



The business case for disaster risk reduction

From Shared Risk to Shared Value

Manila, Philippines, 16-17 June 2014

FINAL REPORT

"Economic losses from disasters are out of control and can only be reduced in partnership with the private sector which is responsible for 70% to 85% of all investment worldwide in new buildings, industry and small to medium sized enterprises. The principles of disaster risk reduction must be taught at business schools and become part of the investor's mind-set."

- *UN Secretary-General Ban Ki-moon*

"We need to bridge the gap in understanding and convince business owners of the need to move beyond basic continuity planning, and to consider the opportunity to create value in markets with products that address disaster risk and the important role of public-private sector partnership in disaster recovery."

- *President of SM Prime Mr Hans Sy*



Making the case: The President of SM Prime, Mr Han Sy, tells the Philippines' private sector that disaster risk management is both good business and good for business.

Rationale: the private sector and disaster risk reduction

In future, trillions of dollars of new business investment will pour into hazard-exposed regions, determining whether disaster risk continues to accumulate and underlying risk drivers remain unaddressed.

The Philippines is one of the most exposed and vulnerable countries in the world in terms of disaster risk. The November 2013 Typhoon Haiyan (known as Yolanda locally) is the most recent – and tragic – illustration of this fact. A post-disaster needs assessment from the 2009 Typhoon Ketsana (known as Ondoy locally) revealed that 90% of losses were sustained by the private sector. The Philippines government's post-Haiyan recovery plan identifies a central role for the private sector in the national rehabilitation effort.

In light of this, a joint initiative was agreed between UNISDR private sector champion SM Prime and UNISDR's Global Education and Training Institute (GETI), based in Incheon, Republic of Korea, to make the business case for disaster risk reduction at a forum of 60 representatives. Those present were from a range of enterprises that included multinational as well as small, informal businesses as well as

representatives from property development, retail, green commerce, telecommunications and technology among other sectors. They were joined by public sector leaders and academics.

Main outcomes:

The business case for DRR was made and endorsed: The forum convinced Philippines business leaders that there is a(n):

- Need to move beyond basic continuity planning
- Opportunity to create value in markets/products that address disaster risk
- Crucial role for public-private sector partnerships to lead in disaster risk management

Philippines' businessmen and women perceive a riskier world mirroring attitudes shared in global surveys. They agree that the business environment is increasingly defined by an array of complex, unpredictable events and sudden change in which risks can manifest swiftly and unexpectedly, with far-reaching ramifications.

The forum regarded investment in disaster risk management as less a cost and more an opportunity to strengthen resilience, competitiveness and sustainability.

Participants also regarded investment in disaster risk management as a compelling proposition to create shared value. They said that investments in climate change

mitigation, sustainable water management and green cities directly address the underlying drivers of disaster risk and at the same time are increasingly opportunities for value creation for businesses of all types.

What perhaps was most striking was the tremendous level of practical knowledge in from the Philippines that was readily available and shared in this forum. At the conclusion of the forum, when asked the question 'Has the business case for disaster risk reduction been made?' the response was a unanimous 'Yes'. Several commitments to follow-up were expressed, from among others including SM Prime, Marikina City municipality, Ayala Real Estate and the Ateneo de Manila University. GETI will continue to partner with those who demonstrate genuine commitment.



Heavyweight discussion: Vice-Mayor Jose Cadiz (left) and former Mayor of San Francisco provide the voice of the public sector.

Forum boosted the advocacy of a local business champion: The President of SM Prime, Mr Hans Sy, one of the world’s leading property developers, successfully used the forum as a platform to urge Philippines business enterprises to take advantage of new market opportunities in products and services that address disaster risk reduction. Mr Sy told his peers that forging mutually beneficial public-private partnerships “was good for business, good for the community and good for national resilience”.

“The impacts of disasters have become a growing concern not only with the government but especially for us in the private sector. We have all suffered from the devastating effects of disasters,” Mr Sy told the forum. His remarks were carried on national media and feedback at the end of the forum from participants confirmed that Mr Sy’s personal championing of this issue – as well as the content of the forum – had inspired several representatives to revisit their own organisations’ assumptions and approaches in terms of disaster risk management.

SM Prime hosted the seminar at the SM Mall of Asia complex, which is built on reclaimed land on the Bay of Manila as a living example of the private sector adopting a disaster risk management approach to its investment. The company estimates up to 30 per cent of the overall project budget was related to resilience measures. Since 2006, the site has survived intact 50 typhoons, four earthquakes and two floods from monsoon storms.



High and dry: A site visit demonstrated risk reduction measures at the SM Mall of Asia development.

Forum provided a platform for top-level public-private dialogue: The Executive Director of the Philippines National Disaster Risk Reduction Management Council of the Office of Civil Defence, Under-Secretary Alexander Pama, said the forum was an excellent opportunity for the Philippines to further strengthen partnership between business and government on what he described as “the imperative of disaster risk reduction”.



“I reach out to you (the private sector) so that we strengthen our strategic convergence to mitigate the impacts of man-made and natural calamities. I am confident that the Philippines is about to turn the corner and that we will make our country, our people, indeed our whole nation more resilient to disasters,” Under-Secretary Pama said.

Inspirational: Mayor Al Arquillano outlines the self-organising system in the local ‘Puroks’ in the Camotes Islands

Huge practical experience shared: Several ‘live case studies’ – both positive and negative – were shared demonstrating how exposed and vulnerable factories, offices and other

facilities and resources deal with threats to supply chains and interruption of business processes. One of the forum’s achievements was to provide a platform for such useful knowledge sharing within the same country that simply would not have happened otherwise.

