Concept Note

Plenary 2: Investing to Reduce Risk: Changing the way money is spent

Type of Event	☒ Plenary ☐ Thematic Session ☐ Working Session ☐ Learning Lab
Title of the Event	Investing to Reduce Risk: Changing the way money is spent
Relevant Conference Plenary	☐ Plenary 1: ☒ **Plenary 2: Investing to Reduce Risk: Changing the way money is spent** ☐ Plenary 3: ☐ Cross-Cutting Issue
Background and Rationale	The need to reduce disaster risks in Africa has grown increasingly urgent in recent years. Between 2015 and 2021, Africa sustained economic losses equivalent to 12.3 percent of its total GDP. The continent faces also a complex array of challenges, with climate change exacerbating the frequency and severity of climate-related disasters, coupled with growing socio-economic vulnerabilities, underlying problems of informal settlements, rapid urbanization and lack of regulated industrial activities, which are creating rather than reducing disaster risk. To counter these risk factors that threaten to undermine development gains across the region, it is crucial to rethink and reshape how financial resources are mobilized and allocated for disaster risk reduction (DRR) in Africa. Priority 3 of the Sendai Framework on investing in DRR calls for investments in DRR which are related to preventing the creation of new risk, reducing existing risk, and increasing resilience where risk cannot be completely reduced through specific and tailored financing strategies and instruments. This requires financing that is both resilient (risk-informed) and resilience (prevents and reduces exposure and vulnerability). Increasing investments across the economic, social, and environmental dimensions of sustainable development with a focus on preventing and reducing exposure to hazards and vulnerability, while ensuring these investments do not create new or exacerbate existing hazards. In line with the above, the United Nations General Assembly Political declaration of the high-level meeting on the midterm review of the Sendai Framework for Disaster Risk Reduction 2015–2030 has called for the promotion and the development of innovative instruments and tools to finance disaster risk reduction, such as resilience bonds, particularly in developing countries, to build resilience against current and future shocks and hazards. It also highlighted that while investments have increased globally in some areas of disaster-related financing, such as social protection, forecast-based financing, and risk transfer mechanisms including insurance, there are concerns that investments in disaster risk reduction and efforts to de-risk investments remain inadequate. In general, both public and private sector actors may lack awareness or a deep understanding of the importance of risk-informed investments. This holds true in particular in developing countries where market failure make it even more pronounced the alignment of investments decision making that is risk informed. In particular, the private sector in many African countries is often driven by short-term profit motives

	rather than long-term risk considerations, which can lead to underinvestment in resilience and risk reduction measures. Effective risk-informed investments require clear regulations as well as effective coordination and collaboration between multiple stakeholders, including governments, private companies, financial institutions, and civil society. Despite the various barriers to invest in reducing risks, innovative approaches and strategies for financing DRR are emerging in the African region. For example, innovative financing instruments such as risk pooling and insurance mechanisms are changing the landscape of disaster risk reduction in Africa, offering new ways to protect against the financial fallout of disasters. Further, there are also innovative financial protection mechanisms against climate risks, which are being considered as a transformative tool for building resilience in vulnerable communities as well as climate bonds to attract investment in climate-resilient infrastructure is also being explored, in particular for projects designed to withstand extreme weather events and rising sea levels. While these instruments can contribute to DRR by "putting a price on risk" and creating the right incentives they are still not comprehensive tools to finance the reduction of disaster risk in the region. Developing comprehensive DRR financing strategies, including the integration of DRR into national development planning and budgeting processes which include risk transfer solution as one item would be needed. In order for this to happen, there is a need to understand what tools can be used and how, taking into account good practices in aligning national financing with development priorities, including DRR. Therefore, there is a need to coordinate domestic, international, public, and private financial resources, as well as risk transfer mechanism process. This should help ensure that funds are effectively mobilized and utilized to achieve long-term resilience and sustainable development goals.
Session Objectives	The session aims to: • Highlight innovative financing mechanisms and strategic approaches that are transforming how Africa addresses disaster risk; • Showcase successful initiatives and share best practices, and inspire African nations to adopt and adapt these strategies to their unique contexts, ensuring that public and private investment in all sectors reduce rather than create risk for current and future generations; and • Ultimately, promote a shift in the financial landscape, where investing in risk reduction becomes a central component of sustainable development in Africa.
Expected Outcomes	Participants will be able to: • Highlight the severe impacts of disasters on economies in Africa and the possible financing instruments to build resilience provide solutions for transformative DRR financing; • Ensure that sustainability and resilience are seen as two sides of the same coin by integrating risk informed development in investment decision making; and • Increase understanding on the importance and the how to integrate disaster risk reduction in investment decision making in order to reorient financial flows and financing in support of building resilience.

Structure	• UNDRR SRSG setting the scene on DRR financing and investments in Africa • Discussions then guided by moderator, ensuring everyone on the panel gets equal opportunity to contribute • Questions from the floor
Moderator of the Session	Ms. Gina Bonne, Head of Climate Change, Disaster and Environment at the Indian Ocean Commission
List of Panellists	**Keynote speaker:** Mr. Kamal Kishore, Special Representative of the United Nations Secretary-General for Disaster Risk Reduction, UNDRR **Panellists:** • H.E. Rohey John-Manjang, Minister of the Environment, Climate Change and Natural Resources of The Gambia • Mr. Gabriel Pollen Phd, National Coordinator for Zambia's Disaster Management and Mitigation, Zambia • James Murombedzi, Chief of Climate Change Section at the Technology, Climate Change & Natural Resource Management Division, UNECA • Benedict Libanda, Chief Executive Officer, Environmental Investment Fund of Namibia
Reference Documents	• GAR Special Report 2023: Mapping resilience for the Sustainable Development Goals • The Report of the Midterm Review of the Implementation of the Sendai Framework for Disaster Risk Reduction 2015-2030 • Policy brief: Accelerating financing and de-risking investment • Multiple benefits of DRR investment • Budget tagging for Disaster Risk Reduction and Climate Change Adaptation: Guide for design and taxonomy • Tracking the money for climate adaptation and disaster risk reduction • Disaster Risk Reduction investment in Africa – Evidence from 16 risk-sensitive budget reviews • Designing a climate resilience classification framework to facilitate investment in climate resilience through capital markets • Political declaration of the high-level meeting on the midterm review of the Sendai Framework for Disaster Risk Reduction 2015–2030 • G20 Disaster Risk Reduction Working Group Meeting Outcome Document and Chair's Summary
Public narrative [For the website]	This plenary focuses on the third priority of the Sendai Framework, which calls for financial investments in disaster risk reduction that will help to prevent the creation of new risk, reduce existing risk, and increase resilience where risk cannot be completely reduced through specific and tailored financing strategies and instruments. The need to make these investments is pertinent across the African continent, as Africa's sustained economic losses due to disaster risks have only increased over time, while a complex array of financial and infrastructure-related challenges across the continue to create additional disaster risk. In this session, participants will discuss key tools required to provide financial protection against climate risks and building resilience in vulnerable communities, as

	well as discover practices that will effectively leverage capital markets to build resilience against climate impacts and how to attract investment for climate-resilient infrastructure. Encouraging the pursuit of innovative financial protection mechanisms against climate risks and developing comprehensive DRR financing strategies will help to achieve long-term resilience, as well as the sustainable development goals.