

COSTA RICA: Financing disaster risk reduction

Sistema Nacional de Prevención de Riesgos y Atención de Emergencias (SNPRAE)

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Context

Over the last few decades, Costa Rica has become more and more threatened by various types of disaster risks. Throughout the 20th century the country witnessed 22 earthquakes and 11 volcanic eruptions, resulting in various scales of devastation. The most extreme events have been the eruptions of the Irazu volcano between 1963 and 1965 and that of the Arenal volcano in 1968. Since then, the government of Costa Rica has been institutionalizing and consolidating its disaster risk reduction system, which included officially establishing a National Platform for Disaster Risk Reduction.

In 1969, a National Emergency Law was adopted, stipulating three main actions 1) The executive branch obtained the power to declare a state of emergency everywhere in the country, 2) A National Emergency Fund was created and 3) The National Commission of Emergency (CNE) was established. To start with, the CNE was only responsible for managing the resources of the National Emergency Fund. Later on, the CNE became the lead institution for what is now the National Platform for Disaster Risk Reduction in Costa Rica. An important step towards this was the amendment of the National Emergency Law in 1999, which extended the CNE's mandate to cover prevention activities.

Another legislative amendment in 2006 paved the way for the creation of the National System for Disaster Risk Management (SNPRAE). The CNE became the coordinating office and the guiding institution of the Costa Rican disaster risk system. The law defined risk management as a cross-cutting issue, and required all public institutions to mainstream disaster management in their development planning and implementation. Since then, public institutions have had to dedicate resources to disaster risk reduction. Furthermore, the amended law made it obligatory to produce a National Plan for Disaster Risk Management to serve as a strategic planning document for public institutions, helping them to carry out their disaster risk management responsibilities. These amendments emerged from a nation-wide dialogue among scientists and public sector experts.

Several factors created the favourable environment for the above-mentioned institutional achievements. Firstly, they should be viewed in an overall global context of increased focus on disaster risk reduction, resulting from the 1990-99 International Decade for Natural Disaster Reduction (IDNDR), the Yokohama Framework for Action (1994) and more recently the Hyogo Framework for Action (2005-2015). In terms of Costa Rica's local context, the impact of Hurricane Mitch in 1998, one of the most traumatic disasters in Central America, blended with the political and social context of Costa Rica, hit by a huge number of disasters throughout its history, heightened national attention to disaster issues and increased support for addressing disaster risks instead of emergency response.

A shift within the legal context of the country, embodied by the amendments of the National Emergency Law, has permitted Costa Rica to develop a new strategy for disaster risk management that shifts the emphasis from disaster response to disaster prevention.

National Platform Structure and Activities

Focal Point Institution: The National Platform in Costa Rica is called the National System for Disaster Risk Management. According to the law, the CNE, which also serves as the HFA focal point institution, is responsible for organizing and coordinating the whole system, and for defining the guiding principles. The above-mentioned law gives the CNE's Directory Group (management) the responsibility for setting the general policies and for connecting all parts of the National System for Disaster Risk Management. The CNE Directory Group is the highest decision-making body within the National Platform.

Membership: The Directory Group is made up of representatives of:

- **Ministries and public services:** The President's Office, who serves as Head of the Directory Group, the Ministries of Health, Public Security, Transportation and Civil Engineering, Finance, Social Services and Housing, Environment and Energy.
- **Other State institutions:** Head of the Mixed Institute for Social Assistance (*Instituto Mixto de Ayuda Social/ IMAS*), Head of the National Insurance Institute.
- **Civil Society:** The Costa Rican Red Cross.

The Directory Group normally meets once a month. Special sessions can be convened at any time by the Head of the Group.

The National Platform organizes its work through 'process management', which connects the work of the following three sub-systems:

- The Prevention and Mitigation sub-system
- The Preparedness and Response sub-system
- The Recovery and Rehabilitation sub-system.

