FfD 2024 Elements Paper: Input Paper from the Risk Informed Early Action Partnership

Protecting People and Resilience - The urgent need to embed risk-informed early action within the global financing architecture

Background on submitting organization

This paper is submitted by the Secretariat of the Risk Informed Early Action Partnership (REAP) with the offer to UNDESA and the Inter-Agency Task Force on Financing for Development to mobilize both the Partnership and the Endorsers of the Getting Ahead of Disasters Charter for further input, technical advice and consensus building.

Established at UNCAS in 2019 to scale up Early Warning and Early Action, REAP connects a diverse group of stakeholders in order to enhance the disaster preparedness and resilience of climate vulnerable countries. It bridges gaps across climate, development, and humanitarian sectors by fostering collaboration between diverse partners and communities. Co-chaired by Samoa and the UK, REAP centres country-led approaches, advocates collectively for global policy change and enables collaboration, knowledge exchange and integrated working.

In advance of COP28, the UAE Presidency called on REAP to co-develop the Charter on Getting Ahead of Disasters, launched on Relief, Recovery and Peace Day of COP28. It stresses that climate-related hazards and their impacts are increasingly predictable, and there is an opportunity to get ahead of disasters by using finance to protect development gains and reduce humanitarian needs. To address these challenges, the Charter calls for better collaboration between the development, climate, peace, and humanitarian communities, as well as the public and private sectors, from the global to the local level.

A highly diverse set of governments and other actors collaborated to agree on principles that will help shift from a reactive response to more proactive ways of managing risk. The Charter emphasizes the need for coherent and coordinated finance across climate change adaptation, development, and disaster risk management, aiming to overcome silos and fragmentation. It highlights the importance of linking various forms of finance to enhance preparedness, response, recovery, and reconstruction efforts. At the same time, the Charter calls for substantial increases in the arrangement of finance in advance of disasters to ensure faster, more reliable, and better-targeted support.

The Charter advocates for early warning systems and preemptive action, which are critical for safeguarding the people, livelihoods and infrastructure of SIDS and LDCs in particular. This risk-informed approach supports the ABAS, AAAA and the Pact for the Future, and also explicitly calls for risk-informed approaches on disaster resilience, climate action and sustainable development through more effective preparedness and response strategies supported by sustained development and resilience building efforts.

I. A global financing framework: The need for a more risk-informed and proactive approach

i. Early warning and early action as a key cross-cutting solution to the cross-cutting issues of a new global financing framework

Both the 2024 Financing for Development report and the 2024 SDG report set out a bleak picture regarding the current state of sustainable development ambitions and an even more grim scenario for the future.

Despite the lofty ambitions set out in the Addis Ababa Action Agenda in 2015, current projections estimate almost 600 million people will continue to live in extreme poverty in 2030. An additional 23 million people were pushed into extreme poverty and over 100 million more suffered from hunger in 2022 compared to 2019, while gains on key indicators such as life expectancy have declined to the lowest levels since 2012 in the wake of the Covid 19 crisis. Unmet financing needs for SDGs and climate action are estimated to be in the trillions of dollars annually.

External debt stock levels have remained unprecedentedly high in developing countries. About 60 per cent of low-income countries are at high risk of debt distress or already experiencing it. Four in 10 of the global population live in countries where governments spend more on interest payments than on education or health. [1]

As the 2024 Financing for Development Report explicitly states, “financing for development has not kept pace with rising needs amid a changing and less benign global environment. Systemic risks, especially climate and disaster-related risks, have risen dramatically”

Estimates suggest annual loss and damage costs associated with climate change will range from USD 290 to USD 580 billion by 2030. These losses are most devastating in low-income settings, where an average of 189 million people per year have been affected by extreme weather-related events since 1991. The Vulnerable Group of Twenty (V20) economies are estimated to have lost 20% of their Gross Domestic Product (GDP) over the last 20 years and significantly increased their indebtedness due to the adverse impacts of climate change. Over

[1] https://financing.desa.un.org/iatf/report/financing-sustainable-development-report-2024#:~:text=The%202024%20Financing%20for%20Sustainable,still%20open%20but%20closing%20rapidly.

the same period humanitarian needs have escalated, with 83% of all disasters in the 2010s attributable to climate and extreme weather events, and many appeals left seriously under-funded.[2]

Efforts to reduce disaster impacts and risks have not yet stemmed billions in economic losses. From 2015 to 2022, average annual direct economic losses exceeded $115 billion worldwide, an amount equivalent to 0.3 per cent of the gross domestic product (GDP) of reporting countries. Disaster-related economic losses in LDCs are over six times the global average.

