



World Conference on Disaster Reduction
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Integrating Disaster Risk Management
into Development Financing:
The Role
of International Financial Institutions

Margaret Arnold
World Bank



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Disasters are a development issue

- Natural disasters are a major source of risk for the poor
 - Level of development closely correlated to number of deaths caused by disasters
- Disasters cause loss of development gains and wealth in developing countries
 - Annual GDP losses = 2-15%
 - 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



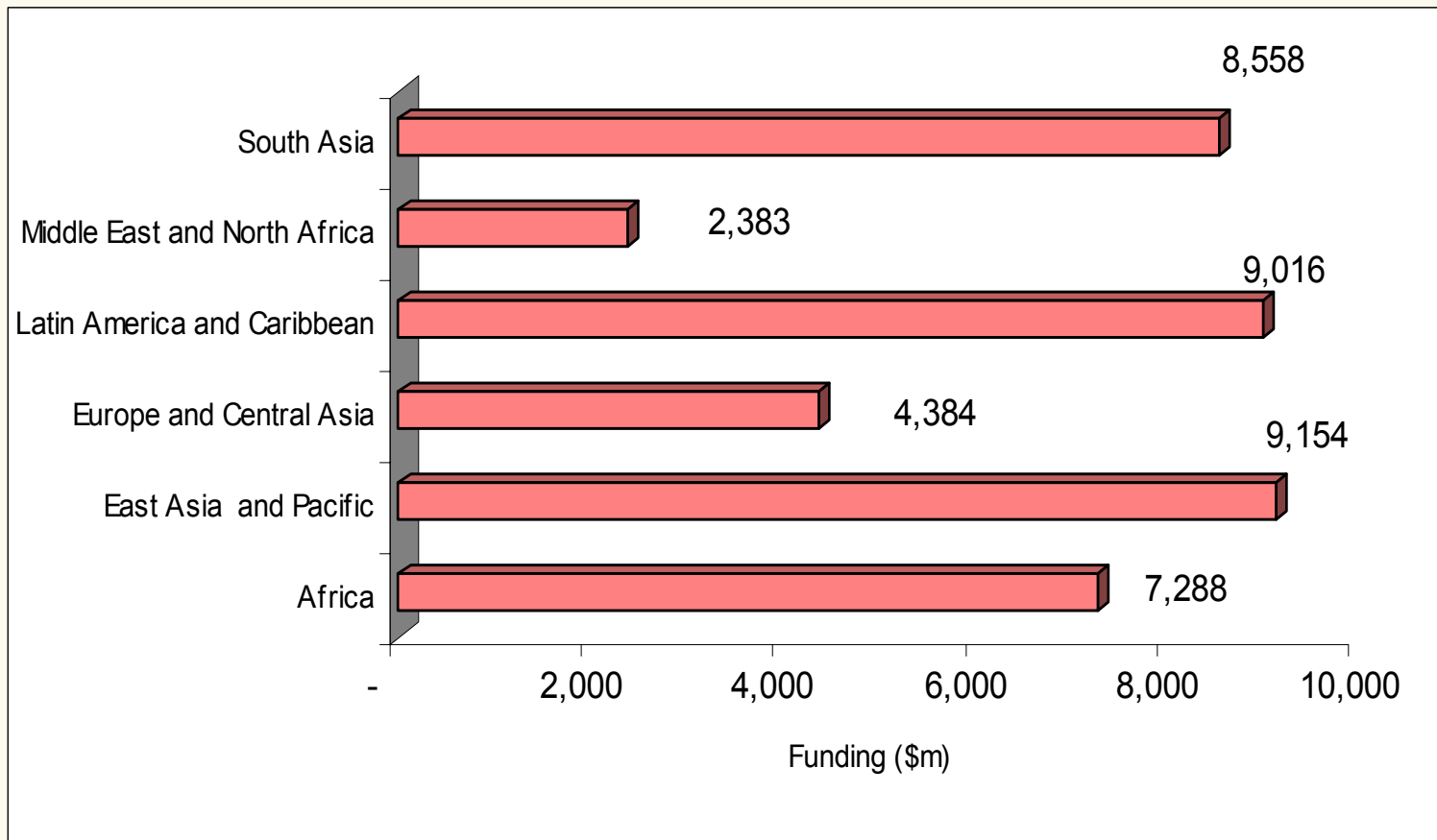
WB Disaster Management Portfolio

- International Bank for ***Reconstruction*** and Development
- Largest provider of reconstruction and development assistance
- Disaster management has been a key part of the Bank's activities since its establishment
- More than 550 projects amounting to over \$40 billion since 1980



