

UNITED NATIONS DEVELOPMENT PROGRAMME



THE UNDP APPROACH TO RISK-INFORMED DEVELOPMENT

March 2022



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Contact information: *Ronald Jackson, Head, Disaster Risk Reduction and Recovery for Building Resilience Team, UNDP Crisis Bureau, ronald.jackson@undp.org*

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1.

Introduction

UNDP's approach to risk-informed development (RID) is a corporate effort aligned with the UNDP Strategic Plan 2022-2025 to articulate how UNDP embraces risk-informed development as one of the accelerators of sustainable development that will ensure that those who are left behind participate in and benefit from development progress and achieve human security. It gives directions for forging internal and external partnerships for risk-proofing the future of development and for driving new resource mobilization opportunities for this line of work for UNDP. The approach articulates how UNDP's Global Policy Network (GPN) can support UNDP Country Offices and programme countries through existing and innovative services and tools, while sketching out new ways to pioneer the approach.

The paper presents the rationale for risk-informed development, an approach that originated in the field of disaster risk reduction and that has been expanded in recent years to embrace climate change related risks and now demands the integration of an even broader spectrum of risks linked to health, conflict, environment, economic shocks, human rights and related drivers such as migration, human rights, governance and inequality. The COVID-19 pandemic, a disaster in essence,¹ is a stark reminder of the systemic and interconnected nature of risk.

The paper will, therefore, offer reflections and an approach on how to evolve the risk-informed paradigm with UNDP to address systemic and multidimensional risks in support of UNDP Country Offices and the countries they serve.

The RID approach was developed by the Disaster Risk Reduction and Recovery for Building Resilience Team (DRT) in a broad consultation process with key members of the UNDP Global Policy Network (GPN) working at global and regional levels, as well as UNDP Country Offices, Regional Hubs and partners in the course of 2021.² It supports the implementation of UNDP's new Strategic Plan 2022-2025.

1. Ilan Kelman, 2020.

2. The consultation process was led by the Disaster Risk Reduction and Recovery for Building Resilience Team, UNDP Crisis Bureau.



The UNDP Approach to Risk-Informed Development: What it is and what it is not

What it is	What it is NOT
For all practice areas	Only for the DRR and CCA practice
A futures-oriented approach/a process	A service offer or tool
Supporting transformational change	Maintaining the status quo
Addressing systemic risk	Addressing conventional risk
A strategic and flexible guidance	A blueprint or step-by-step guidance
A pathway to explore and co-create	A ready-made solution
Helps risk-inform existing approaches, tools and methodologies	An add-on, parallel or competing approach
Implemented through a portfolio/ programme approach	Implemented through disconnected projects
Cross-practice and interdisciplinary	Specialized, siloed solutions



2.

The rationale for risk-informed development

The frequency, magnitude and impact of crises are on the rise, thus undermining progress in sustainable development.





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Despite advances in reducing disaster mortality related to some types of events, direct economic losses from disasters rose by 68 percent between the two 20-year periods of 1978-1997 and 1998-2017.³ Whilst economic impacts have usually been higher in the richer nations, people in poor nations have been over seven times more likely to die in disaster events than equivalent populations in the richest nations.⁴ Impacts are significant in both private and public infrastructure, leading to the disruption of services and critical supply chains. This has made access to infrastructure services for poor communities difficult with immediate and long-term consequences. This points to the enormous impact disasters can have on development. Also, global peacefulness deteriorated in 2020 for the fourth year in a row, and human rights abuses are on the rise.⁵ Violent conflicts have become more complex and protracted,⁶ sparked by a breakdown in the social contract between governments and citizens. Also, the 2008 global economic crisis, the 2014 Ebola outbreak, the 2015 Syrian refugee crisis, and most recently the COVID-19 pandemic are stark reminders of the importance of understanding and addressing risk in the development process. Issues that emerge slowly over time can be just as crippling. The costs of climate change, for example, are upsetting the development trajectories of even the wealthiest of nations.⁷ These examples show that the road towards achieving the Sustainable Development Goals (SDGs) by 2030 is seriously hampered by crises. UNDP programme countries will soon need to give risk management a bigger priority than mere economic growth.



The development process itself can be a major driver of risk.

The relationship between risk and development works in both ways and forms the core rationale for integrating risk reduction into development policy, planning and budgeting. **Decisions on development trajectories and investments can contribute to the creation of risk.** This is the case when they lead to populations and economic assets being located in exposed geographic areas; when risks accumulate in urban areas due to rapid and unplanned developments; when excessive strain is placed on natural resources and ecosystems; or when social inequalities for some population groups are exacerbated, resulting in grievances or conflict. Risk-informing development, hence, requires transforming the development agenda from within and needs to be led by development actors.⁸ It cannot be achieved by treating risk merely as an add-on in a silo. The new development paradigm, therefore, needs to be able to address both 'risks to' and 'risks from' development.

3. Wallemacq, P., House, R. (2018).

4. When women's rights and socio-economic status are not equal to those of men, more women than men tend to die in disasters. Neumayer, E. Plümpner, T. (2007).

5. <https://www.visionofhumanity.org/wp-content/uploads/2021/06/GPI-2021-web-1.pdf>

6. World Bank and United Nations, 2018.

7. IPPC, 2021.

8. See also the 'development first' approach to risk management that is spearheaded by the Governance for Resilient Development in the Pacific Programme. <https://www.pacific.undp.org/content/pacific/en/home/library/rsd/gov4res-project-brief.html>



Risk is now understood as being multidimensional and systemic, with high levels of interdependency, non-linearity, feedback loops and uncertainty.

It is, therefore, paramount that risk reduction and resilience-building consider multiple and intersecting threats. While systemic risk has always existed, its local and national expressions are now more frequent and severe and complemented by manifestations at global scale.⁹ Risks associated with natural hazards are often coinciding with epidemics, conflict or economic shocks that can interact and manifest as crises with cascading effects across sectors.¹⁰ The COVID-19 pandemic clearly exposed that this crisis is an expression of underlying risks and the differential vulnerability linked to poverty, inequality and a lack of access to services that are a result of unsustainable development pathways. The pandemic has been exacerbated by inadequate risk management policy and gaps in the protection of human rights. Solely pursuing the risk integration process from one angle, therefore, does not suffice. It requires comprehensive and joined-up efforts to build resilience that transcends a range of sectors, risks and stakeholders.¹¹ Thus, risk-informed development can act as the catalyst for resilience-building across sectors and segments of population.

► Systemic risk, like all other forms of risk, is the result of the interrelationship of hazard, exposure and vulnerability.

These variables are socially constructed through a range of underlying drivers, including poverty and inequality, badly planned and managed urban and infrastructure development, environmental degradation, climate change, displacement and weak territorial governance. Understanding risk as a social construct means that **the actual crisis trigger – whether related to conflict, a natural hazard or epidemic – is of secondary relevance as compared to understanding the existing patterns of exposure and vulnerability.** These are pre-existing conditions that are common to many different types of risk and can be modelled and estimated, also for understanding systemic risks.¹²

► Systemic risk is associated with the everyday exposure of dispersed populations to repeated or persistent hazard conditions of low or moderate intensity.¹³

It does not only manifest in low-frequency and high-severity events that have major impacts at national and global levels. The cumulative impact of everyday crises on local and urban contexts is often bigger than that of large and less frequent events, and with far greater relative impact on poor and low-income households.¹⁴ The failure of local infrastructure systems, the interruption of local supply chains or ecosystems services, crime, accidents, pollution and disease are all examples of every-day risk. Strengthening water and sanitation, power and energy, health, education and infrastructure services and systems are all practical entry points for building resilience in a no-regrets approach with multiple benefits.

9. UNDP (Maskrey et al.), 2021.

10. United Nations, 2019.

11. United Nations and UNSDG (2021).

12. UNDP (Maskrey et al.), 2021.

13. UNDP (Maskrey et al.), 2021.

14. <https://www.preventionweb.net/understanding-disaster-risk/risk-drivers/poverty-inequality>



In summary, risk is a normal and inseparable part of economic activities and development.

It is wired into our development pathways and practices and constructed through day-to-day decisions by those who have an interest in a particular pattern of development. Risk governance (see Glossary of Terms in Annex 2) provides the enabling environment for risk-informed development to improve the safety of people and critical facilities, to protect the natural and built environment and to build resilient livelihoods and economic activity. The rapid accumulation of multidimensional and systemic risk has reached a level that shaped how risk is governed as a top priority, including practical approaches to risk-inform development. In doing so, risk should not only be perceived as leading to something undesirable or unwanted (such as a disaster, climate impacts, epidemics, conflicts, etc.) but also ensure that risk governance and related development choices also factor in that uncertainties can bring benefits and opportunities. It is also noteworthy that the RID approach, apart from avoiding losses, can have significant co-benefits by stimulating economic activity due to reduced risks and a safer environment.



3.

Risk-informed development in the global policy context

The integration of risk into development planning and budgeting is not a new goal in global policy processes.



