

Mainstreaming disaster reduction in poverty reduction: Attaining and sustaining MDGs



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Mainstreaming disaster reduction in poverty reduction: Attaining and sustaining MDGs

Questions?

Do we adequately know the areas at high mortality and economic loss risks?

How does disaster affect macroeconomic context, economic growth and poverty in different income-group countries? Does disaster reduction help in poverty alleviation?

Is PRSP/NSEDIP the most effective way of mainstreaming disaster reduction for attaining MDGs?



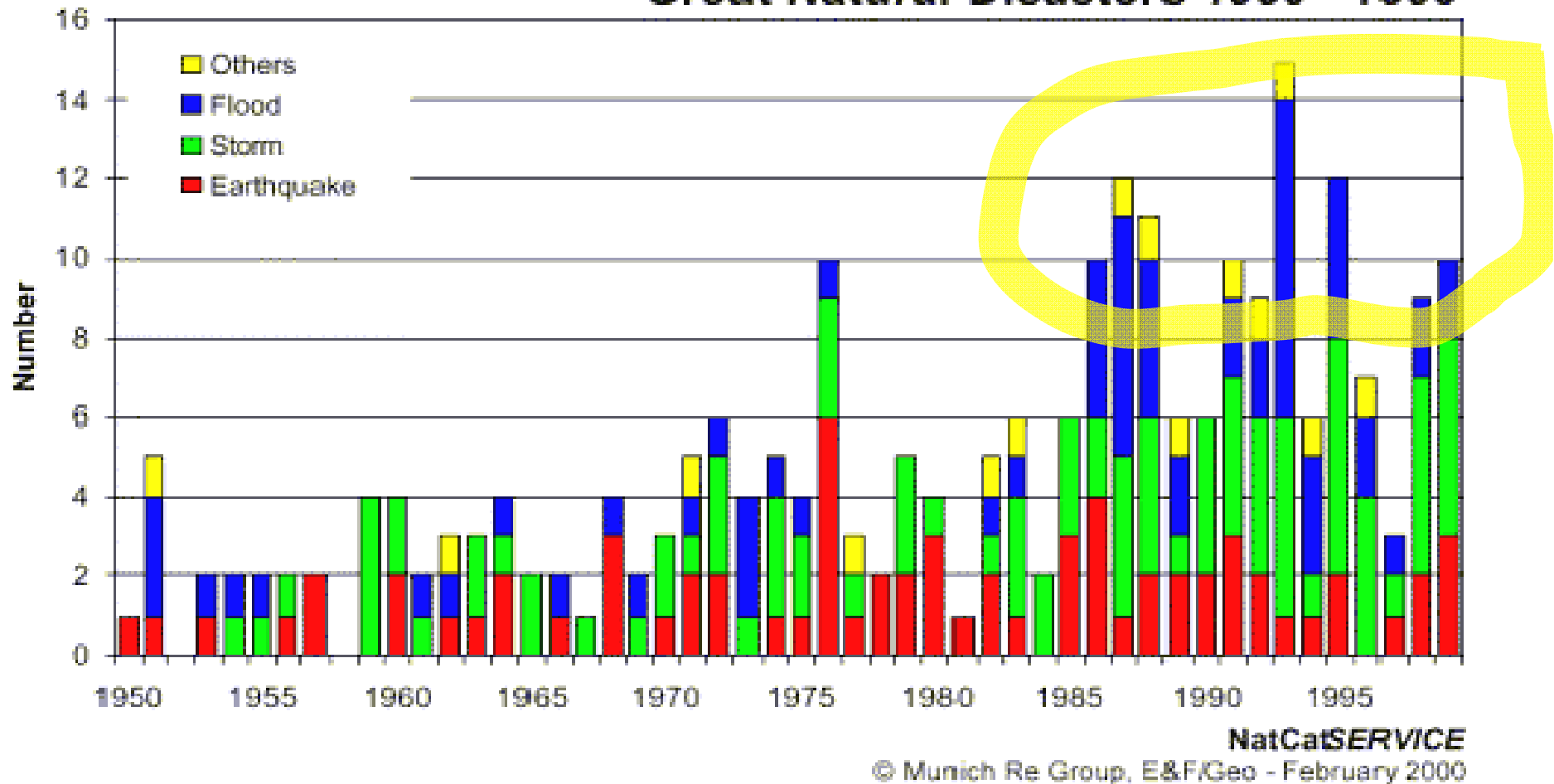
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**Do we adequately know the areas at high mortality
and economic loss risks?**



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Great Natural Disasters 1950 - 1999



The chart shows for each year the number of events defined as great natural catastrophes, divided up by type of event.