All stakeholders and sub-systems are connected by the national system, through coordinating bodies set up by the Law. These are:

- Monitoring Committees for the sub-systems, made up of representatives of the institutions related to each sub-system's field of work.
- Institutional and Sectoral Committees, organized according to the institutional structure defined by the Secretary for Planning, made up of civil servants from each sectoral institution.
- Emergency Committees, organized into regional (according to the decentralization process defined by the Secretary for Planning), municipal and local committees.
- Scientific and Technical Bodies, which are the Technical Monitoring Committees and the Thematic and Territorial Networks. They are made up of scientists and experts, representing their institutions or working on their own, who have specific knowledge of the issues raised by disaster risk management. They give accounts of their work to the CNE and other bodies of the National System on a regular basis.
- The Emergency Operations Center (*Centro de Operaciones de Emergencia/ COE*), which also works as Monitoring Committee for the Preparedness and Response sub-system.
- The National Forum for Disaster Risk Management, made up of institutions convened each year by the CNE to discuss the Disaster Risk Management policies. All representatives of the Coordinating Bodies of the National System intervene in this Forum.

Operational Practices: The main purpose of the Costa Rican National Platform is "*to reduce the causes of human losses and related social, political, economic and environmental impacts of natural and man-made disasters which affect the territory of Costa Rica.*" To achieve this overall goal, in 2007 the CNE developed an institutional four year plan to implement the National System and make it work efficiently, following a joint work approach to disaster risk management.

To carry out its work, the CNE and as its corollary the National System, rely on financial resources from the national budget and the National Emergency Fund. Ten per cent of the CNE's work is thus financed by the national budget, while 90 per cent is covered by the Fund. Additional resources come from donors and international cooperation programs, but these remain tiny compared to the investments made by the country.

Activities and results

The following points are milestones in the setting up of the disaster risk reduction system in Costa Rica. Several of these activities were initiated following an earthquake, which struck the area of Limón in 1991. In 1994, the efforts of Costa Rica to improve emergency preparedness were awarded the United Nations Sasakawa Award for Disaster Reduction.

1) Preparedness for response

Emergency committees have been created at various administrative levels: six regional, 115 local and more than 300 community-based committees were set up country-wide. Their work is facilitated through the Emergency Operation Center.

In 1993, the first National Emergency Plan of the country was adopted by an executive decree. On the basis of this plan, the CNE has been organizing government institutions and NGOs' work for emergency assistance, and more recently for prevention activities.

2) Setting up an efficient Early Warning System

The Early Warning System in Costa Rica is made up of several research institutes and a citizens' network, who act as watchmen. On a day-to-day basis, these actors watch, monitor and control the country's areas that are potentially threatened by hazardous events. Measuring tools, 300 radio handsets and sirens have also been dispatched. Early warning and evacuation plans have been made, which reduce human and material losses in the concerned areas. Nowadays eight early warning systems are working in the country. Thirty areas prone to landslides, 12 at risk of lake outbursts and five volcanoes are regularly monitored.

In 1993, a country-wide emergency number ('the Emergency System 911') has been set up. This emergency number is toll free thanks to a tax deducted from other phone calls. This system is now the basis of an efficient communication process between response agencies and one institution which gathers all the emergency calls. A response protocol to emergencies has also been implemented. It clearly defines the role of each institution in case of a disaster. Thanks to the system, it is now possible to gather all the calls and historical statistics related to disasters, to improve future risk analysis, prevention and response operations.

The setting up of the Early Warning system is also the result of a larger Education Programme for Emergency Preparedness. Under this programme, training programmes for emergency institutions have been organized, which consist of training paramedics in pre-hospital assistance and emergency assistance in various terrains, including sea rescue techniques.

3) Mainstreaming of Disaster Risk Management in sector development plans and activities

The Chapter 'Social Development and the fight against poverty' within the National Development Plan contains four strategic goals for risk management, directly under the authority of the CNE: one of them concerns setting up the National System for Disaster Risk Management, another the development and implementation of the National Plan for Disaster Risk Management.

Every state institution has to mainstream risk management issues within its planning process, meaning dedicated resources for implementing disaster risk reduction activities. They must also participate in the coordinating bodies of the National System. Sector and institutional plans have to reflect the guiding principles related to disaster risk management. Also, every institution has to work with the institutional emergency committee and appoint representatives for the coordinating bodies convened by the CNE.

4) Strengthening the Emergency Information system

Thanks to the work of disaster management stakeholders involved in the National Platforms, information on hazards and risks is now available in electronic format. Hazard maps have been designed for each specific area of the country. This information supports decision-making and urban planning. It is also a basis for developing scenarios, models and templates, drawing up disaster risk prevention plans, and serves as reference for protecting public infrastructure. The CNE now produces a National Atlas for Natural Hazards.

