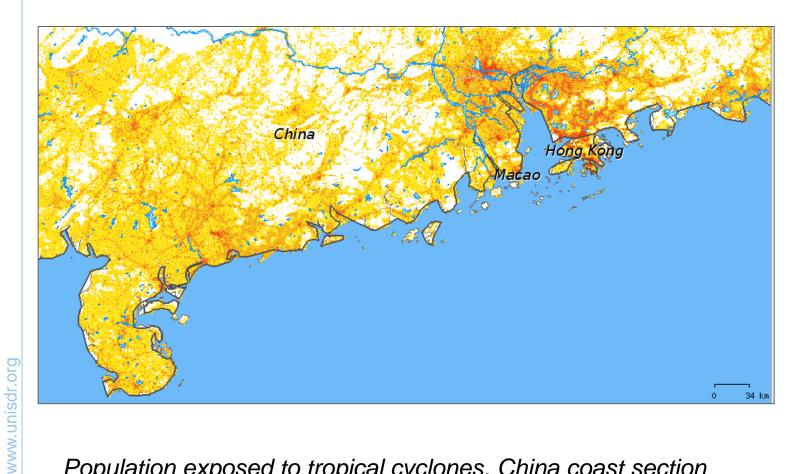
Damages absorbed by governments and individuals



Housing damage by governorate in Jordan and the Syrian Arab Republic and by province in Yemen (1989-2009)



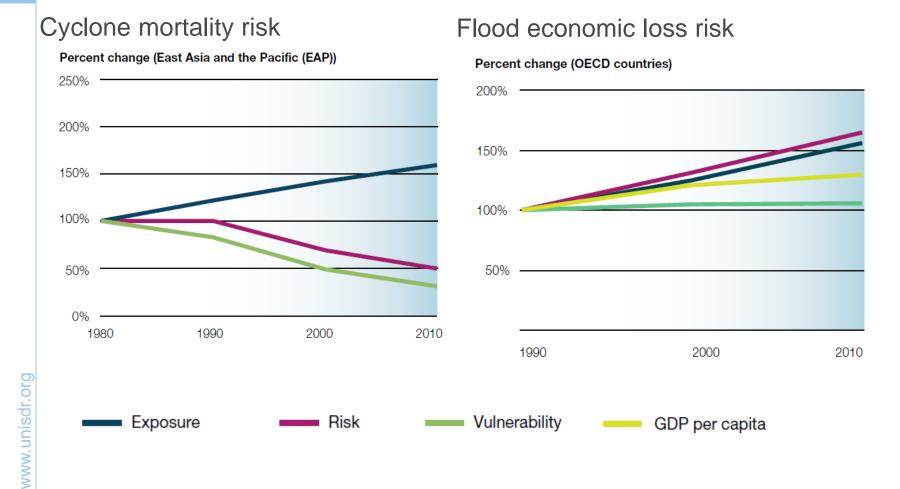
Increased exposure of people and economic activities to weather-related hazards



Population exposed to tropical cyclones, China coast section



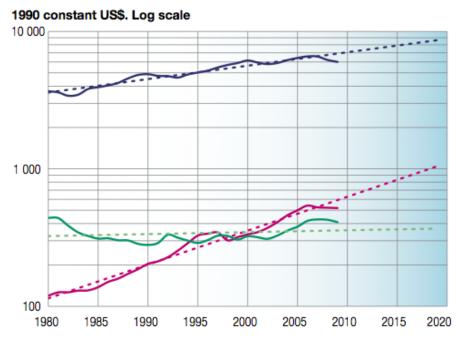
Falling mortality – rising economic loss risk

