



# Analysis to Action:

## An Executive Education Program on Disaster Risk Finance in Africa

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Stellenbosch University



# DRF and its Development Impact

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# PREVALANCE OF DISASTER

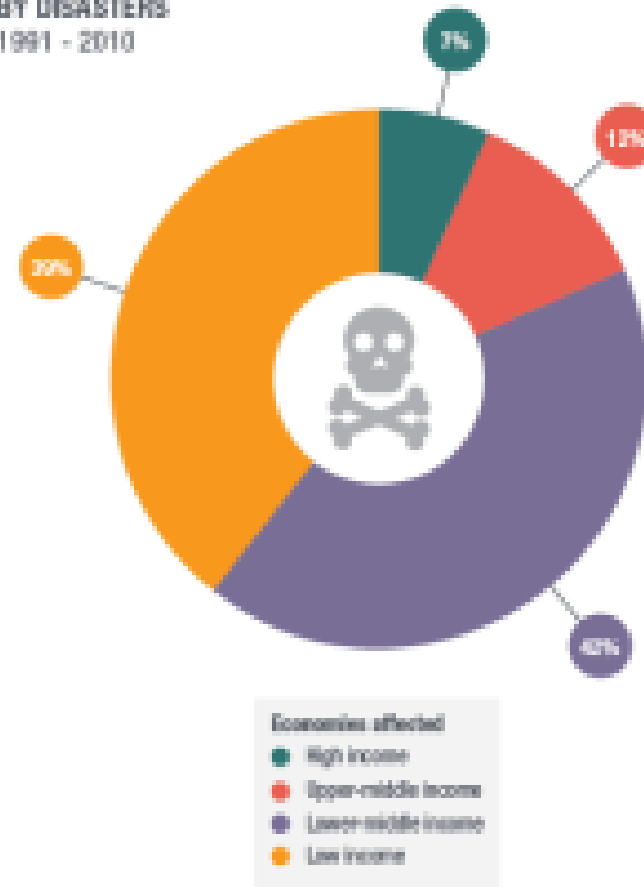


Module 1.3

NUMBER OF NATURAL HAZARD EVENTS



DEATHS CAUSED BY DISASTERS: 1991 - 2010

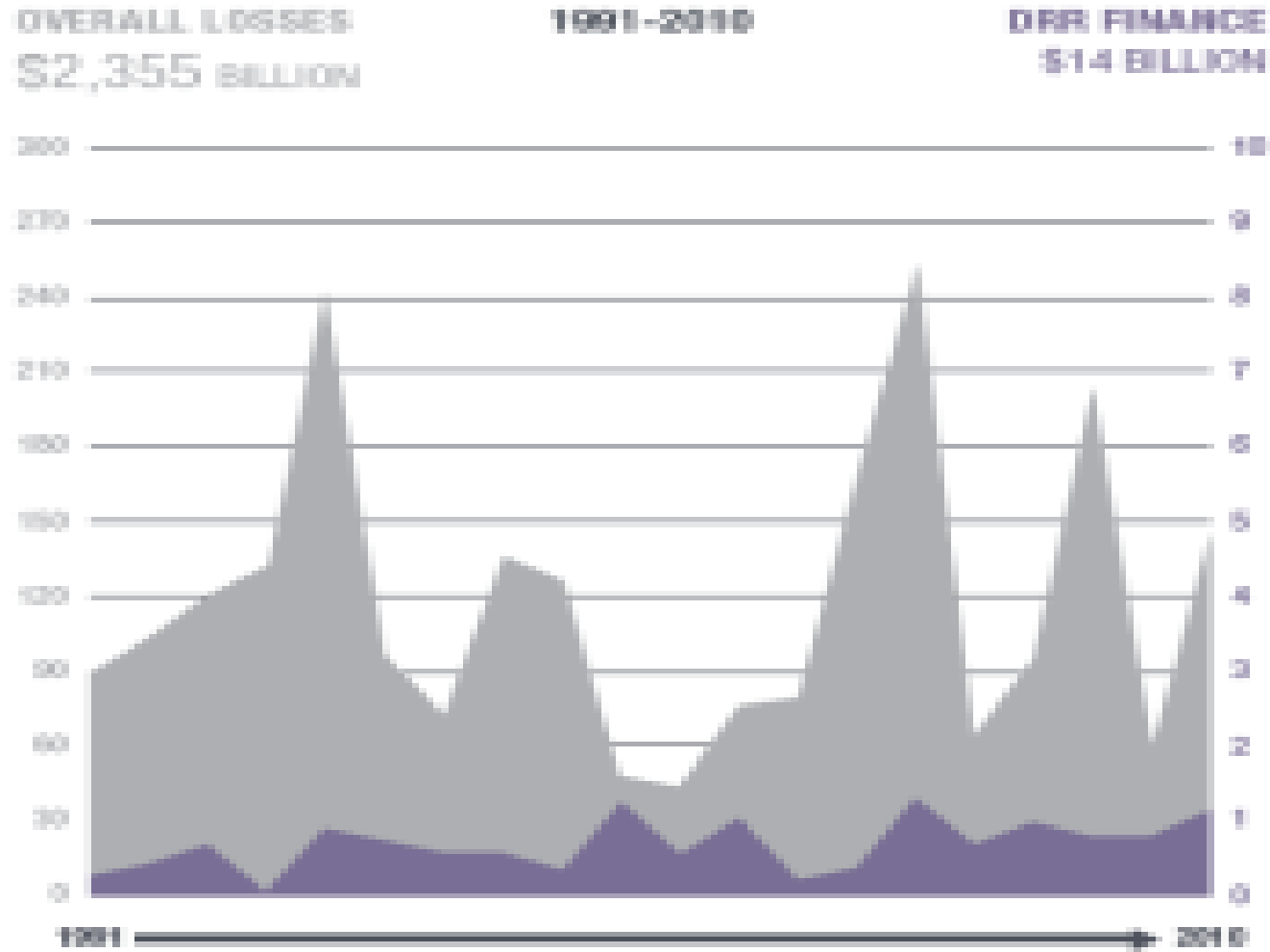


Source: (UNDP, ODI, 2015)