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Disasters cause loss of development gains and wealth in developing countries

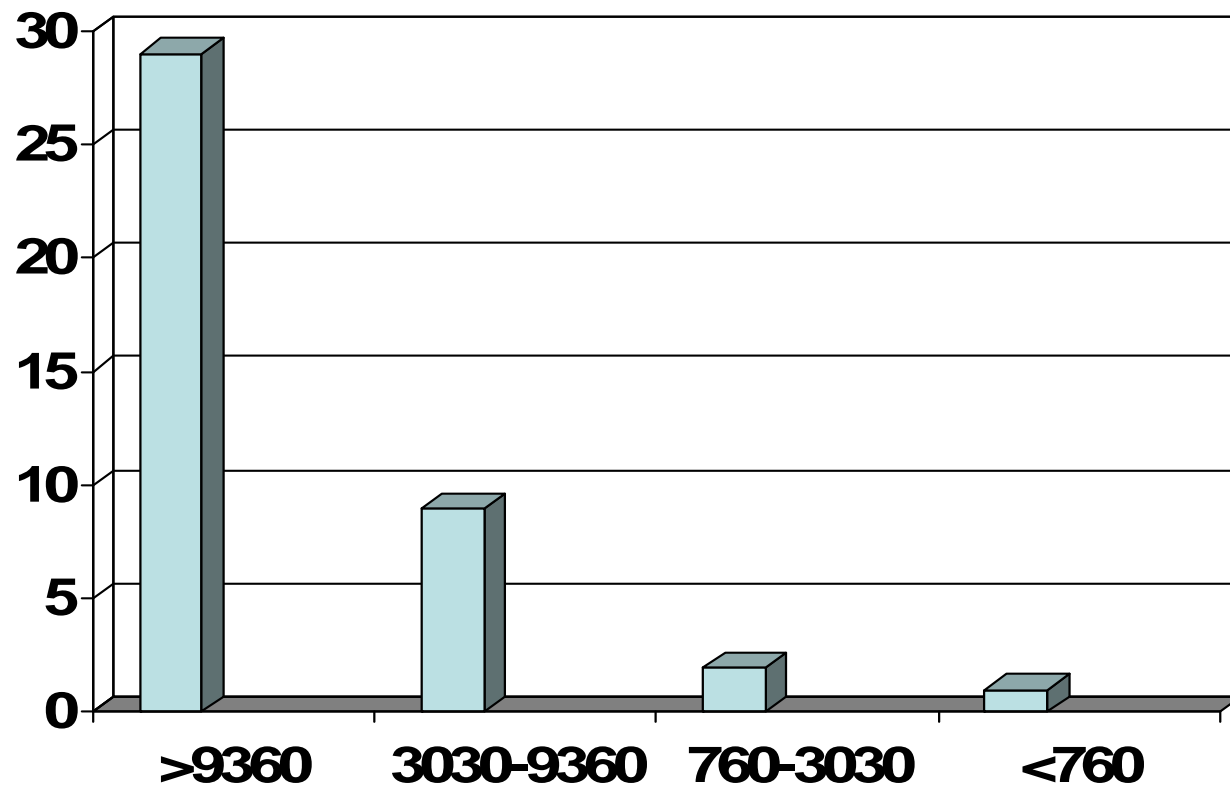
- Annual GDP losses = 2-15%
- Average yearly losses due to disasters during 1990s = US\$63 billion
- Annual **losses of infrastructure** during 1990's due to disasters in Asia alone were about **\$12 billion** – about 2/3 total annual lending of the Bank



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Percentage of total losses insured by wealthy versus poor countries

