

# Business and Disaster Preparedness

## Helping Communities Prepare for Effective Response







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November 2013

**Commissioned by:**



## PREFACE

CSR Asia has worked with many partners from the private sector, governments and civil society organisations in the Asia-Pacific region on promoting responsible business practices and corporate sustainability. Through our work on corporate community investment we have facilitated businesses in helping communities address their development priorities in ways that are beneficial to both the community and the business.

There is great need in the region to help reduce community vulnerability and enhance capacity to respond and recover from the adverse impacts of natural disasters. Whilst natural disasters cannot be avoided we firmly believe that disaster preparedness efforts are a cost effective and efficient way of reducing social and economic impacts. Moreover, this paper lays out a clear role for the private sector in developing community based disaster preparedness activities and supporting these communities that are most vulnerable.

The good news is that such a strategy is also good for business. In supporting initiatives in the own value chain, in communities where it is located and operates and amongst its own staff, businesses can help to build the capacity to prepare for and respond better to disaster.

We have worked with our partners Prudential Corporation Asia and the Prudence Foundation to develop this research paper exploring how businesses can engage in collaborative efforts to help communities prepare for disasters in order to reduce human and physical loss. With this publication we aim to encourage the strategic, long-term engagement of businesses in building local capacity through leveraging business skills, resources and networks.



A handwritten signature in black ink that reads "Richard Welford". The signature is written in a cursive, flowing style.

Richard Welford

Chairman, CSR Asia

## MESSAGE FROM PRUDENTIAL CORPORATION ASIA



As a leading insurer and asset manager in Asia, Prudential has a strong commitment to the health, safety and prosperity of the communities in which we operate. This is not just a business goal, it is a mission that our employees, agents and partners take seriously and personally. In 2009, we were not spared the devastating impacts of natural disasters, as we lost several of our staff members in the earthquake that struck Padang, Indonesia. Our colleagues from Indonesia and other countries who engaged in the relief efforts in Padang, or in rebuilding after devastating floods in northern Thailand or the tsunami in Japan, saw first-hand the terrible suffering and loss that disasters inflict.

The unfortunate reality is that Asia experiences the greatest number of the world's disasters. Global climate change will probably increase the frequency and severity of weather related disasters. Responding to disasters after they have occurred is important, but it is simply not enough. As a life insurer, we plan for the future and think long-term. As they say, "prevention is half the cure". It is more important than ever to improve community resilience and to prepare for disasters before they occur.

We believe that communities and businesses have a cooperative role to play in strategic disaster preparedness. To support wider private sector engagement with communities, we are pleased to present to you this research paper in collaboration with our partner CSR Asia. We hope that this paper will encourage businesses to become actively involved in disaster preparedness and that it will contribute to useful public-private dialogue and actions that will make disasters less disastrous whenever and wherever they occur.

A handwritten signature in black ink that reads "Donald P. Kanak". The signature is fluid and cursive, written in a professional style.

Donald P. Kanak

Chairman,  
Prudential Corporation Asia  
Trustee,  
The Prudence Foundation







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## EXECUTIVE SUMMARY

This publication provides an overview of the risks and vulnerabilities faced by communities in disaster-prone areas of the Asia-Pacific region. It highlights the need for private sector engagement in disaster preparedness at the community level and outlines opportunities for strategic engagement that help support business objectives. Case studies emphasise these opportunities. The publication concludes with recommendations for strategic business engagement to help businesses look beyond well-meaning donations to effective contributions that meet actual community needs.

### THE CHALLENGE

The human and economic losses from disasters in the Asia-Pacific region are immense. Rapid economic growth has not contributed to the reduction of these losses. In fact, it has spurred risk exposure and vulnerabilities. Those most vulnerable to the potential impacts of the region's manifold disaster events are the poor and marginalised.

### DISASTER PREPAREDNESS NEEDS IN THE ASIA-PACIFIC REGION

Disaster preparedness activities can help reduce losses from disasters and the costs of response and recovery. There is an evident need to help build response capacity and coping mechanisms of local communities. Business can play a vital role in helping communities prepare for disasters and in meeting the specific needs of vulnerable groups in society.

### COMMUNITY PREPAREDNESS AND BUSINESS OBJECTIVES

The strategic engagement of businesses in building community capacity for effective response holds the potential for supporting business objectives. These can include enhanced reputation and brand visibility, enhanced government relationships and stakeholder perceptions, positive effects on staff motivation and retention, and new business opportunities.

### OPPORTUNITIES FOR BUSINESS ENGAGEMENT

A strategic approach to business engagement on community preparedness efforts requires looking beyond one-off financial and in-kind contributions. There is a great opportunity for business to engage through employee volunteering, leveraging business assets and networks, supporting adoption of new technologies and innovative solutions, and helping advance advocacy efforts.

Case studies showcase successful examples of strategic business engagements that have addressed community needs in disaster preparedness and supported business objectives.

### RECOMMENDATIONS FOR STRATEGIC ENGAGEMENT

For businesses to move from well-meaning contributions to strategic engagement, they are advised to

- collaborate for greater impact,
- make community-based disaster preparedness an important pillar of their community investment,
- help enhance the capacity and capabilities of local government and non-governmental organisations,
- involve communities and leverage their capacity and capabilities,
- aim to co-create solutions and create shared value through commercial activities in the community,
- become more risk-aware in business investments,
- create an inclusive value chain for disaster preparedness,
- help promote the need for disaster preparedness and advocate for better enforcement of disaster risk-related policies and practices,
- engage in coordination mechanisms and share best-practices and lessons learned, and
- create a vision for the future.

This will allow businesses to engage in a more strategic way where community needs as well as business objectives can be met.



## THE CHALLENGE

The frequency and severity of natural disasters are increasing and in recent years we have seen an upward trend in terms of losses. Low- and middle-income countries have suffered an estimated third of the US\$3.5 trillion in losses from natural disasters that occurred between 1980 and 2011 globally<sup>1</sup>.

Asia-Pacific is the region most prone to and affected by natural disasters worldwide. It accounted for 75 per cent of global disaster fatalities between 1970 and 2011. 2011 saw particularly severe disaster losses triggered by the Great East Japan Earthquake and tsunami and floods in Southeast-Asia. The year 2011 alone cost \$294 billion in economic losses, which accounted for 80 per cent of the annual disaster losses globally and a striking 80 per cent of the region's total disaster losses between 2000 and 2009<sup>2</sup>.

The region is prone to earthquakes and hydro-meteorological disasters such as typhoons, thunderstorms, coastal storm surges, floods and droughts. In particular, floods have increased in frequency and severity of impact. Climate change is expected to further amplify risks because of rising sea levels, changing local rainfall patterns and more frequent storms<sup>3</sup>. Economic damage is particularly evident in Myanmar, the Philippines, Vietnam, Lao People's Democratic Republic (PDR) and Cambodia, where the annual average expected losses<sup>4</sup> relative to the size of these economies are equivalent to 70 per cent or more of their gross domestic product (GDP)<sup>5</sup>.

The financial burden of response and relief efforts in these countries is enormous and with inadequate disaster financing arrangements can threaten the achievement of national development goals according to The World Bank and Global Facility for Disaster Reduction and Recovery (GFDRR) in 2012<sup>6</sup>. Rapid socio-economic growth has made Asia-Pacific more susceptible to greater physical and economic losses. The population almost doubled between 1970 and 2010, from 2.2 billion to 4.2 billion and the region's GDP increased by 13 times during the same period. Over these 40 years, Asia-Pacific suffered 75 per cent of global natural disaster fatalities that cost up to two million people's lives<sup>7</sup>.

According to the United Nations<sup>8</sup>, increasing urbanisation also contributes to growing vulnerability in many countries because of the concentration of people in unplanned and unsafe settlements, which are often in exposed coastal areas.

The ability of countries to manage the increasing impact of disasters will have important implications for the growth and development agenda in the region. Investing in disaster preparedness, particularly in national capacity for effective response, not only saves lives and livelihoods but can also reduce the financial burden of response and relief efforts. This can in turn speed up recovery and help maintain a country's long-term development.

<sup>1</sup> The World Bank, 2012: The Sendai Report, Managing Disaster Risks for a Resilient Future, International Bank for Reconstruction and Development / The World Bank, USA: The World Bank.

<sup>2</sup> UNESCAP and UNISDR, United Nations Economic and Social Commission for Asia and the Pacific, United Nations Office for Disaster Risk Reduction, 2012: Reducing Vulnerability and Exposure to Disasters, The Asia-Pacific Disaster Report 2012 [online], <http://www.unisdr.org/we/inform/publications/29288> (accessed 16.09.13).

<sup>3</sup> Jha A. K., Bloch R., Lamond J., 2012: Cities and Flooding: A Guide to Integrated Urban Risk Management for the 21<sup>st</sup> Century, International Bank for Reconstruction and Development / International Development Association and The World Bank, USA: The World Bank.

