

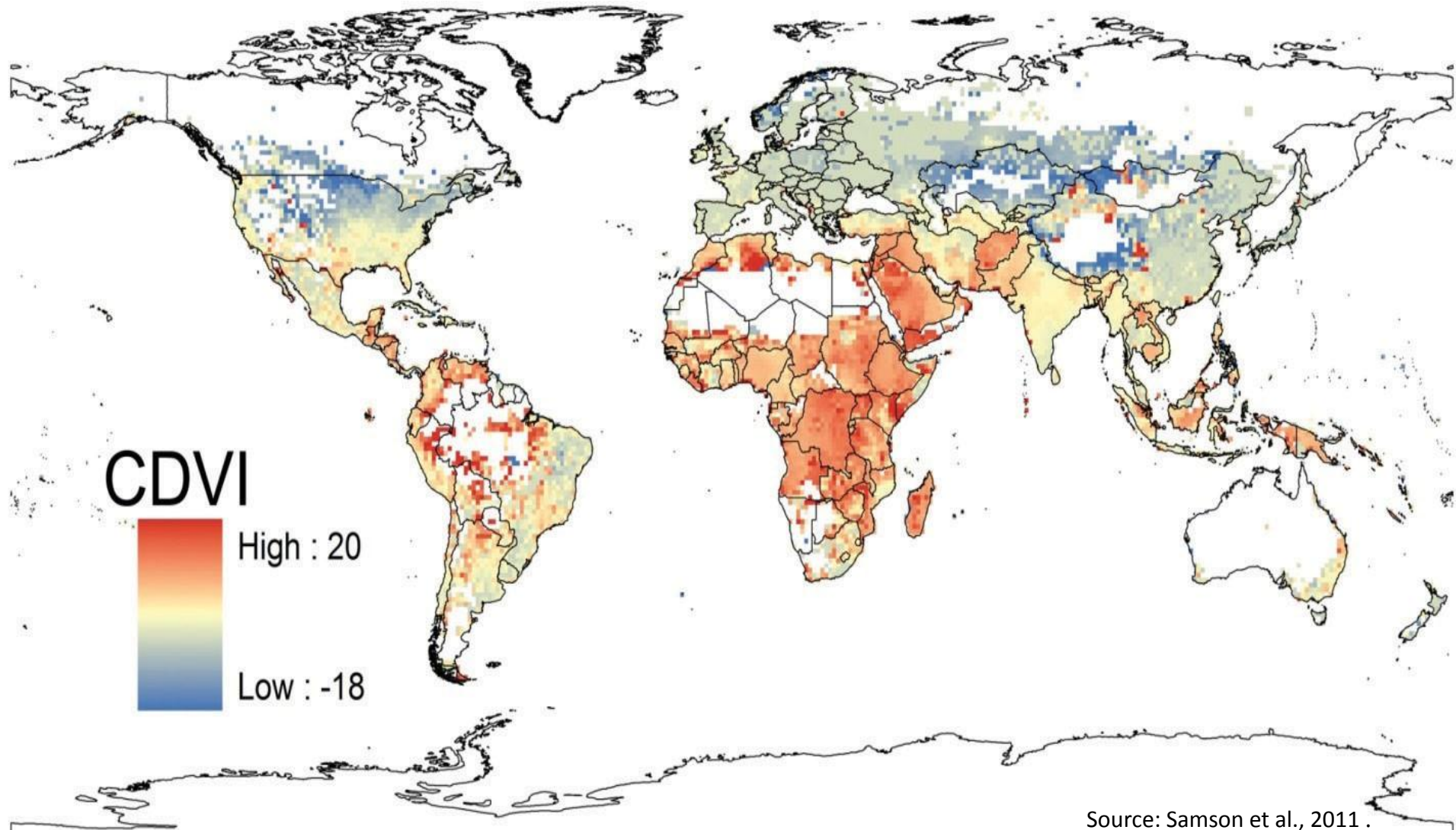
FROM REACTIVE TO PROACTIVE HUMANITARIAN RESPONSE

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Global Centre on Disaster Risk and Poverty
HB Price Professor of Policy and Risk
University of Kentucky



NEEDS GROWING IN RESOURCE CONSTRAINED WORLD

Climate-Demography Vulnerability Index (CDVI)



PERVERSE INCENTIVES

Big disasters are a “good” thing as they drive appeal and fill the coffers of INGOs

