

# Make your Enterprise Disaster Resilient: FINAL REPORT

**The Business Case for Disaster & Climate Risk Management**  
**Nadi, Fiji, 6-7 August 2015**



## Outcomes

Thirty-two businesses and organizations in Nadi, Fiji's economic heart and tourism hub:

- Took away a headline disaster/climate risk management plan for their enterprise as a basis for more detailed resilience planning
- Identified strengths and weaknesses in their current disaster/climate risk management

- Strengthened local partnerships with other enterprises
- Learnt different approaches to risk management drawing on practical case studies from around the world
- Agreed to investigate the establishment and maintenance of a one-stop disaster resilience resource website, with initial support from UNISDR

In addition, GETI conducted a 10-step disaster resilience assessment of the Nadi private sector based on the sample of 32 businesses and organizations present. This assessment revealed that the ***Nadi business sector has taken several steps towards disaster resilience but significant gaps remain.***

The purpose of this assessment is two-fold: First, it provides the Nadi business community a collective indication of their current disaster resilience. Second, the rapid assessment is a valuable reference for GETI to understand the overall context, identify key gaps in disaster resilience and (importantly) guide future partnership and capacity building support to Fiji.

### Businesses called for strengthened public-private disaster resilience partnership



Businesses extended the hand of disaster resilience partnership to the public authorities. Government efforts to strengthen national resilience were acknowledged. However, the forum offered to be an active partner in a strengthened approach under government leadership. This initiative can draw on the current vibrant culture of partnerships within the private sector.

Fiji's small size, its relative lack of commercial diversity, and its economic and geographic isolation means it has a relatively high disaster risk. This exposure and vulnerability has engendered a 'self-help, can-do' attitude among business that can be enhanced through strengthened partnership with

the authorities. Cyclone Evan in 2012 is estimated to have cost the country USD108 million (2.6% of annual GDP). Fiji stands 157th of 172 countries on the World Disaster Risk Index (with the country in last place facing the most risk). In terms of climate change, Fiji is set to experience more hot days, unpredictable rainfall, including heavier downpours, increased sea levels, fewer cyclones but of greater

intensity, and increased ocean acidification. All in all, disaster and climate risk is set to become an even bigger challenge.

However, Fiji – like other Small Island Developing States (SIDS) – is proving that it is a small nation with big opportunities. Because of this combination of high risk and low resilience, investment in disaster risk reduction and climate change adaptation will reap a greater benefit. Business leaders embraced this.

### Businesses agreed they need to do more to prevent and reduce their disaster risk



***GETI introduced a variety of risk management strategies to business.***

globalized world ... even for a relatively small, isolated island nation. Recurrent flooding in Nadi has curtailed insurance coverage. It has prompted business to be more creative to deal with both direct loss as well as supply chain interruption.

This has helped to prevent or limit the broader, more pervasive effects of disasters in the past. When business was interrupted, skilled workers left, market share was lost to competitors, relationships with key suppliers and partners were severed and confidence and reputation eroded. Once business was lost, it was difficult to claw back. In terms of tourism, some overseas visitors chose other 'safer' holiday destinations.

Cyclone Evan showed clearly how major hazards have serious impacts on Nadi businesses. The super storm affected all of the businesses present at the forum either directly and indirectly. The disaster paralyzed or interrupted output and business processes. Nadi airport was closed for the first time in its history.

The experience was a graphic illustration of the 'negative spiral' of disaster knock-on effects with disaster risk extending well beyond the factory gate, office door, the hotel reception in this

## Local business shared good, practical examples of disaster & climate risk management



**Case Study 1:** Ms. Molly Murphy, Senior Risk Manager at Airports Fiji Limited, (pictured) said the 2012 closure of Nadi airport revealed how much of an economic lifeline the facility was and how its reliability was crucial to the country's international reputation.

The disaster prompted Airports Fiji Limited to revisit its already extensive business continuity and contingency plans. Nothing was left unquestioned: Is there enough water on site? Are the current partnerships with the transport and tourism authorities good enough? Does the emergency airspace transfer agreement with New Zealand need updating?

