



The Business Case for Disaster Risk Reduction ***Achieving Resilience of Small and Medium Enterprises***

20-22 February 2019, Manila, Philippines

Concept Note

The overall 'disaster context' in the Philippines

The Asia and Pacific region and the Philippines are particularly vulnerable to disasters. Between 1970 and 2010, disasters and natural hazards caused an estimated 1.7 million deaths in the region, which was more than half the global total. Extreme weather events are expected to increase in the years to come because of the onset of climate change.

In 2014, Typhoon Hagupit, known in the Philippines as Typhoon Ruby, was one of the most intense tropical cyclones tied with Typhoon Vongfong in terms of maximum sustained winds. Typhoon Hagupit particularly impacted the Philippines in early December 2014. Hagupit, the twenty-second named storm and the eleventh typhoon of the annual typhoon season, started as a tropical storm on December 1 and then became a typhoon the next day. A day after it left at least 21 people dead, according to the Red Cross, and sent more than a million others into shelters in the Philippines.

This storm comes one year after the central Philippines were devastated by Super Typhoon Haiyan, that claimed more than 6,300 lives, displacing four (4) million, and cost the economy around \$12 billion in damages.

The policies adopted by the Philippines toward disaster risk reduction, preparedness and response are reflective of the actions being taken by governments and communities around Asia and the Pacific. This involves taking a broader view of managing disasters.

Why do disasters and a changing climate challenge business?

Millions of dollars of new business investment will be worldwide in the coming years. Much of it will be spent in hazard-exposed locations. How disaster sensitive this investment is will in part determine the future resilience of the country. In most economies, the private sector is responsible for 70–85 percent of this investment. The decisions made by business have far-reaching consequences on disaster/ climate risk prevention or accumulation.

Businesses depend on infrastructure and urban systems run by utilities and the public sector. Damage to transport and energy networks, ports and airports or to neighborhoods where



employees live interrupts business and imposes additional costs. And in today's globalized world, even businesses in safe locations may be affected by disasters that hit suppliers and partners on the other side of the globe.

Extended insurance coverage may enable businesses to compensate for both direct loss as well as supply chain interruption. But disasters have broader, more pervasive effects. When business is interrupted, skilled workers may leave, market share may be lost to competitors, relationships with key suppliers and partners may be severed and confidence and reputation may be eroded. Once business is lost, it may never come back.

Businesses, of course, come in many shapes and sizes. In addition to major disasters, small businesses that serve local markets are affected directly by localized, more recurrent and smaller disasters such as floods and landslides. These businesses also depend heavily on local public infrastructure. Destruction of a bridge in a flash flood, for example, may isolate a local smallholder farm, shop or restaurant from markets and suppliers for days. And many such businesses go bankrupt because they lack the cash flow or reserves.

Creating shared risks

Although hazards such as earthquakes, cyclones and tsunamis are natural in origin, there is nothing natural about how disaster risk has become embedded in the business landscape. This is the result of man-made decisions.

In many cases, investors have not paid attention to the growing exposure to hazards and the threat to business resilience, competitiveness and sustainability. Cities and countries that compete to attract investment generally downplay risks. In some cases, incentives are offered to businesses to locate in hazard-exposed areas. The pricing of risk in insurance markets has yet to act as a disincentive to investment in hazard-exposed areas.

Disasters disproportionately affect lower-income countries, communities and households, and those who benefit least from wealth creation owing to economic globalisation. Losses to public infrastructure and services, to the workforce and to ecosystems also ultimately threaten the sustainability of all businesses – large and small – and thus in the medium to long term, become a shared risk.



The business case for disaster and climate risk reduction

The reduction of disaster and climate risk is taking on a new urgency. Investment in disaster and climate risk management is increasingly being seen less as a cost and more of an opportunity to strengthen resilience, competitiveness and sustainability.

Businesses are finding opportunities in ‘resilient proofing’ new and existing infrastructure, buildings and supply chains. Larger enterprises are investing to reduce their vulnerability by strengthening the resilience of smaller businesses that are suppliers and partners. This strengthens business sustainability via securing local employment, increased productivity, tax revenue and welfare. The Third World Conference on Disaster Risk Reduction in Sendai, Japan, in March 2015, identified the private sector as central to global efforts to strengthen disaster and climate resilience. 300 representatives from business attended.

UNISDR’s Global Private Sector Partnership

UNISDR has a thriving global partnership with business via the Private Sector Partnership initiative. It works with private sector leaders who are ensuring the safety of long-term investments and planning ahead to protect industry and society from disasters. The partnership has produced many initiatives and tools that show disaster risk reduction as an investment and a business opportunity rather than a cost.

Workshop Expected outcomes

- A stronger understanding of how your business can strengthen its resilience to natural hazards and the effects of climate change
- A draft disaster/climate resilient business continuity plan for your business to inform more detailed steps

Workshop Organizers

- ARISE Philippines
- UNISDR GETI

Venue: SM Supermalls

Language: English

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Draft Agenda

Day 1	Mapping and assessing your business' disaster and climate risk
8h30 – 9h00	Registration and morning coffee
9h00 – 9h30	<p>Opening: Welcome remarks from Liza Silerio, SM Supermalls and Arise Philippines Introductory remarks Chamber of Commerce of the Philippines Welcome message, UNISDR Overview and Introductions, UNISDR ONEA-GETI</p>
9h30 – 10h30	<p>Session 1. Understanding Disaster Risk and the Sendai Framework Private Sector partnerships in Asia Group exercise 1 – discussion on the risk you face and disaster risk reduction as a business opportunity (using the QRE Tool)</p>
10h30 – 10h45	Coffee Break
10h45 – 12h00	<p>Session 2. Current and future risk for your business Group exercise 2: Mapping past hazards, threats and opportunities (step 1 and 2) Presentations Developing your 'Risk Map': a look at how global business ranks its risk</p>
12h00 – 13h00	Voice of Public sector: Government presentation on disaster risk reduction - progress in national resilience and how the private sector is a key partner
13h00 – 14h00	Lunch
14h00 – 14h30	Session 3. Global Trends facing Business: Downside of being interconnected (negative 'domino effect'); vulnerability of SMEs; growing exposure of investment; fragility of

	utilities; the 'lifelines' of business Questions and answers
14h30 –15h30	Session 4. Business Continuity & Your enterprise: What has your business been doing to reduce the impact of natural hazards; what has worked and what have you struggled with; a look at the 'Disaster Risk Management Framework' and other practical tools
15h30 –15h45	Coffee break
15h45–17h00	Continuation Session 4 -Business Continuity & Your enterprise Group Exercise – A Risk Reduction and Climate Risk Strategy for your Business – focus on objectives and actions

Day two	Your risk reduction strategy and continuity plan
9h00 – 9h10	Recap of day one
9h10 – 10h30	Session 5. Disaster and Climate Resilient Business in Action: Examples and Case Studies: A look at good advice and practice from around the world as well as a 'walk through' five case studies of how business has met the challenge of disaster and climate risk Group discussion: Drafting your Disaster and Climate Resilient Business Action Plan (Step 4) Group presentations
10h30 –10h45	Coffee Break
10h45 –11h30	Continuation Drafting your Disaster and Climate Resilient Business Action Plan (Step 4) Group presentations
11h30 –12h30	Session 6. Monitoring and Evaluation of your Disaster and Climate Resilient Business Action Plan Group exercise – Developing smart indicators for your business action plan
12h30 –13h00	Session 7. Conclusion: The Business Case for Disaster Risk Reduction Evaluation and Closing
13h00 –14h00	Lunch