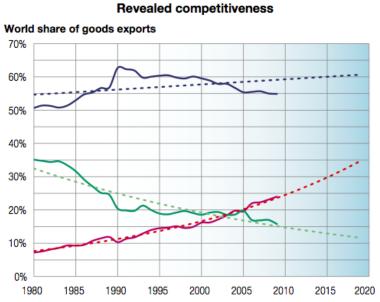




... reflecting conditions and capacities for vulnerability reduction

Per capita Gross Capital Formation





OECD countries

Consistently progressing developing countries

Other developing countries

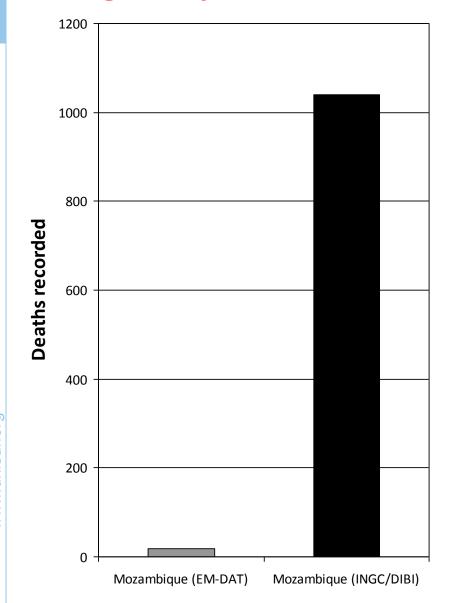
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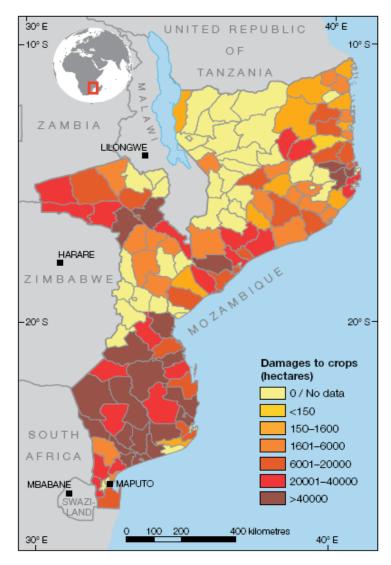


Revealing risk



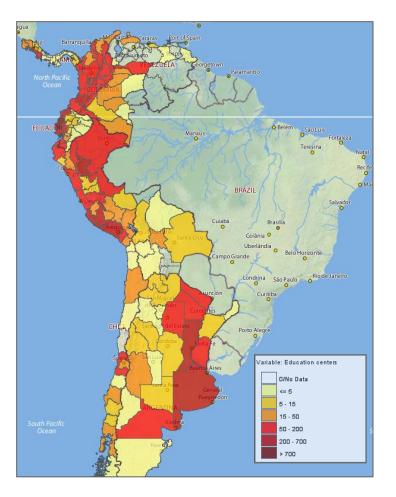
Drought impacts in Mozambique (1990 - 2009)

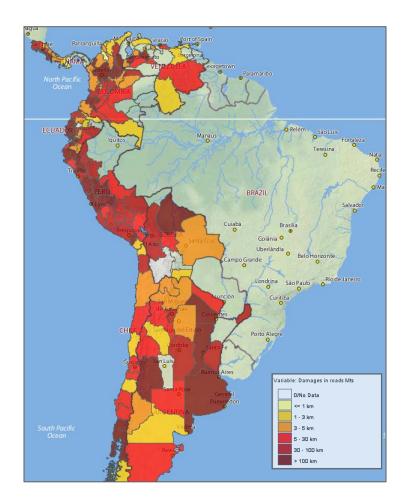






Systematically account for disaster losses

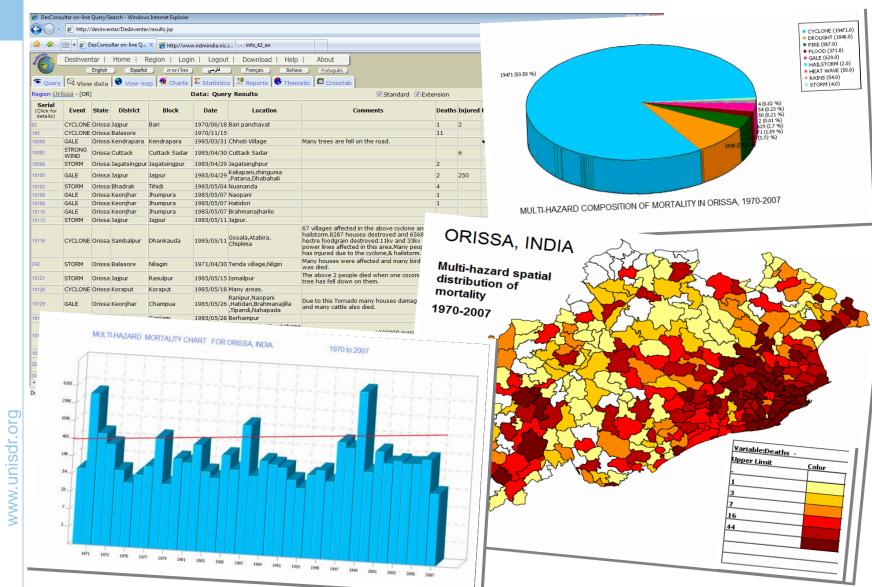




Number of education facilities damaged (1970-2009) Kilometers of road damaged (1970-2009) per province (Argentina, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Panama, Peru, Venezuela)

