

Losses from Disasters in East Asia and Pacific Raise Concerns for Poverty Reduction

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Investing in preparedness can help ensure inclusive growth
BANGKOK, June 3, 2013 - Rapidly growing cities are becoming increasingly vulnerable to disasters in the East Asia Pacific region due to poor planning, with economic losses increasing dramatically as the region grows wealthier, says a new World Bank report. Policy makers can make a significant difference to ensure that progress in development and poverty reduction are not lost by acting now to build resilience. Investing in disaster preparedness -- from strengthening hazard forecast services to restoring natural ecosystems -- can be surprisingly cost-effective.
"East Asia Pacific is the region that is most affected by cyclones, tsunamis, earthquakes and floods. To confront these disaster challenges, governments need to be prepared for the unexpected and undertake major investments in disaster risk management and resilience, said World Bank East Asia and Pacific Vice President Axel van Trotsenburg. "In doing so, they should make disaster risk management part of poverty alleviation and sustainable development because the poor are disproportionately affected by disasters." According to the report, titled "Strong, Safe and Resilient - A Strategic Policy Guide for Disaster Risk Management in the East Asia and the Pacific, more than 1.6 billion people were affected by disasters in the region since 2000. In the past 20 years, 61% of global losses from disasters were sustained by the region. Globally, economic losses from disasters have been increasing at a quickening pace, with costs 15 times higher in the 1990s than in the 1950s, and the year 2011 was the costliest on record. In relative terms, the Pacific Island countries are the most affected in the world, with average annualized losses estimated for Vanuatu and Tonga at 6.6% and 4.4% of GDP respectively.
Driven by rapid economic growth and urbanization, with a greater concentration of people and assets in cities, this trend is expected to continue. Unplanned or poorly planned urbanization puts communities at risk, particularly through informal settlements and inadequate land management. As Asia is set to house 21 of 37 global megacities by 2025, multi-billion dollar disasters may become more common. Developing countries in the region will be exposed to large fiscal impacts on public expenditure, as governments shoulder an increasing financial responsibility for post-disaster recovery and reconstruction. In the Solomon Islands, the earthquake and tsunami of 2007 caused losses estimated at 95% of the national budget. Cambodia, Lao PDR and the Philippines could face costs totaling 18% or more of total public expenditure in the event of a 200-year disaster. The urbanization of disasters, with frequent flooding, rising complexity, and greater cross-regional impacts, calls for urgent action.
"We are working with governments and partners to strengthen financial resilience against disasters, said World Bank East Asia and Pacific Chief Economist Bert Hofman. "More needs to be done to improve catastrophe risk modeling tools to help governments assess budgetary impacts of disasters, and to develop disaster risk financing strategies." What is not necessarily well known is that investing in risk reduction and emergency preparedness can be extremely cost-effective, greatly reducing the impact of natural hazards.
In the short-term, investing in hazard forecasting and hydrometeorological early warning systems can have a high cost-benefit ratio with immediate and significant payoffs. Strengthening legislation and promoting institutional coordination, promoting disaster risk reduction in community-based development programs are also beneficial.
In the medium- to long-term, striking the right balance between investments in structural and non-structural measures is key. This includes "gray concrete and cost-effective "green infrastructure, such as establishing mangroves, wetland buffers and coastal restoration. Expanding early warning systems based on real-time data and forecasting is also important, as well as developing a comprehensive disaster risk-financing strategy, and social protection systems that can be scaled up in the event of a disaster.
In the long-term, urbanization should be managed through systematic use of risk assessments, risk-aware urban planning and development, and robust decisions that take into account disaster and climate risks and uncertainties. "Every natural hazard doesn't have to turn into a disaster. With better planning and coordination, urbanization can be channeled as a tremendously positive force for development, providing an opportunity to address the needs of the urban poor who face some of the highest risks, said Abhas Jha, Sector Manager for Transport, Urban, and Disaster Risk Management in East Asia and Pacific, and lead author of the report. "Disaster risk management needs to be part of core poverty reduction and sustainable development efforts."
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