

After The Storm: Recovery and Resilience in the Caribbean

October 13, 2017

High-level Caribbean Roundtable during the WB-IMF Annual Meetings

Transcript of opening remarks during the open session

MR. FAMILIAR: Good afternoon. Thank you very much for being here and joining us in this high-level roundtable on recovery and resilience in the Caribbean. It is my pleasure to welcome you here at the World Bank Group to this cause, an incredibly important and pressing issue for Caribbean nations and territories. We all saw over the last few weeks devastating hurricanes hit the Caribbean and now we are on a path for recovery and resilience.

And with this very brief introduction I would like to leave you with Dr. Jim Kim, President of the World Bank Group.

DR. KIM: Thank you very much, Jorge, and I first want to welcome everybody and most of all I want to start by expressing my deepest sympathy and solidarity with the people in the Caribbean Irma and Maria brought havoc to the region, leaving a path of destruction in many countries, silencing communication, and cutting off water and electricity.

In previous decades, a person in the Caribbean could generally expect to experience one Category 5 hurricane in their lifetime. The people of the Caribbean have just experienced two Category 5 storms in just over two weeks. In the face of such frequent and severe climatic events the question today is not whether a new disaster will take place, but when and how bad will it be?

For many of these small island nations every town, every street, every person has been affected by these storms. These kinds of events not only deliver a setback for the 40 million people living in the region,

but also pose a real threat for the economic development of small economies and the economy of the entire region.

Many of these small economies are already burdened with high levels of debt and high economic volatility. Together with the CARICOM countries, UN agencies and development partners, we responded swiftly and offered immediate support to assess damages and losses, respond to the disaster, and help begin recovery.

Our preliminary estimates indicate that Irma caused damages of about 14 percent of GDP for Antigua and Barbuda, for Dominica earlier estimates indicate that the total damage could reach 200 percent of GDP. The impact on peoples' lives is dramatic. They've lost their homes. The whole population of Barbuda has been evacuated to Antigua in what one resident called the Caribbean version of Dunkirk. In Dominica housing, schools, hospitals have been severely damaged, if not completely destroyed, and 100 percent of agricultural land is uprooted.

The challenges faced by these small islands are a stark reminder that building resilience is not optional anymore, especially for small island nations. It is the only response to extreme weather events. I'd like to suggest three actions areas from the outset.

First, in the wake of disasters like Irma and Maria we should channel resources quickly, flexibly, efficiently, and ensure that they reach those most adversely affected. Second, we need to make sure that we use all existing instruments and knowledge to help build resilience. And resilience starts with ex-ante preparedness. Rebuilding more resilient infrastructure and it continues with the medium-term efforts to strengthen institutions, systems, budgets, and regulations addressing natural hazards' vulnerabilities.

Third, we need to think creatively and come up with innovative solutions to compounded challenges of the Caribbean: high vulnerability, low growth, and high debt. This could include designing debt for resilience

initiatives, mobilizing innovative risk financing tools to better manage fiscal risks related to disorders, and mobilizing private sector participation in working out solutions.

Last, but not least, we need to work with governments and all of the relevant parties to help people cope with the shock. Adaptive safety nets, social protection programs like cash transfers. There are public works programs that can be scaled up after a disaster.

At the World Bank Group we're fast-tracking our response. We're working towards providing a financial package of about \$100 million for Dominica, including accessing the IDA crisis response window. For Antigua and Barbuda we're preparing a new \$40 million emergency recovery operation.

Just yesterday I was with the G-7 finance ministers and central bank governors, and Philip Hammond from the UK made a very, I think, important suggestion which is that some of the countries that have graduated from receiving concessional financing that we may create a window. And so, the point of all that is not to say that there's been a decision on any of those things. But I think the point, especially all of you here, we have to think as creatively as we possibly can about how to help you build back better. How do help you build back so that your infrastructure is more resilient.

