

POLICY BRIEF

TRANSFORMING DEVELOPMENT TO MINIMISE RISK CREATION

*Building Resilience through
Risk-Informed
Development*



Despite the progress made towards achieving the Sustainable Development Goals (SDGs), recurring disasters caused by hazards such as floods, droughts, heatwaves, and other climate shocks are reversing development gains. Extreme events can destroy infrastructure, cause loss of life or livelihood, and disrupt a country's economy. Failing to consider systemic risk in development planning and insufficient financing for risk reduction measures in development budgets exacerbate the impacts of extreme events by leaving investments and exposed communities more vulnerable to the cascading adverse impacts.

When investment decisions fail to account for climate and disaster risks, they not only put the investments at risk of loss from disasters but could also lead to the creation of new disaster risks. According to the World Bank, every \$1 invested in making infrastructure disaster-resilient in developing countries saves \$4 in economic impacts. However, often less than 1% of public budgets are allocated to disaster risk reduction or other risk-reducing measures, which in most countries is only enough to meet 10 to 25% of the risk reduction needs.

Worldwide, risks are increasing in intensity and frequency due to climate change. Pakistan is ranked as one of the most vulnerable countries to climate change according to the [Climate Risk Index 2025](#). The 2022 floods alone caused damages of around USD 15 billion with an additional USD 16 billion estimated for reconstruction. It affected more than 33 million people, with 1700 fatalities and around 8 million people internally displaced ([CRI 2025](#)). This shows how a single extreme event can reverse years of development progress, having serious impacts on long-term food security, livelihood opportunities, health systems and social stability. In 2025, Pakistan was again hit by a major flooding event, which illustrated how development decisions such as unregulated urban expansion, encroachment on riverbanks, and construction in flood-prone areas intensify the disaster impacts. Enforcing land-use regulations, and strengthening institutional capacities towards risk-informed planning and decision making are urgent priorities to safeguard lives, protect livelihoods and investments, and build long-term resilience.

KEY MESSAGES

01

Hazards, such as floods or droughts, can be natural but disasters are not. Risk-informed decisions can have a positive impact in preventing a hazard from turning into a disaster or in minimising the impacts of disasters.

02

A systemic risk approach is crucial to understand the multi-dimensional impacts of any development. It helps to integrate current and emerging disaster and climate risks into decision making and limit the creation of new and additional risks.

03

Risk-informed development is essential to safeguard development progress and protect lives and livelihoods. By embedding risk considerations into development planning, Pakistan can transition from reactive response to proactive investments in disaster risk reduction.

04

Dedicated budget allocations for disaster preparedness and climate change adaptation will protect vulnerable communities from extreme events and help prevent climate-induced poverty.

KEY CHALLENGES

Recurring extreme events and their devastating impacts over the years highlight critical gaps in governance, revealing how weak enforcement of land-use policies and infrastructure planning, unsustainable use of natural resources and inadequate financial resources for risk prevention and disaster preparedness aggravate risks and disaster impacts. Insufficient risk governance can also result in heightened vulnerability and exposure of communities due to the settlement and infrastructure developments in risk-prone areas, potentially leading to additional risks. Oftentimes, the coping capacity of communities is reduced by the limited access to financial compensation or cash transfers, crop and livestock insurance, lack of income protection, and exclusion of more vulnerable groups such as women and persons with disabilities. This can transform a single disaster into a long-term development crisis.

DATA AND GOVERNANCE GAP

Limited use of disaster and climate risk data in development planning impedes evidence-based decision-making, whereas fragmented institutional mandates and weak enforcement of land-use policies hinder sustainable and resilient development.

FINANCING GAP

Climate-induced disasters cause billions in economic losses annually, damaging infrastructure and straining the national economy. Lack of dedicated budget allocations for DRR, climate change adaptation and adaptive social protection mechanisms prevent long-term resilience investments.

POLICY RECOMMENDATIONS



Cross-sectoral systemic risk mapping, linking climate, natural resource management, and socio-economic vulnerabilities, will guide land-use and sectoral planning and facilitate risk-informed decision-making.



Mainstreaming disaster and climate risk considerations into land-use policies and their implementation will restrict development in high-risk areas (floodplains, drought-prone zones) and mitigate the cascading impacts of natural hazards on socio-economic development.



Strengthening national and sub-national coordination among stakeholders across sectors including agriculture, water, health, and infrastructure is critical in identifying and managing the systemic risks to ensure sustainable development.



A dedicated annual budget allocation towards disaster preparedness and climate change adaptation, in line with Pakistan's NDC 3.0, can help protect long-term development gains and prevent climate-induced poverty.



A whole-of-society approach, including governments, the private sector, civil society, academia, and local communities, can play a meaningful role in promoting innovation to close the technical and financial gaps in advancing resilient development.



Awareness-raising campaigns and capacity-development programmes for communities, policymakers, and practitioners are crucial to mainstreaming risk considerations into development planning and implementing DRR strategies.

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