



الاجتماع العاشر للشراكة العربية للحد
من مخاطر الكوارث

TENTH ARAB PARTNERSHIP
MEETING FOR
DISASTER RISK REDUCTION

Risk-Informed Investments, Resilient Infrastructure, and Accelerating Financing for DRR

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UNSUSTAINABLE TRAJECTORY

- Development gains wiped out by disasters
- Vicious cycle of disaster > response > recovery > repeat
- Rising hazard frequency and intensity
- Insurance providers pulling out of the riskiest markets



**WE NEED TO INVEST MORE IN
DISASTER RISK REDUCTION...**

**... BUT CURRENT INVESTMENT
VASTLY INADEQUATE**

\$732 billion of
damages per year to
infrastructure assets

\$4 in benefits for
each **\$1 invested** in
resilient infrastructure

Expenditures only
meet **10% to 25%** of
needs



WHAT CHALLENGES MUST BE ADDRESSED

- **Optimize** limited budget and **build the case** for higher allocation to DRR
- **Unpack what it means** to invest in DRR / **translate** into concrete actions (policy reforms, financial strategies, investment projects)
- Engage stakeholders **less familiar with DRR** (Ministries of **Finance / Planning**)
- Make the most of **diverse funding streams** (domestic, private, and international) and **ensure alignment** with DRR objectives
- Identify financing solutions **tailored** to the country's **needs / local context**



