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Resilient nations.*

6 December 2019

Subject: Cooperation between Phoenix CRetro Reinsurance Company and UNDP on introduction and development of Disaster Risk Finance solutions for the countries of ECIS region

Dear Mr. Savrassov,

Thank you for your letter of November 11, proposing cooperation between UNDP and Phoenix CRetro Reinsurance Company on Disaster Risk Financing in the ECIS region. We would propose to focus our prospective cooperation on improving the capacities of partners in the region in the area of disaster risk finance as follows:

- Regional, sub-regional and national awareness raising and capacity building campaigns for the governments of ECIS countries on the use of risk transfer mechanisms to promote informed decision-making on disaster risk financing options for the reduction of financial vulnerability to natural hazards;
- Enhancement of local understanding for different disaster risk financing tools, such as regional/sub-regional/national disaster risk transfer facilities, parametric products, contingency funds and potential use of Insurance-Linked Securities (ILS) to support national governments to manage their fiscal risks related to natural disasters;
- Regional/sub-regional/national gap analysis for disaster risk finance, including financial and policy considerations, and assessment of demand for sovereign disaster risk financing products;
- Review of existing national/sub-regional/regional policies, plans and strategies for disaster risk management and financing, including past and ongoing projects and initiatives being undertaken by other multilateral and bilateral development partners in this area;
- Support in assessment and development of legislative and institutional base for disaster risk financing instruments at national, sub-regional and regional levels;
- Advice and cooperation on development and implementation of various IT solutions, required to enhance informed decision-making process of disaster risk finance;

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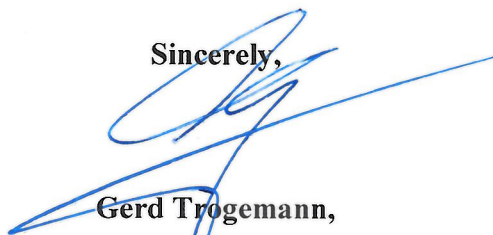
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- Feasibility assessments to acquire the most appropriate product(s) and development of region/country specific innovative disaster risk financing options. Knowledge exchange and trainings on disaster risk financing ILS products and budget classification;
- Comprehensive introduction, education and assistance in implementation (issuance) of sovereign parametric catastrophe bonds as one of the modern disaster risk financing instruments with the best practices and lessons learned from disaster risk transfer solutions being developed in other parts of the world.

We are proposing these focus areas against the background of the recognized practical experience of UNDP in designing and implementing disaster and climate risks management projects to improve resilience of the countries and their populations, as well as the expertise of the Phoenix CRetro in the area of disaster risk financing.

We hope that our cooperation in this workstream will contribute to the overarching, shared priority of financing the Agenda 2030 and the SDGs. On a final note, I hope that through this partnership we will mobilize funding to support our joint interventions for introduction of disaster risk financing in the region.

Sincerely,



**Gerd Trogemann,
Manager of UNDP Istanbul Regional hub**

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