



Food and Agriculture
Organization of the
United Nations

The FAO Drought Finance Tracker

Background

Drought is the most harmful natural hazard. Across all regions, its impacts affect the highest number of people and span across all sectors, with devastating consequences on human beings, the environment, and economies. Drought is a “silent” phenomenon, a slowly-onsetting disaster spreading over time and beyond national boundaries, whose development and long-term outcomes are highly unpredictable and difficult to anticipate.

Agriculture shoulders a significant portion of the burden, particularly in developing nations where it emerges as the most vulnerable sector. In these contexts, rural livelihoods absorb as much as 80 percent of the direct consequences of drought, with negative effects, among others, in terms of water accessibility, land suitability, crop production, and food security. On a global scale, with over 40 percent of the total population depending on agriculture for a living, it is estimated that drought jeopardizes the well-being of over 1.3 billion individuals.

Several renowned scientific bodies confirm the undeniable and unparalleled climate hazards, including drought, that the planet is currently confronting and will continue to face in the forthcoming decades. The intensity, frequency, and duration of drought events are increasing, while their geographical scope is likely to expand to different regions. Countries need to focus on preparedness to enhance their resilience through proactive approaches and avoid drought leading to famine. Mitigating drought risks is imperative to avoid setbacks on the development trajectory and irreversible impacts on ecosystems.



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Approach

As part of the Drought Initiative established by the United Nations Convention to Combat Desertification (UNCCD), FAO embarked on a comprehensive programme to tackle the multiple dimensions of drought and support countries' preparedness. The programme responds to the Organization's Strategic Framework and reflects on the Programme Priority Area for "Better Life" and "Resilient agri-food systems" calling for implementing measures to reduce vulnerability to socioeconomic and environmental stresses. The "Enabling Activities for Implementing UNCCD COP Drought Decisions" project, funded by the Global Environmental Facility and implemented in collaboration with UNCCD, the World Meteorological Organization, and other partners, recognizes the importance of holistic approaches for integrated drought management and drought risk reduction and aims at enhancing communities' resilience through global multidimensional interventions.

In the specific, the programme works through four components:

- **Intergovernmental Working Group on Drought** in support of the effective policy and implementation measures for addressing drought under the UNCCD
- **Drought Toolbox** in support of utilizing and upgrading the toolbox for planning and mitigation efforts
- **Capacity-building for the implementation of the national drought plans** in support of the development of national institutional frameworks
- **Drought vulnerability assessment and preparedness for mitigation measures** in support of the national capacities for drought vulnerability assessment, monitoring and reporting

Complementary to knowledge generation and in-country actions, the programme developed different digital tools and capacity-building activities to promote drought preparedness, including:

FAO Drought Portal, a global knowledge-sharing platform to support countries and stakeholders in enhancing drought resilience in agriculture and improving food security;

FAO Drought Finance Tracker, an innovative and user-friendly platform for the analysis of international drought finance flow and decision-making.



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The Drought Finance Tracker

Where the money goes: tracking financial flows

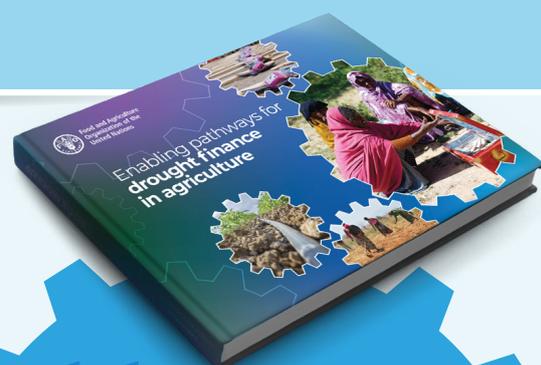
Assessing the status of drought finance is a challenging task due to the lack of a consistent, comprehensive, and dedicated reporting system. However, the Organisation for Economic Co-operation and Development (OECD) has monitored and registered official development assistance over the past two decades. Leveraging this database, the FAO has analyzed drought-related projects and developed a drought-specific database that serves as the foundation for the Drought Finance Tracker.

