EUROPEAN FORUM FOR DISASTER RISK REDUCTION

PORTUGAL MATOSINHOS 2021

Concept Note

Financing Long Term Resilience

26 November 2021 11:45h - 13:15h CET

State of play

Disaster risk is a systemic issue. When a disaster strikes, it often further divides societies and has unequal impacts leading to greater inequality. This was a key lesson from the 2008 financial crisis.

There are degrees of financial vulnerability to disasters, from sectors and supply chains at risk from specific hazards like flooding and earthquakes to the entire economy impacted by a pandemic, as COVID-19 as show us. Across all disaster risk, inequality is a crucial issue in addressing financing resilience. It is important therefore to lead in shift in understanding disaster resilience as a core public good to ensure that no one is left behind. There is a strong need for a new "social contract" on investing in disaster resilience setting out the responsibilities and liabilities of public and private bodies.

There has been good progress on financial disclosure of physical climate risk. However, there is a crucial difference between risk disclosure and truly incentivizing investment in resilience. Accelerated investment in disaster resilience is now urgently needed, ensuring risk is taken into account in strategic planning and public budgeting.

A major challenge is that the investment needed to ensure society is disaster resilience is enormous, and likely runs into trillions of Euros. While companies and investors are increasingly engaged in the low carbon transition, it is harder to build the business case for disaster resilience and climate adaptation. This is because many of the measures are project based, bottom up and often are investing to avoid future costs rather than to generate a return on investment.

The better integration of risk can protect the most vulnerable and reduce financial risk from regions that are especially vulnerable to disaster risk. Building disaster resilient infrastructure and SMEs is very important. We need to support a transition to net zero that is also resilient, with enough capital to achieve it. The COVID-19 pandemic has seen a return of the state and is a moment to re-think the values and frameworks for the future we want. This is fundamentally about structural reform and good governance for a green and resilient recovery.

Session objectives	• High level discussion on accelerating action on disaster resilience investment and financing in Europe and Central Asia • Address the key challenges on scaling up and accelerating investment in disaster resilience, identifying the fundamental reforms needed • Set out core recommendations on the topic and connected to the implementation of the EFDRR roadmap that will be adopted.
Questions to be addressed	• What do we need to do to make disaster resilience and climate adaptation a priority of public and private finance and investment? • How should we ensure no one is left behind in financing disaster resilience. What are the ethical principles of investment needed to ensure disaster resilience? • How do public budgets and strategic planning take disaster resilience into account and what's needed to lead greater investment? • How do we actually incentivize investment in disaster resilience? (what changes are needed?)
Expected outcomes	• A shared consensus in the Europe region on how to accelerate investment in disaster resilience and needed reforms • Identifying the key openings where the financial changes can be made • Showcasing leading approaches in the region
Background documents	The session will take inspiration from the Anchoring Event on the Water Action Track with a call to action for water to accelerate and scale up on water and adaptation https://www.youtube.com/watch?v=ZhsG6ILyXSk **Articles on the resilience dividend valuation:** https://www.rockefellerfoundation.org/blog/valuing-resilience-dividend/ https://www.rand.org/pubs/research_reports/RR2129.html

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