



Food and Agriculture Organization
of the United Nations

OVERVIEW OF FINANCING LANDSCAPE

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Tunis, 15 December 2022

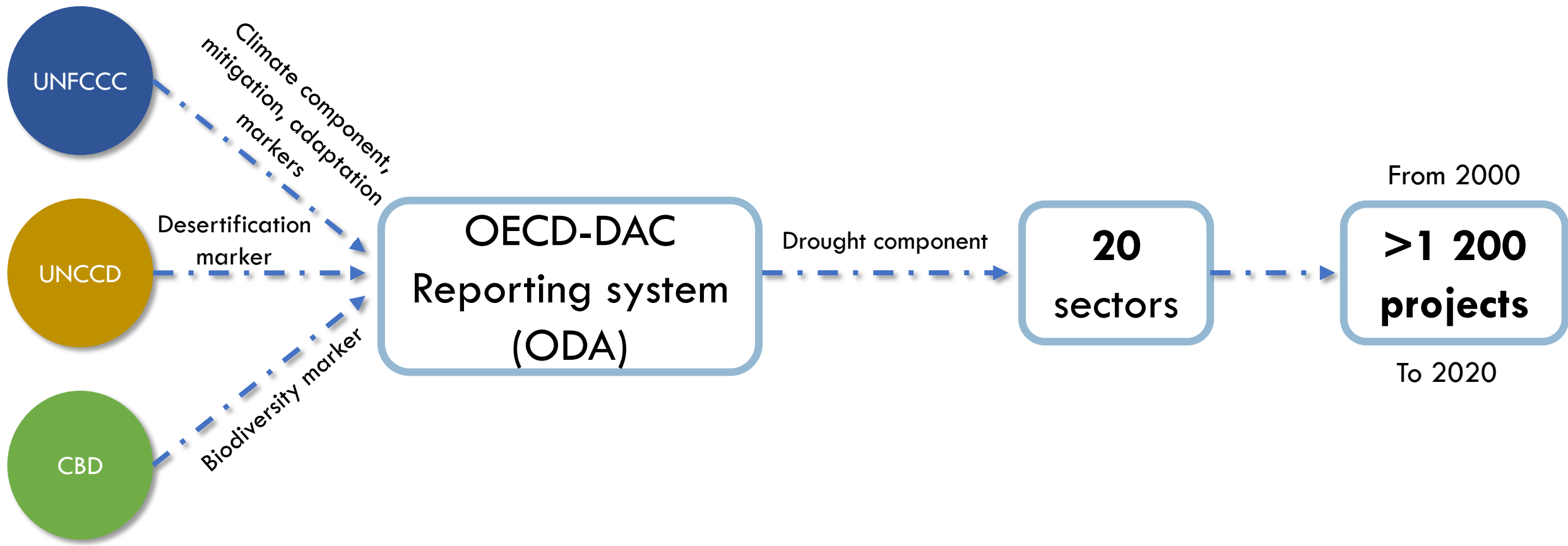
Regional gathering
Tunis, 12 – 16 December 2022



