FINANCING DISASTER RISK REDUCTION IN HUMANITARIAN AND CRISIS SETTINGS

REPORT SUMMARY

1. CONTEXT

The findings of the midterm review of the Sendai Framework for Disaster Risk Reduction (MTR SF) make it clear that changes are required to better finance Disaster Risk Reduction (DRR) in humanitarian and crisis settings (United Nations, 2023b). This aligns with the multilateral system's overall commitment to the United Nations Secretary-General's prevention agenda and, more recently, initiatives such as the United Nations Early Warnings for All (EW4All).

Countries affected by a humanitarian crisis will require funding to support transitions to disaster resilience. Analysis of United Nations appeals suggests that at least 55 per cent of crises are somewhat predictable, and more can be done to fund actions which would help prevent and reduce the impacts of the compounding effect of hazards (Weingärtner and Spencer, 2019, p. 2). There is appetite for this from individuals working in humanitarian operations who repeatedly call for concerted action on DRR in humanitarian settings to break the cumulative creation of risk and escalation in humanitarian needs. This is supported by the MTR SF finding that Official Development Assistance (ODA) is poorly targeted: While there is a relationship between mortality and funding for response and reconstruction, “there is no clear association between mortality levels and financing for disaster prevention and preparedness” (UNDRR, 2023b, p. 50).

The picture of DRR financing in humanitarian and crisis settings can be a confusing one: Each context differs, as do methodologies for assessing funding flows, and, crucially, what can be assessed through online databases is only a fraction of known funding allocations and investment. There are a multitude of different funding sources and channels for DRR — public and private, local to international (Willitts-King, Bryant and Spencer, 2019). In humanitarian and crisis settings, ODA is particularly crucial where domestic funding for disaster risk governance may be lacking. For that reason, a study on financing DRR in humanitarian context was undertaken which draws on an extensive literature review, focus group interviews, and quantitative analysis using the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) Creditor Reporting System (CRS), specifically the disaster-related sector purpose codes and the DRR Policy Marker (OECD, no date).

1.1 A SIGNIFICANT CONCERN FOR ALL

The study report contributes to a continued call for more and better DRR financing in humanitarian and crisis contexts. Ensuring effective DRR financing in humanitarian and crisis settings should be of significant concern for all actors across the humanitarian-development-peace (HDP) nexus:
With effective DRR components in place, it may be possible to avoid hard-won development progress being undermined by disasters and to ensure that action collectively pursues risk-informed and climate-sensitive development trajectories.

With effective DRR components in place, it may be possible to avert and/or minimise the impact of hazard-related disasters (including those related to climate change and where disasters occur in the same place as existing crisis situations) and seek to reduce the likelihood of crises becoming protracted, compounded and/or systemic in nature.

Effective, timely and equitable delivery of DRR is critical to avoid or minimise the possible negative repercussions of disasters on conditions of violence and conflict. Designed effectively, DRR actions in conflict settings may help contribute towards peace.

Operationalising DRR in humanitarian and crisis settings is particularly challenging given each setting's complex context specificities. As a starting point, United Nations Office for Disaster Risk Reduction (UNDRR) developed guidance for integrating DRR into the Humanitarian Programme Cycle (UNDRR, 2021), sought to better understand the needs and capacity gaps of pursuing risk-informed humanitarian action (UNDRR, 2022), and documented positive progress on DRR in HDP settings (UNDRR, 2023a). This study complements those efforts and directly responds to requests from operational staff working in a range of crisis settings to assess DRR financing.

2. FINDINGS

2.1 QUANTITATIVE FINDINGS

2.1.1 Insights from global analysis using the disaster-related purpose code

- In 2021, a total of $30.6 billion of international aid recorded in the OECD DAC CRS aid activity database was disbursed towards disaster-related activities. This sum constitutes about 12 per cent of all international aid recorded for the same year. The vast majority (about 85 per cent, or $26.11 billion) of this disaster-related funding went towards emergency response activities. Only about 12 per cent ($3.66 billion) was disbursed for activities focused on multisector DRR or disaster prevention and preparedness. A further 3 per cent ($0.86 billion) went to reconstruction relief and rehabilitation.

