Business & Industry Major Group
Inputs to the post-2015 framework for disaster risk reduction

1. Oral Statement

Economies cannot exist without community, and communities cannot exist without economy. There is a clear mutual interest for public and private sectors to work together, as the private sector relies on the resilience of public infrastructures and services in order to conduct their businesses, and governments and national economies depend on resilient business practices for a stable and reliable economy.

We believe that how we take steps to reduce risk from natural disasters is critical to our mutual survival. There has never been a time when this has become so important to our future. The post-2015 framework, over the next 30 years, will determine whether our current economic projections and planning will work beyond our generation, and whether our current system of economy, which is in many ways the very essence of our global society, will survive. Thus, the private sector approaches this process for post-2015 with a sense of urgency. We are here because we are not happy with the status quo. Unless we take this opportunity to set risk management standards, our current economic projections can be thrown off by mid-century.

With this sense of urgency and a strong desire to collaborate, we wish to make the following three recommendations towards the post-2015 framework:

1: Encourage resilience and risk-sensitivity in financial investment practices, for all actors, in particular the private sector who makes 70-85 percent of overall investment in most economies.

We urge governments to establish tax incentives and investment drivers that promote clear, well-defined standards. Metrics incentivise businesses as well as public authorities to demonstrate risk-aware decision-making and behavior, and to report them in a transparent manner, so that consumers, business partners, investors as well as governments may objectively judge the level of resilience. Codes are important because the built environment is the front line of defense against natural hazards, and when it fails, all else is exposed and vulnerable. We in the private sector have started to work on the *how.* We ask governments to listen to the ideas we bring, but most of all to create a policy environment so that we may change course towards resilience and sustainability as a society.

2: Reward and promote risk-sensitive business practices in the private sector. In this globally connected world, business continuity cannot be achieved by a single business entity alone. To succeed, business continuity management, BCM, must cover the supply chain, involve the community so that they become “community continuity plans”, and pay attention to micro, small and medium enterprises.

We ask governments to incentivize BCM among businesses of all types and sizes, as well as all organizations in the community by means of policy and the creation of "common practice." We will work with you to build awareness of the tremendous risk we face; we will promote and share best practices, standardized reporting, and making risk information comprehensible and communicable for the smaller businesses as well as other stakeholders. Risk information and data, shared and utilized, is an important element towards this aim. We will work together with academia to improve risk information platforms with our expertise as well as data, and to governments we request the sharing in particular of data on vulnerability and data loss, so we may all manage risk based on a fuller picture.

3: Combine the innovation and expertise which is our strength with your governance, through public private partnerships. The private sector, a vast and diverse group offering a variety of core business strengths and capacities, offers our disaster risk management and resilience services and products that are packaged and delivered in ways that organizations and consumers can understand, access and apply. The private sector strengthens resilience by providing technical expertise, innovation, as well as capital to address DRR through the development and strengthening of local, regional, and national laws, regulations and programmes for disaster risk management and resilience.

It is our sincere hope that the post-2015 framework will galvanize the rich and poor, developing and developed countries, to work together, and build trust between the public and private sector. Mainstreaming disaster risk reduction will have important and catalytic effects. We ask the leadership of governments to bring us together, the private sector, large and small, together with all other stakeholders, to acknowledge the risks and find solutions to ensure a resilient and sustainable future for the next generation.

2. Consultation Process, Context and Background to the Business & Industry Recommendations

Consultations with the private sector, business and industry on the post-2015 framework started in 2012 via online, national, regional and global sessions, including the Fourth Global Platform for Disaster Risk Reduction and the Regional Platforms for Disaster Risk Reduction. As of July 2014, there have been 15 dedicated or inclusive consultations to capture the views of the private sector on the post-2015 framework for disaster risk reduction.[1]

During the Fourth Global Platform on Disaster Risk Reduction in 2013, the disaster risk reduction community recognized the private sector as actor and partner: "Steering private investment towards greater resilience makes good business sense. The private sector recognizes that it has a crucial role to play in preventing and reducing disaster risk since businesses are not only exposed to natural hazards, but also often contribute to increased disaster risk in the process of driving economic growth. Indeed, resilient business and investment go hand in hand with resilient societies, ecosystems and the health and safety of employees".[2]