The FAO Drought Finance Tracker is a user-friendly and innovative platform hosted on the FAO Drought Portal that provides statistics and analyses on drought finance. It enables decision-makers to gain a global overview of finance trends, download and share financial flow statistics, and conduct advanced analyses of finance flows.

About the tracker database

The FAO Drought Finance Tracker is built on the data collected by the OECD Development Assistance Committee (OECD-DAC), covering the period 2000-2021¹. The database of OECD-DAC is screened for drought as an objective in the Rio-marker projects' results framework. Results can be filtered by region, country, year, budget, sector, instrument, and gender for statistical analysis.

- **Finance source:** the statistics rely on international public finance for developing countries, provided by bilateral and multilateral sources
- **Project perspective:** the projects are analysed from a "recipient" perspective, meaning that the projects are structured as per the recipient countries
- **Region/country:** regional projects are included only in the regional analysis and statistics, not in the country analysis, while regional projects are not included in the country analysis and statistics
- **Year:** the dataset spans from 2000 to 2021 and is routinely updated
- **Total budget:** the statistics on the allocated total budget can be expressed as nominal or present value (2021)
- **Sector:** the tool uses the OECD-DAC classification system designed to monitor aid flows, allowing the calculation of the proportion of each sector in the total aid
- **Financial instrument:** financial instruments are distinguished as grant or debt instruments
- **Gender:** OECD-DAC members use the gender equality policy marker (principal, significant, and not targeted) to indicate whether an aid activity targets gender equality as a policy objective



The current financial flows towards drought resilience are significantly lower than what is required. Even with efficient allocation of existing resources, the gap between available finance and the amount needed is still quite large

Enabling pathways for drought finance in agriculture

<http://www.fao.org/3/cc7453en/cc7453en.pdf>

¹ OECD. 2023. Climate-related development finance at the activity level recipient perspective (CRDF-RP), 2000/2021. <https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/climate-change.htm>

Some insights

Finance flows for drought management show an increasing trend

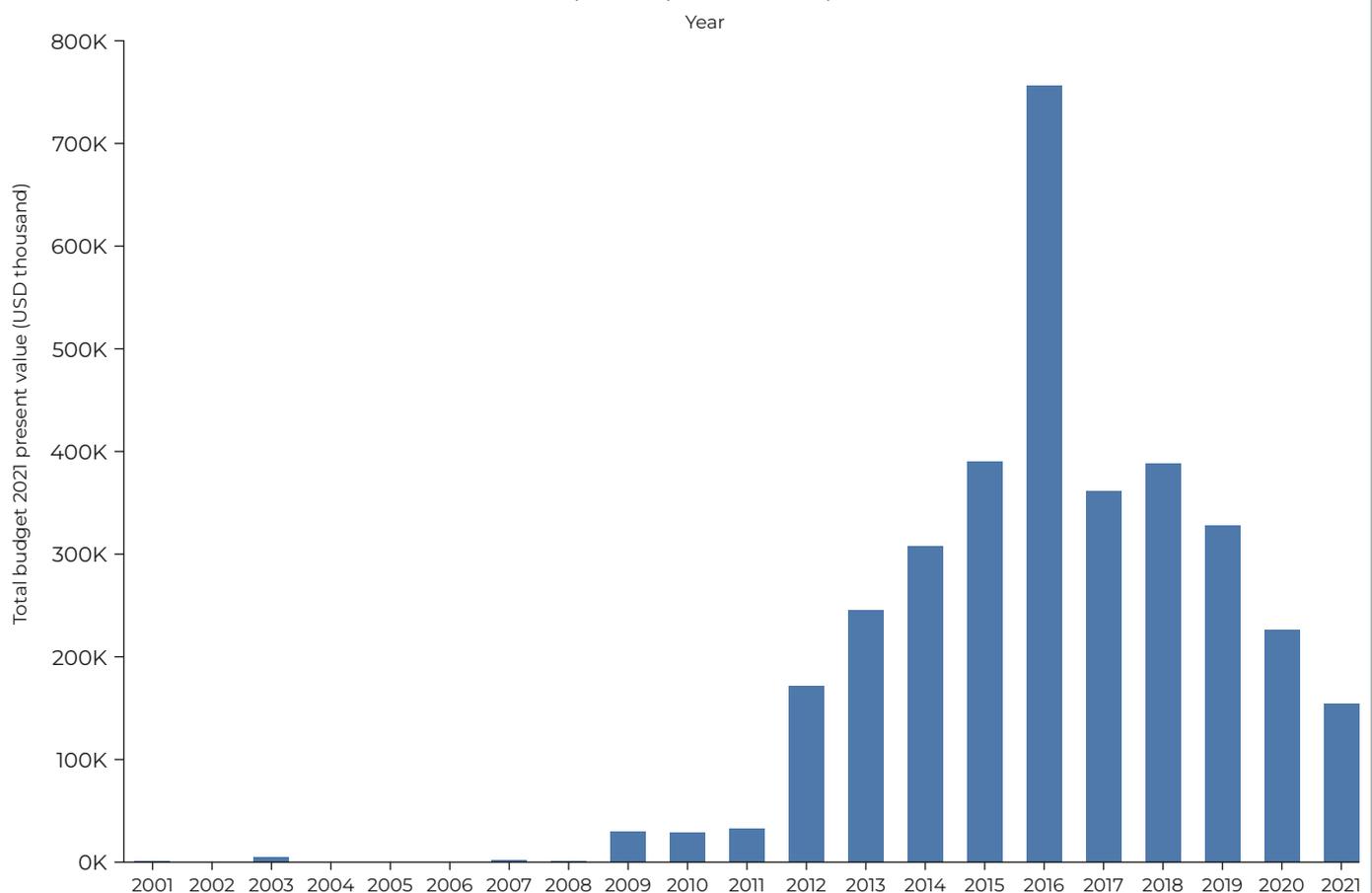
Between 2000-2020, annual finance flows for droughts grew steadily but unevenly. There are outstanding years such as 2016, when several, large-scale emergency programmes were deployed in response to multifaceted crises, such as the South Sudan emergency operation by the World Food Programme.

