From risk to resilience: Enabling, elevating, and financing resilient recovery

Summary

The climate crisis is causing an alarming rise in the complexity, frequency, and severity of disasters, and developing countries are projected to face annual losses and damages of US$1-1.8 trillion by 2050 due to climate change. People are increasingly trapped in a spiral of vulnerability and loss, unable to fully recover and rebuild their lives before the next climate shock hits.

While investment is insufficient across the entire disaster risk management cycle, recovery efforts are particularly underfunded.

This policy brief outlines what effective resilient recovery can look like and makes recommendations for its implementation at the national and international level.2

Recommendations

National governments:

- Establish a framework for resilient recovery by developing legal provisions, policies, and plans for a coherent approach to recovery that encompasses all of government.
- Establish multi-sectoral, inclusive coordination mechanisms.
- Develop a comprehensive disaster risk financing strategy to facilitate and implement pre-planned finance.
- Support action at the local level, with a clear role for local governments and actors to ensure an efficient and context-specific resilient recovery that meets the needs of vulnerable households.

International community:

- Increase grant-financing for resilient recovery that extends to, and proactively includes, the local level.
- Ensure that financing does not lead to debt crises by providing highly concessional loans and applying climate-resilient debt clauses to existing and new loans.
- Enhance cross-sectoral coordination and collaboration to ensure a coherent and integrated approach to resilient recovery among disaster risk reduction (DRR), humanitarian, development, and climate sectors.
- Support resilient recovery at the local level, including through the provision of technical assistance for recovery frameworks.

See the full report for a more comprehensive set of recommendations.

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The problem

Recovery is a critical component of the disaster risk management cycle. While the climate crisis demands investment across the full cycle – from risk reduction and preparedness to response and recovery – there are particular funding gaps in recovery. The emphasis tends to be more on the initial response and relief efforts, with limited attention and resources allocated to the crucial recovery phase. As noted in the Political declaration of the high-level meeting on the midterm review of the Sendai Framework, ‘most countries still lack effective pre-disaster preparedness to effectively respond and build back better in recovery, rehabilitation and reconstruction, which has led to missed opportunities to build resilience, reduce disaster risk and make progress towards sustainable development through risk-informed recovery and reconstruction’. Neglecting preparedness for resilient recovery can heighten vulnerability and exposure to avoidable losses and damages, and in certain contexts can perpetuate a dependency on aid and undermine the long-term sustainability of disaster-affected areas.

As communities face climate-induced disasters that are increasing in frequency and intensity, with compounding impacts of other crises, resilient recovery is becoming more important than ever. Figure 1 shows the steps from no recovery to recovery and resilient recovery.

For recovery to be resilient, it must be:

Risk-informed:
Resilient recovery requires a comprehensive risk management strategy, acknowledging the various concurrent threats and complex risks. This includes translating climate projections and real-time scientific data into forward-looking recovery efforts, so that communities have the knowledge and tools needed to face present and evolving climate hazards.

Multi-dimensional:
Recovery must extend beyond physical infrastructure repair; it must encompass social, human, natural, financial, and physical dimensions that collectively enhance resilience to climate threats. Recognizing the interconnectedness of these factors is essential for a truly effective resilient recovery.
Inclusive:
A resilient recovery must address the needs of all women, men, and children affected, particularly the most marginalized and vulnerable, empowering them to actively participate in locally led recovery decisions.

‘There is still a communication gap between flood management actors and target communities. Contact is mainly made after the disaster has occurred to assess the damage and implement response operations.’ Post Event Review Capability interviewee, following the 2020 floods in Thies, Senegal.

Enabling resilient recovery at national level: the power of effective plans and frameworks
Recovery is complex; it requires bringing together multiple stakeholders working across a wide range of technical, socio-economic, institutional, and environmental dimensions, and planning against a backdrop of often limited capacity, data, and funding. But recovery is too important and too complex an issue to be pulled together in post-disaster turmoil — efforts are required before the disaster.

Enabling a risk-informed, multi-dimensional, and inclusive recovery hinges on the establishment of effective recovery frameworks before the shock. These frameworks define the principles, processes, and capabilities necessary for managing and facilitating recovery following disasters. When implemented, they aid coordination among stakeholders, mobilization of recovery financing, and implementation of monitoring and evaluation. They should enable detailed plans to be developed in advance of a disaster to ensure recovery readiness, and event-specific recovery plans developed after a disaster to address medium- and long-term recovery based on assessed needs.

