

Summary Proceedings

Workshop on Enhancing Private Sector Partnership for Disaster Risk Reduction

The Global Assessment Report 2015 (GAR15) states that globally the expected average annual losses (AAL) from earthquakes, tsunamis, tropical cyclones and river flooding are now estimated at US\$ 314 billion in the built environment alone. This figure would be even higher if it included other hazards, such as drought, and other sectors, such as agriculture. The Global Assessment Report 2013 (GAR13) had mentions that trillions of dollars of new business investment would pour into hazard-exposed regions, largely determining the outlook for disaster risks. In most economies, only 15–30 percent of this investment is made directly by the public sector and how the other 70–85 percent of investment by private sector is made, therefore, has far-reaching consequences on disaster risk accumulation and on underlying risk drivers. Yet, the relationship between business investment practices and disaster risk is poorly understood.

Natural or manmade disasters not only have a significant financial impact on individuals, businesses and insurers but also on the public sector which is responsible for undertaking relief efforts as well as rebuilding public infrastructure. Disasters directly affect business performance and undermine long-term competitiveness and sustainability. In Asia's smaller and developing countries with less financial resources, a catastrophic event can result in higher public deficit and debts.¹

During 1980-2010, India has experienced nearly 431 natural disasters killing around 1.4 lakh people and affecting around 15 crores, with an economic loss of USD 48.06 billion.² In India, the top 100 cities are estimated to produce about 43% of GDP with 16% of population and just 0.24% of land area. If this risk is not reduced, expected future losses will become a critical opportunity cost for development. Especially in countries where disaster risk now represents a significant proportion of capital investment and social expenditure, the capacity for future development will be seriously undermined. In such circumstances, it is difficult to achieve sustained, let alone sustainable, development.

In light of these facts, MHA, USAID, UNDP and FICCI came together to make DRR an integral part of planning in the private sector in India. As a first step towards this a workshop was organized to discuss and involve private sector actors on issues of Disaster Risk Reduction, including enhanced risk due to climate change and identify effective ways to promote risk sensitive development. The objective of the workshop was to

- Develop better understanding of the need for risk sensitive investment planning in business and industries;

1 Swiss Re, 2008

2 <http://www.preventionweb.net/english/countries/statistics/?cid=79>

- Promote higher level of investment in DRR by private sector industries and corporates houses to build resilience of businesses and dependent communities;
- Establish a platform that can facilitate collective action for decision makers, partners, experts and practitioners to announce initiatives, launch products, share information, promote campaigns, and provide evidence around disaster risk reduction;
- Facilitate partnership between private sector and Government to promote DRR by ensuring CSR investment is disaster resilient and directly investing in DRR activities.

The Private Sector Partnership (PSP) workshop, held on 24 August 2014 in Delhi, was attended by dignitaries from lead agencies working in the field of Disaster Management (DM). The chief guests included Mr. Kiren Rijiju, Minister of State (MOS), Ministry of Home Affairs (MHA), Government of India (GOI); Ms. Margareta Wahlstrom, Special Representative of the Secretary-General (SRSG), United Nations Office for Disaster Reduction (UNISDR); Mr. Michael Pelletier, Deputy Chief of Mission, Embassy of United States in India; Mr. Vinay Mathur, Federation of Indian Chambers of Commerce and Industry (FICCI), and Mr. Yuri Afanasiev, UN Resident Coordinator and United Nations Development Programme (UNDP) Resident Representative in India; Mr. G. Padmanabhan, Emergency Analyst, UNDP. Key topics discussed at the workshop included the increased frequency of disasters and their impact on the development process, as well as the potential opportunities for engaging private partners in the field of DM.

The UNDP-GOI partnership was highly appreciated by the chief guests in their remarks, who expressed their commitment to partner in the process of sustainable development. Mr. Afanasiev expressed his concern on impact of disasters on businesses and expressed his expectations from the private sector for building resilience in the industrial and agricultural sectors. He also underscored that as a global leader in disaster risk reduction (DRR), India has the moral imperative to take up this challenge and to come up with innovative solutions to achieve sustainable development. Further, Mr. Kiren Rijiju mentioned the critical role that private sector could play in moving forward with the DRR initiative. He expressed his expectations from the workshop to provide the necessary traction to pursue efforts for effective DRR through joint efforts of MHA, National Institute of Disaster Management (NIDM), National Disaster Management Authority (NDMA), UN agencies, FICCI and other private sector actors.