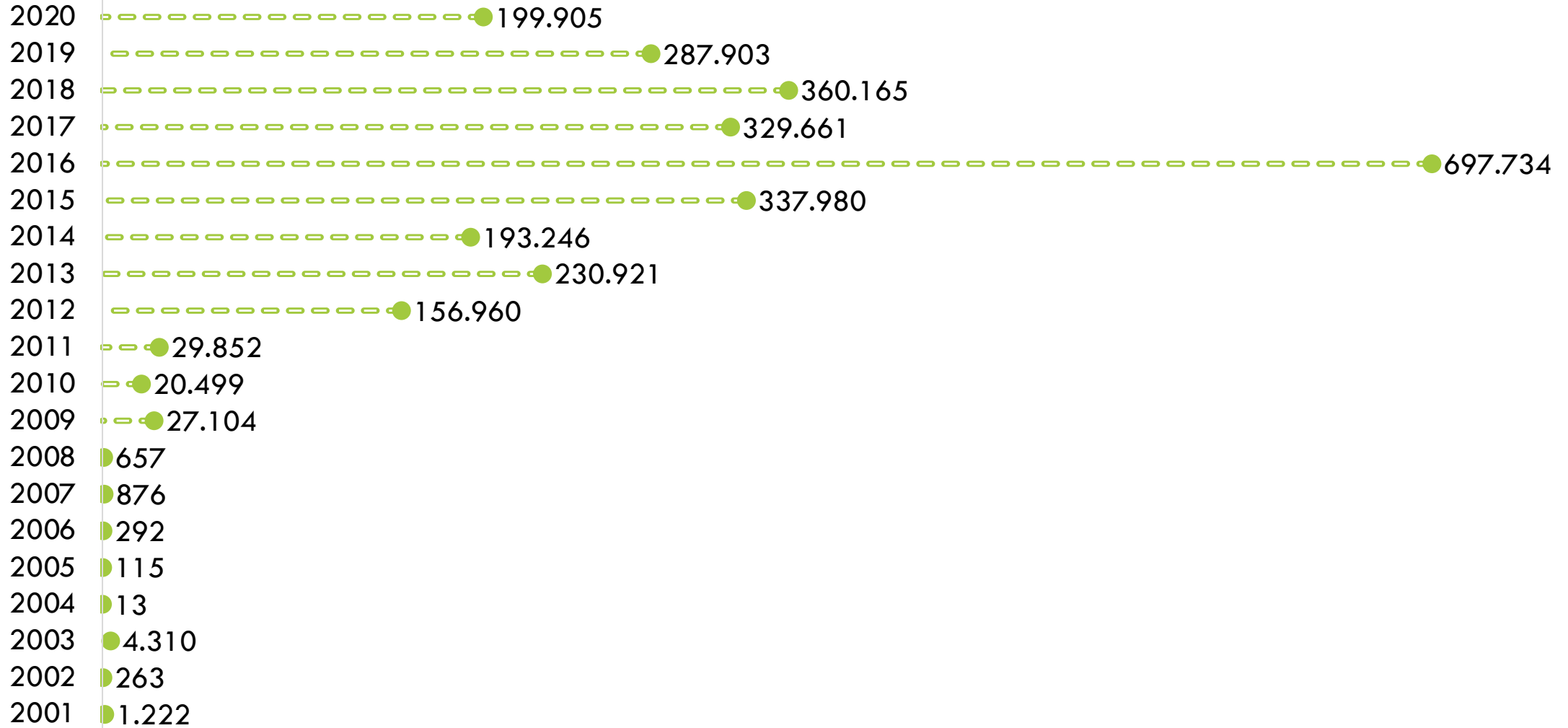
ITALIAN AGENCY
FOR DEVELOPMENT
COOPERATION



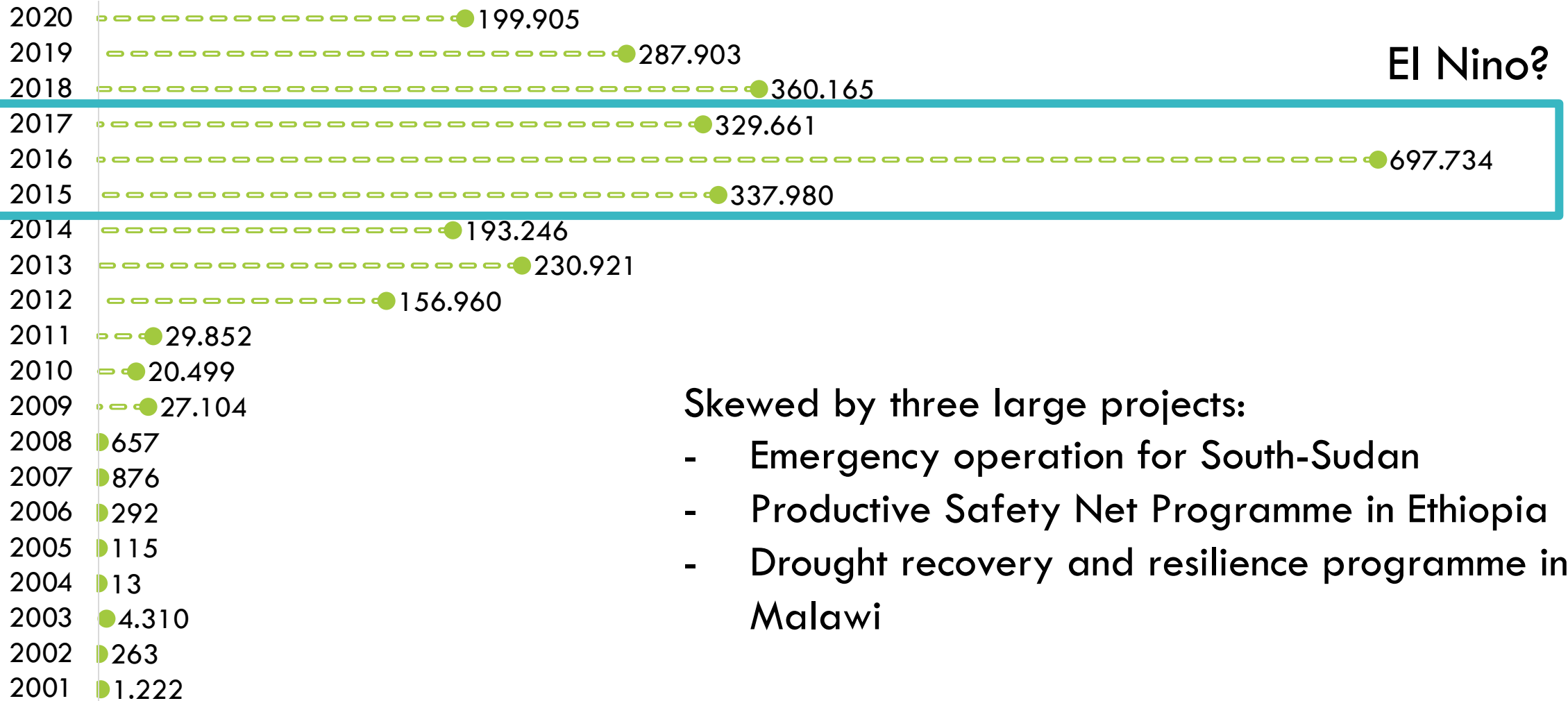
THE SOURCE OF STATISTICS



Annual drought finance flow (1k USD)



Annual drought finance flow (1k USD)



