



Reducing Risks in post-2015: Contribution of the Private Sector to Building Resilience to Disasters

14 May 2014, Brussels, Belgium

1. Background

Recent floods in the United Kingdom, France and Germany have proven that Europe can no longer afford to put disaster risk reduction on a back burner. The frequency of such severe flooding across Europe is set to double by 2050. Over the same period, there could be a nearly fivefold increase in the annual economic losses resulting from floods.

Other events such as Hurricane Sandy in New York and Typhoon Haiyan in the Philippines show that disaster risk reduction is an increasing concern for not just Europe, but for both the developed and developing world at large. The interconnectedness of global value chains has increased risk exposure of many Europe based businesses which rely on business partners across the globe.

Between 70 and 85% of overall investments are made by the private sector. With each investment decision a company contributes to either increased risk exposure or greater resilience of their operations and the community they operate in.

Europe's 10-year average of disaster losses totaling to US\$ 13.4 billion makes it the third most affected region in the world after the Americas and Asia. The Global Assessment Report on Disaster Risk Reduction released in 2011 indicates that in OECD countries disaster economic losses tend to grow faster than their average GDP growth.

The Hyogo Framework for Action 2005-2015 (HFA) - Building the Resilience of Nations and Communities to Disasters, is the global plan to make the world safer from natural hazards. This global framework is approaching the end of its ten-year timeframe. It is important to discuss the elements for the successor framework, the post-2015 framework for disaster risk reduction.

There is a great un-tapped potential for contributions from the private sector to build resilience and reduce disaster risk. The current framework mentions the role of the private sector in the context of public-private partnerships and resource mobilization. Latterly, this approach to private sector contributions to disaster risk management has been proven to be limited. While business is directly responsible for economic growth in Europe and across the globe, the need to engage in disaster risk reductions grows with it.

Globally, there is a high interest in climate resilience and adaptation through business continuity plans to protect assets, production of goods and services and direct supply chains. The consultations for the post-2015 framework for disaster risk reduction provide a unique

opportunity for business to influence public policy by joining with national and local governments, parliamentarians and other stakeholders.

On 16 April 2013, the European Commission issued a Green Paper on "The insurance of natural and man-made disasters" with the purpose to raise awareness and to assess whether or not action at EU level could be appropriate or warranted to improve the market for disaster insurance in the European Union. It is envisioned that the Green Paper Process will expand the knowledge base, help to promote insurance as a tool of disaster management and thus contribute to a shift towards a general culture of disaster risk prevention and mitigation, and bring in further data and information. Risk awareness of Governments, individuals and enterprises remains low due to unavailability of risk data. Only 30% of the disaster losses were covered by insurance in Europe during the past 20 years¹.

There are huge business opportunities in disaster proofing of new and existing infrastructure, buildings and supply chains. Companies bring expertise, innovation and practical solutions that can help governments protect their citizens and infrastructure: creating a stable and safe basis for investments and growth.

2. Expected outcomes

- 1) Collection and sharing of good practices of private sector partnerships for resilience to disasters
- 2) Recommendations for the post-2015 framework for disaster risk reduction in order to commit to implementation of parts of the post-2015 framework for disaster risk reduction: e.g. long-term strategies for resilient private investment, resilient business practices and public private partnerships
- 3) Expanding the Disaster Risk Reduction Private Sector Partnership (DRR-PSP) in Europe

¹ SwissRe's response to the questions raised in the Green Paper on "The insurance of natural and man-made disasters"

