



Role of the private sector in DRR and resilience

Workshop on Disaster Risk Reduction for the Private Sector in Lebanon, 9 Dec 2014



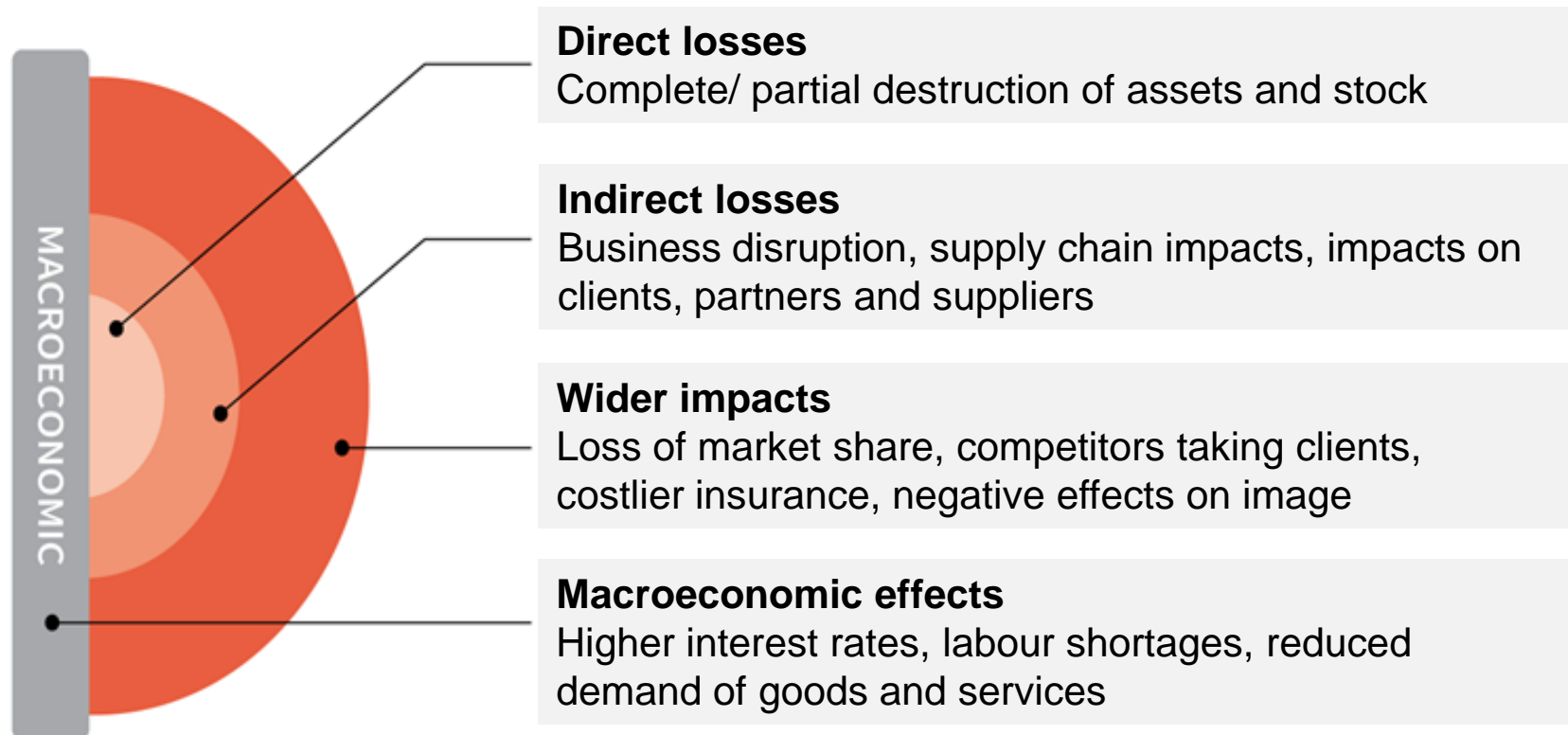
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I. The business case for DRR and resilience