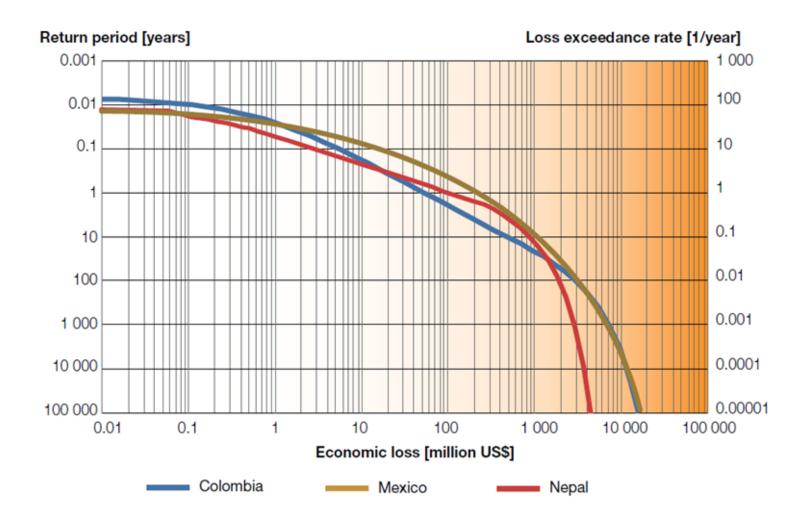


Temporal Analysis: distribution of losses over time





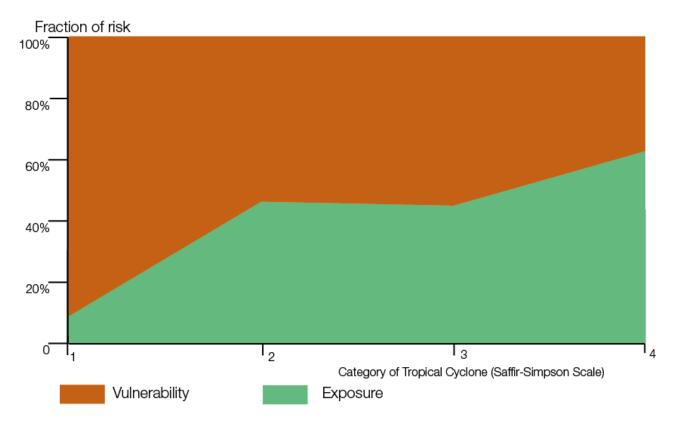
The risk footprint





Identify risk strata

Contribution of cyclone severity, exposure and vulnerability parameters to tropical cyclone risk





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National Reserve Funds

Transfer catastrophic risk

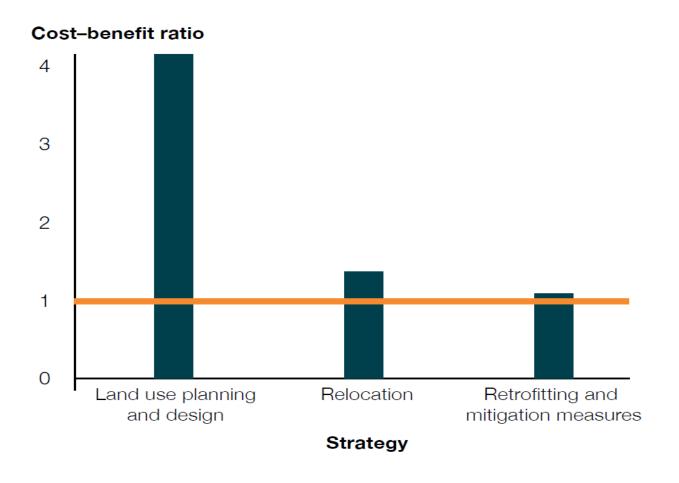
Cost of the instrument Corrective Risk Management Prospective Risk Management Compensatory Risk Management Residual Risk/ Risk Transfer Retention Insurance/Capital Market Capital Market Level of retention Risk transfer limit Probable loss

