

4th Africa Regional Platform on Disaster Risk Reduction

13-15 February 2013

Arusha, Tanzania

Study on Disaster Risk Reduction Investment in Africa

Executive Summary

1. Introduction

Countries and regional organisations have made significant strides in addressing disaster risk reduction on the African continent. Despite the development of policies, plans and legislation, direct investments in disaster risk reduction in Africa remain low. Most African countries have limited resources to invest in disaster risk reduction and minimal fiscal space to fund relief and recovery efforts after a major disaster. Governments often lack the capacity to disaggregate specific budgetary allocations to disaster risk reduction.

This study found three limitations in reporting on overall disaster risk reduction spending in Africa.

- inaccurate reporting exists due to the multi-sectoral and multi-disciplinary nature of disaster risk reduction,
- the “masking” of disaster risk reduction initiatives within development, humanitarian and other projects occurs and is thus not reported on,
- unrelated funding, which contributes to disaster risk reduction such as normal day-to-day development projects within other sectors, reduces a significant amount of risk in communities (such as education and health programmes).

2. Methodology

The research made use of both a qualitative and quantitative research design. In both cases the application of the research tools was limited to the richness in data. Through an in-depth literature review on disaster risk reduction funding, a better understanding of disaster risk reduction investments was gained. Data was collected from a number of international databases and reports. The analysis focused, in particular, on the African context and the research aimed to provide the best findings based on available information. Compiled data was compared to existing humanitarian aid databases.

3. Findings

The findings illustrate that African countries are experimenting with different approaches to offset the impacts of natural hazards on their economies. These include: contingency funds, emerging risk transfer schemes, as well as investments to address disaster risk in their national and local public planning and budgeting. However, disaster risk reduction remains a cross-cutting issue, closely aligned with climate change adaptation and emergency preparedness and prevention. A useful target in this regard, is for governments and donors to integrate both disaster risk reduction and climate change adaptation concerns into relevant public, private and household investment decisions, based on principles of cost-effectiveness and acceptable levels of risk to human life.

Mozambique, for example, has invested significantly (approximately 5.2% of their national budget) in disaster risk reduction though hazard-proofing sectorial investments, since the 2000 floods. Egypt, in their annual reporting on the implementation of the HFA (2009-2011), indicated no formal budget allocation for disaster risk reduction, yet on further investigation, clearly Egypt is making significant investment on disaster risk reduction through their decentralised state system. However, the reporting of such spending is not evident in reporting on expenditure on programmes.. Similar examples are to be found in countries like South Africa, Burundi, Madagascar and Togo. The research a disconnect between actual spending on disaster risk reduction through national budgets, and what is reported to the international disaster risk reduction system.

By far, the greatest spending on disaster risk reduction issues from humanitarian budgets. Sixty-eight percent (68%) of all disaster risk reduction funding stems from humanitarian aid. Since 2000 US\$3,7 billion worth of disaster risk reduction investment has been made from all aid (development and humanitarian) to the top 40 recipients of humanitarian aid (most of these countries are African). However, the average percentage of disaster risk reduction allocation in development aid remains below 2%. By 2009, funding for prevention and preparedness reached US\$455 million of total humanitarian expenditure globally. This represents a 4.2% share of total humanitarian aid and a 0.3% of overall Official Disaster Assistance. In the period 2007-2011, Africa received in total US\$471 million in disaster prevention and preparedness funding. This figure excludes funding associated with climate related mitigation projects of which Africa received approximately US\$1,5 billion. However, regional distribution of climate

finance spending does not mirror the traditional distribution of development or humanitarian aid globally. Climate finance tends to be concentrated in a small number of large countries. Such spending is an alarming indicator of the lack of connectedness between climate change adaptation-related and disaster risk reduction investments. What the research illustrates is that the most at-risk countries to the effects of climate change are those receiving the least amount of climate funding.

4. Provisional Conclusions

Tracking disaster risk reduction investments is a daunting task. Disaster risk reduction investment analysis is context specific and should be used and compared with caution. Current reporting on disaster risk reduction, as an aspect of national budgets, is weak and inaccurate. Several structural and mandatory issues in the international system impact on how disaster risk reduction spending and investment occur.

To understand how disaster risk reduction is funded one needs to look at the major stakeholders and their mandates in both global, regional and country contexts.. The current funding systems feature gaps and duplications that need to be addressed.

The research confirmed that African countries and donors are far from reaching the agreed disaster risk reduction investment targets of 10% investment for all humanitarian aid, 1% of all development assistance, and 30% of climate change adaptation funding going to disaster risk reduction. The reasons are not surprising. The disaster risk reduction area is vast and complex, and the systems which must support disaster risk reduction investment are mostly still in development. In addition, the reporting mechanisms for disaster risk reduction are not established and thus a clear picture of overall investment is difficult to accurately assess at this stage. A significant finding was that there is limited funding allocated to disaster risk reduction through international contributions, or as part of national government budgets, the reporting on which is driven by weak financial reporting. Furthermore, the climate change adaptation and disaster risk reduction agendas are not convergent.

Considering the growing commitment and importance of disaster risk reduction for governments and the international community, the following recommendations are proposed for disaster risk reduction funding and investment on the African continent:

- a. Roles, mandates and responsibilities for disaster risk reduction funding should be clarified at the international level;
- b. An agreed framework for reporting on disaster risk reduction investment through all sectors and among all relevant actors in Africa would support integrated approaches, sharing of expertise and greater coherence in planning;
- c. Countries should receive clear guidance on the reporting of the HFA and MDG priorities and targets in terms of disaster risk reduction spending;
- d. Regional disaster risk reduction organisations must be strengthened to assist countries with disaster risk reduction investments and reporting;
- e. The debate on the integration of disaster risk reduction in the humanitarian, development and climate change adaptation sectors requires further elaboration to focus on the importance and cost-benefit of accurate disaster risk reduction funding allocation and reporting;
- f. Governments should aim to utilise the proposed methodology in this report to track and report on disaster risk reduction investments which is multi-sectorial in nature and overlaps with development, humanitarian and climate change adaptation programming;
- g. Consideration should be given to the establishment of a country-driven Africa and/or global fund for disaster risk reduction which will holistically focus on disaster risk reduction and allow for open and transparent reporting; and
- h. More support is needed for research on disaster risk reduction investment in the short-term to accelerate the above recommended actions