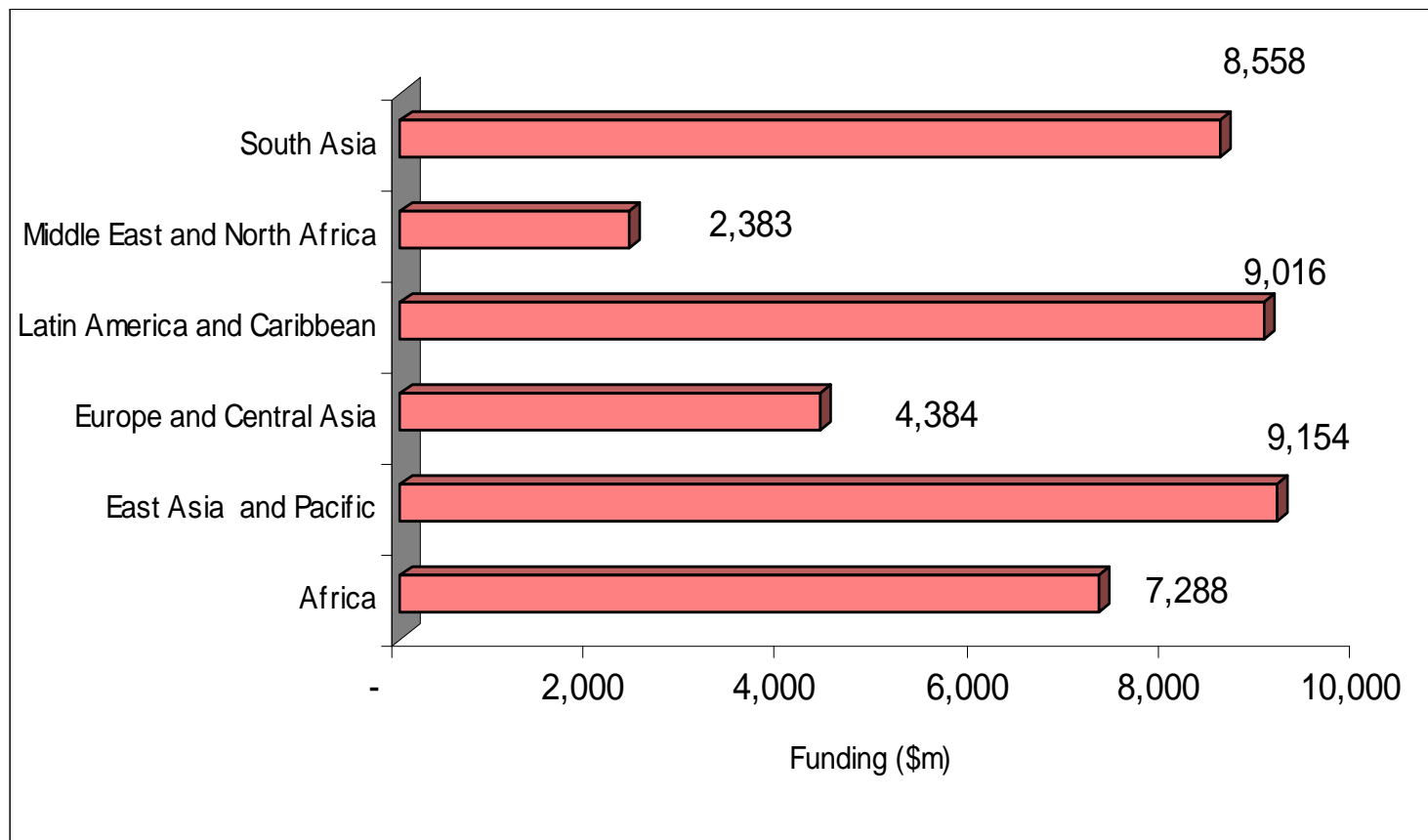
Ratio of insured to total losses according to country income groups for the period 1985-1999





