

# Make your Enterprise Disaster & Climate Resilient

## The Business Case for Disaster and Climate Risk Management

### Focus on Tourism and other Key Sectors

16-17 February 2016, Apia, Samoa

#### Expected outcomes

- Better local private sector cooperation that strengthens your disaster/climate resilience
- A stronger understanding of how your business can strengthen its resilience to natural hazards and the effects of climate change
- Better knowledge of what others are doing and how you can learn from and partner with them
- How to develop a draft disaster/climate resilient business continuity plan for your business to inform more detailed steps
- A good grasp of what 'smart' disaster/climate-resilient businesses are doing elsewhere
- A stronger understanding of global trends in disasters and climate change
- A strengthened partnership with UNISDR and the Samoa Emergency Management Office

#### The private sector, tourism and disaster/climate risk reduction

Millions of dollars of new business investment will be made in Samoa 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.

Tourism is a vital sector of the Samoan economy; the country excels in it. The sector comprises about 60% of its total value of exports (counted as international tourism receipts). Tourism centres act as hubs for the local economy, attracting, for instance shops and other small business as well as public infrastructure. Investment in tourism, however, often comes with a high level of disaster risk. Disasters

in such areas cascade through the surrounding economic hub affecting communities and businesses.

### **The overall 'disaster context' in Samoa**

Samoa is exposed to a variety of hazards, including cyclones, earthquakes, and tsunamis. Cyclone Evan in 2012 is estimated to have cost the country almost 20% of its annual GDP (USD 200 million-plus). In terms of climate change, Samoa may experience more hot days, unpredictable rainfall, including more downpours, increased sea levels, fewer cyclones but of greater intensity, and increased ocean acidification.

Given its small size Samoa has a relatively high disaster risk. The country is economically, socially, environmentally and fiscally exposed when it comes to major disasters such as Cyclone Evan in 2102. Samoa's relatively undiversified business environment – because of its size – challenges its economic resilience.

However, Samoa – like other Small Island Developing States (SIDS) – is a small nation with big opportunities. Precisely because of this combination of high risks and low resilience, investments in disaster risk reduction and climate change adaptation will reap a greater benefit.

The government has led efforts to strengthen national resilience. Local level efforts, in particular, have been impressive. For the business community, protecting its own enterprise is, of course, good business but so is the opportunity contained within a strengthening national resilience agenda and a growing market in disaster risk reduction related goods and services.

### **Why do disasters and a changing climate challenge business?**

Cyclone Evan in 2012 showed clearly how such catastrophes can impact businesses. The super storm damaged exposed and vulnerable businesses, offices and other facilities and resources. It interrupted and paralysed output and business processes.

But disaster risk does not stop at the factory gate or the hotel door. 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 neighbourhoods where employees live interrupts business and imposes additional costs. And in today's globalised 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, workshop 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 and its Global Education and Training Institute (GETI)**

The UN General Assembly adopted the International Strategy for Disaster Reduction in 1999 and established UNISDR as a secretariat to ensure its implementation.

UNISDR – the UN Office for Disaster Risk Reduction – supports the implementation of the Sendai Framework for Disaster Risk Reduction 2015-2030, adopted at the recent World Conference in Japan. UNISDR is also the focal point for the coordination of disaster risk reduction in the UN system.

UNISDR's Global Education and Training Institute (GETI), is based in Incheon, Republic of Korea. Its mandate is to develop a new cadre of professionals in disaster risk reduction and climate change adaptation for disaster resilient societies. GETI works with governments, cities and the private sector.

In 2014, GETI facilitated resilience action planning for national ministries, city governments and the private sector at 20 forums in Armenia, India, Georgia, Kazakhstan, Mongolia, Philippines, Qatar, Republic of Korea, and Russia, for more than 800 practitioners and policymakers from 36 countries.

GETI's two main partners are the Korean Ministry of Public Safety and Security (MPSS) and the City of Incheon, which hosts the Institute.

## **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.

# The Business Case for Disaster and Climate Risk Management

Apia, Samoa 16-17 February 2016

16 February	Mapping & assessing your business' disaster & climate risk
<p>9.00 - 9.15</p> <p>9.15 – 9.30</p>	<p>Welcome remarks Ms. Ane Moananu, Chief Executive Officer of the Samoa Chamber of Commerce</p> <p>M1 Forum Overview and Introductions</p>
<p>9.30 – 10.30</p>	<p>M2 Current &amp; future risk for your business: Mapping threats &amp; opportunities; assessing the risk you face</p>
<p>10.30 – 11.00</p>	<p>Coffee Break</p>
<p>11.00 – 12.30</p>	<p>M3 Developing your 'Risk Heat Map': a look at how global business ranks its risk</p> <p>Voice of Public sector in Samoa: Samoa's disaster risk reduction focal point on progress in national resilience and how the private sector is a key partner</p>
<p>12.30 – 14.00</p>	<p>Lunch</p>
<p>14.00 – 15.00</p>	<p>M4 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</p>
<p>15.00 – 15.30</p>	<p>Coffee break</p>
<p>15.30 – 17.00</p>	<p>M5 Business Continuity &amp; Your Business: Selecting your disaster/climate risk reduction strategy; implementing your strategy</p>

17 February	Your risk reduction strategy and continuity plan
9.00 – 10.30	Recap of day one M5 Group presentations: A Risk Reduction and Climate Risk Strategy for your Business
10.30 – 11.00	Coffee break
11.00 – 12.30	Drafting your Disaster & Climate Resilient Business Action Plan
12.30 – 14:00	Lunch
14:00 – 15.30	M6 Disaster and Climate Resilient Business in Action: Examples & 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
15.30 – 16.00	Coffee break
16.15 – 16.30	M7 Conclusion: The Business Case for Disaster & Climate Risk Management Forum Evaluation & Closing