

Household Disaster Risk Financing: Impacts, Limitations, Opportunities

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Initial results from the DFID-funded *Risk to Resilience* Project, Uttar Pradesh, India (<http://www.climate-transitions.org/>)



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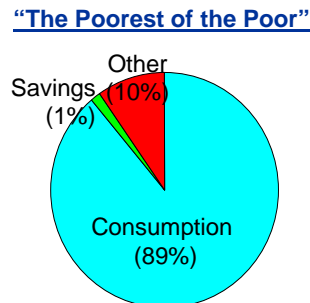
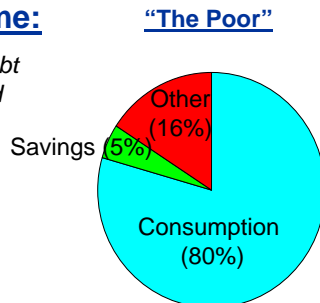
Who Are We Talking About?

	"The Poor"	"The Poorest of the Poor"
% of Rural Population	73%	27%
Average Annual Income	\$801	\$555
Daily Income	\$2.19	\$1.52

Official poverty line: **\$900**

Uses of Income:

"Other" includes debt servicing, livelihood investments, etc.



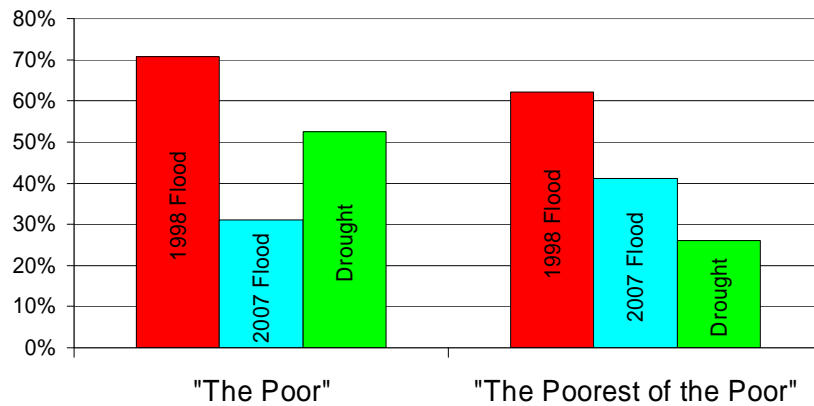
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Financial Impacts of Disasters

Disaster Losses Compared to Annual Income

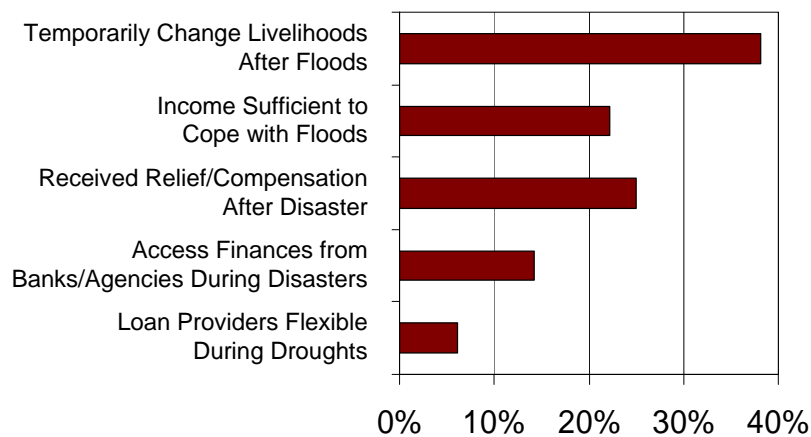


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Some Realities During Disasters



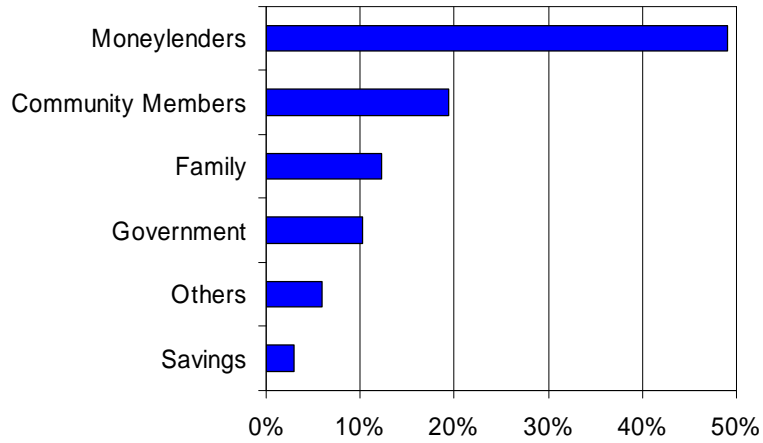
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Financial Coping