This is, in my view, very much a part of the efforts that we've been making on sponsoring and supporting climate change related activities. This is climate change adaptation at a very, very critical and important level. So, we are open to suggestions. Of course, at the end of the day it's the governors who have to make the decision about the final steps we take. But I urge you to put every single option, every single creative idea on the table so that we can respond.

Now, it's my truly great privilege to introduce the UN Deputy Secretary General Amina Mohammed. Now, Amina, many of you know her,

but we would not have the sustainable development goals without Amina. And the quality and depth of the working relationship now between the World Bank Group and the UN was fantastic before Secretary General António Guterres came in. But I dare say, it's even better now and a great part of it is because Amina is so strategic and understand us, understands the global systems. It's an honor for us to have her here and we look forward to continue to working very closely together. Amina?

MS. MOHAMMED: Thank you very much, Jim, and for inviting us to a really important event. The Secretary General was in the Caribbean just recently and so this is even more important that we are beginning now to not just walk the talk, but I think run the way that we need to. So, thank you.

Our discussion today is first and foremost about how to support the immediate situation of the people of the Caribbean. Yet, we must also discuss two other levels of action. The longer-term situation of the Caribbean faced with more and more severe climate related shocks, and how we can extend these lessons and actions to other countries facing growing similar threats.

The Secretary General recently traveled to Antigua and Barbuda and to Dominica to show solidarity and see for himself the damage. In his comments, he summarized the need to operate at these different levels. And I quote, "I want to make a very strong appeal for the international solidarity with the Caribbean Islands impacted by the storms to translate itself not only into humanitarian aid. It is coming, but not enough. But also new mechanisms allowing for effective reconstruction to build resilience in relation to future storms."

On the first of the three levels, solidarity must be tangible and that tangibility needs to be now. Funds are needed to ensure that humanitarian support can be provided at scale. Many of us have demonstrated our solidarity in the short-term responses.

The ongoing work of UNDP alongside the World Bank and the European Union in quantifying the costs of recovery needs will be an important input into the CARICOM-led donor conference planned for November which the UN is supporting.

I appeal for your participation in this important initiative of CARICOM heads of state to mobilize support from the international community to help the countries affected by Hurricanes Irma and Maria to build back better, and to put in place the building blocks for longer-term resilience in the Caribbean.

We need to act quickly, but we need to ask in concert. Commitment in innovative energies must be harnessed, and must not be allowed to become a source of confusion. Having alternatives can be useful for a while, but we need to converge on how to avoid them becoming part of the problem. We must connect the dots between regional knowledge and networks, and international experience and capabilities. Failing that, our solidarity and commitments will not translate into meaningful support for the region's citizens and its communities.

Secondly, we need to ensure that financing supports the longer-term resilience of those countries facing the growing threats of external shocks. We all know that Hurricane Irma was one of the most powerful storms every recorded. Yet, the sad truth is that we must expect such storms to become more frequency and possibly even more violent.

We may hope for the best, but we have to plan for the worse. Yet today, finance is not aligned with the needs of investing and resilience. We need to overcome the restrictions which limit small island states eligibility for concessionary financing by drawing on the experience of Jordan and Lebanon and extending the application of the global concessionary financing facility.

Moreover, debt which should be an important development financing vehicle is currently insensitive to the impact of external shocks on the capacity of countries to pay, and so becomes a burden that seeks privilege above humanitarian needs. Clearly, we need to work together to advance innovative approaches to debt relief for the Caribbean. For example, the World Bank working with the UNDP, is working on proposals for a debt for resilience swap. Under which creditors forgo some of their claims in exchange for investments in resilience.

Thirdly, the Caribbean's tragedy could trigger moves to fix systemic flows of finance. We need international consensus that finance needs to be better aligned in a changing world. Volatility can dislodge even most prudent countries from their development pathways. I know this is not a new topic, but the Caribbean's tragedy could be the final trigger to make the changes that are much needed.

