UNISDR
The United Nations Office for Disaster Risk Reduction

2013 Global Assessment Report on Disaster Risk Reduction (GAR13)

Key Policy Messages

1. The central message of the 2013 Global Assessment Report on Disaster Risk Reduction (GAR13) is that, in the aftermath of the global economic crisis, **the competitiveness, resilience and sustainability of businesses, cities and countries will increasingly be defined by their capacity to manage and reduce their disaster risks.** Rather than being viewed as a cost, disaster risk management is increasingly being viewed as an opportunity to enhance competitiveness.

2. GAR13 presents a new body of evidence that highlights how the transformation of the global economy over the last forty years has led to an **unsustainable accumulation of disaster risks, which are not adequately reflected on the balance sheets of either businesses or governments.**

3. While **the decentralisation and outsourcing of production to low and middle-income countries has been key to increased productivity**, it has also drastically increased the exposure of the global capital stock to tropical cyclones, earthquakes, tsunamis and floods in coastal areas and river basins. A new GAR risk model, developed in partnership with leading scientific and technical institutions, highlights **very high levels of Annual Average Loss (AAL) in countries that have experienced rapid economic and urban growth, particularly in Asia.**

4. Disaster risk has also globalised, as economies are increasingly structured around complex supply chains. As the 2011 disasters in Thailand and Japan highlighted, when **key nodes of a supply chain are affected, the effects ripple out to businesses and economies on the other side of the world.** GAR13 presents evidence gathered from major corporations that show how **conventional measures to improve supply chain efficiency, such as lean stocks and just-in-time delivery, have in fact increased their vulnerability to disasters.**

5. **The massive investments in infrastructure, housing and urban development that have accompanied economic growth have also generated new extensive disaster risks, that erode both infrastructure and welfare.** These risks are generally invisible in the balance sheets of cities and governments. GAR13 examines data on extensive risk from 38 countries in all regions. In some countries the costs of extensive risk have reached 20% of annual public investment, meaning that **governments are in effect *pouring water into a bamboo basket.***

6. Natural capital is also part of the wealth of nations. GAR13 highlights how the interactions between **drought and land degradation and the environmental costs of wild land fires are eroding the natural capital base of many of the countries that can least afford to do so.**

7. Current approaches, including through the Hyogo Framework of Action (HFA) are inadequate to address these risks. New national HFA monitor reports and case studies highlight the **major gap between DRR policy and implementation that continues to exist in many countries, inadequate levels of investment in risk reduction compared to post-disaster assistance and policies in trade and foreign investment that provide incentives to increase rather than reduce risk.** At the same time, however, there are encouraging signs of change that point to what a **risk management framework for the future** might look like.

8. A growing convergence between the insurance and risk modelling companies, governments and the international community, promises to deliver **new risk information platforms that will inform investment decisions by governments, businesses and cities alike.** The fact that those companies developing new tools for visualising and managing disaster risks see a key business opportunity is a potent sign of change.

9. Governments are increasingly examining **new mechanisms of risk financing that will provide fiscal protection in the case of intensive disasters**. And there is a growing, although more incipient interest in using risk information to inform public investment decisions.

10. Businesses, large and small, are also now reviewing the risks internalised in their own assets and in their supply chains. **Businesses recognise that their sustainability and competitiveness depends not only on efficient supply chains but also on those that are resilient to disaster impacts.**

11. **Enhancing the resilience and sustainability of smallholder farming in drought prone areas is also now viewed as a business opportunity, given rising food prices.** The potential to reduce agricultural drought risk, strengthen household resilience and protect natural capital is enormous.

12. Governments and cities are starting to highlight the investments they are making to reduce disaster risks and strengthen resilience, in order to attract new investment. Key factors of competitiveness include reliable and resilient infrastructure, efficient urban systems and a healthy and well-educated labour force. **Effective disaster risk management is therefore an opportunity to enhance the competitiveness of countries and city regions.**

13. Initiatives in the financial sector to more effectively manage debts and credit risks are also starting to extend their scope to include disaster and climate risks. **A growing understanding that the sustainability of investment depends on understanding and managing these risks has the potential to transform investment decisions and capital** flows by major pension and sovereign wealth funds, that have a fiduciary responsibility to ensure stable returns over long periods.

14. While multilateral efforts to reach agreement on climate change mitigation remain stalled, initiatives by cities, businesses, and communities designed to address climate change are mushrooming. Many of these not only **reduce energy consumption and costs and enhance ecosystem services** but also, as a co-benefit, reduce disaster risk, for example associated with flooding**.**

GAR13 will be launched at the Fourth Session of the Global Platform for Disaster Risk Reduction.

Implications for Donor Programming

- To reduce the risk and impact of disasters, more emphasis must be placed upon "risk-proofing" development assistance. This requires a longer term time frame and implies that disaster resilience should be financed from development rather than humanitarian budgets. The UN Resident Coordinator in Nepal recently stated that the single activity that would save the most lives in Nepal would be systematic enforcement of building codes. To succeed in proactive risk reduction, donor programmes on disaster resilience need to engage through development cooperation rather than humanitarian pooled funds.

- Correspondingly, policy dialogue and DRR programming must go beyond ministries of environment, climate change or civil protection and engage directly with Ministries of Finance and central development planning departments. Bilateral development programmes agreed with these planning bodies should consistently consider disaster resilience.

- Given that the private sector is responsible for 80-90% of investment in infrastructure and services, donors need to look beyond risk-proofing public sector investment. They should provide assistance which capacitates developing country governments to regulate private sector investment and develop approaches informed by direct engagement with private sector actors.

Issues for Discussion

- ***How useful have GAR09 and GAR11 been in influencing donor priorities and programming?***

- ***What should be the theme for GAR15?***