UNISDR Private Sector Engagement

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Why businesses should engage in disaster risk reduction
Disasters have direct and indirect impacts on businesses...

**DIRECT LOSSES**
Complete/partial destruction of immovable assets and stock (including damage to factories, office equipment and final goods, goods in process, raw materials, materials and spare parts).

**INDIRECT LOSSES**
Are incurred due to business interruption, as a consequence of direct losses or due to impacts on a business’ supply chain, potentially impacting other clients, partners and suppliers. As a result, business output and revenue falls, affecting profitability.

**WIDER IMPACTS**
Refer to other consequences such as loss of market share, competitors taking clients, labour shortages, severed relationships with suppliers, costlier or constrained insurance, and negative effects on business image and reputation.

**MACROECONOMIC EFFECTS**
Arise through all the above losses and impacts and can in turn negatively affect business performance, reflecting the manner in which disasters impact on the economy of a country.
Direct disaster losses are at least 50% higher than internationally reported figures.

Direct losses from disasters between 2000 and 2013 are estimated at USD 2.5 trillion.

... and major impacts on economies.
The Private Sector generates an important share of risks.

70-85% of overall investment is made by the private sector.

Annual institutional investment can be worth more than US$80 trillion globally.
II
What businesses are doing to manage disaster risk
DRR adds value to the private sector by ensuring business continuity

<table>
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<tr>
<th>Provides for stable environment</th>
<th>Protects employees and their communities</th>
<th>Safeguards long-term investments</th>
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<tr>
<td>• Reduces the risks of earthquakes, floods, droughts and cyclones</td>
<td>• Reduces health and safety risks to employees</td>
<td>• Protects manufacturing sites</td>
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<tr>
<td>• Protects the natural environment and resources</td>
<td>• Reduces vulnerability of communities</td>
<td>• Protects warehouses and inventory</td>
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<td>• Reduces the social and economic vulnerability of countries</td>
<td>• Protects employees’ families</td>
<td>• Protects company offices</td>
</tr>
<tr>
<td>• Protects transport, energy, communication and other infrastructure</td>
<td>• Protects employees’ property</td>
<td>• Protects company records and archives</td>
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Ensures business continuity

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<th>Improves contingency planning</th>
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<td>Enhances resilience</td>
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<td>Facilitates recovery</td>
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Move from managing disasters to managing risks and create shared value

- Moving from business continuity to comprehensive disaster risk management
- Turning disaster risk management into a business opportunity
- Building public-private risk governance
- Disclosing the disaster risk balance sheet
- Integrating disaster risk information into investment decision

Creating shared value
III
How UNISDR works with the private sector to create resilient businesses & societies
UNISDR promotes Five Essentials for Business in Disaster Risk Reduction

- **Form Public-Private Partnerships**
  - Analyze the root causes of non-resilient business activities and government programmes.

- **Leverage private sector expertise and strengths**
  - Advance disaster risk reduction and mitigation activities
  - Ensure effective responses

- **Foster exchange and dissemination of data**
  - Enhance monitoring, assessment, forecasting and early warning

- **Support risk assessments and cost-benefit analyses**
  - Demonstrate economic returns of DRR
  - Show contribution to competitive advantage

- **Promote strengthening of laws, regulations, policies and programmes**
  - Enhance DRR
  - Improve resilience to disasters
Engage with global, regional and national stakeholders through UNISDR Business Partnerships

- Regional Organizations & Platforms
- Countries and National Platforms
- Parliamentarians
- UN Agencies
- International Finance Institutions
- Civil Society Organizations
- Academia and Research Institutions
- Media
SEEC CRIF Objective

- Increase the access to catastrophe and weather risk insurance coverage of:
  - homeowners,
  - SMEs
  - farmers
  - utilities
  - government agencies

which are exposed to weather risk and geo-hazards in member states in order to:

reduce economic vulnerability and financial risk due to natural disasters.
Europa Re program goals

• To provide local insurers with adequate reinsurance capacity, required to develop a mass market of affordable, well-designed and actuarially priced insurance products;
• To introduce and promote a modern insurance market infrastructure, including risk-based regulatory framework;
• To create and enhance demand for catastrophe and weather insurance products in Member Countries;
• To increase public awareness and financial literacy about the risks of natural disasters.
Project output for Beneficiaries (Albania, Serbia and Former Yugoslav Republic of Macedonia)

- Five training workshops on Europa Re endorsed catastrophe risk insurance products and supporting technologies for insurance agents of companies that joined Europa Re programme have been successfully completed in Albania - Tirana, FYR of Macedonia - Skopje and Serbia – Belgrade.


- The web-based interactive tool CATMonitor for raising public awareness on natural disaster risks and the Simplified User Interface platform for support of sales of the catastrophe insurance products.

- Awareness campaign endorsed and supported by authorities of Beneficiaries and by International Organizations.
IPA Project achievements in insurance
(Promote insurance and reinsurance products for disaster risk transfer in the Beneficiaries)

Development of training package and organization of 5 regional training sessions

https://catmonitor.com/catmonitor/?lang=en
Thank you

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