Unrecognized “Sector” of Bank Lending

Disaster-related lending, 1980-2003: >\$40 billion



Towards a More Strategic, Developmental Approach for DRM

The Hazard Management Unit has worked since 1998 to:

1. document links between poverty and disasters
2. improve response to disaster emergencies
3. build HRM capacity through training
4. develop country case studies and AAA work leading to investments in HRM
5. facilitate integration of HRM into more CASs and PRSPs



Under preparation: Bank-wide Framework for Disaster Risk Management

- Systematic treatment of HRM at policy and operational levels
- Provide a framework for:
- Tools for integration of DRM at project level
 1. Making hazard risk a standard feature of relevant CASs and PRSPs
 2. Assisting clients to develop proactive, national strategies for HRM
 3. Developing lending programs that build capacity for effective risk reduction and risk financing
 4. Introducing more effective financing and risk transfer mechanisms



Components of comprehensive approach

- Policy guidance and tools – inputs into OP/BP 8.50
- Mechanisms for mainstreaming risk management
 1. Policy dialogue
 2. Stand alone lending activities for risk management
 3. Treatment of HRM embedded in other lending activities
 4. Improved response vis a vis emergency lending
- Capacity building - build on efforts being piloted:
 1. How to better use Bank policy instruments
 2. Damage and needs assessments
 3. Financial management of disaster risk
 4. Disaster risk management for city managers
 5. How to support community-based activities



Windows of Opportunity

- Advocate DRM at strategic level (CAS/PRSP)
- Use of grant funding technical assistance for analysis and demonstration of benefits of DRM
- Tools for integration of DRM at project level
- ➔ Use of ex-post disaster recovery assistance to introduce risk reduction measures



Post-disaster Recovery Assistance

- Ensure that DRM is integrated into recovery
 - Build with improved standards – do not rebuild pre-existing vulnerability
 - Identify/prepare what needs to be done for longer-term risk reduction
- Establish ex ante mechanisms for recovery
 - Provide immediate liquidity needed
 - Provide incentives for ex ante risk reduction
- 3 country examples: Turkey, Colombia, and Grenada



Turkey MEER Recovery Project

Mitigation

- disaster insurance scheme
- major policy changes
- land use planning
- enforcement of building codes
- cadastre renovation and land management

Preparedness

- national emergency management system
- new emergency management agency
- regional pilot projects
- public awareness campaign



Impact Assessment

Recovery

- social trauma program
- budget support (MERL Project)
- business rehabilitation

Reconstruction

- rural & urban housing units
- municipal infrastructure
- power distribution networks
- social infrastructure
- planning, design, supervision



Colombia Vulnerability Reduction Project

- Define the role and responsibilities of the state in relation to natural hazard events
- Identify and implement measures to avoid the creation of new risks
- Implement retrofitting mitigation and prevention works to reduce existing vulnerability of vital physical and social infrastructure to natural hazard events
- Implement a strategy of risk retention and risk transfer to cover public sector losses due to natural hazards
- Establish similar mechanisms to encourage risk retention and risk transfer in the private sector



Grenada -Emergency Reconstruction and Disaster Management Project

- build capacity of the National Emergency Relief Organization (NERO)
- physical mitigation, retrofitting and prevention measures to protect key infrastructure and lifeline facilities
- retrofit shelters to improve the safety of the poorer populations
- improve natural resource management
- promote community involvement through organizing, training and equipping community disaster committees in disaster preparedness and mitigation







Challenges

- Maintaining momentum that the immediate post-disaster context offers
- Avoid “mission-creep” –keep focused on comparative advantage while responding to client needs
- Generate more demand for ex ante risk reduction
- Educate all stakeholders – relevant line ministries





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