# PREVALANCE OF DISASTER



Module 1.3

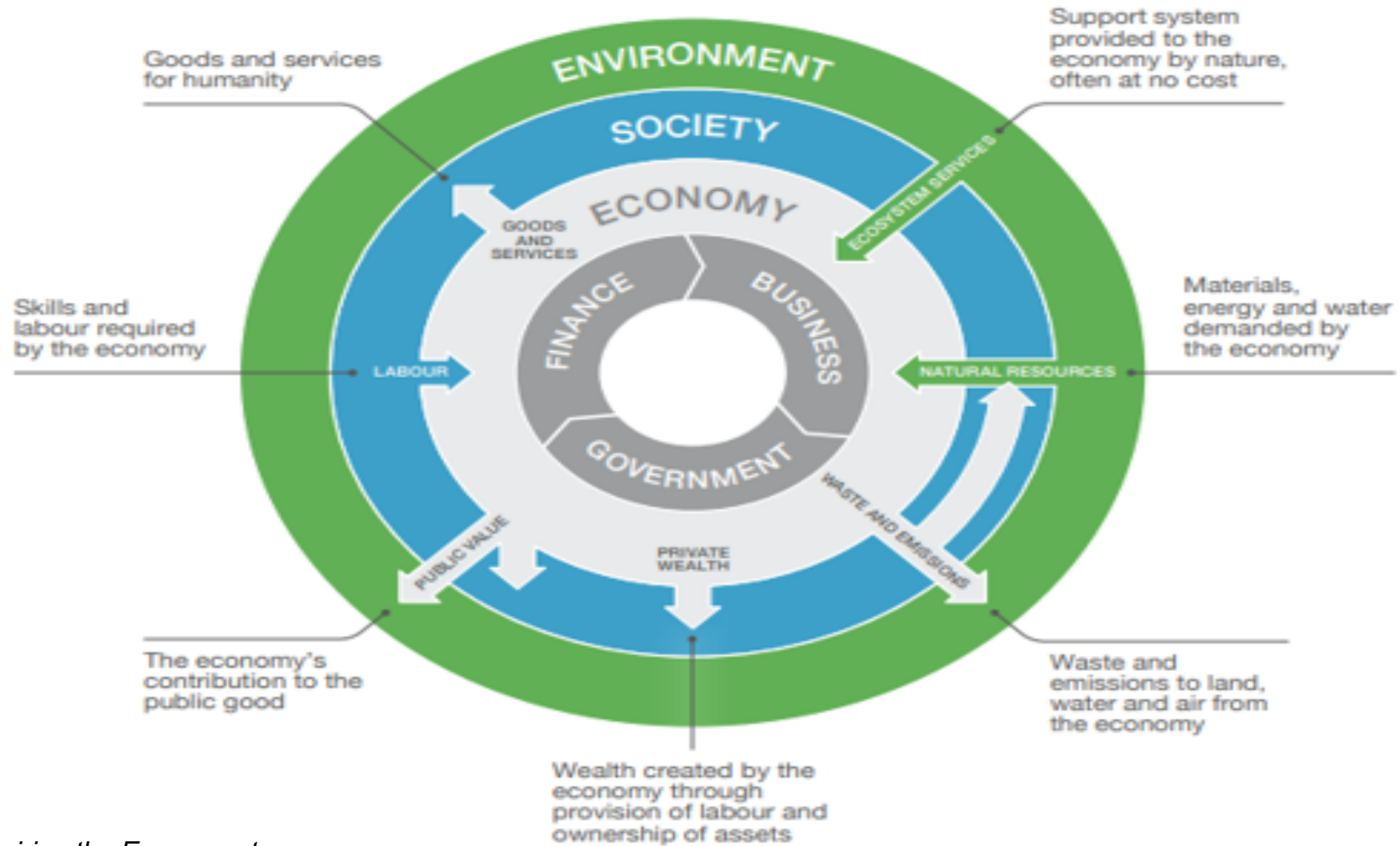


Source: (UNDP, ODI, 2015)

# LINKS ECONOMY, SOCIETY & ENVIRONMENT



Module 1.3



Source: CISL *Rewiring the Economy: ten tasks, ten years* (2015, updated 2017)

# LINKS ECONOMY, SOCIETY & ENVIRONMENT



## Module 1.3

- Crucial we start with a shared conceptual understanding of how the environment, economic and society are linked
- Easy to think economy is separate and distinct from society and the environment especially, but in practice there are deep interdependencies
- The natural environment is the foundation – providing natural resources and ecosystem services, e.g. a stable climate, rainfall cycles for agriculture - **We all depend on the natural environment**
- Societies have constructed economic systems to provide a means of exchanging goods and services we need
- Economies are dependent on society's being able to provide skills and labour
- Economic activity in turn has impacts on societies (e.g. wealth creation) and the environment (e.g. pollution)
- Recognising interdependencies is key DRF and dev – shock of natural disasters can affect all of these flows of interdependency at **once**: it should not surprise us that managing disasters is core to managing SD