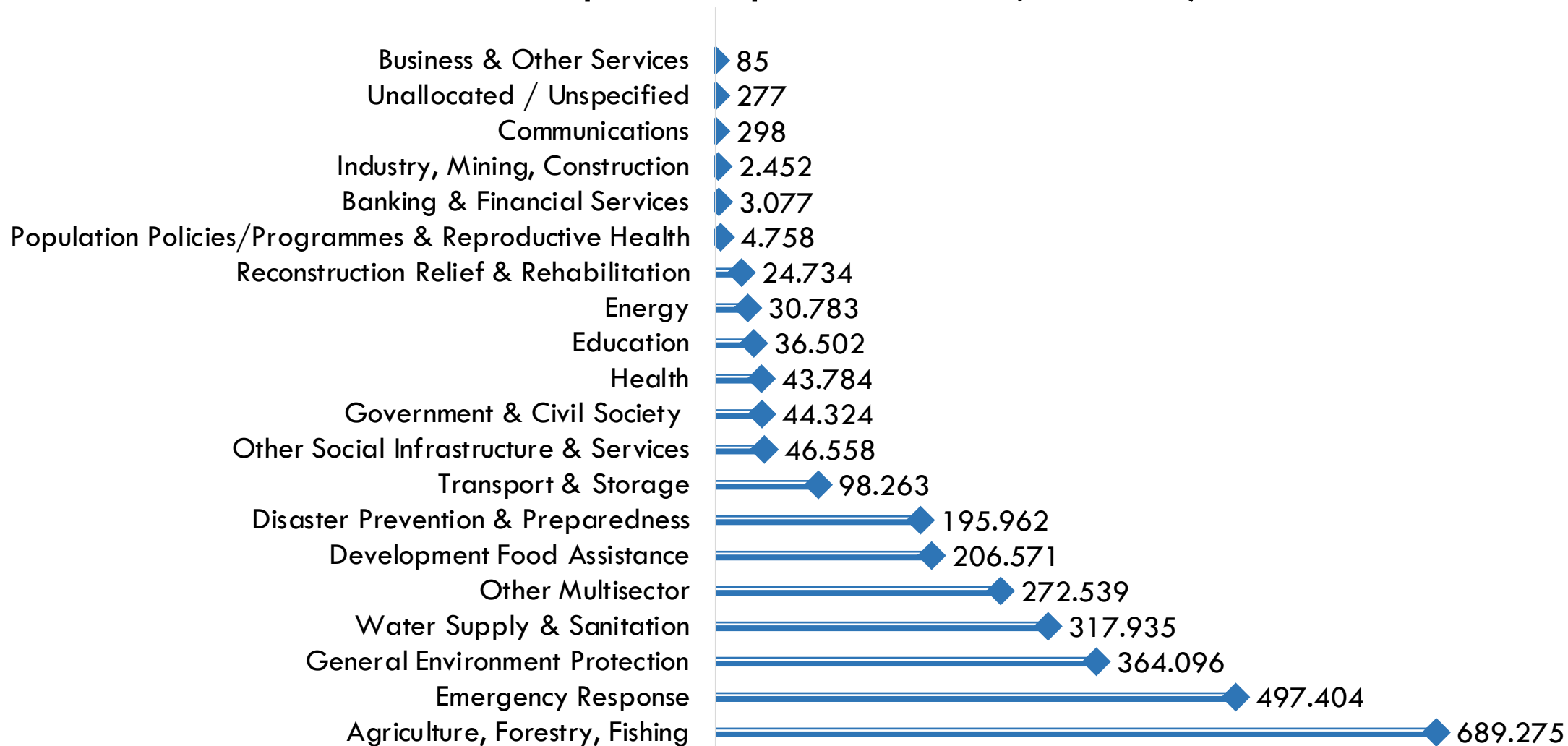
Skewed by three large projects:

- Emergency operation for South-Sudan
- Productive Safety Net Programme in Ethiopia
- Drought recovery and resilience programme in Malawi

