

Business Disaster Resilience: FINAL REPORT

The Business Case for Disaster & Climate Risk Management
Jakarta, Indonesia, 18-19 August 2015



Outcomes

More than fifty businesses from Jakarta, the capital and economic heart of Indonesia:

- Identified strengths and weaknesses in their current disaster/climate risk management
- Strengthened partnerships with the Government's National Agency for Disaster Management (BNPB)
- Boosted local partnerships with other enterprises
- Learnt different approaches to risk management from practical case studies worldwide
- Agreed various steps to strengthen public-private partnership on business disaster resilience
- Requested a 'Trainer of Trainers' in 'Disaster Resilience Planning for Business' with support from UNISDR ONEA-GETI

UNISDR ONEA-GETI conducted a 10-step disaster resilience assessment of the Jakarta private sector based on the sample of 50-plus businesses present. This assessment revealed that the **Jakarta business sector has taken some steps towards disaster resilience but significant gaps remain.** (See Annex I)

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

Follow-up action points



UNISDR and its Indonesian partners discuss the next steps to strengthen business disaster resilience after a successful two days.

The engagement with the private sector was structured over two events: first a Business Breakfast with industry leaders and senior government officials; and second, a one-day training seminar on Business Disaster Resilience. Afterwards, a steering committee met comprising the: National Disaster

Management Authority (BNPB); Disaster Resource Partnership; Indonesia Youth Business Association (HIPMI); Indonesia Business Council of Sustainable Development (IBSD); Mercy Corps Indonesia; Social Indonesia Investment; and UNISDR ONEA-GETI. It agreed the following action points, to:

- Use a national seminar for the private sector (second week of September), organized by the National Platform for Disaster Management (PLANAS) to promote sustainable disaster risk management of business
- Adopt a comprehensive approach to capacity building support of the private sector
- Formalize working group set up to strengthen coordination public-private sector coordination but taking a steady step-by-step approach
- Define better the roles of various sectors (including civil society) in partnership
- Strengthen information management between the private sector and from the public to private sector
- Explore ways of strengthening the capacity of government officials in terms of private sector engagement
- Agree to further risk management seminars with the private sector at which 'good practice' companies can share their approaches to risk management
- Investigate the use of BNPB's Disaster Risk Training facility for use in private sector capacity building
- Convene 'champions' from government, private, and civil society sectors to a two-day ToT in disaster resilience facilitated by UNISDR ONEA-GETI

Headlines

Government reaffirms key role of business in national resilience agenda



The Ministry for Cooperatives and Small and Medium Enterprises estimates that MSMEs account for almost 97 percent of Indonesia's total workforce. In addition, MSMEs contribute 60 percent of national income. As such, strengthening disaster resilience in this sector is not just good for local business but is good for the national economy. This clear message to businesses at the forum was welcomed and contributed to a greater understanding of shared interests in terms of disaster resilience.

The Deputy Chief for Prevention and Mitigation at the National Authority for Disaster Management (BNPB), Mr. Bapak Wisnu Widjaja, (pictured) said the private sector is a key partner as Indonesia aligns its Disaster Management Plan to the Sendai Framework for Disaster Risk Reduction.

“It benefits everybody if individual companies strengthen their own business sustainability. The current drought in many parts of the country, and the increasingly uncertain business environment, shows the need for overall risk management that includes a strong focus on disaster risk,” Mr Widjaja said.

The General Director for Pollution Prevention and Environmental Damage of the Ministry of Environment and Forestry, Mr Karliansyah, said Indonesia’s increasing hazard risk meant that leadership from all sectors was critical in building national resilience.

Mr Erick Purwanto, President and Director of Balfour Beatty Sakti construction and engineering company, said all sectors needed to play their part: “For instance, we have good legislation but the challenge is to enforce it in terms of building codes and land use. This is part of a bigger change needed to have a stronger awareness of safety, including among building contractors.”

Business prioritizes a partnership approach to strengthen disaster resilience



Downtown Jakarta is experiencing rising levels of disaster losses.

The Managing Director for Sustainability and Strategic Stakeholders Engagement of Golden Agri-Resources Ltd, Mr Agus Purnomo, said the rising economic cost of disasters in Indonesia meant there was a need for stronger public-private sector partnership, particularly in the area of risk assessment.