This document has been authored by the UNISDR Disaster Risk Reduction Private Sector Partnership (PSP). The PSP is a membership network of interested companies that signed up to the "Statement of Commitment: Business for Disaster Risk Reduction" and responded to the "Call for Action: 5 Essentials for Business in Disaster Risk Reduction." The PSP is the main vehicle for the private sector to engage with the UNISDR, and its members have been key participants in the consultations on the post-2015 framework for disaster risk reduction. The PSP is steered and guided by UNISDR's Private Sector Advisory Group (PSAG).

The PSP joined the Major Group of Business and Industry under its organizing partner, International Chambers of Commerce (ICC). This document supports the official statement by the Major Group of Business and Industry during the first session of the Preparatory Committee meeting for the WCDRR.

3. Inputs to *Suggested Elements for the post-2015 framework for disaster risk reduction*

In the following section, inputs coming out of the private sector consultation process are linked to "Suggested Elements (A/CONF.224/PC(I)/6)".

[1] Top Leaders Forum (2012and 2013, Philippines); DRR Workshop (2014, India); 4th Global Platform for Disaster Risk Reduction (2013, Switzerland); Annual General Meeting for DRR-Private Sector Partnership (2013, Switzerland); Online Dialogues towards a post-2015 framework for DRR (2014, On-Line); ISDR Asia-Pacific Private Sector Meeting (2014, Thailand); 5th Africa Regional Platform for Disaster Risk Reduction (2014, Nigeria); European Business Summit (2014, Belgium); 4th Session of the Regional Platform for Disaster Risk Reduction of the Americas (2014, Ecuador); 6th Session of the Pacific Platform for Disaster Risk Management (2014, Fiji); Financial & Private Sector Disaster Resilience Global Summit (2014, United Kingdom); 5th and 6th Asian Ministerial Conference on Disaster Risk Reduction (2012, Indonesia; 2014, Thailand), UNISDR Private Sector Partnership (DRR-PSP) Annual General Meeting (2014, France).

[2] Chair's Summary, Fourth Session of the Global Platform for Disaster Risk Reduction, Geneva 21-23 May 2013 - link

1: Encourage resilient and risk-sensitive financial investment by rewarding risk-aware financial decision-making and risk transparency.

Current investments are largely failing to account for natural hazards and vulnerabilities, and corporate reporting frameworks do not specifically require disclosure of disaster-related investments (neither positive nor negative). This contributes to the generation of new risk, hence increasing exposure and vulnerability to disasters in communities in which businesses operate.

In most economies, 70-85 percent of overall investment is made by private capital. These investments often create and maintain critical infrastructure, services and products in society. However, trillions of dollars remain earmarked for investment in hazard-exposed regions[3].

Encoding disaster risk and resilience within the financial system through disclosure, accounting, and metrics will create pathways to more resilient investment decisions and will allow consumers, business partners, investors and the public sector to objectively assess the resilience of investments. Codes are also important because the built environment is the front line of defence against natural hazards, and when it fails, all else is exposed and vulnerable. Resilient and risk-sensitive investment is the cornerstone to build the resilience of societies and economies and achieve sustainability. In the long run, such investment will help the private sector to achieve a lower cost of capital and gain a competitive advantage. The promotion of clear and well defined standards, reporting and behaviours can build awareness and incentivise businesses to demonstrate risk-aware decision-making.

The private sector will take actions to:

- Apply knowledge of risk identification and management from the insurance sector, which involves identifying liabilities and material risk, evaluating them, and reflecting them in risk pricing and financial returns, to the valuation of public companies in such a way that vulnerability to natural hazards lower value and resilience interventions add value[4].
- Further discuss the disaster risk management continuum and the role of insurers as risk managers, risk carriers, and as investors, and mobilize support for the aims of the post-2015 framework for disaster risk reduction[5].
- Work on the development of a resilience rating system for buildings; to be tested on public buildings to combine building of partnerships, awareness-raising, and education; and leading to visible certification similar to clean energy labelling initiatives.