Other projects were implemented in response to the impact of the 2015-16 El Niño weather phenomenon, the most extensive of the century.



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Annual allocation of financial flows
(in 2021 present value)



Source: FAO Finance tracker. 2024. In *FAO Drought Portal*. <https://www.fao.org/in-action/drought-portal/en>

The distribution of fund allocation mirrors the degree of drought impacts on sectors

Globally, drought projects appear in almost all economic sectors, thus confirming its multisectoral nature and calling for combined, multipurpose solutions to serve the distinct objectives. Although agriculture is the most affected sector by drought, other sectors also suffer losses and require financial assistance to build resilience.

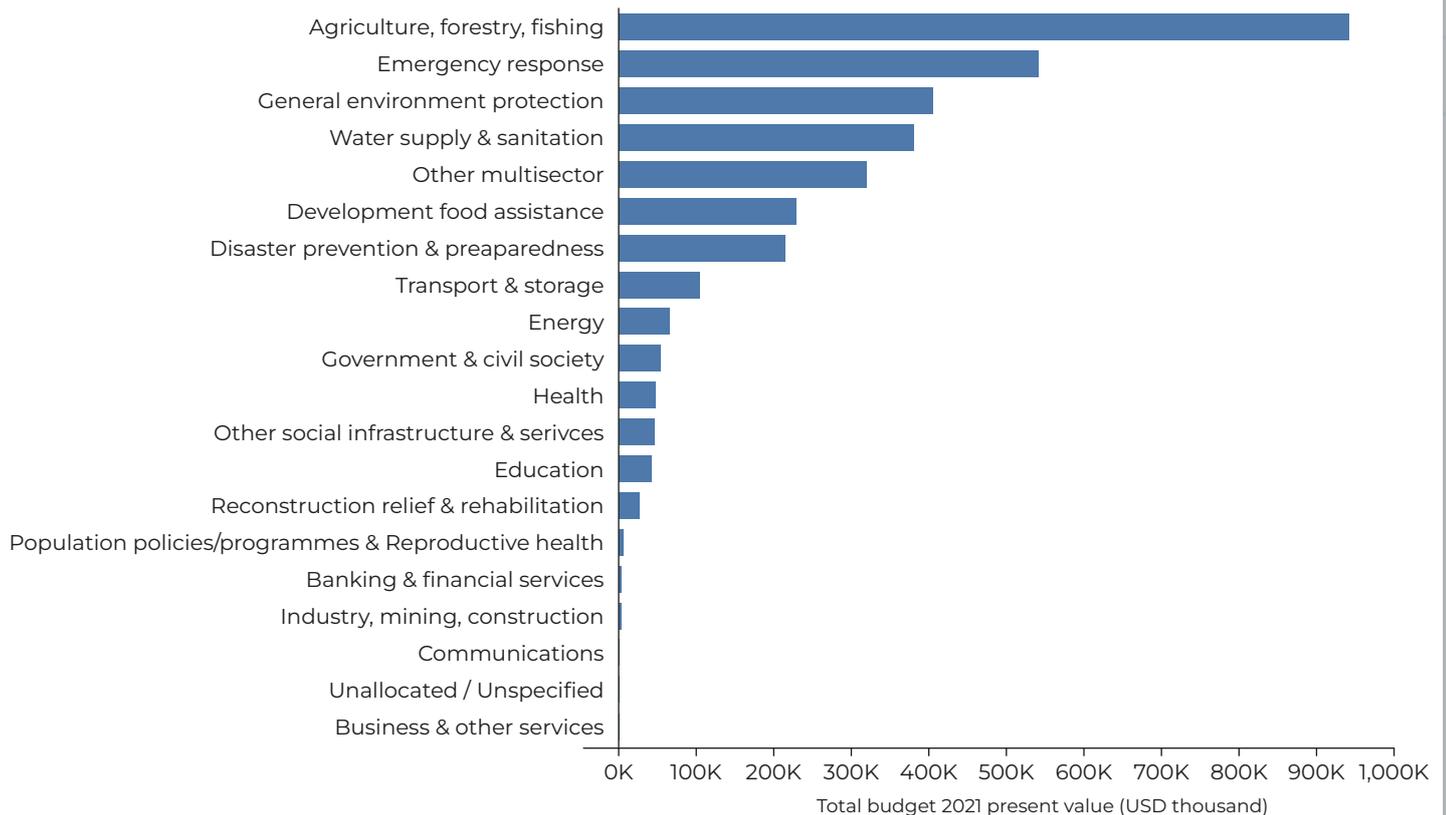
The types of interventions are widely varying, including process-based operations such as school meal programmes, capacity-building, disease prevention, or hard investments such as water supply development, early warning systems, or crop breeding. Drought resilience is either a primary objective or, in most instances, an additional measure to make investment drought-proof.

Associating drought resilience with development objectives is a common strategy to address multiple challenges and to ensure that the deployed investment is recovered.



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Annual allocation of financial flows per sector
(aggregated value 2000-2021, in 2021 present value)



Source: FAO Finance tracker. 2024. In FAO Drought Portal. <https://www.fao.org/in-action/drought-portal/en>