Disasters have direct and indirect impacts on business





DRR adds value to the private sector by ensuring business continuity

Provides for stable environment

- Reduces the risks of disasters
- Protects the natural resources
- Reduces social and economic vulnerability
- Protects critical infrastructure


Protects employees and their communities

- Reduces health and safety risks
- Reduces vulnerability of communities
- Protects employees' families
- Protects employees' property

Safeguards long-term investments

- Protects manufacturing sites
- Protects warehouses and inventory
- Protects company offices
- Protects company records and archives

Ensures business continuity, competitiveness and sustainability



There is a business case to move from managing disasters to increase resilience and mitigate disaster impacts

Increase resilience

For every US\$1 invested in resilience and prevention, between US\$4 and US\$7 are saved in response¹

Reduce disaster losses

Large businesses with strong risk management programmes reduced their disaster losses seven-fold compared to other companies

Reduce volatility of earnings

Multi-nationals with best practices in managing their property risks had 40% less volatile earnings than companies with less advanced risk management plans²

Sources: 1) California Emergency Management Agency/UN Development Programme

2) Dr Deborah Pretty, Oxford Metrica Risk Financing Strategies: The Impact on Shareholder Value for FM Global




The Private Sector generates an important share of risks and plays a key role in disaster risk reduction

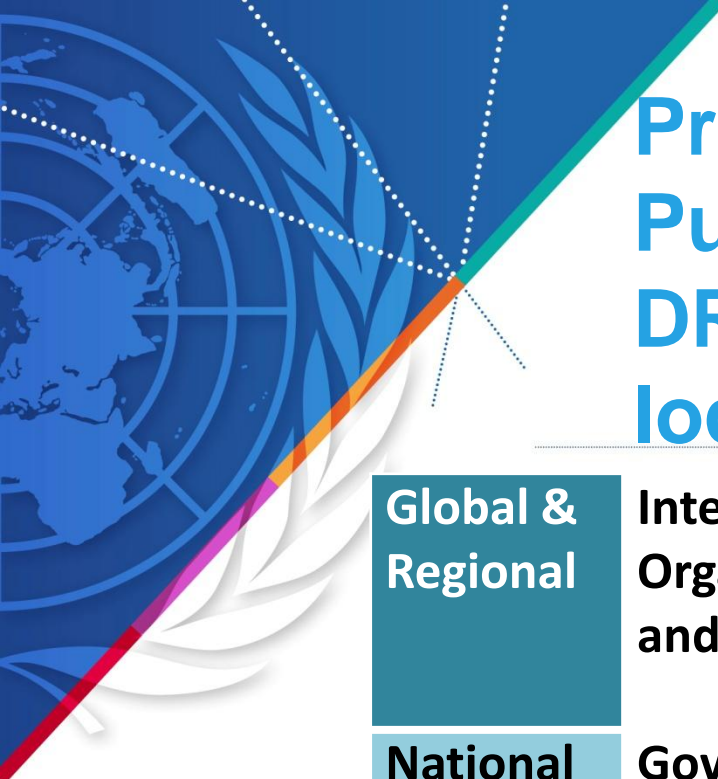


70-85% of capital investment is made by the private sector

Regulators and investors are increasingly demanding that businesses disclose their hidden risks, including disaster risks



II. Private sector proposals for the post-2015 framework of disaster risk reduction – the Five Private Sector Visions



Private Sector Vision 1 promotes strong Public Private Partnerships that drive DRR and resilience at the national and local level

Global & Regional

International Organizations and Platforms

- Leading practices, ideas, and recommendations from multi-stakeholder platforms

National

Governments

- Bring together multiple industry sectors to facilitate regular dialogue

Private Sector

- Raise awareness among businesses of mutual benefits of collaboration and share insights and expertise

Local

Local Governments

- Draw on Private Sector expertise, products and services for specific problems
- Engage with local businesses in multi-stakeholder platforms

Local Businesses

- Provide expertise, product and services to meet local needs



Private Sector Vision 2 promotes resilience in the Built Environment through regulatory standards and voluntary commitments

