

Private Sector Engagement in Disaster Risk Reduction



Repeated Calls for Private Sector Engagement in Disaster Risk Reduction



- Support local communities to have sufficient financing which - among other sources - could be obtained through public-private partnerships
- information and innovation with effective feedback and complaint mechanisms can build sustainable partnerships at the local level through new partnership modalities with the private sectors and the media
- On the basis of the 2015 DRR framework, the promotion of resilient investments
- On reducing the underlying risk factors, the private sector to integrate DRR in land use planning and building disaster-resistant infrastructure; enhance investment in natural resource management

The 5th Asian Ministerial Conference on Disaster Risk Reduction

Build and sustain capacities and legal mandates of national and local governments and

Source: Jogjakarta Declaration, 2012.

Annex 9 : Statement of Private Sector

Support the implementation of the Five Essentials for Business in Disaster Risk Reduction developed by the Private Sector Advisory Group, which includes:



- Develop and implement **internal codes of conduct and procedures, support the development of national and local laws**, regulations, and policies when possible and needed;
- Leverage sectoral **private sector expertise and strengths to advance disaster risk reduction and mitigation activities**, including enhanced resilience and effective response;
- Promote **public-private partnerships for disaster risk reduction to analyze the root causes of continued non-resilient activity** and develop frameworks to change these causes. Develop financial risk-sharing mechanisms;

Source: Jogjakarta Declaration, 2012

Global Assessment Report 2013 (forthcoming): Public Regulation and Private Investment shape Disaster Risk

GAR 2013

CALL FOR ABSTRACTS
The call is now closed

UNISDR, the United Nation's Office for Disaster Risk Reduction, is seeking background papers for the 2013 Global Assessment Report (GAR13), the world's leading report on disaster risk reduction.



Much of the Sony facility in Thailand's Bangkadi Industrial Estate in Pathum Thani's Muang district was submerged following flooding in October 2011. The flood waters were about 3 metres high. PATTARACHAI PREECHAPANICH / BANGKOK POST

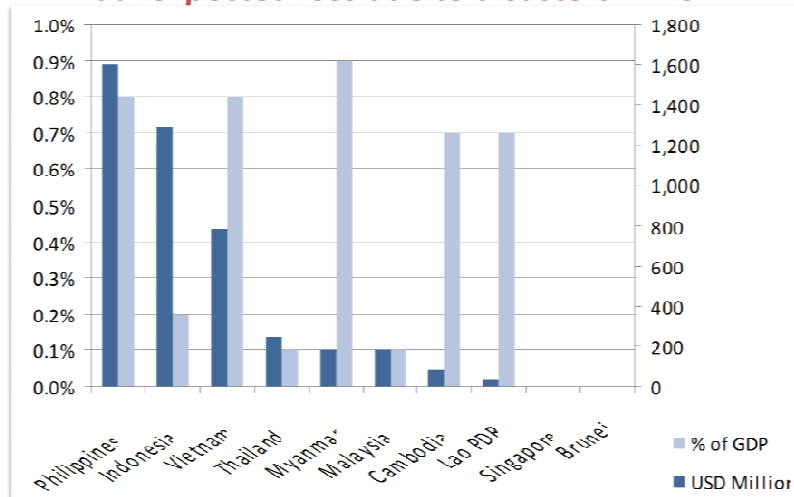
the ISSUES

- 1 Relationship between the political economy and disaster risk trends
- 2 Private sector investment decisions and levels of disaster risk
- 3 Consideration of disaster risks in investment decision-making
- 4 Austerity measures and levels of socio-economic and/or physical vulnerability

Source: <http://www.preventionweb.net/english/hyogo/gar/2pid:508.oif:3>

Why private sector engagement is important for national and local government and community ?