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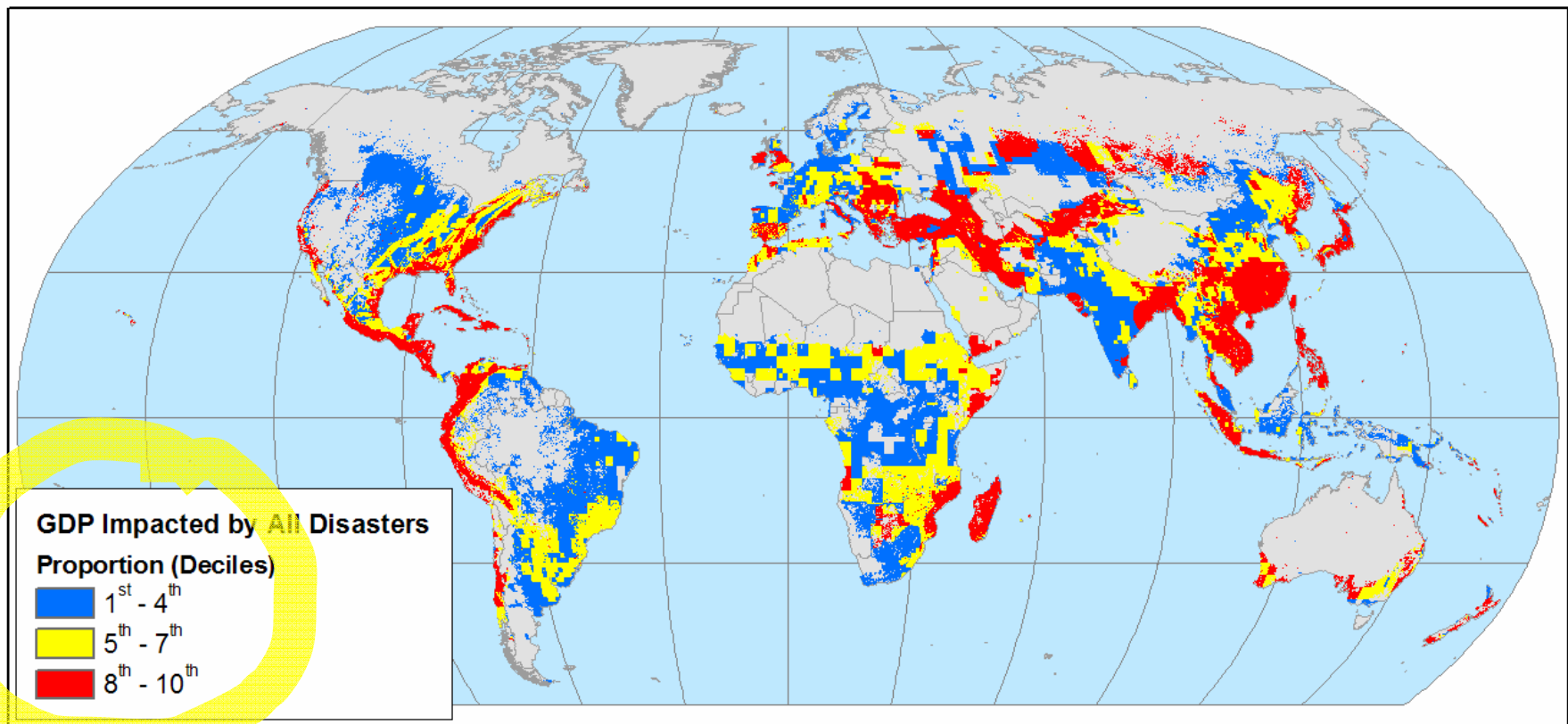
Disaster-related lending 1980-2005: > \$ 43 billion





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Global Disaster risk hotspots: weighted mortality and economic loss risks



Risk levels: → Top 30%:Red; Middle 30%:yellow; Lowest 40%: Blue:



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Higher population density of areas that have experienced relatively high mortality during the past two decades 😞 Nearly one-fourth of total land area and more than three-fourths of world's population are subject to a relatively high risk from one or more hazards

More than four-fifths of GDP is located in areas of relatively high economic risk subject to one or more hazards and more

More than half of GDP is located in high-risk areas subject to two or more hazards

35 countries have more than 5% pop in areas at risk from three or more hazards
96 countries have more than 10% pop in areas at risk from two or more hazards
160 countries have more than 25% pop in areas at risk from one or more hazards



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**How does disaster affect macroeconomic context,
economic growth and Poverty in different income-
group countries?**

Does disaster reduction help in poverty reduction?



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Rationale for incorporating catastrophes in macroeconomic projections

1. High opportunity costs of diverting scarce financial resources to relief and reconstruction (other projects contributing to economic growth and other efforts to reduce poverty can't continue as planned)
2. Budgetary planning process strained through continuing and significant reallocation of resources
3. Limited availability of international aid to pay for losses (OECD 2001a)



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Catastrophic exposure into macroeconomic projections-case study of Argentina

- Estimating capital stock at risk
 - 10 yr loss----0.10% of capital stock destroyed
 - 100 yr loss—0.45%
 - 1000 yr loss—0.60%.....
- Annual expected loss for events > 10 yr loss -----0.025%
- Annual loss of capital stock----0.025% of 1.3trillion---320 million

In the event of a catastrophe,

- Government consumption is expected to increase by 48 million
- Imports increase by 93 million
- Private consumption decrease by 410 million