The inaugural session was concluded by Mr. G. Padmanabhan, who thanked the chief guests for their presence and continued support to strengthening disaster risk management capacities in the country. He also thanked the participants for their commitment to the cause and urged them to actively participate in the discussions to arrive at actionable recommendations.

The one-day workshop was divided into a plenary session on Business Continuity Planning and DRR and four parallel sessions on Housing, Infrastructure, Information Technology and Supply Chain Management.

Plenary Session: Business Continuity Planning & Disaster Risk Reduction



The session was chaired by Prof. Santhosh Kumar, Executive Director, NIDM. The panelists included Mr. G. Padmanabhan, Emergency Analyst, UNDP; Mr. Daman Dev Sood, Chief Operating Officer (COO) & Head - Sustainability Practice, CSO Partners; Mr. Aslam Perwaiz, Head, Disaster Risk Management Systems, Asian Disaster Preparedness Center (ADPC); Mr. Michael Ernst, South Asia Regional Advisor for DRR, Office of Foreign Disaster Assistance (OFDA),

U.S. Agency for International Development (USAID).

Mr. G. Padmanabhan, UNDP spoke about the interventions of UNDP in partnership with the DM Division of MHA for the past two decades. The issue of DM has been acknowledged and addressed since the inception of the 10th Five Year Plan, and UNDP has been collaborating with GOI in formulating Acts, Policies and Programs.

Currently, the GOI-UNDP project on Enhancing Institutional and Community Resilience to Disasters and Climate Change (2013-17) is being implemented in 10 States, namely Andhra Pradesh, Assam, Himachal Pradesh, Jharkhand, Kerala, Maharashtra, Odisha, Sikkim, Tripura and Uttarakhand, targeting 25 districts, 10 Cities and 10,000 villages. The project aims to strengthen capacities of government, communities and institutions in fast-tracking implementation of the planning frameworks on DRR and climate change adaptation (CCA), moving from risk to resilience. The five key components of the project are:

- Mainstreaming DRR and CCA
- Climate Risk Management in Urban Areas
- Capacity Development
- Knowledge Management
- Community Resilience

Mr. Daman Dev Sood, COO& Head - Sustainability Practice at Continuity and Resilience made a presentation on Business Continuity Planning & Disaster Risk Reduction – Public-Private Partnership (PPP) Models. He focused on ISO 22301:2012, which advocates Holistic Management Process (HMP) that identifies potential threats to an organization and the impacts to business operations from these threats. If realized, then the HMP provides a framework for building organizational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities. During his

presentation, Mr. Sood shared two videos related to Disaster and Preparedness (available for viewing at metrokc.org). He reiterated that the success of the Business Continuity Model is in preparedness and Implementation of BCM through contribution financially as well as through human resources.

Mr. Aslam Perwaiz, Head, Disaster Risk Management Systems, ADPC, Thailand presented his views on “Engaging Private Sector for Enhancing Business Resilience” and referred to numerous available data on South Asian Countries as to “Why private sector engagement is important for National and local government and community”. According to the World Bank Post Disaster Needs Assessments (2009, 10 and 11), it is the private sector that undergoes huge losses, almost nearing 90% during disasters. For Example, the 2001 Thailand floods led to loss of USD 30 million in the manufacturing sector alone, and around 30% of small and medium-sized enterprise (SME) units folded up, as they were not able to bounce back from the disaster. Such occurrences have a huge impact on livelihoods, economic, environment. Hence, it is important to consider the private sector resilience to disasters across the world by promoting the following:

- Adopt strategies and strengthen implementation of regulations in building business resilience
- Promote business continuity planning and incentivise business continuity management
- Increase collaboration for building capacities of private and public entities in dealing with emergency situations
- Educate and create awareness on the necessity and benefits of DRR and building resilience

In order to strengthen the disaster resilience of SMEs, the following measures were suggested:

- Actions to strengthen disaster resilience of the SME sector
- Technical support to selected SMEs in strengthening disaster resilience
- Enabling environment for strengthening disaster resilience of SMEs
- Knowledge management on business resilience and risk-sensitive private investment

In the Indian context, the Agriculture, Fisheries, Forestry, Construction, Finance Insurance, Hospitality sectors are most impacted by disasters, with the greatest damage being done to the private sector. Hence, it is suggested to bring a white paper on private sector losses in India, to prepare a long-term plan of action to build resilience in private sectors.