The UN would like to see a framework for action in aligning finance with the needs of countries facing such external shocks. Included in this should be consideration of, one, the changes in the eligibility criteria for concessionary finance; two, proposals to address high indebtedness in the Caribbean; three, the use of so-called state contingent debt instruments such as hurricane clauses and countercyclical loan instruments; four, accelerating a reduction in the cost of remittance transfers and support for new strategies that can support diaspora communities to invest back home. Our estimates indicate that simply reducing such costs by 50 percent could lead up to over US\$500 million additional financial flows to the region each year.

Ultimately, we need to build a new generation of infrastructure that is more resilient, and that in turns underpins resilient economies, communities, and livelihoods. We must rebuild differently, but better. For example, maybe there has never been a better moment to green the region's

energy system and to strengthen its resilience through decentralization using distributed solar-linked to the best that digital innovation can offer.

Excellencies, ladies and gentlemen, we need to advance this proposed framework for action that delivers what the Caribbean needs right now while simultaneously addressing its medium and long-term financing and investment needs. And in delivering to the region, the international community can benefit a growing number of countries facing the challenge of financing the 2030 agenda in a world of external shocks.

Once again, let me thank you very much for giving us the opportunity to contribute to the partnership that the World Bank is leading in its effort to address this incredible tragedy for us all. Thank you.

DR. KIM: Thank you very much, Amina. Next, I'd like to call on His Excellency, Prime Minister Keith Mitchell of Grenada.

PRIME MINISTER MITCHELL: Thank you, President Kim, my colleagues, prime ministers of the region, other distinguished ministers of government, governors, other representatives of regional organizations here, brothers and sisters all. On behalf of CARICOM I would like to thank the World Bank Group and you, President Kim, for convening us today. We also thank you for being among the first to arrive on the scene following the recent hurricanes in the region. This was one of the points emphasized by my colleague Prime Minister of Dominica recently.

This extraordinary meeting today follows extraordinary events. Our region has been hit by two Category 5 hurricanes, Irma and Maria within two weeks. That has been unprecedented. Hurricane Maria went from Category 1 to Category 5 in less than 36 hours. That too is unprecedented.

Over nine countries of the region have been impacted by three hurricanes including Dominica, Antigua, the Bahamas, British Virgin Islands, Sint Maarten, Puerto Rico, and others. Damages in the region estimated are

over \$10 billion. The 100-year storm, colleagues, is now the new norm. We are entering into a new and unprecedented era of climate change and its grievous effects upon us all.

I toured the affected islands on behalf of CARICOM with the Secretary General and others of the region and you could not believe what I saw. It took me a couple of nights to recover, to get the proper sleep. That is the extent of the problem. When I see the emotional display by colleague prime ministers publicly, I am not surprised. As Prime Minister Skerrit of Dominica said to the United Nations, and I quote, "We find ourselves at the frontline of a war that we did not start, and it is one we cannot stop."

President Kim, our islands face the triple trap of one, severe climate impacts, high fossil fuel imports, and high levels of debt. As early as 2010 World Bank country assistance strategy for the eastern Caribbean made reference to this link between hurricanes and indebtedness. In Grenada, we experienced a viscous cycle of hurricanes followed by greater indebtedness and debt distress. So much so that Grenada became the pioneer of the Hurricane Clause in its restructured debt arrangements.

An economist, John Maynard Keynes once said, and I quote, "When the facts change I change my mind." What do you do, sir? This hurricane season has been a wakeup call for all of us. We as governments may seek to adjust our approaches through a number of measures, for example, the adoption of fiscal rules and the establishment of fiscal buffers. Secondly, the mainstream of disaster risk management and government programs and operations. Thirdly, the adoption and enforcement of climate change, resilient building codes. Fourthly, the use of risk transfer mechanism including the CCRIF and state contingent debt instruments. As I mentioned, Grenada has already introduced the Hurricane Clause.

President Kim, a crisis is a terrible thing to waste. In Grenada's case after Hurricane Ivan we are determined to build back

better. Today Dominica with other countries is committed to become the world's first climate resilient nation. That's important.

