


Enabling Private Sector Engagement in Disaster Resilience in South and East Asia

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Businesses are closely related with communities not only as providers of goods but also as job market creators. The timely and efficient recovery of business operations is crucial for serving the basic needs of disaster-stricken communities and the continuation of daily life activities, thus speeding up the return to “normalcy.” The majority of private business is still unaware of the possibilities, opportunities, and advantages of engaging in disaster risk reduction (DRR)-related initiatives. The current paper argues that information sharing, access to funding, adequate and easy-to-understand and to follow rules and regulations, and functioning public institutions with designated coordinating bodies need to be in place to enable this process. This study concludes that coordinated, tailored, continuous efforts by both businesses and the public sector, supported by international organizations, will be needed to tackle the complex web of disaster challenges now and in the decades to follow. The paper will focus on East and South Asia as some of the most disaster-prone regions in the world, without comparing the success rate between the individual countries. It is, instead, intended as a perspective paper, aiming to provide a broad regional overview of some of the challenges and opportunities in engaging the private sector in disaster management, and to present some high-level policy suggestions on how to better address the existing issues.

KEY WORDS: private sector, disaster management, disaster risk reduction, disaster preparedness and resilience, enabling environment, sustainable mechanisms

促使东南亚私人部门参与灾害恢复力行动

商业作为物品提供者和工作市场创造者，与社区紧密相关。商业活动恢复的及时性和有效性，对服务受灾社区的基本需求和对维持每日生活而言至关重要，这样才能让一切加速回归“常态”。绝大多数私人企业仍然没有意识到，参与降低灾害风险的倡议所带来的可能性、机遇和优势。本文认为，信息共享、资金的可获取性、规则和监管制度的充足性、易理解性和易执行性，以及拥有协调机构的现有公共机构，这些因素都需要落实才能促使私人企业参与降低灾害风险这一过程。本文结论认为，为应对现有灾害挑战和未来几十年间灾害挑战所组成的复杂网络，需要具备协调性和定制性的持续努力，而这些努力则依靠企业自身、国家公共部门、区域组织和国际组织发起共同倡议。本文将聚焦于东南亚这一在全球属于最易受灾害影响的区域国家，但本文并未比较个别国家之间的减灾成功率。本文作为一篇观点文章，致力就私人部门参

与灾害管理时产生的一些挑战和机遇提供一个广泛的区域概括，同时就如何更好地应对现有问题提供一些高质量政策建议。

关键词: 私人部门, 灾害管理, 降低灾害风险, 灾害预备和弹性, 有利环境, 可持续机制

Permitiendo la participación del sector privado en la resiliencia ante desastres en el sur y este de Asia

Las empresas están estrechamente relacionadas con las comunidades como proveedores de bienes, pero también como creadores del mercado laboral. La recuperación oportuna y eficiente de las operaciones comerciales es crucial para atender las necesidades básicas de las comunidades afectadas por el desastre y la continuación de las actividades de la vida diaria, acelerando así el retorno a la "normalidad". La mayoría de las empresas privadas aún desconocen las posibilidades, oportunidades y ventajas de participar en iniciativas relacionadas con la RRD. El documento actual sostiene que el intercambio de información, el acceso a la financiación, las reglas y regulaciones adecuadas y fáciles de entender y las instituciones públicas que funcionan con los organismos coordinadores designados deben estar en su lugar para permitir este proceso. Este estudio concluye que se necesitarán esfuerzos coordinados, personalizados y continuos, que dependen de la iniciativa combinada de las propias empresas, el sector público nacional y las organizaciones regionales e internacionales, para enfrentar la compleja red de desafíos de desastres ahora y en las próximas décadas. El documento se centrará en el este y el sur de Asia como una de las regiones más propensas a desastres en el mundo, sin comparar la tasa de éxito entre países individuales. En su lugar, está pensado como un documento de perspectiva, con el objetivo de proporcionar una visión general regional de algunos de los desafíos y oportunidades para involucrar al sector privado en la gestión de desastres, y presentar algunas sugerencias de políticas de alto nivel sobre cómo abordar mejor los problemas existentes.

PALABRAS CLAVE: Sector privado, gestión de desastres, reducción del riesgo de desastres, preparación para desastres y capacidad de recuperación, entorno propicio, mecanismos sostenibles

Introduction

The World Economic Forum's Global Risk Trends Report for 2018 gives a clear indication that in the past 8 years extreme weather events, natural disasters, and failure to adapt to climate change are not only among the risks with highest degree of likelihood, but also among the risks with the greatest possible impact. At the same time, extreme weather events, natural catastrophes, climate change, man-made environmental catastrophes and biodiversity loss and ecosystem failure constitute between 6.6 and 13 percent of global risks of highest concern for businesses (World Economic Forum, 2018).