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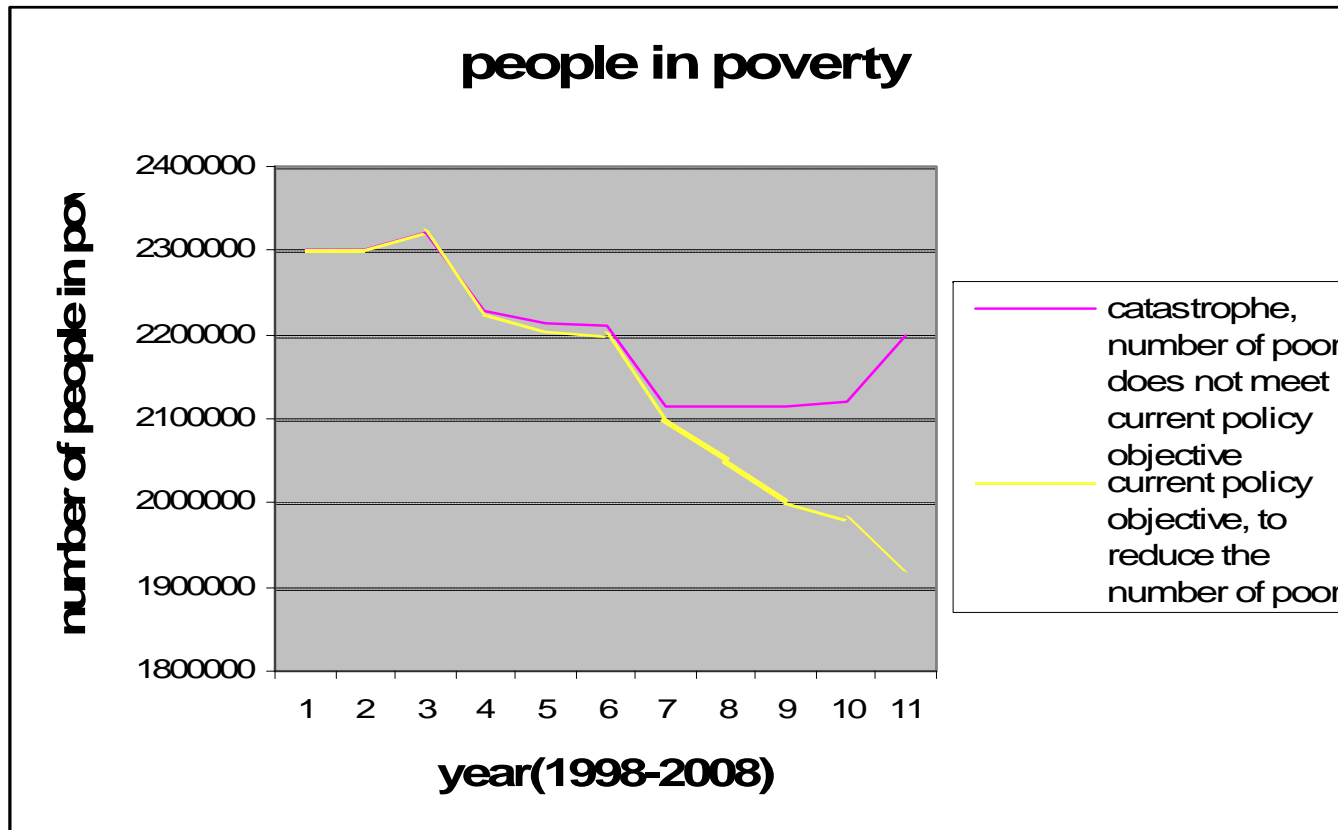
Largest historical losses due to disasters compared to economic indicators

	USA	Argentina	Hondurras	Nicaragua
GDP(millions)	7834000	293005	4725	2024
GDP/percapita	29267	8214	790	433
Aid/GDP	-	0.03%	6.3%	20.3%
Largest historical loss	45181	2432	1951	2318
Loss/capita	168.8	68.2	326.1	495.5
Loss/GDP	0.6%	0.8%	41%	115%
Loss/tax revenue	2.9%	6.7%	293%	499%
Loss/GD Savings	3.6%	4.1%	189%	4044%
Loss/Net domestic credit	0.7%	2.8%	166%	71%



