

Concept note for DRR financing regional workshop

4-5 October 2018, Istanbul, Turkey

Disasters and the associated economic shocks are a significant threat to human life and personal wellbeing, especially for the poorest states and the most vulnerable people in all countries. While the costs have always been significant, disasters are increasingly much more expensive. In a period of 2005-2014, only the region of Eastern Europe and CIS faced 314 disasters, resulted in more than 60 000 people killed, 11 mln. people affected with only damage around 25 bln. USD.

A lack of resilience to disasters (which increasingly have massive consequential impacts well beyond the direct event) in both developed and developing economies is an increasing threat to economic growth and global security. Therefore, investors seeking to mitigate these risks need to prioritize funding for development that targets resilience and sustainability provided by better infrastructure.

As per Sendai Framework for DRR Priority #3 “Investing in disaster risk reduction for resilience”: “.... Public and private investment in disaster risk prevention and reduction through structural and non-structural measures are essential to enhance the economic, social, health and cultural resilience of persons, communities, countries and their assets, as well as the environment. These can be drivers of innovation, growth and job creation. Such measures are cost-effective and instrumental to save lives, prevent and reduce losses and ensure effective recovery and rehabilitation.”

The Paris Agreement on Climate Change recognizes the importance of disaster financing as an integral part of national climate risk management strategies. A separate pillar on Loss and Damage from climate change is included with specific mention of insurance and climate risk pooling: “...Parties recognize the importance of averting, minimizing and addressing loss and damage associated with the adverse effects of climate change, including extreme weather events and slow onset events...” The Agreement further states that the 195 Parties to the Agreement must boost their understanding, action and support relating to climate change-caused Loss and Damage in, above all, early warning systems, comprehensive risk assessment and management, and risk insurance facilities, climate risk pooling and other insurance solutions.

To address those challenges, UNDP is now working to develop insurance solutions and resilience with over 200 development, financial and insurance industry members. In the realm of insurance for development, UNDP’s expertise and track record can be described as facilitating multi-stakeholder convenings to discuss mechanisms for risk-financing, conducting market soundings (demand generation, reasons for low/no coverage), and enabling solutions through field testing. Over more than a decade, UNDP has facilitated support for vulnerable communities through partnerships and capacity for macro and microinsurance products, first financing and executing feasibility assessments and later contributing to product rollout. Building on this work, UNDP is solidifying its strategy, making insurance core to its strategic agenda. Clear from the work with IDF to date and UNDP’s history in the sector, the insurance industry and product solutions generated (whether at regional, national or individual consumer level) are essential for sustainable development and for achieving the SDGs.



Objective

Considering a high demand expressed by RBEC¹ countries to understand better global trends of disaster financing market development and opportunities for the RBEC region, the workshop organized by UNDP in association with international and public-sector players will set a multi-stakeholder platform for disaster financing knowledge sharing in ECIS and coordinated actions for disaster financing development. The workshop will focus on questions in three key areas:

- What is the current state of global disaster financing that contributes to transform the promises of sustainable development into reality? What lessons have been learned that can be shared with the countries of ECIS?
- How international development partners, the private sector and academia can help governments to capture the potential of the global disaster financing market for building resilient countries?
- What policy reforms are needed to accelerate development of national and regional disaster financing platforms and other DRR financing tools? Which political, economic, financial, and social constraints must be addressed?

By providing a multi-sectoral forum for technical assessments, partnership discussions, outreach, and advocacy, DRR financing workshop will complement, support, and build on global actions for Sendai priority 3 implementation. Government and international agencies representatives will benefit from the perspectives, advice, and solutions offered by international financial institutions, private companies, think tanks, and academia.

About the Participants

The main target audience of the workshop is governmental representatives from ECIS states, which have a role to play in developing an enabling legal and policy environment and promoting DRR financing mechanisms. As well as including representatives of international community (mainly international organizations and lead bilateral donors) and private sector practitioners developing and managing various disaster financing instruments. Below is a draft proposed general agenda, a detailed version will be shared with participants prior to the conference.