Looking at the Asian region these numbers surge drastically—natural catastrophes represent 61.3 percent of the risk threats to business in Japan and 28.3 percent in China; man-made environmental catastrophes equal 31.3 percent of the overall risk to companies in Thailand; extreme weather events comprise 30 percent from the risk factors threatening business in Sri Lanka (World Economic Forum, 2018).

Businesses are closely related with communities not only as providers of goods but also as job market creators. Millions of people in Asia are employed in various

private companies of different size. Additionally, more and more vital sectors providing public services such as infrastructure, telecommunications, healthcare, water and electricity, and transport are becoming privatized or semi-privatized. The timely and efficient recovery of business operations is crucial for serving the basic needs of the disaster-stricken community and the continuation of daily life activities (UNDP PRRP, 2017), thus speeding up the return to “normalcy.” Moreover, developing new solutions will require innovation and technology, which are primarily driven by the private sector. It is, thus, unthinkable to continue addressing the disaster and resilience challenges without including the private sector as an equal partner (Shaw, 2012).

Building partnerships with the private sector and using their extensive networks on the ground can significantly improve access and efficiency of delivery of disaster relief to affected communities (WHS, 2015). This is especially true for small- and medium-size businesses, which are closely linked with their neighborhoods. Larger businesses, on the contrary, have extensive management knowledge and experience and are more flexible in setting funding arrangements and service delivery than the public sector. It is easier for the private companies to adjust to specific needs and find more cost-effective solutions than the governmental agencies (UNDP PRRP, 2017).

The majority of private business is, however, still unaware of the possibilities, opportunities, and advantages of getting involved in DRR-related initiatives. It is important that companies build corporate culture, policies, and codes for disaster response in order to ensure their own survival, to protect their assets and employees, and contribute to community resilience overall. But to engage companies in disaster risk reduction an enabling environment and incentives have to be provided. Information sharing, access to funding, adequate and easy-to-understand and to follow rules and regulations, and functioning public institutions with designated coordinating bodies need to be in place to enable this process (PwC, 2013).

As value chains are becoming more and more interdependent with a greater number of private companies trying to expand their businesses outside of their immediate locality, the importance of regional and international cooperation and efforts is increasing as well. Disaster impact on businesses in Japan, for example, can have repercussions in the United States, as exemplified further in this paper. This means that both national and international bodies and organizations have a vital role to play in initiating and maintaining the partnership with the private sector. The main objective of this paper is to argue that coordinated, tailored, and continuous efforts by both businesses and the public sector, supported by international organizations, will be needed to tackle the complex web of disaster challenges now and in the decades to follow.

The paper will focus on East and South Asia as some of the most disaster-prone regions in the world, without comparing the success rate between the individual countries. For this research, a number of secondary sources such as publications by international organizations and governments, as well as by private businesses and academic research papers, have been reviewed. Case-study papers and guide-notes, as well as conference and discussion overview publications, have also been taken

into consideration to provide a better perspective on the implementation of suggested policies. In addition, a limited number of unofficial interviews with representatives from private sectors and non-profit organizations from Japan have been conducted. The findings from these interviews have been marked in the paper with an index and additional literature has been used to support the statements. Finally, the current manuscript is intended as a perspective paper, aiming to provide a broad regional overview of some of the challenges and opportunities in engaging private sector in disaster management, and to present some suggestions on how to better address the existing issues at strategic policy levels.

Types of Engagement and Incentives

Companies have a clear interest in operating in resilient societies with purchasing power. The destruction of vital infrastructure is detrimental to business continuity and product and services distribution. Disasters can destroy whole value chains, where the decline of one business partner can lead to the decline of the whole supply system. When a combined natural and man-made disaster hit Japan in 2011 and the Fukushima Daiichi Nuclear Plant was destroyed, the total economic loss for the country was calculated to approximately \$100 billion (Roberts and Norman, 2016). The effects of the disaster, however, were felt much farther away from its epicenter. Interrupted supply chains of the automobile industry in Japan, for example, affected the industry in the United States and other countries that depended on the parts and components coming from the Japanese companies. Economic disruptions were on a global scale (Levinson, 2011).

Disasters can have direct negative impact on businesses, such as death or injury of staff members or the partial or complete destruction of assets, stock or infrastructure. In 2013, typhoon Haiyan affected five million employees in the Philippines (ILO, 2016) and destroyed 120,000 tonnes of sugar harvest and 131,600 tonnes of rice (Verisk Maplecroft, 2013). The 2015 Gorkha Earthquake in Nepal impacted 4.24 million workers and led to major setbacks in developing employment opportunities in the years to follow (ILO, 2016).

The more indirect impacts are related to disruptions of the supply chain, disruptions in client purchasing power, and the failure of other partners and suppliers. From a wider perspective, severe disasters can lead to higher interest rates, loss of the market share, staff shortage, and overall economic recession (UNISDR, 2015).