The integration of risk into development has its origins in the field of disaster risk reduction, such as the 1989 Resolution on the International Decade for Natural Disaster Reduction (IDNDR), the Yokohama Strategy and Plan of Action (1994), and the Hyogo Framework for Action: Building the Resilience of Nations and Communities to Disasters (HFA), which spoke of “integrating disaster risk considerations more effectively with sustainable development policies, planning and programming at all levels, preparedness and vulnerability reduction.” Yet, the integration of disaster risk reduction into policy and legal instruments remained in most countries at a nascent stage by the end of the Hyogo decade and, where it had occurred, progress in implementation was limited.¹⁵

► **The Sendai Framework on Disaster Risk Reduction** committed Member States to address disaster risk reduction within the context of sustainable development and poverty eradication and to integrate disaster risk reduction into policies, plans, programmes and budgets at all levels. It states that effective disaster risk management and addressing underlying disaster risk factors through disaster risk-informed public and private investments contribute to sustainable development and recognizes the importance of an all-of-society engagement and of integrating disaster risk reduction within and across all sectors of development for achieving disaster and climate risk informed development.¹⁶ The Sendai Framework also stipulates that the global community must come to terms with a new understanding of the dynamic nature of systemic risks, new structures to govern risk in complex, and adaptive systems and must develop new tools for risk-informed decision-making that allows human societies to live in and with uncertainty.

► **The Paris Agreement on Climate Change** focuses specifically on the reduction of climate change related risks through the integration of mitigation and adaptation activities into development planning and through a consideration of the impacts that these activities can have on poverty eradication, food security and sustainable development. Also, the Agenda 2030 acknowledges that disasters threaten to reverse much of the development progress of recent decades and that climate change is one of the greatest challenges of our time that can undermine the ability of all countries to achieve sustainable development. There is, hence, overwhelming agreement in the global policy agenda that the realization of the SDGs hinges upon the ability to build resilience and to risk-inform development and that it will thus depend upon the successful implementation of the Sendai Framework and the Paris Agreement.¹⁷

► **The Secretary-General’s Prevention Agenda** states that “the United Nations (UN) must uphold a strategic commitment to a culture of prevention” and that the organization needs “to bring together the capacities of diverse actors [...] in support of people and countries in managing risks, building resilience against shocks and averting outbreaks of crises. This means the horizontal joining-up of all pillars of the UN’s work—peace and security, development, and human rights—as well as vertical integration in each from prevention to conflict resolution, from peacekeeping to peacebuilding and sustainable development.” Recognizing that disaster and conflict risks are a result of similar underlying causes and multiple vulnerabilities, means that a common analysis of those risks offers opportunities for risk-informed development strategies and targeted efforts to build resilience and sustain peace through a multidimensional approach. The ‘twin’ 2016 resolutions on sustaining peace provide additional tools by recognizing that sustainable development and sustaining peace are complementary and mutually reinforcing.¹⁸

15. United Nations, 2013. United Nations, 2015.

16. United Nations, 2005.

17. United Nations, 2019.

18. See also UN Peacebuilding Architecture and Common Agenda on Peace and Security.



Despite this global policy guidance, risk-informed development is still not a political and economic imperative for public policies. In countries that already have incorporated risk management into their policies, the institutions are still weak, while funding, capacities and multi stakeholder accountability are inadequate vis-à-vis the magnitude of demand. In the context of COVID-19, risk management policies must expand to include fiscal and monetary measures and complex decisions over trade-offs between health and economic goals.



4.

Risk-informed development in the UNDP Strategic Plan



Building the resilience of societies, systems and development assets to crises and shocks through a risk-informed development approach that embraces multiple types of risks, is a logical and important course of action for a development organization such as UNDP.

The UNDP Strategic Plan 2018-2021

already envisioned this role for UNDP by contributing to sustainable development and the resilience-building objectives of the 2030 Agenda. It committed UNDP to help countries eradicate poverty in all its forms and dimensions, accelerate structural transformations for sustainable development and build resilience to crises and shocks. The UNDP Signature Solution on Resilience explicitly speaks to prevention of crises and building resilience, with a focus not only on mitigating the impact of crises on development but also on efforts to curb the drivers of risk ingrained within development processes themselves (UNDP, 2018). This has been a strong starting point for pursuing risk-informed development. However, in practice, the risk-informed paradigm was not yet fully embraced and has largely remained siloed endeavours of UNDP's dedicated risk management practices such as climate change adaptation, disaster risk reduction, conflict prevention, health, environmental management, etc.

The UNDP Strategic Plan 2022-2025

aims to overcome this divide and ensure that risk-informed development can fully permeate the organizational development practice.¹⁹ It embraces risk-informed development from the perspective of social inequality including gender and other factors of the intersectionality of leaving no one behind (LNOB). For COVID-19, this means promoting public policies for recovery that transform dominant development pathways that shaped systemic risks and the pandemic impacts in the first place, including reducing socio-economic inequalities. The GPN will have an important role in leading the way for UNDP towards managing and mitigating multidimensional risks to sustainable and peaceful development pathways, addressing underlying or structural factors that create risks and investing in risk governance capacities through approaches applicable across the range of development outcomes.

19. See also First Regular Session of UNDP Executive Board of February 2021. <https://www.undp.org/executive-board/reports-on-sessions>

The approach thus contributes to the overall objectives of sustainable development and is fundamental for accelerating the three directions of systemic change that UNDP intends to support under its new Strategic Plan: building resilience, leaving no one behind and structural transformation.

RID and the three UNDP directions of systemic change:



Resilience-building: Risk-informed development allows for development to become a vehicle to reduce risk, avoid creating risks and build resilience by strengthening capacities and governance processes to prevent, mitigate and respond to crisis, conflict, disasters, and climate, social and economic shocks.



Leaving no one behind: The lives, well-being and health of those left furthest behind are disproportionately at risk of suffering from the impacts, hazards and threats that are further entrenching poverty and deepening inequalities. Risk-informed development can enrich social exclusion analysis and help identify inequities and vulnerabilities to help prevent unnecessary loss of life and reverse poverty in a rights-based approach that is centred on empowerment, inclusion, equity, human agency and human development.



Structural transformation: In countries that are characterized by fast-growing economies and the accompanying structural transformations, risk-informed development ensures that investments in systems and structures do not create new risks, but instead foster green, inclusive and resilient transitions.

20. See Section 7.3 for more information on how the risk-informed approach links up across the GPN practice areas.

The approach is also aligned with related UNDP offers or approaches emerging within the GPN and the UNDP Regional Bureaux, such as the Prevention Offer: Development Pathways to Conflict Prevention and Peacebuilding, the Integrated Governance Offer, the Resilient Recovery Offer, and the Urban Resilience Strategy.²⁰



5.

Lessons from past experiences



During consultation process that informed the design of the approach, UNDP experts²¹ and our partners shared important challenges and barriers in their work towards risk-informed development that will need to be overcome, including:

- ▶ Governance arrangements, institutional and legislative frameworks not designed to identify and address risks and to incentivize a systematic approach in addressing them.
- ▶ Technical capacities for analysing multidimensional risks, communicating and acting on them not being adequate and not uniformly available across countries and sectors.
- ▶ Much of education and development being siloed in disciplines and sectors that typically do not connect in understanding and solving multidimensional issues.
- ▶ A lack of coordination across countries in understanding the risks and addressing them systematically.
- ▶ Development becoming more complex due to new technologies and rapid changes.
- ▶ The gendered dimensions of risk not being adequately identified and addressed.
- ▶ A shortage of disaggregated data and analysis to understanding disproportionate risks and tackling underlying vulnerabilities.
- ▶ Siloed international and domestic funding architectures that do not incentivize systems and multi-risk approaches.
- ▶ A dearth of tools and methodologies to foster and support integration, including shortage of interdisciplinary learning opportunities.

21. The internal consultation process covered: (i) UNDP experts engaged in the implementation of many relevant UNDP programmes and projects, such as the Governance of Climate Change Finance (GCCF) Programme, SIDA-UNDP Global Programme on Environmental and Climate Change, Pacific Res4Gov Programme, UNDP Global Programme on Environmental and Climate Change, Connecting Business initiative (CBI), NDC Global Support Programme, CADRI, and Crisis Risk Dashboard; (ii) GPN practices such as Conflict Prevention, Peacebuilding and Responsive Institutions (CPRI), Nature Climate and Energy (NCE), SDG Finance Sector Hub, Recovery Solutions and Human Mobility, Crisis and Fragility Policy Engagement, Health, SDG Integration, Istanbul Center for Private Sector in Development; (iii) Regional Hubs in Addis Ababa, Amman, Dakar, Istanbul, Nairobi, Panama and Suva; and (iv) UNDP Country Offices in Iraq, Lebanon, Mauritius, Philippines, Seychelles and Somalia, and the Syria 3RP.



The Process of co-creating UNDP's approach to risk-informed development:

The formulation of UNDP's approach to risk-informed development has been informed by a thorough consultation and co-creation process that kicked off with a **Global Consultation on Risk-Informed Development on SparkBlue** in early 2021.

The approach also benefitted from a global expert panel that explored the topic **"Evolving the Concept and Practice of Risk-Informed Development"** at the UNDP Development Dialogues on Rethinking Solutions to Crises in the Decade of Action in April 2021. A series of targeted consultations conducted with members of the UNDP GPN working at global, regional and country levels from May to August 2021 provided further opportunities to deep-dive into the issue.

A UNDP Discussion Paper on **"The Social Construction of Systemic Risk: Towards an Actionable Framework for Risk Governance"** was commissioned to contribute to the understanding of and discussion of systemic risk and how to promote risk governance at local and national levels, while offering a guide for promoting cross-thematic collaboration within UNDP on risk reduction and prevention.

Lessons also indicate that risk-informing development at the local and subnational levels encounters in principle challenges and constraints that are similar to those at the national level but that are more pronounced since resources and capacities gaps are usually greater.