<sup>4</sup> According to the Global Facility for Disaster Reduction and Recovery (GFDRR) and The World Bank "The annual expected loss (AEL) is an expression of the average annual loss over a long period of time."

<sup>5</sup> GFDRR and The World Bank, Global Facility for Disaster Reduction and Recovery, The World Bank, 2012: Advancing Disaster Risk

Financing and Insurance in ASEAN Member States: Framework and Options for Implementation, USA: The World Bank.

<sup>6</sup> GFDRR and The World Bank, Global Facility for Disaster Reduction and Recovery, The World Bank, 2012: Advancing Disaster Risk Financing and Insurance in ASEAN Member States: Framework and Options for Implementation, USA: The World Bank.

<sup>7</sup> UNESCAP and UNISDR, United Nations Economic and Social Commission for Asia and the Pacific, United Nations Office for Disaster Risk Reduction, 2012: Reducing Vulnerability and Exposure to Disasters, The Asia-Pacific Disaster Report 2012 [online], <http://www.unisdr.org/we/inform/publications/29288> (accessed 16.09.13).

<sup>8</sup> United Nations, 2008: Disaster Preparedness for Effective Response, Guidance and Indicator Package for Implementing Priority Five of the Hyogo Framework, USA: United Nations secretariat of the International Strategy for Disaster Reduction (UN/ISDR) and United Nations Office for Coordination of Humanitarian Affairs (UN/OCHA).

The business sector has a vital stake in building disaster preparedness throughout the Asia-Pacific region. The United Nations Office for Disaster Risk Reduction (UNISDR) and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) argue that 'economic growth in the region is not resulting in a reduction of disaster losses nor of human exposure to disasters'<sup>9</sup>. In fact business investments in the region have further aggravated the disaster risk exposure of businesses, their supply chains and the communities in which they operate.

There is a very clear case for putting in place disaster preparedness initiatives at the community level. First and foremost, many businesses are part of the communities that may be at risk. Over many years we have seen businesses decentralising and outsourcing production to facilities located in areas with comparative advantage,

with low labour costs and easy access to export markets. Whilst this may have been central to enhancing competitiveness and productivity, many of these areas are prone to natural disasters. In order to attract business investments, disaster risks have often been downplayed and investors failed to identify these risks or ignored them<sup>10</sup>.

While economic globalisation has enabled critical gains in business productivity and efficiency, and has helped many communities out of poverty, it has come at the expense of greater exposure to the adverse impacts of natural disasters. Governments and local communities bear the brunt of disaster costs. Enhancing local capacity for disaster preparedness and effective response helps safeguard a country's macro-economic stability and thus business investments.



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<sup>9</sup> UNESCAP and UNISDR, United Nations Economic and Social Commission for Asia and the Pacific, United Nations Office for Disaster Risk Reduction, 2012: Reducing Vulnerability and Exposure to Disasters, The Asia-Pacific Disaster Report 2012 [online], <http://www.unisdr.org/we/inform/publications/29288> (accessed 16.09.13).

<sup>10</sup> UNISDR, United Nations Office for Disaster Risk Reduction, 2013a: From Shared Risk to Shared Value –The Business Case for Disaster Risk Reduction, Global Assessment Report on Disaster Risk Reduction, Switzerland: United Nations Office for Disaster Risk Reduction.

## DISASTER PREPAREDNESS NEEDS IN THE ASIA- PACIFIC REGION

The aim of disaster preparedness activities is to achieve an improved state of readiness that ultimately saves lives and livelihoods. At the core of these activities is capacity building for

- the prediction, monitoring and managing of potential threats and damages, and
- effective response in an emergency in order to assist those who have been adversely affected.

Typical preparedness activities include: contingency planning, hazard monitoring, forecasting and early warning, stockpiling of equipment and supplies, infrastructure improvements, emergency services and stand-by arrangements, information management and coordination arrangements, personnel training, community drills and exercises, and public education<sup>11</sup>.

At the community level, disaster preparedness focuses on precautionary activities that help individuals, households and organisations react appropriately during and following a disaster event. Through leveraging the knowledge, resources and capabilities of vulnerable communities, people will be prepared to take responsibility for the risks they face. The aim is to minimise loss of life, injury, and property damage and help communities recover after a disaster has hit. Local governments are a key stakeholder in building community disaster preparedness. Together with the affected community they are among the first responders in the event of a disaster and play a crucial role in post-disaster reconstruction and recovery.

Throughout the region capacities and legal frameworks for disaster risk management are improving. The Philippines, among the most disaster prone countries, has robust legal frameworks and a strong government

commitment to manage risks from natural disasters<sup>12</sup>.

Nevertheless, countries such as Indonesia, Lao PDR, and Vietnam still experience high increasing mortality rates from extensive as well as small-scale disaster events.

Putting national laws and frameworks into practice remains a challenge, as the region lacks resources and capacity at a local level. Experience from many disasters in the region has shown that too often local communities lack awareness of disaster risks, do not receive or understand early warning signals, or simply do not act on warnings<sup>13</sup>.

**Disasters disproportionately affect poor and vulnerable groups including women, children, the elderly, persons with disabilities and female-headed households. These groups are more vulnerable to the potential impacts of a disaster as they**

- live in poorly constructed homes in high-risk areas such as flood-prone river banks,
- lack legal claim to their land and therefore have little incentive to invest in disaster preparedness measures,
- lack the knowledge and skills needed to prepare for possible disasters,
- lack the resources needed to build disaster resilience,
- lack access to clean water, sanitation, and health services, and
- are vulnerable to exploitation.

Poverty and weak governance constrain the ability of vulnerable populations to respond to and recover from disasters. According to The World Bank<sup>14</sup>, too often they have limited or no access to

- financial services such as insurance or affordable loans, or
- formal or informal social safety nets and protection mechanisms.

<sup>11</sup> United Nations, 2008: Disaster Preparedness for Effective Response, Guidance and Indicator Package for Implementing Priority Five of the Hyogo Framework, USA: United Nations secretariat of the International Strategy for Disaster Reduction (UN/ISDR) and United Nations Office for Coordination of Humanitarian Affairs (UN/OCHA).

<sup>12</sup> Save the Children, 2013: Localising the Humanitarian Toolkit: Lessons from Recent Philippines Disasters, Australia: Save the Children.

<sup>13</sup> Save the Children, 2013: Localising the Humanitarian Toolkit: Lessons from Recent Philippines Disasters, Australia: Save the Children.

<sup>14</sup> The World Bank, 2013: Strong, Safe, and Resilient, A Strategic Policy Guide for Disaster Risk Management in East Asia and the Pacific, International Bank for Reconstruction and Development / The World Bank, USA: The World Bank.



Women and children are among those most vulnerable to the potential impacts of disasters:

- Before and during a disaster event: Discriminatory practices too often result in a disproportionate death toll among women. Four times as many women as men were killed in Indonesia, Sri Lanka, and India during the 2004 tsunami. When the tsunami hit, many women stayed behind to look for their children and other relatives. Too many of them could not escape, because they had never learnt to swim or climb trees<sup>15</sup>.
- After a disaster hits: With schools destroyed or used as evacuation centres, schooling can be disrupted for significant periods of time, which can obliterate educational achievements. With families having lost their primary means of income and children being out of school, there is a high risk of women and children being exploited and vulnerable to human trafficking<sup>16</sup>. At over-crowded camps and resettlement sites, women are at risk of being verbally and physically harassed or sexually abused<sup>17</sup>.

Ultimately, vulnerable groups have different needs in order to reduce their vulnerability to disasters and will often be less able to access assistance. They require targeted assistance to help them recover<sup>18</sup>. With resources stretched during emergencies, national authorities may not have the capacity to provide the targeted assistance needed by those most vulnerable<sup>19</sup>. There is a role for the business sector in helping to meet the specific needs of vulnerable populations. One such approach is to use the community investment initiatives that a company has to help to build disaster

preparedness in vulnerable locations. This might involve existing projects that include a disaster preparedness element or new projects particularly targeted at those at risk.

Leveraging women and children's capacity for disaster preparedness, in particular, can prove effective in increasing awareness of disaster risks and response measures throughout the whole community:

- In times of emergencies women proactively take responsibility for looking after their family and community members and in meeting basic needs such as finding shelter and drinking water, and nursing those injured and traumatised<sup>20</sup>.
- Children are enthusiastic in communicating disaster risks to their families and communities and as peer educators<sup>21</sup>.