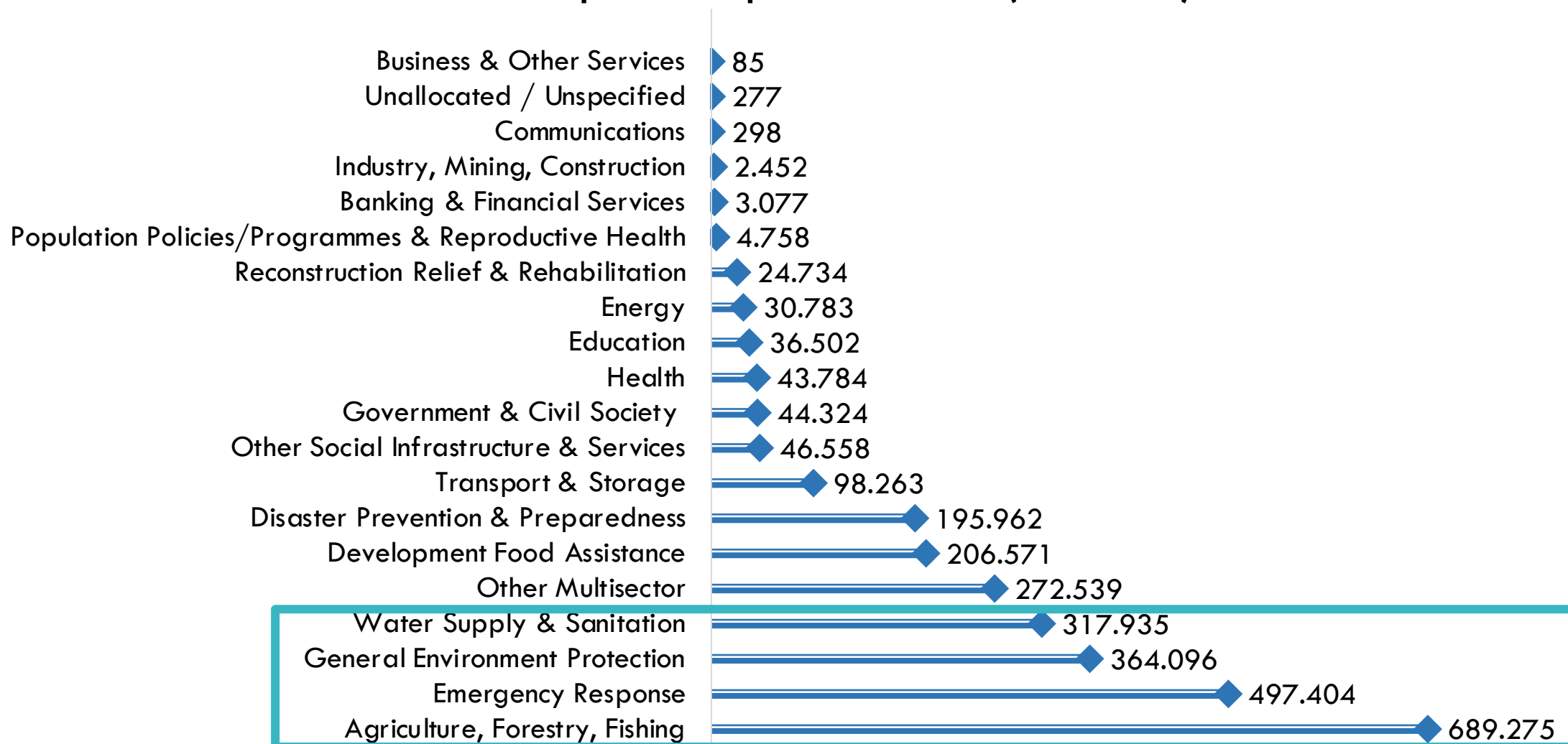


**WOULD THESE PROJECTS BE
FINANCED WITHOUT EMERGENCY
SITUATION?**

Distribution per recipient sector (1k USD)



Distribution per recipient sector (1k USD)





WHY THESE SECTORS?



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Water supply and sanitation

freshwater
ecosystem, livelihood
development and
resilience are
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General environmental protection

healthy ecosystem is the
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Emergency response

implementation of
integrated drought
management is
incomplete, and not
all drought impacts
can be mitigated or
eliminated