For local level efforts to be successful and take root, they are best to be pursued as part of a wider national undertaking that spans all scales of government administration, several sectors and groups of stakeholders.²²

UNDP's experience in integrating disaster and climate risks into development has been particularly insightful, as this is the area where the bulk of our support to risk-informed development has concentrated to date (albeit not yet in a multi-risk approach). Whilst there have been many encouraging experiences also globally, the effort is still at a nascent stage as per the Sendai Monitor, which measures the implementation of the Sendai Framework. These gaps are even more pronounced when it comes to integrating multidimensional or systemic risk into development planning and budgeting as this is still an emerging field with considerable challenges in the conceptual understanding and practical approaches.

Yet, joined-up or integrated approaches in mainstreaming various types of risk and cross-cutting issues, such as disaster risk reduction, climate adaptation, conflict prevention, gender equality, and transformative pandemic related recovery, are likely to result in more-cohesive, effective and impactful action. In many capacity-constrained contexts, such as the Pacific island countries, integrated approaches to disaster risk reduction and climate adaptation have gained much traction, but some voices have cautioned about the risk of overburdening already-strained capacities.²³

A risk-informed approach that is grounded in the understanding of risk as multidimensional, however, is likely to resolve capacity problems in the medium to long term by adding efficiency, avoiding duplication and introducing digital solutions and advanced technology.

22. United Nations, 2015.

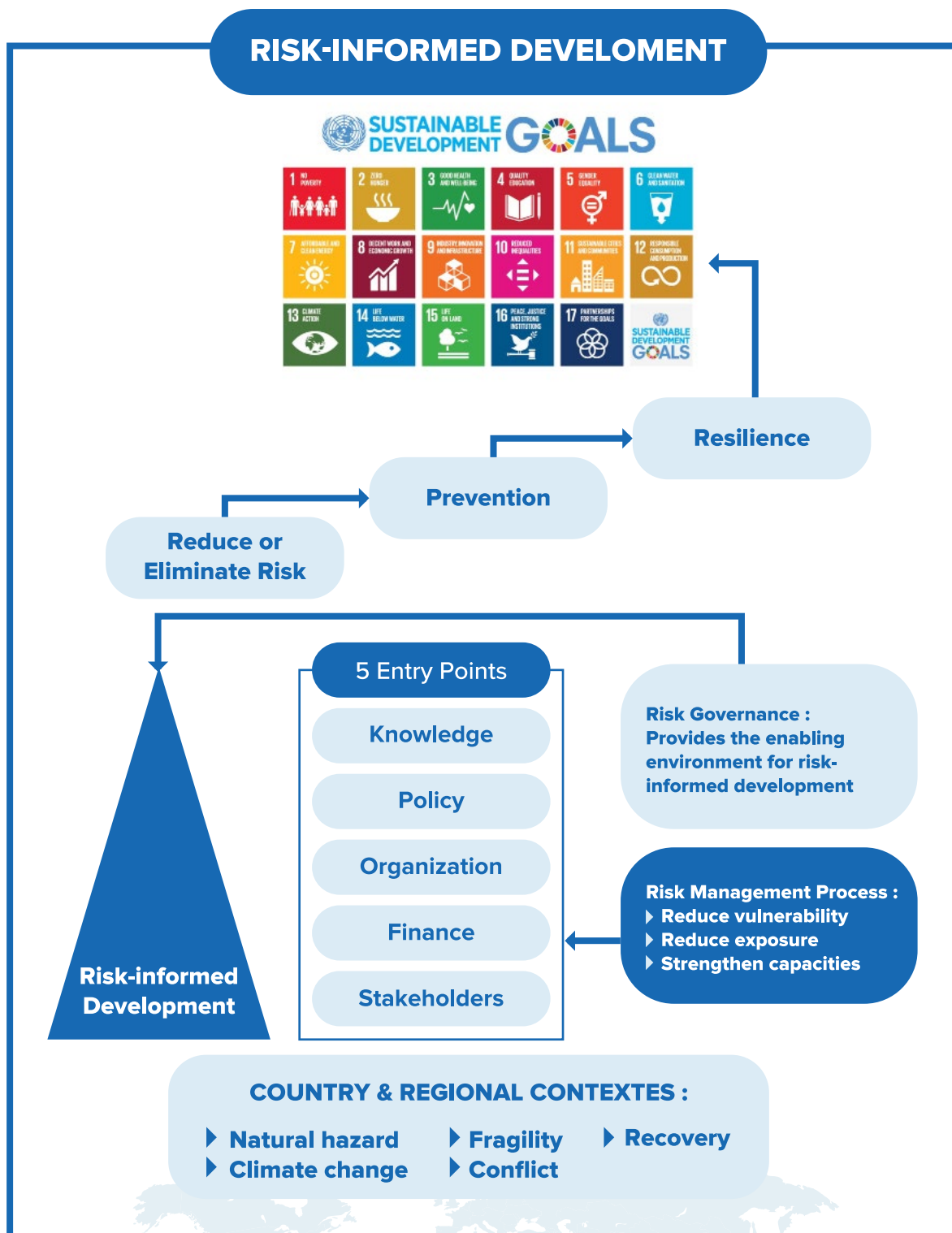
23. <https://www.undrr.org/publication/institutional-and-policy-analysis-disaster-risk-reduction-and-climate-change-adaptation>

6.

What is shaping UNDP's risk- informed approach?



The approach is deeply rooted in risk governance, systems thinking, area-based approaches, agile and dynamic processes, risk management and context-specific solutions. The approach produces reduced levels of vulnerability and hazard exposure and thus contributes to prevention and resilience-building in support of sustainable development (see figure).



6.1. Risk governance

The COVID-19 pandemic has unleashed a discourse within UNDP and beyond on the future of governance and the need to reconfigure known governance systems to better deal with a new age of risks.²⁴

The rapid and uncontrolled spread of COVID-19 starkly exposed drivers intrinsic to governance processes such as the interconnectedness of the global economy, governance failures at multiple and highest levels, transborder trade, mass air travel, labour migration, and inadequate digital governance maturity that has allowed the spread of misinformation.

The concept of risk governance has evolved in UNDP since the early 2000s from a focus on ‘strengthening institutional and legislative systems for disaster risk management’, which pursued a DRR-centric view, to today’s ‘risk governance’ concept. This was prompted by the challenges we faced in fragile countries and the realization that single-track solutions for disaster risk needed to integrate other types of risk, such as climate and conflict risks.²⁵ **By embracing ‘risk governance’ for the first time, the wider governance framework became the starting point for the management of interlocked systems of risk, to make risk governance an organic process in the formulation of decisions about the trade-offs and alternative pathways to sustainable development, including budgeting and fiscal/financial management.**



Risk-informing development is thus predominantly a governance process. Risk is conditioned by each society’s perceptions, needs, demands, decisions, behaviours and practices, including the prevailing political economy, gender relations and inequalities. Risk-informed development aims to ensure the systemic integration of risk considerations into development policy, planning and budgeting. By doing so, it advances overall risk governance, which, in turn, sets the enabling environment for risk-informed development.

6.2. Systems thinking

As previously explained, multidimensional risk manifests as crises across global, regional, national, subnational and local scales with knock-on effects among interconnected social, governance, ecological and physical systems. This necessitates a systems approach to risk-informed development that allows for the identification of risks and their interlinkages across systems in specific geographic areas. **A systems approach also facilitates the management of**

24. UNDP, 2020.
25. Planitz, 2015.

the trade-offs between different interests and policy options across systems and can be used to describe the fundamental relationships among risks and sustainable development issues at multiple levels.²⁶

6.3. Risk management

Risk-informed development requires a much greater focus on prospective risk management practices that foster actions that anticipate and avoid the creation of future risks. Currently, most risk management strategies still rely on measures that assume that the threats will happen eventually, such as: (i) corrective measures that reduce existing levels of risk (e.g., retrofitting key infrastructure and homes, mediation and conciliation to diffuse contention before it escalates); (ii) reactive measures that foster response, early warning and preparedness; and (iii) compensatory measures to absorb impacts of crises (e.g., recovery, insurance or social safety nets). Prospective risk management, in comparison, aims to identify and prevent crisis events from ever happening in the first place and provides opportunities to manage uncertainty and quickly evolving risk dynamics. All risk management strategies aim to reduce vulnerability and exposure to threats and hazards and to increase capacities.

6.4. Agile and dynamic processes

UNDP experience has shown that countries are pursuing a range of different entry points in their quests to risk-inform development. Hence, there are no ‘blueprint’ approaches. This makes risk-informing development a dynamic process. Since development does not follow a linear path, it is important to be sufficiently flexible and agile to seize the opportunity to risk-inform development when and where the political economy is ripe. Given increasing levels of uncertainty, the ability to quickly adjust to changing contexts is paramount and needs to be boosted by foresight analysis. In UNDP’s practice, five entry points have emerged through which the integration of risk into development can be fostered flexibly and dynamically, namely, knowledge, organization, policy, stakeholders and finance.²⁷

6.5. Area-based approaches

Integrating risk into development strategies and plans is highly context specific. A country’s governance arrangements and capacities, the hazards and prevailing risk drivers, the political economy as well as the cultural and social make-up of society will need to be taken into consideration when devising an appropriate course of action. None of these will have significant impact unless territorial governance is strengthened at the local and subnational levels – in urban and rural areas – through resources, know-how and capacities. Risk-informed development that addresses systemic risk in local social services, infrastructure systems, supply chains and ecosystems services yields the greatest traction in achieving the 2030 Agenda. Community initiative, participation and people-centred approaches are essential ingredients.