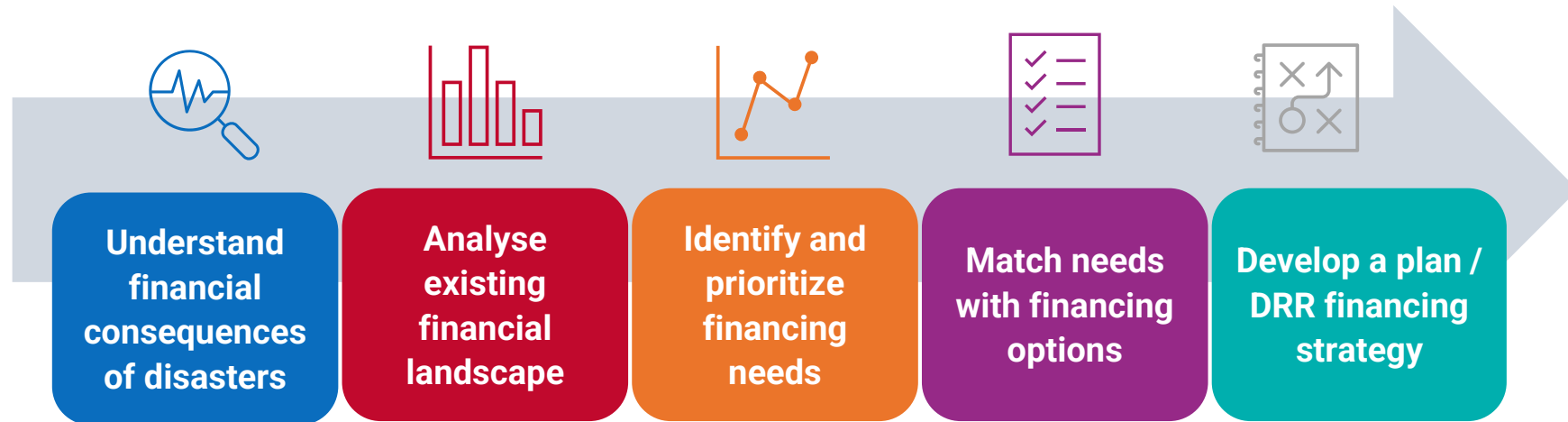
National Level



- Disasters prevented
- Damages limited

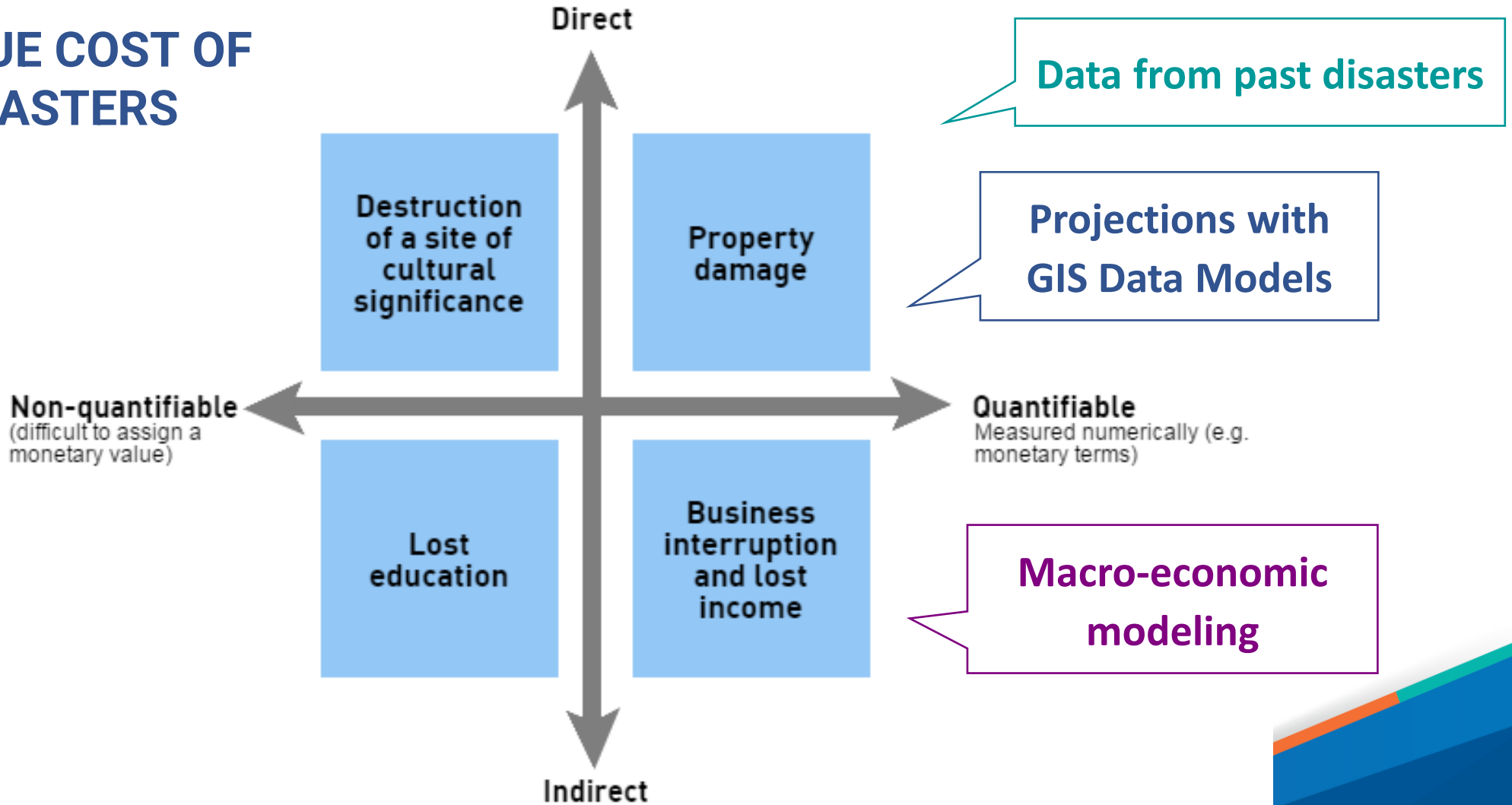
- Financial resilience of public entities and individuals
- Rapid reconstruction and recovery → limited economic scarring effects