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Water supply and sanitation

freshwater ecosystem, livelihood development and resilience are interconnected



General environmental protection

healthy ecosystem is the pre-condition of resilience-building



Emergency response

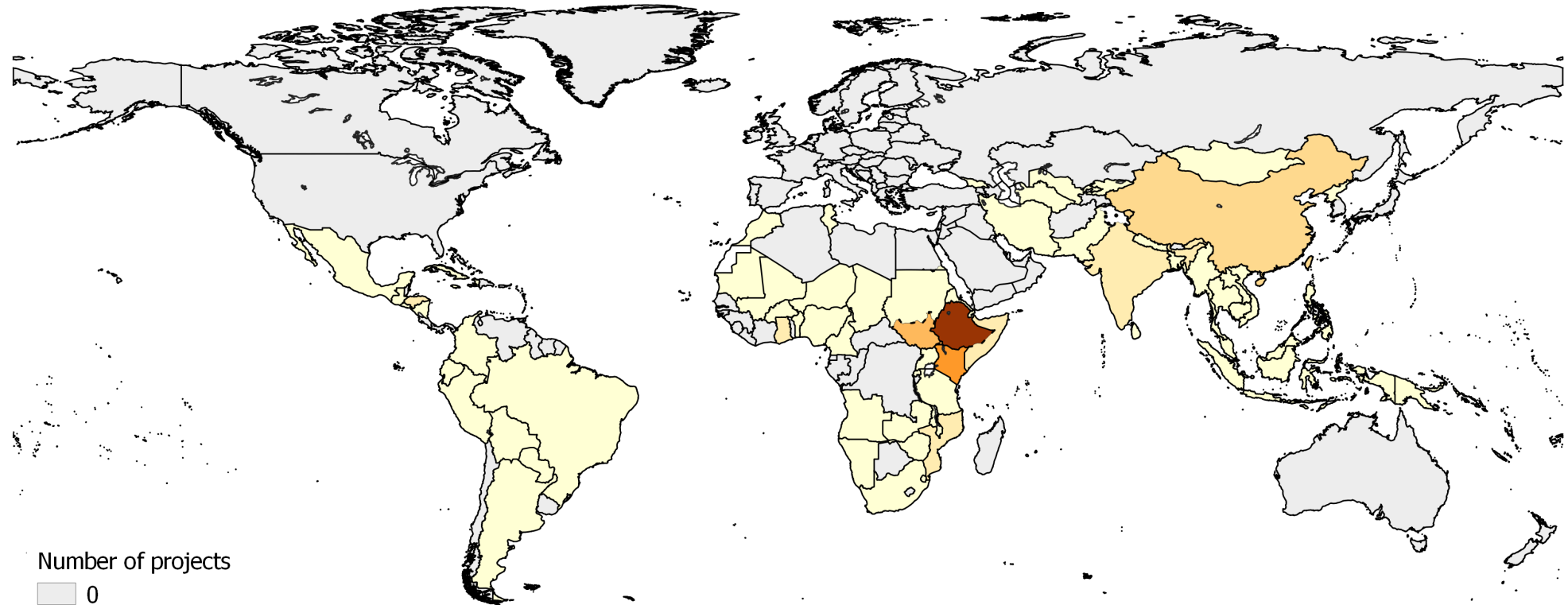
implementation of integrated drought management is incomplete, and not all drought impacts can be mitigated or eliminated



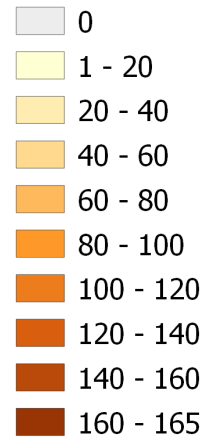
Agriculture, fishery, forestry

agricultural sectors sustains 80% of the adverse impacts of drought

Number of single-country projects



Number of projects



United Nations Geospatial. 2020. Map geodata [shapefiles]. New York, USA, United Nations, modified by the author.

Dashed lines on maps represent approximate border lines for which there may not yet be full agreement. Dotted line represents approximately the Line of Control in Jammu and Kashmir agreed upon by India and Pakistan. The final status of Jammu and Kashmir has not yet been agreed upon by the parties. Final boundary between the Sudan and South Sudan has not yet been determined. Final status of the Abyei area is not yet determined. A dispute exists between the Governments of Argentina and the United Kingdom of Great Britain and Northern Ireland concerning sovereignty over the Falkland Islands (Malvinas).