The geographical allocation is highly concentrated

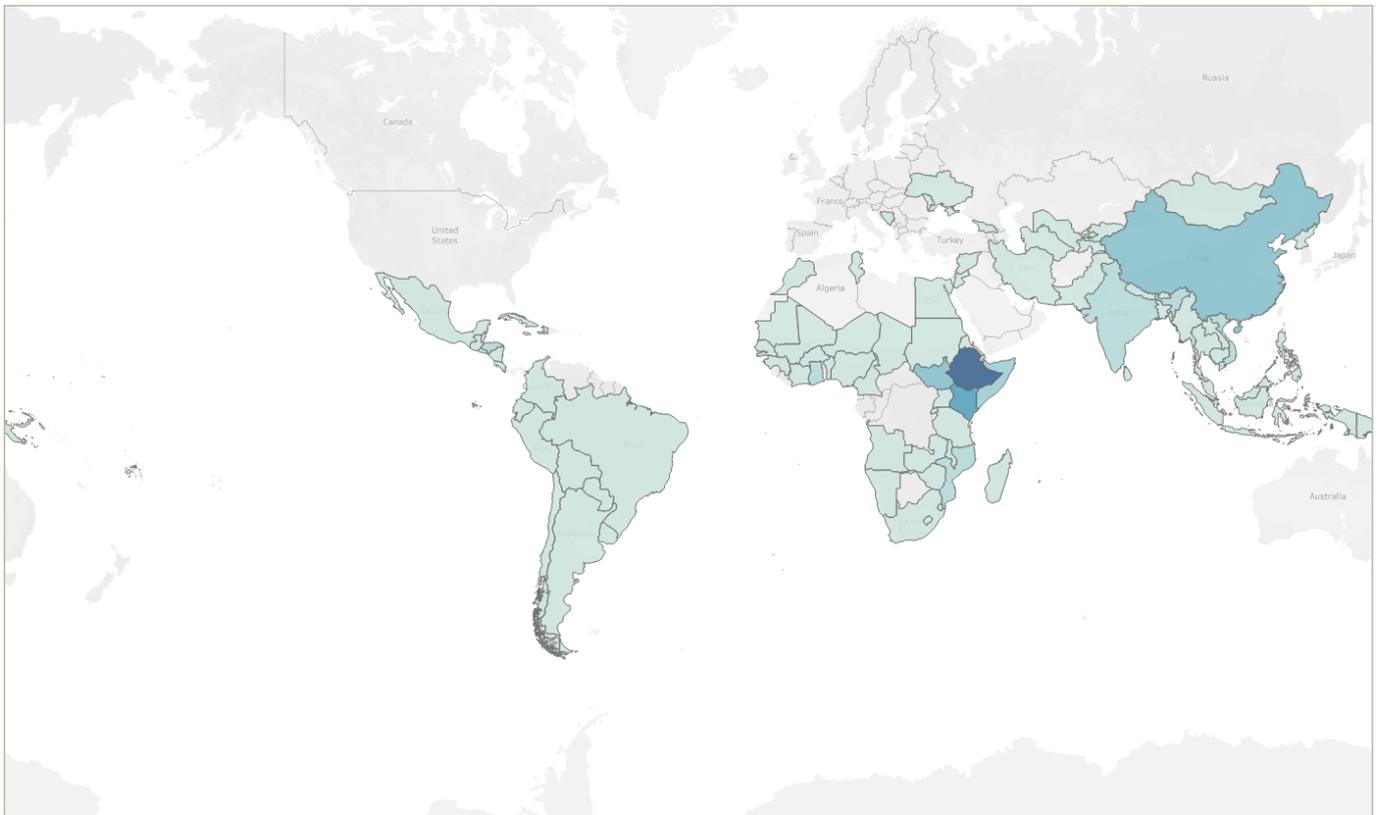
For what concerns the geographical distribution of investments, some parts of the world largely benefit from the major share of investments, while others lag.

The geographical distribution of drought projects is primarily concentrated in the Horn of Africa. Although almost half of the events are reported in Africa, while Asia shares 70 percent of the affected population. Such allocation, therefore, does not fully reflect the occurrence and intensity of drought events.



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Share of single-country projects



© 2024 Mapbox © OpenStreetMap

Share of projects (%)

0.13%

16.62%

The boundaries and names shown and the designations used on this map do not imply the expression of any opinion whatsoever on the part of FAO concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers and boundaries. Dashed lines on maps represents approximate border lines for which there may not yet be full agreement.

Dotted line represents approximately the Line of Control in Jammu 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.

The lack of gender focus is alarming

Recent finance trends reveal an alarming lack of focus on gender targeting. Women are particularly vulnerable to climate hazards and studies have shown that they are disproportionately impacted due to lower decision-making power, fewer productive resources, and barriers in the labor market.