HOW UNDRR PROVIDES SUPPORT: 5-STEP approach

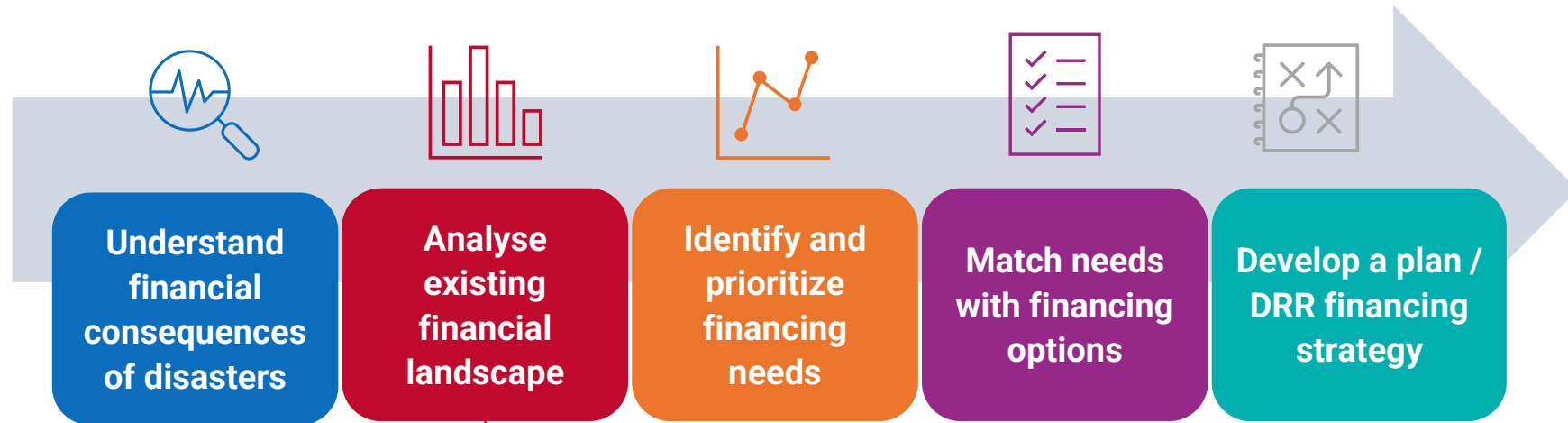


Step 1 generates an estimate of both **direct** and **indirect costs** of disasters in a country, thereby building the case for DRR investment

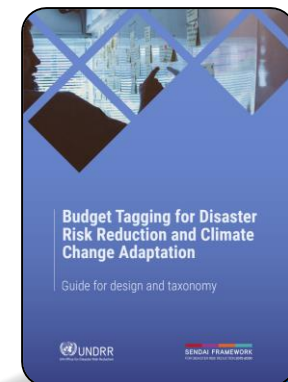
TRUE COST OF DISASTERS



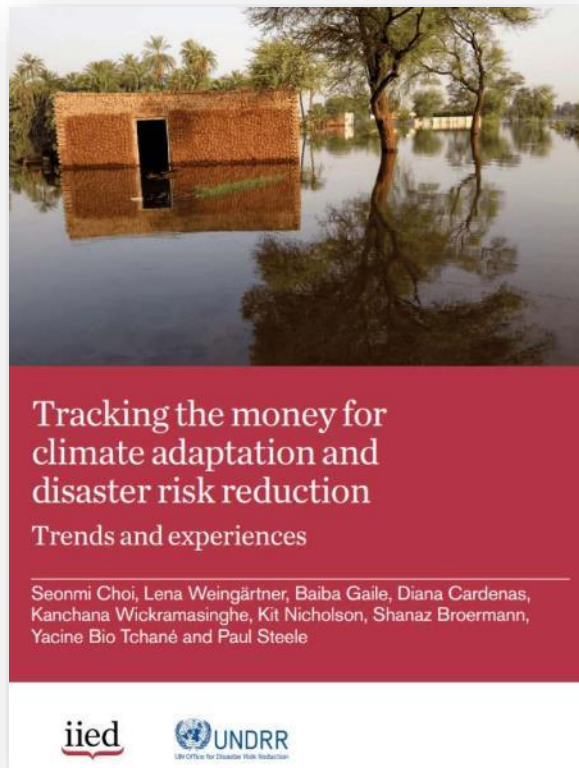
HOW UNDRR PROVIDES SUPPORT: 5-STEP approach