26. United Nations and UNSDG, 2021. ODI and UNDP, 2019.

27. UNDP’s approach to risk-inform development is grounded in UNDP’s disaster and climate risk governance practice, which provides a solid basis that can be built upon to embrace a wider gamut of risks. The entry points are also applied in the UNDP ‘Risk-Informed Development: Strategy for Tool Integrating Disaster Risk Reduction and Climate Adaptation into Development’ (UNDP, 2020), which is informed by country experiences over the past decade.

6.6. Country context

The risk-informed approach is relevant across the spectrum of contexts in which UNDP operates. Whilst it has been acknowledged that risk-informed development needs to become a normal and inseparable part of development for achieving resilience and the SDGs, it is evenly applicable for risk-informing recovery and stabilization processes that are also embedded in sustainable development and aim to reduce existing and future risk through ‘building back better’ and ‘green’ investments. This offers opportunities for ensuring that resilience and risk reduction are adequately resourced in recovery and stabilization plans. Risk-informed development should also be a core element of our contribution to the humanitarian-development-peace collaboration in crises and fragile situations by embedding risk considerations into the context analysis, planning and monitoring of joint humanitarian-development-peace action.

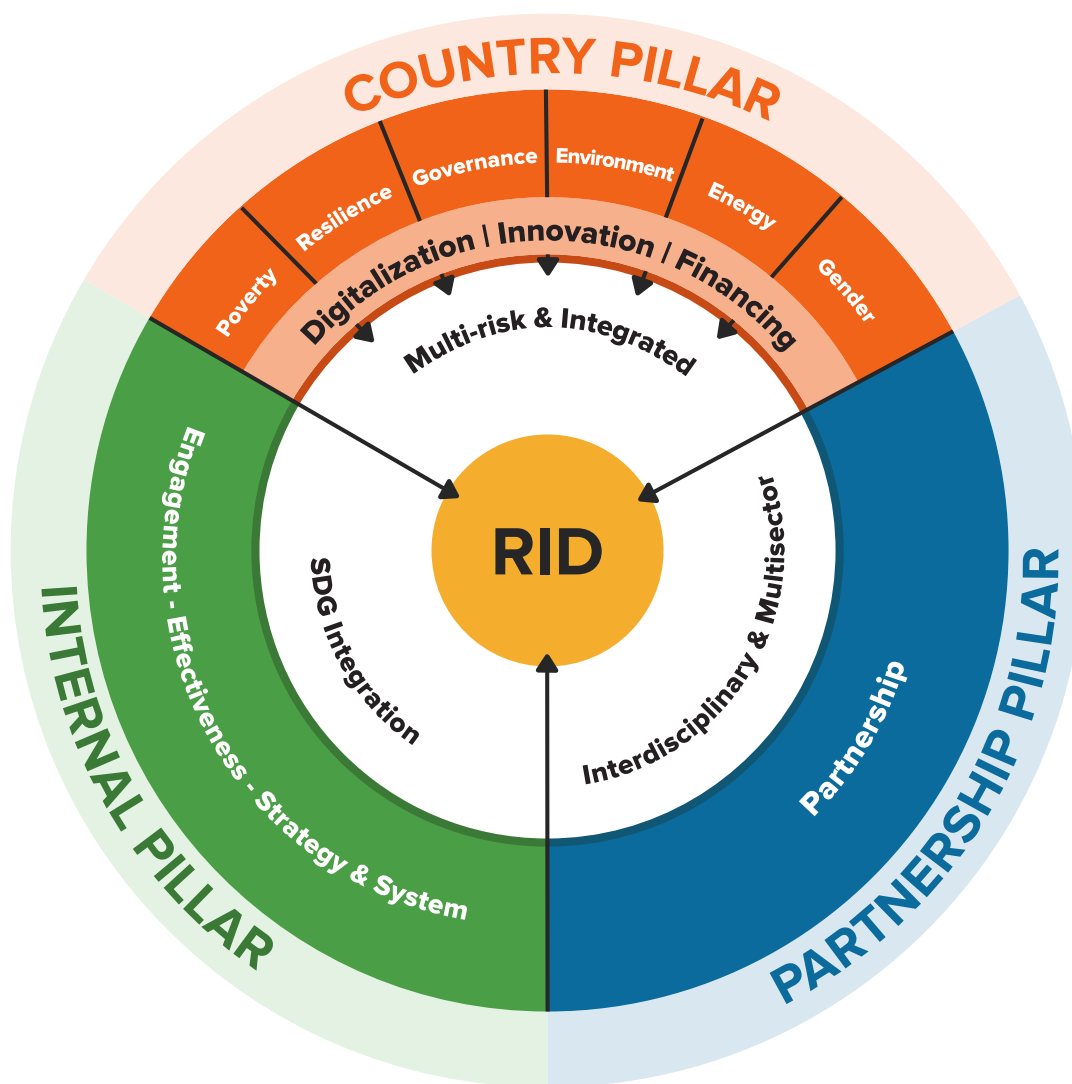


7.

The three pillars of UNDP's risk- informed approach



The UNDP approach to advance risk-informed development is organized in three pillars of support:



Implementing the approach will require an organization-wide effort across a broad cross-section of UNDP bureaux, teams and practice areas (see figure above).

7.1. Country pillar : policy and programme support

The opportunities to embed ‘risk’ at the heart of development at country level are varied and context specific. The most obvious times are when countries embark on a new development planning cycle at national, sectoral or subnational level; during constitutional or legal reviews; or the budget-making processes. However, in addition to these conventional opportunities, UNDP can pull a much wider range of levers for risk-informing development. These are presented in the form of five strategic entry points (see box).

The five strategic entry points to support risk-informed development.



Knowledge and evidence

Driving the risk-informed process through evidence, risk awareness and understanding the links between risk and development. Entry points include risk assessment, awareness and education, and ME.



Policy coherence

Fostering policy coherence, complementarities, co-benefits and no-regrets solutions that address multidimensional and systematic risk; managing policy trade-offs between competing policy objectives; and supporting long-term collective goal setting and prioritization through futures analysis and scenario-building. Entry points include leadership and advocacy; legislation and regulation; policies, strategies and plans; and standards.



Risk-informed organizations and implementation

Strengthening capacities in risk governance; adaptive planning; coordination; application of procedures and tools in support of risk-informed development; and pursuing portfolio approaches that foster integrated programming.




People-centred and stakeholder-driven policymaking and implementation

Ensuring no one is left behind and that the most vulnerable and at-risk populations have agency in the risk-informed development process and benefit directly from it; and understanding the political economy analysis influence development decisions and investments that impact risk and resilience.



Sustainable financing for risk-informed development

Supporting financing solutions that blend public, private, domestic and international resources; accelerating allocations to the local level; and increasing access to pooled and global funds. Entry points include budgeting and expenditure analysis; public and private sector resource mobilization; risk financing and insurance; and risk-informing investments.



The selection or the combination of entry points that determine a UNDP support package will depend on the country context and the prevailing opportunities in the political economy.

The answer to how the approach will ‘land’ in any particular context and what concrete results it will achieve, must be established specifically for each country or geography. Rather than predetermining activities to risk-inform development, smaller and targeted experimental interventions can help to stimulate momentum before escalating to replication and broader scale. This also resonates with the innovation principles of ‘agile development’ and adaptive management.

UNDP can assist countries to agree on a roadmap to advance the risk-informed development paradigm across different SDGs, development sectors and types of risks by identifying the most strategic mix among the five entry points in terms of their ability to accelerate risk-informed development in a specific context. Such a roadmap could focus on:

- ▶ **Strengthening advocacy and buy-in for risk-informed development;**
- ▶ **Conducting an initial diagnostic review of the current state of risk-informed development in the country;**
- ▶ **Identifying the practical measures for the strategic entry points; or monitoring progress and impact of the path taken.**

The aim is to support countries on their quest toward achieving sustainable and more resilient development and the risk-informed approach is the vehicle or means to that end (see the following table for an exemplary theory of change).

Exemplary Theory of Change for risk-informed development

Entry Points	Outputs	Outcome	Impact
Knowledge & Evidence	Generated, maintained and applied multidimensional risk information and knowledge	Strengthened the governance of systemic risk Embedded the full range of risks (to and from development) in the development process at all scales	Resilient & sustainable development Nations and communities are resilient and benefit from sustainable development
Policy coherence	Adopted and implemented coherent policy frameworks that reduce multidimensional and systemic risk		
Risk-informed organization & implementation	Strengthened adaptive and integrated risk governance and organizational capacities		
Risk-informed organization & implementation	Implemented people-centered and stakeholder driven solutions		
Sustainable financing for risk-informed development	Leveraged necessary financing for risk-informed development investments that foster integrated solutions across the range of risks		

Across the spectrum of GPN practice areas, UNDP has many products, tools or services at its disposal that can support a country's journey on its path towards risk-informed development and resilience. Whilst several of these are readily available for application, others would need to be adapted or developed from scratch to ensure a multi-risk management approach. **Importantly, our support is not about offering a solution, but about accompanying countries on their path to build resilience into their sustainable development efforts by enabling them to assimilate tools and identify pathways to address their own problems and challenges related to systemic and multidimensional risk.**



Overview of UNDP products, tools and services that support risk-informed development:

The following provides an overview of UNDP products, tools and services that support risk-informed development under each strategic entry point, noting that they could fit under several entry points and that this may not be an exhaustive list. Implementing these tools and services contributes to the achievement of the outputs stated in the above theory of change. **Some indicative country examples will be featured to give an insight in the type of country-level engagement whilst noting that truly multi-risk-informed support is still emerging.**

KNOWLEDGE EVIDENCE FOR RISK-INFORMED DEVELOPMENT

Assessment analysis:

► Applying, adapting and linking the range of assessment methodologies in the toolbox of risk and development practitioners with the aim to foster a data ecosystem in support of risk-informed development:

- Assessments of systemic, multidimensional and compound risks
- Analysis of multidimensional vulnerability
- Comparison and integration of the results of conflict, climate, disaster, health and environmental assessments and agreement on priority risks
- Expansion of National Risk Atlases to reflect a wider range of risks beyond natural hazard risks
- Damage and loss accounting systems to quantify, capture and report as a contribution to understanding systemic and multidimensional risk
- Government-managed risk information data platforms or risk registers
- Integrated human impact analysis and post-disaster needs assessments (PDNAs)

► Understanding how risk is generated, understanding social norms, practice and societal behaviours and providing the evidence base for risk-informed decisions of the public and private sectors.