One of the main findings was the importance of maintaining clear drainage systems on and off site to prevent another airport closure. "There are three main elements that underpin our approach to risk management. First, have the right structure, the right people and the right reporting lines. Second, back this up with the right technology, up to date equipment and know-how. Third, systemize the collection of your data and use it to reveal trends and inform your decision making," said Ms. Murphy. "The Executive Chairman of our company (Mr. Faiz Khan) has really encouraged staff to embrace a culture of safety in everything we do. We now have ownership of hazard risk by frontline personnel. This enables us to continually review risk and change the allocation of resources to manage that risk."

Airports Fiji Ltd currently spends USD500,000 per year to satisfy its annual safety management certification requirement. It is looking to move to a five-year cycle of certification that is more cost

effective and strategic. The workshop introduced a simple three-tier rating of risk (low/moderate/high impact) to business unfamiliar with risk management planning. Airports Fiji Ltd shared their real-world five-tier system that works well that provided a useful local reference for other Nadi enterprises.

**Case Study 2:** Post Fiji’s main premises in Nadi have suffered a series of floods that has culminated in the withdrawal of insurance cover. This prompted the enterprise to call for a strengthened partnership with the insurance industry to encourage risk reduction measures and share risk assessments. Insurance representatives were present at the forum and both sides committed to explore mutual cooperation further.

In the meantime, Post Fiji Post Master Mr. Vikram Chandra, has adopted a mixed approach to strengthen resilience: “We’ve strengthened our disaster risk management by adopting a combination of measures,” he said.

In terms of technical measures, Post Fiji reduced stock levels from USD150,000 to USD75,000. It also limited the number of display items at its main store. It was a difficult decision as the shop’s busiest period (with schools returning and the local council’s annual round of procurement) coincides with the main flood season. “It could not be worse timing,” Mr Chandra said.



***Business leaders listened intently to Post Fiji’s innovative approach to disaster risk management.***

In terms of strategic measures, Post Fiji strengthened relations with the Meteorological Office. As a result its early warning system is more structured and finely tuned. In terms of management measures, employee welfare has been strengthened. Those employees whose home is under threat of floods are sent to care for their family's wellbeing. Mr Chandra calculates this builds the longer term loyalty and commitment of employees that outweighs the potential loss of human resources during critical periods.

Mr Chandra said Post Fiji overall had been running at a loss for several years. But the company's push to give local executives the opportunity to manage creatively has been one part of the enterprise's recent return to profit. It is an example of good disaster risk management also proving to be good business.

**Case Study 3:** The Fiji Ports Corporation has extensive risk management planning that protects its own operational viability as well as its role as a critical facility for the whole country. Its approach is founded upon strengthening a culture of safety among the entire workforce, in particular those on the frontline of operations.



One area it is grappling with is the complex issue of the 'ownership of risk' i.e. to what extent does the Ports Corporation own the risk of a disaster that is not directly linked to its operation but indirectly affects the port and its ability to serve national interests (as well as its own operational objectives).

Chief Executive Officer Mr Vajira Piyasena (pictured) opened up the question to the forum during a Hot Seat session that invited business representatives to solicit advice and solutions from fellow business leaders to some of their most pressing problems.

What was impressive about Fiji Ports Corporation was its commitment to

dialogue and partnership with fellow businesses that recognizes the facility's key role in the overall economic life of the country. While no specific answers were provided on this complex issue, what did result were stronger relations between the port and businesses in the wider economy. There was also recognition that some of their disaster and climate risk is shared. As such, partnership approaches were accepted as the best way forward on such difficult and inter-related matters.

## The business case for disaster & climate risk reduction was made

The 32 business representatives present unanimously agreed at the conclusion of the workshop that investment in disaster and climate risk management is an opportunity to strengthen resilience, competitiveness and sustainability, not a cost per se.

Enterprises, such as Fiji Post, revealed a creative approach to finding new opportunities to 'resilient proof' their business even in times of cost cutting. Larger enterprises, such as Fiji Port Authority, Airports Fiji Ltd and Fiji Airways have invested significantly in human resources, structures and protocols to reduce their disaster and climate risk and that of their suppliers and partners.

They explicitly recognize the link of this effort to building a stronger local economy with more secure local employment, increased productivity, tax revenue and welfare. The Sendai Framework for Disaster Risk Reduction identifies the private sector as central to global efforts to strengthen disaster and climate resilience. Three hundred senior business representatives attended the Third World Conference on Disaster Risk Reduction in Japan, in March 2015, at which the Sendai Framework was adopted.



**Business leaders brainstormed the biggest risks facing their enterprises in 2015.**

## **UNISDR & 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, at its Office for Northeast Asia. The Institute's 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.