# WHY DISASTERS MATTER SO MUCH TO DEVELOPMENT



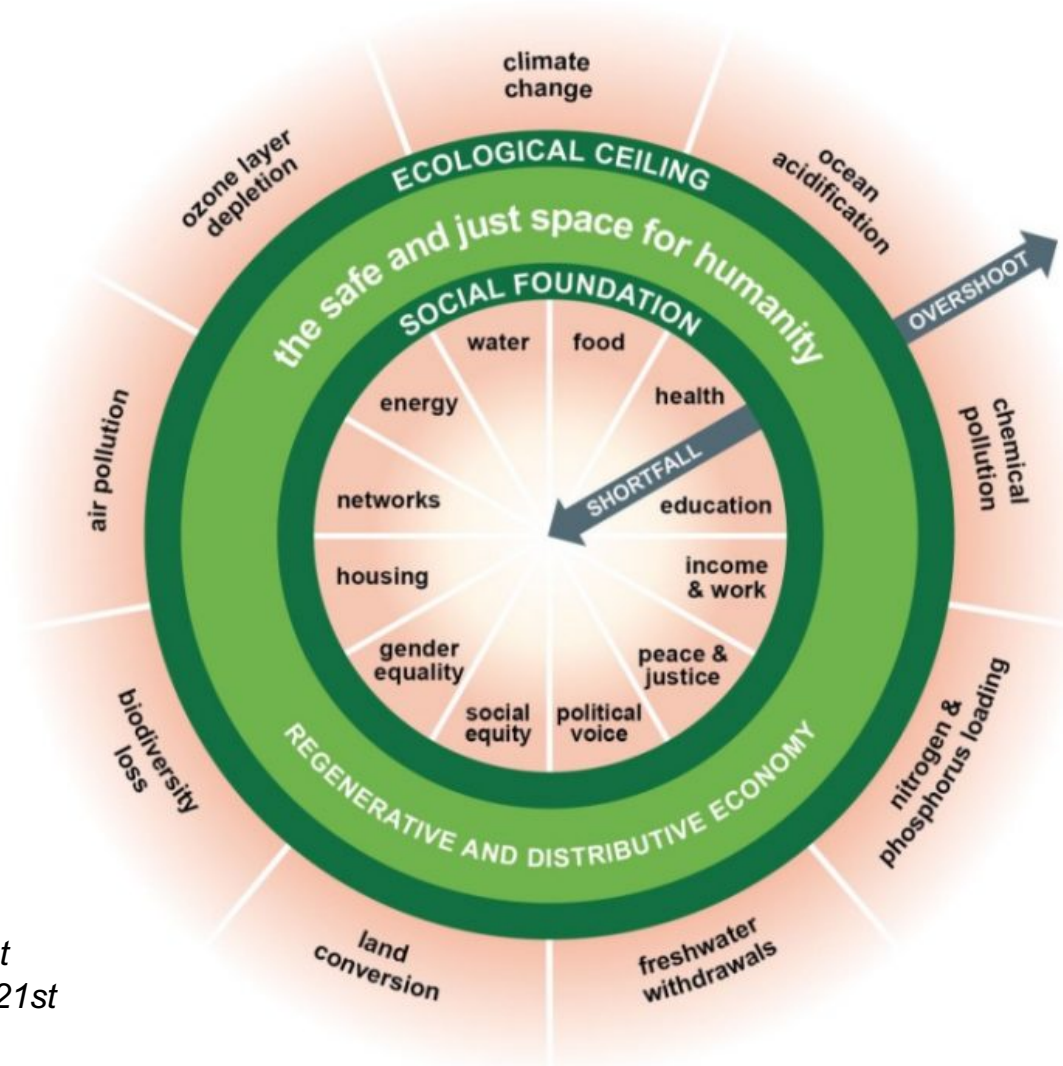
## Module 1.3

- The concept has two key parts:
  - Ecological **ceiling** for humanity – boundaries beyond which our economic activity is critically undermining the natural environment’s ability to support us
  - Social foundations – **boundaries beneath** which we fail to meet the basic needs of human beings
- The impacts of a natural disaster and how they undermine the core foundations of development, eroding development gains:
  - i. Housing destroyed
  - ii. Clean water disrupted
  - iii. Health system overwhelmed or put out of action
  - iv. Schools damaged and unsafe for children
- Natural disasters can add pressures we put on environmental systems (pollution)
- Feedback effects: as we change the climate, we create the conditions for more damaging natural disasters

# DRF IMPORTANCE WRT DEVELOPMENT



Module 1.3



Source: Kate Raworth (2017) *Doughnut Economics: seven ways to think like a 21st century economist*