Step 2 surveys the financial landscape to assess the existing flows of DRR financing from **public, private, and international** sources

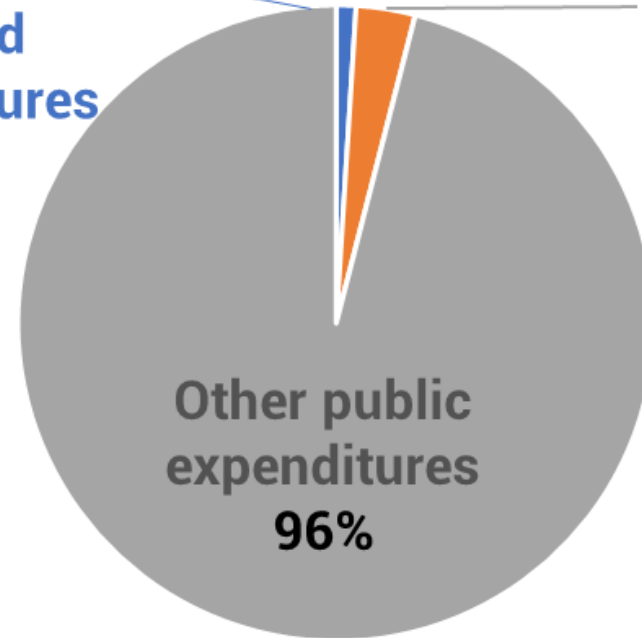


DRR 4% of national budgets (based on 16 countries in Africa)

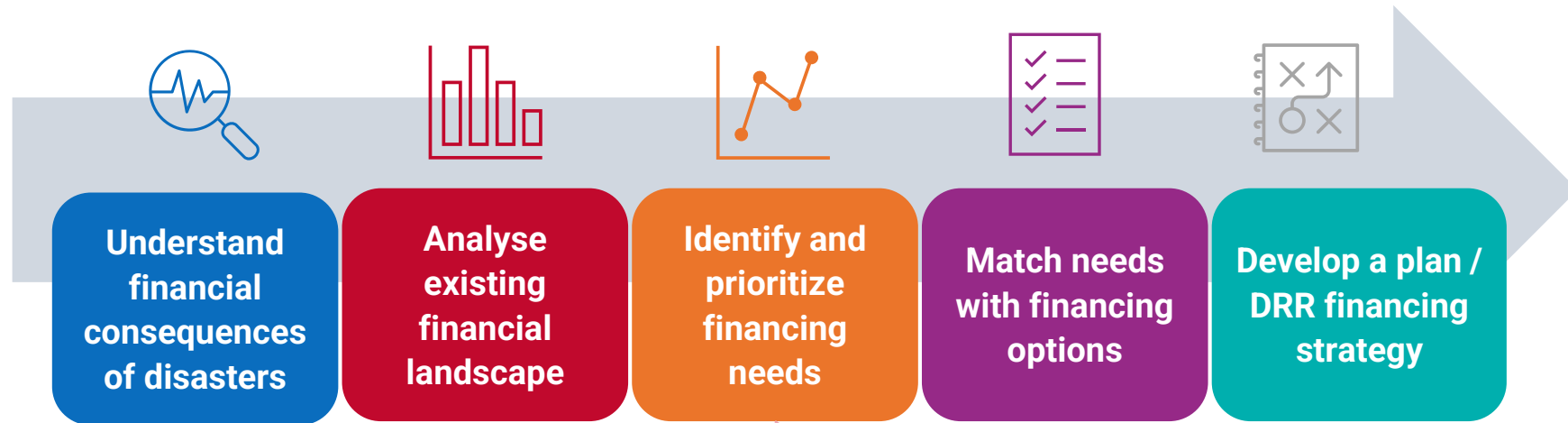


Direct DRR-related expenditures
1%

Indirect DRR-related expenditures
3%



HOW UNDRR PROVIDES SUPPORT: 5-STEP approach



Step 3 unpacks DRR investment needs and ranks them based on their impact and capital intensity



