

Submission to inform Australia's new International Development Policy

Highlights

- Australia's new International Development Policy is being developed in an increasing **complex risk landscape**, globally and in the Asia Pacific region.
- **With an intensifying climate emergency**, disasters are becoming more frequent with increased intensity and duration. The Asia Pacific region is one of the most climate impacted regions globally, with the highest share of displacement. SDGs are projected for achievement in 2065 rather 2030, with current regression on SDG 13. Funding increase for climate resilience in the region, building on the ongoing work for climate action, particularly in the Pacific is key.
- A complex risk landscape is also defined by its interconnected and cascading nature. Hence, disaster risk reduction measures should be adopted based a **full understanding of risks, both climatic and non-climatic in line with Sendai Framework**¹. Significant work is being done in the region, including in areas of investments in disaster risk reduction. It is important to build on existing efforts to scale up the impact.
- As emphasised in the Asia Pacific Ministerial Conference on Disaster Risk Reduction (APMCDRR) hosted by Australia earlier this year, **accelerating the implementation of the Sendai Framework for Disaster Risk Reduction and associated subregional frameworks like the Framework for Resilient Development in the Pacific is key for getting the SDGs back on track**. Addressing systemic risk necessitates integrating disaster risk reduction across all policies and programmes for sustainable development. Risk reduction must be integrated into the DNA of policies and investments if actions are to be sustainable and resilient. A mindset shift from short-term outlook to long term "think resilience" approaches is urgently required, which prioritises climate change adaption, disaster risk reduction, prevention, anticipatory action and preparedness as well as financing, including especially disaster risk reduction financing mechanisms and innovative financial mechanisms for investments in resilience.
- Against this backdrop, UNDRR suggests that Australia's future development assistance pursues and supports:
 - **DRR Financing**: Drive and support investment in prevention, anticipatory action and early warning systems and support affected countries in the Asia Pacific region with reliable long-term access to affordable financing, especially SIDS, LDCs including graduating countries.
 - **Resilient infrastructure**: Finance and build resilient infrastructure for prevention, preparedness and to 'build back better', driving integration with nature-based solutions and ecosystem services.
 - **Private sector**: Strengthen public-private partnerships and the resilience of micro, small and medium enterprises in particular.
 - **Localisation and urban resilience**: Scale up the resilience of local communities as well as cities by applying science, technology and innovations as well as local, indigenous and traditional knowledge.
 - **Leave no one behind**: Support a people-centred and human rights-based approach to disaster risk reduction, which promotes gender equality and inclusion of all marginalized and vulnerable groups.
 - **Inclusive, multi-stakeholder partnerships**: Build upon the existing diverse network of regional and bilateral DRR partnerships, including local NGOs and civil society networks.
- **Australia is an essential partner** in building climate and disaster resilience in the Asia-Pacific region, having a highly developed capital market, strong expertise in disaster-resilient infrastructure and an unwavering commitment to leaving no one behind. Therefore, Australia has the opportunity with its future development assistance in cooperation with their regional and subregional partners to **decisively support the integrated implementation of the Sendai Framework for Disaster Risk Reduction, the 2030 Agenda for Sustainable Development and the Paris Agreement, building on the Sendai Framework midterm review**.

¹ Sendai Framework para 15: The present Framework will apply to the risk of small-scale and large-scale, frequent and infrequent, sudden and slow-onset disasters caused by natural or man-made hazards, as well as related environmental, technological and biological hazards and risks.

Introduction

Australia is a key partner of the United Nations Office for Disaster Risk Reduction (UNDRR) in Asia Pacific. Australia's new International Development Policy presents an opportunity to further strengthen Australia's contribution to tackle shared challenges in the region, such as disaster risk reduction (DRR) and climate change adaptation (CCA), towards the achievement of the 2030 Agenda for Sustainable Development. **Special attention in this submission is given to DRR** and the implementation of the Sendai Framework for Disaster Risk Reduction 2015-2030 given the systemic and dynamic nature of existing and emerging disaster risks and the enabling function it carries to achieve the SDGs and the Paris Agreement.

