Deprivations and Inequalities in Multiple Dimensions

Poverty and Disaster Risk Management

Worlds Within Reach: From Science to Policy
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Disaster burden is greater in developing countries

**Direct economic losses as a percentage of GNI (1980 - 2004)**

- Low income
- Middle income
- High income

**Fatalities per disaster event (1980-2004)**

- Low income
- Middle income
- High income

IIASA based on Munich Re data
Potentially large benefits from risk reduction in developing countries

Review of 13 benefit-cost analyses
Average B/C about 1 - 4

( Mechler 2012)
(Hochreiner, et al 2012)

96% of international disaster assistance goes to after-the-event humanitarian aid
Refocusing disaster aid

Should donors consider switching priority from post-disaster aid to supporting pre-disaster insurance and other financial instruments?

Are financial instruments needed by the poor?
Can they provide affordable safety nets?

Linnerooth-Bayer et al 2005
How do farmers cope with drought and flood losses in Uttar Pradesh?

- Borrow from money lenders: 48%
- Sell fungible assets: 12%
- Take children out of school: 5%
- Rely on family: 20%
- Take outside aid: 10%
- Use savings: 5%

Hochrainer et al. 2011
Governments can lack capacity

Harita drought micro-insurance project

Payouts based on rainfall

Farmers can pay premium with off-season work to reduce drought risk

- Leverages tight aid budgets
- Reduces losses
- Provides timely and reliable safety net

Source: CIMMYT

Partners: Ethiopian government, Oxfam, Swiss Re, and others
Multiple Policy Domains

- Poverty/Deprivation & Inequality
- Institutional
- Human Capital
- Social
- Governance
- Education
- Capital
- Trust
- Financial
Message

Should donors consider switching priority from post-disaster aid to supporting pre-disaster insurance and other financial instruments?

Yes, but

Linnerooth-Bayer et al 2005
Thank you