GETI has facilitated Make Your Business Disaster and Climate Resilient forums in Indonesia, Philippines, Fiji, Georgia, and Viet Nam. Thus far GETI has engaged with 150 or so private enterprises and organizations around the world to strengthen their disaster resilience.

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 ensure the safety of long-term investments and plan ahead to protect industry and society from disasters. The partnership has produced many initiatives and tools that show how disaster risk reduction is an investment and a business opportunity rather than a cost.

## **Our local partner in Fiji: the Fiji Commerce and Employers Federation**

The Fiji Commerce and Employers Federation convened the 32 business leaders for the workshop. The Federation comes under the umbrella of the Pacific Islands Private Sector Organization. It has grown considerably and is offering a variety of services to the local private sector.

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Day One	Thursday 6 August: Your business' disaster & climate risk
9.00 – 9.30	<b>M0 Forum Overview:</b> The Business Case for Disaster & Climate Risk Management
9.30 – 10.45	<p><b>Case Study in Risk Management:</b> Airports Fiji Limited</p> <p><b>M1 Past hazards &amp; Your business:</b> a brief self-assessment of your business past experience of natural hazards; a look at trends in Fiji &amp; the bigger picture of disasters &amp; climate change</p>
10.45 – 11.00	<b>Coffee Break</b>
11.00 – 12.30	<b>M2 Current &amp; future risk for your business:</b> Mapping threats & opportunities; assessing your current & future risk
12.30 – 14.00	<b>Lunch</b>
14.00 – 15.30	<p><b>M2 Current &amp; future risk for your business (cont):</b> Assessing your other risks &amp; developing your 'Risk Heat Map'</p> <p><b>M3 Your risk profile compared with global business:</b> a look at worldwide trends in risk perception</p>
15.30 – 16.00	<b>Coffee break</b>
16.00 – 17.00	<b>M4 Disaster &amp; climate risk &amp; impact on global business:</b> The downside of being interconnected; negative 'domino effect'; vulnerability of SMEs, growing exposure of investment, fragility of utilities, the 'lifelines' of business

Day Two	Friday 7 August: Your business' risk reduction strategy
9.00 – 10.30	<b>M5 A Disaster &amp; Climate Risk Strategy for your Business:</b> Select a good approach
10.30 – 11.00	Coffee break
11.00 – 12.30	<b>M5 A Disaster &amp; Climate Risk Strategy for your Business (cont):</b> Headline thoughts on implementation; M&E considerations
12.30 – 14:00	Lunch
14:00 – 15.30	<p><b>M6a 'Smart' Disaster &amp; Climate Resilient Business in Action, Examples:</b> A look at good advice and practice from around the world</p> <p><b>M6b 'Smart' Disaster &amp; Climate Resilient Business in Action, Case Studies:</b> A 'walk through' five case studies of how business has met the challenge of disaster and climate risk</p>
15.30 – 15.45	Coffee break
15.45 – 16.30	<p><b>M7 Conclusion:</b> The Business Case for Disaster &amp; Climate Risk Management</p> <p><b>Forum Evaluation &amp; Closing</b></p>