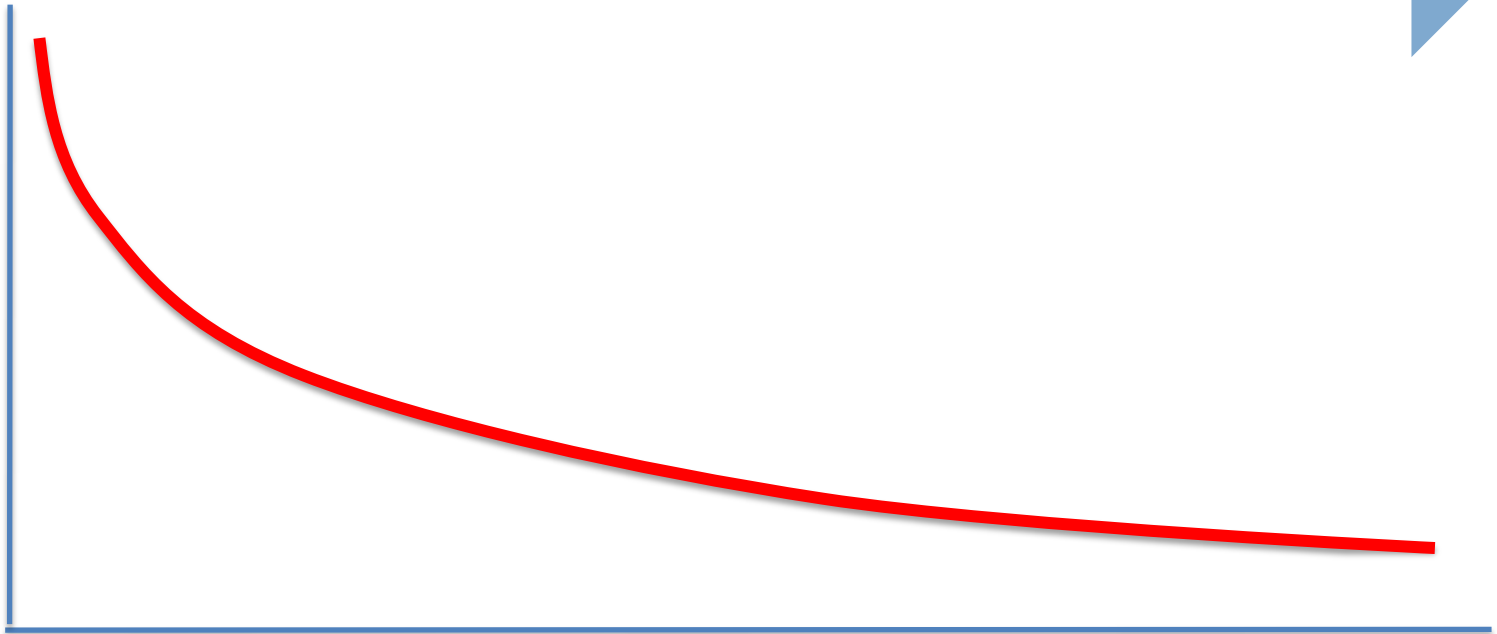
TIMING/LIQUIDITY GAP



Disaster response time

Value of
Intervention

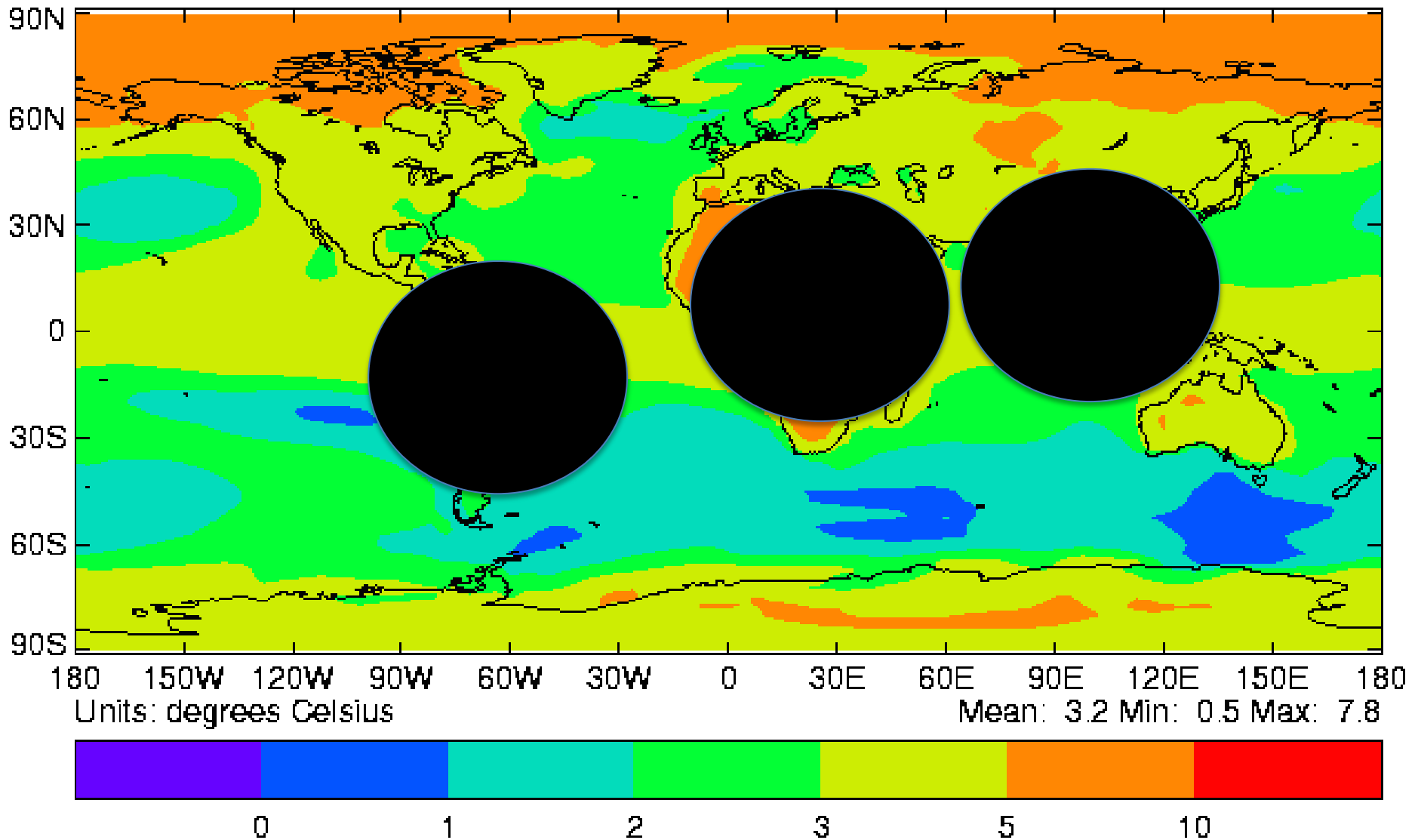
Time



SCOPE GAP

Severe but localized disasters fail to capture international attention