Mr. Michael Ernst - South Asia Regional Advisor for DRR (OFDA, USAID) presented on the “Importance of Business Impact Analysis: Towards a Multi-Disaster Approach”. He spoke about the need for Business Continuity Co-operation, more than planning. The business should continue, in all kinds of disasters, as private sectors are the largest provider of jobs and mainstay of economy. Business planning and continuity should be the key elements in private sector resilience, as disasters are unpredictable. Business continuity planning should think through, for whom to associate with and how to continue the operations; what are the plans

for recovery from disaster; how do we communicate risk and most importantly do we incorporate disaster risk into planning. As a result of disasters, the loss to the private sector is around 80%-90% and hence it becomes very important to engage private sector players, especially the SMEs, in incorporating the idea of resilience.

Key recommendations from the session:

- Risk information/communication is important for the private sector.
- The changing dynamics of risks due to climate change may also be integrated with any risk information/or communication.
- Urban risk should be integrated with disaster risk and CCA.
- For risk reduction, funding has to be re-focused from post disaster response to pre-disaster planning for risk reduction.
- Preparedness is the key both at the community level and at the industry level.
- Private sector loss amounts to 80 to 90% of the total loss happening in any disaster situation and hence strategies need to be drafted with relevant stakeholders for reducing the impact of disaster.
- Risk reduction measures have to be applied for business continuity both at the local level, national level and international level for addressing supply chain loss.
- There is a need for regulation and incentives for promoting risk reduction.
- There is a huge gap in capacity amongst the small and middle scale industries/enterprises and hence the capacity development programme should be launched to address the gap in a more institutionalised way.
- A national database needs to be created about SMEs as 70% of the SMEs face the largest loss and do not have enough capacity to recover or access any government incentive or bailout plan.
- It is important to have a business continuity plan, but it is much more important that these plans are implemented in the right spirit of risk reduction.
- The role of Chamber of Commerce, Federations and Regional Organizations should be strengthened for risk reduction.
- Innovation should be encouraged and seen in relationship with changing technology and changing environment.

Parallel Sessions:

PANEL 1: IT Sector and Disaster Management: Challenges and Opportunities

The session was chaired by Mr. Sunil Raghavan, Programme Director, IBM. Panellists at the session included: Mr. C M Kishtawal, ISRO Ahmedabad; Mr. Anup Jindal, RMSI; Mr. Jagdish Shah, Industries and Mines Department, Government of Gujarat; Mr. Soumitra Ghosh, CSO Partners; Mr. Amitabh Nag, Tata Consultancy Services.

Mr. Raghavan, set the stage for the presentations by emphasizing the role of IT sector and urged the panelists to reflect on their experiences in generating information or developing applications using such information for risk reduction purposes to highlight enablers as well as inhibitors to private sector participation in DRR.



The discussions in the session revolved around the concern of increasing number of casualties with frequent disasters and scope of Information technology in hazard mapping and early warning system, the scope of PPP model and effective collaboration between governments and IT firms where the data available with governments can be complemented with advanced computing capabilities of private sector actors to develop solutions that can be used for risk-informed development.

Increased awareness on types of data, better interactions between data providers and data users, policy level changes that mandate the use of risk information/assessments, beyond corporate social responsibility (CSR), other business models to monetize private sector engagement and a dialogue between private sector actors and the national government (i.e. MHA) to understand opportunities for IT sector participation in DRR was summarized by the chairperson.

Key recommendations from the session:

- New ways to achieve greater convergence among private sector actors need to be developed and mandated.
- Increased awareness on types of data that is available and how it could be used for risk-informed decision-making is required.
- Better interactions between data providers and data users are necessary for improved accessibility and better understanding of requirements.
- Policy level changes that mandate the use of risk information/assessments could create demand for such solutions, thereby creating incentives for private sector investment in their development.
- Beyond CSR, other business models to monetize private sector engagement in development of risk-based solutions need to be explored.
- Towards development of inclusive PPP models, insurance industry can be an entry point to explore increased involvement of private sector in disaster financing and use of risk assessments.
- A dialogue between private sector actors and the national government, i.e. MHA, to understand opportunities for IT sector participation in DRR could be the next step in taking this conversation forward.