7 BROAD THEMES

Resilient Societies

Resilient Infrastructure

Resilient Health

Resilient Agrifood Systems

Resilient Industry and Commerce

Resilient Cities

Resilient Nature and Biodiversity



EXAMPLES

Resilient Health



- **Health workforce** (e.g., surge capacity)
- **Essential health products and equipment** (e.g., medical devices, protective equipment, and hospital beds)
- **Health campaigns, vaccine roll-out, and antibiotic stewardship**
- **Data collection and health surveillance**

- **Crop diversification** (e.g., drought-resistant varieties) and **income diversification** (agroforestry, livestock integration)
- **Water-use efficiency** (e.g., drip irrigation, rainwater harvesting)
- **Conservation agriculture** (e.g., crop rotation, soil health protection, ecosystem-based approaches)
- **Risk protection** (e.g., crop insurance, anticipatory actions)
- **Food security** (supply diversification, food reserves, etc.)

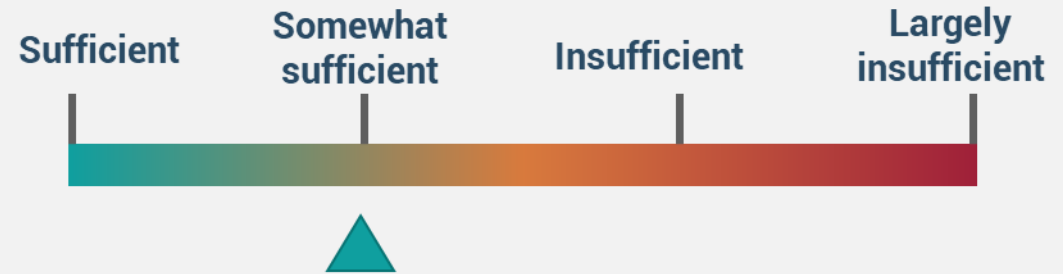
Resilient Agrifood Systems



PRIORITIZATION

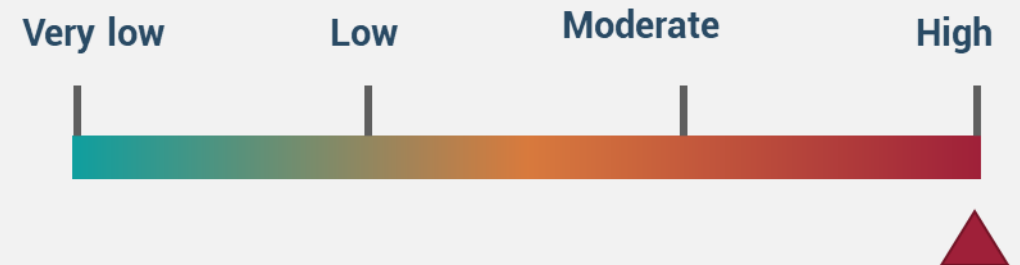
Current level of investment:

Compared to the national DRR objectives, the current level of investment in this area is ...