Indonesian business has a track record of learning from the past and practical experience. Private

enterprises valued the opportunity to strengthen relations and partnership with government and civil society and requested future support be similarly experiential and case study based.

Enterprises reported that they have put in place internal processes for preparedness associated with their disaster risk. Various companies have employed different approaches.

Some multinational and large national companies, such as Sinarmas Bank, have adopted the concept of corporate sustainability. This sees companies identify and address impacts of disasters over the long term rather than a focus on short-term business continuity.



A majority of micro, smaller and medium enterprises (MSMEs) say that business continuity is “a serious concern”. However, a lack of capacity and expertise to address this issue means that action is often patchy. Exposure and vulnerability to disaster is likely to increase. Companies continue to invest in assets, such as factories, offices, and warehouses, in locations exposed to natural hazards. Such locations offer other competitive advantages but sideline disaster risk

Partnership is strong in Indonesia in terms of business disaster resilience

as a priority. Similarly, supply chains are often vulnerable to cascading effects of disasters in a more globalized world.

Bigger companies, business associations and civil society actors have much to contribute

Bigger companies, such as Sinarmas (which hosted the one-day forum) have the experience of more formal approaches to business continuity as well as the resources to help smaller companies across their supply chains and beyond.

Civil society organizations are widely trusted and admired in Indonesia. They are often welcomed as partners for business. Mercy Corps Indonesia’s impressive partnerships on business continuity and community resilience are two such examples.

Mercy Corps Indonesia Country Representative, Mr Paul Jeffrey, pointed to a growing role for the business sector in efforts to build national disaster resilience: “No one here in Indonesia can argue about the economic impact that disasters have in this country and businesses are beginning to take a longer

term approach to strengthen their disaster risk management.”

Business associations such as the Disaster Resource Partnership, Indonesia Youth Business Association (HIPMI), Indonesia Business Council of Sustainable Development (IBSD), and Social Indonesia Investment are already stepping up to the mark. They have established a credible reputation as useful intermediaries between government and the private sector.

The Disaster Resource Partnership is a network of 10 engineering and construction companies. The alliance was launched because of the “considerable interest in and commitment to greater involvement of the private sector in disaster prevention, response and reconstruction”.

Smaller business requires practical and ‘tailored’ support



The nature of business life for micro, small and medium-sized enterprises (MSMEs) is more short-term. As such, capacity building support needs to be practical and tangible to incrementally build resilience. Introducing ‘blue-sky’ idealized, theoretical approaches will be less effective. They require more specific and rudimentary disaster risk management support, including access to relevant technology. Because MSMEs, by definition, are community based, wider efforts in community resilience can coherently

include business resilience. Basic cost-benefit analyses have been shown to provide convincing arguments for MSMEs in Indonesia. Such an approach also provides a good evidence base for policy from local authorities.

Potential pathways of future support have opened up

The great benefit of working with engaged and committed local partners is that future programming options are grounded in a much stronger body of informed knowledge. The Disaster Resilient Business initiative revealed the following two compelling pathways:

Corporate social responsibility (CSR) as a potential entry point: The explosion of social media and smart phone use in Indonesia has made private sector enterprises much more sensitive to and aware of their reputations in the public domain. (For instance, Indonesia has the world’s highest penetration rate for Facebook use. As such, the growing importance of CSR could be used as a means to strengthen DRM. The first option would be to target those companies already deploying CSR funds for disaster response

and development activities. In addition, they could boost their own DRM and in so doing protect their core business and profitability and become a more sustainable business.

Support the tourism sector to become a DRM champion: Indonesia has a comparative advantage in many aspects of the tourism sector. This includes DRM (for instance, it is active in UNISDR's Hotel Resilient programme). Partners (including UNISDR ONEA-GETI) could strengthen their links with the tourism sector to build on its track record of innovation. The sector could potentially emerge as a 'champion' within Indonesia inspiring similar approaches in other industries.

The business case for disaster and climate risk reduction was made



The 50-plus business representatives present unanimously agreed at the conclusion of the two events that investment in disaster and climate risk management is an opportunity to strengthen resilience, competitiveness and sustainability, not a cost per se.

