3. Disaster Risk Financing Report 2025 – Reports

The Economic Outlook for Southeast Asia, China and India- Enhancing Disaster Risk Financing report 2025 was released recently

Asia Economic Outlook – Disaster Risk Financing Perspective

About the Publication- The Asia Economic Outlook is a regular analytical publication focusing on Asia's regional economic growth, structural transformation, and development challenges.

Releasing Body- Organisation for Economic Co-operation and Development (OECD)

Primary Focus

1. Economic performance, policy trends, and development pathways of Association of Southeast Asian Nations (ASEAN) member countries
2. Interlinkages between macroeconomic stability, resilience, and sustainable development

Thematic Focus of This Edition- Strengthening Disaster Risk Financing (DRF) mechanisms in Emerging Asia, recognising disasters as a systemic macroeconomic risk rather than isolated shocks

1. Major Findings of the Outlook

Rising Frequency and Intensity of Disasters- Emerging Asian economies, comprising India, China, and ASEAN-11, face a sharp escalation in disaster risks. Over the last decade

1. Around 100 natural disasters annually
2. Affecting nearly 80 million people every year

Climate change, rapid urbanisation, environmental degradation, and population density act as risk multipliers, amplifying disaster impacts.

2. Region-Specific Disaster Profiles

Disaster risks vary significantly across geographies

India- Floods, landslides, and other hydrological hazards dominate non-storm floods contribute significantly to economic and human losses

Philippines and Vietnam- High exposure to tropical cyclones and storm surges

China and Indonesia- Elevated seismic and earthquake risks, compounded by urban concentration This diversity necessitates customised national and sub-national risk financing strategies, rather than one-size-fits-all solutions.

3. Economic Losses and GDP Impact

Between 1990 and 2024, India experienced average annual disaster-related losses of about 0.4% of GDP.

Such losses

1. Strain public finances
2. Divert development spending towards relief and reconstruction
3. Undermine long-term growth prospects

Recurrent disasters risk creating a "development trap", especially for lower-income and climate-vulnerable regions.

4. World Risk Index and India's Vulnerability

India ranks second only to the Philippines among Asian economies in the World Risk Index. The index measures disaster risk using the geometric mean of

1. Exposure- Population and assets at risk
2. Vulnerability - comprising Structural susceptibility (poverty, housing quality, infrastructure) Coping capacity (governance, early warning, health systems) Long-term adaptive capacity (education, climate adaptation, insurance penetration)

High population density combined with uneven coping capacity explains India's elevated risk ranking.

Disaster Risk Financing (DRF)- Policy Priorities- To strengthen disaster preparedness and fiscal resilience, the OECD identifies the following priorities

Improving Regulatory Frameworks and Institutional Capacity

1. Clear legal mandates for disaster finance
2. Strong coordination between central, state, and local governments

Broadening DRF Policy Instruments

1. Risk layering using budgetary reserves, insurance, reinsurance, catastrophe bonds, and contingent credit lines

Enhancing Disaster Risk Finance Literacy

1. Capacity building for policymakers, urban planners, and local administrations
2. Public awareness of insurance and risk-sharing mechanisms

Strengthening Regional and Multilateral Cooperation

1. Cross-border risk pooling
2. Knowledge sharing and coordinated early warning systems

Disaster Resilient Infrastructure (DRI)

Concept and Significance

Disaster Resilient Infrastructure (DRI) refers to infrastructure systems designed to

1. Withstand shocks
2. Adapt to evolving risks
3. Recover rapidly after disasters

Ensures continuity of essential services such as

1. Power supply
2. Water and sanitation
3. Transport and communication networks

With accelerating urbanisation and economic expansion, infrastructure resilience becomes a core pillar of national security and economic stability.

Coalition for Disaster Resilient Infrastructure (CDRI)- CDRI is a global multi-stakeholder partnership involving

1. National governments
2. UN agencies and programmes
3. Multilateral development banks
4. Private sector and academic institutions. Launched by India during the UN Climate Action Summit (2019) in New York

Membership- Over 50 countries and institutions

Secretariat- New Delhi

Objective

1. Promote global cooperation on resilient infrastructure
2. Integrate resilience into infrastructure planning, finance, and governance

Conclusion and Way Forward

Building disaster-resilient infrastructure and financing systems is a complex, multi-dimensional task requiring

1. Strategic planning
2. Technological innovation

3. Sustainable and diversified financing
4. Strong institutional coordination

For emerging Asian economies, disaster resilience is no longer a humanitarian concern alone but a macroeconomic and development imperative.

Countries must

1. Shift from reactive relief to anticipatory risk management
2. Embed resilience into growth strategies
3. Pursue collective regional and global approaches to withstand future shocks while ensuring sustainable and inclusive development

Source- https-//epaper.thehindu.com/ccidist-ws/th/th_international/issues/164706/OPS/G15FC5O01.1+GIGFD6H5D.1.html