INFORMATION GAP



NOT PROACTIVE

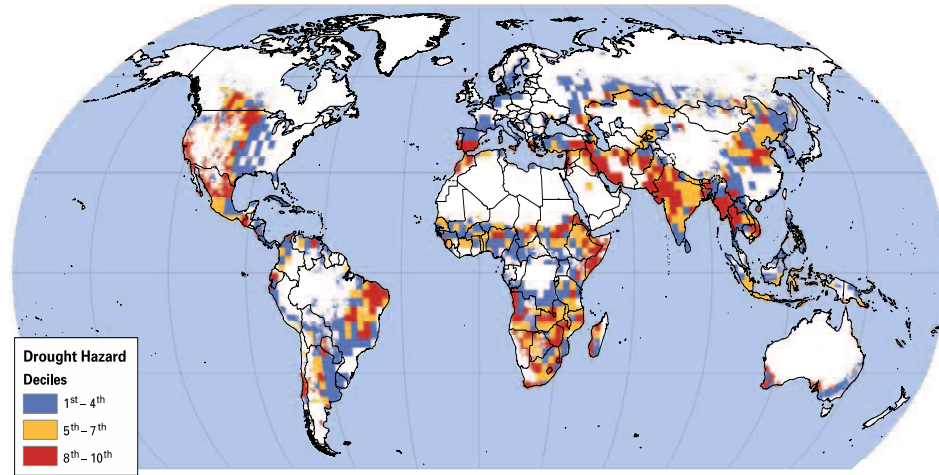


Prevention and preparedness funding comprise less than 0.5% of all international aid over the last 20 years (OCHA)