In Jakarta, there is explicit recognition of the link between individual business resilience and a stronger local economy overall. Private sector effort to

protect their businesses secures local employment and increases productivity, tax revenue and welfare.

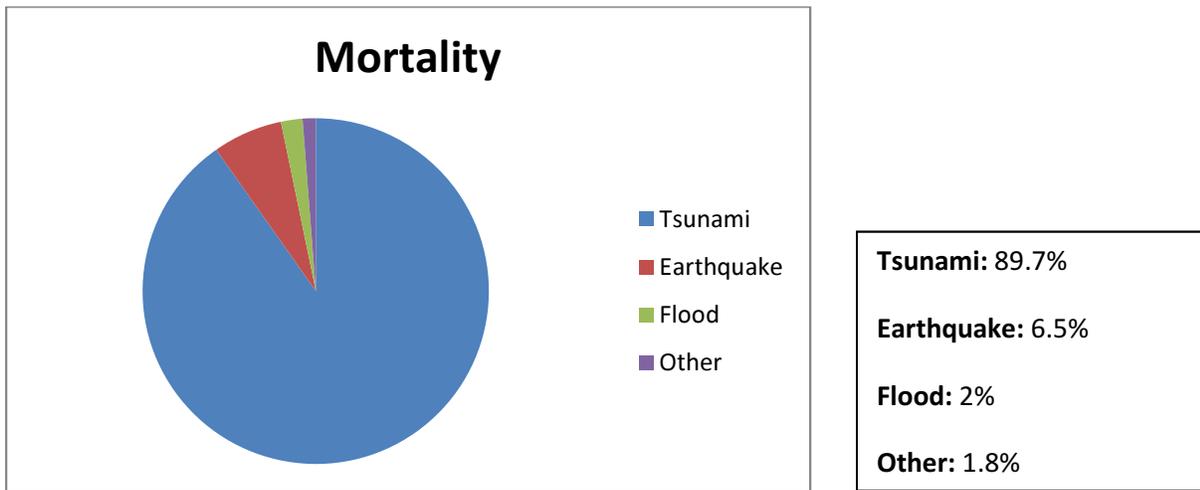
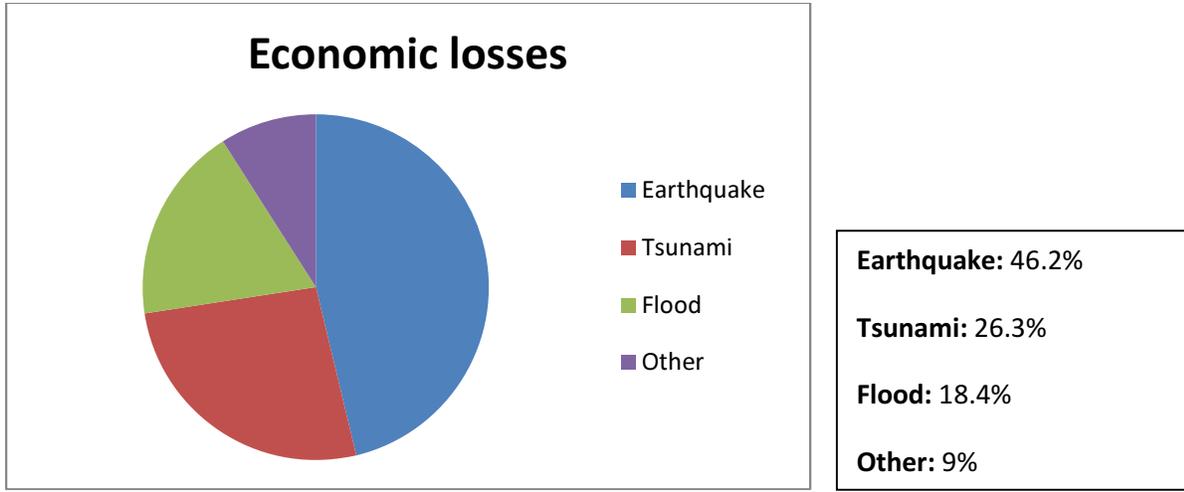
The Sendai Framework for Disaster Risk Reduction identifies the private sector as central to efforts to strengthen disaster and climate resilience. Businesses are responding in Indonesia and around the globe: 300 senior business representatives attended the Third World Conference on Disaster Risk Reduction in Japan, in March 2015, at which the Sendai Framework was adopted.