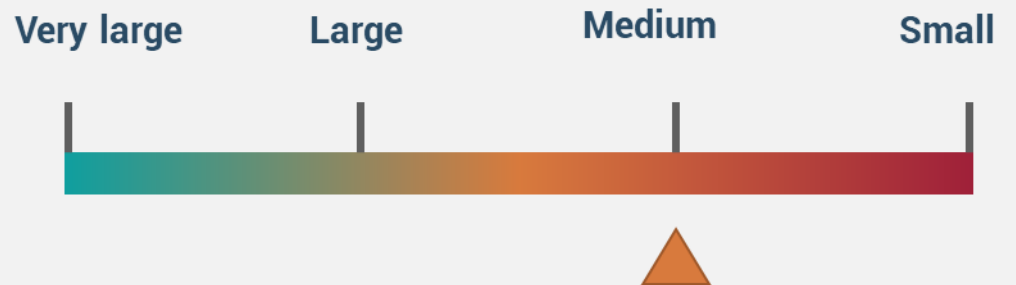
Capital intensity

The investment area demands a ... amount of capital investment

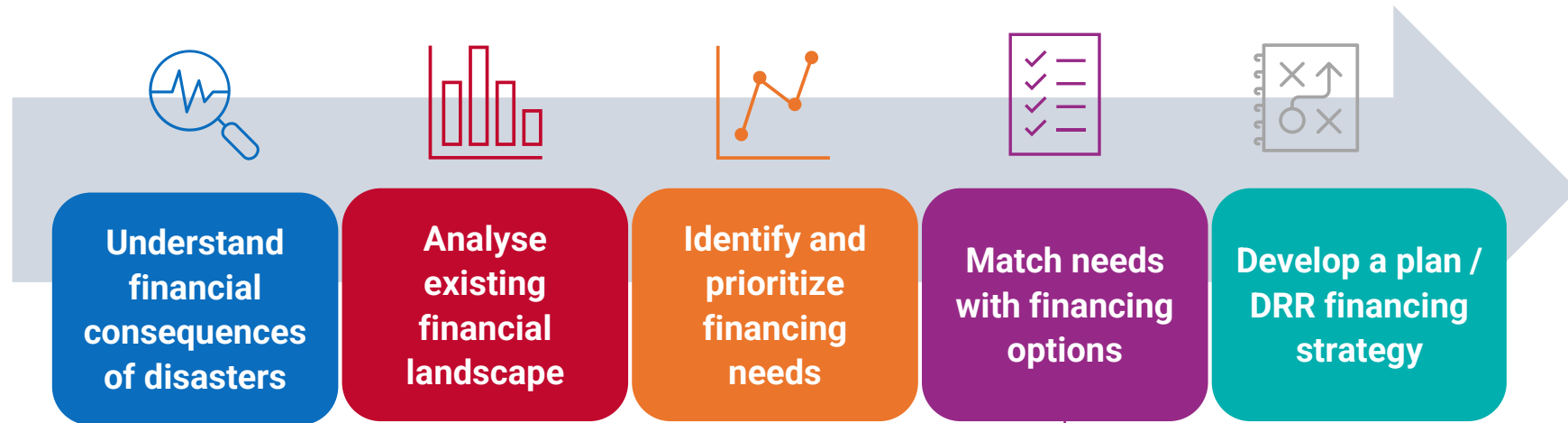


Potential impact:

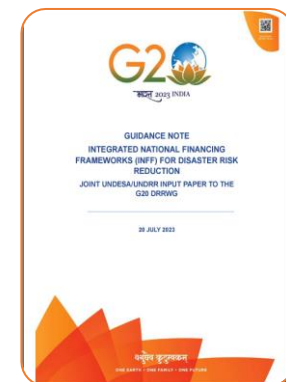
The investment in this area has a ... potential impact in terms of disaster risk reduction.



HOW UNDRR PROVIDES SUPPORT: 5-STEP approach



Step 4 introduces a **menu of options** for the different investment needs and selects those most appropriate given the local context



FINANCING OPTIONS

Key investment areas for the specific theme

Challenges limiting current investment

Financing options from the menu of options developed for the G20



RESILIENT INFRASTRUCTURE

Rational: Cost-Benefit Analysis

Infrastructure disruptions impose costs between \$391 billion and \$647 billion a year in low and middle-income countries.

Building resilience into infrastructure systems is estimated to only add 3 percent of the total investment cost, while these costs can easily be recouped through the benefits they provide during the lifetime of an infrastructure asset.