At the same time, the majority of disasters are responded to in an ex-post, reactive and expensive manner, with many missed opportunities to protect the people, infrastructure and economies left in their wake. [3]

And yet, to a large extent, the international system - in particular international ODA - continues to operate as if climate, development and humanitarian needs are distinct and discreet from each other and therefore justify the disparate and disjointed approaches to risk management, assistance and resourcing that currently prevail.

However, the tide and narrative are changing, and it is increasingly acknowledged at a global policy level - quite some time after it was flagged by the most climate vulnerable countries - that we cannot continue to operate under these false dichotomies and artificially entrenched ideas of linearity.

People, communities, governments and markets do not experience issues related to crises and chronic underdevelopment in neat packages, so we must stop attempting to address the impacts in neat, pre-defined and siloed ways.

The Finance for Development Conference in 2025, along with COP29 and 30, represent critical junctures to scale-up the amount of funding and finance available to the most vulnerable countries, but there is also a necessity to use the FfD process to undo the institutional siloes between development and disaster finance, ensuring that efforts to reform the international financial architecture reflect the multifaceted and interlinked manner in which countries and people experience crises and development challenges.

ii. Getting Ahead of Disasters - A Collective Responsibility and a Pre-Requisite for Achieving and Protecting Sustainable Development

Climate-related hazards and their impacts are increasingly frequent, increasingly severe, but also increasingly forecastable.

We can get ahead of disasters, using finance to protect development gains and avert and minimize disaster impacts, thereby reducing humanitarian needs. There is much that can be done in advance, often well ahead, to ensure that risks are reduced, adaptation is supported, and finance is in place to enable action ahead of climate impacts. For example, less than 2% of finance for crises is arranged in advance, leaving major scope for improvement.[4]

---

[2] https://gettingaheadofdisasters.org/
[3] https://unstats.un.org/sdgs/report/2024/

[4] https://www.disasterprotection.org/blogs/the-state-of-pre-arranged-financing-for-disasters-2024

Progress will require actors to come together across states and regions; development, climate, peace and humanitarian communities; public and private sectors; from the global to the local. International efforts are already underway to encourage a shift to earlier action and predictable finance that supports comprehensive risk management and protects hard won development gains.

As noted by His Excellency Ambassador Viliami Va'inga Tone, Permanent Representative of Tonga to the United Nations "Disasters undermine efforts to build prosperity, stability and resilience, claiming lives, disrupting essential services, eroding assets, undoing hard-won development gains and increasing inequality and poverty..... acting ahead of disasters helps to reduce costs and acute humanitarian needs by integrating anticipatory approaches to safeguarding lives, livelihoods and assets"[5]

Small Island Developing States and LDCs are the most disaster-prone nations globally, experiencing a disaster mortality rate that is more than twice the global average. The economic toll of disasters on these countries is also among the highest worldwide when compared to the scale of their economies. Furthermore, many of these states face an existential risk due to the escalating impacts of the climate crisis. And yet, as noted in the ABAS statement and elsewhere, the world's most climate vulnerable consistently struggle with access to the resources- financial and otherwise- necessary for climate adaptation, DRR and response and sustained investment in national systems.

Meeting the sustainable development priorities of SIDS and LDCs, while also building disaster and climate resilience, is a matter of survival and cannot be delayed.

II. ACTION AREAS: PROTECTING RESELIENCE GAINS AND ENABLING RISK-INFORMED DEVELOPMENT: The Case for an Early Warning and Early Action lens on the F4D action agenda and commitments of the Pact for the future

Crises impede development pathways and humanitarian responses are extremely costly for national budgets, be they in the affected countries or in an ODA donor country. Though international institutions may often be wedded to the idea of a humanitarian-development dichotomy, this is not how countries, governments or communities experience risks or crises. Indeed, when the numbers are examined, this is not even how international agencies financially support affected governments in the face of disaster. In one recent study, an incredible 74% of crisis financing was allocated by development actors - 50% of which came from the World Bank alone.[6]