## Participants List

First name	Surname	Position	Organisation	e-mail
Avita	Singh	Specialist - OHS & Quality Assurance	Vodafone Fiji Ltd	<a href="mailto:avita.singh@vodafone.com">avita.singh@vodafone.com</a>
Ritnesh	Narayan	Group Audit & Systems Development Manager	Vision Group Companies	<a href="mailto:rnarayan1@visiongroup.com.fj">rnarayan1@visiongroup.com.fj</a>
Peni	Bolatui	National Sales & Underwriting Manager	Tower Insurance	<a href="mailto:peni.bolatui@towerinsurance.com.fj">peni.bolatui@towerinsurance.com.fj</a>
Bhan	Pratap Singh	Chief Executive Officer	Pacific Fishing Company	<a href="mailto:bsingh@pafcofiji.com">bsingh@pafcofiji.com</a>
Arishma	Kumar	Operational Risk, Compliance & Internal Audit Manager	Williams & Gosling Ltd	<a href="mailto:arishmak@wgfiji.com.fj">arishmak@wgfiji.com.fj</a>
Sharun	Ali	General Manager - Safety, Security & Quality	Fiji Airways	<a href="mailto:sharun.ali@fijairways.com">sharun.ali@fijairways.com</a>
Ratu Tevita	Suraki Koroitamana	Property Support Officer	Fiji Development Bank	<a href="mailto:tevita.koroitamana@fdb.com.fj">tevita.koroitamana@fdb.com.fj</a>
Shivam	Chandra	Principal Officer - Governance & Risk	Fiji National Provident Fund	<a href="mailto:ShivamVishaC@fnpf.com.fj">ShivamVishaC@fnpf.com.fj</a>
Vikram	Chandra	Post Master	Post Fiji	<a href="mailto:pm.nadiapt@postfiji.com.fj">pm.nadiapt@postfiji.com.fj</a>
Suliana	Niurou	Director	Dome Mines Ltd	<a href="mailto:s_niurou@yahoo.com.au">s_niurou@yahoo.com.au</a>
Francis	Ranil Raj	Medical Representatives	Makans Drugs & Pharmaceutical Supplies	<a href="mailto:hr@makansfiji.com">hr@makansfiji.com</a>
Sheila	Sachs	Risk/ Insurance Manager	University of the South Pacific	<a href="mailto:sheilasachsfiji@gmail.com">sheilasachsfiji@gmail.com</a> <a href="mailto:sachs_s@usp.ac.fj">sachs_s@usp.ac.fj</a>
Isoa	Daunivavana	Property Manager	Yatu Lau Co. Ltd	<a href="mailto:idaunivavana@yatulau.com.fj">idaunivavana@yatulau.com.fj</a>
Tevita	Navoresek a Nakali	Manager Operations & SHEC	IXOM Fiji	<a href="mailto:tevita.nakali@ixom.com">tevita.nakali@ixom.com</a>
Leonard	Chan	Project Manager	Bank South Pacific	<a href="mailto:lchan@bsp.com.fj">lchan@bsp.com.fj</a>
Faizal	Hussein Khairati	Property Administrator	Jacks of Fiji	<a href="mailto:faizal@jacksfiji.com">faizal@jacksfiji.com</a>
Rakesh	Rohit Narayan	Engineering & Maintenance Supervisor	Douglas Pharmaceutical Fiji Ltd	<a href="mailto:rakeshn@douglas.com.fj">rakeshn@douglas.com.fj</a>
Raymond	Quai Hoi	Manager Facilities	BSP Life (Fiji) Ltd	<a href="mailto:RQuaiHoi@bsplife.com.fj">RQuaiHoi@bsplife.com.fj</a>
Inoke	Soqoiwasa	Chief Internal Auditor	Fiji Revenue & Customs Authority	<a href="mailto:isoqoiwasa@frca.org.fj">isoqoiwasa@frca.org.fj</a>
Bimal	Prasad	Manager Property Development	Hexagon Group of Hotels	<a href="mailto:malagsales@gmail.com">malagsales@gmail.com</a>

Victor	Kissun	Emergency Response Coordinator	Fiji Airways	<a href="mailto:victor.kissun@fijiairways.com">victor.kissun@fijiairways.com</a>
Prinas	Punam Chand	Geologist	Magma Mines Ltd	<a href="mailto:prinas@magmamines.com.au">prinas@magmamines.com.au</a>
Abdul	Ashif	SHE Support Officer	Natural Waters of Viti Ltd	<a href="mailto:abdul.ashif@fijiwater.com">abdul.ashif@fijiwater.com</a>
Sakaraia	Kaumai totoya	SHE Leader	Natural Waters of Viti Ltd	<a href="mailto:sakaraia.kaumaitotoya@fijiwater.com">sakaraia.kaumaitotoya@fijiwater.com</a>
Vajira	Piyasena	Chief Executive Officer	Fiji Ports Corporation	<a href="mailto:vajira@fijiports.com.fj">vajira@fijiports.com.fj</a>
Anne	Wade	General Manager	The Terraces Apartments	<a href="mailto:gm@theterraces.com.fj">gm@theterraces.com.fj</a>
Sunny	Dayal	International Auditor/Fleet Manager	Future Farms Ltd T/A Rooster Poultry	<a href="mailto:sunny@roosterpoultry.com.fj">sunny@roosterpoultry.com.fj</a>
Poni	Baoker		Marsh	<a href="mailto:peniasi.golljnd@marsh.com">peniasi.golljnd@marsh.com</a>