With half of Asia's urban population living in low-lying coastal areas, the urban poor are another group at significant risk from disasters. Particularly in the region's least developed and low-income countries rapid urbanisation is challenging the capabilities of governments to provide the necessary infrastructure, essential services and sustainable urban planning and land management. The problem is further aggravated by the proliferation of urban slums: 33 per cent of urban dwellers in the Asia-Pacific region live in slums. In some countries, including Bangladesh, Cambodia, Lao PDR, Mongolia and Nepal it is in fact the majority of urban dwellers. Poor living conditions and the informal status of many communities magnify the vulnerability of the urban poor<sup>22</sup>. In addition, they can aggravate urban disaster risks.

<sup>15</sup> MacDonald R., 2005: How Women Were Affected by the Tsunami: A Perspective from Oxfam, PLoS Med 2(6): e178, [online], <http://www.plosmedicine.org/article/info:doi/10.1371/journal.pmed.0020178> (accessed 26.09.13).

<sup>16</sup> Save the Children, 2013: Localising the Humanitarian Toolkit: Lessons from Recent Philippines Disasters, Australia: Save the Children.

<sup>17</sup> MacDonald R., 2005: How Women Were Affected by the Tsunami: A Perspective from Oxfam, PLoS Med 2(6): e178, [online], <http://www.plosmedicine.org/article/info:doi/10.1371/journal.pmed.0020178> (accessed 26.09.13).

<sup>18</sup> UNESCAP and UNISDR, United Nations Economic and Social Commission for Asia and the Pacific, United Nations Office for Disaster Risk Reduction, 2012: Reducing Vulnerability and Exposure to Disasters, The Asia-Pacific Disaster Report 2012 [online], <http://www.unisdr.org/we/inform/publications/29288> (accessed 16.09.13).

<sup>19</sup> Save the Children, 2013: Localising the Humanitarian Toolkit: Lessons from Recent Philippines Disasters, Australia: Save the Children.

<sup>20</sup> Oxfam-GB, 2011: Handbook, Women Leadership in Disaster Management [online], [http://www.preventionweb.net/files/submissions/19919\\_makeup2englishfinal.pdf](http://www.preventionweb.net/files/submissions/19919_makeup2englishfinal.pdf) (accessed 25.09.13).

<sup>21</sup> Back E., Cameron C., Tanner T., 2009: Children and Disaster Risk Reduction: Taking stock and moving forward, UK: IDS.

<sup>22</sup> UNESCAP and UNISDR, United Nations Economic and Social Commission for Asia and the Pacific, United Nations Office for Disaster Risk Reduction, 2012: Reducing Vulnerability and Exposure to Disasters, The Asia-Pacific Disaster Report 2012 [online], <http://www.unisdr.org/we/inform/publications/29288> (accessed 16.09.13).

Informal urban settlements along riverbanks, for example, are both prone to, and exacerbate, flooding risks. They block natural flood areas that would otherwise partially absorb excess water and mitigate flooding risks. In addition, due to a lack of public services, waste is often dumped into water bodies and drains. These then become clogged and aggravate flooding at times of heavy rainfalls or high water levels<sup>23</sup>.

It is apparent that addressing the drivers of vulnerability of the poor does not only help strengthen their capacity to respond and recover but can also reduce disaster risks overall. Thus an important part of the disaster preparedness approach is to understand and address the underlying root causes of such vulnerability. This will often be related to poverty, conflict and the marginalisation of some groups in society.

Within the business sector, disasters disproportionately affect micro-, small- and medium-sized enterprises (MSMEs) compared to larger corporations. With limited resources and access to risk reduction and coping strategies, MSMEs can be put out of business by the impact of disasters. With many MSMEs operating in the informal sector in this region, they are often out of the reach of government disaster risk management programmes and services, such as insurance<sup>24</sup>.

The impacts of this are hugely detrimental and far-reaching considering the important role of MSMEs in local economies and communities. It is clear that MSMEs contribute significantly to the livelihoods and well-being in their community by providing employment, goods and services and sourcing from other MSMEs. These business activities are needed even more in the direct aftermath of disasters. Thus MSMEs are important drivers for community recovery as they play a vital role in restoring the economic and social fabric of disaster affected communities. Resuming local economic activities is an important factor in motivating displaced communities to

return and for attracting public and private investments<sup>25</sup>.

MSMEs are also important to large businesses as they form important parts of their supply chain and as subsidiaries in far-flung markets. Thus disaster impacts on MSMEs in the region have significant implications for the well-being of the local community, the functioning of the local economy and, beyond that, can disrupt entire industry sectors worldwide<sup>26</sup>.

Vulnerable groups and MSMEs require targeted assistance to help them cope with and recover from the adverse impacts from disasters. Their specific needs are, however, too often overlooked. This particularly applies to cases of compounded vulnerability, such as female-owned micro-enterprises based at home in an informal settlement where a disaster event can destroy both homes and livelihood sources.

Humanitarian needs due to disasters are not being fully met, despite increased spending and capacity for disaster management in the region. Investments in preparedness capacity and coping capabilities of vulnerable populations and smaller businesses can significantly reduce disaster losses and costs for recovery. At the same time such investments can generate value in securing local employment and economic activity as well as reducing disaster risks.



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<sup>23</sup> Jha A. K., Bloch R., Lamond J., 2012: Cities and Flooding: A Guide to Integrated Urban Risk Management for the 21<sup>st</sup> Century, International Bank for Reconstruction and Development / International Development Association and The World Bank, USA: The World Bank.

<sup>24</sup> UNDP, United Nations Development Programme, Crisis Prevention and Recovery, 2013: Background Paper prepared for the Global Assessment Report on Disaster Risk Reduction 2013, Small Businesses: Impact of Disasters and Building Resilience, Switzerland: UNDP.

<sup>25</sup> UNDP, United Nations Development Programme, Crisis Prevention and Recovery, 2013: Background Paper prepared for the Global Assessment Report on Disaster Risk Reduction 2013, Small Businesses: Impact of Disasters and Building Resilience, Switzerland: UNDP.

<sup>26</sup> Ye L., Abe M., 2012: Building Resilient Supply Chains With Disaster Risk Reduction [online], <http://www.funglobalinstitute.org/publications/articles/building-resilient-supply-chains-with-disaster-risk-reduction-318.html> (accessed 20.09.13).

### Plan International: Enhancing disaster preparedness capacity in schools

The Prudence Foundation is working closely with Plan International to help expand vital work, building disaster risk awareness and response capabilities of one of the most vulnerable groups in society – children. Plan International’s ‘Safe School’ programme in the Philippines helps empower children, who are among those most vulnerable to the adverse impacts of natural disasters. The programme’s objectives are twofold:

- To improve disaster preparedness and response capacity to safeguard teachers and students, and
- To enable continued learning in times of disaster.

In the Philippines the capacity building activities of the ‘Safe School’ programme targets students, teachers and local government units at the community level responsible for disaster risk reduction and management, e.g. the Barangay Disaster Risk Reduction and Management Council (BDRRMC).

‘Safe School’ in the Philippines has built capacity at three public elementary schools and three public secondary schools directly benefitting a total of 6,180 students and 190 teachers.

To improve disaster preparedness and response capacity the programme

- trained teachers and provided them with disaster-related teaching materials,
- initiated the formation of student-led emergency response teams and trained students in basic skills such as swimming, rope tying, and first aid,
- helped form disaster risk reduction and management offices at schools to develop school contingency plans and equip them with early warning systems, and
- organised earthquake drills facilitated by the local government unit.



To increase awareness of disaster risks beyond the group of engaged students, an inter-school contest was held which awarded students for the preparation of disaster-related information, education and in addition, Plan International distributed self-learning kits and modules at schools to enable students to continue their studies in times of school interruptions, at home or in evacuation sites.

The Plan International ‘Safe School’ programme has not only helped empower children but also involved the local government unit responsible for disaster risk management. In doing so, the programme’s impact has been beyond those schools involved and has made a significant contribution to increasing the preparedness of entire communities.

The programme represented a perfect fit with the Prudence Foundation’s community investment efforts, covering the Foundation’s three key thematic pillars: children, education, and disaster preparedness and relief. Through the partnership with Plan International, the Foundation provides vital contributions in helping improve community preparedness in Indonesia, the Philippines, and Thailand. Beyond funding, Prudential employees directly engage in the project by joining disaster-related educational activities with the children or helping to renovate schools affected by disasters.

Source: Plan International<sup>27</sup>

<sup>27</sup> Borcard, Caroline. Personal communications (09.10.13), Climate Change Adaptation Project Manager, Plan International.



## COMMUNITY PREPAREDNESS AND BUSINESS OBJECTIVES

According to the Special Representative of the Secretary-General (SRSG) for Disaster Risk Reduction at UNISDR, Margareta Wahlstroem:

*“Disasters are first and foremost a ‘local’ phenomenon. Local communities are on the frontlines of both the immediate impact of a disaster and the initial, emergency response.”<sup>28</sup>*

This emphasises not only the vulnerability of local communities but also their capability as first responders. Capacity building significantly improves communities’ disaster preparedness and thus the effectiveness of disaster response efforts. According to the International Federation of Red Cross and Red Crescent Societies (IFRC), four dollars can be saved on disaster response and recovery for every dollar spent on disaster preparedness<sup>29</sup>.