For Australia to achieve the shared aspirations with the partners in the Asia Pacific region **the various risks that the region faces must be addressed comprehensively and through an integrated approach**. Asia Pacific is the world's most disaster-prone region and is currently on the front line of climate change. The COVID-19 pandemic and, for example, the Hunga Tonga - Hunga Ha'apai volcanic eruption in Tonga have demonstrated that risk is complex and needs to be addressed across sectors, institutions and borders via a systemic approach. The impacts of the COVID-19 pandemic have cascaded across sectors and require immense and protracted recovery efforts and funding. The complex risk landscape exacerbates and is simultaneously exacerbated by poverty and inequalities. Across the region the skills, knowledge and experiences of women, persons with disabilities, indigenous peoples and others historically excluded from decision-making are not being fully utilised to understand and reduce disaster risks.

For the Asia Pacific region several plans and policies related to DRR, CCA and resilience are in place, which presents an opportunity for Australia's development assistance to support the **implementation of the plans and policies through urgently required actions**. Financial assistance, particularly through the accessibility to existing financing instruments as well as the creation of innovative financial mechanisms, is critical since the expected costs of DRR and CCA measures, especially in the Pacific, far exceed most countries' financial capacities. Australia's future development assistance could have a significant impact in addressing the outlined risks and ensuring that no one is left behind.

Recognizing the urgency to reduce regional and global disaster risk, Australia's international development policy can promote a **risk-informed approach to the implementation of the 2030 Agenda** to get the Sustainable Development Goals back on track. Development policy and investment decisions taken today can reduce human and economic losses due to a disaster in the future. Risk-informed development with a long-term view and with a systemic and multi-hazard perspective is fundamental to safeguarding our shared future. **The outcome of the midterm review of the Sendai Framework will be critical to inform discussions in global agreements and processes under review in 2023 and 2024 including, the 2030 Agenda, the Paris Agreement, the international Water Decade, the successor framework for small island developing States, the Summit of the Future and G20. It will be essential to support countries to transform their Sendai Framework midterm review findings into concrete measures.**

Policy priorities

Financing

The COVID-19 pandemic has shown that the world was ill-prepared to tackle the systemic nature of risk and that DRR, prevention and resilience are chronically underinvested in and underprioritized. Often countries do not prioritize DRR because they see it as a cost for an event that might never happen, resulting in devastating impacts when they do occur, as it is actually a matter of 'when' and not 'if'. **Investing in DRR is a precondition for sustainable development**. This requires a whole mindset shift to take place across the financial system, constituting a move from short-term outlook and under-prioritizing disaster risks to promoting a mandatory approach towards resilience in all public as well as private sector investments.

Disaster and climate resilience need to be integrated into national and local development strategies and national budgets. **Disaster risk reduction financing strategies and budget tagging** as well as risk disclosure and stress tests are critical in setting policy priorities aiming at reducing risk. It is important to benefit from

Australia's experience in order to build or develop the capacity to design long-term disaster risk financing strategies. One important action towards the development of disaster risk reduction financing strategies is to **estimate the financial gap**. Considering the narrow fiscal space of many countries in the region, **innovative financial mechanisms and instruments** including contingent financing should be developed. Furthermore, it is important to develop capacities to estimate the **potential effects of disasters on macro and financial stability** and thereby inform sustainable development policies. In particular, it is important supporting Central Banks or regulatory authorities to integrate disaster and climate-related risks into financial regulations. Given the climate projects and increasing disasters trend, investing in financial mechanisms to enable anticipatory action and the enhancement of multi-hazard, end-to-end and people-centred early warning systems is vital.

Focus should be on increasing **financing for local, grassroots and women-led organisations** to address their risks and vulnerabilities. This type of funding should be responsive to beneficiary needs and demand driven. It may be also considered to simplify direct funding mechanisms to lower the compliance hurdles for local organisations to access funds. Key also to increase the capacity of microfinance institutions, particularly in the areas of risk valuation and the development of innovative collateral to facilitate fair access to finance.

Resilient infrastructure

Another critical field to be covered by the new International Development Policy is climate and disaster-resilient infrastructure. Australia has strong expertise in this area and Australian-built infrastructure is of high quality as well as largely disaster-resilient, which has made in the past a practical difference to the lives of people in partner countries.

