

Natural Disasters: Counting the Cost

Natural disasters are happening with greater frequency and ferocity. The number of lives lost declined in the past 20 years—800,000 people died from natural disasters in the 1990s compared with 2 million in the 1970s—but the number of people affected has risen. It tripled to 2 billion.

The economic cost of natural disasters has skyrocketed, says the International Red Cross in its annual World Disasters Report. Direct economic losses from natural disasters multiplied five fold to US\$629 billion, in the past two decades alone. Annual direct losses from weather-related events increased from an estimated \$3.9 billion in the 1950s to \$63 billion in the 1990s. Other recent statistics:

- In the 1990s, an average of 80,000 people died each year in natural disasters.
- In 2003, there were about 700 natural disasters that killed about 75,000 people and caused about US\$65 billion damage (source: Munich Re, 2004). Of this, insured losses accounted for only US \$15.8 billion.
- Between 1980 and 2003, the World Bank financed 147 post-catastrophe reconstruction projects worth about \$12.5 billion.

The Red Cross warns that the frequency and cost of natural disasters will probably increase due to:

- Environmental degradation
- Climate change
- Population growth, especially in cities
- Globalization

Compare the Impacts of Natural Disasters

Industrialized Countries	Developing Countries
Tend to suffer higher economic losses in strict dollars terms	Cause setbacks to economic and social development
Have mechanisms in place to avoid loss of life, such as early warning systems	Lack resources for early warning systems
Have immediate emergency and medical care	Inflict massive casualties
Insure against property losses	Divert funds from development programs to emergency relief and recovery

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Natural Disasters and Poverty

Losses from natural disasters are most devastating to the poorest people, especially in developing countries. Poor people tend to live in dangerous locations, such as flood plains, river banks, steep slopes and reclaimed land.

Disasters are closely linked to poverty. They can wipe out decades of development in a matter of hours, sometimes minutes. Because the economic impact of natural disasters hit poor people the hardest, disaster recovery programs may help reduce poverty, according to ProVention Consortium—an international network of public, private, non-governmental, and academic organizations dedicated to reducing the impact of disasters in developing countries. Other senior disaster recovery officials share that view.

Preparation is the Key to Mitigation

Disaster prevention should be an integral component of development rather than a humanitarian issue, says the World Bank's Margaret Arnold.

For example, international insurance company Munich Re's says the earthquake that devastated Bam, Iran, on December 26, 2003, killed more than 40,000 people in large part because the mud brick houses were not designed to handle a major tremor.

"Traditional buildings of mud brick and heavy roofing are particularly unsafe when earthquakes strike," says Munich Re's 2003 annual review of natural catastrophes.

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increase this potential for loss.

IT'S A FACT

Natural Disaster and Its Impact on GDP

The following World Bank figures were compiled between 1990 and 2000, showing the result of natural disasters damages on exposed countries' annual [GDP](#).

Argentina	1.81%
Bangladesh	5.21%
China	2.50%
Jamaica	12.58%
Nicaragua	15.60%
Zimbabwe	9.21%

The company also warns that poorly constructed buildings in many earthquake-prone cities in developing countries could have devastating consequences.

"Experts fear that if a strong quake were to be triggered beneath Teheran, which has a population of 12 million and has already been destroyed on several occasions in the course of its history, as many as one million people could die."

Increases in urbanization—with high concentrations of populations—