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AGENDA

Time	Session	Speakers
14:30-14:36	Video - The Business Case for Disaster Risk Reduction	
14:36-14:45	Welcome Message	Paolo Garonna, Secretary General of the Italian Banking, Insurance and Finance Federation (Moderator)
14:45-15:30	Opening Session	<p>Kristalina Georgieva, Commissioner for International Cooperation, Humanitarian Aid and Crisis Response</p> <p>Elizabeth Longworth, Director, United Nations Office for Disaster Risk Reduction</p> <p>Mario Nava, Director in Directorates-General Market and Services</p> <p>Harvey SIGGS (UK/ECR), Councillor, Somerset County Council, Rapporteur Post 2015 Hyogo Framework for Action, Committee of the Regions</p>
<p>Financial Reform & Disaster Risk = Business Opportunity</p> <p><i>The post-2015 framework for disaster risk reduction should espouse disaster risk reduction and resilience in positive and aspirational terms, and exercise disaster risk management as an opportunity for the private sector to build resilient business models.</i></p> <ol style="list-style-type: none"> 1. What are the main public policies that will provide the right incentives to encourage the private sector's incorporation of disaster risk management into their processes and investment decisions? 2. What are the major challenges or obstacles in reducing underlying risk factors? How can these be more efficiently addressed in the post-2015 framework for disaster risk reduction? 3. How can underlying risk drivers inherent to development policies and practices which generate and accumulate risk be made more transparent? 		

15:30-16:15	<p>Sharing good practices: What are successful business approaches to build resilience and how are they communicated?</p>	<p>Nick Dunlop, Managing Director-Sales Leader, Global Specialties, Willis Re (Moderator)</p> <p>Oz Ozturk, Partner, PricewaterhouseCoopers (PwC)</p> <p>Philippe Derieux, Deputy CEO of AXA Global Property & Casualty, and AXA Group Chief Reinsurance Officer</p> <p>Nicolas Jeanmart, Head of non-life, life and macro-economics, Insurance Europe</p>
<p>Financial Reform & Disaster Risk = Business Opportunity <i>The post-2015 framework for disaster risk reduction should espouse disaster risk reduction and resilience in positive and aspirational terms, and exercise disaster risk management as an opportunity for the private sector to build resilient business models.</i></p> <ol style="list-style-type: none"> 1. How can risk communication, reporting and disclosure influence perceptions around disaster risk management, bringing the positive message that investment in disaster risk management contributes to sustainable economic development and poverty reduction? 2. How can a financial reform through active partnership and dialogue between the financial and public sectors be facilitated to make resilient investment mainstream and account for disaster risk within the financial system? 3. What are the opportunities for more effective Legislation and regulation by national and local governments to promote a level playing field for business? E.g. the development of building codes for building disaster-resilient infrastructure. <p>Business Continuity Management (BCM) <i>There remains an important gap in the mainstreaming of BCM and the development of Business Continuity Planning (BCPs) in current business models and practices.</i></p> <ol style="list-style-type: none"> 1. How can the post-2015 framework for disaster risk reduction promote and facilitate the adoption of Business Continuity Planning as a fundamental element in long-term business resilience and competitiveness? 2. How can governments incentivize Business Continuity Planning and work with Micro, Small and Medium Enterprises in fostering an enabling environment for raising the standards of, and increasing awareness around, Business Continuity Planning? 		
16:15-16:30	Coffee Break	

16:30-17:10	<p>Public private partners for resilience: What partnership opportunities are there and how can they be incentivized?</p>	<p>Eelco H. Dykstra , Chair DIEM (Dykstra International Emergency Management Inc.) and former professor International Emergency Management at The George Washington University (Moderator)</p> <p>Regis Thepot, General Director, Seine Grands Lac</p> <p>Esther Ndichu, Director, United Parcel Services</p> <p>Heinz Christian Vollenweider - CEO and Delegate of the Board of Directors, Europa Reinsurance Facility Ltd (Europa Re)</p>
<p>Access to Risk Information & Resilience Solutions <i>Disaster risk management policies need to be underpinned by robust mechanisms</i></p> <ol style="list-style-type: none"> 1. How can the post-2015 framework for disaster risk reduction leverage private sector expertise and incentivize public-private partnerships to increase the resilience of critical infrastructure such as hospitals, water and power plants and transport lifelines? 2. How can the private sector better share its data management expertise and advanced analytical capacities with the public sector and the communities they operate in? 3. What data and risk information should be more actively be shared with the private sector, both multinationals and Micro, Small and Medium Enterprises (MSMEs)? And what role can social media play in this? 4. How can the public sector create an enabling environment to increase the penetration of disaster insurance solutions and access to insurance analytics and science to support risk awareness? 		
17:10-17:15	<p>Summary of discussions</p>	<p>Paolo Garonna, Secretary General of the Italian Banking, Insurance and Finance Federation</p>