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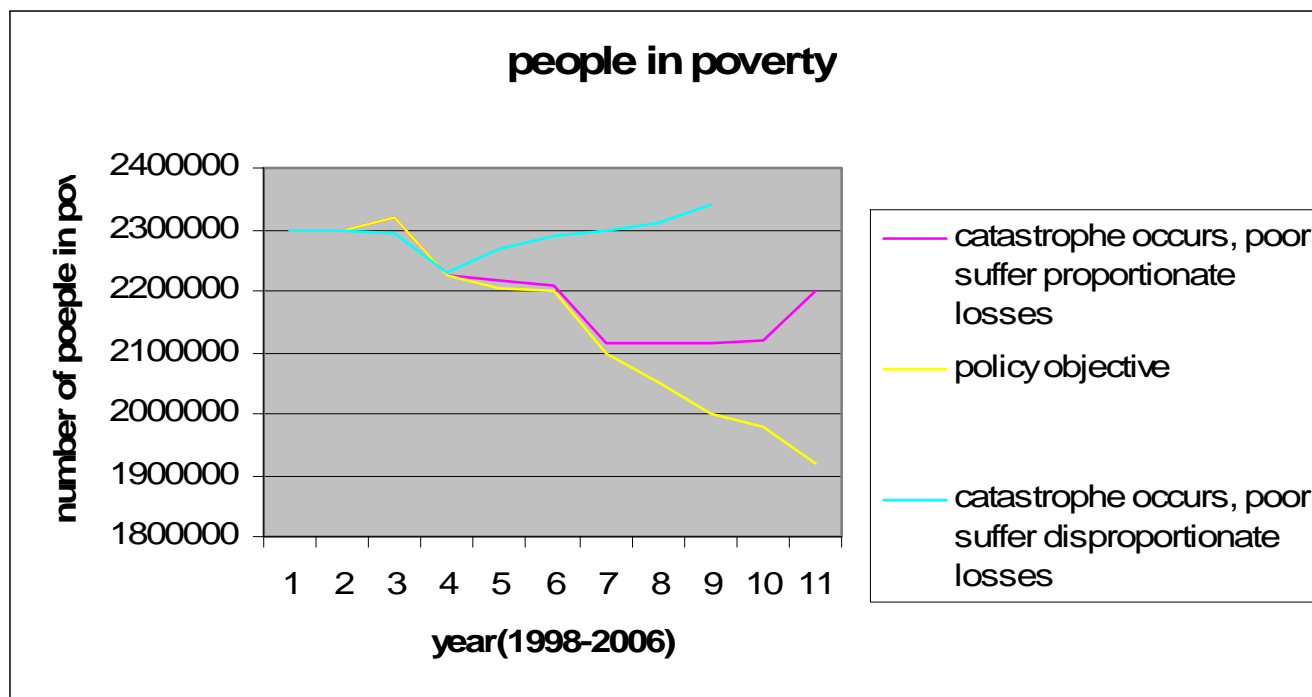
Projection of number of people in poverty in Nicaragua (proportionate impact, function of consumption/income)





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Projected number of people in poverty, considering disproportionate impacts on the poor





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Natural disasters can make a difference in the economic development of poor countries

The poor bear a heavy burden from natural catastrophes

Inability of the governments and the economy to reconstruct or provide relief post-catastrophe can stall poverty eradication efforts

Devising policies to ensure macroeconomic stability for economic growth and cope with disasters

There is enough evidence that disaster reduction pays to alleviate poverty-both at macro and micro-economic levels.