Indonesia disaster context 1990-2014

All businesses present at the two events reported having being directly or indirectly by hazards in recent times. The size of the Jakarta economy has thus far limited an overall 'negative spiral' of disaster knock-on effects, ie widespread job losses and denting of economic confidence. But the warning signs are there. It is clear that disaster risk extends well beyond the factory gate, office door, the hotel reception in this globalized world.

In specific cases in the past, when hazards hit, 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.

The President of Indonesia, Mr. Joko Widodo, has unveiled plans to launch a National Disaster Risk Reduction Movement in October. Urban areas, where just over half of Indonesia’s 255 million people live, will be a key focus of efforts. This snapshot outlines why the issue is such a priority.



Indonesia is situated on the ‘Pacific Ring of Fire’. It is subject to frequent climatic phenomena such as ‘el niño’. The country has a high incidence of earthquakes, tsunamis, landslides and volcanic eruptions. Both natural and manmade hazards are no strangers to the archipelago, sometimes dubbed ‘the laboratory of disasters’.

The National Development Planning Agency (Bappenas) estimates total disaster losses for 2004–2013 at USD 11.4 billion. The cost of emergency response and post-disaster rehabilitation and reconstruction within the same period was USD 7.1 billion.

Indonesia has made significant moves to strengthen its risk governance since the devastating 2004 Indian Ocean tsunami. A 2007 disaster management law created the National Disaster Management Agency (BNPB) with a mandate to coordinate all disaster risk management activities. It reports directly to the President. A robust civil society has also sprung up around the issue of community resilience.

However, this progress is coupled with a recognition that more needs to be done. Private sector disaster resilience and stronger public-private partnerships to reduce disaster risk are two such areas.

8-year moving annual average 2005-2013		Extensive disasters (%)	Intensive disasters (%)
Deaths	1,760	99.32	0.68
Houses destroyed	66,948	23	77
Houses damaged	106,553	9.9	90.10
Injured people	26,070	24.41	75.59
Displaced people	762,790	49.57	50.43
Economic loss	USD2.1 billion	17.78	82.22

Research has discovered that there is great opportunity to strengthen public-private partnerships (Mercy Corps Indonesia and R3ADY, 2014). It identified four gaps in partnership: policy, capacity, coordination, and communication. The context is complex with a need to strengthen understanding of how to work with diverse groups, organizations, policies, and practices so that the private sector protects itself from hazards.

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 partners in Indonesia

UNISDR ONEA-GETI linked up with an impressive coalition of local partners in Indonesia. The value of collaboration was evident in the seniority and number of private sector, government and civil society representatives present. The partners that contributed to the success of the two initiatives are: National Agency for Disaster Management (BNPB), National Platform for Disaster Management (PLANAS), Sinarmas Banking Corporation, Indonesia Business Link (IBL), Indonesia Young Entrepreneurs Association (HIPMI), Social Investment Indonesia (SSI), Disaster Resource Partnership, and Mercy Corps Indonesia.

Indonesian partners and participants appreciated the support of the Korean Ministry of Public Safety and Security (MPSS) and the City of Incheon in funding UNISDR ONEA-GETI's support to the strengthening of business disaster resilience in Indonesia.

Business Disaster Resilience
Jakarta, Indonesia, 18-19 August 2015

Day One	Tuesday 18 August: Business Breakfast – Sustainable Risk Management
9.00 – 12.30	Roundtable discussion: Leaders from the ‘Three Pillars’ of sustainable development – Government, private sector and civil society – discuss ways of strengthening public-private partnership to strengthen disaster resilience