Taking de-facto "risk-blind" approaches to development financing severely impedes and can even negate the positive impact of development policies and contributes to an institutional and funding environment that is ill-equipped to flex and respond to unavoidable crises. Through an early action lens - and with the benefit of advances in Early Warning Systems - there are many ways in which development actors, government or otherwise, can build-in flexibility to their

---

[5] https://estatements.unmeetings.org/estatements/30.0010/20240625150000000/PJDhTd0aLNe0/CrEkQbPqbT_en.pdf

[6] https://www.disasterprotection.org/blogs/crisis-funding-how-much-do-we-really-know

programming so that when a crisis appears on the horizon it is not an inevitability that the response will divert resources, time and attention from development efforts. Examples of this include crisis modifiers, anticipatory windows within existing fiscal and budgetary instruments and use of disaster risk finance tools. There is a growing recognition of the need for more risk-informed and shock responsive approaches to development funding and financing, most recently and explicitly stated by the World Bank in the outcomes from the Paris Summit on a New Global Financing Pact. The Bank announced an expanded toolkit for crisis preparedness, response, and recovery that includes: pausing debt repayments; redirecting financing; linking crisis preparedness and financing; backstopping development projects with private sector support; and building enhanced catastrophe insurance without debt.

Below, we provide a brief overview of the relevance of an EWEA lens for the relevant action areas of the Finance for Development Action Agenda.

a. Domestic public resources

For countries facing multiple risks and frequent crises, there is huge pressure on governments' ability to pay for prevention, risk reduction and crisis response. Crises, especially those at a large scale, can often have a substantial socio-economic impact, diverting money away from longer-term initiatives aimed at building resilience. For countries that are facing a regular cycle of crises, the capacity to invest in DRR, Resilience and indeed any of the basic functions of the state are severely compromised. By using an early action lens on the design of Resilience, CCA and DRM strategies and related financing, the capacity to monitor and act in advance of specific hazards that cannot be prevented or mitigated, can ensure that plans and finance are in place across the spectrum and in coherence with each other.[7]

b. Domestic and international private business and finance

As this is not an area of expertise for the Partnership, no analysis or recommendations will be submitted in relation to this Action Area by the REAP Secretariat.

c. International development cooperation

Acknowledging that existing funding arrangements fall short of responding to current and future impacts of climate change, and in line with the United Nations Framework Convention on Climate Change and the Paris Agreement, the Sendai Framework for Disaster Risk Reduction, and ultimately the 2030 Agenda for Sustainable Development, we share the view that we must take further action in the face of rising loss and damage from climate impacts, to protect lives, livelihoods and development gains, and help ensure the dignity and rights of those who endure the worst impacts of climate change. More money must be distributed to those most at risk to reduce, manage, respond to and recover from the impacts of disasters. We also need to become more effective with the funds that are at our disposal, ensuring comprehensive support before, during and after disasters. We commit to focus on how the allocation and use of finance can be improved to better support people and communities.

---

[7] PURSUING COHERENCE AND COMPLEMENTARITY: BUILDING RESILIENCE THROUGH FINANCING EARLY ACTION, G20 DRR WG GUIDANCE https://g20drrwg.preventionweb.net/media/88840/download?startDownload=20241016

As a 2023 input paper to the Loss and Damage Transitional Committee noted: "A coherent, coordinated, cross–cutting approach is needed at all levels. Loss and damage funding, like humanitarian funding, does not exist in a vacuum. An effective approach to loss and damage will require the fund and funding arrangements to coordinate effectively with other areas of international cooperation such as disaster risk management, climate mitigation and adaptation, development, humanitarian, and peace. "

Any Finance for Development policy and funding that does not account for this causal link runs the risk of not only being ineffective in its own objectives but undermining efforts on Adaptation, DRR and indeed Disaster Response. By taking an early action approach, we can identify the dynamic causal, interrelated and interdependent links across the siloes and value chain. This enables better understanding of where the interdependencies and co-benefits lie and therefore how investment in development can support disaster preparedness and response investments, and vice versa, while also ensuring that the capacity to act in anticipation of - or in response to - an unavoidable crisis is institutionalised across systems.

d. International trade as an engine for development

As this is not an area of expertise for the Partnership, no analysis or recommendations will be submitted in relation to this Action Area by the REAP Secretariat.

d. Debt and debt sustainability

When a country faces a disaster, it requires various forms of funding to address both the climate and debt crises. Funding needs can generally be categorized into three phases: immediate relief, medium-term recovery, and long-term resilience building. Insufficient support at any of these stages can adversely affect both the population and the economy, hinder future disaster preparedness, and lead to increasing debt cycles. Small Island Developing States (SIDS) especially require financial assistance throughout all three phases of post-disaster recovery to effectively prepare for, respond to, and recover from recurring climate shocks.