Additionally, there are a number of other less visible benefits of private sector involvement in the DRR initiatives such as (i) enhancing reputation and trust with customers, civil society, and local governments; (ii) creating opportunities for building relationships with and influencing the public sector; (iii) tapping in new business fields by diversifying products and services or creating innovative solutions relevant to disaster resilience efforts; and (iv) demonstrating good citizenship and improving the staff motivation and retention (Izumi & Shaw, 2015). Larger companies could also have the capacity to build networks at a regional or

international level, linking with a wider range of partners in the face of regional and international organizations.

Business size and location are important determinants in risk exposure and capacity to withstand disruptions. Smaller companies, usually referred to as micro, small, and medium enterprises (MSMEs), and especially those operating in developing countries, are usually much more vulnerable to disasters due to their limited outreach, funds, and knowledge of disaster response strategies and techniques (Picard, 2017). Larger companies tend to suffer much greater economic losses, but because of their wide base of clients and stronger and more dispersed supply chains have the capacity and the resources to prepare, absorb, and adapt better (PwC, 2013).

Therefore, the ways in which private companies engage in the DRR could vary according to their size, risk exposure, financial and human resources, as well as according to their risk appetite (PwC, 2013). This could include the development of Business Continuity Plans (BCPs), on-site planning, and awareness and capacity building trainings; and establishing of Corporate Social Responsibility (CSR) policies and participating in public–private partnerships (PPPs). Companies could also provide direct assistance to communities in the form of emergency distribution of products; volunteering in search and rescue missions; partnering with Non-Governmental Organizations (NGOs), governments, and international organizations in joint resilience-oriented projects; and raising awareness and promoting community resilience (Izumi & Shaw, 2015; Shaw, 2012).

For any of these types of engagement to bear fruit an enabling environment needs to be available. This means, there has to be policies that can initiate, facilitate, and monitor such engagement. The mechanisms for private sector engagement in the DRR in this paper have been divided into external and internal, the external being those developed and supported by the international and regional bodies and governments (i.e., external to the company, as shown in Figure 1) and the internal being those related to company culture and management. To give more clarity on which external mechanisms are applicable in the preparedness and which in the response and recovery phases of a disaster those have been placed, respectively, under the “preparedness” and “response and recovery” boxes of Figure 1. Those mechanisms that are placed in the middle of boxes indicate the mechanism linked both to international and national efforts or is relevant to all phases of a disaster.

Mechanisms for Private Sector Engagement

International and Regional Frameworks and Initiatives for Promoting and Supporting Private Sector Engagement

International and regional organizations have been putting a significant effort in pushing for private sector inclusion in the DRR agenda and have been engaging directly with private sectors through PPPs, showing the way to national and local governments and educating both the public and private sectors of the potential of

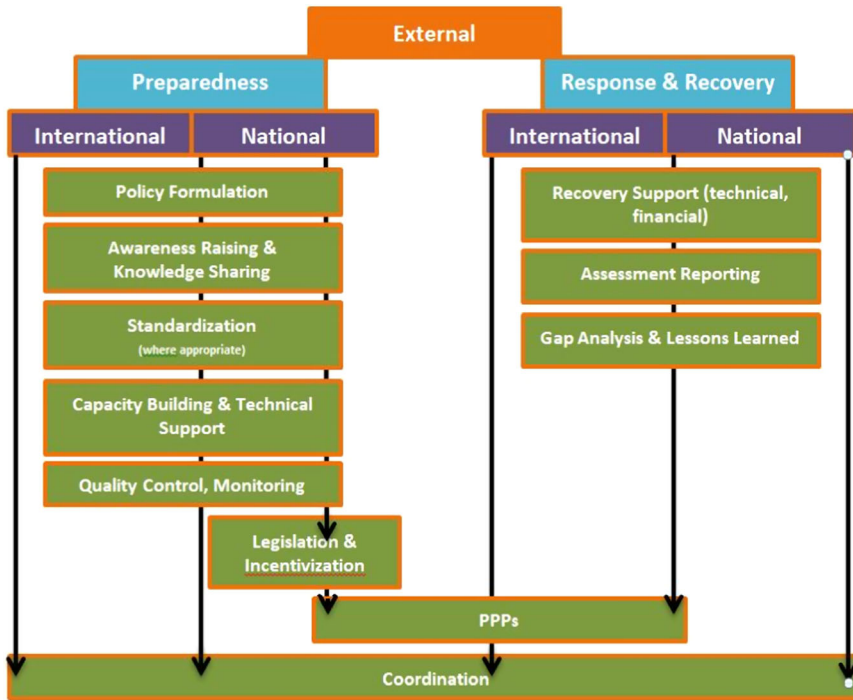


Figure 1. External Mechanisms for Private Sector Engagement in the DRR.

such partnerships, and at the same time discovering new innovative solutions through these collaborations.

