

Asian tsunami spotlights disaster preparedness

The Indian Ocean earthquake and tsunami on December 26, 2004, that killed more than 200,000 people has prompted a renewed focus on disaster preparedness and risk reduction. United Nations officials say that nearly three billion people live in coastal zones prone to cyclones, floods, storms, and tsunamis. The World Conference on Disaster Reduction, held in Kobe, Japan, in January, adopted a framework for action to help governments reduce the risks from natural disasters.

Under the framework, countries are encouraged to

- identify risks and set up early warning systems;
- reduce underlying risk factors, such as poor building standards;
- promote safety and knowledge about disaster-prone areas;
- strengthen disaster preparedness; and
- promote community participation and build up disaster relief capacity.

Millions of lives could be saved, the United Nations Development Program (UNDP) says, if developing countries did more to anticipate and reduce the risk of natural disasters. Special attention should be paid to disaster-proofing schools and hospitals. Between 1980 and 2000, around 1.5 million people died in earthquakes, volcanic eruptions, tropical storms, droughts, and other natural disasters, according to the UNDP's landmark study *Reducing Disaster Risk: A Challenge for Development*, published in February 2004. As with the Indian Ocean tsunami, the poor in developing countries bear the brunt of disasters. Aid officials say that billions of dollars will be needed to rebuild the areas devastated by the tsunami. Indonesia, worst affected by the tragedy, with some 1.5 million people having lost their homes, has estimated total losses at around \$4.5 billion and that



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IMF and World Bank Annual Meetings

November 16–18, Tunis, Tunisia

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WTO Ministerial Conference



Cleaning up in Banda Aceh, Indonesia.

it will need at least that to recover. Sri Lanka estimates total financing needs for reconstruction and recovery at \$1.6 billion, while neighboring India put preliminary estimates at \$1.5 billion. Thailand has allocated \$1.6 billion for reconstruction, while, according to World Bank estimates, the Maldives saw losses of some \$500 million.

Total pledges of help from around the world for the tsunami victims had reached \$5.5 billion by early February. The IMF, which has offered around \$1.0 billion in emergency assistance, is helping assess the macroeconomic impact of the tragedy. Overall, the tsunami has had a limited impact on economic activity in the region. But it could be years before the worst-hit areas are rebuilt. In the meantime, UN officials are promoting the message: plan now to minimize the impact of future disasters.

IMF improves terms on emergency aid

The IMF Executive Board has decided to subsidize emergency assistance to low-income countries hit by natural disasters. The subsidy would cut the interest charged on an emergency loan to 0.5 percent from the regular rate, which is related to market rates. The change brings rates into line with those charged for post-conflict assistance. The additional subsidy is estimated to cost the IMF \$68–98 million over the next five years. It will be paid for by new bilateral contributions.

Demanding readership

F&D has a regular readership of at least 460,000 for its print editions, plus thousands more for its online editions, according to a new readership survey conducted by the London-based company, *Research Perspectives*. The magazine prints 110,000 copies in Arabic, Chinese, English, French, and Spanish, and puts out a web edition in Russian. According to the survey, the magazine has a very high “pass-on” rate, meaning

that copies are circulated to several readers. Sixty percent of subscribers have read *F&D* for at least five years. Readers rated the coverage of economic issues in the magazine very highly. What do they want to see more of? Overwhelmingly, they say globalization, economic development, poverty reduction strategies, fiscal and monetary policy, and trade—the cover story for this issue!