5) Supporting municipalities through local consulting

The CNE provides expertise and consulting to local authorities to help them identify potential hazards, and to better use information related to risks. For example, the CNE organizes and carries out field missions to draw hazard and risk maps, which it distributes to local authorities. The CNE also facilitates the sharing of information on codes and standards to support urban development. Thanks to this expertise, local authorities are able to develop appropriate town plans. The primary focus of action is disaster-prone communities, in particular those whose administrators often appeal for emergency assistance.

6) National Education Plan for Disaster Risk Reduction

By developing a National Education Strategy and Plan, Costa Rica has made major progress in raising awareness of environmental management and risk issues, and reducing disaster risk in the education sector. Disaster risk issues and environmental awareness have been mainstreamed in respective curricula. School buildings are designed to withstand hazardous events.

7) National Volunteer Programme

The National Programme for Volunteers aims at stimulating the participation of civil society in disaster preparedness workshops. It consists of recruiting and training individuals and representatives of public and private organizations who want to participate in emergency committees. Since the beginning of the programme in 2007, 400 volunteers have joined the programme.

8) Risk transfer to protect public infrastructure

Incorporating risk transfer options to secure public infrastructure against risks is increasingly relevant in the country's planning process. Since 2007, an insurance plan for public infrastructure has been designed and implemented, supported by financial resources from the CNE and organized by the National Insurance Institute. Besides, the Ministry for Planning, through its office for Public Investment, is now steadily controlling the process of building public infrastructure to save investments and most importantly, lives. This will ensure that designers will in the future more systematically integrate risk analysis and pre-investment studies into building plans. The objective is to reduce the threat caused by public buildings in case of a disaster.

9) Communication campaigns

The CNE's department for institutional communication is responsible for launching and coordinating communication and information systems and strategies, for leading change processes, to draw up programmes, and for evaluating and planning communication strategies, according to targeted audiences. Various communication strategies aim to disseminate a positive image of the CNE, raising public awareness about risks and creating a culture of prevention which could contribute to reduce people's vulnerability. The idea of prevention is disseminated among most vulnerable communities through TV spots. The CNE website gathers publications related to disaster risk issues. Workshops for journalists have been organized to raise their awareness toward risk related issues. Finally the department coordinates the Consulting Committee for Public Information for Disaster Risk Prevention and Emergency Response (SIPAE), which aims to coordinate, organize and plan the work of government press officers who are involved in the different steps of emergency response.

A good practice: The National Emergency Fund

A National Platform cannot carry out risk reduction activities without appropriate mechanisms and sufficient financial resources. In Costa Rica, a financing mechanism created in 1969 has been functioning efficiently and supporting specific activities of prevention and response and the entire system of disaster risk management at a national level.

The initiative

The National Emergency Fund was created by the Emergency Law in 1969. The law applies constitutional provisions to the field of disaster risk management, which state that the Executive has the power to declare a 'state of emergency' in case of 'internal unrest, political or social

calamity or war'. Such a situation enables it to use financial resources in an extraordinary way and to apply emergency measures to face the problem.

In 1983, the Legislative Assembly amended the first article of the Law, which increased the financing capacity of the National Emergency Fund. More financial resources have been dedicated to it since that time, allowing the growth in the CNE's functions. In 1986, the Executive reinforced the CNE's mandate, which became responsible for national disaster response operations.

In terms of funding, at the beginning, the CNE worked only with resources transferred from the National Emergency Fund. Since 1995, these resources have been strictly dedicated to emergency response, whereas the ordinary work of the CNE started to be financed by resources from the national budget of the Republic.

A major step toward allocating more funds for disaster risk reduction was achieved after a new amendment adopted in 2006. Since then the National Emergency Fund has also been dedicating resources to prevention and preparedness activities.

The National Emergency Fund is comprised of financial resources from:

- Extraordinary transfers from state institutions
- Taxes, donations and loans from individuals, national and international organizations, governmental or non-governmental organizations
- Ordinary and extraordinary allocations from the national budget
- Income from bonds
- Interests from temporary placements
- Transfer of 3% of the accrued profits and a surplus from public institutions, which aims to support and finance the National System for Risk Management.

Impact and results

In 2008, the National Emergency Fund gathered US\$18 million by June. However, if a state of emergency is declared, resources will increase due to transfers and donations from the above-mentioned institutions.

