Date: 26.06.2017.
Place: DTU

Knowledge FOr Resilient soCiEty

Financial/Economic Resilience to Hazards

Potential Joint Course

University of Novi Sad

Co-funded by the Erasmus+ Programme of the European Union

Why is Financial Resilience Important?

- Financial impact and financial losses from natural disasters continue to rise, with developing countries and their low-income populations feeling the greatest effects.

- The rising frequency and costs caused by natural hazards call for more action to reduce disaster risk.

- Achieving financial resilience is thus a critical component of effective DRM&FSE ,especialy in vulnerabe countries, improving also post-disaster financial response capacity.

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What is Financial Resilience in the context of DRM

PILLAR 1: **RISK IDENTIFICATION**	Improved identification and understanding of disaster risks through building capacity for assessments and analysis
PILLAR 2: **RISK REDUCTION**	Avoided creation of new risks and reduced risks in society through greater disaster risk consideration in policy and investment
PILLAR 3: **PREPAREDNESS**	Improved capacity to manage crises through developing forecasting and disaster management capacities
PILLAR 4: **FINANCIAL PROTECTION**	Increased financial resilience of governments, private sector and households through financial protection strategies
PILLAR 5: **RESILIENT RECOVERY**	Quicker, more resilient recovery through support for reconstruction planning

World Bank Disaster Risk Management Framework

What is Financial Resilience in the context of DRM

- The financial impact of disasters is best managed when integrated into holistic risk management practices.
- Financial protection and strategies for DRM are intended to ensure that governments, private sector and individuals have the resources necessary to manage adverse financial and economic consequence of disasters.
- Financial resilience complements disaster risk management activities by securing the availability of resources for response, recovery and reconstruction in the most effective and economically efficient manner.

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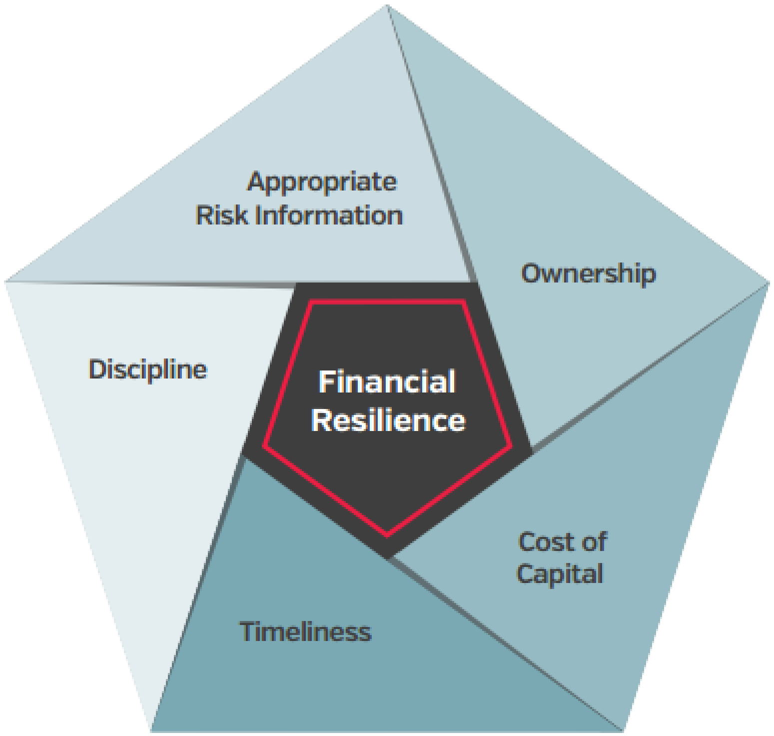
What is Financial Resilience in the context of DRM



Five characteristics of cost-effective financial protection strategies that build resilience

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Proposed title of course:
Financial/ Economic Resilience to Hazards

Educational Goal and Learning Outcome:

- The main goal of this course is to help students understand how countries on macro level and entities on micro level can, based on risk assessment, prepare and recover for catastrophic events by using appropriate financial framework and mechanisms.

- Through the combination of theoretical units and practical case studies students will develope knowledge and master techniques and mechanisms that are necessary for building financial resilience to catastrophic events.

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Course Content/Structure:

- Introduction
- Economic framework
- Defining resilience across disciplines
- Defining financial resilience to hazards
- Financial resilience in the disaster management cycle
- Risk assessment
- <u>Catastrophic risk modeling for financial solutions</u>
- Financial protection: diagnosis, strategy and action plans
- <u>Analytical tools for financial decision-making</u>
- Disaster risk financing
- Financial mechanisms and tools (domestic and international)
- The importance of disaster risk financing in disaster risk management

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Potential Literature:

- *Defining and Measuring Economic Resilience from a Societal, Environmental and Security Perspective, 2017*
  Author: Adam Rose
  Publisher: Springer
- *Financial Protection Against Natural Disasters: An Operational Framework for Disaster Risk Financing and Insurance*

  Publisher: World Bank Group

UNIVERSITAS STUDIORUM NEOPLANTENSIS MCMLX

Thank you

for your attention

danijela.ciric@uns.ac.rs

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