We request governments to:

- Consider adopting standards, reporting, and behaviours to demonstrate risk-aware decision-making; for example, encouraging companies and capital to apply disaster risk metrics at current and projected future conditions of total annual losses at the 1:100 year

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[3] UNISDR, 2013, *Global Assessment Report on Disaster Risk Reduction: From Shared Risk to Shared Value: the Business Case for Disaster Risk Reduction* - link

[4] Financial & Private Sector Disaster Resilience Global Summit (2014, United Kingdom), UNISDR Private Sector Partnership (DRR-PSP) Annual General Meeting (2014, France).

[5] Voluntary commitment for the insurance sector (2014) by Principles for Sustainable Insurance and UNEP-Finance Initiative, representing approximately 50% of global insurance sector.

and 1:20 year level and evaluate average annual losses from natural hazards to their operations.

- Consider harnessing the investment, insurance and banking sectors in disaster risk management; for example, frameworks for sustainable risk-sensitive behaviours and a mechanism for sharing residual risk between populations provided through insurance and natural hazard risk assessment techniques pioneered by financial institutions.
- Consider putting into place clear policies and regulations that are built on long-term strategies that guarantee a return on resilient investments (e.g. tax reduction).

Thus our specific inputs to *Suggested Elements* are:

1. Recommend "Suggested Elements", Section D (Guiding Principles), Paragraph 17 (a) to read "The prevention of new risk creation and reduction of existing risk are essential components of governance *as well as economic decision-making*";
2. Recommend "Suggested Elements", Section E (Implementation), Paragraph 18 (suggested measures), (e) to read "Review existing financial and fiscal instruments *and consider adopting standards, reporting, and behaviours to demonstrate risk-aware decision-making*, in order to support risk-sensitive public and private investments"[6] [recommended addition in italics];
3. Strongly endorse "Suggested Elements", Preamble, Paragraph 9, "the integration of cost and benefit will contribute to the soundness of economic valuations, competitiveness strategies and investment decisions, including in debt ratings, risk analysis and growth forecast"; and
4. Express our firm commitment to the realisation of "Suggested Elements", Section E (Implementation), Paragraph 18 (suggested measures), (a) "Systematically record and account for all disaster loss and impact, periodically estimate the probability of disaster risks to the population and to economic and fiscal assets in the context of a changing and variable climate, and convene national multi-stakeholder risk platforms and outlook for a to this aim".

[6] *A/CONF.224/PC(I)/6 :Suggested elements for the post-2015 framework for disaster risk reduction, page 4, paragraph 18* - link
We note that our recommendation concerns financial decision-making and different from (f), which also mentions standards and mechanisms for compliance.

2: Strengthen Business Continuity Management and risk-information sharing for long-term business resilience

The development of incentives and tools to motivate improvement in risk management by the private sector will need to place a stronger emphasis on micro, small-, and medium-sized enterprises (MSMEs) and their management of extensive risk as well as local disasters. In particular, addressing the financial barriers preventing MSMEs' ability to invest in risk reduction and resilience (e.g. business risk assessments, business continuity plans and insurance) and ensuring that policy incentives for private sector investment in resilience do not marginalise MSMEs out of competition will be important.

Business continuity management (BCM) is a fundamental element in achieving long-term business resilience through the protection of assets and employees, production of goods and services, supply chains and growth plans from possible hazards. Currently, the understanding, practice, and reporting of BCM greatly varies across businesses depending on regional context, insurance penetration and company size. Sharing best practices can be used as a catalyst for more widespread adoption and awareness raising of the need for BCM.

Risk information and data is fundamental for the identification and mapping of risk exposures and vulnerabilities. In turn, identification and mapping is prerequisite to the taking of appropriate steps to mitigate disaster impacts and making robust investment decisions. Risk information and data needs to be made more comprehensible and easily communicated to the end user, including MSMEs. Establishing a more robust, transparent, and collaborative data sharing mechanism between stakeholders will foster better practices in risk communication and reporting in the long-term.