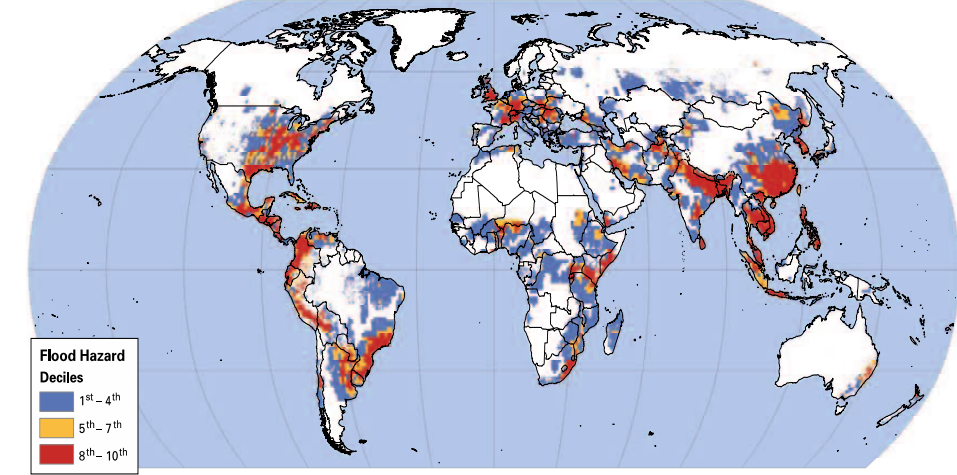
WHAT CAN WE DO DIFFERENTLY?