► Projecting loss and damage trends into the future for a series of scenarios and policy choices.

28. MIDIMAR, 2018.

29. <https://www.ug.undp.org/content/uganda/en/home/presscenter/articles/2021/risk-and-vulnerability-atlas-launched-to-boost-uganda-efforts-to.html>

National Risk Atlases:

The Rwanda National Risk Atlas provides a comprehensive assessment of existing risks at the national and local levels across the country's 30 districts.²⁸ The Atlas features sex-disaggregated data on population exposure to risks related to earthquakes, landslides, storms and droughts. Since its launch in 2015, the Risk Atlas helped update the national and district land use master plans, the Rwanda Building Code and district development plans. In Uganda, the National Risk and Vulnerability Atlas was launched in early 2021. It provides data on various risks that the country is facing, indicating the vulnerability of various communities and offering recommendations to enhance the resilience of these communities to risk in all its dimensions.²⁹ An extension of the Risk Atlases to other forms of risk could be further explored.

Multidimensional Vulnerability Analysis in Small Island Development States:³⁰

UNDP constructed a multidimensional vulnerability index (MVI) to account for both long-term structural vulnerabilities as well as the recent weaknesses uncovered by the COVID-19 pandemic. Using 11 indicators for 128 countries (including 34 SIDS), the MVI demonstrates that all but five SIDS are far more vulnerable than their income level would suggest. This shows that vulnerability measurement needs to move beyond a narrow focus on economic or environmental vulnerability with a multidimensional approach to assessing countries' structural vulnerabilities to a variety of shocks.

Damage and Loss Accounting Systems:

The quantification, capture and reporting of damage and losses has become a premier issue at the nexus of systemic and multidimensional risk. These are important evidence for disaster reduction and recovery, pandemic response, in climate change and sustainable development. UNDP has been supporting 30 countries to-date. Loss and damage data sit at the crux of a set of practical applications, research and evidence-based policy and budgeting. All accounting systems are owned and operated by governments in these countries. An excellent example is Indonesia's inaRISK Platform, which started with the loss and damage database and has multiple uses.

Awareness education:

- ▶ Fostering ownership, understanding and application of comprehensive and systemic risk information by decision-makers and stakeholders from humanitarian, development and peacebuilding backgrounds.
- ▶ Facilitating dialogues across sectors and disciplines on the key systemic risk scenarios in country, the challenges and underlying causes and factors.
- ▶ Facilitating agreement on policy, technical and professional and standards across key risk management practices.
- ▶ Integrating the new risk-informed paradigm in primary, secondary and tertiary education systems and graduate programmes.
- ▶ Supporting public education and awareness programmes on the two-way relationship between risk and development.

Research local knowledge:

- ▶ Supporting innovative, interdisciplinary and applied research (technical, scientific, local, indigenous knowledge) in support of the new risk-informed paradigm.
- ▶ Linking data rigor with risk perception and risk reimagination involving local populations, academia and think-tanks.

30. <https://www.undp.org/publications/towards-multidimensional-vulnerability-index>

- ▶ Fostering experimentation and learning.
- ▶ Organizing regional and cross-regional lessons-learned dialogues and knowledge products.

The UNDP Morocco Accelerator Lab – tapping into 350 minds across six time zones for COVID-19:³¹

The collective #HackTogether experience surfaced 26 viable ideas to aid in the fight against COVID-19. It brought together developers and design thinkers in a safe creative space and fostered the connections needed to start projects that matter. Following #HackTogether, teams were prompted to continue onwards to gain user validations for their ideas. With the help of the organizing team and a line-up of highly skilled facilitators, some teams are following through with their projects with linkages to funding and workable prototypes in order to turn the excitement of the event into successful start-ups that contribute to COVID-19 response.

Monitoring, evaluation compliance:

- ▶ Supporting impact monitoring of the new risk-informed development paradigm through diagnostics and results frameworks related to development, prosperity and well-being.
- ▶ Drawing up dashboards of relevant indicators (building on existing measurements related to SDGs, Sendai, vulnerability and resilience).
- ▶ Conducting regular diagnostic reviews of entry points and roadmaps for risk-informed development.

31. <https://acclabs.medium.com/we-tapped-into-350-minds-across-6-time-zones-for-covid-19-heres-what-we-re-sensing-8651ecc56052>

32. <https://www.unhcr.org/lb/wp-content/uploads/sites/16/2019/04/LCRP-EN-2019.pdf>

The ME Framework of the Lebanon Crisis Response Strategy:³²

The strategy is accompanied by a joint plan between the Government of Lebanon and its international and national partners, including UNDP, and aims to respond to the country's challenges related to the influx of Syrian refugees. The plan is pursued in a holistic and comprehensive manner through multi-year planning towards longer-term development. It aims to achieve four strategic objectives that are addressed through interventions across 10 sectors and seven cross-cutting issues are mainstreamed across sectors. An inter-sector ME framework for 2017-2020 provides a multi-year framework for measuring progress against the LCRP's expected impacts, ensuring transparency and facilitating strategic and programmatic adjustments. The inter-sector framework provides clarity on impact measurement and the causal linkages from sector outcomes to impact. These causal relationships are further detailed in each sector strategy and can guide subsequent independent evaluations of the overall response by partners. The ME is coordinated and managed at all three levels of the LCRP institutional and coordination architecture.

RISK-INFORMED POLICY

Policy coherence:

- ▶ Fostering coherence and complementarities of legislative frameworks, strategies, policy and plans that explicitly incentivize risk-informed development.
- ▶ Implementing co-benefits and no-regrets solutions that address multidimensional and systemic risks.

Dominica's National Resilience Development Strategy (NRDS) 2030:³³

This strategy is a national multisectoral policy document that outlines the priorities that government will pursue for sustainable economic growth in the face of global realities. It explicitly incorporates the notion of systemic risk and the idea that climate change will affect many different economic sectors. It also recognizes that the country's social and economic systems will play an important role in determining their resilience. Addressing climate change impacts in isolation is therefore considered unlikely to achieve the desired development outcomes for the country.³⁴

Visioning and trade-offs:

33. <https://dominica.gov.dm/government-publications/national-development-strategies/the-national-resilience-development-strategy-dominica-2030>

34. <https://www.undp.org/publications/undp-social-construction-systemic-risk-towards-actionable-framework-risk-governance>

35. <https://sdgintegration.undp.org/countries/uzbekistan>

- ▶ Supporting long-term collective goal-setting in support of the new risk-informed paradigm and prioritization through foresight, futures and scenario analysis.
- ▶ Organizing consultations to manage the trade-offs between seemingly incompatible policy objectives related to economic benefits, risk management/ resilience and alignment with the SDGs.

Reviving the Aral Sea Region:³⁵

The Aral Sea used to be the source of life and livelihoods to millions of people. But due to mismanaged irrigation, large-scale cotton production and rising temperatures, the lake has shrunk to only 10 percent of its original size since the 1960s. This has caused major challenges: fishing ports and farming lands are dry, drinking water is scarce and dust and salt from the exposed seabed have increased the region's mortality rate. UNDP is working to revive the region – economically, socially and environmentally – to improve the lives of millions. UNDP is supporting Uzbekistan to turn the region into a 'zone of environmental innovations and technology' and uncover key barriers to systemic change – to ensure that people have sustainable livelihoods, good health, clean water and fresh air. A multidisciplinary team that includes innovation, technology and policy specialists is helping the government design a roadmap to operationalize the zone, which will be followed by implementation of a portfolio of integrated interventions.

Leadership:

- ▶ Boosting national and local leadership and advocacy for a multi-risk approach to risk-informed development.

RISK-INFORMED ORGANIZATIONS IMPLEMENTATION

Capacity development:

- ▶ Strengthening anticipatory and risk governance capacities (e.g., foresight, futures, scenario analysis and stress testing), including through capacity assessment and diagnostics.
- ▶ Strengthening mechanisms for accountability and compliance with the new risk-informed development paradigm.
- ▶ Developing learning and training packages on the new risk-informed paradigm that features case studies.

The CADRI Capacity Diagnostics:³⁶

The Capacity for Disaster Reduction Initiative (CADRI) is a global partnership composed of 20 humanitarian and development organizations, including UNDP, that is pooling its members' resources, knowledge and practices and leveraging their comparative advantages. CADRI provides countries with a one-stop shop mechanism to mobilize expertise in risk reduction in various areas ranging from agriculture to environment, education, cultural heritage, human mobility, infrastructure, health, nutrition, and water and sanitation. The capacity diagnostics process deploys multidisciplinary expertise in a government-led and multi-stakeholder process enabling an in-depth assessment of national, local as well as sector-specific capacities in five areas of interest (governance, implementation capacity, financing, knowledge, and technology equipment), which are weighed against each other as entry points for investment in disaster risk reduction and climate change adaptation interventions.

