

Press release

19 May 2014 – UNISDR 2014/13

UN'S NEW PUSH TO REVOLUTIONISE BUSINESS WORLD'S APPROACH TO DISASTER RISK

NEW YORK, 19 May 2014 – Following on a statement by the UN Secretary-General Ban Ki-moon that “economic losses are out of control and can only be reduced in partnership with the private sector,” the UN Office for Disaster Risk Reduction (UNISDR) today launched the RISE Initiative to mainstream disaster risk management into corporate planning and investment decision-making.

The RISE initiative brings together leading names in business, investment, insurance, the public sector, business education and civil society to develop and promote global standards on risk metrics and voluntary industry standards for disaster risk-sensitive investment following ten years of record-breaking economic losses and disruption.

This new partnership comprises: PricewaterhouseCoopers (PwC), The Economist Intelligence Unit (EIU), Florida International University (FIU), Principles for Responsible Investment (PRI), AECOM and Willis.

Jan Eliasson, Deputy Secretary-General of the United Nations, congratulated business leaders and UNISDR on the launch of RISE, stating that this initiative “provides a new formula for averting economic losses from disasters, which are a major brake on economic growth and development. Because RISE brings together businesses, investors, insurers, public bodies and educators, it can be the catalyst we need to bring lasting change to how we approach risk.”

Margareta Wahlström, Head of the UN Office for Disaster Risk Reduction (UNISDR), explained: “Corporate planners and investment decision-makers must be aware of disaster risk. They owe it to their employees and shareholders. Managing disaster risk is good for the world’s economy and will help avoid job losses and reverses in economic development from events which are largely predictable in scale and scope whether its floods, storms or earthquakes. There are consequences for ignoring the principles of good land-use and building regulations in any business.

“The goal of the RISE Initiative is to revolutionize the way the world does business. Disaster risk is not natural but is produced by investment decisions and the range of factors that influence those decisions. Embedding disaster risk management in business processes is key to resilience, competitiveness and sustainability.”

By 2020, the R!SE Initiative will have reached out to a minimum of 1,000 asset owners and investment managers, 200 insurers and re-insurers and 100 global businesses in at least 50 cities and 20 countries.

PwC will build on work already carried out with 14 of the world's largest corporations, including Walmart and Citibank, to develop a robust approach to disaster risk management and create voluntary industry standards which will strengthen social demand for disaster risk-sensitive products.

The Economist Intelligence Unit will develop risk analysis for economic and business forecasts that include disaster risk. The methodologies will leverage its experience in developing country-level operational risk ratings seeking to score countries based on the likelihood that their business operating environment will suffer disruptions in the event of a disaster. In doing so, it will examine how to allow Annual Average Loss and Probable Maximum Loss figures, available from the UNISDR Global Risk Model, to be factored into investment decisions.

Florida International University will take the lead on supporting academic institutions, training centres and business associations in improving their curricula on business risk management, particularly in MBA programmes.

The United Nations-supported Principles for Responsible Investment will engage major institutional investors, such as sovereign wealth and pension funds, to consider disaster risk in their investment portfolios. The aim is to have at least 1,000 investment managers committed to disaster risk-sensitive investments by 2020.

AECOM will support local business communities, municipalities and cities to measure and improve city-level disaster preparedness across 50 cities initially. AECOM and IBM have already developed a city Resiliency Score Card for use by 1,800 cities and towns involved in UNISDR's Making Cities Resilient Campaign.

Willis will support the goal of increasing access to optimal and sustainable disaster insurance, particularly in emerging economies. By 2020, 50 businesses will have benefitted and 200 (re-) insurers will have revised the pricing of risk based on state-of-the-art risk data. It will further support the correct pricing of risk and the development of insurance incentives for disaster risk reduction.

BACKGROUND:

The UN's 3rd Global Assessment Report *Creating Shared Value: the Business Case for Disaster Risk Reduction* demonstrated that economic losses from disasters so far this century are 50% higher than previous estimates: in the range of a massive \$2.5 trillion. Private investment largely determines disaster risk: 70-85% of overall investment is made by the private sector including annual institutional investments worth more than \$80 trillion globally.

About UNISDR: UNISDR is the UN office dedicated to disaster risk reduction. It is led by the Special Representative of the Secretary General for Disaster Risk Reduction and supports implementation of the *Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters* which seeks "the substantial reduction of disaster losses, in lives and in the social, economic and environmental assets of communities and countries."

<http://www.unisdr.org>

<http://www.twitter.com/unisdr>

<http://www.facebook.com/disaster.reduction>