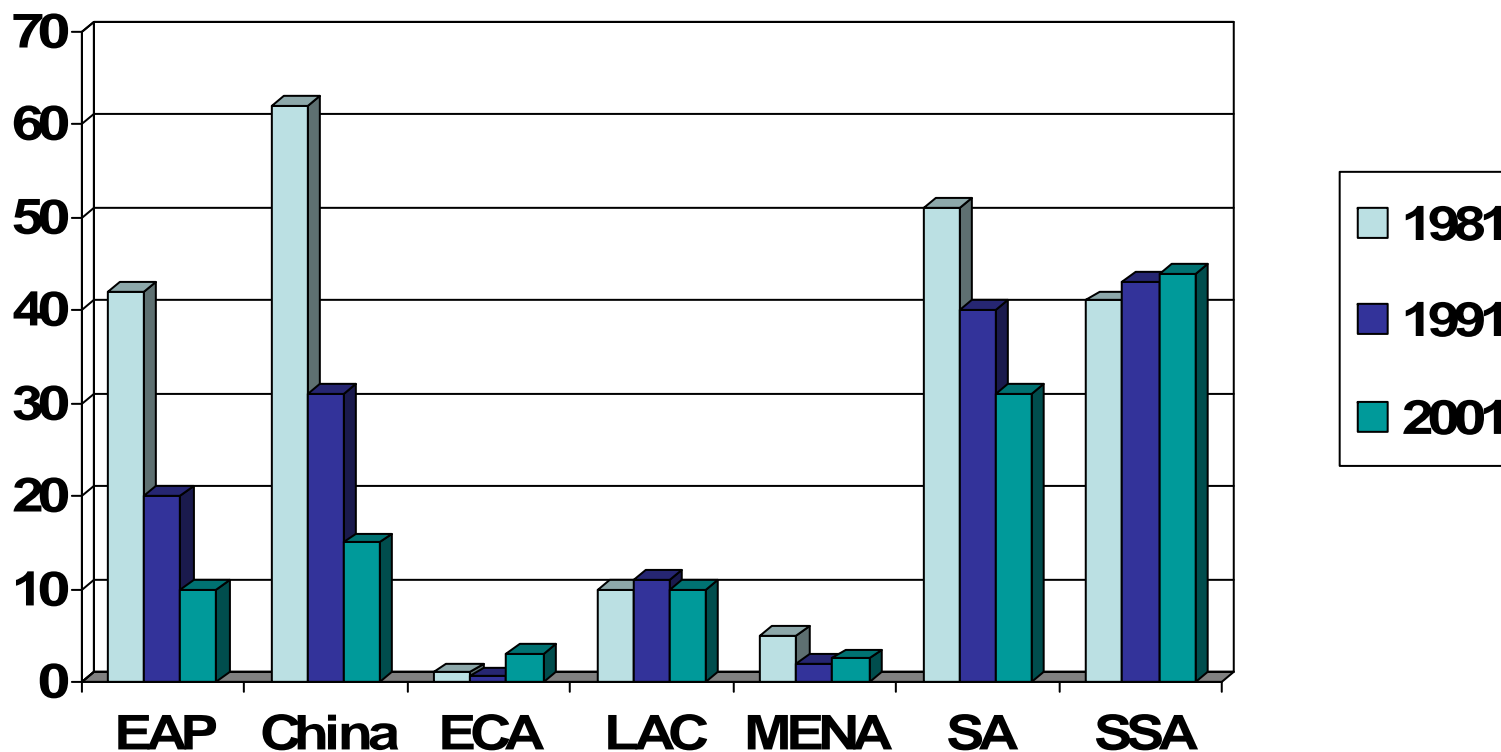
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Is PRSP/NSEDP the most effective way of mainstreaming disaster reduction for attaining MDGs?



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Percentage of population living on less than US \$ 1 per day





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The context of MDGs and PRSPs

Disappointing outcomes of efforts to reduce poverty in pre-90s

International commitments to accelerate poverty reduction during 90s

-----Millennium Development Goals

-----Poverty Reduction Strategy Paper (PRSP)

-----PRSP as the basis of government-donor dialogue

-----mixed results on several MDGs(2005)



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The World Bank's Annual Review of Development Effectiveness(2005)

- Progress in reducing poverty has been patchy and uneven
- Rapid economic growth is the major force for reducing poverty, but remains elusive for majority of the developing countries
- The Bank takes a broad, multi-dimensional view of poverty, focusing on not just income poverty, but also on human development, security, voice, and participation
- The Bank's approach to poverty reduction now emphasizes public sector governance, institutional reforms, and empowerment of the poor



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PRSPs describe a country's macro-economic, structural and social policies and programme to promote growth and reduce poverty.

The PRSPs call for an increased focus on country driven strategies that involve broad based participation, a focus on results

1. specifically outcomes that benefit the poor,
2. a comprehensive approach recognizing the multidimensional nature of poverty,
3. broad partnerships involving coordination of all development partners, and
4. a long term vision for poverty reduction.

The Poverty Reduction Strategies (PRS) have meant a major shift for the Bank, donors, and countries in the development process.



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The poverty assessment (PA) is a key instrument of the poverty reduction strategy, which is designed to

1. Assess the extent and causes of poverty in a given country and
2. Propose a strategy to ameliorate its effects.

PA includes:

1. Assessment of poverty situation
2. Analysis of the impact of poverty of growth and public actions
3. Appraisal of poverty monitoring and evaluation systems



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Mainstreaming hazard vulnerability assessment into national poverty assessments

- Vulnerability is an important aspect of households' experience of poverty
- Existing definitions measure poverty at a point in time
- Vulnerability to poverty is a probability, the risk that household will experience at least one episode of poverty in near future
- Vulnerability to poverty line as the level of expenditures below which a household is vulnerable to poverty
- Indonesia case study:
 - if headcount poverty rate is 20%, the proportion of households that are vulnerable to poverty is around 30 to 50%. So in addition to the 20% that are currently poor, an additional 10 to 30% percent of the population is at substantial risk of poverty. (Pritchett, Suryahadi, Sumarto, WB/SMERU)