Sources of Funding During/After Floods



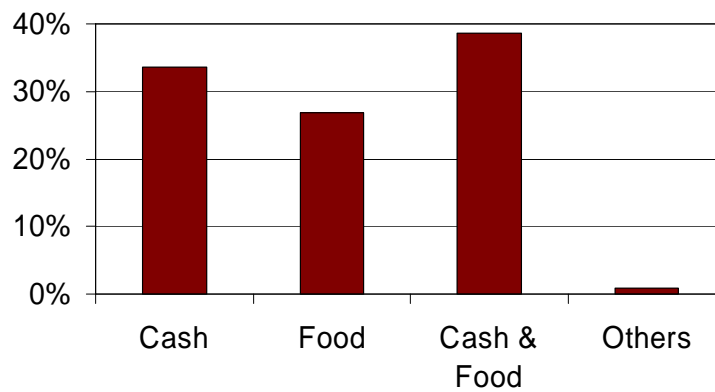
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Coping Needs

Preferred Flood Relief/Compensation



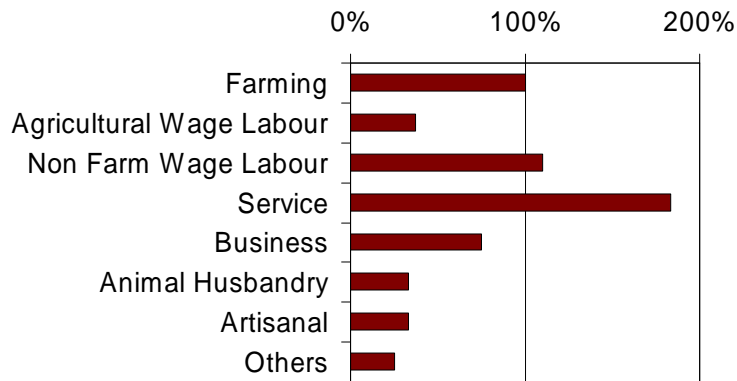
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Opportunities for Livelihood Diversification

Relative Income (100% = Farming)



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Insurance Issues

15% have some kind of insurance, primarily life

8% are aware of any kind of "disaster insurance" in their area

Why Do You Have Insurance?

75% family livelihood security

10% meet future expenditure

10% enable high risk-return options

5% compulsory

0% cover investment risks

0% enable more future investment

0% friends/family experiences

Why Don't You Have Insurance?

46% too expensive

25% other reasons

22% don't know about it

3% too complicated

2% not important

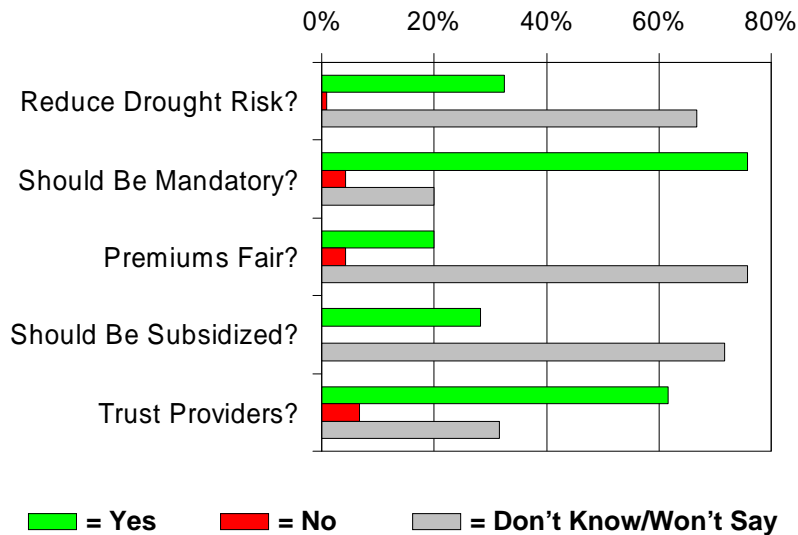
2% don't trust it

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Crop Insurance Perceptions



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Conclusions/Summary

- Rural poor have limited resources to invest beyond consumption.
- Experience recurring disaster losses (every 3-4 years) of about 50% of annual income.
- Subsistence farmers prefer both food relief and cash after disasters.
- Financial coping limited by resources and opportunities.
- Options for livelihood diversification are also limited.
- Insurance is not well known or understood, yet generally seen as a positive opportunity.
- Paying for insurance is a challenge (opportunity costs?).

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Dynamic Concerns

**97% Feel Floods & Droughts
Are Getting Worse...**

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