One of the key international organizations providing continuous support to governments is the United Nations Office for Disaster Risk Reduction (UNISDR). In order to create a platform for networking and cooperation among businesses and nations, it created the UNISDR ARISE initiative, with an initial membership of over 140 private sector entities. ARISE has a primary goal to support the implementation of the Sendai Framework for DRR and is actively supporting and collecting best practices of private sector involvement in disaster management (UNISDR Website, 25.07.2018).

At the regional level, three major organizations with an important leverage in the development of DRR-related policy and processes in Asia are the Association of Southeast Asian Nations (ASEAN), the South Asian Association for Regional Cooperation (SAARC), and the Asia-Pacific Economic Cooperation (APEC).

ASEAN is involved in relief efforts and supports the improvement of logistics, preparedness, response, and early warning in its member nations. It engaged actively in response to the devastating cyclone Nargis, which hit Myanmar in May 2008 through its established Agreement on Disaster Management and Emergency Response, bringing a number of different actors together, including the private sector (Izumi & Shaw, 2015; Sawada & Zen, 2014). Private individuals and companies provided about one-fifth of the relief donations, or approximately US\$71

million and were included in the decision-making and planning activities (ASEAN, 2010).

SAARC has been boosting regional trade and economic growth and cooperation among the private sectors through the SAARC Chamber of Commerce and Industry, which is well connected with both large corporations and small and medium businesses of various areas of business (Dhungel, 2004). SAARC also has the capacity to act as a regional focal point for identifying the most relevant private sector partners in disaster response and also contributes to developing guidelines for the reduction of internal company disaster risks (Izumi & Shaw, 2015).

APEC, for its part, has endeavored to create a set of principles for PPPs (APEC, 2010), as well as guidelines for SME BCP for its members and has established the Emergency Preparedness Working Group (EPWG) operating since 2004, when the Indian Ocean tsunami affecting Thailand and Indonesia took place (APEC Website, 2018; Izumi & Shaw, 2015).

Governmental Mechanisms for Private Sector Engagement

National and local governments have the most crucial role in providing an enabling environment for the inclusion of private sector in disaster management. Companies may engage in disaster resilience by their own initiative, but if there is no policy and legislative regulation such initiatives will remain only ad hoc and will not lead to sustainable solutions. Below, we will discuss three types of activities that national and local governments can engage in to include private sector parties in disaster management: (i) policy, legislation, and standardization; (ii) Awareness raising, information sharing, and capacity building; and (iii) quality control and monitoring.

Policy, Legislation, and Standardization. First, for any government to be able to coordinate and engage private sector effectively there is a need for a clear vision and strategy with defined goals and assessment metrics. The government should be able to identify public and private stakeholders who can share leadership and pinpoint common issues among partners and suggest possibilities for common projects to tackle those issues (National Academy of Sciences, 2010).

The availability of designated bodies and focal points to lead the process is crucial for ensuring sustained results. The governments of South and East Asia all have different approaches and the responsibility for private sector engagement sits with different parts of the administration, that is, Ministry of Finance, Ministry of Planning, Prime Minister Office. Some governments have no formal units for private sector engagement but would appoint an official who has a different prime responsibility—29 percent of governments in Asia and the Pacific do not have a formal office to deal with public-private contracts. In other cases, several bodies share the responsibility (i.e., 9 percent of UNESCAP member nations have several PPP units) (UNESCAP, 2017).

Chandra et al. (2016) note that evidence from recent disasters shows that the lack of common operational picture and understanding between cities, states, and

agencies is a widespread and continuing issue. Such was the case in Aceh Tengah affected by an earthquake in 2013, where district, provincial, and local authorities failed to coordinate the response efforts, leading to the decline of the local coffee industry and later on to the decline of the whole local economy (Burke & Fan, 2014).

Further on, governments need to develop legislative measures that are not only robust but also understandable for companies to follow. The development of mechanisms such as memoranda of understanding (MoUs) and preliminary framework agreements between national and local administration, civil society, and private companies from the same sector blocks may oil the way for the implementation of more successful resilience projects (National Academy of Sciences, 2010).

In the Philippines, a Memorandum of Agreements was signed between the government, the Philippines Life Insurance Association, the Philippines Insurers and Reinsurers Association, and the ADB Private Sector Development, enabling the development of a micro insurance facility for disaster risk financing (Quero, 2012). In Japan, a preliminary agreement signed between the government and the Association of Precise Survey and Applied Technology (APA) was created in the aftermath of the 2011 Great East Japan Earthquake to secure quick aerial survey of the affected areas. The APA, which is an association of >90 private businesses, contacted a number of relevant companies and within three hours after the earthquake managed to send a list of relevant members to the governmental agency. Seven companies altogether surveyed an area of 4,400 km², within just two days after the disaster. The quick response was possible due to the existence of pre-agreed quality standards, work processes, known focal points, and emergency agreements (UNISDR, 2013).