# LINKS ECONOMY, SOCIETY & ENVIRONMENT



Module 1.3

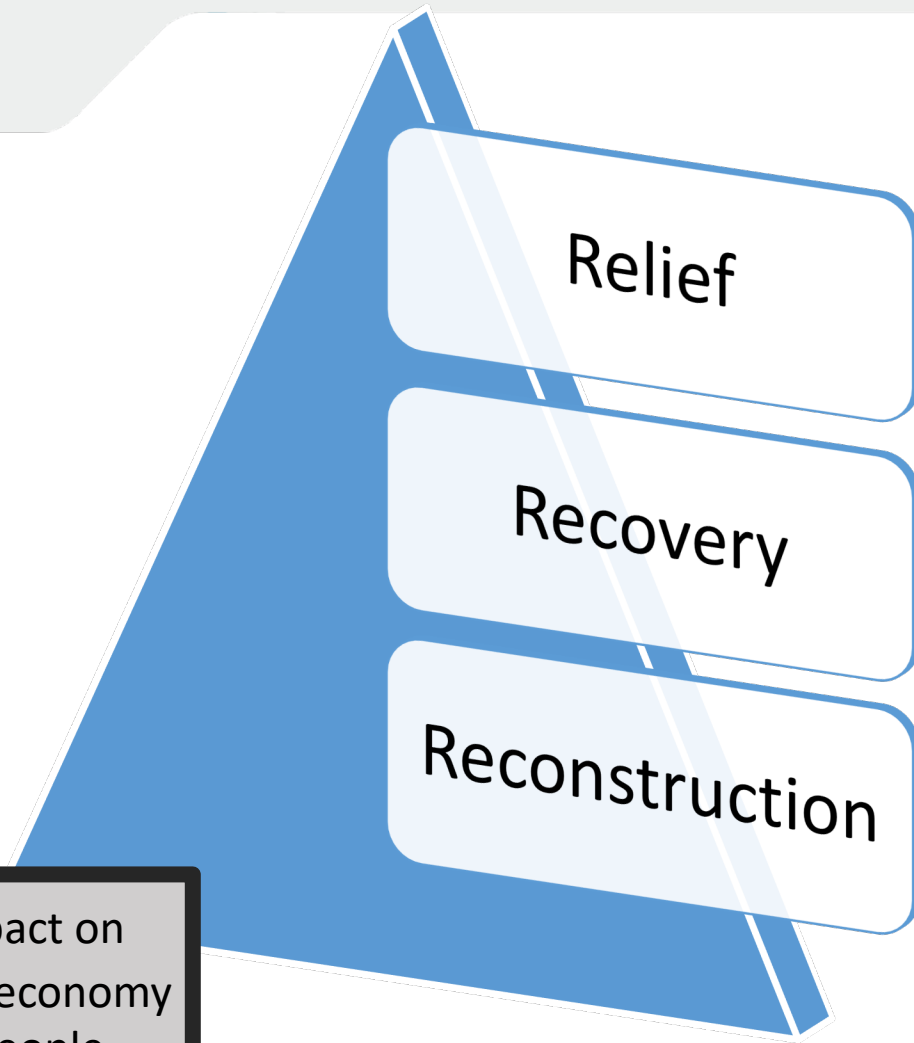


Source: CISL *Rewiring the Economy: ten tasks, ten years (2015, updated 2017)*

# DRF IMPACT ON COUNTRIES



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**\$520 billion** impact on well being in global economy forcing **26 million** people into poverty

**Emergency relief** during and directly after a disaster to affected population [e.g food aid, drainage of water]

**Liquidity flows and swift mobilisation** to mitigate negative impact.

**Public infrastructure is damaged** especially not insured will pay from state budgets/debt. If unbudgeted high opportunity costs. Disrupts LT investment strategies.



- Disasters force **26 million people into poverty** every year
- Poor people **benefit less from protection** against hazards
- Often, but not everywhere, poor people are more exposed to floods, drought, and high temperatures.

**In AFR:** Countries in the southwest exhibit strong overexposure of poor people, as do those in the west with larger rivers such as Benin, Cameroon, and Nigeria



Rural poor tend to be highly dependent on agricultural income and ecosystems, and they are therefore vulnerable to the impacts of natural disasters on yields and the health.

Disasters **can destroy crops, seed reserves, productive assets and spark food price shocks** - floods in Pakistan. Exposed to food price shocks – low income countries, poor spend 40-60% of HH budget on food (25% spent by non-poor)

# NECESSARY CONDITIONS FOR DRF TO BE EFFECTIVE



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- **A co-ordinated plan for post disaster action agreed in advance** outlining response plan with stakeholder responsibilities [who will be protected from what; who will pay for what]
  - Government, Households and communities, Humanitarian partners
- **A fast, evidence – based decisions making process** in order to react one disaster information is collected using early warning signals and post disaster data
- **Pre-planned financing to ensure that the plan can be implemented** the plan must be costed and ex-ante finance required when necessary, quickly.



**THANK YOU REA LEBOGA  
NDIYABULELA SIYABONGA  
BAIE DANKIE**

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# Disaster Risk Financing & Insurance Program



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