In a median scenario in low- and middle-income countries, each \$1 investment could bring a \$4 benefit, amounting to \$4.2 trillion in benefits, while the cost of inaction for the 2020-2030 period may amount to around \$1 trillion.

Source: Lifelines. The Resilient Infrastructure Opportunity, World Bank, 2019

Main investment areas

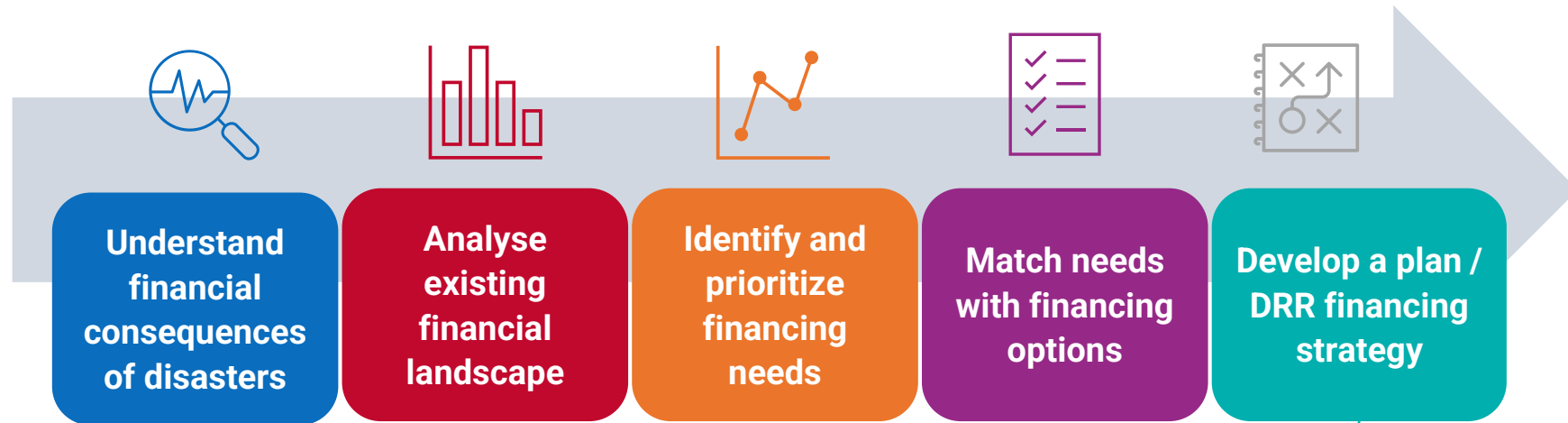
Note: Financing options are color-coded based on their primary target audience: public, private; and international).

Investment in	Challenge	Financing Options	Description
Protective infrastructure (e.g., flood walls, overflow water reservoirs, breakwaters)	Protective assets typically do not generate revenue streams, making them challenging for private investors.	Assign a minimum share of budgetary resources to DRR activities	Proper cost-benefit analysis can demonstrate the value for money for investing in protective infrastructure. These cost-benefit analyses can then be used by government officials and policymakers to advocate for public budget allocation and donor support.
		Ring-fence funds for DRR-related activities	
		Mainstream DRR in infrastructure services planning and delivery	Mainstreaming DRR in infrastructure planning should lead to the identification of areas where protective infrastructure is needed.

Short section introducing the topic, highlighting the rationale, and presenting key cost-benefits.