Building a community’s disaster preparedness can be an important part of the community investment initiatives of a business. Innovative activities around disaster preparedness can help a business to:

1. Protect its own business, value chain, customers and staff
2. Build reputation and demonstrate good citizenship
3. Enhance government relationships
4. Influence stakeholder perceptions
5. Improve staff motivation and retention
6. Provide possible new business opportunities that create shared value

Thus disaster preparedness initiatives not only save lives but also make good business sense.



© UNESCO Jakarta, 2006

<sup>28</sup> UNISDR, United Nations Office for Disaster Risk Reduction, 2007: Building Disaster Resilient Communities, Good Practices and Lessons Learned, p. iii [online], [http://www.unisdr.org/files/596\\_10307.pdf](http://www.unisdr.org/files/596_10307.pdf) (accessed 20.09.13).

<sup>29</sup> Zambello G., 2013: Disaster preparedness saves lives and saves money [online], <http://www.ifrc.org/en/news-and-media/news-stories/international/disasters-preparedness-saves-lives-and-saves-money-61204/> (accessed 02.10.13).

## 1. Protecting the business

When a natural disaster hits it can have devastating impacts on local communities and cause widespread business disruptions and asset damage. These disruptions can go beyond the immediately affected area and ripple through global supply chains. Companies may find their employees, customers or manufacturing base affected. Firms may not only face significant unexpected expenditures for damage control and obstructed external financing flows but potentially also a reduction in profitability and share price.

Many businesses are very much part of the community in which they operate and where that community is prone to disasters, then a preparedness strategy is simply good business sense. It can demonstrate an active participation in the community and position the company as an organisation that invests in community needs, enhancing its social licence to operate. This is likely to reduce potential community conflicts and create loyalty amongst local staff and customers.

## 2. Building reputation and demonstrating good corporate citizenship

An increasing number of businesses are contributing to disaster response and relief efforts as they seek to demonstrate 'good corporate citizenship' to their stakeholders or simply to enhance brand, reputation and visibility. Often these contributions are *ad-hoc* and not delivered in coordination with the humanitarian sector. With media attention in the aftermath of disasters ebbing away within a few weeks, so do corporate contributions.

As corporate stakeholders become increasingly sophisticated, short-term, one-off contributions for disaster response and relief will not provide the sought-after brand visibility nor help meet community needs. One-off cash donations may even lead to adverse reputational impacts, as large multinational corporations experienced during the aftermath of the May 2008 Sichuan earthquake in China.

Local stakeholders perceived cash donations as too small and not commensurate with many corporations' presence in China, which caused reputational damage,

angry consumers and boycotts<sup>30</sup>. Failure to have a strategic approach for in-kind or cash donations threatens reputation and is certainly insufficient to demonstrate good corporate citizenship.

Pro-active, strategic engagement well before disasters hit not only ensures that corporate donations are put to best use but may also yield business benefits. In a strategic partnership with established non-governmental organisations or government agencies, corporations can benefit from the partner's public image. In addition, relationships with the local community, government and other key stakeholders can be strengthened when such partnerships demonstrate that the company is putting its resources to best use in achieving tangible and lasting results for communities in disaster-prone regions.

### Corporate disaster response contributions: Good intentions are not enough

Businesses can play a vital role in enhancing local capacity for effective disaster response. Engagement in collaborative and coordinated efforts can ensure that corporate contributions are put to best use and prevent inequitable distribution or duplication of relief efforts such as happened in the aftermath of the South Asia tsunami.

In the direct aftermath of a disaster, there are no mechanisms or resources to tell businesses what exactly is needed, by whom and where. This may lead to unsolicited goods clogging warehouses and obstructing response efforts rather than providing support. Sri Lanka has experienced uncoordinated relief efforts that actually led to a much slower response and less efficient relief after the 2004 earthquake and resulting tsunami in South Asia, where unsolicited and therefore uncoordinated supplies accumulated at Sri Lanka's airport and blocked the warehouse for months<sup>31</sup>.

<sup>30</sup> McGinnis A., Pellegrin J., Shum Y., Teo J., Wu J., 2009: The Sichuan Earthquake and the Changing Landscape of CSR in China [online], <http://knowledge.wharton.upenn.edu/article/the-sichuan-earthquake-and-the-changing-landscape-of-csr-in-china/> (accessed 02.10.13).

<sup>31</sup> Thomas A., Fritz L., 2006: Disaster Relief, Inc., Harvard Business Review, p. 114-122 [online], <http://ahen.ache.org/Documents/Thomas%20-%20Disaster%20Relief%20Inc.pdf> (accessed 02.10.13).

### 3. Enhancing government relationships

Government is an important stakeholder for all businesses, particularly at the local level where businesses may have operations. The government clearly has responsibility for overseeing disaster strategies for vulnerable local communities. In the aftermath of large-scale disasters, however, government resources and capacity might be overstretched. Businesses can play a vital role in helping to meet government gaps for effective response. If firms engage early in a collaborative effort they can prove their capabilities and commitment and thus enhance relationships with local officials, politicians and the public at large. Especially in contexts where social risks are high, companies can benefit from strategic community investment by stronger government relations. Such relations do not only reduce reputational and project risk, but often provide a social licence to operate.

### 4. Influencing stakeholder perceptions

A company's reputation and its harmonious co-existence with local communities where it operates are undoubtedly linked to the perceptions that stakeholders hold about the organisation. Community-based disaster preparedness initiatives that are innovative and effective are likely to get noticed by a broad range of stakeholders and will be an important aspect of the image that a business projects.

Being part of networks of trust around vulnerable communities demonstrates a commitment to meeting the needs of people both now and in the future. Such a trusted relationship with stakeholders is likely to lead to more loyal staff and customers, support from business partners and governments and will position the company as a responsible member of the society in which it operates.





## 5. Staff motivation and retention

When disasters strike, there is a sense of urgency and a desire to help. This provides companies with the unique opportunity to channel help into meaningful engagements that help meet community needs through, for example, employee volunteering programmes. Coordinated, strategic employee volunteer programmes allow companies to respond to employee wishes to help affected communities and provides them an opportunity to develop leadership skills and gain knowledge.

People want to work for businesses that they can trust and respect and many Generation Y employees (born between early 1980s and early 2000s) are looking for more than career opportunities and income. According to a survey from Lloyd Morgan in 2004 of 50,000 employees, the probability of departure reduces by 87 per cent when employees feel increased levels of engagement<sup>32</sup>. Many staff will be motivated by the opportunity to volunteer their time and expertise to address a real community need. Volunteer programmes associated with disaster preparedness can be a cost effective way of building community resilience and can simultaneously contribute to employee motivation,

retention and the attraction of new talent. This can be key in building a company's internal brand image and will drive trust and respect from staff.

## 6. New business opportunities

Engaging in community preparedness provides the opportunity to develop new partnerships and networks and thus access potential new markets and geographic regions. There is great opportunity to innovate and field-test new products or leverage the use of established technologies and services. This can include specialised services and technology such as micro-insurance or the use of satellite imagery for hazard mapping or day-to-day devices such as mobile phones for dissemination of early warnings.

In the humanitarian sector there is a growing interest in deploying assets, expertise, products and services of business to create innovative solutions that help meet community needs. While suspicion of a business' commercial motivation have hindered the development and broad application of such solutions, an increasing number of humanitarian organisations understand the value of co-creating solutions that are beneficial to all involved.

### Coco Technologies Corporation (CocoTech)

Based in the Philippines, CocoTech manufactures and markets products derived from waste coconut husk. The company grew from a small, community-based project into a medium-sized company that involves more than 6,000 local families in the manufacturing process, who benefit from revenues that exceed US\$300,000.

Among the company's product range is a coco coir geotextile net (coconet) for erosion control. The net holds soil and seeds, protects vegetative shoots, and promotes re-greening in erosion-prone land formations or areas with environments that are harsh for plants. Derived from natural organic materials, the coconet naturally degrades at a slow rate, which allows plant recolonisation while holding the soil in place. Coconets have been used for erosion control in the Philippines and other countries where disasters can lead to severe flooding and large-scale soil displacement. The natural and biodegradable nets can be effectively used in slope protection and the rehabilitation of river and shorelines.

The coconet production offers benefits at the grass-root level through providing livelihood opportunities to low-income coconut farmers in the Philippines<sup>33</sup>. At the same time it helps reduce the likelihood of disaster-related impacts such as landslides. This profitable business that benefits the community is a great example of shared value connected to a low-cost product that gets people involved in arrangements to secure slopes before the rainy season.