Earlier today we met with Sir Richard Branson and others to form the private sector partnership to commit to the Caribbean, the world's first climate smart zone. We are very serious about that. This is not just about resilience for homes, coasts, and infrastructure, it's about transforming all energy and transformation sectors and also it's about prospering from sustainability.

Time is against us. We do not have 20 to 30 years to become climate resilient; we need to achieve this in five to ten years shorter. We have a starting point for the pipeline of bankable projects. The intended nationally determined contributions of the Caribbean amount to \$5 billion. We would like to invite the World Bank to a practical retreat with public sector and private sector partners where we cement a Marshal Plan to fast track and frontload resources for Caribbean islands.

Mr. President and senior executives of this important institution, the World Bank, we may be down but we are not out. We have not come to you as victims, we have come to you with a positive opportunity. Downright, this exercise will hold the Bank in good stand for IDA 18 mid-term review and for securing finance for IDA 19. Count on us as a progressive partner.

In the meantime, there is still work to be done in the recovery effort of the affected islands. And we hope we can count on the Bank's support for donor conferences to address the immediate challenges. I thank you for this important opportunity to talk on behalf of the region.

DR. KIM: Thank you very much, Prime Minister. I'd like to next call on Marie-Claude Bibeau, the Minister of International Development of Canada.

MINISTER BIBEAU: President Kim, Excellencies, colleagues, friends, to begin Canada stands beside you and will continue to contribute in terms of

humanitarian aid ... and about how we move forward. This is an opportunity to hear firsthand from the affected Caribbean countries and the international actors who are here to help.

I also want to acknowledge the work of the Small States Forum under Prime Minister Mitchell's strong leadership. This work is an essential part of our discussions on climate resilience today.

Canada has always had a special relationship with the Caribbean. This is reflected in the constituency we share here at the World Bank Group and the IMF, and our friendship can be seen in our extensive people to people ties. Rest assured that Canada will continue to be there to help recover and build back better. This includes our government, our private sector, and our civil society organizations.

There are three principles that I feel should guide us forward: local ownership, strong coordination, and the opportunity to innovate. Let me begin with local ownership. For us this means listening to the needs of Caribbean governments and working with institutions such as the Caribbean Development Bank, the Caribbean Disaster and Emergency Management Agency, and CARICOM. These institutions must lead the building of a climate resilient Caribbean, in partnership with the World Bank and other international finance institutions.

Local ownership also means that women need to be at the forefront. We know that women and children are 14 times more likely to die from a disaster, and we know that women and girls are more likely to suffer sexual and gender based violence in post disaster situations.

But we also know that they are a powerful agent of change, development, and peace. Women's local knowledge and networks are key to community recovery. Let's ensure that women are at the forefront of Caribbean reconstruction.

Second, strong coordination is essential. We have a diverse range of countries, overseas territories and development organizations represented here today. We will all need to work together to build a more climate resilient Caribbean. And as an example, last month our Prime Minister, Justin Trudeau, and UK Prime Minister, Theresa May agreed to cooperate closely on Caribbean reconstruction. And I'm committed to working with Secretary Patel and others around the table to make this a reality.

Finally, these disasters offer an opportunity to innovate. This means that our starting point should be best practices. Such as the World Bank's instruments and a tool kit for disaster risk management and the Sendai Framework for disaster risk reduction. We need to ensure that these tools continue to evolve. Given the macroeconomic challenges facing the region, we must also find innovative financing solutions including those that engage the international finance institutions and the private sector. Innovation also means building on successful insurance initiatives like the Caribbean Catastrophe Risk Insurance Facility which Canada supported. And it means ensuring that the Caribbean has more access to climate financing, in general, and to blended finance that is tailored to countries' specific needs.

Let me conclude by thanking President Kim for convening us. This discussion on recovery and resilience must continue at COP 23 next month in Germany. The challenges of small island states will be at the heart of the conversation. I look forward to hearing from Caribbean heads of government, affected territories and development partners. Thank you.