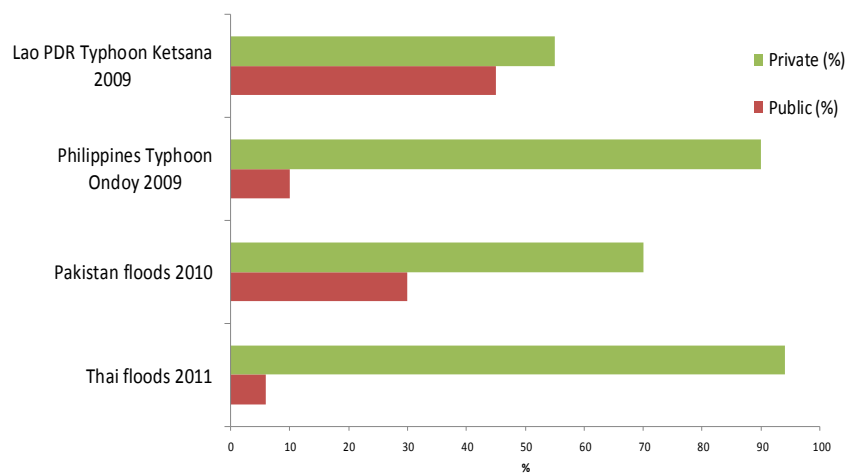
Annual expected loss due to disasters in ASEAN



Source: World Bank, 2012

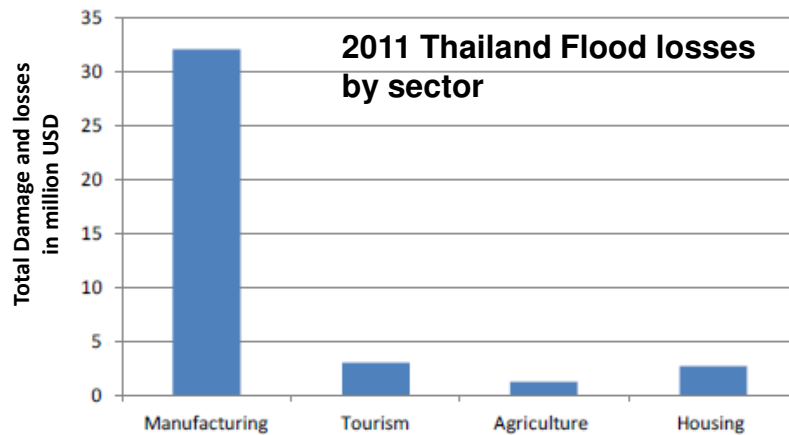
Note: The annual expected loss (AEL) is an expression of the average annual loss over a long period of time

Who pays for these disaster losses?



Source: World Bank, Post Disaster Needs Assessments (PDNA), 2009, 2010, 2011

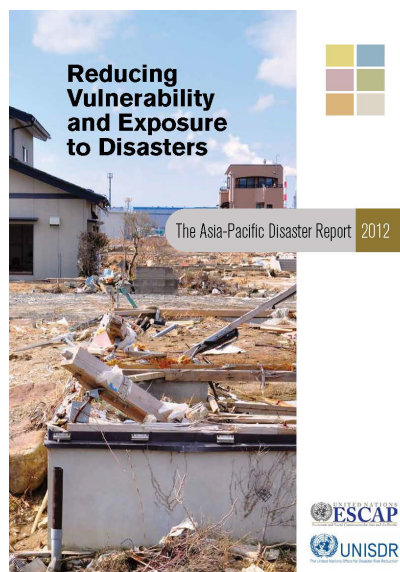
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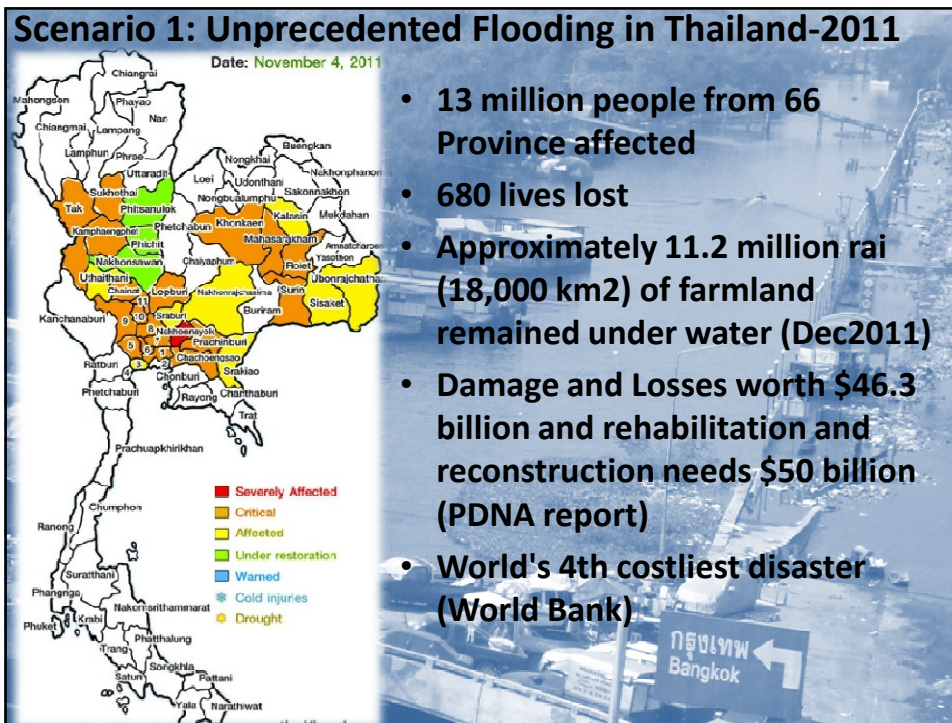


