Over the last years we were able to notice that civil protection in Mexico was held in some sort of a reactive system of intervention based mostly in the disaster as the trigger for the authority to take action. That encouraged the decision makers to propose several lines of action, among which stands out the necessity to amplify the governmental intervention, substituting the disaster as the center of the discussion and forward actions, by the risk, meaning, its analysis and understanding; seeking always for better financing formulas which guarantees no affectation to the budget exercise and also allows the growing of the financial instruments to prevent and attend natural disasters.

The introduction of the disaster risk management policy in Mexico, brings along the accomplishment of different tasks such as the adaptation of our legal framework; the definition of a financial favorable structure; the introduction of the disaster risk reduction conception and above all, to promote within the academic and scientific sector the development of research, studies, teaching and training about disaster risk management notion.

Over more than a decade, the Mexican legal framework has been achieving various financial instruments, which main purpose is to finance several necessary actions to prevent, mitigate and reduce the risk of natural disasters, as well as to attend the damages suffered by them.

Those instruments are divided in reactive and preventive ones:

**Reactive instruments**: The Natural Disasters Fund, know as “FONDEN” was created in 1996, which main purpose is to provide resources to the reconstruction of the public infrastructure and the housing of the low income population damaged by a natural disaster. FONDEN has a program within the federal budget by which it receives a certain amount of money every year and it also has a public trust fund, which holds the FONDEN economic reserves, and turns out to be the operational system thru which the resources are authorized.

FONDEN also has a humanitarian aid component, which facilitates food, shelter and other basic needs to safeguarding the life and health of the affected population.

**Preventive instruments**: One of the main achievements that Mexico has had is to keep transiting from an exceedingly reactive system to a preventive one. In order
to that, by 2002 and 2003 two preventive programs were created by law: i) the Preventive Trust Fund (FIPREDEN), and ii) the Natural Disasters Prevention Fund (FOPREDEN); which purpose is to finance the execution of preventive projects promoted by federal entities, as well as by Mexican States, focusing on: risk identification; mitigation and disaster risk reduction; the promotion of the prevention and self protection culture, among others.

By 2008 both preventive instruments had became obsolete, presenting some deficiencies and gaps in their operation process, demonstrating the necessity to make a structural change in their functioning. So at the end of 2010, we accomplished to merge both instruments in one new "Natural Disasters Prevention Fund", which collects all the virtues and advantages of the old separate instruments, suppressing their defects, contributing that way to the sustainable growth of the investment in more and much better risk reduction actions.

Besides that, being consequently with the marked transition that we suffer during the last decade regarding the disaster risk reduction conception, at the beginning of the present administration, we were able to include in the National Development Plan, the mandatory to preserve the physical integrity and patrimony of all Mexicans, as well as to transform the disaster risk management in a priority public policy of sustainable development, focused on the knowledge of the risk in order to achieve its mitigation and reduction.

CHALLENGES IN THE DISASTER RISK REDUCTION FIELD

In Mexico, our goal in a medium period of time is to achieve a significant decrease in the costs to attend natural disasters and by that accomplish a bigger investment in the disaster risk reduction field.

It’s urgent and necessary to equilibrate the scale between the reactive expenditure and the investment on disaster risk reduction. For that, we are designing and implementing some new strategies to attack the structural causes of facing major disasters when a natural phenomenon occurs and by that seeking to strength the resilience capacities of an organized society based on a proper disaster risk management thru the following aspects:

• Adjust and adapt the Mexican legal framework to turn the disaster risk management in a priority transversal public policy for all national plans, programs and projects regarding public infrastructure in our country, in order to achieve that the investment in new infrastructure and in the reconstruction of the damaged one, be applied in an intelligent way, with the previous analysis of the risks, to finally manage to reduce and mitigate it.

• To reorient the foundations on which is based the planning and budgeting of the public expenditure in the matter of investment on infrastructure like a high-priority aspect in the development of our country, and

• To eradicate the social construction of risks and in a preventive and anticipated way, seek for the public resources to be applied in a diligent way in the infrastructure that counts with the sufficient analysis to guarantee its strength
and resistance before the hazards that represents the natural phenomena, guaranteeing by that the well-being and security of the population.

The disaster risk management, understood like an investment, will represent for the government and for the society an enormous saving, amount that should be destined to the sustainable growth of our country.

On the other hand, while we managed to balance the scale between the enormous cost in the attention of the disasters, against the minor investment in risk reduction, we managed to keep adapting the reaches of the Natural Disasters Fund (FONDEN), so no matter that its main purpose is to be a reactive instrument, it could cover diverse aspects focused in risk reduction, like:

1. **Improvements and additions.** - In the reconstruction of the public infrastructure affected by a disaster, its mandatory to include mitigation and disaster risk reduction measures, through regulated construction norms that reduces their vulnerability before future threats. We are estimating that during the reconstruction processes, the FONDEN is investing approximately 30% of their resources in mitigation and risk reduction measures, to avoid future damages.

2. **Specialized equipment.** - Its possible to acquire with FONDEN resources equipment of transport, communication, early warning and any type of equipment that contributes to fortify the structures and capacities of the federal entities for a better and more effective attention and administration of the emergencies and disasters.

3. **Finance the constitution of local funds.** - FONDEN rules allows that the savings of the reconstruction programs be used like an initial contribution so that the Mexican states can constitute a local fund for risk reduction and for the attention of natural disasters, in order to count on with an instrument to attend the more frequent disasters but less intense.

4. **Risk Transfer Instruments.** - Another main target of the federal government is accomplished that all federal and local infrastructure, are properly insured and by that, seek to avoid the enormous disbursements that in some occasions must carry out FONDEN and the local governments, before a disaster of great magnitude.

   For it, FONDEN foresee the possibility of acquiring risk transfer instruments, such as:
   
   - Parametric insurance and cat bonds;
   - Excess of loss insurance to protect the FONDEN trust patrimony;
   - Economic support to the local states to accomplish the development of an adequate risk transfer strategy.

The target in a medium term is for the FONDEN’s budget to be destined mostly to pay the coverage of catastrophic risk transfer instruments and retain a minor sum for those more recurrent and less destructive events.
By this way, the FONDEN will have an enormous capacity to confront catastrophic events of great magnitude without affecting the public finances.

CONCLUSIONS

- We must continue promoting the legal reforms to incorporate the disaster risk management as a national public policy, seeking to avoid the execution of the public budget without the previous analysis of the disaster risks.

- We must keep fortifying the financial instruments for the prevention of natural disasters, until we obtain the balance between the cost to attend the disasters and the investment applied in prevention and disaster risk reduction;

- We have to carry on a permanent work of massive diffusion and training about the disaster risk reduction and the prevention and self-protection culture, in order to grow day by day in the society the knowledge of these concepts, so it can be introduced in their daily practices;

- We need to conclude the transit from an intervention of the authorities based on the disaster as the center of all the actions, to other sustained in the analysis and understanding of its generator that is the presence of the risk, and

- Manage to accomplish a complete risk transfer administration of the natural disasters to which Mexico are exposed, looking for its diversification between the different financial instruments available in the international market, so before the presence of catastrophic disasters, the national public finances are not affected and therefore our economic stability.