Panel 2: Disaster Risk Reduction in Real Estate/Housing Sector: Challenges and Opportunities



The session was chaired by Mr. Rajiv Ranjan Mishra, Joint Secretary (Housing), Ministry of Housing & Urban Poverty Alleviation, GOI who introduced the topic and dwelt upon its relevance in view of the “Housing for All” mission recently launched by the Government with a target of 20 million houses in urban areas alone. He emphasized the role of the private sector in achieving the target set by the Government.

He also noted that the real estate/housing sector is one of the fastest growing sectors in India and would be the engine of future economic growth. He underscored the need for adopting safe and affordable housing practices. The panelists in the session were Prof. CVR Murty, Director, IIT Jodhpur; Dr. Shailesh Agrawal, ED, BMTPC; Mr. Ashutosh Bhardwaj, Director-Corporate Affairs, CIDC; Mr. C. Kasiraman, AGM-MRRM, BBR India; Mr. V. Rajaraman, Executive Vice President, IFFCO-TOKKIO General Insurance Company Ltd.

The panelists highlighted critical issues such as: a) Importance of risk assessment and habitat planning b) Housing for All- Challenges of Housing Projects in Multi- Hazard Prone Areas c) Investing in Certification and Capacity Building of Construction Fraternity d) Retrofitting of Old Housing Stock: a Business Opportunity and e) Risk Insurance and housing.

The discussions revolved around the structural safety of houses, rapid urbanization, unregulated construction of houses, lack of knowledge and awareness about disaster safe housing, increased use of prefabricated and pre-cast materials, shortage of skilled manpower, scope and volume for retrofitting and catastrophic insurance in the country etc.

Key recommendations from the session:

- A Housing and Habitat Institution needs to be established by private sector with support from the government to cater to the Housing sector needs for information and research
- Government, private sector and academia need to interact more proactively on the issue of DRR
- Licensing of engineers should be mandatory
- A Tall Building Committee should be constituted for monitoring their construction.
- A centralized Technical Cell to support various retrofit programmes/projects needs to be created
- A Natural Calamity Insurance Pool should be constituted
- Construction workers should be trained and their skills built on safe construction practices
- Business models on private sector engagement in various facets of hazard resistant housing should be developed

Panel 3: Challenges and Opportunities in Infrastructure Sector for Disaster Management

The session was chaired by Prof. Vinod Sharma, Sikkim Disaster Management Authority, Sikkim. Panellists for the session were: Mr. Hemant Sharma, IAS, GRIDCO, Odisha; Dr. Ramarao, Director-EMLC, GVK-EMRI and Mr. Alok Kumar, Director Safety, Indian Railways.



The discussions in the session revolved around the importance of resource management for DRR. Mr. Hemant Sharma presented the lessons learnt by the GRIDCO, Odisha viewing the frequent of cyclone in the state, he brought up the efforts taken in planning and mobilizing financial and human resources with the help of private sector partnerships for effective disaster response. A similar case was presented by Dr. Ramarao, who highlighted the effectiveness of private sector partnership to provide effective operative results in casualty transport. Mr. Alok Kumar also highlighted the efforts taken by the Indian Railways in preparing the zonal safety plans and mobilizing state of art equipment for disaster response, further he informed about setting up of Disaster Management Institute in Bengaluru, Karnataka to train its staff in the management of disasters and also showed his concern as equipment, mobile hospitals and communication does not help the civilian administration during disasters outside the arena of the Railways.

Key recommendations from the session:

- A Preparedness Plan for the Communication industry is important, as it is the first casualty of an event and also the most important service provider in today's world.
- Operational Health Infrastructure during emergency is very important and ambulance service like GVK plays an important role in saving lives. This model could be replicated all over the country.
- Safety Plans by railways underlines the importance of disaster management planning. Every department needs to be encouraged to develop their disaster plan and these plans should be incorporated in the State Disaster Management Plan.

Panel 4: Supply Chain, Manufacturing and Disaster Management



The session for Supply Chain, Manufacturing and Disaster Management was chaired by Mr. Sourav Roy, Programme Leader, Tata Suitability Group. The Panel had four speakers: Mr. Yogesh D Barot, Vice-President, Ambuja Cement Group; Ms. Jyoti Macwan, General Secretary, SEWA; Mr. Vishal Pathak and Mr. Mihir Bhatt from AIDMI.