<sup>32</sup> Scott R., 2012: How Corporate Volunteer Programs Increase Employee Engagement [online], <http://www.causecast.com/blog/bid/127697/How-Corporate-Volunteer-Programs-Increase-Employee-Engagement> (accessed 02.10.13).

<sup>33</sup> Coco Green, 2012: About Us [online], [http://cocogreen.net/tech/?page\\_id=8](http://cocogreen.net/tech/?page_id=8) (accessed 02.10.13).

## IV OPPORTUNITIES FOR BUSINESS ENGAGEMENT

When helping communities prepare for disasters, it is important for business to engage strategically to ensure that its goals and competencies are aligned with the needs of communities. This requires looking beyond unilateral, one-off contributions and identifying company expertise, assets, resources, and relationships<sup>34</sup> that can be leveraged to help meet the needs of communities at risk from disasters. Partnering with well-established NGOs and humanitarian organisations can help identify community needs and leverage company contributions in a way that also meets business objectives.

### We look at four modes of engagement:

1. Skills-based volunteering
2. Leveraging business assets and networks
3. Supporting the adoption of new technologies and innovate solutions
4. Helping to advance advocacy efforts



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### 1. Skills-based volunteering

The increasing number and impacts of disasters in the region stretches the resources of the humanitarian sector. Businesses have a broad pool of employees with a wealth of skills, knowledge, and experiences that can help increase capacity for disaster response and preparedness through employee volunteer programmes. The effectiveness of such programmes will depend on the successful match of employees' skills and expertise with the right humanitarian organisation and project.

For volunteers to be a valuable resource they need to be trained, assigned, and supervised within established emergency management systems<sup>35</sup>. This can only be guaranteed if firms have a well thought-through employee volunteering programme and established partnerships in the humanitarian sector. This will ensure the effective deployment of volunteers when the need arises - which may not necessarily be in the aftermath of a disaster. Business professionals can provide the management skills and specialised knowledge to build capacity and improve processes in humanitarian and emergency organisations well in advance of disasters for more effective response efforts.

IBM's 'On Demand Community' is the firm's global volunteering platform. It engages IBM employees and retirees and provides supporting materials for volunteering opportunities in numerous areas. Materials include presentations or educational modules translated into 15 languages to help prepare and equip volunteers. The platform is based on collaboration between IBM's key business units and external partners from the fields of education and not-for-profit administration.

It has helped channel IBM employee expertise to effective disaster response deployments such as in the aftermath of the 2008 Sichuan earthquake. IBM employees helped set-up an online missing persons registry which helped track the location and numbers of victims in the various camps<sup>36</sup>.

<sup>34</sup> IFC, International Finance Corporation, 2010: A Good Practice Handbook for Companies Doing Business in Emerging Markets, USA: International Finance Corporation.

<sup>35</sup> FEMA, Federal Emergency Management Agency, n.d.: Managing Spontaneous Volunteers in Times of Disaster: The Synergy of Structure and Good Intentions [online], <http://www.fema.gov/pdf/donations/ManagingSpontaneousVolunteers.pdf> (accessed 02.10.13).

<sup>36</sup> IBM, n.d.: Skills-Based Volunteerism – Case Study [online], [http://www.pointsoflight.org/sites/default/files/site-content/files/skillsbasedvolunteering\\_ibm\\_fv.pdf](http://www.pointsoflight.org/sites/default/files/site-content/files/skillsbasedvolunteering_ibm_fv.pdf) (accessed 04.10.13).

### Deutsche Post DHL: Leveraging employee skills to enhance national response capacity

In cooperation with the UN Office for the Coordination of Humanitarian Affairs (UNOCHA), Deutsche Post DHL (DP DHL) has established a global network consisting of over 400 specially trained employees. These employees volunteer their time to be a part of the company's Disaster Response Teams (DRT), which are deployed to support the handling of relief goods at airports. This includes receiving the relief goods from the airline's handling agent, warehousing, inventory of the incoming relief supplies and subsequently releasing them to the consignees.

DRT volunteers are on call for deployment in the Americas, the Middle East/Africa and Asia-Pacific. Once their support has been requested, DRT teams can be on the ground and operational at a disaster-site airport within 72 hours if not sooner. To enable swift execution of DRT deployments without bureaucratic delays, DP DHL has entered into bilateral Memoranda of Understanding (MoUs) with 12 countries in disaster-prone regions. The MoUs also help ensure that national governments have a clear understanding of the capability DP DHL can provide, prior to a disaster.

DRT members undergo regular training courses to ensure that they are deployment-ready and able to meet UN standards at all times. Training courses include disaster management fundamentals, warehouse management and any other focus areas identified by DP DHL, the UN and the participating relief organisations. In 2012, more than 120 employees took part in a total of four DRT trainings. Regularly, some DRT volunteers also participate at International Search and Rescue Advisory Group<sup>37</sup> (INSARAG) trainings worldwide.

DP DHL actively fosters partnership links in times of non-deployment through joint training exercises and annual conferences with DP DHL colleagues and UNOCHA representatives. These provide the opportunity to review past deployments and agree on future collaborations.

Prior to the partnership with UNOCHA, which started in 2005, DP DHL had already deployed so-called Airport Emergency Teams under its own initiative. The 2003 Bam Earthquake in Iran, however, was a turning point for DHL when the firm witnessed how a flood of relief goods could shut down an airport's logistics if not professionally and effectively handled.

Through the UNOCHA partnership and the establishment of MoUs with individual governments, DP DHL's DRTs have become an integrated part of the internationally established humanitarian relief system. This allows for a more coordinated and timely activation of the firm's employee volunteers and thus ensures more effective disaster response and relief operations. It has also enabled the firm to prove its capability in disaster response and relief and to establish strong relationships with national authorities and governments.

Under DP DHL's 'Get Airports Ready for Disaster Programme' (GARD), DP DHL employees train local government employees and airport personnel to prepare them for times of disaster. These trainings are performed by a team of highly professional DHL aviation trainers at no charge. In three to four day workshops they analyse, together with the participants, how to rapidly increase the capacity of the airport in the event of an emergency.

Source: DP DHL<sup>38</sup> and APEC<sup>39</sup>

<sup>37</sup> The INSARAG network aims at coordinating between different international search and rescue teams that are available for deployment if countries experience devastating events, primarily earthquakes. Source: INSARAG, International Search and Rescue Advisory Group, n.d.: Background [online], <http://www.insarag.org/en/about/background.html> (accessed 08.10.13).

<sup>38</sup> DP DHL, Deutsche Post DHL, 2013a: Corporate Website [online], <http://www.dpdhl.com/en.html> (accessed 03.10.13).

DP DHL, Deutsche Post DHL, 2013b: Living Responsibility, GoHelp, Delivering Help [online], [http://www.dpdhl.com/content/dam/dpdhl/verantwortung/downloads/broschueren/GoHelp\\_eng\\_Ansicht.pdf](http://www.dpdhl.com/content/dam/dpdhl/verantwortung/downloads/broschueren/GoHelp_eng_Ansicht.pdf) (accessed 03.10.13).

<sup>39</sup> APEC, Asia-Pacific Economic Cooperation, 2010: Public-Private Partnerships and Disaster Resilience, Report from APEC Workshop on Public Private Partnerships and Disaster Resilience Bangkok 24-29 August, 2010 [online], [http://publications.apec.org/publication-detail.php?pub\\_id=1133](http://publications.apec.org/publication-detail.php?pub_id=1133) (accessed 03.10.13).



## 2. Leveraging business assets and networks

Companies from various industries have assets, networks and services crucial in the immediate aftermath of a disaster. This can include logistics and distribution networks for the dissemination of emergency supplies or earth-moving equipment to remove debris. Besides specialised equipment and services most companies in affected areas are also able to contribute company vehicles, office space, generators or communication technologies. To leverage these assets and networks effectively businesses need to engage with the humanitarian sector well before a disaster hits and ensure that contributions are delivered in a well-coordinated manner.

In a partnership with the Thai Red Cross Society, Coca-Cola used its business knowledge and leveraged its existing networks including more than 80 branches and over 3,000 Coca-Cola vehicles to deliver about four million bottles of drinking water and 200,000 meals to victims of the 2011 floods in Thailand. It had put in place a sophisticated preparedness programme to leverage its valuable networks. This partnership brought Coca-Cola public recognition and improved brand visibility through the donation and volunteer drive. The company ceased its product advertising and instead dedicated 119 TV spots, 840 radio spots and three print ads to the message 'Reunite to Relieve and Rebuild Thailand'. The aim of this advertising was to raise funds and recruit volunteers for the Thai Red Cross Society and Habitat for Humanity Thailand<sup>40</sup>.