DR. KIM: Thank you very much. I'd like to next call on Priti Patel, Secretary of State for International Development of the United Kingdom.

MS. PATEL: Thank you very much, Jim, and Excellencies, ladies and gentlemen's and friends. I really just want to begin by thanking the Bank for the support for convening this meeting and for everyone that has joined this meeting today. This is a powerful representation of how we are coming

together across the international communities to rebuild, quite frankly, territories and islands that have been absolutely devastated through the hurricanes that we have spoken about. I had the privilege just three weeks ago, visiting both BVI and Anguilla. No one can underestimate the extent of the challenge but, I think, on a human level as well, the devastation, the psychological impact and I want to pay tribute to everyone. Everyone, the leaders, the people, the communities but also internationally as well, the way in which relief efforts have come together. I think everyone should be very, very mindful that this has been a coordinated and a strong international response and one that we don't want to be doing too often because of the scale of the challenges.

The damage to people, communities and obviously to infrastructure have been absolutely appalling and that is why we're here today to look to the future. And be positive and optimistic about how we can rebuild, to build back better, absolutely. But to challenge our system too, to make sure that our international system is responding to the needs that exist.

So, reform in the system, enabling the countries, the communities, the territories to start to think to the future in how they plan, prepare and respond. And in terms of the relief efforts, we will see the relief efforts from our own respective countries and the communities that we have been supporting. Canada's Minister mentioned the CCRIF, in particular, the Caribbean Catastrophe Risk Insurance Facility. These are strong tools that have made a very significant impact. And, of course, the pay outs are coming and more will follow. But, of course, as though payouts from the private insurance policies through local businesses soon come up, that will also help to catalyze the economy and to give confidence back to the private sector and to start the economic growth that we want to start seeing again.

Of course, we are seeing some good efforts, a very strong positive effort from the relief efforts. Airports have reopened, schools are

starting to reopen, the delivery of public goods are now functioning again as well. Which, of course, is timely when we now look at the reconstruction efforts. And, of course, as friends have already spoken, we now need to think about how we coordinate the response, work in partnership and pool the expertise and the resources to support the entire region to get back on its feet. And, of course, working with the governments, effected communities, people, to build back better, but also to understand that term in terms of building back better.

This is an element of future proofing now. Building for resilience, building with technology and innovation as well, so we can be pioneers in the region. And the UK absolutely stands shoulder to shoulder with all our territories, friends and colleagues. But we are, of course, looking through funding disaster resilient construction. We have already 12 major infrastructure projects and 50 health facilities across the region, the development bank. And Warren, I thank you as well for the work that you have been doing with your team in terms of playing a very important role which is crucial.

But that combination of private sector capacity resource expertise is absolutely vital. And so, we are looking ahead in terms of how we can facilitate and play a role in facilitating those key tenets, bringing those strands and pillars together. And I am looking to bring the private sector leaders together from a range of sectors, business sectors, the private sector, the financial sectors and industries, together in London later this year, to identify practical ways, meaningful ways in where we can innovate. Challenge the system, absolutely, but increase the flows of private sector financial support for the reconstruction efforts. And in advance of this, I'm also establishing a taskforce of private sector leaders to help to pull this work together. We need to start to facilitate this, bring some of the key sectors together. The sectors that had a footprint in the region before the hurricanes

and the sectors that will be there after the hurricanes as well. This work is going to be overseen by a colleague of mine, Mr. William Balarti joins us here today. Of course, it's that regional expertise where we must look to bring more together.

Jim, you mentioned the international system. There is always more to do in terms of reform of the system. Finding ways, obviously to prevent, prepare, respond to crises in the future. Reducing, obviously, the potential impact on public services, livelihoods of any future disasters. And we are also today publishing in the UK, our humanitarian reform policy. Because when crises happen, we need to look at how the system responds, not competing and working in isolation, but pooling the resources together. And this is one of the great strengths that we have in terms of our own institutions for donor countries, member countries as well, bringing the expertise together, as well as the money, and as well as the disbursements.