TAKE A HARDER LOOK AT SCIENCE

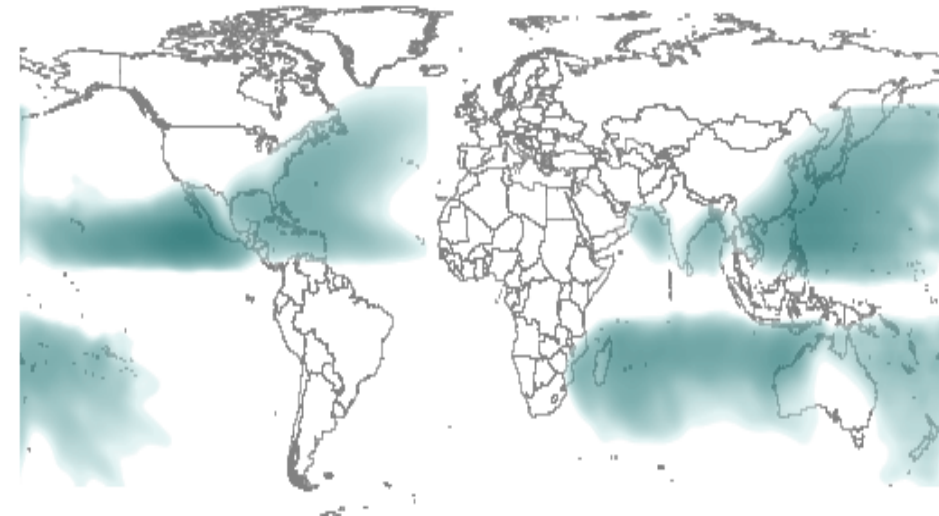
DROUGHT Hazard Map²



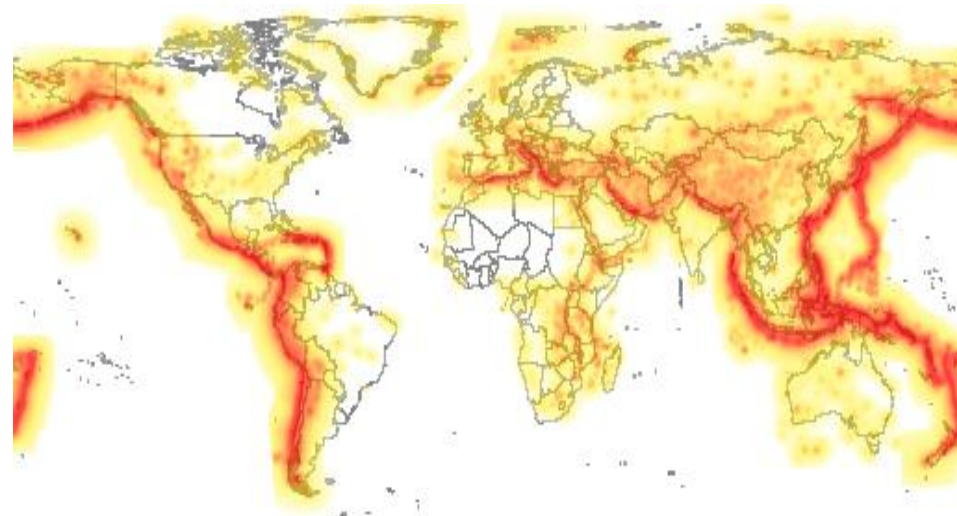
FLOOD Hazard Map²



CYCLONE Hazard Map²

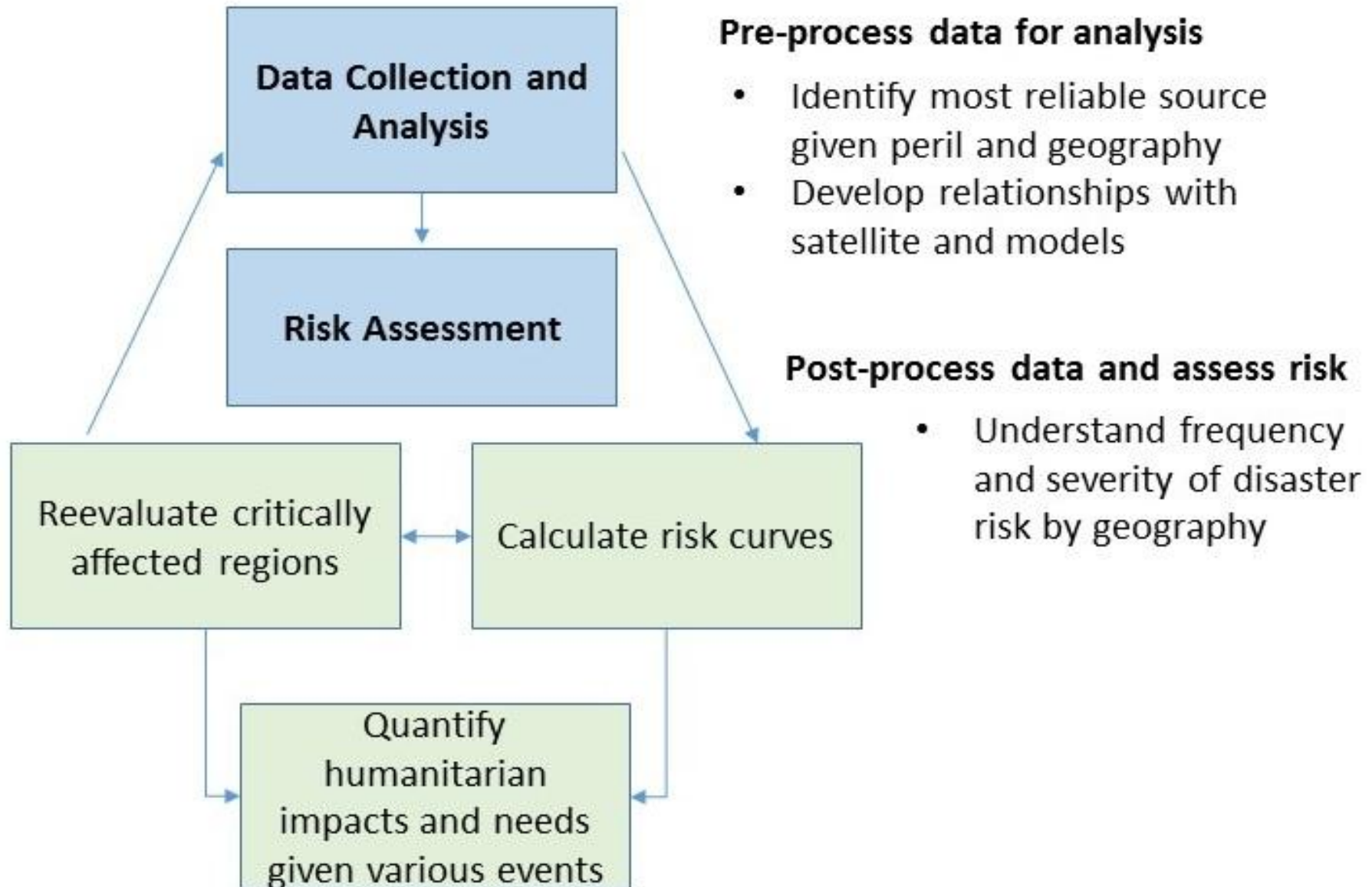


EARTHQUAKE Hazard Map²



1. Source: *Natural Disaster Hotspots: A global risk analysis*. The World Bank
2. Source: *Global Assessment Report Risk Data Platform Viewer CAPRAViewer*