© Malteser International, 2012

<sup>40</sup> Wentz L., Zmuda N., 2011: Marketers, Agencies Rally During Epic Thai Flooding, Ad Age Global [online], <http://adage.com/article/global-news/marketers-agencies-rally-epic-thai-flooding/230985/> (accessed 05.10.13).

Animasia Studio Sdn. Bhd. (Animasia), a major animation service provider in Malaysia, supported the school preparedness programme of MERCY Malaysia, a non-profit organisation. Characters of Animasia's popular television series 'Football Kidz' (Bola Kampung) were used as ambassadors in videos, posters, workbooks, flashcard games and boards for Mercy Malaysia's programme in primary and secondary schools. The School Preparedness Programme aimed at increasing capacity amongst primary and secondary schools to respond to disasters and establishing a culture of disaster preparedness. Due to the popularity of the 'Bola Kampung' characters, the newly designed materials are more appealing and captivating to school children, ultimately helping to reach a wider audience.<sup>41</sup>

Uni-President Corporation, manager of 7-ELEVEN chain stores in Taipei, worked with the Taipei Office of Disaster Management' to help provide better access to up-to-date information during emergencies in order to help townships' emergency response operations<sup>42</sup> in 2011/12. Cashier stations in over 4,800 retail stores in Taipei were equipped with LCD panels that could display and disseminate relevant emergency information, such as flood risks or real-time typhoon tracking information to customers. Additionally, staff at 7-ELEVEN stores reported their observations on water levels to the Water Resource Agency. The project has proven successful because customers were receptive to the real-time weather information. 7-ELEVEN has established a strong relationship with The Office of Disaster Management and Water Resources and additionally benefitted from increased sales of disposable raincoats and umbrellas when customers became aware of potential rain<sup>43</sup>.

<sup>41</sup> APEC, Asia-Pacific Economic Cooperation, 2013: New Approaches on Public Private Partnerships for Disaster Resilience, 2013/SOM1/EPWG003, Agenda Item: 5.7.

<sup>42</sup> Weisen L., Liang-Chun C., quoted in APEC, Asia-Pacific Economic Cooperation, p. 19, 2013: New Approaches on Public Private Partnerships for Disaster Resilience, 2013/SOM1/EPWG003, Agenda Item: 5.7.

<sup>43</sup> APEC, Asia-Pacific Economic Cooperation, p. 19, 2013: New Approaches on Public Private Partnerships for Disaster Resilience, 2013/SOM1/EPWG003, Agenda Item: 5.7.

### Disaster Resource Partnership Indonesia National Network: Facilitating multi-stakeholder efforts before disasters hit

The Disaster Resource Partnership (DRP) is a global alliance of Engineering and Construction (E&C) companies supported by the World Economic Forum. The alliance aims to promote 'cross-sector, professional, scalable and accountable humanitarian response to disasters that has the ability to meet growing demands to reduce suffering and save lives and that promotes an ongoing collaboration between the global humanitarian community, national governments and local E&C companies.'<sup>44</sup>

The DRP Indonesia National Network is one of three national networks through which the DRP works. Started in late 2012, it serves as a mechanism for establishing and coordinating a partnership between humanitarian organisations, the government and the private sector in Indonesia. The aim is to facilitate the coordinated engagement of E&C companies, before, during, and after natural disasters. To date, the DRP Indonesia National Network has ten member companies, including PT. PP (Persero), PT. Wijaya Karya (Persero), PT. Jaya Konstruksi Manggala Pratama, PT. Total Bangun Persada, PT. Tatamulia Nusantara Indah, PT. Waskita Karya, PT. Amec Berca Indonesia, PT. Balfour Beatty Sakti Indonesia, PT. Yodya Karya (Persero), and Davy Sukamta & Partners.

Through the platform, these companies provide services in the form of direct action, assets and local technical expertise within a certain radius of a disaster.

Government bodies involved in the DRP Indonesia National Network help to build capacity of the network's private sector members through training in disaster management and on relevant national policies and mechanisms. Government bodies include the Coordinating Ministry for People's Welfare, the National Agency for Disaster Management and the Crisis Management Centre of the Ministry of Health.

Civil society organisations (CSOs) and UN organisations enhance the network's understanding of humanitarian values and the need for accountability and build expertise in humanitarian response. So-called learning sessions provide the ground for the exchange of expertise and experience among member companies, CSOs and UN organisations.

Generally, private sector members of DRP national networks contribute to humanitarian response in various ways:

- **Direct action:** Member companies operating in the disaster affected location immediately engage in emergency relief such as distribution of food, water, medical supplies and non-food items.
- **Secondments:** Companies second individual staff members into NGOs or humanitarian agencies to enhance their capacities (usually when the company is not operating in the disaster affected area).
- **Local technical services:** Companies at a national level partner with local or national governments, academics or NGOs to provide technical assistance. This could include, for example, clearing debris, repairing critical infrastructure, damage assessment and design, project management and construction expertise.

After the 6.1 magnitude earthquake in Aceh, in July 2013, a team of experts drawn from three of the network's member companies<sup>45</sup> was deployed in coordination with key UN organisations and government departments. Coordinated by the Crisis Management Centre at the Indonesian Ministry of Health, the team conducted a damage assessment of community health facilities and general hospitals in the affected area. It also assessed local capacity for reconstruction such as capabilities of local builders, universities and vocational schools. This led to a training of local builders on construction quality and earthquake-resilient housing design and construction work together with the NGO Dompot Dhuafa and the NGO-led network Humanitarian Forum Indonesia.

<sup>44</sup> WEF, World Economic Forum, 2010: Engineering & Construction Disaster Resource Partnership, A New Private-Public Partnership Model for Disaster Response [online], [http://www3.weforum.org/docs/WEF\\_EN\\_DisasterResourcePartnership\\_Report\\_2010.pdf](http://www3.weforum.org/docs/WEF_EN_DisasterResourcePartnership_Report_2010.pdf) (accessed 05.10.13)

<sup>45</sup> These three companies included Balfour Beatty Sakti Indonesia, Total Bangun Persada and Amec Berca Indonesia

The DRP Indonesia National Network's team trained a group of 18 master builders and NGO personnel who subsequently passed on the new expertise as trainers in a programme for local builders.

Overall the team identified significant areas of improvement such as the need of increasing the number of safety personnel at health offices and hospitals, the enforcement of building codes and the need for a vocational engineering and construction school at district level. A subsequent coordination meeting involving UNOCHA, the National Agency for Disaster Management and other key humanitarian organisations facilitated the exchange of lessons learned from the Aceh earthquake.

Through the deployment of the DRP Indonesia National Network's team of experts in the aftermath of the Aceh earthquake the Ministry of Health gained information vital for the recovery and reconstruction of public health facilities. In addition local capacities for earthquake-resilient constructions were built. Corporate members of the network proved their capabilities, gained local knowledge and strengthened relationships with government departments and humanitarian organisations.

Source: APEC<sup>46</sup>, WEF<sup>47</sup>, and direct communication with DRP Indonesia National Platform<sup>48</sup>

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### 3. Supporting the adoption of new technologies and innovative solutions

Technologies play a crucial role in building community disaster preparedness as they can help identify disaster risks and vulnerabilities, disseminate early warnings and enable faster and more cohesive response and recovery. Opportunities to leverage technology to increase local capacity for effective response are numerous and include the whole range of low- to high-tech devices and equipment. In particular Information and Communication Technologies (ICTs) play a vital role in gathering risk information and disseminating early warnings. Mobile service providers, for example, can reach broad populations and provide users with emergency information via text messages.

Firms will need to have a good understanding of the challenges faced by emergency personnel on the ground and will have to be strategically engaged in their activities to be able to co-create innovative solutions for preparedness and response. Besides co-creation, business can also play a role in enabling the wider use of such solutions by help providing the necessary resources and building technical expertise.

Siam City Cement PLC. (SCCC), a leading cement manufacturer and distributor in Thailand, in partnership with academia and business partners, rebuilt a destroyed village based on a flood resistant village design in 2012. Elevated houses and boardwalks, improved sanitary facilities and the usage of SCCC's water-resistant fibre cement (conwoodbatten) helped provide 14 new houses in the Baan KlongSai Village in Maharaj District, Ayutthaya Province that was severely damaged by the floods in 2011<sup>49</sup>. The investment represented a departure from the firm's post-disaster donations to a more strategic engagement that not only offered opportunities to strengthen relationships with academia and business partners, but also to field-test the new type of cement.

<sup>46</sup> APEC, Asia-Pacific Economic Cooperation, 2013: New Approaches on Public Private Partnerships for Disaster Resilience, 2013/SOM1/EPWG003, Agenda Item: 5.7.

