



EC approaches to Disaster Risk Reduction in Africa

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Outline

- Background
- Policy Developments on DRR
- Support to Risk Management
 - Short term
 - Longer term



Background

- Dimensions of EC involvement in Natural Disasters:
 - Humanitarian -> ECHO
 - Development -> DEV/AIDCO
- ECHO mandate: save and preserve life in emergency and post-emergency situations
- 2005: €652 million; 37% in Africa
- Increased attention to ex-ante involvement



Development Dimension

- EU main donor to Africa (2003 - €15 billion; 60% of ODA to continent) and increasing; includes rehabilitation and reconstruction
- Development rationale for enhanced insurance coverage of risk:
 - Induces investments
 - More cost-effective than self-insurance
 - Reduces negative impacts of shocks on growth and poverty reduction



Policy Quotes(1)

- **EU Strategy for Africa (2005):**
 - “To reduce the impact of price shocks on commodity dependant countries, the EC should introduce innovative insurance instruments to complement it existing FLEX mechanism”



Policy Quotes (2)

- **EU Council Conclusions (May 2005)**
 - “In order to mitigate the impact of exogenous shocks, including price vulnerability, on developing countries economies, the EU will support the operationalisation of market-based insurance schemes....”



Policy Quotes (3)

- **EU Consensus on Development (2005)**
 - “Some developing countries are particularly vulnerable to natural disasters... and external economic shocks. The Member States and the Community will support disaster prevention and preparedness in these countries.....”



Development of DRR Policy

- Coherent policy on DRR in preparation
- Policy to be in line with Hyogo framework:
 - Integration of DRR in development policies and planning
 - Strengthening of institutions, mechanisms and capacities to build resilience to hazards
 - Incorporation of RR approaches in emergency preparedness, response and recovery programmes
- Objectives:
 - Mitigation of human and economic costs
 - Maximising effectiveness of development assistance



Likely DRR Policy Components

- Prevention
 - Environmental management (e.g. on locusts, landslides)
- Preparedness
 - Institutional development, community mobilisation
 - Early warning
- Risk Reduction
 - Understanding & awareness
 - Institutional framework
 - Risk transfer (safety nets; insurance)



EU Support Programmes in Preparation

- 1. Natural Disasters Facility
 - €12 million; €2 million per ACP region
 - Focus on improving preparedness
- 2. Support to core work of WB CRM Group (in framework of €45 m programme on commodities):
 - Covers price and weather risk management; product development, capacity building and market infrastructure
 - Deals with commodities in selected ACP countries
 - Indicative amount: €4.5 million
 - To start January 2007



EU Support Programmes in Preparation

- 3. Support to operationalisation of index insurance (€25 million):
 - Support to ‘development window’ of GIIF/GIRF -> separate Trust Fund
 - Main aims: enhance ACP access to global risk (re)insurance market; reduce costs of access; expand use of index insurance in ACP countries
 - Feasibility Study being conducted



Longer-term support options for risk reduction through insurance

- Two main financing sources
 - 1. Thematic Programme on Food Security (funded from EU budget; 2007-2013 perspective)
 - Coverage: all developing countries
 - Multi-annual Programme
 - Annual budgets (€200-250 m p.a.)
 - Risk management identified as one of the themes for support to Africa, including scaling up of innovative risk management tools



Longer-term support options for risk reduction through insurance

- 2. 10th European Development Fund (2008-2013)
 - Under Cotonou Agreement: ACP coverage
 - One envelope for entire period Amount: €22.6 billion, with sub-envelopes
 - Programming takes place in 2006/07
- All-ACP: Disaster Risk Management Facility???
 - Strong demand ACP; scaling up NDF
 - Could be instrument to implement DRR policy and to better streamline integrated disaster risk management
 - Discussions to be held and concluded in next few months



Conclusions

- EU policy commitment to operationalisation and use of market-based insurance mechanisms
- DRR support foreseen from various perspectives (humanitarian, food security, long-term development etc.) and covering range of aspects
- Support to include strengthening of use of index insurance: capacity building, institutional strengthening (incl. insurance industry), awareness raising, affordability