Capacity building and continuous learning are necessary for successful implementation of resilient recovery frameworks. Technical expertise should be integrated at local levels to support recovery efforts. Ongoing adaptation of recovery arrangements based on learning and evolving risk conditions is critical and underpins the transformation of frameworks into dynamic, living documents that are regularly reviewed and adjusted for optimal recovery outcomes.

Elevating resilient recovery: bridging gaps in global policy
Resilient recovery, crucial for disaster risk reduction (DRR), humanitarian aid, and development, lacks coherent and coordinated global frameworks, resulting in fragmented funding and action. ‘Build back better’ was incorporated into the Sendai Framework on DRR in 2015 and the International Recovery Platform has led crucial knowledge-sharing work, but the integration of risk reduction into recovery efforts remains limited.

By combining approaches from the humanitarian and development sectors, early recovery lays the foundation for rehabilitation and reconstruction. Yet the early recovery cluster within the humanitarian sector. Yet it is chronically underfunded – receiving less than 1% of all humanitarian funding in 2022 – perhaps because it is assumed that recovery is, or should be, covered by development financing, which is often not realized.

Recovery intersects with climate change challenges, yet until recently has remained at the periphery of global climate policy. The COP27 decision to create a loss and damage fund and funding arrangements is now sparking debate on using climate finance to fund recovery. Here, it is important to emphasize the synergy between recovery, loss and damage, and adaptation, and to leverage the expertise of the adaptation sector in a more integrated way within loss and damage discussions and related action.

Funding resilient recovery: financing a safer future
One of the key obstacles to recovery, let alone resilient recovery, is funding. Some estimates suggest that the annual financing requirement for recovery is a staggering US$200 billion, a stark contrast to the limited and fragmented sources of funding that countries currently rely on. In 2020, only about US$500 million of official development finance was allocated to reconstruction, relief, and rehabilitation, representing a mere 0.25% of estimated recovery needs.

There is a powerful economic incentive for change. If all countries were to build back stronger in the next 20 years – ensuring that rebuilt assets can resist hazards with a 50-year return period – this would reduce global asset losses by 11.2% and global wellbeing losses by 11.7%. Despite this economic rationale, the global
disaster financing landscape is fragmented: humanitarian, DRR, development, and climate finance often fail to harmonize; international grant funding for recovery remains scarce; emergency response funding is approximately 30 times greater than funding for recovery; funding predominantly focuses on high-profile disasters, leaving out the cumulative impact of smaller, recurring events.

At the national level, post-disaster recovery funding comprises a patchwork of public budget allocations, loans, grants, and risk transfer instruments that generally fall short of meeting needs. To mitigate some of these challenges, and quickly and effectively channel recovery finance, governments need to put in place pre-planned financial mechanisms that prioritize resilience in recovery for different sizes and frequencies of events, ensuring access to this funding at the local level.

With limited financial support available, governments are often forced to take on loans to finance recovery, contributing to escalating debt burdens and limited finance flow to local authorities. Furthermore, without climate-resilient debt clauses, governments continue to service existing debts during times of disaster, reducing the fiscal space to respond to the crisis and to meet developmental goals. Funding is also required at household level to help families avoid going into debt to rebuild homes and recover their livelihoods.

‘It’s hard to start with nothing. We usually end up borrowing money from different lending companies that offer us loans. Then it becomes a cycle – borrow then pay, borrow then pay. It’s a never-ending cycle.’

Female store owner affected by recurrent floods in the Philippines

Towards genuine commitment for resilient recovery

‘Building back better’ has for too long remained a catchphrase rather than a real commitment. It is time to put action for resilient recovery into the national and international spotlight. We cannot continue to rebuild systems – physical, natural, and social – that are not fit for purpose and capable of thriving in our changing climate. In a world with increasing climate impacts, the post-disaster window of opportunity for transformational change must be seized.

1London School of Economics. (2022). What is climate change ‘Loss and Damage’?
2We recognise the limitation for full application in fragile and protracted settings, which require additional analysis and considerations.
8See IFRC. (2023). Laws, policies and plans for disaster recovery: Multi-country synthesis report.