<sup>47</sup> WEF, World Economic Forum, 2010: Engineering & Construction Disaster Resource Partnership, A New Private-Public Partnership Model for Disaster Response [online], [http://www3.weforum.org/docs/WEF\\_EN\\_DisasterResourcePartnership\\_Report\\_2010.pdf](http://www3.weforum.org/docs/WEF_EN_DisasterResourcePartnership_Report_2010.pdf) (accessed 05.10.13)

<sup>48</sup> Rembeth, Victor, Personal communications (08.10.13), Project Manager, DRP Indonesia National Network.

<sup>49</sup> APEC, Asia-Pacific Economic Cooperation, 2013: New Approaches on Public Private Partnerships for Disaster Resilience, 2013/SOM1/EPWG003, Agenda Item: 5.7.



### **Visa Inc.: Advancing technological solutions for effective response**

Through the Cash Learning Partnership (CaLP) Visa is contributing its core expertise in electronic payment systems in supporting governments and NGOs to facilitate the delivery of aid payments to people affected by disasters and conflict.

CaLP is an inter-agency partnership initiative whose members include Oxfam GB, Save the Children, the British Red Cross, the Norwegian Refugee Council, and Action Against Hunger (ACF International). The initiative is focused on building capacity, sharing knowledge and promoting best practices around the use of cash transfers as a tool to support populations affected by disasters.

The ultimate goal of the electronic cash transfer programme involving Visa is to be able to distribute plastic cards, pre-loaded with a certain amount of local currency, to those affected by a disaster. The process is then supported by banks, local government, NGOs, donors and local merchants. The banks provide the cards and acquire the store merchants to accept them. Visa's role is to provide the electronic payment network to process and settle transactions made by those cards. The network connects all of the relevant parties in a transaction, i.e. card holders, merchants, acquirers, issuers, and mobile network operators.

Visa also works with partners to ensure ATMs are available in the area to which people are expected to move if a disaster strikes. At the same time the local government, having identified disaster-prone areas, will use their national identification or census system to understand which citizens are living in these areas. When the time comes the government can identify which households have been affected and can channel aid appropriately.

Through CaLP Visa has supported the implementation of electronic cash-transfer programmes in a number of crisis situations including natural disasters as well as political conflicts. One example of successful deployment of this solution comes from Pakistan. In 2009, fighting in the Northwest Frontier Province resulted in 1.5 million people fleeing their homes and seeking refuge elsewhere in the country.

Pakistan's National Identity Agency, working with Visa and United Bank Limited, loaded Visa Prepaid cards with funds of 25,000 rupees each (about 300USD), that could be used immediately. The partners installed terminals in local businesses to accept payment cards and helped displaced persons use their prepaid cards to buy food, medicine and other essential supplies. As a result of the program, more than 270,000 new bank accounts were created – a first step to enabling these citizens to gain access to secure financial services and benefit from financial inclusion.

Visa also supported the "Citi ACF International: Action Against Hunger Prepaid Card", a partnership project between Citi Bank and ACF International. The partnership helped disburse emergency aid in the aftermath of the 2011 Tropical Storm 'Sendong' in the Philippines. A customised prepaid card solution ensured that emergency aid provided to over 2,000 affected families was used exclusively to purchase food items and that there was no misappropriation of funds. The 'closed-looped' payment system was developed and implemented within two weeks and, with an acceptance rate of issued cards of 100 per cent, funds reached families in need within one month after the storm.

Cash-transfers are becoming an increasingly accepted alternative to the provision of physical goods for meeting basic needs of affected individuals and households in the aftermath of a disaster. When local markets are operational and goods available, cash-transfers can be more efficient than in-kind goods as they allow beneficiaries to choose goods most appropriate to their needs, and they do not require large logistical networks for transport, storage and distribution. In addition they can help local markets recover as they inject cash and stimulate local purchases.

Cash transfers by means of electronic payment systems have the potential to provide more efficient and reliable delivery of cash payments than manual cash-in-envelope systems. They can enable improved security for staff and recipients, reduce leakage, improve reconciliation and control of expenditure, allow for greater speed and efficiency of transfers, and reduce costs for the agency and recipient.

Most importantly, they have the potential to support the financial inclusion of poor people. If beneficiaries are supported in continuing the use of payment systems after the closure of the humanitarian response programme, e-payment cash transfer systems can provide the poor with the opportunity to save money safely, ultimately increasing their financial well-being. This can in return reduce the vulnerability of households toward future impacts of disasters. While in some cases bank accounts were set-up following the provision of pre-paid cards in emergency response situations, it is still unclear to what extent this correlates with poor households. However, pilot programmes are being formed now that include the promotion of financial savings as a key project component.

To deploy electronic cash-transfer programmes as an effective tool in disaster relief efforts, capacities need to be built well in advance of a disaster and the involvement of multiple stakeholders needs to be coordinated. It requires the use of 'pre-engagement' agreements to ensure assets and services are provided on demand, as soon as a disaster hits.

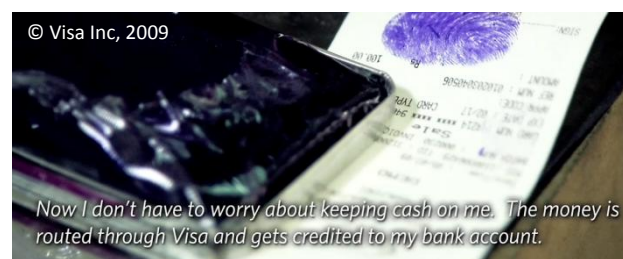
Many challenges remain to be tackled before electronic payments can be systematically adopted in emergency response but their potential value for timely and efficient delivery of relief funds to affected populations is increasingly recognised. There is great interest and need in the humanitarian sector for the application of technology to enable greater scale, efficiency and effectiveness. Businesses play a vital role in supporting the development and systematic adoption of technological systems and solutions in the humanitarian sector. Many times, such engagements can also lead to significant commercial opportunities.

Source: Visa<sup>50</sup>, Poisson<sup>51</sup>, Smith et al.<sup>52</sup>, Bailey et al.<sup>53</sup>, and Dumlao<sup>54</sup>.

#### 4. Helping to advance advocacy efforts

Business is well positioned to help influence government policy on disaster preparedness and more generally disaster risk management at local, national, and regional levels. There is a need to advance policies, regulations, and programmes that help identify and reduce disaster risks and build capacity for disaster response. To date, disaster risks are not sufficiently integrated into public policies and decision-making processes. This leaves business investments in the region exposed to disaster impacts. For example this is the case when risks from seasonal floods are not considered in land use and urban planning or when building codes are not enforced. But there are also underlying drivers of risks related to environmental degradation, local conflicts, climate change, poverty and inequality. These key societal challenges often exacerbate impacts of disasters.

There is also a role to play for business helping to empower vulnerable communities and make sure that their views, concerns and aspirations are listened to by those who make decisions on their behalf (e.g. governments). Businesses have resources, human capital, expertise and relationships that can significantly advance advocacy efforts. The main focus of advocacy efforts is likely to involve engagement with governments and related public institutions. It is important for both businesses and governments to recognise that reducing disaster risks through preparedness initiatives presents a win-win situation for both parties.



humanitarian-aid/flood-relief-in-the-philippines.shtml (accessed 03.10.13).

<sup>51</sup> Poisson G., 2011: Cash Transfer Programming in Emergencies, Cash Transfer Mechanisms and Disaster Preparedness in the Philippines, UK: The Cash Learning Partnership (CaLP).

<sup>52</sup> Smith G., Macaulan I., Butters S., Tromme M., 2011: New Technology Enhancing Humanitarian Cash and Voucher Programming, UK: The Cash Learning Partnership (CaLP).

<sup>53</sup> Bailey S., Savage K., O'Callaghan S., 2008: Cash transfers in emergencies, A synthesis of World Vision's experience and learning, UK: Humanitarian Policy Group.

<sup>54</sup> Dumlao D. C., 2013: Prepaid card hatched to aid 'Sendong' victims wins global award [online], <http://business.inquirer.net/127563/prepaid-card-hatched-to-aid-sendong-victims-wins-global-award> (accessed 10.10.13).

<sup>50</sup> Visa, 2011: Visa and Leading Humanitarian Aid Organizations Partner to Improve Speed and Efficiency of Relief Payments in Times of Disaster Partnership to develop emergency preparedness for cash transfers, starting in the Philippines [online], <http://pressreleases.visa.com/phoenix.zhtml?c=215693&p=irol-newsarticlePR&ID=1529516&highlight=> (accessed 03.10.13).  
 Visa, 2013: Corporate Responsibility: Flood Relief in the Philippines [online], <http://corporate.visa.com/corporate-responsibility/>

When business is interrupted, skilled workers may leave, market share may be lost to competitors, relationships with key suppliers and partners may be severed and confidence and reputation may be eroded<sup>55</sup>. This can ultimately affect local economies.