GEOGRAPHICAL DISTRIBUTION



50 percent of recorded drought events



GEOGRAPHICAL DISTRIBUTION



70 percent of affected population



KEY MESSAGES

Paradigm shift: re-balance financing for resilience and emergency

No-regret strategy: prove the financial feasibility with co-benefits

Reporting system: establish more rigorous and overarching reporting



THE PROBLEM OF FINANCING STRUCTURE

- grant
- equity, debt

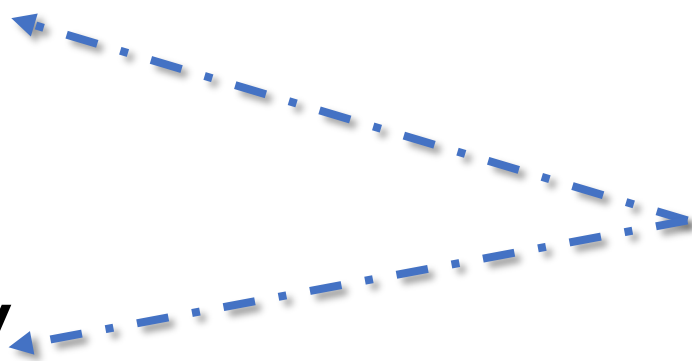




**Grant is not a
financial instrument**

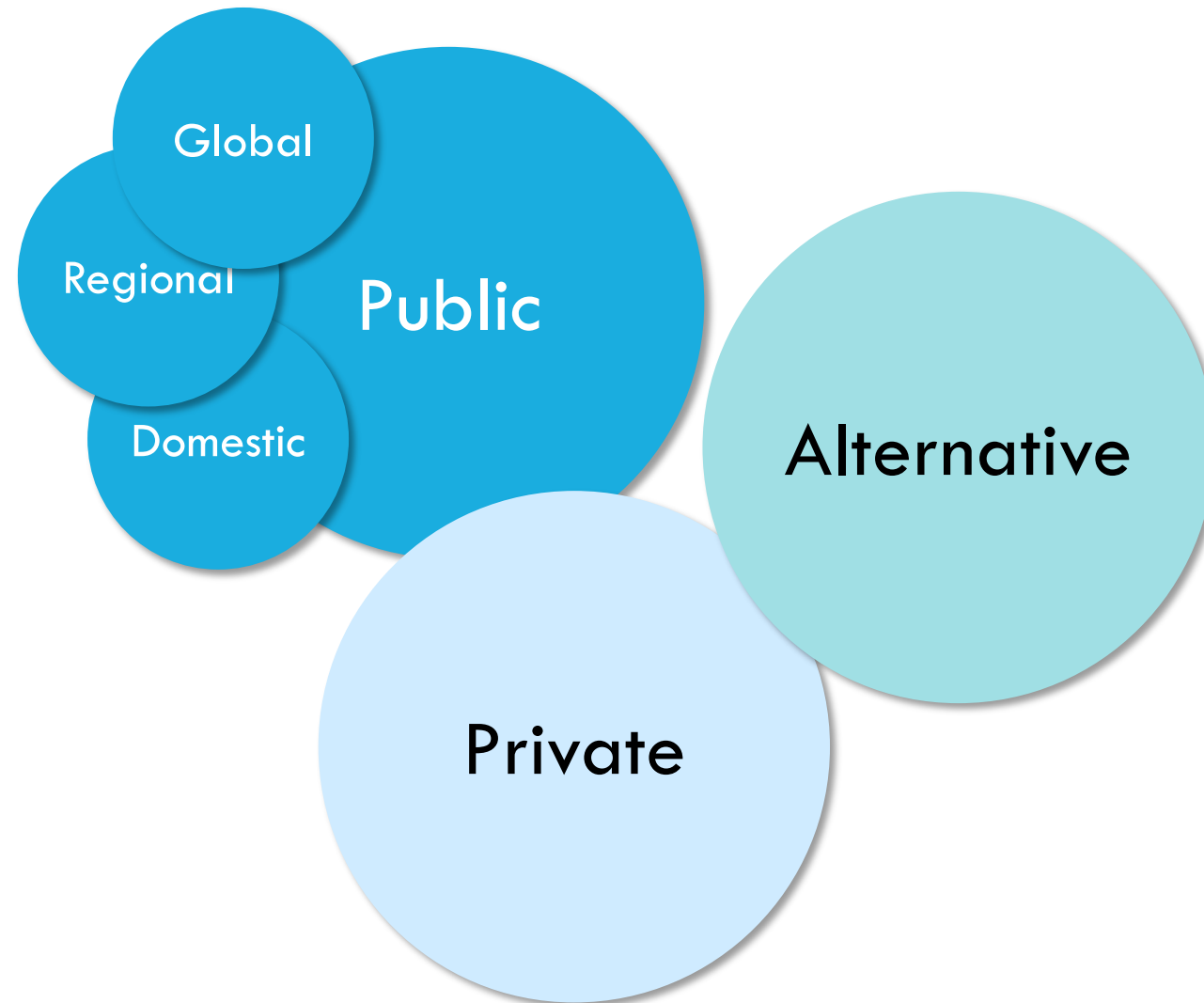
**Financing depends merely
on public sources**