INSTITUTIONALIZE RISK ASSESSMENT



SMOOTH OUT FUNDING WITH EX ANTE FINANCING

Timing/liquidity gap

Scope gap

Information gap

More proactive

HOW IT WORKS

1

IDENTIFY NGO
FINANCE GAP

HOW IT WORKS

2

CONDUCT
RISK ASSESSMENT

HOW IT WORKS

3

DESIGN FINANCING
PRODUCTS

HOW IT WORKS

4

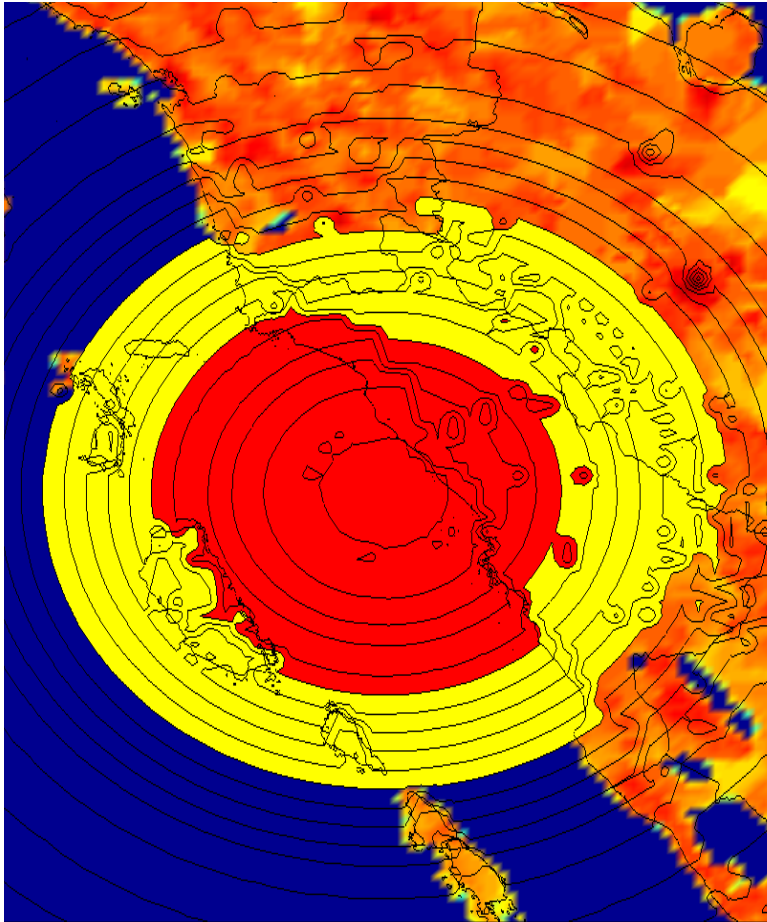
EX ANTE FINANCING
PRODUCT SECURED

ENHANCED HUMANITARIAN
RESPONSE

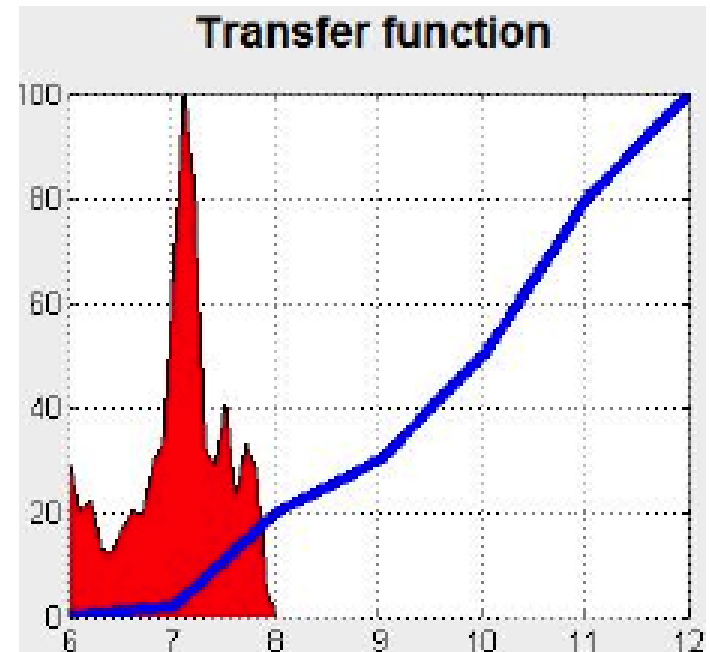
- **Certainty of funding**
- **Rapid delivery of funds post event**
- **Pre-event funds using forecast trigger**

