



**Inter-American Development Bank**  
Regional Policy Dialogue

Natural Disasters



**STRATEGY OPTIONS FOR DISASTER RISK  
REDUCTION THROUGH INSTITUTIONAL  
IMPROVEMENTS AND ENHANCED FINANCIAL  
SUSTAINABILITY**

*Recommendations*

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### RECOMMENDATIONS

- ✓ *Although it has been demonstrated that the existence of ad hoc legislation has not been the key in many cases to the formulation and promotion of explicit risk reduction policies, it is important to recognize the importance of the existence of a legal framework that legitimates the actions that should be developed by different institutions thus allowing a clear definition of roles and the avoidance of many institutional conflicts.*
- ✓ *It also permits that risk reduction policies assume an importance at the national level. This may not be the case with regard to the formulation of State policy but it is as regards the integrated planning process.*

### RECOMMENDATIONS

*In order to improve risk management an analysis of existing effectiveness and good practice suggests that the following factors or actions are required:*

- ✓ *The definition among the stakeholders of a clear integrated public policy statement on the topic;*
- ✓ *Harmonization and modernization of legislation in accord with implementation of the policy statement;*
- ✓ *Strengthening of the financial capacity for prospective and corrective risk interventions and strengthening of the mechanisms for retention and transfer of losses;*
- ✓ *Consolidation or creation of integral risk information systems;*
- ✓ *Educational promotion and strengthening of institutional and community training; and*
- ✓ *Collaboration with the private sector and civil society.*

### RECOMMENDATIONS

- ✓ *A process of debate and conceptualisation is required with regard to the types of inter-institutional structures most in appropriate according to different national realities. This requires a careful diagnosis and analysis of context in order to fully understand existing restrictions and potentialities, prior to proposing a particular organizational scheme.*
- ✓ *Appropriate criteria must be considered as regards the orientation of processes of change and adjustment. Special attention should be placed on existing territorial and sectoral laws and as to the best ways of explicitly introducing risk reduction goals into or through these.*

### RECOMMENDATIONS

- ✓ *The identification, reduction and transference of risk must be part of development policies.*
- ✓ *Existing notions of inter-institutional systems permits this but we should avoid the ongoing bias in favour of emergency preparedness and response.*
- ✓ *To attempt to persuade development actors of the worthiness of risk reduction strategies using existing response actors as a means may well be a very mistaken strategy.*
- ✓ *It is thus important that the development actors "discover" for themselves the importance of efficiency and economic and social equity arguments in favour of risk reduction.*

### RECOMMENDATIONS

- ✓ *In order to avoid the political vulnerability of the inter-institutional structures and as a mechanism for strengthening these, we must not only promote a real process of decentralization but also work to create a self sufficient local social base which facilitates and guarantees continuity.*
- ✓ *Recognizing the short falls that exist at the local levels, the decentralization processes must be accompanied by increased financial support and self sufficiency.*
- ✓ *International agencies must promote decentralization processes and stimulate the relationship between governance and local risk management and not just link into national structures that are many times contradictory in terms of decentralization and local initiatives.*

### RECOMMENDATIONS

*The principle instruments of risk reduction which stand out as replicable options are :*

- ✓ *Integrated information systems.*
- ✓ *Methodologies for the consistent and adequate evaluation of risk.*
- ✓ *Indicators that reveal risk in an obvious way to decision makers.*
- ✓ *Incorporation of corrective and prospective risk management instruments in development plans and projects.*
- ✓ *Promote post disaster recovery processes that does not lead to a weakening of existing management structures.*

### RECOMMENDATIONS

- ✓ *It is important that consciousness be increased as to the need for information systems that account for budgetary investments, reserve funds and sectoral and territorial transferences oriented in favour of risk reduction. Equally, information is needed on the existing levels of insurance for public buildings and infrastructure.*
- ✓ *This will allow the fixing of priorities and the allocation of funds to higher risk zones whilst also defining clearly the needed adjustments to national and sub-national risk reduction programmes.*

### RECOMMENDATIONS

*The following financial initiatives should be taken well account of :*

- ✓ *The definition of a minimum budgetary allocation for risk management;*
- ✓ *Release a part of the conditioned transfers for specific risk reduction goals;*
- ✓ *Create and strengthen rehabilitation and reconstruction reserve and compensation funds, establishing an optimal level of accumulation and expenditure;*
- ✓ *Establish funds and specific accounts to stimulate co-financing of risk reduction projects.*

### RECOMMENDATIONS

- ✓ *Incentives must be created to invest in risk reduction using national, regional or local resources as opposed to the over dependency on international funds and post disaster loans for reconstruction.*
- ✓ *The levels of "resilience" of different regions must be calculated in order to be able to define a level of co-financing and support by central government for emergency response, reconstruction and recovery.*

### RECOMMENDATIONS

- ✓ *Financial protection mechanisms should be gradually established with modest goals at first and expanded later according to increases in economic prosperity and the development of an insurance culture in the public and private sectors.*
- ✓ *Obligatory insurance of the total value of private assets acquired using mortgage systems, of the common zones of properties in condominium and agricultural insurance schemes are instruments that could be promoted.*

### RECOMMENDATIONS

- ✓ *Promote voluntary collective insurance of private goods. Apart from stimulating an insurance culture amongst private agents with a capacity to pay, this would also allow the subsidy of protection for the poorest who are not able to pay insurance.*
- ✓ *Such an initiative could be promoted in multiple cities with incentives from national governments for sub-national governments such as to support the undertaking of appropriate studies on risk and link into insurance companies who are able to provide such collective insurance schemes.*