2.1.2 Insights from global analysis using the DRR Policy Marker

DRR objectives can be built into sectoral activities (such as shelter, agriculture or water, sanitation and hygiene (WASH)) and can be identified through analysis of the application of the DRR Policy Marker. Globally, in 2021, disbursements for activities tagged with the DRR Policy Marker are as follows:

- disbursements towards activities with a “significant” DRR objective amounted to just over $22 billion;
- disbursements towards activities with a “principal” DRR objective were around $2.7 billion;
- disbursements towards activities found to have no particular DRR objective totalled around $64 billion.

It should be noted that these figures are not directly aligned with, or comparable to, the results from the analysis of the disaster-related sector purpose codes presented above.

2.1.3 Insights from country analysis in Mozambique and South Sudan using the DRR Policy Marker

- In 2021, about $102 million was disbursed for activities with a significant or principal DRR objective in Mozambique; for South Sudan, the disbursement was towards activities with significant or principal DRR objective amounted to a total of $99 million in the same year.
- This constitutes a share of 4 per cent in Mozambique and 5 per cent in South Sudan of total aid recorded in the CRS aid activities database as going to those countries in 2021.
- In Mozambique and South Sudan, a large share of funding is considered not to contribute directly to DRR objectives. Moreover, in Mozambique there is a significant share of funding where it is not known if it contributes towards DRR because the marker was not applied (about 55 per cent). That said, of the aid flows recorded in CRS going to this report’s case study countries the number of entries that are tagged with the DRR marker is above average, at 70 per cent for South Sudan, and 67 per cent for Mozambique in 2021.
- In the case of South Sudan, the vast majority of disbursements — and close to a quarter of disbursements in Mozambique — that are recorded in CRS and classified as having a significant or principal DRR objective went to emergency-response sector activities. In contrast to the marker guidance, it appears from the data recorded in CRS...
that DRR allocations in South Sudan are largely skewed towards responding to emergencies rather than preventing the creation of new disaster risk, reducing existing risk or strengthening resilience. While some of the emergency response activities may include more explicit risk-reducing interventions or support efforts to build back better, the extent to which this is the case is not clear from the information available.

2.2 REFLECTIONS ON THE METHODOLOGY AND FINDINGS

2.2.1 Stakeholder reflections on the country analysis findings

- Focus group participants considered the overall levels of funding for DRR activities within the selected sectors of health, WASH, agriculture and emergency response to be well below par.
- There was consensus that DRR should be more readily integrated into sector and cluster priority actions in humanitarian and crisis settings.
- For some agencies and donors, whether funding for DRR activities derived from humanitarian, development or HDP nexus funding streams was important; for others, it was irrelevant.

2.2.2 Study reflections on the DRR Policy Marker

- Whether and how to apply the DRR Policy Marker to aid activities related to emergency response, and to health, was a source of confusion.
- There was debate over how to interpret aid activities not tagged as contributing to DRR (and those not tagged at all).
- There was general disappointment that many donors fail to report systematically against the DRR Policy Marker.
- Many participants found the prototype DRR taxonomy useful, with potential for application elsewhere — including, for example, in upcoming DRR and climate adaptation financing studies.

2.2.3 The funding assessed is the “tip of the iceberg”

- Funding for DRR can originate from a substantial array of sources, and many of the untracked funding flows may be more amenable to supporting DRR in humanitarian and crisis settings, many of which are underrepresented in official datasets.
- Tracking funding for aid activities does not provide insights into important questions, such as: How effective have funds been in achieving DRR in humanitarian and crises? Where and how should future resources be invested? And critically, how can funds best be channelled to support at-risk populations’ own DRR priorities?

3. RECOMMENDATIONS

The study identified the following recommendations to be taken forward in order to improve DRR reporting and tracking, and the integration of DRR considerations into action in humanitarian and crisis settings.

3.1 Insights from the review of data

- Enhance tracking and publication of information about funding for DRR to improve donor targeting and the accuracy of funding levels required.
- Make clear the connection between enhanced systematic and comprehensive financial monitoring and reporting (including use of DRR Policy Marker and equivalent tags for other reporting mechanisms) and the feasibility and ease of reporting against Sendai Framework Target F (UNDRR, 2015).
- Provide space for donors to communicate any impediments to using tools for tagging and tracking DRR funding so that changes to the guidance and process of application can be made as required.