Programmes projects:

- ▶ Supporting development planning and sector departments as they apply and implement risk-informed policy and plans through their development programmes and projects in a systems approach.
- ▶ Fostering portfolio approaches through a strategic mix of short-/medium-/long-term interventions that cut across different risk management practices to address systemic risk.
- ▶ Facilitating sustained and catalytic investments in support of transformational changes at systems and behavioural level towards risk-informed development.

36. <https://www.cadri.net/about-us>

The Bangladesh National Resilience Programme:

UNDP in Bangladesh works to improve national-level capacities for risk-informed, gender-responsive and disability-inclusive development planning. In 2020, the programme developed a framework and tools for Disaster Impact Assessment (DIA) agreed by the National Planning Commission to promote risk-informed public investment. In 2021, persons with disabilities were empowered to participate in the local Disaster Management Councils (DMCs) and, as a result, their risk exposure could be reduced. In 2021, 1,723 members of the disaster management council, CPP and FPP volunteers and 76 journalists were qualified on gender integration in disaster risk management and resilience-building. The programme provided skills and grants to about 2,700 disaster-vulnerable women and engaged them effectively in DRR and CCA actions. Overall, the national resilience programme has helped improve the capacity of selected public institutions to make risk-informed, gender-responsive disaster and recovery management decisions for recurrent and mega disasters.

Coordination responsibilities:

- ▶ Supporting engagement of public institutions working on development planning, finance, sectors and risk management, including local-level governance systems, in the new risk-informed paradigm.
- ▶ Fostering thematic platforms on key themes related to risk-informed development at regional, national or local level to drive innovation and learning.
- ▶ Forging regional and subregional RID approaches that are adapted to specific geographies and challenges.

Procedures tools:

- ▶ Assisting the formulation of checklists, guidelines, standards, tools or methodologies that support the implementation of RID objectives or results.

PEOPLE-CENTERED STAKEHOLDER-DRIVEN RISK-INFORMED DEVELOPMENT

Leaving no one behind:

- ▶ Ensuring the most vulnerable and at-risk populations have agency in the risk-informed process and benefit directly from it.
- ▶ Understanding disproportionate risks and vulnerabilities of different population groups, including through the LNOB assessment framework, the gender and planet analysis tool, or gender markers.
- ▶ Analysis and strengthening employment policies for the most vulnerable.

Vulnerability mappings and analyses: UNDP, under the regional DX4Resilience project,³⁷ has conducted vulnerability mappings and analyses in Nepal, the Philippines and Sri Lanka that strengthened the governments' understanding of who the most vulnerable are, where they are located, the disaster risks they face and which priority needs need addressing to increase their preparedness to disasters. The findings from the Philippines, for example, provided strong evidence on the ways in which women are vulnerable to disasters.³⁸ This greater understanding enables the governments' evidence-based decision-making processes to support vulnerable groups and will support the achievement of the LNOB agenda. UNDP, in partnership with the Japan Bosai Platform (JBP), an association of the DRR-related Japanese private sector, will use the findings from the vulnerability mappings and analyses to identify potential digital solutions that build upon the governments' efforts for inclusive multi-hazard early warning systems.

Political economy analysis:

- ▶ Understanding interests and motives of stakeholder groups that influence development decisions and investments that impact on risk levels, including gender-differentiated interests.
- ▶ Agreeing on acceptable levels of risk that a society is willing to accept in a consultative process.

Shock-responsive social protection:

- ▶ Designing risk-informed social protection programmes to address the risk of vulnerable groups to intersecting hazard threats, including through better identification and targeting of vulnerable groups, anticipatory action to reduce the impact of crises events, preventing negative coping strategies, and resilience-building.

Multi-stakeholder engagement:

- ▶ Facilitating civic dialogues to generate RID ownership through SDG Platforms, Country Support Platforms, Accelerator or Future Labs to trigger transformational change beyond traditional outcomes and new approaches that fit the complexity of today's development challenges.
- ▶ Ensuring the engagement of all RID protagonists that, through their behaviour and decisions, influence societal risk, including government, civil society, partnerships, networks (South-South, North-North), academia, media and private sector (corporations, for-profit business, business associations and networks, SMEs).
- ▶ Employing a whole-of-society approach through the active participation of key stakeholder groups, including women, children, youth, persons with disabilities, people living with HIV/AIDS, older persons, LGBTI, indigenous people, refugees and internally displaced persons and migrants.
- ▶ Employing a whole-of-government approach that engages multiple sectors, planning, finance, parliaments, development coordination mechanisms, infrastructures for peace, and multi-sector forums related to DRR/CCA.

37. <https://www.asia-pacific.undp.org/content/rbap/en/home/programmes-and-initiatives/DX4Resilience.html>

38. <https://www.asia-pacific.undp.org/content/rbap/en/home/blog/2021/blog-mavg-philippines.html>

From climate change to systems change in the Pacific:

Through the UNDP Governance for Resilient Development (Gov4Res) project, UNDP is designing an approach to influence climate and development financing to achieve more effective outcomes from climate-related investments in the region. It does this through a systems lens by targeting multiple layers or 'entry-points' of a country system that have the potential to collectively transform an entire system to address the core drivers of vulnerability to climate change. This requires 'agility' to infiltrate any part of a system from local, national to regional levels (i.e., rural/urban development actors, national planning and budgetary processes, accountability mechanisms and large-scale infrastructure investments). At the country level, this is resulting in more programmatic responses to climate risks for community development projects in Fiji and Solomon Islands, formulation of new resilience-financing functions within the Ministry of Finance in Tonga, integration of climate change and disaster risk criteria into investment appraisal processes in Tuvalu, risk-informed community-led planning feeding through to national development in Vanuatu, and the inclusion of climate risk as a parameter for budget scrutiny by parliamentarians in Tonga.

FOSTERING SUSTAINABLE FINANCING

Assessment analysis:

- ▶ Conducting Public Expenditure and Institutional Reviews (PEIR) for assessing allocations to risk-informed development and understanding public financial management decisions over RID priorities.
- ▶ Conducting cost-benefit analysis of risk-informed investments and achieve a better understanding of the cost of no action.
- ▶ Carry out economic and insurance industry modelling to understand how risk reduction investment contributes to economic growth and the alleviation of poverty.

Public Expenditure and Institutional Reviews (PEIRs):

UNDP has globally supported the application of the Climate PEIR diagnostic tool. Building on this experience of the analysis conducted on more than 30 countries, UNDP partnered with the Asian Development Bank to adapt the methodology to also assess disaster risk management-related policy, institutional and public expenditure in South-East Asia (Lao, Thailand and Vietnam) as a basis to recommend integrating of disaster risk reduction concerns into budget reforms. The same approach was used in Africa, where the Climate PEIR was adapted to DRR in countries such as Mauritius, Malawi and Kenya.

Resource mobilization:

- ▶ Supporting long-term RID financing solutions that blend public, private, domestic and international resources.
- ▶ Strengthening the allocation of financial resources to local-level stakeholders and communities.
- ▶ Supporting the access to pooled and global funds (e.g., SDF fund, PB Fund, Climate Funds).
- ▶ Fostering public-private partnerships to foster RID.³⁹
- ▶ Exploring opportunities taxation to finance resilience-building.

Risk-Informed investment and financial policy:

- ▶ Fostering the active engagement of ministries of finance, budgeting, planning and development, NDMAs, regulatory bodies and physical and social planning departments to increase the integration of intersecting risks into all public financial policy.
- ▶ Supporting risk-informed Integrated National Financing Frameworks (INFF) to ensure that financing strategy and priorities consider risk reduction.
- ▶ Integrating risk into investment decision-making at all levels and developing and implementing a common approach to accurately assess, and price risks to incentivize resilient investments.
- ▶ Addressing the issue of de-risking financial flows and investments in humanitarian and fragile contexts.⁴⁰

Integrated National Financing Frameworks:

UNDP has provided technical leadership in supporting Ministries of Finance to develop Integrated National Financing Frameworks in more than 70 countries (60 funded through the Joint SDG Fund), working together with Resident Coordinator Offices, UN Country Teams and over 17 agencies. UNDP's support for INFFs has provided a vehicle for the delivery of integrated GPN support, for example in promoting financing for gender equality and in taking forward UNDP's climate promise with a framework for financing NDCs. Other risks could also be integrated. UNDP has established the INFF Dashboard to track the operationalization of INFFs at the national and cross-country levels.