The workshop will be organized in cooperation with international organizations, international financial institutions and private sector. Technical support for workshop organization was provided by Bermudian ILS Phoenix CRetro, Israeli ILS IBI ILS Partners, McCarthy Denning.

¹ **RREC/ECIS countries:** Albania, Armenia, Azerbaijan, Belarus, Bosnia & Herzegovina, Georgia, Kazakhstan, Kyrgyzstan, Kosovo*(All references to Kosovo, shall be understood in full compliance with UN Security Council Resolution 1244 and without prejudice to the status of Kosovo), fYR of Macedonia, Montenegro, Moldova, Serbia, Tajikistan, Turkmenistan, Turkey, Ukraine, Uzbekistan

Day 1, October 4th, 2018

08:30 - 9:00 *Registration, coffee*

Welcoming session

Facilitator: **Armen Grigoryan**, Regional Cluster Leader - Climate Change/Disaster Resilience and Global Energy Policy Advisor, Bureau for Policy and Programme Support, UNDP IRH

09:00 - 09:15 **Welcoming. Gerd Trogemann**, UNDP IRH Manager

09:15 - 09:35 **The Past, the Future: Trends for risk financing. Jan Kellet**, Special Advisor, UNDP

Session 1. THE BIG PICTURE of DRR financing

Facilitator: **Daniel Stander**, Managing Director at Risk Management Solutions

09:35 - 09:50 **Disaster risk profile of ECIS region. Rosalind Cook**, External Relations Officer, UNISDR

09:50 - 10:50 **Experience in DRR financing: What has been done? What are the gaps?**

- **Thomas W. Kessler**, Principal Disaster Risk Insurance & Finance Specialist, ADB;
- **Mohamed A M Al-Hadi**, Senior Fragility and Post-Conflict Specialist, Human Development Division, IsDB;
- **Kota Katsumata**, Representative, JICA Turkey Office

10:50 - 11:20 *Group photo*

Coffee & Networking

Session 2. TRANSFERRING THE RISK

Facilitator: **Andy Palmer**, Deputy Head of ILS Structuring, Director, P&C Structured Solutions, Swiss Re Capital Markets Ltd

11:20 - 13:00 **Sovereign Risk Financing. Introduction to disaster risk transfer. Key Considerations for Development of Sovereign Risk Financing and Risk Transfer Programmes:**

- The problem: need for capital to rebuild assets and avoid poverty post disaster events. **Andy Palmer**, Deputy Head of ILS Structuring, Director, P&C Structured Solutions, Swiss Re Capital Markets Ltd;
- Region specific obstacles: low penetration, insurance underdevelopment, (re-) insurance protectionism. **Alexander Frost**, Head of Global Risk Intelligence & Data at Axco Insurance Information Services;
- The Solution: ILS market and transfer of financial disaster risk to global investors. **Henning Ludolphs**, Managing Director Retrocessions & Capital Markets, Hannover Re;
- Catastrophe Bonds: why this is a genuine win-win between governments and capital market investors? **Rom Aviv**, IBI ILS Partners Ltd

13:00 - 14:00 *Lunch & Networking*

Session 3. TRANSFERRING THE RISK (cont.)

Facilitator: **Henning Ludolphs**, Managing Director Retrocessions & Capital Markets, Hannover Re

14:00 - 15:30 **Insurance Markets, Private Sector Opportunities:**

- **Karina Whalley**, Public Sector Business Development Manager at AXA Global Parametrics;
- **Andy Palmer**, Deputy Head of ILS Structuring, Director, P&C Structured Solutions, Swiss Re Capital Markets Ltd;
- **Natalie Kraus**, Senior Manager, Origination team, Munich Re;
- **David Simmons**, Managing Director of the Capital, Science and Policy Practice, Willis Towers Watson

