



## INTRODUCTION

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### Summary

#### Objectives

Following completion of this introduction, participants should have a broad understanding of:

- natural disasters
- the basic ideas behind disaster management
- the MFI perspective of disaster management
- the goals of this training course, and
- the modules that make up this training course.

#### Topics

1. Natural Disasters
2. Disaster Management
3. Microfinance and Risk Management
4. Goals of this Training Course
5. Modules in this Training Course



## Introduction

Natural disasters such as those caused by flood, storm, earthquake, tsunami, fire etc. are harsh facts of life for many poor households and therefore, for the microfinance institutions (MFIs) that service them.

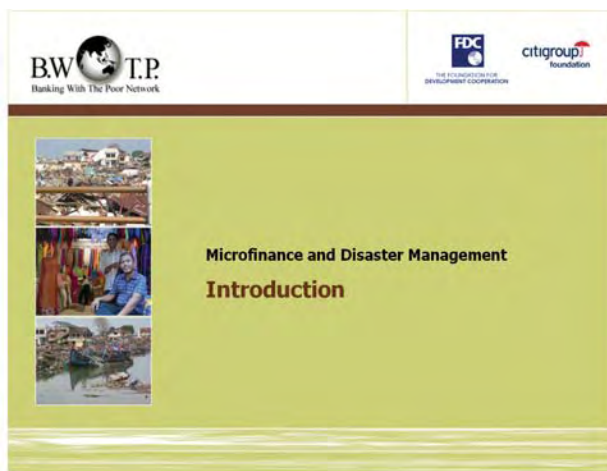
This course is designed to help MFIs mitigate the impact of natural disasters, both from an institutional and client perspective. It does this by taking a whole-of-cycle approach, discussing issues surrounding pre-disaster risk mitigation and disaster preparedness, the role of microfinance in emergency relief situations, and the role of microfinance in long-term economic recovery - especially livelihood restoration.

### Estimated duration

*45 minutes total*

### Resources needed

- *Digital projector*
- *Introduction - Presentation*



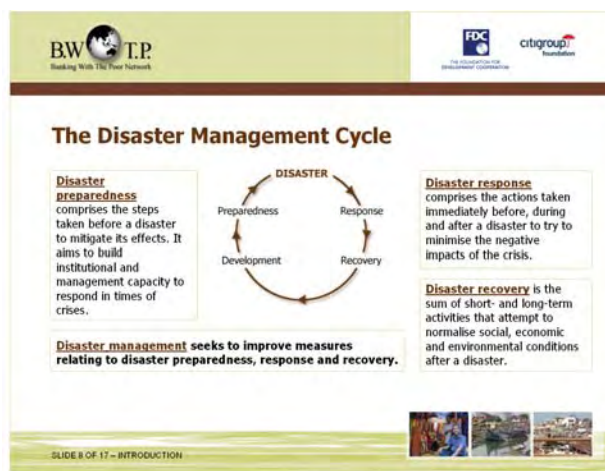
Slide 1 - Microfinance and Disaster Management: Introduction

## TOPIC 2

## Disaster Management

## The Disaster Management Cycle

Disaster management is a complex, ongoing concern, involving far more than the immediate distribution of emergency relief in the wake of a natural disaster. There is a cycle of activities that is in progress long before a natural disaster strikes and continues long after the causal event has passed.



Slide 8 - The Disaster Management Cycle

- *Disaster response* comprises the actions taken immediately before, during and after a disaster to try to minimise the negative impacts of the crisis.
- *Disaster recovery* comprises both short- and long-term activities that attempt to normalise social, economic and environmental conditions after a disaster.
- *Disaster preparedness* is the sum of steps taken before a disaster to mitigate the effects of the disaster. It aims to build institutional and management capacity to respond in times of crises.
- *Disaster management* seeks to improve measures relating to disaster preparedness, response and recovery.

### Glossary items

- Disaster response
- Disaster recovery
- Disaster preparedness

## TOPIC 3

## Microfinance and Risk Management

Proponents of microfinance often state that its primary purpose is to provide investment capital for microenterprise development so that clients can grow their income and assets. A complementary microfinance strategy is to assist clients to *protect* their income and assets from the impact of crisis events such as natural disasters.

### Estimated duration

10 minutes

### Technique

Lecture

### Slides

9-10

Microfinance and disaster management are each specialist fields and, as such, it is important that there remains clear demarcation between the activities of each. There are, however, numerous opportunities for collaboration between MFIs and disaster management agencies (DMAs) that extend beyond emergency relief activities to pre-disaster risk mitigation, longer-term post-disaster rehabilitation, and disaster research. This collaboration can be mutually reinforcing, allowing MFIs and DMAs to concentrate on their core competencies and to maximise the efficacy of their interventions.



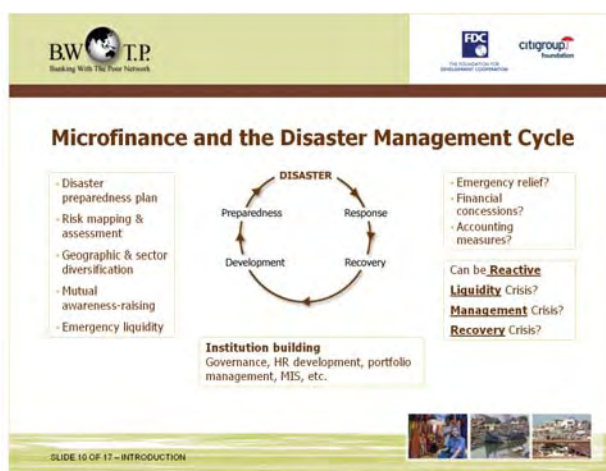
Slide 9 - Microfinance and Risk Management

## Microfinance and the Disaster Management Cycle

### Development stage

The most important risk mitigation strategy for MFIs is commitment to the ongoing task of institution-building. A MFI that is weak under normal conditions will struggle to survive a serious natural disaster. Strong MFIs are better placed to provide relevant and helpful services to their clients. Successful MFIs have

effective governance, strong human resource management, accurate and flexible management information systems, and effective portfolio management. They offer services that fit the preferences and needs of poor households, they are efficient, and they operate on a business-like basis.



Slide 10 - Microfinance and the Disaster Management Cycle

### Disaster preparedness

With the assistance of DMAs, MFIs can develop a disaster preparedness plan and integrate it with existing disaster management arrangements. Where possible, MFIs can formalise relationships with DMAs and negotiate Memoranda of Understanding with them.

With the assistance of DMAs, MFIs can conduct risk mapping to better understand the vulnerability of communities to natural disasters and to reduce risk to the MFI through the geographic diversification of its clientele. Similarly, an MFI can facilitate an external risk assessment of its office, its physical assets, and especially its client records.

It is helpful if MFI personnel are aware of the basic principles and practices of disaster management and, more specifically, of the disaster relief plans that are in place for the areas in which they work. DMAs can be invited to deliver awareness-raising workshops for this purpose. Similarly, it might be helpful if relevant DMA personnel are aware of the MFI's policy for financial products and services that might be offered following a natural disaster.