

Private Investment in DRR for Resilience Building: A Policy Dialogue

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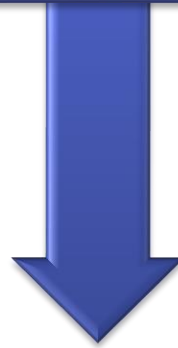
Welcome

Policy dialogue helps to promote evidence-informed policy making on high-priority issue supported by participatory analysis and synthesis of the best available evidence.

Understanding Resilience to Disaster Risk

"Disaster is a serious disruption of the functioning of a community or a society causing widespread human, material, economic or environmental losses which exceeds the ability of the affected community or society to cope using its own resources." - *A standard UN Definition*

Serious
disruption of the
functioning of the
business
community



Human, material,
economic and
environmental
implications of
loss



Incompetence to
respond to cope
with the present
capacity



Disaster



Disaster Risks and the Private Sector

“Unpredictability – Complexity – Vulnerability” Nexus

Business Risk = Hazards and Losses x Vulnerabilities x Exposure to risks

- **Hazards/Loss** = Potentially damaging exogenous events whose probable characteristics and frequency of occurrence can be estimated.
- **Vulnerability** = Likelihood or probability of negative event or subsequent loss
- **Exposure** = Behaviour or position at risk



Key Impacts of Disaster on Private Sector

- Financial
 - Loss
 - Debt burden
- Business operations and delivery of goods and services
- Loss of market
- Psychological impact due to stress from perceived risks
- Infrastructural loss – demand for new investment



**Approaches
to responding
Disaster Risk**

**Resilience
Building**

Mitigation

Prevention

Reduction

Adaptation

Transfer

Business Resilience to Disaster

**“Culture of preparedness for
adaptive response”**

“Bouncing back from disaster risks”

Resilience to Disaster

- Resilience is used as a state of preparedness, where targeted systems can absorb unexpected and potentially high consequence shocks and stresses of disasters
- It is the combination of predictability, adaptability and capability to respond disasters
- It is determined by the capacity, willingness and instrumentality

Resilience is the ability of the private sector to resist, absorb, accommodate and recover from the effects of disaster hazards in a timely and efficient manner through strategic, institutional, financial and cultural preparedness with required capacity to respond.



HFA Priorities for Disaster Risk Reduction – 2005-2015

Priority 1: Making disaster risk reduction a priority

Priority 2: Improving risk information and early warning

Priority 3: Building a culture of safety and resilience

Priority 4: Reducing the risks in key sectors

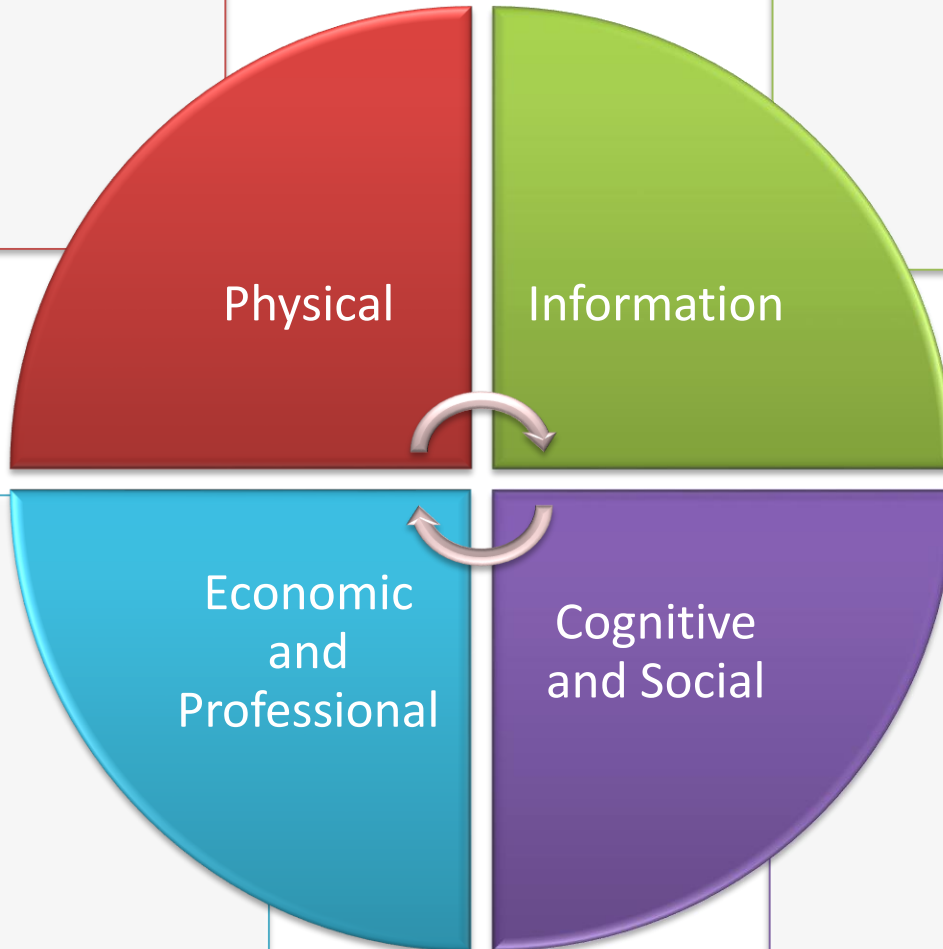
Priority 5: Strengthening preparedness for response