15:30 - 16:00 *Coffee & Networking*

Session 4: THE WIDER PICTURE OF RISK TRANSFER AND DEVELOPMENT

Facilitation: **Jan Kellett**, Special Advisor, UNDP

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| 16:00 -17:30 | <ul style="list-style-type: none"> • Risk Transfer after Risk Reduction: <i>Olga Buto, Disaster Risk Reduction Specialist, FAO;</i> • UNDP's experience in delivering crop insurance for the poor, <i>Yusuke Taishi, Regional Technical Advisor for climate change adaptation, UNDP;</i> • Finance solutions for nature-based interventions, the experience from the Biodiversity Finance Initiative (BIOFIN), <i>Onno van den Heuvel, Global Manager, the Biodiversity Finance Initiative – BIOFIN;</i> • Micro and More: <i>Karina Whalley, Public Sector Business Development Manager at AXA Global Parametrics</i> |
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17:30 - 17.40 **Closing remarks, Framing the Next Day. Jan Kellet, Special Advisor, UNDP**

Day 2, October 5th, 2018

08:30 - 09:00	<i>Coffee & Networking</i>
09:00 - 09:10	Recap of the previous day and introduction to second day. Participants
Session 5. TRANSFERRING THE RISK (cont.)	
Facilitator: Kirill Savrassov, CEO at Phoenix C Retro	
09:10 - 10:30	<p>Review of the governments`-supported Cat Bonds. <i>Rhodri Lane, Managing Director, Head of International Business, AON Securities;</i></p> <p>Legal considerations & insurance management issues. <i>Clive O'Connell, Partner at McCarthy Denning;</i></p> <p>Risk, Capital and Investment:</p> <ul style="list-style-type: none"> • Matching risk & capital, investors' expectations. <i>Kirill Savrassov, CEO at Phoenix C Retro:</i> <ul style="list-style-type: none"> - Bonds issuance financing options & mechanisms; - Outreach to the investors base; • Rationale behind decisions of capital diversification into ILS, as uncorrelated alternative asset class. <i>Kirill Ilinski, Managing Partner, Fusion Asset Management</i>
10:45 - 11:15	<i>Coffee & Networking</i>
11:15 - 12:55	<p>Modelling the Risk</p> <ul style="list-style-type: none"> • The role of Risk Modelling. <i>Daniel Stander, Managing Director at Risk Management Solutions (RMS);</i> <ul style="list-style-type: none"> - Modeling: their importance for risk transfer activities; - How can modelling help governments assess their natural disaster risk and capital needs? - The role of climate information • Network Science to Model (Cascades of) Catastrophic Risks. <i>Maxim Bouev, Mayfair Research Associates;</i> • Case study: BiH, Jovanka Cetkovic, Project Associate, UNDP BiH; • Case study: Georgia, Margaretta Ayoung, Expert, UNDP



Empowered lives.
Resilient nations.

Session 6. INTEGRATION INTO DEVELOPMENT and ACTION ITEMS FOR DRR FINANCING IN ECIS

Facilitator: *Jan Kellet, Special Advisor, UNDP*

12:55 - 13:15	Risk financing, as central to development, Ben Slay, Senior Advisor of UNDP Regional Bureau for Europe and CIS, Istanbul Regional Hub
13:15 - 13:30	Partnership on DRR/Resilience/Climate Risk Financing, Ivan Zverzhanovski, Head of Partnerships Team, UNDP Istanbul Regional Hub
13:30 – 14:15	<i>Lunch & Networking</i>
14:15 - 15:30	Facilitated group discussion. 3 groups: <ul style="list-style-type: none">• What policy reforms are needed to accelerate development of national and regional disaster financing platforms and other DRR financing tools? Which political, economic, financial, and social constraints must be addressed?• Pros and Cons from path to action of other regional facilities;• Roadmap? Framework agreement?
15:30 –16:10	Group presentations
16:10 - 16:30	Discussion of further actions and closing remarks. Armen Grigoryan, Regional Cluster Leader - Climate Change/Disaster Resilience and Global Energy Policy Advisor, Bureau for Policy and Programme Support, UNDP IRH
16:30 - 17:00	<i>Coffee & Networking</i>