

JOINT MEETING
of the
2013 PACIFIC PLATFORM FOR DISASTER RISK MANAGEMENT &
PACIFIC CLIMATE CHANGE ROUNDTABLE

8th – 11th July

Sofitel Fiji Resort and Spa, Denarau Island, Nadi, Fiji

THEMATIC SESSION 4: RISKY BUSINESS
THE ROLE OF THE PRIVATE/COMMERCIAL SECTOR IN DISASTER RISK MANAGEMENT
AND CLIMATE CHANGE

Introduction:

Disaster and climate risk management are not exclusively the domain of national government officials. Effective disaster and climate risk management requires a range of actors working together, each of which brings a particular contribution or expertise into the area. One of the more recent actors in this configuration is the private or commercial sector, which can contribute to risk management through public-private partnerships or through private self interest. Climate change as an underlying cause of many disasters and as the driver of long term changes and ecosystem degradation is also of increasing concern to sustainable development and, as such, brings in a larger group of stakeholders.

The contribution of the private sector to disaster risk management (DRM) and climate change adaptation/mitigation efforts is often considered to bring greater efficiency and innovation, particularly in terms of relevant new technologies, which may have required substantial investment in scientific research and development. The private sector can be an important contributor to risk management efforts due to the capital it may be able to invest in a particular DRM or climate change adaptation/mitigation activity, which may otherwise not be possible if it depends solely on public finance. However, since most DRM efforts are under the responsibility of national governments, there is a question as to which aspects of DRM can or should be outsourced or delegated to the private sector. Likewise many climate change adaptation and mitigation activities can and should be implemented by non-government actors.

As disasters caused by natural hazards (both geological and climate-related) can cause devastating damage and losses for individuals, communities, businesses and governments, there are common concerns which highlight advantages of private/public collaboration to manage disasters and reduce risks. “Business as usual” is disrupted for all when disaster strikes, so anticipating, reducing and managing risks should ideally be a collective effort. In addition to the interest of maintaining operations and avoiding supply chain interruptions, the commercial sector can also be motivated by corporate social responsibility and shareholder self interest. Many successful private companies engage with their local and national communities, and undertake a systematic policy of “giving back” to customers through activities and programs which have a social objective, which creates a feedback loop resulting in customer loyalty and greater employee satisfaction. When corporate competencies and expertise are channeled into DRM and climate change adaptation and mitigation efforts, this can prove to be a particularly meaningful and visible type of social contribution.

In the Pacific, public-private partnerships to date have been taking on a valuable role in risk management. For example: mobile phone companies such as Digicel and Vodaphone, which lend their networks to transmit warning messages to a large part of the population, in reference to incoming tsunamis and cyclones; companies such as Fiji Water and Colgate Palmolive, which provide essential in-kind relief items, such as soap and drinking water, in the immediate aftermath of a disaster; companies that contribute to community projects to build resilience to the impacts of climate change, and banks such as Westpac, which provide special loan packages or waiving of interest to speed financial recovery and re-establishment of businesses after a major disaster. Furthermore, companies and individuals often make donations to national relief appeals instigated by governments, such as the Fiji Prime Minister's Relief Fund, a trust fund which is then used at government's discretion for response, reconstruction and recovery. Private sector contributions to DRM and climate change response cover a wide spectrum: from straightforward cash or in-kind donations, to risk transfer through insurance instruments, to introducing cutting edge technology and systems for disaster communications and alerts. There is also much potential for commercial sector to take on an important role in promoting resilient infrastructure and in that way enhance disaster risk reduction (DRR), given that 80% of houses, schools, hotels, bridges and roads are built by the private sector. Application and improvement of building codes and land use planning are key to anchoring resilience in the built environment, and private sector can exercise considerable persuasion and influence over these aspects.

In the case of climate change mitigation, the private sector may play a constructive role in reducing the underlying risk through investment in key growth sectors such as the energy sector - with eco-friendly and energy-efficient technologies - or in construction, with the introduction of new materials or techniques, along with lobbying for better building codes and land use policies. In the Pacific, recently companies such as Powersmart, UNELCO and Clay Energy are developing renewable energy systems based on wind power, solar photovoltaic and coconut oil fuel, to reduce greenhouse gas emissions. In the agricultural sector, private companies can promote food security and protect the livelihoods of smallholder agricultural producers through developing corporate social responsibility and supply agreements to reduce emissions along their supply chain or choose ecofriendly raw materials. This can also raise the value of agricultural produce, especially in overseas markets, where consumers are increasingly concerned about their greenhouse gas footprint. Insurance companies can also be key players in facilitating risk transfer through insurance options, from catastrophe bonds and funds at government level, such as the Caribbean Catastrophe Risk Insurance Facility, through to micro-insurance policies to protect farmers. There is scope in our region to explore and leverage much further such private/public partnerships to reduce climate and weather-related disaster risks.

Purpose

To explore the rationale and opportunities for private sector involvement in disaster risk management and climate change adaptation and mitigation efforts, in the Pacific.

Discussion

Each speaker will refer to a particular case of private or commercial sector involvement in DRM or climate change response activity in the Pacific region. Issues to be explored during the presentations and discussion include:

- What factors make private sector initiatives on DRM or climate change successful as a win-win arrangement?
- What challenges have been encountered when trying to engage the private sector in these areas? What successes have been achieved?
- Which aspects of DRM or CC show as yet untapped potential in terms of suitability for commercial sector involvement?

Intended Outcomes

- Determine factors required for successful private or commercial sector involvement in DRM and climate change adaptation/mitigation efforts.
- Indicate dimensions of these fields in which public/private partnerships should be further explored and developed.

Format

Three presentations will be made, outlining specific cases of private sector involvement in DRM, or in addressing climate change. This will be followed by small group work to address discussion questions, and then report back to the plenary.

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