Day Two	Wednesday 19 August: Business Disaster Resilience Workshop – Sustainable Risk Management
9.00 – 10.00	Opening remarks: Sinarmas Group (Banking) Mr Zukri Saad; Board Chairman of the National Platform for DRR Mr Sugeng Triutomo; UNISDR ONEA-GETI Mr Andy McElroy; Director Community Empowerment, National Disaster Management Agency, Ms Anny Isgiaty
10.00 – 10.15	Coffee break
10.15 – 11.00	Disaster & climate risk trends – Mr Zukri Saad
11.00 – 12.15	Mainstreaming disaster risk reduction & climate change adaptation into business continuity planning – Mr Andy McElroy
12.15 – 13.15	Lunch
13.15 – 15.00	Mainstreaming disaster risk reduction & climate change adaptation into business continuity planning – Mr Andy McElroy
15.00 – 15.30	Model of sustainable risk management from Unilever – Ms Ibu Shitita Kariawati
15.30 – 16.00	How to move forward in Indonesia: commitments from various partners – Mr Victor Rembeth (Disaster Resource Partnership)

Business Breakfast Participants – August 18

No	Name	Institution	Mobile No./Email
1	Indah Budiani	IBCSD	082298638302 indah.budiani@ibcsd.or.id
2	Karima Wardana	DRP	0818113653
3	Fajar Kurniawan	SII	0811379393
4	Gianto Widjaja	Smart Tbk	n.a
5	Dodo Suyanto	Sinar Mas Bank	08811003358
6	Urip Widodo	Sinar Mas	081298249957
7	Yuda Triwibawa	Sinar Mas	0811837289
8	Erick Purwanto	Balfour Beatty Saki	0811133745
9	Agus Purnomo	Golden Agri Resource Smart Tbk	0811999462
10	Morgan Courtney	USAID	081112431246
11	Bintoro Wisnu	Maipark	081807132888
12	Fiza	Maipark	08157017391
13	Anny Isgiati	BNPB	08161922796
14	Renno R	HIPMI Peduli	0816985650
15	Agus Paranrengi	HIPMI Peduli	081288138236
16	Yulianto	BNPB	0811183336
17	Putri N	MCI	082197847538
18	Hasan Karman	Eka Cipta Foundation	0811901677
19	Karliansyah	KLHK	08129327408
20	Malashree Bhargava	UNRC	malashree.bhargava@un.or.id
21	Dear Sinandang	DRP	dear.sinandang@outlook.com
22	Trinirmala	Planas PRB	riniskala@gmail.com
23	Syafiria	Perk. Skala	syafiriadwi@gmail.com
24	Syukron Ali	SWA	shakaro53@gmail.com
25	B. Wisnu Widjaja	BNPB	b.wisnu.widjaja@gmail.com
26	Yusniar Nurdin	MCI	yusniar.nurdin@gmail.com
27	Ina Nisrina	MCI	08118209539
28	Andry N	MCI	081219291457
29	Deni Ejar	SII	081381464141
30	Ruhaya	MCI	081397659374
31	Victor Rembeth	DRP	081213800020
32	Galuh R	Nat DRR Platform	081210062660
33	Ghassani M	MCI	081380881936
34	Nugrah Aryatama	Disaster Channel.co	nugrah93@gmail.com
35	Afrizal	PT. Krakatau Steel	afrizal@krakatausteel.com 08121236130

Disaster Resilient Business Seminar Participants – August 19

No	Name	Institution	Mobile No./Email
1	Veronica Susanto	Sinar Mas Bank	088812344515
2	Fajar Kurniawan	SII	0811379393
3	Urip Widodo	Sinar Mas	081298249957
4	Anny Isgiati	BNPB	08161922796
5	Yulianto	BNPB	0811183336
6	Malashree Bhargava	UNRC	malashree.bhargava@un.or.id
7	Dear Sinandang	DRP	dear.sinandang@outlook.com
8	Trinirmala	Planas PRB	riniskala@gmail.com
9	Syafiria	Perk. Skala	syafiriadwi@gmail.com
10	Ina Nisrina	MCI	08118209539
11	Andry N	MCI	081219291457
12	Deni Ejar	SII	081381464141
13	Ruhaya	MCI	081397659374
14	Victor Rembeth	DRP	081213800020
15	Galuh R	Nat DRR Platform	081210062660
16	Ghassani M	MCI	081380881936
17	Wulandari A. Putri	Sinar Mas Bank	082113991213
18	Arief Z	Sinar Mas Agribisnis	088261553100
19	Insan Syafaat	Sinar Mas Agribisnis	081381173002
20	Muslikh Riza	Sinar Mas Agribisnis (Downstream)	081219247294
21	Anton Priatno	PT. Trakindo Utama	08118490270 anton.priatno@trakindo.co.id
22	Doddy R. Rolobessy	PT. OLLOP	085218894623
23	Ignatius Indriartoto	USAID	08118860167
24	Dedi Kurniawan	PT. Smart Tbk	08137818399 dedi.kurniawan@sinarmas-agri.com
25	Rannu N	DRP/PT.BBSI	ranu.nugraha@bbsi.co.id
26	Ruben Damanik	Maipark Insurance	ruben@maipark.com
27	Zukri Saad	PT. Smart Tbk	zukri.saad@gmail.com
28	Dwi Minarto	Disasterchannel.co	massuwie88@gmail.com
29	Leonard Abdul Aziz	Astra International	082114521358 leonard.abdul@ai.astra.co.id