Insurance and risk financing:

- ▶ Increasing utilization of sovereign risk finance and inclusive insurance to strip and transfer away levels of risk from vulnerable countries and communities.⁴¹

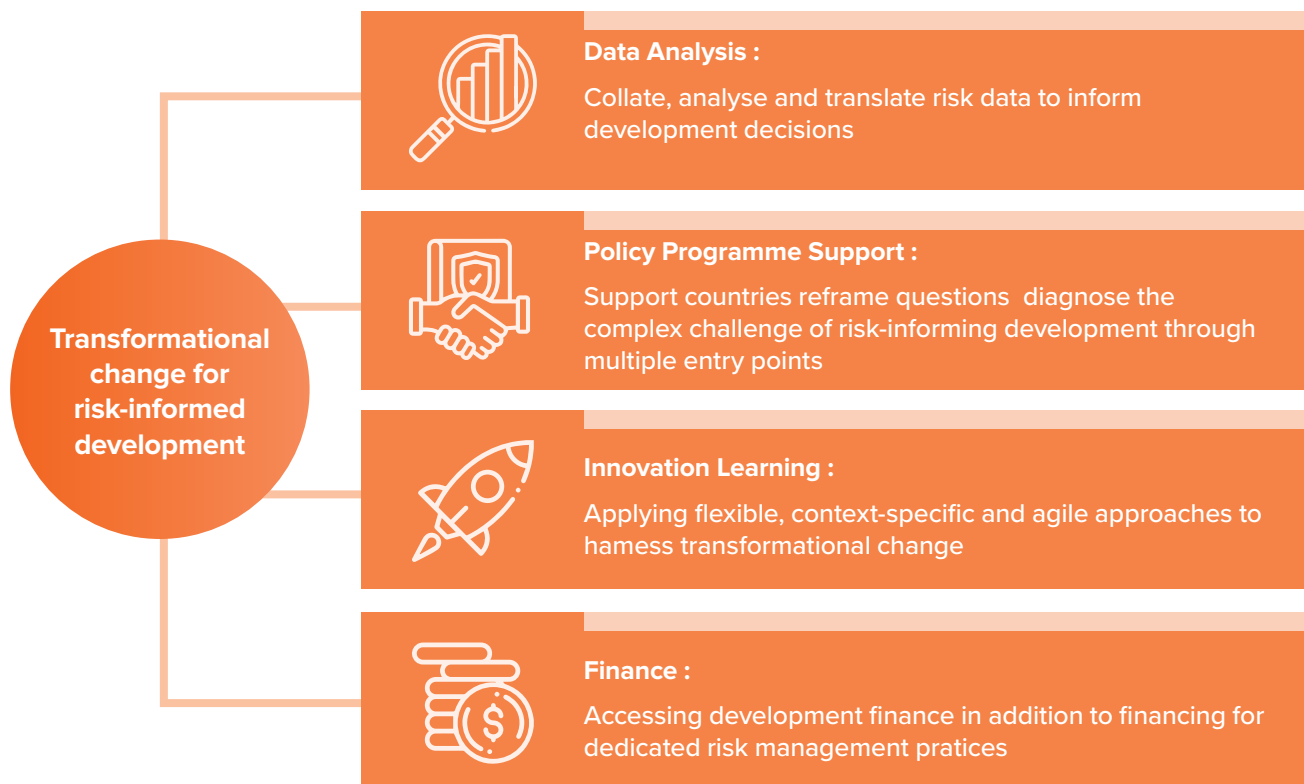
39. For example, the creation of an SDG investor map focusing only on the disaster risk reduction and recovery space to attract investments from the private sector.

40. <https://reliefweb.int/training/3674051/impact-bank-de-risking-humanitarian-action>

41. For example, the UNDP Insurance and Risk Finance work to match development of risk-finance solutions for vulnerable countries with investments in long-term governance of risk finance and insurance.

7.2 Partners pillar: UN system collaboration & partnerships

UNDP as an integrator



Due to the comprehensiveness of the risk-informed approach, UNDP will need to pursue this agenda in close collaboration with other UN System organizations and partners that are contributing to this field. Whilst most of them pursue a sector-specific approach, UNDP is in the unique position to push the risk-informed agenda across sectors by working with ministries and departments of national, physical and social planning and finance, as well as National Disaster Management Authorities.⁴²

Strategic partnerships will make UNDP's risk-informed approach more impactful and knowledge-based and allow us to address the complexities of present-day development in a joined-up approach. UNDP's role is that of an 'integrator' to help provide the right enabling environment for communities, countries and partners to work together towards achieving the transformational change required to genuinely risk-inform development (see above figure).

42. In many countries, NDMA's are not only limited to managing natural hazard risks, but also technological and biological risks.

Below is an overview of the most critical partners that UNDP is advising to deepen its collaboration with and the reasons why.

Partnerships with government:

- ▶ **Ensuring the ownership** of the risk-informed approach at national, subnational and local levels.

Partnerships with UN System entities:

- ▶ **Supporting UN Teams at country level with applying a resilience lens in the UN Sustainable Development Cooperation Frameworks.** The UN Common Guidance on Helping Build Resilient Societies, which is grounded in a systems approach, provides practical insights on how this can be practically achieved. UNDP could take the lead in providing facilitation and hands-on technical support for the application of specific tools in support of resilience-building, including developing and rolling out the upcoming learning package in support of the UN Resilience Guidance.
- ▶ **Collaborating with individual UN agencies to jointly drive progress in risk-informed development in specific sectors or thematic areas, i.e.,** with UNDRR on the priorities lined out in the UNDP-UNDRR Statement of Intent; with UN Women to explore gender-responsive and risk-informed development; with OCHA and other humanitarian partners on anticipatory actions and risk-informing the HDP nexus; with UNICEF on risk-informed and child-rights-focused planning and programming; with IOM IDM and UNHCR on curbing displacement, migration and the reintegration of internally displaced persons; and other agencies.

Partnerships with research institutions, academia and think-tanks:

- ▶ **Generating cutting-edge knowledge and expertise to drive global advocacy and policy frameworks** through a feed-back loop that gives access to lessons, successes and challenges on the ground. This would also entail ensuring that a risk language is used that is commonly understood and can transcend disciplines.

Partnerships with IFIs:

- ▶ **Encouraging long-term resilience and risk-informed development through loans, credits and grants** to national governments for economic and socially sustainable development.
- ▶ **Building on the results of the World Bank's Risk and Resilience Assessments (RRAs)** that identify the multidimensional risks that affected a country's vulnerability to economic, political, government and social breakdown and violence.

Partnership with the private sector:

- ▶ **Delivering risk transfer solutions,** from the individual and family levels to the sovereign in collaboration with the insurance industry, including the utilization of insurance modelling, analysis and scenarios for a range of government decision-making.

► **Ensuring that risk reduction is considered in significantly more investment in developing countries** and reducing risk to that investment and in the surrounding environment. Both the Coalition for Climate Resilient Investment (CCRI) and the Coalition for Disaster Resilient Infrastructure (CDRI) are two global initiatives working in this space.

► **Fostering public-private partnerships to help overcome uncertainties that private sector faces when risk-informing investments** and strengthening the capacity of private sector networks (e.g., platforms, local chambers) in risk reduction. The Connecting Business Initiative, for example, is supporting the creation and strengthening of private sector-led networks for disaster risk reduction.

Partnerships with civil society and non-state actors:

► **Advocating with governments to advance and scale up a risk-informed agenda that is people-centred** and reduces the inequalities that are driving risk to ensure that no one is left behind in the process.

Partnership with donors:

► **Raising donor awareness on the requirements for financing that incentivize integrated approaches** that foster risk-informed results across different risk management practices; support long-term, systemic processes that foster HDP collaboration.

► **Advocating for a blend of financial instruments linked to transformational changes** and fostering co-creation with development partners.



7.3 Internal pillar: risk-informing UNDP

The risk-informed development approach is a UNDP-wide effort that encompasses all practice areas. It is situated at the cross-section of governance, crisis prevention and resilience, climate action, health, poverty and many other UNDP practice areas that all have an important role to play and contribution to make. The approach champions solutions that aim to stop the development-related processes that can drive risk-generation and reduce the impact of crisis events. It thus moves beyond mere crisis event management.

Whilst UNDP is still organized in distinct practice areas, there is now a strong intent supported by the new Strategic Plan to work in an integrated manner towards solutions to complex local realities. Institutionalizing this new way of working will require a dedicated effort, although several key elements are already in place.

An overview of the most promising opportunities for anchoring and institutionalizing the approach within UNDP is provided as follows:

Risk-informing UNDP programmes and projects:

UNDP already has several organizational standards and policies at its disposal that intend to integrate risk considerations into the design, implementation and monitoring of its programmes and projects across a range of risks. These include:

► **The Social and Environmental Standards** that underpin our commitment to mainstream social and environmental sustainability in our programmes and projects. They aim to maximize social and environmental opportunities and benefits and avoid adverse impacts to people and the environment. Although the eight SES do not feature a comprehensive multi-risk approach, they form an important element of and contribution to mainstreaming risk into our programmes. The development of staff capacity on this important tool is still ongoing and should be accelerated.⁴³

► **The Enterprise Risk Management (ERM) Policy** covers risks across all levels of the organization, considering the internal and external contexts. The UNDP ERM not only prioritizes preventing and managing potential negative effects but also seeks to maximize positive effects where possible. It covers institutional risk, programmatic risk and contextual risk. It presents an integrated approach to risk management, with horizontal integration across all types of risks and vertical integration from projects up to corporate level. Monitoring the risk registers and logs and implementing the recommended mitigation measures provide for a proactive risk management approach.⁴⁴

► **The Human Rights Due Diligence Policy** supports UNDP to make risk-informed decisions when entering into a programmatic commitment with the security sector and ensures risks are assessed and managed at every stage of its programmatic engagement with the security sector.⁴⁵

43. <https://www.undp.org/publications/undp-social-and-environmental-standards>

44. file:///C:/Users/busaba/Downloads/AC_Accountability_Enterprise%20Risk%20Management%20Policy.pdf

45. UNDP (2012). Implementation Tool for the Human Rights Due Diligence Policy. Decision-making Process in Managing the Risks of Engagement with the Security Sector.