EXAMPLE PRODUCT

Payment for hypothetical humanitarian earthquake claim



Financing product =
 $f(\text{Earthquake intensity} \times \text{Population Exposure} \times \text{Payment Rate})$



POOLING RISKS CAN REDUCE COSTS

EARTHQUAKE IN HAITI

DROUGHT EAST AFRICA

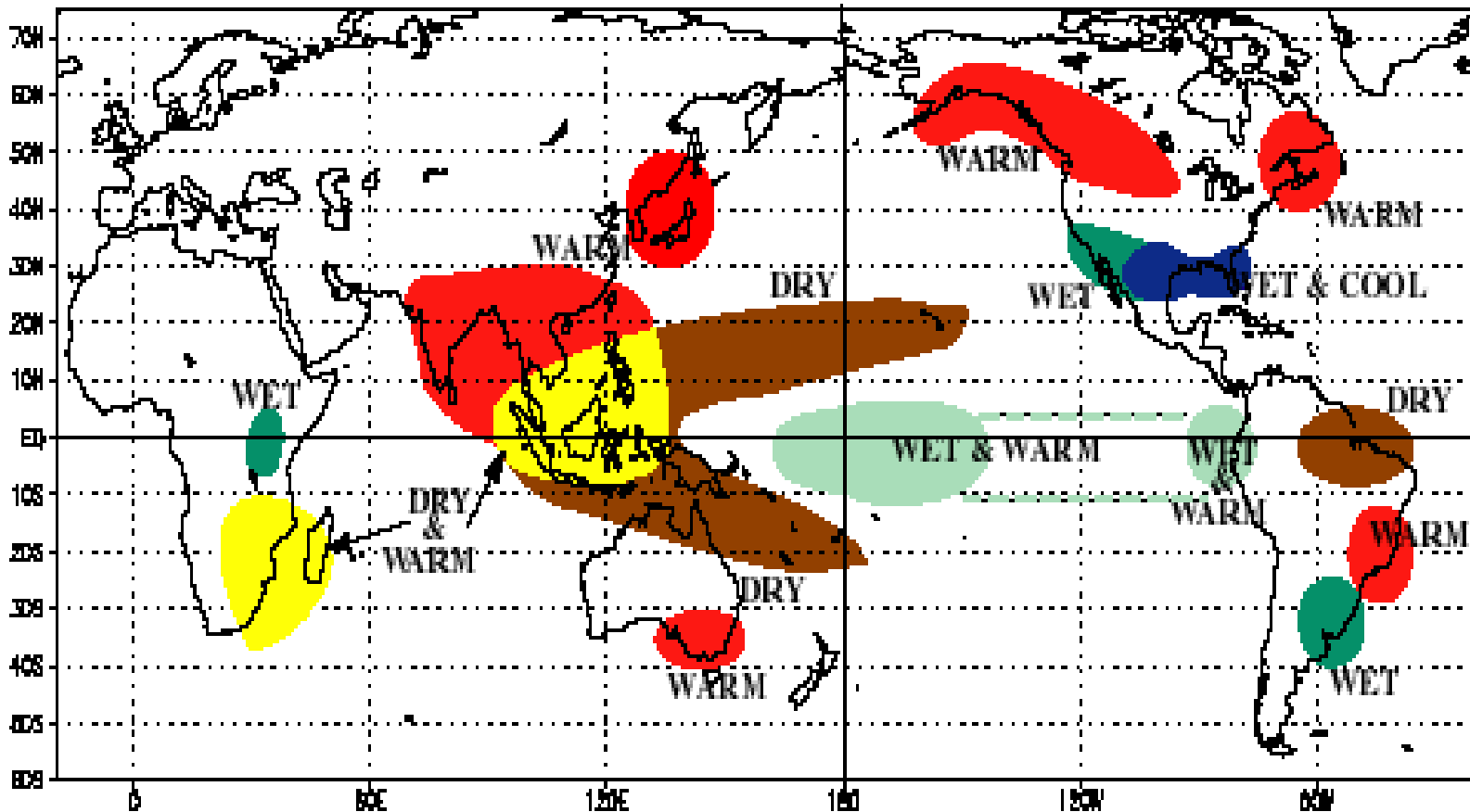
CYCLONE IN
THE PHILIPPINES

FLOODS IN INDIA

FORECAST INSURANCE

GlobalAgRisk developed an extreme El Nino insurance product for Peru that pays even before disaster conditions emerge