Sendai Declaration 2015-2030

1. Understanding disaster risk
2. Strengthening disaster risk governance
- 3. Investing in disaster reduction for resilience**
4. Enhancing disaster preparedness for effective response
5. “Build Back Better” through recovery, rehabilitation and reconstruction

Domains of Disaster Resilience

- Infrastructure
- Technology
- Facilities
- HR Capacity



- Assessment and analysis
- Information management
- Education and communication
- Networking

- Strategic Planning
- Programming and financing
- Collaboration and partnerships
- Monitoring and review
- Evaluation and reforms

- Understanding and awareness
- Interaction
- Prioritization
- Response modeling

Resilience Matrix for Business

Domains/Actions	Predict, Plan and Prepare	Response for mitigation and reduction	Recover	Adapt and Improve
Physical				
Informational				
Cognitive and Social				
Economic and Professional				

Resilience Architecture

- Corporate system
- Communication
- Risk information and reporting structure
- Culture of resilience

Resilient Capacity

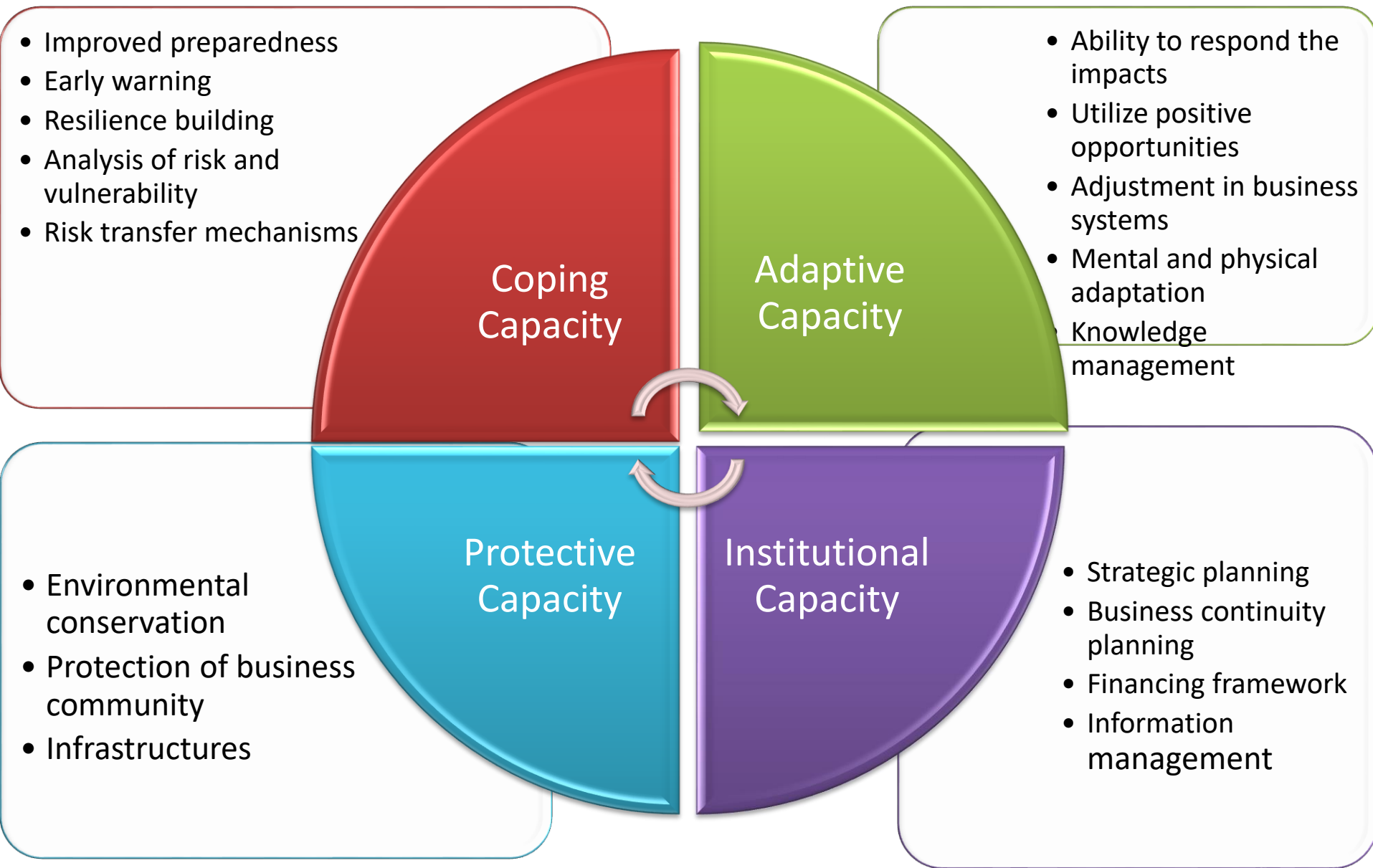
Resilience Protocols

- Rules and procedures
- Methodologies
- Tools and techniques

Resilience Strategy

- Policy and strategy
- Financing strategy and framework
- Risk intelligence

Capacity Development for Resilience



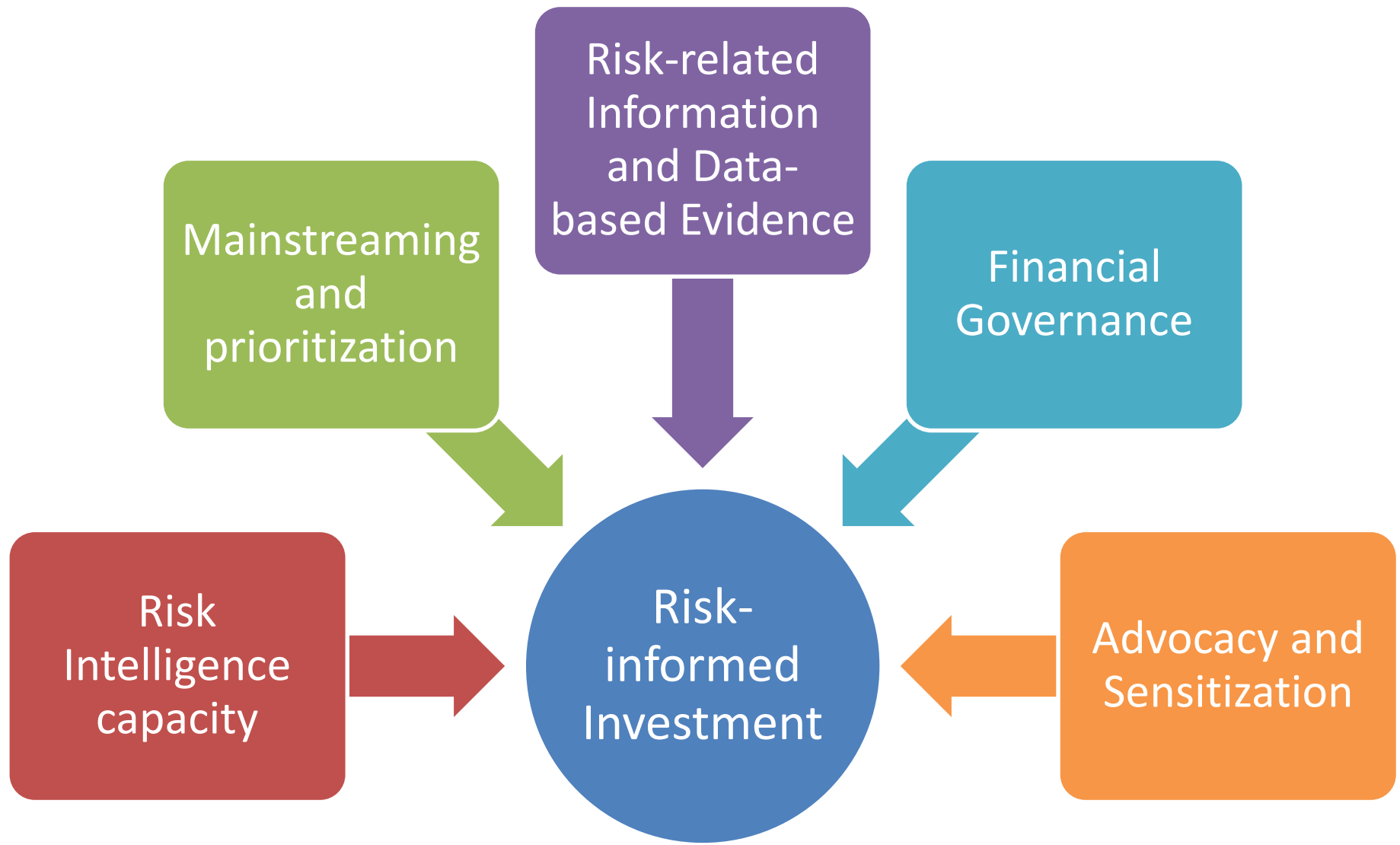
Disaster Risk-Informed Private Sector Investment