Specifically, to the Caribbean, as we know, no small island can respond or reasonably expect to recover and rebuild from such a disaster without having that integrated approach and support from the international community. Which is why, as my Chancellor said yesterday in the financial meetings, we believe that there is more role and scope for development finance for the official development assistance as well. To play a part in supporting those territories and demonstrating agility and flexibility as the world is changing and as the need is changing as well, and be much responsive. That also means expanding that suite of instruments on offer to countries to help them manage the risk, manage the debt, bring forth insurance and other types of financial instruments too.

We launched the Center for Global Disaster Protection in London in July in collaboration with the private sector and the Bank as well. And in order to do exactly this, to provide advice, research, expertise on risk financing to countries facing climate change issues, natural disasters and

the big challenges that we are talking about today. There is an enormous opportunity for us. I think as the Prime Minister said as well, where there is a crisis, let's not make it go to waste, we will find the right ways forward. We will innovate together, but also we will look at how we can coordinate together. Not just for bringing hope to the people today, but to show that pioneering and buccaneering spirit as well, for the region to secure its future. Thank you.

DR. KIM: Now, we're very happy to welcome Mark Green, administrator for USAID to your first annual meeting. Welcome, congratulations and you have the floor.

MR. GREEN: Thank you. I appreciate the opportunity and it's good to meet many of you. Thank you, colleagues, friends, I appreciate the opportunity to reaffirm our longstanding and unwavering commitment to our neighbors to the south. Simply put, we in the United States, our people and our government stand firmly and unbreakably with the people of the Caribbean. Whether through decades of development assistance and recent disaster relief or through our new Caribbean engagement strategy which is built around driving the private sector growth, we agree that that is key. We recognize that both our interests and our futures are inextricably linked. We know this is a difficult chapter for our friends to the south, but we pledge to stand shoulder to shoulder with them. As they work to recover from the devastation caused by these hurricanes, Irma and Maria.

The U.S. government has already provided more than \$15 million in humanitarian assistance to these nations and our well-known disaster assistance response team was deployed on the ground almost immediately upon request, helping to deliver emergency supplies and to meet immediate needs. But as we all know, more than 2 million people have been impacted by these storms, and the greatest work is what will take place after today.

Earlier this week, I did have the chance to meet with the Prime Minister of Dominica who showed me those photos of the devastation in his country. Whole swaths of land swept entirely clean by the fury of those storms. The road to recovery in Dominica and across the Caribbean, we know will be long. Communities will need to invest in debris removal, efforts to bring back tourism, to restore livelihoods and ultimately, they will need to invest in projects to ensure that they can better weather the next storm and the one after that. These challenges, needless to say, will not be easy and they will require help from the nations represented here and so many others.

As conditions improve and headlines fade, our emergency programs will phase out and our long-term efforts will require long-term commitments from the international community. I welcome the comments from President Kim and the Deputy Secretary General. We all recognize that we must think anew, we must do new ways and strike out together if we are going to help to rebuild and to strengthen these countries. This will require the generosity of bilateral donors, the United Nations, the World Bank and just as importantly, it will require the private sector. And because we believe that the truest sense of compassion comes with helping others to help themselves, as we respond to immediate needs, we are also looking for ways to help build resilience as so many have said so wisely. Resilience against future storms but not just future storms, other crises that will inevitably come as they do so often to so many parts of the world.

To those in the donor community, I hope that you will join us in these efforts and to our friends in the Caribbean, I want to restate what I hope you already know. You have a friend, an ally and a good neighbor in the United States. The key isn't in what we say today when the lights are on and the microphones are on. The key is what will happen after today. When those headlines fade, we must all make sure, all of us, ourselves included, that our commitment does not fade. This is an easy time to talk about being there and

standing with the people of the Caribbean. Obviously, the key is standing with the people of the Caribbean in the weeks, in the months, in the years ahead. Thank you.