Insurance/Reinsurance

Capital Market/Cat Bonds

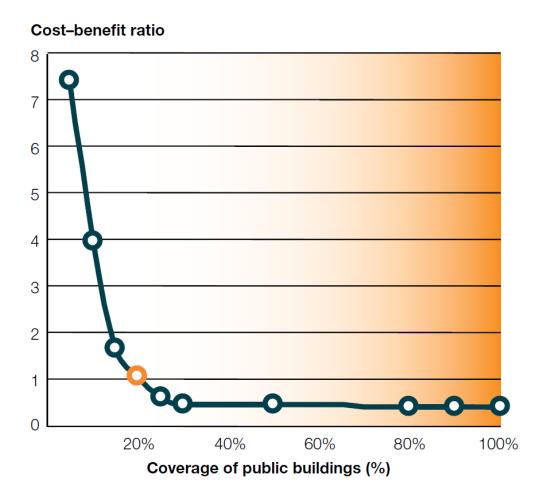


Use public investment planning





... be selective in corrective investments

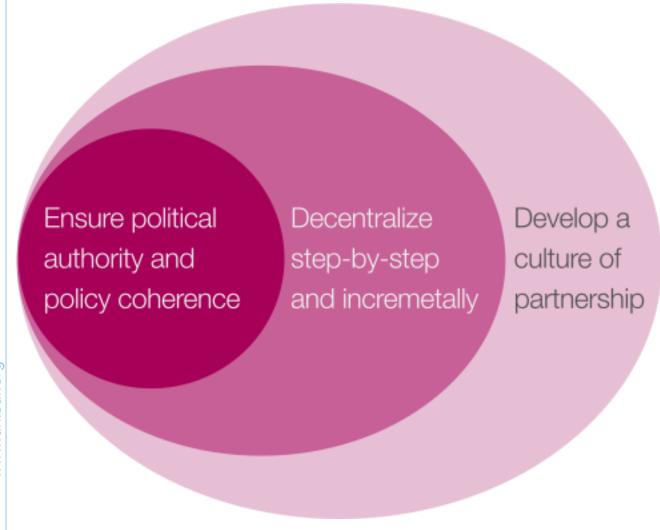




Invest today for a safer tomorrow

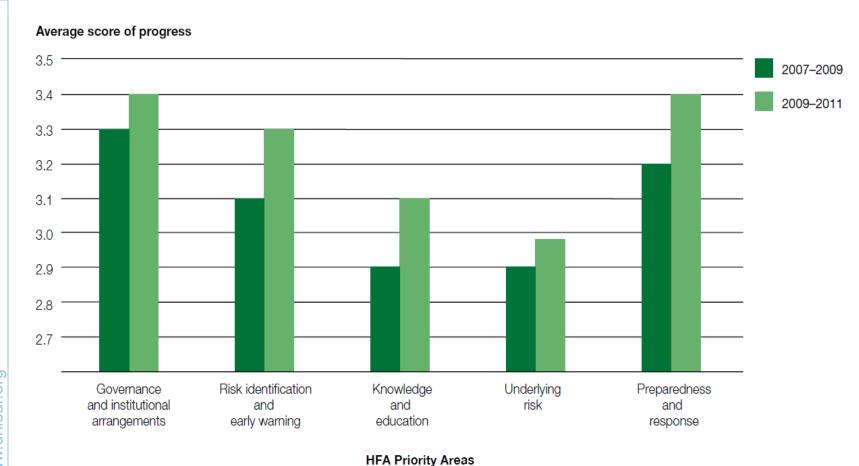


Reform risk governance



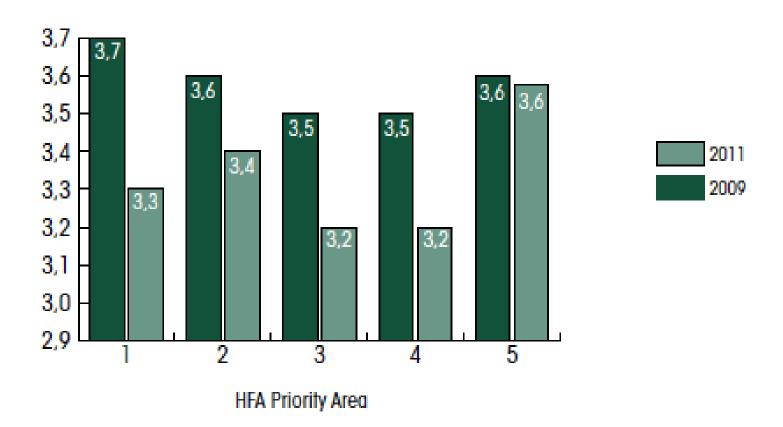


Mixed progress towards achieving the HFA





Europe: Average progress in each Priority Area





Thank you

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