For instance, the President of the Corporate Network for Disaster Response, Ramon Isberto, highlighted how the province of Albay had consistently resourced disaster risk management via institutions and capacity building and had boosted resilience as a result. “Disaster risk reduction is like a good wine: it gets better with age,” Mr Isberto told the forum. Meanwhile, the Vice Mayor of Marikina City, Jose Cadiz, described how his municipality earmarks 5% of the budget for disaster risk management work. “This shows business we are serious in providing a safe environment for them to operate; it boosts confidence,” Vice Mayor Cadiz said.

Confidence and commitment built in public-private sector partnerships: Public utilities are the lifelines for business. When they fail, business is badly wounded, often fatally, particularly in the case of smaller enterprises. Disaster risk does not stop at the factory gate. Damage to transport and energy networks, ports and airports or to neighbourhoods where employees live interrupts business and imposes additional costs. In short, business and community resilience is impossible without strong public-private

sector partnerships. Having such credible voices from the public sector at the forum was a genuine plus. Former Mayor of San Francisco Al Arquillano and Vice Mayor of Marikana Jose Cadiz (see above) made a compelling 'business case' for such public-private partnerships. They convinced the private sector participants that links with the public sector are crucial for business **and** community resilience.



Shift needed: *Ramon Isberto urges proactive prevention instead of reactive response to reduce disaster risk.*

Private sector-academia partnerships bolstered:

The presence of several academics and their interaction with private sector representatives revealed the potential of this partnership, which is currently under-utilised. Participants agreed to follow-up and look to build more explicit partnerships between the sectors. The aim would be to benefit business and community resilience on the one hand and contribute to a greater body of empirical research on this issue on the other hand.

Vulnerable small businesses benefitted from practical peer to peer learning: Informal and smaller enterprises suffer greatly from the likes of Typhoon Haiyan, of course, but the forum revealed how it is 'extensive disasters' (ie smaller, more recurrent, local disasters, mainly floods and landslides) that cumulatively are more devastating. Participants said that when local business is hit so are local markets, so are local people. A lack of cash flow to recover often ensures permanent closure. However, despite the challenge, small business representatives were among the most innovative and 'resilient' of participants (because of their constant exposure and vulnerability) and shared great experience with each other and also provided a sterling example to the bigger companies present.

GETI proved itself a credible partner with the private sector: The GETI team made the business case for disaster risk management by:

- Detailing the escalating economic losses from disasters globally
- Providing evidence from around the world that this is a priority issue for business
- Sharing positive and negative case studies of how business is addressing this issue

- Providing various practical toolkits and partnerships for business to strengthen their resilience
- Inviting Philippines business to become active participants in the global process to strengthen community, business and national resilience.



Team GETI: Head Sanjaya Bhatia (right) and Programme Officer Andy McElroy led the forum. They were supported by Gerry Potutan of the International Recovery Platform.

GETI as part of a global approach on DRR

The UN General Assembly adopted the International Strategy for Disaster Reduction in 1999 and established UNISDR, the secretariat to ensure its implementation. UNISDR, the UN Office for Disaster Risk Reduction, is also the focal point in the UN system for the coordination of disaster risk reduction and the implementation of the international blueprint for disaster risk reduction: the Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters (HFA).

UNISDR's Global Education and Training Institute (GETI), is based in Incheon, Republic of Korea. Its 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 to build the said cadre of professionals. GETI's two principal partners are the Korean Government's National Emergency Management Agency (NEMA) and the City of Incheon, which also hosts the office. This initiative would not have been possible without their support.

A Post-2015 Framework on Disaster Risk Reduction will succeed the HFA and this is due to be adopted at the World Conference on DRR in Japan, in March 2015.

The Business Case for DRR: From Shared Risk to Shared Value

Day One	Monday June 16
8.30 – 9.00	<p>Welcome & opening remarks:</p> <ul style="list-style-type: none"> (i) Mr Hans Sy President SM Prime Holdings Inc and member of UNISDR’s Private Sector Advisory Group; (ii) Under-secretary Alexander Pama, Executive Director of the Philippines National Disaster Risk Reduction Management Council of the Office of Civil Defence
9.00 – 10.30	<p>M0: Forum Overview</p> <p>M1: Global Overview: Disasters in numbers</p>
10.30-10.45	Coffee Break
10.45 – 12.30	<p>M2: Disaster risk: An issue for business</p> <p>M3: Making the Business Case for DRR: Global experience:</p>
12.30 – 13.30	Lunch
13.30 – 15.30	<p>Good practice in Philippines</p> <ul style="list-style-type: none"> (i) Automated Weather Stations – Mr Celso Caballero, General Manager, Weather Philippines Foundation Inc, Aboitiz Group (ii) SM Mall of Asia Disaster Resiliency – Ms Liza Silerio, Vice-President for Operations, SM Supermalls
15.30 – 15.45	Coffee break
15.45 – 17.30	SM Mall of Asia Complex disaster resiliency site visit

Day Two	Tuesday June 17
8.30 – 10.30	<p>M4: Case studies plus DRR tools & partnerships for business</p> <p>Philippines perspective:</p> <p>(i) Mr Ramon Isberto, President of the Corporate Network for Disaster Reduction</p>
10.30-10.45	Coffee break
10.45 – 12.30	<p>M4: Case studies plus DRR tools & partnerships for business</p> <p>Voice from the Philippines public sector</p> <p>(i) Former Mayor of San Francisco Al Arquillano</p> <p>(ii) Vice Mayor of Marikana City Jose Cadiz</p>
12.30 – 13:30	Lunch
13:30 – 16.00	M5: Come and join us: get involved in the global process to reduce disaster risk
16.00 – 16.15	Coffee break
16.15 – 16.30	Closing

List of participants

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