To date, existing debt relief measures have not sufficiently addressed these needs or helped countries restore their economies after disasters. Countries find themselves trapped in multilayered circles of debt- paying the debt for a previous crisis while bracing for another one, all while severely constrained in their ability to invest in national capacities that would ultimately reduce vulnerabilities such as infrastructure, social protection, health and education. [8]

The International Institute for Environment & Development (IIED) is proposing a Debt Sustainability Support Service (DSSS) for SIDS, which would seek to support efforts in this regard.

Aside from drastically increasing the amount of grant and concessional finance available, it is absolutely essential that more risk informed approaches to development finance are taken and

[8] https://www.iied.org/21606iied

where possible Banks consider how to make more financing ex ante or even anticipatory given the extreme expense and subsequent debt implications of slow, post shock instruments.

e. Addressing systemic issues

The scale-up of risk-informed early action approaches cannot be achieved through a project-funding approach. A number of systemic issues need to be addressed for this approach to be able to bear fruit and – in turn – an early action approach can then support and resolve other systemic issues:

- Artificial divisions between climate, development and humanitarian finance prevent better alignment and complementarity between actors and efforts within these areas of intervention;
- Overlapping and compounding hazards create complex crises that are difficult to manage without coherence, coordination and more integrated approaches between different actors;
- Debt and lack of liquidity strangles governments – particularly Small Island States – and prevents them from managing risk more proactively;

But as we start to adopt and integrate these approaches:

- Limited resources can be utilized more effectively;
- Risk-informed development reduces exposure to future risks;
- Partnerships and collaboration will increase, thereby strengthening collective resilience and social capital;
- Ownership of local and national actors is increased, along with capacity and capability;
- The Sustainable Development Goals become more achievable.

f. Science, technology, innovation and capacity building: Focus on Early Warning Systems as a driver for risk informed early action

One out of three people, mainly in least developed countries and small island developing states, lack access to adequate multi-hazard early warning systems. Early warning systems are urgently needed as climate change is causing more frequent and intense extreme weather events, resulting in widespread adverse impacts and related losses and damages to nature and people. Early warning systems are a proven, efficient, and cost-effective way to save lives and jobs, land and infrastructure, and support long-term sustainability. Launched in 2022 by United Nations Secretary-General, António Guterres,Early Warnings for All is a groundbreaking initiative to ensure that everyone on Earth is protected from hazardous weather, water, or climate events through life-saving early warning systems by the end of 2027.[9] The Early Warnings for All" initiative is closely linked to the Sustainable Development Goals (SDGs) and the UN's Finance for Development Agenda by promoting resilience and reducing vulnerability to disasters. Specifically, it supports Goal 13 (Climate Action) by enhancing climate risk management and adaptive capacity. By ensuring timely and effective warnings, it contributes to Goal 1 (No Poverty) and Goal 11 (Sustainable Cities and Communities), fostering safer environments. Furthermore, it aligns with the Finance for Development Agenda by advocating for increased investment in disaster risk reduction and preparedness, ultimately driving sustainable economic growth and development.

[9] https://www.un.org/en/climatechange/early-warnings-for-all

We are at a critical juncture in terms of ensuring that work to improve the coverage and quality of Early Warnings is integrated with longer term financing and planning. Indeed, many of the financial institutions and bilateral donors that are core funders for development activities are also core funders for Early Warning Systems. By ensuring that risk informed approaches are embedded in the 2024 Finance for Development processes and outcomes, important and unprecedented steps can be taken to create coherence.

III. Emerging Issues

The mainstreaming of risk-informed early action continues to gather momentum, the Finance for Development conference must take advantage and step up.