3.2 Insights from the country analysis

- Increase integration of DRR into sector and cluster priority actions in humanitarian and crisis settings. This requires closing the needs and capacity gaps.
- Strengthen the inclusion of all DRR components in routine United Nations processes and agreements, such as Sustainable Development Cooperation Frameworks, Humanitarian Needs Overviews, Joint Intersectoral Analysis Framework (JIAF) and Humanitarian Implementation Plans.
- Deliver on the recommendations within the UNDRR report Scaling Up DRR in Humanitarian Action (UNDRR, 2021), and specifically Section 3.4 Resource Mobilisation.
• Deliver on the OECD Progress Review recommendation (OECD, 2022) to develop HDP financing strategies which emphasise layering and sequencing of funding flows to advance a coherent vision for DRR across all HDP actors.

• Deliver on the MTR SF (United Nations, 2023) recommendations, including utilising all DRR components to bridge HDP action, securing greater investments in anticipatory action and addressing the humanitarian financing gap in line with commitments under the Grand Bargain.

3.3 Insights from the global analysis

3.3.1 Mobilize funds and deliver on commitments: Generate greater financial commitments to DRR by prioritising engagement of donors whose policy priorities are amenable to enhancing DRR financing in humanitarian and crisis settings.

> Deliver on the MTR SF to expand access to finance and integrate DRR into development and climate finance. Also enhance donor coordination, and support states lacking capacity to access, manage and utilise funding for DRR projects (United Nations, 2023).

> Ensure governments can request that international financial institutions provide special financial support to maintain DRR functions in a range of crisis settings, and that international financial institutions establish and/or expand facilities through which governments can do so. Technical collaborations with UNDRR will also be required so that knowledge and lessons can be shared across contexts for the betterment of all engagements within a crisis.

> Mobilise additional financing to the UN Trust Fund for Disaster Reduction to provide the necessary support to member states to deliver DRR outcomes in humanitarian and crisis settings.

3.3.2 Adjust risk appetite and encourage innovation: Encourage funders to see innovations in DRR in humanitarian and crisis settings as an opportunity to spend a limited portfolio on innovations with high-impact potential. There is much that remains unknown in terms of the types of DRR actions that are viable and appropriate in different types of humanitarian and crisis settings (Peters, 2019); thus flexibility in funding — such as that provided by some private donors — is required to facilitate innovations in financing DRR in difficult operational settings.

3.3.3 Lay strategic and analytical foundations: International financial institutions could integrate disaster risks into foundational diagnostics which inform lending and work with governments to learn lessons from risk-sensitive budget reviews to ensure alignment of domestic resource mobilisation and external funding (UNDRR, 2020).

> International financial institutions and bilateral donors with substantial experience in investing in DRR in humanitarian and crisis settings should consider establishing a technical hub for knowledge sharing on investment design, implementation and monitoring.

3.3.4 Harness climate funds: Greater incentives for accredited entities to implement in high-risk contexts, along with changes in current funding practices, are needed to leverage climate finance in humanitarian and crisis settings in support of DRR (ICRC et al., 2022). This requires funding entities to review their institutional processes for managing risk to reduce the exclusionary bias which prevents climate change funds being directed to humanitarian and crisis settings. It may also require changes to delivery practices, such as adopting flexible budgeting tools and adaptive programming principles, including crisis modifiers (Cao, 2023).

3.3.5 Utilise prearranged finance, including for anticipatory action: Harness insights from: the MTR SF national voluntary reports and thematic studies on investments in finance for anticipatory action (UNDRR, 2023b); and recent work on DRR in the context of the HDP, which details financing instruments for delivering DRR actions in humanitarian and crisis settings — including finance for anticipatory action (e.g., forecast-based finance instruments) and crisis modifiers, among others (UNDRR, 2023a). Take heed of existing recommendations to further investment in impact-based forecasting and anticipatory action systems in conflict contexts, including those where climate risk is high (Wagner and Jaime, 2020, p. 11).

3.3.6 Strengthen advocacy and awareness-raising: Make use of the review processes and convening forums for Agenda 2030, such as the Summit of the Future in 2024, 2023 Sustainable Development Goal Summit, and the 2023 United Nations Climate Change Conference, among others, to convene all stakeholders — such as in closed-door sessions — to unveil the opportunities for enhancing DRR in humanitarian and crisis settings and generate an informal coalition of champions to take messaging through to future events.