In designing policy and legislation, it is important to pay attention to providing a number of targeted incentives to encourage private sector to invest in disaster resilience. Those could be financial mechanisms, such as developing guarantee facilities, which reduce credit risks, or through providing investment support for tested business models and services to ensure durability and scaling up, or through offering favorable loans and taxation to companies contributing to disaster resilience (PwC, 2013). In 2008, the Government of Korea, for instance issued A Private Enterprise Supporting for DRR Act, which has given perquisites for companies with established business continuity plans such as tax reductions, public credits, and others. This has improved the general awareness of disaster risk and has increased private participation in the DRR initiatives (UNISDR, 2009). Issuing certificates or showing official recognition to businesses could improve the profile of the company and potentially signal to other partners that a specific company is reliable to work with.

Prioritization and specific sector focus would be essential when developing incentives for the private business. Surveys and other studies show that when asked on incentives needed, most MSMEs indicate they would like to receive technical assistance and training to cover the knowledge gaps, followed by a request for receiving grants, soft loans, and subsidies for developing risk mechanisms such as BCP (ADPC, 2017). Larger companies are more interested in incentives, which

would contribute to further the growth and development of their business such as the provision of legal and intellectual property support for innovation, improved market entry conditions, detailed risk information, and financial de-risking mechanisms (PwC, 2013).

Harmonization and standardization between the national and local policy, where possible and appropriate, would lead to more coherence and improved conditions for larger businesses, which deliver products and services outside of their immediate locality. Direct consultations with various private sectors, civil society, academia, and communities would lead to more comprehensive and widely accepted standards (Mercy Corps Indonesia & R3ADY Asia-Pacific, 2015).

Awareness Raising, Information Sharing, and Capacity Building. One of the main impediments to private sector involvement is the lack of knowledge by both governments and businesses on such opportunities or on the way they can be implemented.

In Nepal and the Philippines, multi-stakeholder seminars and workshops, and the creation of permissive legal environment for the establishment of PPPs, have allowed not only for the implementation of a number of successful projects but also for the inclusion of other non-traditional actors, such as representatives of media and academia (UNISDR, 2009). In India, in 2001, a Disaster Management Committee was formed under the initiative of The Confederation of Indian Industry, with a membership base of >5,000 industrial and corporate enterprises, which has developed training courses and has initiated on-site and off-site plans and mock drills for individual companies (AIDMI, 2016).

Awareness raising and capacity building are especially important for MSMEs who have limited resources and access to information. A 2015 survey conducted among 442 MSME respondents from various sectors in Viet Nam indicated that 52 percent of the respondents had never heard of risk management tools such as BCP before (ADPC & iPrepare Business Facility, 2015). Another survey from 2016, among 400 companies in Indonesia, showed similar results where 62 percent of the participants had not heard of BCP and 32 percent did not know how to establish one (Mardanugraha, ADPC, 2016). Localized solutions, such as support in data mapping, information sharing, and bringing government experts and consultants together for local workshops might be easier to assimilate by smaller- and medium-sized companies and could provide for more direct linkage to the interests of the communities (AIDMI & UNICEF, 2016). A simple first step could be, for instance, calculating and informing small businesses of the real cost of business interruption or shutdown due to electric power cuts, or flooding, or partial or full destruction of assets, caused by a disaster. Such information could be much more persuasive and effective than enforcing penalties (National Academy of Sciences, 2010).

Quality Control and Monitoring. Policy and process improvement require a monitoring and gap analysis. Implemented projects need to be reviewed not only in the immediate aftermath of the implementation but in the years to follow as well to assess if the results of a program/project are truly sustainable. Companies might

fear requirements for reporting to governments and see it as excessive oversight, which also requires additional time and effort (National Academy of Sciences, 2010). Governments will, therefore, need to develop well balanced measures to streamline quality controls and ensure transparent and efficient private sector inclusion.

In practice, all these enabling and engagement mechanisms and instruments need to be tested in a range of local, national, and cross-border contexts. This involves some risk taking and adjusting, which will need to be understood and accepted by the relevant parties (PwC, 2013). In the aftermath of actual disasters, governments will have to continue their vital support to private sector sustainability and inclusion in disaster efforts, providing technical and financial pooling support, collecting information on gaps, and updating their mechanisms through consultations with private companies and civil society representatives, and through engagement in common projects for reconstruction and development.