30	Juliati	Kabar Indonesia	08567606876 ekasenda@hotmail.com
31	Deny T	Eka Tjipta Foundation	021-395602 denny@sinarmas.org
32	Iis Yulianti	BNPB	081318221168 salwaaulia79@gmail.com
33	Agustrini	Perkumpulan Skala	089694594643
34	Arif Nur	MDMC	081392285382
35	P. Radja Siregar	MCI	081288279242
36	Faiza	IBCSO	faiza@ibcs.or.id

Annex I – The GETI Assessment Grid: Snapshot of Business’ Disaster Resilience in Jakarta, Indonesia

Ten Steps to Disaster Resilience	Red Zone: Overall Rating 1	Orange Zone: Overall Rating 2	Yellow Zone: Overall Rating 3	Green Zone: Overall Rating 4
1. Is my business located in an area exposed and vulnerable to floods, cyclones & other hazards?	The area is always affected by hazards	The area is regularly affected by hazards 	The area is occasionally affected by hazards	The area is never affected by hazards
2. Would a direct hit from a hazard, ie flood or cyclone, close my business?	All direct-hit hazards would always close my business	Any direct-hit medium hazard would close my business	Only a direct-hit major hazard would close my business 	No direct-hit hazard would close my business
3. Does my business have a continuity plan?	My business does not have a continuity plan	My business has informal, unwritten continuity ‘ideas’ 	My business has a formal continuity plan but it needs updating	My business has an up-to-date proactive disaster risk management plan
4. Does my business have back-up systems (ie IT or alternative premises) it can use in case of a disaster?	My business has no back-up systems	My business has a few untried back-up systems	My business has tested back-up systems but they need updating 	My business has up-to-date and tested back-up systems for all business processes
5. Is my business insured against disaster losses?	My business has no disaster insurance	My business has partial disaster insurance cover 	My business has significant disaster insurance cover	My business has full disaster insurance cover

Ten Steps to Disaster Resilience	Red Zone: Rating 1	Orange Zone: Rating 2	Yellow Zone: Rating 3	Green Zone: Rating 4
6. Does my business have an alternative key supplier ready if a disaster closes the current one?	My business is totally reliant on a key supplier	Very difficult to find an alternative to a key supplier 	Relatively easy to find an alternative to a key supplier	Reliable back-up key supplier in place
7. Are my local and national authorities prepared for floods & other hazards?	The authorities are not prepared	The authorities have basic preparations 	The authorities have good preparations except major hazards	The authorities are very well prepared for all hazards
8. Would my business suffer if public utilities such as roads, power and water were cut?	The loss of public utilities would close my business	The loss of public utilities would have a big impact on my business 	The loss of public utilities would have a small impact on my business	The loss of public utilities would have no impact on my business
9. Does my business see DRR as a business opportunity?	There is no business opportunity in DRR	DRR could be an opportunity but no plans yet 	DRR has been identified as an opportunity but not yet pursued	DRR is an opportunity that is making money for my business
10. Is disaster risk a priority for my business?	Disaster risk is not a priority for my business	My business is aware of disaster risk but nothing more	Disaster risk is one of many priorities for my business 	Disaster risk is a clear priority for my business

Overall Average Rating: 23

Some steps towards disaster resilience but gaps remain