Global & Regional

International Organizations and Platforms

- Unite governments, the private sector and science
- Develop recommended practices and standards

National & Local

Governments

- Ensure risk-sensitive land use
- Ensure building codes adhere to globally proven norms and are enforced in practice
- Ensure that risk insurance functions as intended

Private Sector

- Adopt voluntary practices above minimum building codes
- Proactively adopt corporate reporting practices for rating resilience
- Incentivize use of voluntary standards through private insurance, finance, and reporting organizations



Private Sector Vision 3 aims to make all public and private investment decisions risk-sensitive

Global & Regional

Regulatory institutions and mechanisms

- Reflect disaster risk in capital regulations and accounting procedures
- Proactive dialogue with governments and businesses to support policies on financial stability and inclusion
- Develop and apply incentives for risk-sensitive investment across the financial system

National

Governments

- Require annual reporting on disaster risk stress-tests
- Create public-private platforms to promote dialogue between insurance, the financial sector and the public sector to improve risk assessments
- Enact financial policies, regulations and fiscal instruments to stimulate risk-sensitive investment

Private Sector

- Apply disaster risk stress-tests to guide mainstream business practices and decision-making towards resilience
- Enable institutional investors to make informed decisions



Private Sector Vision 4 aims at a resilience-sensitive public and businesses driving each other towards resilient societies


National & Local

Governments

- Provide leadership and collaborate with Private Sector and science community to reduce non-resilient activities
- Promote education and awareness-raising on resilience
- Share insights on DRR and resilience's role and importance in poverty reduction and sustainable development
- Provide and share up-to-date and understandable risk information
- Use appropriate measures to ensure preparedness
- Ensure continuity and resilience of critical infrastructure

Private Sector

- Use Business Continuity Management (BCM) throughout supply chain
- Collaborate with public entities and civil society organizations to ensure better emergency planning in the society and communities
- Systematically conduct resilient decision-making
- Conduct transparent reporting on resilience
- Develop innovations and improve existing offer of products, services and expertise in DRR and resilience



Private Sector Vision 5 aims to make identification and disclosure of risks and their proactive management a standard business practice

Global & Regional

International Organizations and Platforms

- Ensure international policy frameworks use corporate disclosure data as part of their monitoring of global risk and resilience

National & Local

Governments

- Review corporate reporting and rating information to gain a more precise picture of risk and exposure, and identify areas of necessary improvement
- Get informed about prevention measures taken by local businesses
- Incentivize corporate risk reporting

Private Sector

- Assess risks and take adequate prevention measures
- Report risks and relevant prevention measures in a transparent manner and make reporting accessible to governments, shareholders and customers



III. UNISDR's Disaster Risk Reduction Private Sector Partnership (DRR- PSP)

UNISDR promotes Five Essentials for Business in Disaster Risk Reduction



Form Public-Private Partnerships

- Analyze 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

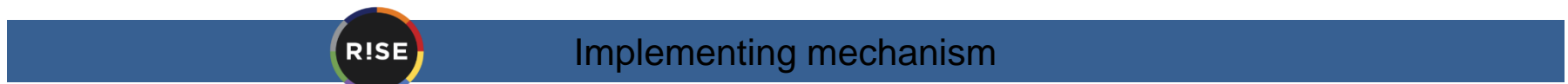
- Identify economic returns of DRR
- Show contribution to competitive advantage