The private sector will take actions to:

- Promote BCM that includes prospective management and reduction of disaster risks, in addition to preparedness through evacuation plans and response measures, by canvassing good practices and existing practices, providing guidelines, checklists, and increased awareness-raising[7];
- Encourage the inclusion of disaster risk reduction and resilience in corporate reporting practices[8];
- Further promote sharing mechanisms for science-based risk information and data between public, private, and non-government sectors including academia, using the Global Earthquake Model initiative to inform future mechanisms[9];
- Assist making risk information comprehensible and communicable for MSMEs, reach out to them through larger businesses' supply and client chains, federations and associations, and introduce mentoring and coaching schemes between larger and smaller enterprises;

We request governments to:

- Consider supporting the uptake of BCM by businesses by means of policy incentives and the creation of "common practice";

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[7] UNISDR Private Sector Programme (2014), link
[8] ibidem.
[9] Read more about the Global Earthquake Model here: link

- Consider facilitating community-wide BCM at national and local community platforms for disaster risk reduction, strengthen coordination and galvanize disaster risk management actions, while recognizing the integral role that MSMEs play in providing a range of assets, services, livelihoods, and prevention efforts; and
- Consider increased sharing of public-owned data, particularly on risk vulnerability and disaster loss, to global data sharing initiatives.

Thus our specific inputs to *Suggested Elements* are:

1. Recommend "Suggested Elements", Section F (Public awareness and education), Paragraph 20 (specific measures) to include a new point, *(e) "Encourage the sharing of good practices such as proactive and community business continuity management for long-term business resilience and reduced economic losses"* [recommended addition in italics], while noting that we will assist by exploring standards in reporting measures taken by businesses towards long-term resilience as part of our voluntary commitment and existing private sector engagement and initiatives of UNISDR.
2. Recommend "Suggested Elements", Section E (Implementation), Paragraph 18 (suggested measures), (c) (national frameworks) (ii) to read "Regulate and provide incentives for actions by households, communities, businesses and individuals, particularly at the local level, *with special attention for micro, small, and medium-sized enterprises*" [recommended addition in italics], while noting that we will reach out to micro, small and medium-sized enterprises through our regional voluntary actions and commitments.
3. Endorse "Suggested Elements", Section D (Guiding Principles), (c) "Sound prevention and reduction of disaster risk are based on risk-informed decision-making, which requires…science-based risk information";

3: Synergize the private sector's drive for innovation in disaster risk reduction to policy at the national and local level through public-private partnerships.
The private sector's strengths and expertise can accelerate mainstreaming of disaster risk reduction and resilience within the society. The current Hyogo Framework for Action highlights the role of the private sector in the context of public-private partnerships and resource mobilization. Increased public-private dialogue and long-term partnerships will help to avoid the duplication of work between the two sectors and hence improve resource optimization in the future.

The private sector, a vast and diverse group offering a variety of core business strengths, capacities, and expertise, is able to offer disaster risk management and resilience services that are packaged and delivered in ways that organisations and consumers can understand, access and apply. The private sector identifies opportunities where disaster risk reduction and resilience building are an advantageous economic strategy, with competitive benefits and attractive profitability, while driving the innovation that strengthens resilience of the whole community[10].

Public and private sectors need to come together during policy making processes to foster enabling environments for risk-sensitive decision making, resilient investment and planning at the national level. Such rapprochement between the public and private sectors will support the establishment of joint working agendas for effective disaster risk management that translate into more effective public-private collaboration for sustainable development, climate change adaptation and resilience.

The private sector will take actions to:

- Earn governments' trust by following up on our action statements and encourage more inclusive policy-making and equal footing in platforms.

We request governments to:

- Give serious consideration to the private sector's potential to fill many roles in public-private partnerships (e.g. technical expertise, intellectual capacity/innovation, and capital to address DRR), to support the development and strengthening of local and national laws, regulations and programmes for disaster risk management and resilience.

Thus our specific input to *Suggested Elements* is:

1. Recommend "Suggested Elements", Section D (Guiding Principles), (g) to read "Aligned and clear responsibilities and action across private stakeholders and all public institutions, including the executive and legislative branches, *for example through public-private partnerships at local and national level* are indispensable for effective disaster risk management" [recommended addition in italics].

[10] e.g. the R!SE initiative – link; and the Scorecard for Urban Resilience developed by the private sector for local governments – link