Concept Note

Working Session: Developing and Implementing National Disaster Risk Reduction Financing

Type of Event	☐ Plenary ☐ Thematic Session ☒ Working Session ☐ Learning Lab ☐ Other
Title of the Event	Developing and Implementing National Disaster Risk Reduction Financing
Relevant Conference Plenary	☐ Plenary 1: ☒ Plenary 2: ☐ Plenary 3: ☐ Cross-Cutting Issue
Background and Rationale	The financial impact of disasters is complex and multifaceted, with varying degrees of severity depending on the type of hazard and the sectors affected. In Africa, the continent's high vulnerability to natural and human-made shocks—such as droughts, floods, wildfires, and social violence—poses a significant threat to sustainable development. This vulnerability is exacerbated by increasing climate variability and extreme weather events. The economic repercussions of these disasters are vast, and losses are expected to escalate as the frequency and intensity of these hazards rise. For instance, from 1952 to 2019, South Africa alone experienced disaster-related economic losses totalling US$9 billion (World Bank, 2023). However, this figure likely underrepresents the full scope of the damage, as indirect and long-term costs are often unaccounted for. These hidden costs include productivity losses, decreased investment in vulnerable areas, and the long-term erosion of livelihoods, especially in regions heavily dependent on agriculture. Disaster Risk Reduction investments (DRR) are needed to mitigate these impacts. Public investment in resilience is essential, particularly in areas such as infrastructure, social protection, and early warning systems. However, this requires strong institutional capacity to integrate disaster risk into long-term development plans. In doing so, governments and institutions can make informed decisions that enhance resilience, ultimately reducing the vulnerability of populations and assets. While it is unrealistic to expect that all disaster-related costs can be avoided, research suggests that DRR interventions could reduce expected losses by as much as 50%. Yet, despite these potential benefits, African governments currently allocate just 1% of their national budgets to DRR, a figure that reflects the underinvestment in this critical area. Ultimately, the level of investment required in DRR depends on the benefit-cost ratio (BCR) of proposed measures. Policymakers must weigh the costs of implementing risk reduction strategies against the long-term savings from reduced disaster impacts. The challenge lies in identifying financing mechanisms that can sustainably support DRR measures while maximizing their impact. By factoring in both direct and indirect benefits—such as reduced human suffering, avoided infrastructure damage, and maintained economic stability—policymakers can make more informed decisions about where and how to invest in resilience.

	UNDRR has developed a 5 steps approach to support countries in investing in DRR: 1. Understand financial consequences of disaster 2. Analyse existing financial landscape 3. Identify and prioritize financing needs 4. Match needs with financing options 5. Develop a plan / DRR financing strategy Step 1 is related to generate an estimate of both direct and indirect costs of disasters in a country using existing methodologies for projections as well as past data on disasters, thereby building the case for DRR investment. Step 2 surveys the financial landscape to assess the existing flows of DRR financing from public (e.g., budget tagging), private (e.g., sustainable investing), and international sources (e.g., ODA allocation) Step 3 unpacks DRR investment needs and ranks them based on their impact and capital intensity. Step 4 introduces a menu of options for the different investment needs and selects those most appropriate given the local context. Step 5 develops and supports implementation of DRR Financing strategy with the engagement of partners.
Session Objectives	The working session will discuss the steps required to develop national financing frameworks that foster investments in DRR. It will increase awareness and understanding of how to mobilize financing for DRR from different sources (i.e., public, private, and international) and perform investment gap analyses.
Expected Outcomes	Session participants will be able to: Participants will learn more about UNDRR approach and how to conduct specific components, such as tracking DRR financing flows through budget tagging and tracking systems and how to turn DRR assessments into action.
Structure	Presentations and Q&A
Moderator of the Session	Terry Kinyua, Country Manager, Invest in Africa - Kenya, and ARISE Global Board Co-Chair
List of Panellists	**UNDRR National Financing Frameworks for DRR** • Roberto Schiano, Economic Affairs Officer, UNDRR **Expert Presentations:** • Step 1: Mr. Roberto Rudari PhD, Research/Program Director, CIMA • Step 2: Ms. Shanaz Broermann PhD, Resilience Finance Expert, IIED • Step 3&4: Ms. Belinda Kaimuri, Manager in the Climate Finance and Economics Practice, Genesis

	• Step 5: Ms. Resina Katafono, Inter-Regional Adviser on Financing for Sustainable Development, DESA Group Work: Each group discusses their assigned topic and agrees on key takeaways. Group Reporting : Each group presents their findings and recommendations in a 3-minute summary. Facilitated summary: Group findings synthesized on how they fit into an actionable framework for DRR financing. Summarize practical next steps. Commitment to Action: Discuss immediate actions that participants or their organizations can take based on the outcomes of the session.
Reference Documents	• Resilience expenditure landscape: Tracking spending on disaster risk reduction and climate change adaptation • Budget tagging for Disaster Risk Reduction and Climate Change Adaptation: Guide for design and taxonomy • Integrated National Financing Framework (INFFs) for disaster risk reduction • Guide for adaptation and resilience finance • Designing a climate resilience classification framework to facilitate investment in climate resilience through capital market • Building disaster resilience: A study of disaster events and financial lending streams • A G20 Input paper: Accelerating financing for disaster risk reduction to build lasting resilience • South Africa: Disaster Risk Finance Diagnostic
Public narrative [For the website]	The working session builds on UNDRR's financing approach for DRR that has been collaboratively developed with experts and government partners. The 5-step approach supports countries in assessing and developing financing solutions for DRR that are suited to their local context and that take into consideration public, private and international financing sources and mechanisms. During the working session, participants will learn more about UNDRR approach and how to conduct specific components, such as tracking DRR financing flows through budget tagging and tracking systems and how to turn DRR assessments into action.