Infusing UNDP Country Programme Documents (CPDs) with a risk and resilience lens:

When preparing CPDs, multidisciplinary teams need to work together with their in-country partners to uncover risk-related challenges with the aim to identify integrated solutions and move away from those that compartmentalize different risk management practice areas and objectives.

- ▶ **A Risk-Informed Development Seal**, similar to the gender or climate seals, could be introduced to ensure CPDs meet agreed risk-informed standards, focusing on those areas that may not yet be covered by existing standards.
- ▶ **A portfolio approach in support of transformational change** will help in shifting from the plethora of disconnected risk-management initiatives to a more programmatic approach that is able to address systemic and interconnected issues through a strategic mix of short-/ medium- and long-term interventions supported by credible research, analysis and advocacy.

Strengthening staff capacities:

Evolving the risk-informed paradigm within UNDP requires a dedicated effort and greater investments in staff capacity to nurture the ability and skill to connect between different disciplines and move beyond the comfort zones of their immediate expertise, through:

- ▶ **Formal and informal training, learning and webinars** so that staff can excel in the application of the approach, and the tools and methodologies that underpin it.
- ▶ **Learning by doing** that draws on the existing staff expertise at country office level, such as PDAs, governance, DRR/CCA or health focal points, by proactively binding them together in integrated project design and implementation. This will ultimately help overcome organizational siloes and enhance the understanding of how different risk management work streams complement each other. Certain types of programmes, such as those in the realm of climate security, human security, risk governance or urban resilience, would be particularly well-placed as a starting point.
- ▶ **Providing a dedicated space on risk-informed development as part of UNDP's communities of practice.** Offering opportunities for UNDP experts working at all levels and regions and across our existing communities of practice to exchange their experience and learning on multi-risk-informed development, will help accelerate the implementation of this approach. Jointly exploring and documenting national- and subnational-level solutions and organizing regular dialogues and consultations on SparkBlue would help keep the approach alive and evolving.

Learning, adapting innovating:

The UNDP journey towards risk-informed development requires learning, adapting and innovating the approaches, tools and methodologies that UNDP is already using in support of risk-informed development.

- ▶ **Expanding the scope of existing UNDP tools and methodologies** to better align with the new risk-informed paradigm and to address

multidimensional risk or explore how they could be effectively joined up or linked in support of a more comprehensive and integrated approach.

- ▶ **Documenting UNDP country-level experiences** in implementing the new risk-informed paradigm in their programmes and operations.
- ▶ **Proactively equipping UNDP projects and programmes** with a RID learning component.
- ▶ **Tracking UNDP expenditures and resources** in support of the new RID paradigm.

Enhancing organizational structure cross-team collaboration:

For multidisciplinary and cross-team collaboration to occur, it is important to break the existing thematic siloes in the way the GPN is currently organized. Some ideas to overcome the division in support of a more collaborate and partnership approach include:

- ▶ **Setting up multi-risk management units at CO level** that are equipped with the necessary tools and capacities in forecasting, analysis, implementation, coordination and monitoring. Some COs are already moving in that direction, such as UNDP Philippines with its Impacts and Advisory Team.
- ▶ **Establishing HQ-level task teams or working groups on risk-informed development** to oversee and support the implementation of the approach. The DRT will serve as the technical anchor of the approach, and the Strategy Systems Team will ensure organizational compliance.
- ▶ **Facilitating catalytic funding and resources** to foster and demonstrate the impact of integrated and cross-practice collaboration, which could then be co-financed by donors and governments alike.
- ▶ **Strengthening the data ecosystem for risk-informed development.**



8.

Next steps



UNDP's risk-informed approach can already build on a solid foundation, yet it has so far largely focused on a single-risk approach, rather than the comprehensive, multidimensional and systems approach that this paper advocates for. Whilst the direction of travel has been laid out, there is still much to be learned and explored for the approach to seep into the DNA of UNDP.

In order to ground the approach in UNDP's operations, several practical starting points are suggested:

Conduct a series of deep-dive demonstrations in partnership with UNDP Country Offices and programme countries to offer an opportunity for several GPN practices to come together in support of a risk-informed approach that addresses multidimensional and systemic risks.

Identify accelerator labs that focus on anticipatory decision-making for risk-informed development.

Conduct systemic risk assessments in a select number of countries/geographies as a collaboration between several GPN risk management practice areas.

Advance selected tools to embrace a more comprehensive approach in support of risk-informed development, such as piloting political economy analysis for risk-informed development; application of the public expenditure and institutional reviews; risk-informing INFFs; conducting multidimensional vulnerability analysis.

Map and collate promising experiences, lessons and practices of UNDP Country Offices that are moving the needle towards a risk-informed approach.

Identify champions within UNDP from different practice areas to provide leadership and ensure the accountability for the implementation of the new risk-informed paradigm.

Accompany the formal launch of the approach with an extensive communications campaign that is strongly backed and supported by the highest levels of the organization.

Other potential cross-practice initiatives are expected to emerge and gradually help introduce the approach that has been lined out above throughout UNDP at country, regional and global levels.

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Annex 1:

Overview of Relevant Tools (a selection)

Knowledge & evidence base

- ▶ Global Risk Assessment Framework (GRAF)
- ▶ Conducting a Conflict and Development Analysis Tool
- ▶ INFORM subnational models

Financing

- ▶ A Methodological Guidebook: Climate Public Expenditure and Institutional Review (CPEIR)
- ▶ Integrated National Financing Frameworks

Policy

- ▶ Institutional and Context Analysis - Guidance Note
- ▶ Risk-Informed Development: A Strategy Tool for Integrating Disaster Risk Reduction and Climate Change Adaptation into Development
- ▶ Mainstreaming the 2030 Agenda for Sustainable Development - Reference Guide for UN Country Teams
- ▶ Climate Promise Thematic Brief on Disaster Risk Reduction

Organization

- ▶ CADRI Diagnostic Tool

Partnerships

- ▶ UN Common Guidance on Helping Build Resilient Societies
- ▶ Joint UN Guidance for Conflict Sensitivity, Peacebuilding and Sustained Peace (forthcoming)

Internal

- ▶ Social and Environmental Standards
- ▶ Enterprise Risk Management Policy

Annex 2: Glossary of terms

Climate change adaptation: In human systems, the process of adjustment to actual or expected climate and its effects, in order to moderate harm or exploit beneficial opportunities. It seeks to enable populations to cope with, adapt or potentially transform to future environmental conditions. It is one of the two main approaches to climate change, the other aiming to reduce the causes of the change, that is, greenhouse gas emissions, termed climate change mitigation. (IPCC, 2018)

Conflict prevention: Involves diplomatic measures to keep intrastate or interstate tensions and disputes from escalating into violent conflict. It includes early warning, information-gathering and a careful analysis of the factors driving the conflict. (<https://peacekeeping.un.org/en/terminology>)

Disaster risk reduction: Disaster risk reduction is aimed at preventing new and reducing existing disaster risk and managing residual risk, all of which contribute to strengthening resilience and therefore to the achievement of sustainable development. (United Nations, 2016: OIEWG)

Exposure: The situation of people, infrastructure, housing, production capacities and other tangible human assets located in hazard-prone areas. (United Nations, 2016: OIEWG)

Hazard: A process, phenomenon or human activity that may cause loss of life, injury or other health impacts, property damage, social and economic disruption or environmental degradation. (United Nations, 2016: OIEWG)

Hazardous event: The manifestation of a hazard in a particular place during a particular period of time. (United Nations, 2016: OIEWG)

Prevention: the process of avoiding risk or reducing the probability and impact of risk.

Recovery: The restoring or improvement of the livelihoods and health, as well as economic, physical, social, cultural and environmental assets, systems and activities of a disaster-affected community or society in alignment with the principles of sustainable development and 'build back better' to avoid or reduce future disaster risk. (OIEWG, 2016)

Resilience: The ability of individuals, households, communities, cities, institutions, systems and societies to prevent, resist, absorb, adapt, respond and recover positively, efficiently and effectively when faced with a wide range of risks, while maintaining an acceptable level of functioning and without compromising long-term prospects for sustainable development, peace and security, human rights and well-being for all. (United Nations, 2017)

Risk: The consequence of the interaction between a threat and the characteristics that make people and places vulnerable and exposed to that threat. (UNDRR, 2015: GAR)

Risk drivers: Processes or conditions, often related to development and inequality, that influence the level of risk by contributing to exposure and vulnerability or reducing capacity. (United Nations, 2016: OIEWG)

Risk governance: The actions, processes, traditions and institutions by which authority is exercised and decisions are taken and implemented. Risk governance

applies the principles of good governance to the identification, assessment, management and communication of risks. (IRCG, 2017)

Risk management: The risk management process is a systematic application of management policies, procedures and practices to the tasks of communication, consultation, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk. (ISO 31000)

Shocks: External short-term deviations from long-term trends that have substantial negative effects on people's current state of well-being, level of assets, livelihoods, safety or ability to withstand future shocks. (Zseleczky and Yosef, 2014)

Systemic Risk: The ripple-effects of direct loss and damage, indirect impacts and wider effects, such as: the disruption of infrastructure systems and essential services; failure of economic, financial or social systems; effects on employment and income; national and family debt profiles and ecosystem collapse. (UNDP, 2021)

Vulnerability: The conditions determined by physical, social, economic and environmental factors or processes that increase the susceptibility of an individual, a community, assets or systems to the impacts of hazards. (United Nations, 2016: OIEWG)



United Nations Development Programme

One United Nations Plaza
New York, NY 10017

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