An ever-greater number of actors are engaged in the early warning early action agenda, including on policy development, investment, planning, and implementation. Thanks in large part to the greater diversity of actors contributing to improved awareness, understanding and collaborative action across the full value chain, approaches to the agenda are also becoming more sophisticated and nuanced. Most actors agree with and support calls for humanitarian, development and climate actors to work in closer harmony, across sectors and levels

Multiple UN agencies are already implementing these approaches including UNDP, UNICEF, UNOCHA, WFP and UNDRR. Indeed they have so embedded their commitment to early action that they sit on the Governing Board of the Risk Informed Early Action Partnership and are advocates and thought leaders at a global and regional level.

In recent years more and more countries are adopting government led early action approaches, often within the framework of their longer term programmes such as social protection. Huge numbers of countries are now engage in this area across multiple regions.

At a regional level, many intergovernmental organisations have developed early action strategies including African Union, Association of South East Asian Nations (ASEAN), the Pacific Islands Forum (PIFS) and the Inter- Governmental Authority on Develpment in East African (IGAD) and the Southern Africa Development Commuity (SADC).

REAP takes stock of this each year in its State of Play Reports which outline the breadth and depth of adoption of early action. [10]

IV. Data monitoring and follow up

The Finance for Development process would be able to draw on various existing efforts to monitor progress in this thematic area:

- The Centre for Disaster Protection is measuring progress on the levels of pre-arranged finance available internationally and produces an annual report: https://www.disasterprotection.org/publications-centre/the-state-of-pre-arranged-financing-for-disasters-2024.
- Getting Ahead of Disasters: A Charter on Finance for Managing Risks has secured commitments from its various endorsers and will seek to monitor progress and good practice when it comes to implementing the 5 principles of the Charter.

[10] https://www.early-action-reap.org/early-action-state-play-2023

- The Early Warnings for All initiative has developed a dashboard, which seeks to monitor data and progress relating to the capacity and maturity of early warning systems (and associated early action capabilities) at a national level.
- The Global Shield against Climate Risks led by the V20 and the InsuResilence Partnership in conjunction with the World Bank is monitoring the so called "protection gap" for disaster and climate vulnerable countries
- Development Banks are already starting to make significant moves towards more risk informed and even anticipatory approaches for example the World Bank's Crisis Response Toolkit and Famine Action Mechanism while Regional Development Banks are leading the field with programmes such as the African Risk Capacitiy
- Within the Early Warnings and Early Action communities, cross sectoral and cross organisational efforts are underway to better understand what the various disparate reporting and tracking processes are telling us about the state of play on resilience, preparedness and early action- looking at figures such as OECD ODA reporting, climate finance tracking and sectoral tracking so that we may see them as more than the sum of their parts and gain a picture of the extent to which the most vulnerable countries and people are covered, protected and served

REAP is engaged in all of these efforts and will aim to ensure they are connected and support the delivery of more effective early warning and early action interventions. REAP would like to play an active role in ensuring that all of these information and data is fed in to the SDG and FfD processes going forward.

V. Reflections and Recommendations

In line with the principles laid out by international actors including donors in the Getting Ahead of Disasters, which can be a ready and willing supporting instrument to the 2024 Finance for Development Action Agenda, the Elements Paper should:

1) Acknowledge the criticality of risk-informed, early action approaches underpinned by reliable and pre-arranged finance in reducing disaster risk, both building and protecting resilience and ensuring the efficient use of finite resources. In doing so, emphasize the need for coherent and coordinated finance across climate change adaptation, development, and disaster risk management, aiming to overcome silos and fragmentation.

2) Acknowledge the responsibility of development actors in not only reducing vulnerability but in building the systems necessary to provide timely, appropriate action to prevent and mitigate the impact of hazards so that they do not become crises.

3) Call for substantial increases in the arrangement of finance in advance of disasters to ensure faster, more reliable, and better-targeted support, explicitly reference the importance of linking various forms of finance to enhance preparedness, response, recovery, and reconstruction efforts.

4) Ensure that national systems that enable "money out" and the efficient delivery of both proactive and reactive assistance to vulnerable populations are both

strengthened and enabled to deliver risk-informed, ex-ante approaches to impending or likely crises. This includes but is not limited to Public Financial Management, Social Welfare Systems, Financial Systems, official DRM structures and capacities and other relevant departments such as Health, Education, Sanitation etc

5) Call for a comprehensive and coordinated effort to achieve these goals with – not in isolation but in support of existing frameworks and initiatives that seek to address specific issues related to climate adaptation, long term resilience building and humanitarian needs.