

CLIMATE & DISASTER RISK FINANCING

- Online Short Course Training - SHORT ASSIGNMENT

Disasterland is one of the countries most vulnerable to climate change. Three of its provinces (A, B and C), are highly exposed to disaster risks. Its economy is heavily dependent on agricultural production in Province A in the east, and on industrial and commercial urban areas C in the centre of the country. Together, A and C provide more than 70% of the country's consumption needs, and they constitute 78% of the population. Province C alone is responsible for at least 55% of the country's GDP. The remaining 30% of agricultural production is exported, constituting one of the country's main sources of foreign exchange. In contrast, Province B, located in the south of the country, is dominated by cattle breeding and small-scale farming. It is an arid area where agricultural and meteorological droughts occur very often.

Historical data for the country as a whole has shown that both provinces A and C experience flooding at least every three years with relatively low damage and losses estimated at US\$ 16 million and US\$ 22 million respectively. However, using the same data sources, both provinces have been affected at least twice by floods with a period of 50 years, causing damages of US\$ 54 million for A and US\$ 86 million for C, equivalent to, respectively, 1.82% of the GDP and 3.16% of the GDP of **Disasterland**. With regards to Province B, the droughts that hit it caused significant damage estimated at US\$ 10 million for the more frequent ones (10-year return period) and US\$ 35 million (40-year return period).

In terms of employment, the agricultural sector accounts for 70% of the active population, while the urban sector (Province C) with its industries and businesses, provides 30% of the country's active population. The last two disasters - flooding in the east and centre, and drought in the south - which hit the country simultaneously, cost US\$145 million (38% for Province A and 62% for Province C) and US\$11.5 million in Province B. The country's climate experts estimate that 10% of the cost of the damage, whatever its origin, is attributable to climate change.

Since **Disasterland** is considered to be very poor, the financing options at its disposal are very few.

The options are as follows:

- i. a contingency fund of US\$ 22 million
- ii. possible additional emergency funds from the Ministry of Finance of US\$ 14 million
- iii. a climate finance fund of US\$ 8 million
- iv. a total of emergency funds available from the various ministries equal to US\$ 1.5 million

Your task is two-fold:

1. As an expert, you are asked to design a strategy and action plan that the authorities can use to deal with these disasters with a vision of sustainable development. The strategy should contain the following:
 - a. clear information on the financing instruments you propose and why that of instrument(s)
 - b. the sources of funding
 - c. the strategies for accessing such funding, in order to ensure the most efficient strategy possible
2. Assuming that any one of the three disasters hits again:
 - a. identify the stakeholders that will be involved
 - b. provide strategy on how the funds would be disbursed from the authorities to the beneficiaries

Submission instructions:

- The report must be contained in 3 - 4 pages maximum.
- Submission date: **14 October 2022**
- Submit via email to: albertofrancioli@sun.ac.za