Internal Company Mechanisms

External influences will result in one-time successes only if the culture in the individual company is not adjusted to understand and prioritize disaster resilience. In reality, companies do get involved in disaster management and especially in the immediate response phase (Zhang & Kumaraswamy, 2012), often through volunteering or as a part of their CSR. In other cases, the commitment in companies with core business not related to DRR often comes from the lower levels of management and does not prevail for the business overall. Very few staff members in private companies, usually only the CSR managers, are in fact aware of or interested in the DRR-related challenges and issues, or in the needs of the local communities.¹

CEOs and Directors are usually those who set the general strategy and path for a company to follow, and are, therefore, the key figures in establishing an enabling environment for the company engagement in disaster management. CEOs/Directors are also the level of the company with the leverage to establish links with civil organizations and labor unions, as well as with the local authorities, and initiate joint public-private projects and community events (Shaw, 2012).

Mid-level managers, on the other hand, are those who make most of the day-to-day decisions. They are also usually the ones who have contact with the employees on a daily basis and are responsible for their safety and security. It is the task of the direct managers to develop plans for disaster response and life protection, as well as organize courses, trainings, and mock drills for the company (Shaw, 2012). In the event of a disaster, the different levels of a company would be able to respond quickly and more adequately if all roles and responsibilities are pre-determined and included in a written company policy document. The document should also include norms for follow-up and evaluation to ensure addressing the discovered gaps. In the distribution of roles it is the managers who should have a good idea of who in

the team would fit a certain role best, so as to avoid newly recruited employees to be responsible for evacuation, for instance (Avalution Consulting, 2014).

Finally, employees can feel they have a meaningful role in resilience efforts if, for example, points of contact for emergency are appointed among them. First aid and disaster crisis courses and workshops can increase the readiness of employees, but also of their families and thus of the wider community (Shaw, 2012).

In 1995, in the aftermath of the Great Hanshin-Awaji Earthquake, the preparedness plan of the Kajima Corporation in Japan ensured that their head office in the Tohoku branch could establish communication with employees in other offices in the vicinity of the disaster through multi-channel access radios, which were available in all major branch offices (UNISDR, 2013). A more recent case shows how SM Prime, a chain of malls in the Philippines managed to protect the lives and the livelihoods of its more than 1000 employees, while also assisting in saving the businesses of over 262 merchandise suppliers, and helping people of the local community during the October 2015 Typhoon Lando. The company has been investing in disaster-resilient buildings designing its ground basement parkings to be able to cope with flooding. Thus the basement of the SM City Cabanatuan mall, capable of holding approximately 14 million gallons of water, served as a pool to catch the overflowing waters during the disaster. The initial higher investment cost necessary for constructing a risk resilient building was covered by avoiding huge losses during the disaster. The overall image of the SM brand and its reputation also improved among customers, increasing its competitive advantage (UNISDR & SM Prime Holdings Inc., 2016).

Such initiatives, however, are still mainly the case among larger companies with substantial assets. There are examples where small-size companies have provided immediate support to their employees and community but without established continuity plans and risk transfer mechanisms such initiatives are short-lived and can lead to the complete destruction of the business.

Discussion

As seen above, multiple levels of governance should understand their roles and become responsible partners, in order to ensure the sustainable engagement of private sector in disaster resilience. Figure 2 illustrates this interdependence between efforts of regional and international organizations, national and local governments, and private businesses, where the efforts of one part of the system feeds into the rest and vice versa.

That said a number of gaps and opportunities have been identified in the process of private sector inclusion in disaster management. The most common barriers in emerging and developing markets are existing corruption, weak or inadequate import/export and corporate legislation, and lack of or insufficient incentives (PwC, 2013). These and other challenges are discussed in Table 1, linking them with possible measures, which could be taken to overcome them. This table is in no way exhaustive but it aims to present some of the main issues identified in the

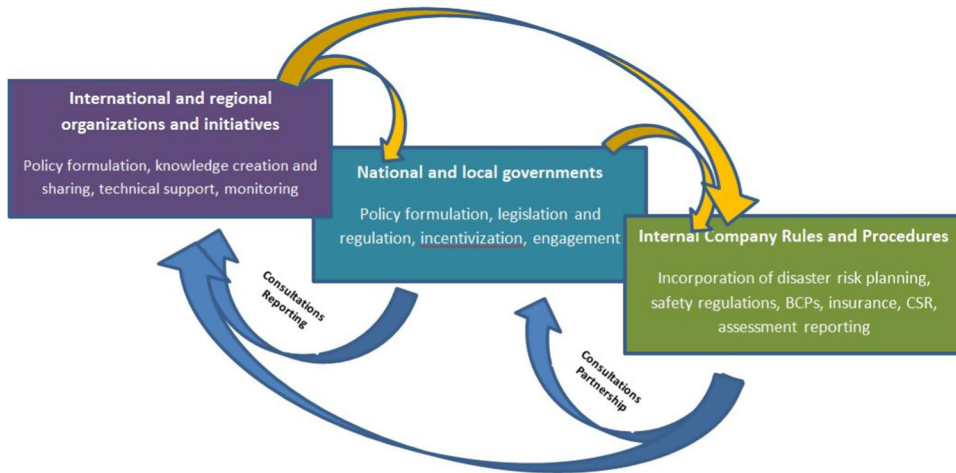


Figure 2. Interdependencies Between International Bodies, National Governments, and Private Companies in the Development of Enabling Environment for Private Sector Participation in the DRR.

available literature and through a limited number of conversations with representatives of the private and public sectors.