Source: World Bank, Post Disaster Needs Assessments (PDNA), 2011

And.. who bears these disaster losses?

- The 2009 Typhoon Ketsana in Lao PDR, which caused damages of USD 540 million, 55% of the losses were borne **by small and marginal farmers.**
- In the Philippines, the same Typhoon caused damages of USD 4.3 billion, and 90% of the losses were borne **by poor urban households.**
- In Pakistan the 2010 floods caused USD 9.7 billion in losses, with 70% borne **by poor households, and small and marginal farmers**



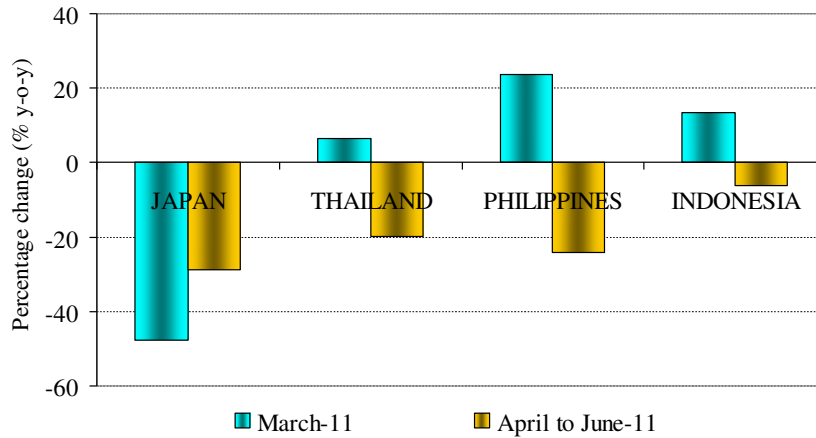


Impact of Thailand floods on different OEMs and estimated production loss

OEM	Plant Location – Province	Severity of Impact	Production Status due to floods	Average Monthly Estimated Loss of Production
Toyota	Chachoengsao	Medium	Halted - Supply Chain Disruption	30,000-35,000
Honda	Ayutthaya	High	Halted - Assembly plant flooded	10,000-15,000
Nissan	Samut Prakarn	Medium	Normal Production but likely to be affected due to Supply Chain Disruption	10,000-12,000
Mitsubishi	Chon Buri	Medium	Halted - Supply Chain Disruption	12,000-15,000
Auto Alliance Thailand (Ford-Mazda)	Rayong	Medium	Ford PV production resumed but Pick-up production halted	5,000-8,000
GM	Rayong	Low	Normal production	-
Isuzu	Chachoengsao	Medium	Halted - Supply Chain Disruption	10,000-15,000
TOTAL				80,000-100,000