Advocacy can extend beyond relationships with governments. Companies can influence consumer awareness and the wider public, as part of their broader communications and marketing campaigns. Recent years have, for example, seen success in corporate advocacy for 'green' environmental awareness. Disaster risk awareness, however, rarely features in consumer decisions and messages to the general public. Corporate advocacy could highlight this very important topic.



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### Opportunities to influence national and international discussions and processes

International efforts to formulate a new framework for disaster risk reduction are intensifying with the current 10-year Hyogo Framework for Action (HFA)<sup>56</sup> approaching its end in 2015. The constructive engagement of businesses has gained new momentum and mechanisms have been set-up to channel private sector views into the formulation of a post-2015 framework, commonly called HFA-2. Consultations and studies are helping explore the role of the private sector and address key issues to be included in the new framework to ensure active engagement of businesses under HFA-2.

The UN Office for Disaster Risk Reduction (UNISDR), for example, has created the Disaster Risk Reduction Private Sector Partnership (DRR-PSP) Working Group and the Private Sector Advisory Group (PSAG). Through these mechanisms businesses can contribute to UN-led processes such as the Global Platform for Disaster Risk

Reduction, which is the primary gathering for the world's disaster risk community mandated by the UN General Assembly.

There are also a number of industry-specific networks. At international level, the UN-led International Telecommunication Union (ITU) convenes governments and ICT businesses to address a wide-range of issues including climate change and emergency communications.

A successful example at national level includes the Disaster Resource Partnership Indonesia National Platform that brings together engineering and construction companies and national and local government departments (see case study on page 17).

Businesses with a proven commitment will find manifold opportunities to engage in and influence disaster-related discussions and processes at global, regional, national and local levels.

<sup>55</sup> UNISDR, United Nations Office for Disaster Risk Reduction, 2013b: Terminology [online], <http://www.unisdr.org/we/inform/terminology> (accessed 25.09.13).

<sup>56</sup> The Hyogo Framework for Action outlines five priorities for action, and offers guiding principles and practical means for achieving disaster resilience with the ultimate goal to substantially reduce disaster losses by 2015. It was developed and agreed on with all actors in the disaster risk reduction field bringing them into a common system of coordination.

Source: United Nations Office for Disaster Risk Reduction (UNISDR), 2013: Hyogo Framework for Action (HFA) [online], <http://www.unisdr.org/we/coordinate/hfa> (accessed 08.10.13).



## RECOMMENDATIONS FOR STRATEGIC ENGAGEMENT

Throughout Asia-Pacific, particularly within the Southeast-Asian region, there is a trend of national governments refraining from issuing generalised, public appeals for assistance in the aftermath of a disaster. Instead the new preferred approach is to accept specific offers, targeted to meet particular gaps in national capacity<sup>57</sup>. This trend provides a great opportunity for businesses with locally established networks and knowledge to play a more strategic role in disaster preparedness efforts. Businesses that seek to distinguish themselves will have to demonstrate a long-term relationship with local communities and the ability to build capacity and capabilities for disaster preparedness.

Elements of strategic business engagement for disaster preparedness at community level will include:

### 1. Collaborating for greater impact

- Partnering with NGOs, governments and other institutions that already play a vital role in building disaster preparedness of communities.
- Helping pool resources and skills needed to make sure contributions are coordinated and put to best use.

### 2. Making community-based disaster preparedness an important pillar of your business' community investment programme

- Leveraging existing community investment initiatives to help address community needs for disaster preparedness, e.g. broadening involvement in disaster response and relief efforts to include preparedness concerns.
- Examining pockets of extreme vulnerability that may exist within communities and addressing the underlying reasons for that vulnerability.

### 3. Helping enhance the capacity and capabilities of local government and non-governmental organisations

- Investing in the development of local skills associated with disaster preparedness.
- Particularly, leveraging employee skills and expertise in providing training for organisations that are active 'on the ground'.
- Contributing assets, logistics, and networks to help meet gaps in national capabilities.

### 4. Involving communities and leveraging their capacity and capabilities

- Engaging with the communities to understand their needs, concerns and aspirations.
- Engaging the community as an active partner and supporting them to take responsibility for preparedness and response.
- Helping address overlooked or unmet community needs, such as the needs of children and women, and actively involving vulnerable groups.
- Looking beyond risks posed by potential disaster hazards in order to understand the underlying reasons for vulnerability.



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<sup>57</sup> Save the Children, 2013: Localising the Humanitarian Toolkit: Lessons from Recent Philippines Disasters, Australia: Save the Children.

**5. Aiming to co-create solutions and create shared value through commercial activities in the community**

- Working alongside local businesses to prepare for disasters and putting mechanisms in place that help to provide essential goods and services needed when a disaster hits.
- Co-creating commercially viable products and services that can reduce disaster losses and damages or make responses more efficient and effective.

**6. Becoming more risk-aware in business investments**

- Ensuring that when entering markets, disaster risks are considered in decision-making and investing in appropriate disaster preparedness measures.
- Creating community support for new investments that provide support for local people to engage in disaster preparedness activities.

**7. Creating an inclusive value chain for disaster preparedness**

- Helping to create skills and knowledge about disaster preparedness along the value chain, addressing means of risk for businesses and communities.
- Strengthening MSMEs in the business's value chain through contracts, skills development and employment.

**8. Helping promote the need for disaster preparedness and advocating for better enforcement of disaster risk-related policies and practices**

- Engaging with important stakeholders and decision-makers in promoting the role of disaster preparedness.
- Engaging in and supporting public policy developments that can help make communities more prepared for disasters.
- Advocating change to current structures that hinder disaster preparedness programmes.

**9. Engaging in coordination mechanisms and sharing best practices and lessons learned**

- Creating networks of best practice and sharing experiences associated with disaster preparedness at a community level.
- Creating leadership opportunities for the private sector to work together on disaster preparedness initiatives.
- Engaging in established international and national coordination mechanisms for disaster response to ensure business contributions are requested in times needed and put to best use.

**10. Creating a vision for the future**

- Think beyond traditional modes of engagement and create innovative collaborative efforts between a wider range of stakeholders.
- Build awareness of disaster risks and community needs within businesses and demonstrate the business case for involvement in disaster preparedness initiatives.



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## A Vision for the Future

With this paper, we hope to build a vision for the future which means developing and supporting resilient and prepared communities who can respond to disasters on a local level in conjunction with businesses, government and relief organisations working in partnership. This can be realised if the recommendations in this paper are taken into account by businesses working with the most vulnerable communities.

Although it is not possible to avoid natural disasters altogether, it is possible to reduce the risk and help local communities to prepare to respond effectively, in turn reducing the lives lost and economic impacts. An emphasis on helping poor and vulnerable communities is an important part of the development agenda.

Working alongside local communities and in partnership with civil society, governments and the private sector, businesses can enable a more proactive stance to disaster preparedness, ensuring that response and relief is more efficient and effective. An investment of resources and time into such efforts will be rewarded through positive reputational – and ultimately operational - impacts.

The disaster preparedness approach advocated in this paper puts particular emphasis on vulnerable communities and communities that for various reasons lack the capabilities and capacity to deal with disaster situations. By working with such communities, businesses can help to save lives, build resilience and simultaneously address the underlying reason for vulnerability.

Our vision of getting more businesses involved in disaster preparedness activities is achievable and this paper lays out the business case for such involvement. We can work together on disaster preparedness initiatives that will make a change to those people and communities that are impacted first and worst when disaster strikes. Disaster preparedness initiatives are quite simply good for business and good for communities.



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## **ABOUT PRUDENCE FOUNDATION**

In 2011, Prudential established the Prudence Foundation to further drive its efforts in giving back to the communities in which it operates, building on its long-standing commitment to corporate responsibility. The Foundation provides a unified charitable platform for bringing Prudential's regional community activities to a new level of strategic alignment, maximising the impact of its efforts across Asia.

Through programmes that span financial literacy for women and children, partnerships in disaster preparedness, volunteering efforts around disaster relief and educational initiatives, the Prudence Foundation embodies the long-term and heartfelt commitment of Prudential's people in Asia to provide innovative, focused, and practical support to their local communities. Its mission is to make a lasting contribution to Asian societies through sustainable initiatives focused on Education, Children and Disaster Preparedness & Relief.

## **ABOUT CSR ASIA**

CSR Asia builds capacity and promotes awareness of corporate social responsibility (CSR) in order to advance sustainable development across Asia. Through our expanding global presence and our team of specialists, we provide cutting-edge research, strategy advisory, networking and executive education services with an informed understanding of evolving CSR issues on the ground. Our offices in Hong Kong, Malaysia, Thailand, Japan, Singapore, Australia and the United Kingdom and our partnerships in Vietnam, Bangladesh and Indonesia, contribute to tackling the sustainability challenges facing the region.

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### **Front picture:**

Local communities in West Papua studying disaster prone areas.

Photo credits: Malteser International

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