Promote strengthening of laws, regulations, policies and programmes

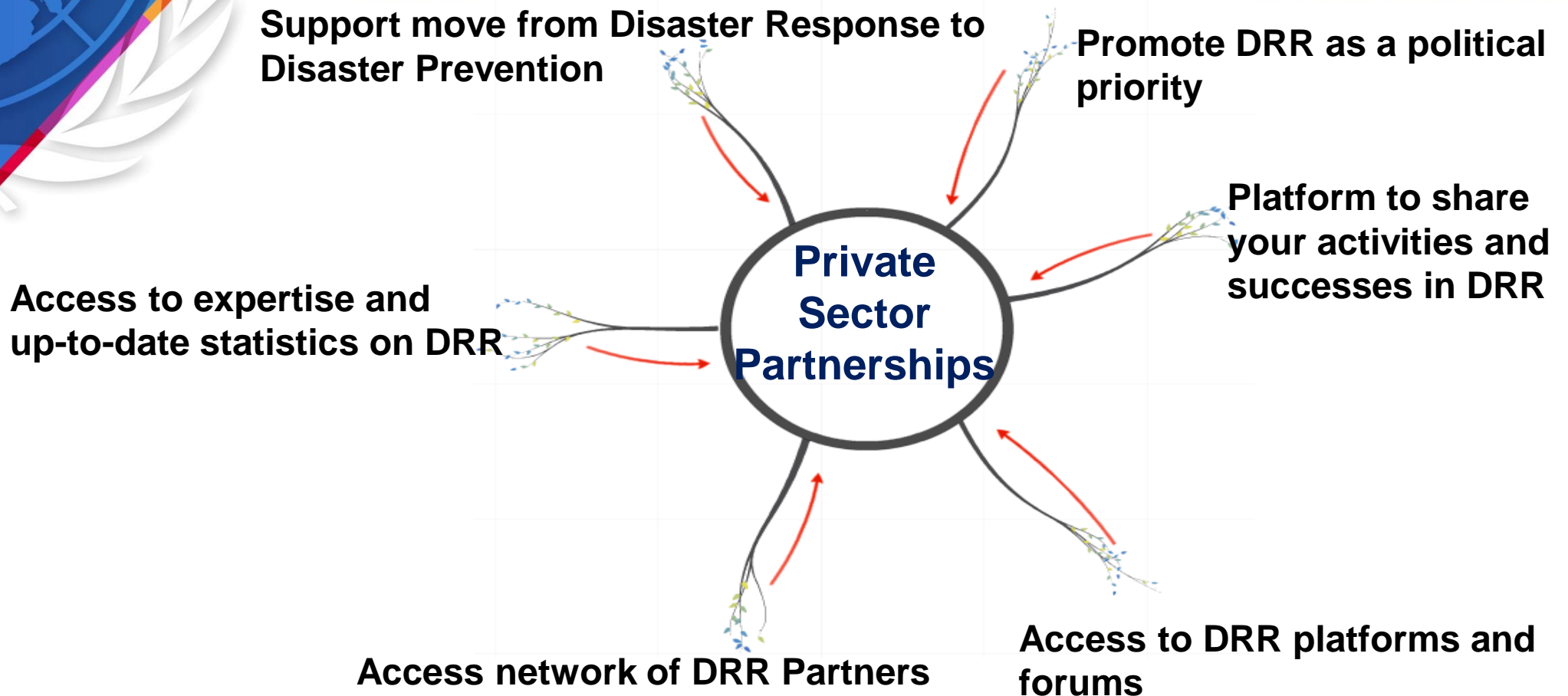
- Improve resilience to disasters
- Enhance DRR

5 PSP Working Groups and the R!SE initiative are driving Private Sector Partnership activities



DRR-PSP is developing mechanisms and solutions for resilient and disaster risk-sensitive private sector activities

Join DRR-PSP to get access to expertise, partners, networks, platforms and influencing opportunities





IV. Proposal to build a national DRR-PSP group



Proposal to build a national DRR-PSP group in Lebanon

- Disaster risks are not well accounted for by the private sector in Lebanon
- Many firms in the Arab region have developed business continuity plans to mitigate damage to operations and image when disasters hit
- To ensure sustainable economic growth in Lebanon, disaster risk reduction needs to be integrated in standard business solutions, together with measures to adapt to climate change variability and economic challenges
- UNISDR's Regional Office for the Arab States and DRR-PSP propose to create a national Lebanese PSP group to promote Public Private Partnerships to strengthen resilience and enhance disaster risk reduction