The criticality has also been established in the SDGs, particularly SDG 9², the Sendai Framework Target D³, the Paris Agreement and the Principles for Quality Infrastructure Investment of the G20 countries. Infrastructure is one of the most affected sectors by disasters, which applies to the Pacific in particular. However, considering that these investments are very costly, it is important to make **changes in financial regulations that will reduce the capital costs of financial institutions** without disturbing the financial stability in order to reduce the cost of resilient infrastructure investments. In addition, the use of blended finance instruments and mechanisms in the financing of resilient infrastructure investments will lead to more effective use of resources. In this respect, it is critical for Australia to play a leading role in the region in the development of such instruments and mechanisms. UNDRR's "Principles for Resilient Infrastructure" can leverage the potential of public and private partnerships to finance resilient infrastructure, to prioritise infrastructure investments in low-risk locations and to consider the concept of 'net resilience gain', similar to net zero, whereby for all infrastructure investments it must be validated that they increase the systemic resilience of infrastructure. Further, **integrating resilient infrastructure principles into the lending process of financial institutions and disclosure processes of the private sector will encourage an increase in resilient infrastructure investments**. The development of resilient infrastructure can drive strong synergy with and benefit from nature-based solutions and ecosystem services to reduce disaster risk and enhance local resilience. A relevant partnership for the Pacific is Infrastructure for Resilient Island States (IRIS) by the Coalition for Disaster Resilient Infrastructure (CDRI), of which Australia is a member.

Private sector

Strengthened public-private partnerships are increasingly needed to reduce risks. The private sector, both independently and in partnership with government, creates important pathways for investment. Disaster-related disruptions to business continuity are felt most acutely by micro, small and medium enterprises (MSMEs) whose financial reserves are limited. MSMEs comprise more than 80 per cent of businesses in the Asia Pacific, and are critical in creating livelihoods, supporting well-being and building social cohesion and value chains and enhance local resilience. COVID-19 exposed the vulnerability of many MSMEs and the fact

² SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

³ Global target D: Substantially reduce disaster damage to critical infrastructure and disruption of basic services, among them health and educational facilities, including through developing their resilience by 2030

that many businesses had inadequate risk reduction systems or business continuity strategies. They also have low capacity to bid on large contracts or access credit that would give them a financial buffer in the event of a crisis or to invest in research and development and adopt DRR measures beyond business continuity. The flow-on effects for the communities are often profound and undermine resilience efforts.

Private sector investments in risk prevention and reduction therefore not only protect business infrastructure and assets, but also contribute to the resilience of the communities. Private and public sector cooperation include building codes and guidelines, cooperation between insurance companies and local governments as well as financial institutions to embed multi-hazard risk analyses. These are all fields where Australia has strong expertise, hence the capacity to **support MSEMs in the Asia Pacific region**.

The adoption of **risk disclosure frameworks and risk transfer options by MSMEs** based on effective risk level pricing is crucial and can facilitate pricing the insurance risks or credit risks they face. However, it is very difficult for MSMEs to adopt risk disclosure frameworks, in terms of costs and capacity. In this respect, it is important that large companies located in the same production chain provide technical assistance. Further, in order to increase the penetration of micro-insurance products for MSMEs, it is necessary to investigate what incentives can be given to reduce capital costs in the financial regulations of insurance companies, without disturbing the financial stability. It is also important to increase the capacity of microfinance institutions, particularly in the areas of risk evaluation and the development of innovative collateral, to facilitate access to finance for local, grassroots and women-led organizations.

Australia's future development assistance can be vital to develop partnerships with the private sector to increase investments in risk prevention and reduction, strengthen business resilience to climate and disaster risk, adopt risk disclosure frameworks, promote disaster risk transfer options based on effective risk level pricing and harness the innovation of businesses. These are prerequisites for the resilience of communities.

Localisation and urban resilience

Australia has also recognised the significance of **localisation of DRR as well as of local, indigenous and traditional knowledge (LITK) and nature-based solutions** in its disaster and climate resilience work domestically as well as internationally, which goes **hand in hand with scientific and technological solutions**. A holistic and synergetic approach that draws on local, indigenous and traditional knowledge and experience combined with science, technology and innovation, empowering local CSOs and NGOs is key.

There is a need for more initiatives such as standardization, capacity development, skills training in local language and tools to transform LITK policies into demand-based socially inclusive action plans that align with local community needs and the traditional governing systems. All these endeavours are critical to **strengthen local institutions and to connect them with national governance structure**, to increase the resilience of communities and to address biodiversity loss and disaster risks. Overall, the main challenge of supporting local innovation in DRR is securing sufficient funding to develop solutions and scale them for application. The UNDRR's Making Cities Resilient 2030 initiative is a vehicle for partnership development, innovation and practice sharing and peer support. Australia has deep expertise in these fields, thus, the opportunity to have a significant impact on **local as well as urban resilience in the Asia Pacific region**.

