



Food and Agriculture  
Organization of the  
United Nations



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**CONFERENCE**

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## UN 2023 Water Conference Side Event

*The Drought-Fragility-Finance-nexus: Managing drought risk and overcome conditions of fragility*

22 March, 15.30-16.45, UNHQ

### Organized by:

- Government of Mali
- Government of Niger
- Government of Tunisia
- Food and Agriculture Organization of the United Nations (FAO)
- World Food Programme (WFP)
- United Nations Convention to Combat Desertification (UNCCD)

### Background:

Drought is both a significant water risk and a driver of further risks. Countries undergoing conditions of fragility, in particular, lack the technical capacity and the enabling institutions required to efficiently manage water resources, thus are more severely impacted by water risks, including drought. National drought plans outline roadmaps to guide the transition from reactive to proactive risk management through policy measures. Nevertheless, the importance of financial instruments is often overlooked. In line with the proposed objective, the event took stock of the financial risks of investment in integrated drought management and proposed strategies for managing such risks in fragility-affected areas. By bringing together global and national actors with experience in drought management and risk financing, case studies of fragile countries were shared and innovative financial instruments taken from global case studies were presented. As a result, a common understanding was established, and a positive collaboration was launched to address barriers in fragile contexts and foster the enablement of effective drought financing mechanisms.

### Water Action Agenda:

The event proposed a commitment to the Water Action Agenda to create a global collaborative platform for a continued coordination of sustainable drought financing in fragile contexts. The platform is set to track the deployed financing for integrated drought management in member countries, provide guidelines for socially and environmentally acceptable financing, conduct

country- and context-specific analysis of the business environment, collect business cases for bankable projects, and organize multi-stakeholder dialogues for facilitated private sector inclusion.

(Link to commitment in the [Water Action Agenda database](https://sdgs.un.org/partnerships/enabling-implementation-national-drought-plans-and-supporting-access-finance):

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**Key issues discussed (5- 8 bullet points):**

- Drought financing: challenges and potential instruments. The case of Tunisia
- Drought financing: challenges and potential instruments. The case of Mali
- Drought financing: challenges and potential instruments. The case of Niger
- The drought financial landscape for addressing drought risks
- Multi-level partnerships for effective drought financing at scale
- Drought financial tools for rural livelihoods and sustainable development. Case studies

**Key recommendations for action (5 - 6 bullet points)**

- Policy measures included in the National Drought Plans promote a paradigm shift from reactive to proactive approaches. **Adequate financial resources to address drought risks are required to strengthen the transition at country level**
- The scale of financial efforts exceeds the capacity of national budgets, and the role of private sector is crucial to complement public finance. **Timely and context-tailored measures are required to reduce the risk profile of drought-prone areas, and attract investment for drought risk mitigation**
- In fragile contexts, recognized barriers to financial access, such as inadequate legislative frameworks, poor enforcement mechanisms, uncertain land tenure rights and higher inaccessibility of remote areas, are heightened. **Stronger partnerships between the public and private sectors are needed to identify existing gaps and constraints, and introduce effective financial instruments**
- Significant knowledge gaps exist on the financial landscape for drought risk management. **The dissemination of information and establishment of exchange platforms is crucial to address such gaps and unleash the potential of drought financing to enhance resilience**
- Innovative financial instruments have been pioneered across the world and have promoted different successful cases. **Building on the most positive experiences is fundamental to showcase the importance of proactive solutions for drought management and develop reference approaches for drought financing.**