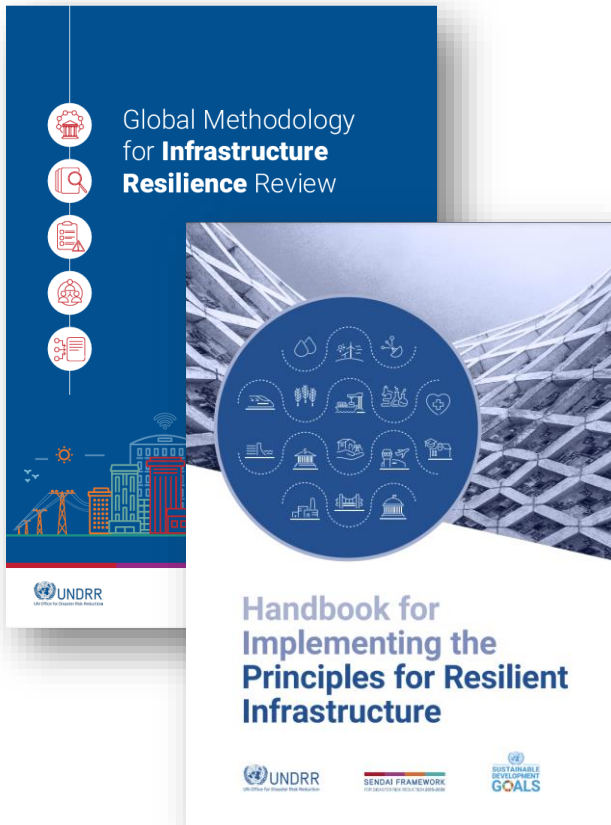
Description on how to apply the selected financing options in the context of this investment area.

HOW UNDRR PROVIDES SUPPORT: 5-STEP approach



Step 5 develops and supports implementation of DRR Financing strategy with the engagement of partners

RESILIENT INFRASTRUCTURE



- Similar approach around **resilient infrastructure**
- **Applied in countries** in the past 12 months (Bhutan, Chile, Costa Rica, Madagascar, Panama, Ghana, Tonga, Trinidad and Tobago + others being planned).
- Building on the **Principles for Resilient Infrastructure** and **Global Methodology for Infrastructure Resilience**



WAY FORWARD

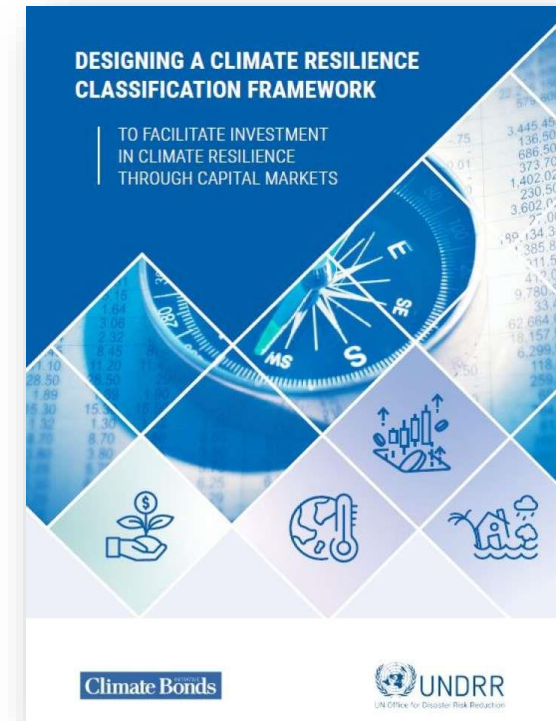
- Roll out of approach for **supporting countries scaling up investment in DRR**
- Increase coverage of countries **assisted in enhancing infrastructure resilience**
- Leverage existing **partnerships** and **knowledge/guidance** created
- Maximize **development impact** for beneficiaries



Regional / Global Level

FINANCIAL SECTOR ENGAGEMENT

- **Investors Advisory Board (IAB)**
 - 10 influential investors
 - 7 funding initiatives
- **Taxonomy** for capital markets with the climate bond initiative/resilience bonds
- **Cooperation with SCB and KPMG** on an Adaptation and Resilience Framework for Commercial Banks





Questions / Reflections

Are countries in the region interested in

- Sharing experiences and knowledge on this topic, for instance at the upcoming regional platform
- Engaging with UNDRR on DRR financing and resilient infrastructure through country-level work
- Advancing this topic at the regional/global level, for example by championing work on Adaptation and Resilience Finance and/or pioneering innovative instruments such as resilience bonds.