DR. KIM: I apologize but I'm going to have to go and I will turn it over to Kristalina Georgieva, our CEO. But a couple of conclusions. Prime Minister Mitchell, thanks for the, what's the right word, inspiring and challenging words for us. So, here are five things that we will commit to going forward and I hope that we can all work together on it.

The first, is we'll stretch our resources. We're already doing it but we need to do it even more. We need to find all the sources of financing that we might put together to help all of you rebuild. Now, many of you may know that there is a meeting on climate change on December 12th, sponsored by France, and we really appreciate your leadership on this. One of the things that has been underinvested in and one of the areas that has been much less clear in terms of how we think about climate finance, is adaptation. So, building resilience to extreme weather events is clearly in the center of the adaptation work. While there has been financing for mitigation, there has not been a lot of financing for adaptation. So, what an opportunity to put right on the table, a wonderful opportunity of building resilience for Paris. Now, it's happening December 12th, so we'll have to move very quickly. So, I put the challenge right back to you, Mr. Prime Minister, work with us, all of the countries that have been affected and let's put something together. Some kind of innovative tool where we can move toward financing resilient infrastructure. We will put all our teams together to work with you on it.

The third is, I completely agree. We need to review our policy on concessional finance for small states affected by these storms. We made a leap in an area that we had just not been involved in before, providing concessional finance to high and middle income countries, but we did it for a very specific reason. Jordan and Lebanon were becoming deeply indebted in

order to take care of Syrian refugees which, in our view, was a service that they were providing to the rest of the world. And, in fact, I didn't wake up to that until António Guterres when he was the high commissioner for refugees, gave one of the most inspiring and troubling speeches about Jordan and Lebanon that I ever heard, about four years ago. So, we were able to put an instrument together to provide concessional financing for high and middle income countries because of the burden. In this case, we'll do everything we can to find a path forward. Now, what it takes is for the Board to agree and provide some grant-based financing that we can then stretch into much lower-interest loans or in some cases, grants.

We also need to rethink the insurance model. So, the Cat DDO, a Catastrophe Draw Down Facility, worked okay, but I think a Cat DDO is not linked enough, I would argue, to prevention measures. So, the great aspect of the insurance industry is that when you get involved with them, they immediately get involved with you and try to do everything they can to not pay out. So, their financial interest is in not paying out. That's why for the pandemic insurance that we've put together, now they're working like crazy to try to prevent pandemics so that they don't have to pay out.

So, this is what we need to do. We need to think anew because it is not enough. If it happens every year, if a thousand year event happens every year, these instruments are going to become obsolete very, very quickly. So, we need to now think strategically with the insurance industry. Can we get something like a catastrophic draw down facility but that is linked to requirements to build more resilient infrastructure. I'm just thinking through this now but having just gone through the experience of putting the pandemic bond together, I know that they're very, very good people to think with because this is what they do, this is what they do every day. And in this case, their interest is very much aligned with all of our interests. They want to prevent having catastrophic outcomes and we want that as well.

Finally, I think that having now seen this happen so many times again and we have bits and pieces of it, I think we really need to take a step up in building a community practice. Vanuatu just went through a terrible storm two or three years ago. There are communities, for example, on the coast of India who got much better at preparing for storms. So, one of the things we'll do is we'll immediately include everybody here in the discussions that are ongoing. This is an intellectual problem as well: how do we prepare small island states for these kinds of severe storms? It would be great if they didn't happen again, but everything suggests to us that with a higher air temperatures and higher ocean temperatures, this is going to be more frequent. And in that case, I think we need to think differently about how to prevent them.

So, five things that we promise to work with you on. Again, as the Prime Minister said, a crisis is a terrible thing to waste. But, unless something happens that's different and something happens that aligns incentives in a new way, I think we'll be back at this table again and again and again. Thanks very much everybody. Kristalina will take over.