



# Statement 4: Capability building to underpin systemic resilience investment

*Supporting organisations to develop the capability needed to take a systemic approach to measuring the value of resilience for informed investment decision-making*

The Resilient Futures Investment Roundtable (previously the Resilience Valuation Initiative) aims to increase proactive and evidence-based investment in physical and community resilience measures to protect vulnerable Australian communities. We are working to identify and apply robust approaches to value the wide benefits and costs of resilience, and capture and share learnings to encourage uptake and scaling.

## SUMMARY

- ▶ The political, social, and economic landscape of disaster risk resilience and climate adaptation is shifting. There is growing desire to invest in resilience, however investment remains challenging to implement.
- ▶ In response to this changing landscape, the Resilience Valuation Initiative has evolved into the Resilient Futures Investment Roundtable, aiming to improve the way resilience is valued in investment decision-making.
- ▶ Research and practical experience from organisations working to measure the value of resilience has identified a need to build capability across sectors to enable a systemic approach to quantify the broad economic, social, environmental and governance benefits of interventions.
- ▶ The Resilient Futures Investment Roundtable provides a forum for cross-sector capability building and knowledge. Members are working collaboratively to co-create guidance materials, practices cases and supporting resources designed to enable organisations to understand and navigate the landscape of valuing resilience, and access examples of organisations who are using robust tools to improve decisions about when, where and how to invest in resilience.

## Resilience investment in a dynamic landscape

The dynamic political, social, and economic landscape surrounding climate change and its effect on disaster risk reduction, adaptation and resilience presents an opportunity for the Resilient Futures Investment Roundtable.

With the growing urgency to adapt and build resilience to climate change, there is a need to build skills and capabilities to improve the decision-making processes around when, where and how to invest in resilience.

All sectors have a role in reducing disaster risk and building resilience. The risks and impacts from climate change and disasters have a systemic impact, and we need to take a systemic view to manage current and evolving risks.

Taking a systemic view of resilience valuation that recognises the broad social, environmental, economic and governance benefits is ambitious for many organisations. It represents a significant shift from current practice where resilience or exposure to climate hazards may not have been routinely considered, or a traditional cost-benefit analysis is used that is limited to avoided costs and losses.

## Overcoming barriers to resilience investment

There is a shortfall in resilience investments compared to what is realistically needed to manage disaster and climate risk, especially considering future risks as the climate continues to change. There are challenges that have hindered effective investment in resilience to date:

- Many of the benefits of resilience are uncertain - they are generally only realised if or when a disaster occurs, and with the timing and nature of future disasters unknown, identifying proactive investments in resilience can be complex,
- The benefits of resilience investment are seen as falling in the future and are therefore discounted in value in traditional cost-benefit analysis,
- The benefits of resilience are predominantly seen as taking the form of avoided loss and therefore unable to be captured in a balance sheet,
- There are a wide variety of tools and approaches for identifying and estimating resilience value, making it difficult for organisations to navigate the landscape and identify the most appropriate tool for their unique context.
- Many tools require a high level of capability, expertise and resources to use and apply, creating barriers for smaller organisations with limited resources.

There are limited funds available for adaptation and resilience, and it is critical that funding is allocated in a way that generates the best and broadest benefits for communities and businesses. Strengthening capability across sectors to take a holistic and systemic approach to valuing the costs and benefits of resilience is one mechanism to ensure that resources, funding and investments are allocated for maximum impact.

## The evolution of the Resilient Futures Investment Roundtable

The Resilient Valuation Initiative, initially spearheaded by Australian Business Roundtable for Disaster Resilience and Safer Communities, brought together diverse stakeholders to explore opportunities to improve resilience valuation, including standardisation of methods of quantifying and measuring the value of resilience.

As the adaptation and resilience landscape has developed in recent years, work has been underway to map the resilience valuation landscape and identify barriers to investment in resilience. This has



led to a shift in the Initiative's role and purpose, focusing instead on building capability across sectors to use and apply the tools and methodologies already available to improve decision-making about when, where and how to invest resilience.

To reflect this broader aim, the Resilience Valuation Initiative is now operating as the Resilient Futures Investment Roundtable (the Roundtable). This rebranding reflects the collective, cross-sectoral effort aimed at creating a climate-resilient future where valuing the comprehensive costs and benefits of resilience becomes the norm. By leveraging the existing tools and methodologies, the Roundtable aims to create a future where the value of resilience is integrated into practices and decisions, so that both public and private investments achieve the best possible outcomes for communities, businesses and the environment.

## Next Steps: Capability for a systemic approach

The Resilient Futures Investment Roundtable aims to improve the way resilience is valued in investment decision-making by building capacity to identify and use tools that take a systemic approach to quantify the broad economic, social, environmental and governance benefits of interventions.

The Roundtable provides a forum for cross-sector capacity building, knowledge sharing and identifying potential opportunities for collaborative partnerships on complex challenges. Members are also working together to co-create guidance materials, practice cases and supporting resources and learning opportunities. These resources are being designed to enable organisations to understand and navigate the landscape of valuing resilience, and access examples of organisations who are using robust tools to improve decisions about when, where and how to invest in resilience.

The Roundtable members are leading by example, applying robust resilience valuation methodologies and capturing the learnings and insights to develop guidance material. It is expected that building capability across sectors and sharing guidance and practical examples of how the costs and benefits of resilience can be identified and relied on when making investment decisions will achieve several outcomes:

- Organisations are better equipped to work in innovative ways to pilot projects and test methodologies that aim to improve how the costs and benefits of resilience are valued, and embed this into decision making processes.
- More organisations have greater capacity and capability for application of the tools and methods to take a systemic approach to valuing resilience,
- More organisations can reliably measure the benefits of resilience, allowing for greater confidence in making investment decisions into resilience activities and infrastructure. and
- Organisations have increased accountability for decision-making, with greater transparency around resilience considerations.

In the longer term, the Resilient Futures Investment Roundtable seeks to make resilience valuation a normal part of the process of deciding when, where and how to invest public and private capital in resilience-building projects. The methodologies and approaches that members are applying take a broad approach, considering the tangible and intangible, and the direct and indirect costs and benefits of projects designed to increase resilience to any climate hazard. This approach encourages systems thinking that considers the quadruple bottom line – how resilience investment can impact on environmental, social, governance and economic sphere.

The human, environmental and economic cost of disasters is growing and will continue to grow as the climate changes. The Roundtable aims to support organisations to build the capabilities needed to meet the challenges ahead by understanding when, where and how to invest in resilience to create a positive future.

## About the Resilient Futures Investment Roundtable Members

AECOM	Department of Prime Minister & Cabinet	Munich Re
Arup	Energy Networks Australia	National Recovery & Resilience Agency
Australian Business Roundtable for Disaster Resilience & Safer Communities	EY	Natural Hazards Research Australia
Australian Institute for Disaster Resilience	Frasers Property Group	Queensland Reconstruction Authority
Australian Property Institute	Green Building Council of Australia	Resilient Projects
Australian Red Cross	IAG	Woolworths
Australian Super	Infrastructure Australia	WWF-Australia
Climate-KIC	Infrastructure NSW	
CSIRO	Minderoo Foundation	

The Resilient Futures Roundtable welcomes more organisations to participate in our work program.

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FIND OUT MORE:

<http://resilientfuturesroundtable.com.au/>

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