

November 4, 2020

Dear Chairs of Development Banks,

The COVID-19 pandemic, which is threatening our global community, is not happening in isolation. COVID-19 is taking place alongside the existential crisis of our time, climate change, underscoring the urgent need to balance the pandemic response with maintaining commitments to climate change adaptation (CCA) and disaster risk reduction (DRR) financing. If we lose momentum on financing CCA and DRR the disastrous impacts of climate change will increase and could result in the following outcomes:

- By 2030, the cost of humanitarian aid (excluding cost from conflict) is expected to increase to \$20 billion a year, increasing present humanitarian needs by 35 percent; and by 2050 would be 50 percent higher than today;
- An estimated 15 million people and \$177 billion in urban locations will be impacted annually by coastal flooding by 2030, while 132 million people and \$535 billion in urban property will be impacted annually due to riverine flooding.

As members of the Zurich Flood Resilience Alliance (the “Alliance”), we already see first-hand the effects of the compounding risks of climate change and COVID-19. As just one example, South Asia is grappling with increasing numbers of COVID-19 cases and the worst monsoon floods in years. Given the risk of COVID-19 infection and flooding, families grapple with the tough choice of evacuating and risking infection or staying put and risking flooding. Our teams though are helping communities manage and reduce these compound risks, but additional resources that address multiple risks and hazards and build resilience to these compound risks are desperately needed.

As you prepare to convene the Finance in Common Summit and discuss the role of Development Banks in the short-term response to COVID-19 and long-term sustainable recovery, we would urge you to:

- Maintain funding for climate change adaptation, disaster risk reduction and development-oriented resilience-building strategies, alongside sufficient funding for COVID and humanitarian response;
- Manage the long-term climate risks that vulnerable communities will face and support people in managing these compounded threats now, before disaster strikes (e.g. increasing access to critical

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systems through new, climate-smart infrastructure, including nature-based solutions);

- Incorporate resilience thinking and climate-smart risk-informed development planning into both recovery plans and projects;
- Invest in strengthening existing systems, like disaster risk management committees, and other local actors that are currently responding to the COVID-19 crisis yet have limited resources (e.g. creating new or strengthening existing funding mechanisms marginalized communities can access for community-based risk reduction and recovery);
- Prioritize inclusive, risk-reduction focused and resilience-oriented, locally-led approaches to COVID-19 recovery to ensure that solutions respond to local needs, rights and realities; and
- Build in accountability mechanisms within multilateral and bilateral assistance packages that can ensure programs are advancing climate smart development.

At this pivotal moment in the global response to COVID-19, ambitious commitments from Finance Ministers to maintain momentum on climate change adaptation and disaster risk reduction, the foundations for a sustainable recovery, is needed now more than ever. While the COVID-19 pandemic has massively disrupted lives and livelihoods, it also provides a once in a lifetime opportunity to create a safer, resilient world able to adapt to the threat of climate change and other perils. Turning this crisis around to build forward better is an opportunity that should not be wasted.

Sincerely,



Enclosure: Build Back Better: Ensuring COVID-19 response and recovery builds long-term resilience to climate impacts