At a more basic level, companies first need to understand the disaster risks and opportunities. The very language, which is used in communicating with the private sector, requires tailoring. Terms relevant for public entities such as “adaptation,” “technical assistance,” and “DRM” are not familiar to companies. The public sector may have to translate humanitarian and disaster management objectives into business cases and into a language understandable to the private sector (PwC, 2013).

It is also important to note that public bodies and organizations and private companies have a distinctly different view of what the actual gaps are (National Academy of Sciences, 2010). The nature of the private sector as for-profit entities often prompts civil society and NGOs to question the moral principles of businesses, which creates tensions and mistrust. Companies, and especially larger corporations, are interested in partnerships with the public sector because the public sector can deliver greater outreach to potential clients. Private companies rarely perceive civil society actors as business partners and instead prefer to act alone and simply provide the solution they know they can deliver at that particular moment, thus widening the trust gap.²

The establishment of local and national platforms for bringing together businesses from the same sectors with public actors could lead to better coordinated and more holistic solutions to local and wider community issues.³ The Indonesian National Platform for Disaster Risk Reduction (Planas PRB) is an example where the government has initiated the creation of an independent forum for all relevant stakeholders to come together and work on synchronizing disaster-related policies and activities at the central level. Plan as PRB focuses on all vital elements of disaster management, namely on research, policy, advocacy and campaigning, information sharing, and mutual learning (Mercy Corps Indonesia & R3ADY Asia-Pacific, 2015).

Table 1. Challenges and Opportunities for Private Sector Engagement in DRR at Different Levels of the Enabling System

Gaps	Opportunities
<p>International and Regional Organizations</p> <p>Financial limitations of governments, corruption or insecurity, other priorities—hindering governments from engaging more with the process of involvement of private sector in the DRR</p>	<p>Continuous technical support in the form of best practices and process guidelines; collection and dissemination of successful examples;</p>
<p>Lack of trans-border collaboration and coordination</p>	<p>Regional pooling and funding mechanism for mutual help;</p> <p>Continuous support for peace processes and regional cooperation;</p> <p>Creating positive competition between nations;</p> <p>Providing consultancy and technical expertise upon request; Encouraging the creation of regional standards and policies for tackling trans-boundary risks</p> <p>Continuous support for common dialogue and knowledge sharing;</p> <p>Capacity building at the regional level;</p> <p>Conduct of multinational PPP projects;</p> <p>Taking upon the role of regional coordinators</p>
<p>Governments</p> <p>Different companies have different support requirements</p> <p>Lack of knowledge and trust</p>	<p>Targeted and tailored support according to the sector type, company size, and geography</p> <p>Appoint private sector engagement focal points within ministries and local administrations to ensure a continuous process;</p> <p>Formalize a process for engagement and ensure that companies become familiar with it;</p> <p>Spread and collect the DRR-related information and success stories through established business channels such as chambers of commerce, professional forums and associations, and networking events;</p> <p>Ensure that the DRR-related data is available and develop standardized definitions and methods for risk assessment and outcomes evaluation</p>
<p>Majority of private sector engagement is ad hoc</p>	<p>Continuous awareness raising, cooperation, and support programs, invitation for meetings and inclusion in planning and decision-making processes</p>
<p>Language and style not understood by the private sector</p>	<p>Create clear business proposals using business terminology with pre-defined incentives and costs</p>
<p>Various and numerous businesses—coordination is difficult</p>	<p>Use cluster method and list available companies per services and products they can provide;</p> <p>Use methods such as preliminary agreements before disasters have occurred that specify tasks and pay offs in advance</p>
<p>A large number of unregistered companies, especially MSMEs</p>	<p>More robust monitoring policies and provision of incentives, especially targeted at MSMEs such as inclusion in PPPs, preferential taxation, and other financial measures where possible and</p>

(Continued)