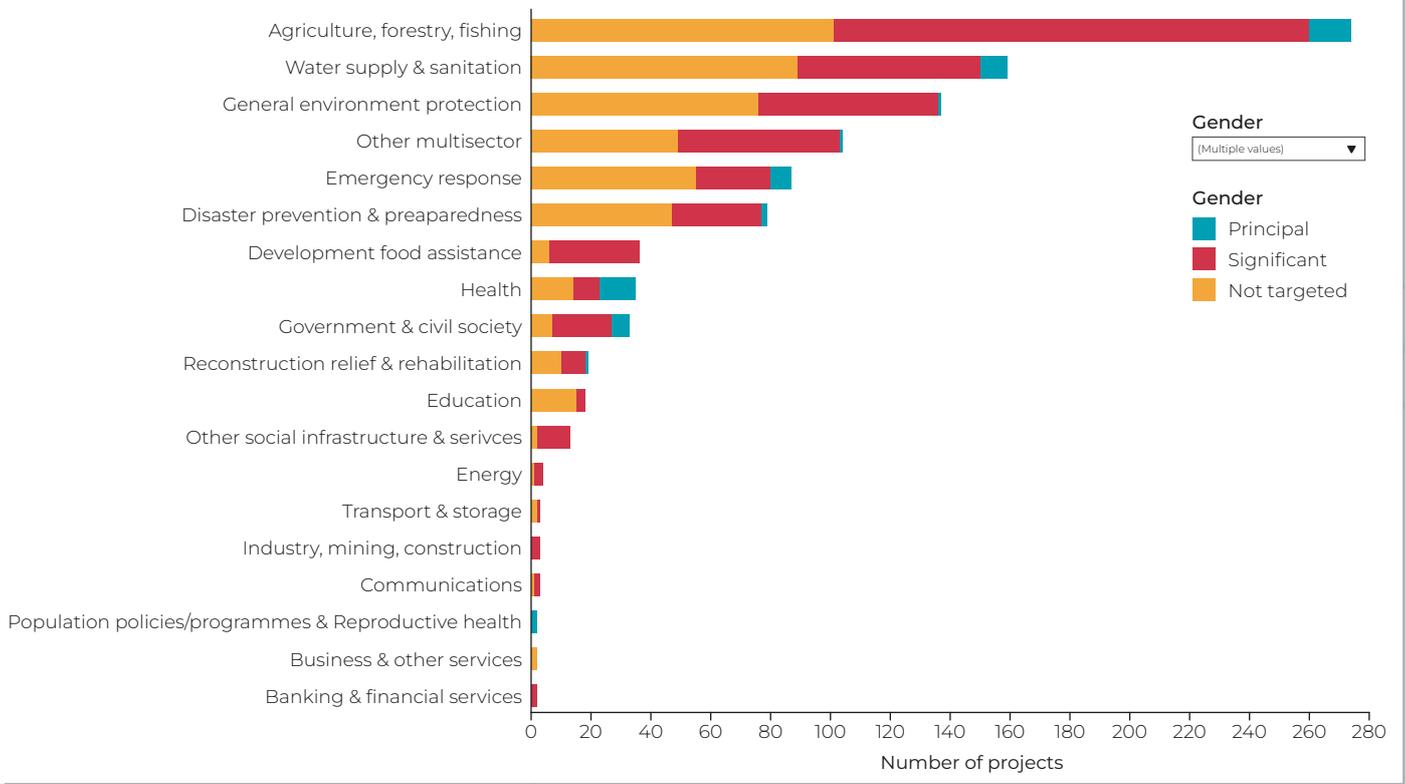
Shockingly, only a small percentage of global drought finance prioritizes gender issues as a principal objective, while most of the projects do not target gender at all.

This disparity highlights a significant imbalance in investment trends that must be addressed.



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Number of projects per gender objective per sector



Source: FAO Finance tracker. 2024. In FAO Drought Portal. <https://www.fao.org/in-action/drought-portal/en>



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Drought, which occurs in nearly all regions, has affected more people worldwide in the last 40 years than any other natural hazard. It is a complex natural phenomenon with varying levels of intensity, duration, spatial extent and impacts.

Supporting countries to shift to a proactive drought management approach is at the heart of FAO's Strategic Objective of increasing the resilience of livelihoods to threats and crises.

The overall goal of FAO's actions on drought is to develop the capacity of drought-prone countries to increase societal resilience and enhance their drought responses and recovery capabilities to reduce the impacts of future drought events.

Towards this objective, FAO is implementing the "Enabling Activities for Implementing UNCCD COP Drought Decisions" project to support countries in the enhancement and implementation of national drought plans, according to the principle of integrated drought management.

Find out more by scanning the QR codes below



SCAN ME

**FAO Drought
Portal**

<https://www.fao.org/in-action/drought-portal/en>



SCAN ME

**FAO Drought
Finance tracker**

<https://www.fao.org/in-action/drought-portal/drought-finance-tracker/en>



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