

Harnessing high-quality data for climate resilience

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When discussing climate resilience, accessibility to – and quality of – data is crucial. Equally important is how different stakeholders (e.g. companies, regulators, supervisors, governments, local entities) use and process them, which insights they extract from data analysis, and how sound decisions are informed based on data-driven knowledge. Data should not be considered as an outcome, but rather as a means to inform decision -making.

One of the key challenges in closing the climate protection gap is shifting the risk management approach from a reactive mode to a proactive/preventive mode. Of the climate-related events that have occurred over the last two decades, only [30 % of the incurred economic losses](#) were insured. Moreover, just [12 %](#) of the current investments addressing climate disasters focus on preparedness, risk reduction and adaptation, with the rest being allocated to disaster response and recovery.

In an effort to boost the EU's climate resilience and integrate climate risk considerations into decision-making, the European Commission adopted the [EU Climate Adaptation Strategy](#) in February 2021. One of the strategy's objectives, is to support the use of data in decision-making, especially at local level, by improving quality, accessibility, and the understandability of data, datasets and models.

Assessing risk drivers and building resilience also requires qualitative information. This can provide essential elements to better understand the context, the implications, and the interlinkages between data. For instance, perceptions and insights gathered among companies in certain sectors, or among categories of people across communities, can be important factors contributing to decision-making.

In this context, dialogue between stakeholders is crucial. One initiative in this direction is the [Flood Resilience Alliance](#), which aims to bring together different skill sets and support communication between stakeholders on how to prevent floods and strengthen their resilience

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to flood risks. Equally important is the interaction between experts in different fields to conceive multi-dimensional adaptation measures. For example, early warning systems and heat maps are important risk management measures and they can also make it easier to visualise complex datasets.

At all times, insurance companies aim to deploy cutting-edge expertise to provide commercial clients with insights on what to do to future-proof their operations at different points in time. Thus, innovation can play a significant role as data tools and models developed to handle today's risks will not be efficient in the future. This means that there should be active [collaboration between startups and industry experts](#) in an effort to create products and services that can have a scalable impact.

At local level, such as urban areas, data is essential for creating impactful adaptation and resilience projects as well as monitoring progress, analysing results and evaluating effectiveness. Very often, resilience and adaptation have complex multidimensional implications. For example, vulnerabilities due to climate change also have economic and social impacts, which need to be factored into adaptation plans. Although local public entities usually own significant amounts of data, in most cases they do not fully understand how to extract the maximum return out of them. Industry experts can play a decisive role in deploying data expertise to analyse climate risks, predict impacts and conceive mitigation measures, including considering all economic implications on different social groups.

Better coordinated public sector data is vital for supporting risk-informed decision-making. One initiative towards this direction, is the [Global Risk Modelling Alliance](#), which offers countries open data, technology and practical learning through the co-development of risk management strategies and applied risk finance projects. Similarly, but focusing on the insurance sector, the [Insurance Development Forum](#) aims to optimise and extend the use of the sector's risk management capabilities, and build greater resilience and protection against disasters and their associated economic shocks.

Such initiatives are always welcome, but the role and responsibility of individual companies should not be ignored. It is important that companies own the process of collecting information, analysing and understanding their own exposure to climate risks, and conceiving mitigation solutions. But this should not be perceived as a box ticking exercise due to regulatory requirements or investor-driven requests. Companies need to fully understand all dimensions of risk exposure and act accordingly.

Greater risk awareness is the first step to enable citizens, communities, and business to manage risks and build up their resilience. Thus, early warning systems, coupled with adaptation and mitigation actions, may result in greater benefits and fewer costs than disaster response and reconstruction. Putting a price tag on inaction could also be a positive driver for better decision-making by governments, local authorities and businesses.

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