Risk-Informed Investment

“Investments that incorporate an understanding of multiple and concurrent sources of risk, which may interact in complex and cascading ways.”

- UNDRR (2019). *Global Assessment Report on Disaster Risk Reduction (GAR)*.

Sendai Framework on Risk-Informed Investment



Disaster Resilient Private Sector

Policy

Capacity

Investment

- Assessment, analysis and identification of disaster risks
- Mitigate and reduce risk
- Recover and transfer risk
- Review and reform

Disaster resilient investment provides an analytical framework for making evidence-informed decisions to reduce, mitigate, recover, transfer and adapt disaster risks.

Disaster Risk Financing

Approaches

- Strategic financing
- Contingent financing
- Insured financing
- Collaborative financing

Methods

- Strategic planning
- Risk rating and severity assessment
- Design for investment framework
- Disaster risk programming and budgeting
- Risk transfer

Tools

- Risk (Hazard/loss, Vulnerability and Exposure) analysis
- Predictability tools
- Disaster-responsive budget
- Review and monitoring
- Evaluation and reforms

Investing in Resilience: Ensuring a Disaster-Resistant Future of Business



Disaster Risk Financing in Business

Disaster risk financing is the capacity, willingness and instrumentality in the application of financial instruments as part of a planned and systematic approach to managing disasters in order to anticipate, plan for, reduce, transfer, and respond to disaster risks in business.

Global Platform for DRR: Private Sector Alliance for Disaster Resilient Societies – 22 May 2022, Indonesia

1. Adoption of “Build back better principle”
2. Incentives for disaster resilient capital investments
3. Expansion of risk transfer through insurance
4. Collaboration and partnerships in prevention and preparedness
5. Awareness and capacity development of business community
6. Appropriate and adequate use of data management and technology
7. Global and national networking

Investing in Resilience: Ensuring a Disaster-Resistant Future

Report of ADB (2013)

Findings and Recommendations

1. Policy change for sustainable investment
2. Risk assessment and analysis for ensuring predictability and risk-informed investment
3. Sharing and networking of information with knowledge management capacity
4. Collaborative financing
5. Encouraging private sector engagement for strengthening business resilience

Any queries ... PLEASE

**Thank you and have a successful
journey**