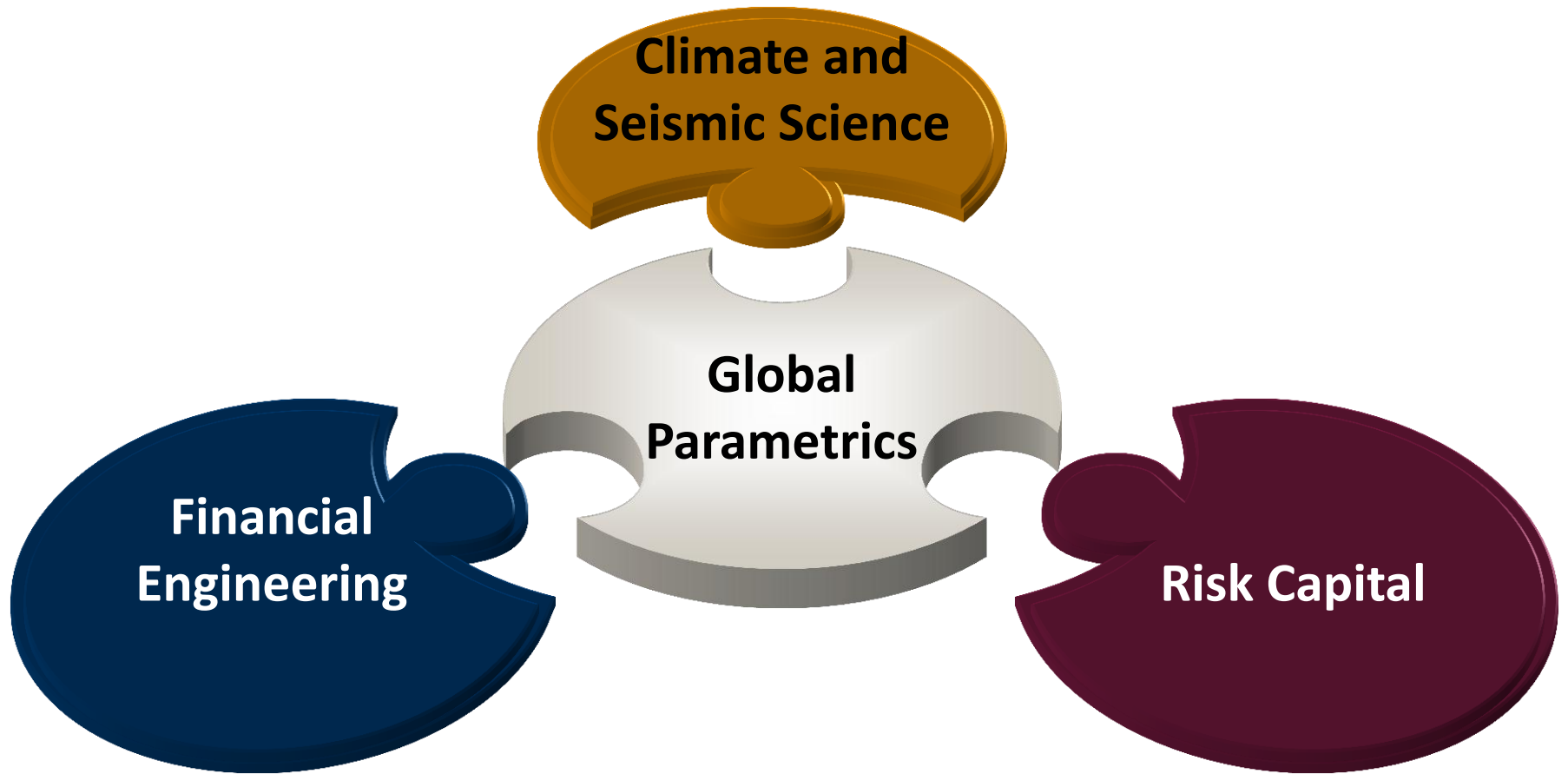
EXTENDING EL NINO INSURANCE



Source: Analysis Performed by Professor Upanu Lall for GlobalAgRisk 2011

Effort underway to tie international efforts using El Niño forecast for fast response to get short season wheat into India

GLOBAL PARAMETRICS: an innovative, social venture



GlobalAgRisk is leading efforts to create a new venture with support from DFID

Index-Based Ex Ante Financing for Natural Disaster Risk

Humanitarian Response

- Rapid delivery of impact information and proportionate payments for rapid onset events
- High value funds for high marginal benefit finance gaps

Resiliency and Development

- Loan portfolio protection of credit institutions serving the working poor
- Flow of credit critical for community recovery
- Resilient institutions critical for community development and investments in DRR