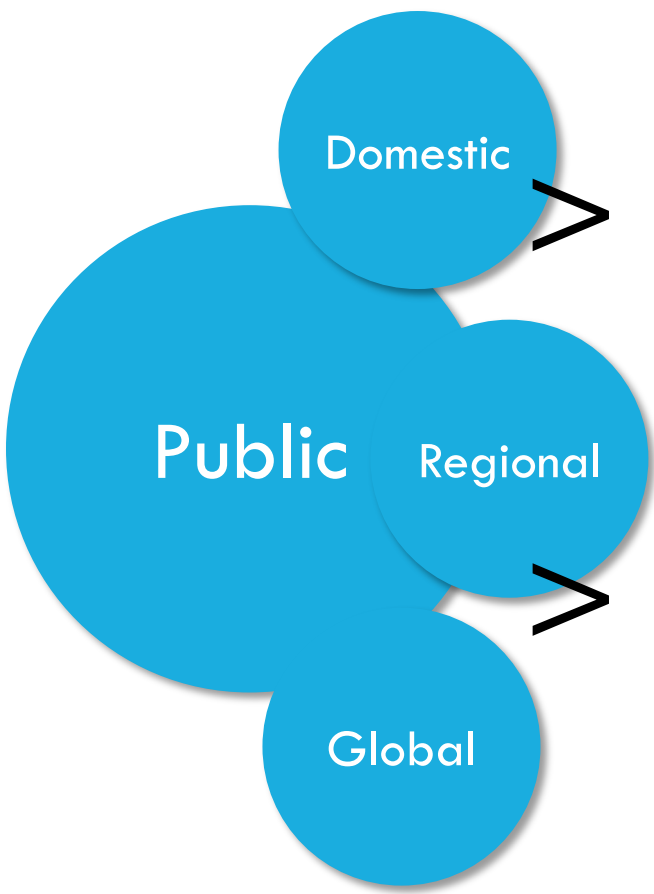
**WHY IS THIS
A PROBLEM?**



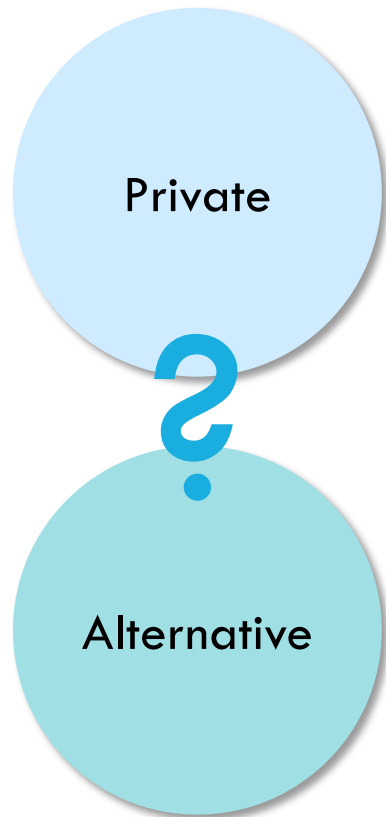


SOURCE OF FINANCING





- Unmonitored
 - Impacts unknown
 - National standards
 - i.e. national tax system
-
- Monitored
 - Impacts measured
 - International standards
 - i.e. regional development banks (AfDB, ADB etc.)
-
- Monitored
 - Impacts measured
 - Lead of international standards
 - i.e. multilateral funds (WB, climate funds etc.)



PRIVATE SECTOR IS REQUIRED TO FILL THE FINANCING GAP, but

- not present in drought risk financing;
- shortcomings of enabling environment;
- lack of convincing business cases;
- no entry point to the market;
- information asymmetry;
- poor financial inclusion of beneficiaries.



KEY MESSAGES

Diversification of financial sources: harmonize and programme domestic, regional, global and private sources

Private sector inclusion: create enabling environment to make drought risk financing appealing for private sector



THANK YOU FOR THE ATTENTION