

Fiscal Tools to Manage Climate-Induced Disaster Risk

A Research Network Project

RG-T4166

Summary

Most Latin American and Caribbean (LAC) countries are exposed to natural disasters and climate variability, including slow-onset as well as extreme weather events. Current tools like macro-fiscal analysis provide limited insight into how these effects are distributed, which is key to answering policy questions such as: Who bears the costs of disasters? How should adaptation investments be prioritized? How can cost-sharing be implemented effectively?

To complement the IDB's ongoing initiatives supporting LAC countries' efforts to enhance climate resilience—including the recently launched Ready and Resilient Americas program—we will prioritize research that equips scholars and policymakers with datasets, evidence-based insights, and practical tools. These resources should support the development and implementation of fiscal strategies aimed at advancing climate adaptation and disaster response while aligning with national priorities and equity objectives.

This Call for Research Proposals seeks to address existing data and analytical gaps to enhance understanding of how fiscal tools can be leveraged to manage climate risks at micro and local levels. Funding will be provided to support research that: (1) advances knowledge of the distribution of climate and disaster risks; (2) examines the relationship between these risks and fiscal variables; (3) identifies and evaluates fiscal instruments for risk management, with consideration of their effectiveness, equity, and practical trade-offs across different communities; and (4) strengthens operational implementation.