The discussions in the session revolved around the direct and indirect impact of disasters on manufacturing sector and on the supply chain system along with opportunities by involving private partners for effective disaster management mechanism. Mr. Yogesh D. Barot, VP,

Ambuja Cement Group emphasized on the risk involved at global level in the manufacturing industries and stated that many of the industries are lying on fault lines. Mr. Barot explained the essential measures that need to be adopted to reduce the risks. Some of the measures taken up by the Ambuja Cement group include:

- Identification of market and influencers
- Training programs for masons, engineers, builders etc. on earthquake resistant structures. He stated that Ambuja conducts about 2000 such programs every year.
- Promotion of right construction practices amongst practitioners, including adoption of seismic bands, resistant structure and good proportion of concrete mix for construction.
- Preparation of Business Continuity Plans (BCPs) at various locations of the business units.

Ms. Jyoti Macwan, General Secretary, SEWA introduced her organization which works toward women self-reliance through enhancing their economic and decision making ability. SEWA advocated an approach where community is engaged in economic activity as it helps the affected community to cope up with the situation in a better way and simultaneously provides economic support. The organisation works for women engaged as home-based workers, vendor/hawkers; manual labourers and service providers. After the Gujarat earthquake in 2001, women artisans were supported in terms of skill development by SEWA; today they are owners of the SEWA Trade Facilitation Centre, with about INR 2-3 crore annual turnover. The company now provides training to the artisans in the SAARC region to promote sustainable development. Further, a company called 'SEWA Nirman' was established to help in rebuilding the houses besides training masons. The lives and livelihoods of around 14,000 masons have been secured on account of the SEWA efforts.

Mr. Vishal Pathak and Mr. Mihir Bhatt from AIDMI delivered a joint presentation on the subject - Innovating Disaster Micro-insurance for Local Market Recovery and emphasized that SMEs should be one of the first units to be secured to reduce disaster impact. The speakers highlighted that almost 71% of rural and 67% of urban small and medium enterprises are engaged in the informal sector. They highlighted how their organisation has been engaged with the informal sector to sensitize them about their recovery after a disaster. Mr. Bhatt gave an example from the Phailin cyclone of 2013 where biggest evacuation operation was carried out to save lives but could not save the high losses and damages to the economy of the coastal region. The primary survey carried out by them suggest that small enterprises do not have coping mechanism to match up their needs and demands, and also do not receive adequate claims against their losses.

Towards the end, the speakers recommended that micro-insurance is an area which needs long-term engagement. A model for disaster insurance that is accessible by the poor and vulnerable communities should be developed as suggested under the SFDRR. They suggested that income recovery should be the part of relief packages and universal in nature for the disaster affected regions.

Key recommendations from the session:

- (i) There is a need of enabling regulation for risk insurance. The panel suggested that a small group for this particular area should be constituted to formulate a policy paper in order to address the financial insurance for public-private enterprises at national level.
- (ii) The preparation of BCPs and training of practitioners working under manufacturing units such as masons, builders and engineers is an area of concern. An innovative business model needs to be developed, as shared by the Ambuja Group.
- (iii) The non-profit sector, as illustrated by the SEWA example, also brings knowledge on supply chain competency in disaster management. Such knowledge should be utilized for long-term disaster planning.
- (iv) Investment in risk reduction products such as universal coverage of insurance to the disaster-affected community should be promoted, as suggested by AIDMI.

Way Forward

After presentation by the plenary session chair as well as the four panel chairs on the recommendation suggested by their groups, the following key recommendations emerged from the workshop for further action:



- Establishment of a regulatory body addressing negotiable and non-negotiable aspects in business, such as risk assessment to disasters, is critical.
- Policy level changes that mandate the use of risk information/assessments and incentivize business models to encourage private sector engagement in development of risk-based solutions need to be made.
- Methods to achieve greater convergence among private sector actors and other stakeholders like academia and government should be identified.
- Data on loss to private sector and SMEs should be recorded.
- Besides encouraging and providing and enabling environment for enhancing insurance coverage for life, housing, infrastructure and livelihood, a Natural Calamity Insurance Pool for the housing sector and livelihood restoration should be set up.
- Regional level funding mechanisms for risk reduction can be explored.
- Towards development of inclusive PPP models, insurance industry can be an entry point to explore increased involvement of private sector in disaster financing and use of risk assessments.
- Business models on private sector engagement in various facets of hazard resistant housing such as technology, building materials, human resource development, risk transfer etc. need to be developed.
- Business continuity planning for the industries and disaster management plans for every department is a must.
- A template for long-term disaster planning on supply chain competency in disaster management can be developed.