At present, US\$11 million are used to carry out recovery activities in areas which have been declared under state of emergency. The CNE is responsible for investments in this case, according to a specific mechanism which permits immediate and flexible responses. US\$4.5 million are integrated into the ordinary budget of the CNE and are used to carry out prevention activities, such as supporting the ordinary functioning of the National System for Risk Management.

In 2008, the CNE carried out 20 prevention activities aiming to reduce risks, like building embankments, supporting walls, pipes, enlarging river banks, etc. The National Emergency Fund usually finances various types of prevention activities, such as: 1) Mitigation activities, especially through construction work, in which the CNE invests US\$800,000, 2) Community-based prevention projects for which the CNE provides materials to communities, 3) Research activities, 4) Early warning projects, like river monitoring.

In case of response and recovery after a disaster, the National Emergency Fund is used to finance reconstruction. However no one can guarantee that recovery will be complete, given that it is not possible to cover all the losses caused by a disaster.

As prevention issues have been incorporated into the law only since 2006, it is too early to thoroughly assess the results achieved with this new mechanism. The country needs at least four more years to define the added value of such a fund for disaster risk reduction in Costa Rica. However, from preliminary reviews, the value added by the system has been recognized.

The good practice

The National Emergency Fund assigns resources to the CNE to help it carry out disaster risk reduction and response activities. It supports the wider disaster risk management system set up and lets the country work with autonomy and efficiency to face emergencies related to natural hazards. Among the good practices of the National Platform of Costa Rica can be seen:

1) A strong political commitment to support the National System for Risk Management

Since 2006, the Fund has been used through a more technical and systemic way. Indeed, now the CNE has to establish a link between the damage caused by a disaster and the financing engaged before using the resources of the fund. Besides, the fund could not exist without a strong political commitment, which can be seen in Costa Rica through the Executive's ability to declare a state of emergency in case of a disaster.

2) A shift from emergency response to disaster risk reduction

Thanks to an amendment of the law, the resources of the National Emergency Fund can be used for local emergency activities, without a state of emergency being declared. Also, the National Emergency Law establishes that every public institution has to dedicate a part of their budget to disaster risk prevention, preparedness and response. Each of them has to determine a certain amount of money to dedicate in case of disaster, following the recommendations of the CNE and the National Plan for Risk Management.

Lessons learned

- Positive experience with the National Emergency Fund demonstrates the added value of having a separate financing mechanism for disaster risk management. To have the Emergency Fund as a distinct funding source for disaster risk management has been useful for more easily mobilizing and allocating resources.
- Despite its successes, the CNE is faced with the specific challenge that the Fund's resources constantly fluctuate, depending on the declaration of an emergency. Although the fund also receives other resources, these do not make it self-financing. To improve the efficiency of the fund, it would be useful to establish a financial mechanism that lets the fund grow and become self-financing.
- Given that the country has little experience in disaster prevention activities, it is difficult to determine now if the fund will have sufficient resources in the future to carry on supporting the system efficiently. The demand for prevention activities will surely increase, and if the Fund's financial basis will not increase the same way it will be difficult to support all demands.
- The case of Costa Rica shows that strong political commitment is necessary to sustain such a disaster risk financing system. The country's objectives of disaster prevention and response would not have been achieved without resources from the Emergency Fund. This system would not exist without a strong commitment from stakeholders and decision-makers. Overall, the Costa Rican experience shows that both human and financial resources are needed to carry out disaster risk reduction.

Potential for replication

It is possible to establish a similar National Emergency Fund in all countries. A National Platform can play a pivotal role in preparing the ground for such an initiative and help to make it work. For years, Costa Rica has been engaging with civil society in a process of awareness-raising about disaster risk issues. Clearly, the involvement of many actors has supported the government's lead role in changing the legal framework of the country to institutionalize disaster risk reduction.

Overall and despite the National Platform's achievements, the country still faces several challenges. It is necessary to strengthen the system, to coordinate and dedicate more national resources, to benefit more from international cooperation, to improve decentralization and local implementation of disaster risk measures (including the application of rules and regulations, like safety standards), to coordinate the involvement of the private sector and to further disseminate information among institutions taking part in the system. Costa Rica and its National Platform and HFA focal point institutions have shown what they can achieve. They have the potential to tackle these challenges with the support of all stakeholders in the country.