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Mitigating Disaster risks Supports the Millennium Development Goals

- ✓ **Goal 1** - Eradicate extreme poverty and hunger
- ✓ **Goal 7** - Ensure environmental sustainability
- ✓ **Goal 8** - Develop a global partnership for development



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Two pillars of Poverty Reduction Strategy

Building the climate for investment, jobs,
and sustainable growth

Empowering poor people to participate
in development and investing in them

1. Investment climate

- Support for urban and rural development
- Infrastructure services to support private sector development
- Regulatory reform and competition policy
- Financial sector reform

2. Public sector governance

- Rule of law
- Public administration and civil service reform
- Access to and administration of justice

3. Empowerment, security and social inclusion

- Gender mainstreaming
- Civic engagement and participation
- Social risk management

4. Education

- Education for all
- Building human capacity for knowledge economy

5. Health

- Access to clean water, clean air, and sanitation
- Maternal and child health care

GFDRR

GLOBAL FACILITY FOR DISASTER
REDUCTION AND RECOVERY

Reducing Vulnerability to Natural Hazards

A partnership of Australia, Canada, Denmark, European Commission, Finland, France, Germany, Italy, Japan, Luxembourg, Norway, OFDA/USAID, Spain, Sweden, Switzerland, UK, UNISDR and The World Bank

A global partnership under ISDR System to make HFA a core development agenda

Systematic and structured integration of vulnerability reduction in poverty reduction agenda is the core of the Global Facility for Disaster Reduction and Recovery.

GFDRR's Mission to reverse the rising trend in disaster losses in developing countries by 2015.....in line with HFA principal goals

3 Tracks of GFDRR provide integrated package of technical and financial resources for disaster risk reduction

- **Support ISDR to develop a coherent and coordinated approach to risk reduction thru partnerships and increased cooperation (TRACK I)**
- **Assist natural disaster hotspot countries to mainstream disaster risks in development strategies (TRACK II)**
- **Speedy and predictable financing for disaster recovery in low income countries (TRACK III)**

Update on GFDRR Tracks

- **Track I:**
 - fully developed and operational; \$ 5 million in '07 and additional \$ 5 million in '08 provided;
 - WB is the donor
 - managed by UN ISDR Sec.
- **Track II:**
 - Multi-donor trust funds
 - fully developed and operational;
 - \$ 60 million in Technical Assistance contributed by donors;
 - programs in 51 hotspot countries planned for FY 07-11
 - Fund for South-South Coop in Disaster Risk Reduction
- **Track III: (SRFF)**
 - financial structure and operating procedures established

Global Facility for Disaster Reduction and Recovery (GFDRR) provides an enabling framework for integrating DRR in Poverty Reduction

- ✓ Provide a systematic treatment of disaster reduction at policy and operational levels
 - ✓ Community-driven development approaches to include CBDM
 - ✓ Decentralized disaster reduction-strengthening local governments
 - ✓ Hazard-resilient infrastructure
 - ✓ Climate change and disaster reduction
 - ✓ Strengthening Public sector governance for disaster reduction+.....
- ✓ Develop tools and techniques for mainstreaming disaster reduction in poverty assessment, poverty reduction and public expenditure reviews
- ✓ Making disaster reduction a standard feature of relevant CASs and PRSPs
- ✓ Assisting clients to develop proactive, national strategies for disaster reduction
- ✓ Developing lending programs that build capacity for effective risk reduction and risk financing

Recent GFDRR initiatives towards mainstreaming

1. Strengthening regional and global cooperation in partnership with UNISDR
2. 51 countries at high risk being assisted in partnership with UN System, donors, IFIs, private sectors and civil society organizations)
3. Bank's Operational and Business Policies being revised to include risk prevention and mitigation, besides streamlining quick response to disasters when they occur
4. GFDRR assists countries to undertake
 - ✓ National baseline data on hazards and disasters,
 - ✓ National risk identification, assessment and monitoring programme,
 - ✓ Integrated hazard and poverty assessments in PRSPs,
 - ✓ Macroeconomic impact modeling of disasters as a decision making tool (trade offs between ex-ante and post-ante investments)
 - ✓ Developing macroeconomic and sectoral policy tools for risk prevention and mitigation

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Thank you

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