

Round Table Panel Discussion: Private sector and Risk Management

• Thursday 7 April • 09:15 – 10:25 •

“Economic losses from disasters are out of control and can only be reduced in partnership with the private sector.” — Ban Ki-moon, UN Secretary General

CONTEXT

UNISDR, the United Nations Office for Disaster Risk Reduction, estimates that average annual loss in the built environment associated with tropical cyclones, earthquakes, tsunamis and floods is now estimated at \$314 billion. This figure would be higher if the impact of extensive events, such as droughts, temperature variations and other sectors, such as agriculture, were included. In total USD 1.3 trillion were lost during 2005-2015, while 70-80% of global investments come from the private sector.

The Sendai Framework for Disaster Risk Reduction 2015-2030

(www.unisdr.org/we/coordinate/sendai-framework) highlights a lack of regulation and incentives for private disaster risk reduction investment as an underlying risk driver and calls for business to integrate disaster risk into their management practices. Similarly, it states that addressing underlying disaster risk factors through disaster risk-informed public and private investments is more cost-effective than primary reliance on post-disaster response and recovery, and contributes to sustainable development.

Trillions of dollars of new investment is expected in hazard-prone areas by 2030,

dramatically increasing the global value of assets at risk. How disaster risk is considered and managed in capital investments, supply chains and operations will be a decisive factor on achieving the Sendai Framework targets, and hence business resilience.

In many cases, when it comes to private investment in development processes the profits are privatized while risks are shared by countries or communities. Recent events have shown the growing impact of disasters on business, however, in the form of direct loss of assets, supply-chain interruptions or corporate-social reputation. These effects undercut competitiveness and sustainability for businesses.

MAKING A BUSINESS CASE FOR RESILIENCE

This context is a pointer to the growing need for the private sector to increasingly adopt risk management strategies. A partnership and collaboration model better reflects the mutual dependencies of a) the public sector on the private sector to create economies and markets and b) the private sector on the public sector for public infrastructure and planned systems. Resilient businesses contribute to resilient

societies by maintaining continuous employment, services, products or structures in times of crisis. Resilient public sectors contribute to resilient business by maintaining access to infrastructure, social and trade systems and not causing undue ‘downtime’.

The roundtable ‘*Private Sector and Risk Management*’ will track the ways the private sector employs the same principles as governments when it comes to Disaster Risk Management strategies and use of legal and regulatory frameworks to anticipate, prepare for and manage shocks.

KEY QUESTIONS

The panel discussion will address the following key questions:

1. How far does the business community adopt risk management principles for business continuity?
2. Does the private sector see disaster risk reduction as a business opportunity? What are the key practical examples?
3. How far has the private sector innovated risk management for resilience?
4. What incentives or enabling environment does your business have today/and need in the future to make investments more resilient via risk management? What role does and can corporate sector play in bridging gap between the government and NGOs?

PANELLISTS

1. International business community to present the conceptual linkages from structures such as the Sendai Framework and the *ARISE* platform (www.unisdr.org/partners/private-sector) to more practical applications of those concepts in the private sector.
2. Insurance industry to outline how partnership for disaster risk management is more than simply a series of contractual arrangements with governments and international organizations but is rather a series of mutually beneficial processes.
3. Business community in Kenya who can link their own business continuity practices and plans back to the broader concepts of risk awareness, risk transfer, preparedness and investing in resilience.
4. International business sector and their role in innovating methods and practices to address challenges of the African continent to deliver commercially viable innovations that positively impact people's lives.
5. Representatives of civil society organizations who can present cases of private sector risk management practices alignment with community or local level processes, including potential challenges and opportunities

UNISDR'S PRIVATE SECTOR MISSION

“To create risk-resilient societies by energising the private sector in collaboration with the public sector and other stakeholders to achieve the outcome and goal of the Sendai Framework in a transparent and inclusive way that delivers local and measurable impact.”