Table 1 Continued

Gaps	Opportunities
Lack of funds and capacity to invest in the DRR, especially MSMEs	appropriate Engage with larger companies from the same value chain and create a pooling mechanism to support smaller companies in times of disaster to ensure business continuity, providing incentives to the pooling companies;
Smaller companies might have important technology but are not able to expand or export	Provide business plan and investment support advice and stimulate access to specific markets Provide financial/technical support to companies with potential for the DRR product design and engage them in efforts through PPPs and joint projects; Provide platforms for businesses to meet and coordinate, create new business partnerships and opportunities; Provide investment support or incentives for innovation and DRR-related products and services
Most companies provide only a part of a DRR product and not the whole; there is no provider who can package and compile into one single product/system	Provide platforms for businesses to meet and coordinate, create new business partnerships and opportunities; Support the creation of business unions or create a body to connect and coordinate between cluster businesses; Establish a mechanism to fast-track contracts with business unions in case of emergencies, where the internal coordination is done by the union
Civil society have outreach and knowledge of the needs of local communities but there is mistrust between civil society and private business	Create platforms and opportunities for civil society and private business to meet and discuss mutual interest points and possible PPPs and collaborations; Encourage the engagement of consultants and academia to facilitate the process and translate community needs into business solutions
Businesses have innovative ideas for solutions but are not sure how to develop a certain product to fit community/customers' needs	Same as above, as civil society usually has a good understanding of the needs on the ground. As civil society could have greater expectations or would want to address issues with too vast scope, discussions, and coordination platforms. It is necessary to understand what is possible for each situation
Lack of collective private sector representation and voice	Create platforms for private sectors to come together and cooperate on a cluster principle; Support the establishment of business cooperative unions with relation to disaster preparedness with focal points
Lack of monitoring and regulatory mechanisms	Develop monitoring and follow-up mechanisms and regulations in consultation with private sector and civil society and appoint bodies/representatives to evaluate private sector engagement according to predefined criteria and indicators;

(Continued)

Table 1 Continued

Gaps	Opportunities
	Invite private sector representatives to participate in the planning and decision-making of development and resilience projects such as smart city design, community infrastructure improvements, neighborhood design, communications and technology, etc.
Internal company rules Often commitment comes from the mid-level management or individuals appointed but do not have wide-company effect	Government: Mainstream disaster risk policies in each level of the company, engage with CEOs and Directors and encourage the organization of courses and trainings by providing incentives for compliance
Deficit of funds or human capital to implement disaster preparedness measures	Government provide consultants or designated local government officials to organize workshops and deliver knowledge support and knowledge products
Lack of monitoring and follow-up procedures for assessing the success and sustainability of public-private projects and the DRR initiatives	Ensure periodic reporting and monitor progress of implemented projects to assess their sustainability and impacts in time; Create a designated role within the company to initiate and monitor disaster risk related activities

Another example could be the Corporate Network for Disaster Response (CNDP) in the Philippines, which is a non-profit organization, established by private companies on a voluntary basis, created to support businesses throughout the whole cycle of disaster management. The Network supports building the capacity not only of businesses but also of communities, and is focused both on the response to man-made and natural disasters (Buttarazzi, 2012).

In addition, Chandra et al. (2016) mention that state emergency operation centres may take on the responsibility to collect and share information relevant to businesses, such as collecting data on what different sectors are spending, with an aim to improve targeted spending where most necessary. This would also help businesses to track and understand how their investment is being used. More centralized and accessible information can assist in better tracking how suppliers are affected and which businesses are best prepared in the case of a disaster (Chandra et al., 2016). Partnership hubs or national Chambers of Commerce could be another way to bring parties together, which would be appropriate to function at the local level, so as to be able to engage MSMEs in the process. These hubs can operate according to the specific national or local context and do not have to follow the same template (UN OCHA, WHS, 2014).

At the same time, it needs to be recognized that there are significant differences in the size and financial and human capital capabilities of individual companies. Smaller businesses with limited capacities might be more easily involved in small-scale initiatives on specific projects, focusing on a key issue or sector, or through collaborations with larger companies, where interests are mutually beneficial.

Business-to-business (B2B) partnerships could create opportunities for such companies to gain access to markets and connect to supply chains, which are traditionally opened only to larger corporations. In all cases, it is recommended that new approaches are embedded in already existing programs or initiatives and tailored accordingly. Some small-scale, short-term pilot programs could be initiated, targeting specific areas or business sectors, as a test, to showcase the importance of disaster resilience and to identify gaps in the system (PwC, 2013).

Finally, it should be noted that engaging the private sector in resilience does not necessarily guarantee sustainable development and wider social outcomes. If smaller businesses are not meaningfully involved, the needs of those at the bottom of the pyramid will remain unaddressed (PwC, 2013). Yet, those businesses are most difficult to incentivize.

In the vastly integrated economies of East and South Asia, where disasters have the potential to impact the lives and livelihoods of millions of people, and where economies bear some of the greatest losses, leading to development stagnation and decline, providing an enabling environment for the private sector to engage in disaster management is more a necessity, rather than an option. How organizations, governments, and businesses will cooperate, and most of all how governments will be able to develop and implement relevant policies and programs, will determine the level of societies' resilience capacity in the future.

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Notes

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1. Interview with a private sector representative, May 2018, Tokyo, Japan.
2. Interview with civil society representatives, May 2018, Tokyo, Japan.
3. Interview with private sector and civil society representatives, May 2018, Tokyo, Japan.

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