Leave no one behind

Another strength of Australia's efforts, which should be continued and further reinforced, is the **focus on gender equality and women's empowerment, indigenous peoples and human rights, including the rights of persons with disabilities**. Australia has long acknowledged that women and girls are leaders, frontline responders and agents of change, yet disproportionately affected by disasters. For example, Australia's support for the Women's International Network for Disaster Risk Reduction has built a strong regional network of professional women who are sharing with and learning from each other, while strengthening the evidence base for women's leadership in DRR. Therefore, the new International Development Policy should continue to promote and support diverse leadership and participation of women, youth, persons living with disability, LGBTQI+ people, indigenous people, older persons, refugees, migrants and people affected and

displaced by disasters. The promotion and protection of human rights and disaster risk reduction are mutually supportive. A human rights-based approach to DRR can help assess intersectionality and reduce vulnerabilities, hence risk.

A comprehensive risk management that applies the principle of “leave no one behind” needs to be underscored by stronger, context-specific data ecosystem. This includes the **necessary evidence base to understand the magnitude and nature of disasters**, especially at localised scales, and potential risk and future losses taking into account the changing risk profiles and the impact to different groups in society. Increase in official statistics of disaster risk reduction, resulting from monitoring of the Sendai Framework, is a key opportunity to generate and ensure accountability in risk governance. Aggregation of risk data and risk assessments further enhance a shared understanding of risk across domains and sectors. Finally, emerging data standards and metrics ensures better comparability across time and space.

Very importantly as well is to ensure further investment in early anticipatory actions to strengthen impact-based forecasting as well as **end-to-end, people centred and multi-hazard early warning systems** that are gender-responsive and disability inclusive, in line with the UN Secretary General’s Early Warnings for All initiative as well as priority 4 of the Sendai Framework. As a lead agency in this initiative, UNDRR looks forward to working with Australian and key regional and multilateral partners to make early warning and early action for all a reality while harnessing the experience of the new national Australian Warning System.

Inclusive, multi-stakeholder partnerships

Australia is a steadfast partner in building climate and disaster resilience in the Asia-Pacific, which is framed in Australia’s international policy engagement. The new International Development Policy should **build upon the existing diverse network of successful partnerships**. Recently, the Australian Government and UNDRR have utilized their combined convening power to organize and host the 2022 Asia Pacific Ministerial Conference on Disaster Risk Reduction (APMCDRR) in Brisbane. The APMCDRR attracted strong engagement from diverse attendees, consisting of nearly 2,500 delegates from over 50 countries, territories and regions, with UN agencies, civil society, NGOs, the business/industry/private sector, science, technology and academia, governmental and intergovernmental organisations, and others. The outcomes reinforced the importance of more inclusive disaster risk reduction action. The Asia Pacific Ministerial Conferences on Disaster Risk Reduction (alias regional platforms) and the Global Platforms for Disaster Risk Reduction, enshrined in the Sendai Framework, are the mechanisms to monitor and review its implementation, strengthen partnerships, exchange practices and identify policy objectives at the regional and global levels respectively, and are essential to advance the DRR agenda through inclusive and multistakeholder partnerships.

In addition, the new International Development Policy should further intensify **existing regional and bilateral DRR partnerships**, such as the Pacific Resilience Partnership, and other relevant Pacific regional bodies, the Women’s International Network for Disaster Risk Reduction (WIN DRR), Disaster READY/Australian Humanitarian Partnership, the Australia-Indonesia Partnership on Disaster Risk Management as well as Strengthening Institutions and Empowering Localities against Disasters and Climate Change. In addition, existing and new partnerships with **NGOs and civil society networks**, especially on community level, are key to demand driven collaboration on DRR localisation, leveraging indigenous knowledge as well as nature-based solutions.

Conclusion

UNDRR strongly values the long-standing partnership with Australia to reduce disaster risk, especially in the Asia Pacific region. Australia’s new International Development Policy represents a great opportunity to scale up such partnership and increase investment and action for disaster and climate resilience, especially adaptation, across the Asia-Pacific region. If these priorities are taken into account, progress will be achieved under Australia’s leadership towards the reduction of multidimensional vulnerabilities and enhanced resilience, prosperity and security that leave no one behind. Australia can count on UNDRR as a strongly committed partner in this shared challenge and opportunity.