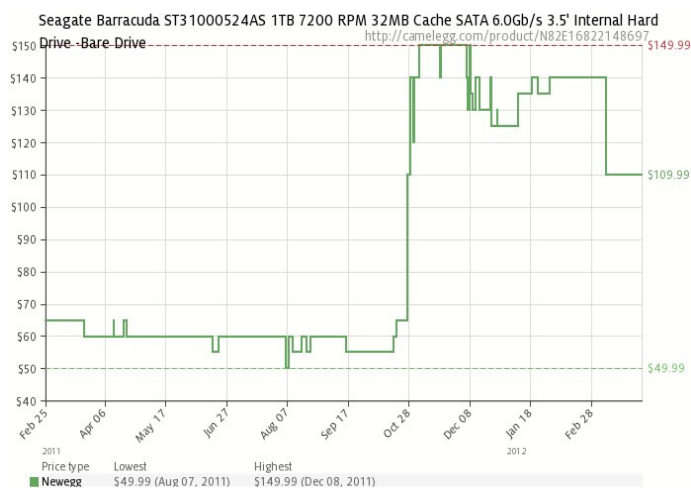
Source: Frost & Sullivan

Scenario 2: Globalized supply chains



Automobile production after the March 2011 Japanese earthquake and tsunami disaster

Scenario 2: Globalized supply chains



Hard disk drive prices tripled during the 2011 Thai floods

Source: Camelegg, newegg.com Price Tracker

Why private sector engagement is important for national and local government and community ?

- It is not a case of *Business As Usual* anymore. **Resilient economics are crucial elements for resilient societies**
- The long-term sustainability of the disaster risk reduction interventions depends, to a large extent, on its ability to **achieve and maintain a meaningful association with variety of stakeholders including the corporate sector**
- Growing number of Businesses now realize that whilst **their first priority is to be profitable, they must enhance resilience to natural disasters for wellbeing of wider society**
- DRR programs will be benefitted by fostering partnerships with the business community **for sustainability and to achieve the targets set in the National Strategies of the Governments**

“The biggest question facing us is how to influence behavioral change. Who do we need to convince? How do we do it?Ms. Margareta Wahlström

The private sector is the perfect advocate for resilient thinking because of its direct relationship with customers, suppliers and everyone in between.

A private sector committed to disaster risk reduction can steer public demand towards materials, systems and technological solutions to build and run resilient communities.”

Example 1: Promoting Public Private Partnership in Vietnam



National Strategy for Natural Disaster Prevention, Response and Mitigation-2020

- Business Community's involvement in various activities of natural disaster preparedness and response
- Local companies in the provinces works with provincial disaster management office on flood preparedness activities

Strengthening Partnership at National & Province Level

- Bringing the National Government developing an **Action Plan for Corporate Sector** through the Vietnam Chamber of Commerce and Industry (VCCI)
- Provincial level partnership with An Giang Province Business Association (ABA) to **develop and implement disaster preparedness activities**



Joint Activities- Provincial Government And Private Companies at Local Levels

- Disaster Information Dissemination
- Public Awareness on Disasters
- Training and Capacity Building Activities
- Dissemination Workshop and Fund Raising Activities



Example 2: Enhancing Disaster Resilience of SMEs in Thailand

Thailand Flood 2011

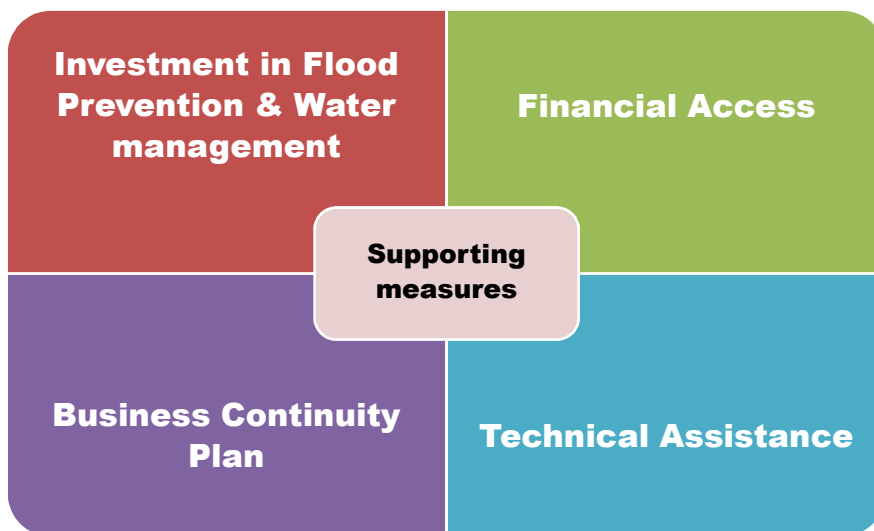
Impact on Small and Medium Enterprises (SMEs)
and
Disaster Risk Reduction & Climate Change Adaptation Issues



