



Invest to prevent disaster

Conclusions from expert opinions presented in *Invest to Prevent Disaster*

UN/ISDR asked experts and colleagues from various backgrounds to share their points of view on the issue. These are summarised in 10 conclusions, and available in detail in the document *Invest to Prevent Disaster* .

1. Through its long-term impacts of reducing poverty and supporting sustainable development, microfinance reduces the vulnerability of the poor to disasters.
2. Microfinance cannot, however, provide standalone protection against disasters. It must be part of a greater strategy of disaster risk reduction.
3. In the aftermath of a disaster, microfinance can quickly provide relief, and then support sustainable recovery and rehabilitation. Microfinance institutions (MFIs) can additionally provide post-disaster communication and coordination through their established community networks.
4. Microfinance requires a degree of self-management by clients and is normally community-based, thus fostering recovery ownership, dignity and community cohesion during traumatic and unstable times.
5. Microfinance can reduce the cost of post-disaster recovery financing, while reducing aid dependency. At the same time, however, post-disaster aid can distort markets, adversely affecting microfinance performance.
6. MFIs must be prepared for disasters by developing disaster management plans that ensure the survival of the MFI and sustainable delivery of its services. Post-disaster activities must be carefully considered to prevent negative long-term impacts on local markets and MFIs.
7. To best reduce disaster impacts on a community, MFIs should offer a suite of flexible products to adapt to specific needs and situations.
8. Links and/or partnerships with the formal financial sector are needed to enhance liquidity and support institutional and managerial capacity.
9. Microfinance must be linked to disaster mitigation, especially during rehabilitation when the links between recovery and preparedness are clearly evident.
10. Education on microfinance and disaster mitigation is needed for both successful poverty reduction and disaster impact reduction.