- More than 575,000 SMEs affected by the Flood
- 2,346,500 workers affected (Job Loss)
- Business loss was around 2.635 billion USD per month

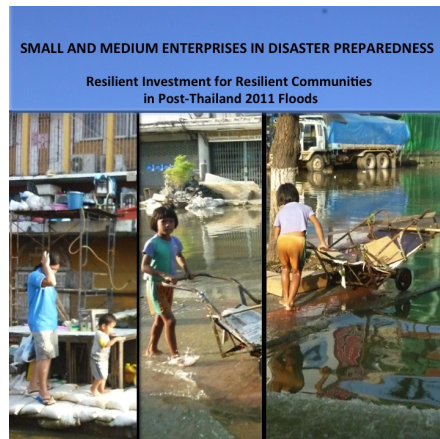
Source : OSMEP

Identifying Support Measures



Building a good framework for private sector preparedness and mutual understanding on disaster risk

- How SMEs view natural disasters and climate change impact on business
- Identify the current government policy framework on assisting SMEs to prevent, respond and recover from natural disasters



Recommendations for future actions for Private Sector

- **Business Continuity plans within Disaster Risk Reduction Plans**
- **Leverage ongoing processes for setting up a multi-stakeholder framework**
- **Channel private sector views and expertise into DRR processes at all levels** – *A much better water management strategy for Thailand is required*
- **Raise awareness , advocacy and knowledge sharing of good and bad practices**

Example 3: ADPC activities in post Thailand floods

1. **Assessment of Causation of Thailand Flood 2011 to ECCO (Thailand) Co., Ltd.** in Saharattananakorn Industrial Estate, Ayutthaya, Thailand
2. **The Flood Impact Assessment:** a case study of Bangbua and other surrounding communities
3. **Mobilizing the Private Sector for Disaster Preventive Adaptation to Climate Change:** Thailand flood 2011 and its impact to private sector/ SMEs

Launching of Multi year Public Private Partnership Programme...

1. **Program for Reduction of Vulnerability to Flood in Thailand, Ayutthaya, Thailand**
2. **Capacity Building for Communities on Flood Risk Management in Thailand, Ayutthaya, Thailand**



1- Program for Reduction of Vulnerability to Flood in Thailand

- **Funded by:** USAID
- **Objectives:** Strengthen community, local and national capacities to undertake risk reduction measures through enhanced understanding of the vulnerabilities to floods and associated hazards
- **Target areas:** Ayutthaya, Thailand
- **Period:** Feb 2012 – Aug 2013
- **Activities:**
 - i) Training and capacity building
 - ii) Demonstration activities at community level
 - iii) Information and networking
 - iv) **Emergency Response Planning with SMEs**



2- Capacity Building for Communities on Flood Risk Management in Thailand



- **Funded by:** JTI Foundation
- **Objectives:** to improve preparedness at the community level for flood risk management and emergency response
- **Target areas:** 2 communities in Ayutthaya, Thailand
- **Period:** 1 April 2012 – 30 April 2013
- **Activities:**
 - i) training of communities on community disaster risk planning
 - ii) training of community response teams
 - iii) training of Instructors for future community training
 - iv) **Development of a Hazard Ready Tool kit for the SMEs**

What do we want to achieve?

- **How to promote resilience of private against disasters?**
 - Regulations
 - Incentives
 - Capacity building
 - Information
- **Ensure private sector engagement in Post-2015 DRR framework**

