BUSINESS COUNCIL FOR THE UNITED NATIONS

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Creating Risk-Resilient Communities: New Challenges and New Solutions

For photos of this event click here

In an increasingly interconnected world, consequences of natural disasters have a profound impact on national economies and societies worldwide. The risks—and the consequences—are shared. The Business Council of the United Nations, with support from **PwC**, brought together Ambassadors and other members of United Nations permanent missions, private sector leaders, and representatives from UN agencies and NGOs Wednesday, May 21 in Manhattan to explore ways the public and private sectors can collaborate to build risk-resilient communities and economies. Moderated by Oz Ozturk, a partner in PwC Advisory, the multi-sector panel, including Ambassador Karel J.G. van Oosterom of the Netherlands, Lori J. Bertman of the **Irene W. and C.B. Pennington Family Foundation**, Nick Dunlop from **Willis Group**, Sebastien Penzini from **UNISDR**, and Scott Williams from PwC, explored the new challenges and innovative new solutions for creating risk-resilient communities.

Ambassador Karel J.G. van Oosterom, Permanent Representative of the Permanent Mission of the Kingdom of the Netherlands to the UN
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Scott Williams, PwC Advisory Director *www.deutschphoto.com*

In his keynote remarks, Ambassador van Oosterom**, Permanent Representative of the Netherlands to the United Nations**, highlighted the importance of multi-stakeholder partnerships in effective disaster preparedness. “When we involve all of our society in disaster preparedness, we also need the private sector,” he said. He called on examples from the Netherlands, where water management has been effectively separated from the government’s finances and management. The Netherlands’ water boards, a separate authority for water management, are free from federal or local government control and even have their own funding sources.

Disaster frequency is increasing and, as Ozturk said, factors like GDP shifts, urban migration and ageing populations are only exacerbating the effects, compounding the impact these events have on global communities. When it comes to reducing and managing disaster risk, there is a direct correlation between doing the right thing at the front of the loss and making a sustainable recovery said Dunlop, Managing Director at Willis Group. People and companies need to be encouraged to be proactive before a disaster event takes place, not only because it is better for recovery, but also because it is a smarter investment. In fact, citing statistics from the 2013 UN Global Assessment Report for Disaster Risk Reduction, UNISDR program officer Sebastien Penzini noted that the private sector invests an estimated $80 trillion each year. Of that, they suffer an estimated $180 billion in yearly losses from just cyclones and earthquakes alone. It is figures like those that highlight the benefits of disaster risk management and a forward thinking, risk-resilient approach to investment.

The private sector, Dunlop noted, has a great deal of experience with disaster risk and data to be shared. Governments, and people, could potentially be in a position to make better risk decisions if armed with that knowledge. These private sector capabilities, and the possibility for cross-cutting and cross-sector collaboration, are the drivers behind the R!SE Initiative launched by UNISDR May 19, 2014. The R!SE initiative brings together leading names in business, investment, insurance, the public sector, business education and civil society to develop and promote global standards on risk metrics and voluntary industry standards for disaster risk-sensitive investment following ten years of record-breaking economic losses and disruption. This new partnership, comprised of PwC, The Economist Intelligence Unit, Florida International University, Principles for Responsible Investment, AECOM and Willis, follows on a statement by the UN Secretary-General Ban Ki-moon that “economic losses are out of control and can only be reduced in partnership with the private sector.”

Sebastien Penzini - UNISDR; Scott Williams - PwC Advisory Director; Ambassador Oosterom *www.deutschphoto.com*

The public and private sectors need to “speak the same language,” and break down boundaries by working together, said Williams, PwC Advisory Director leading PwC’s involvement. “Lack of prevention and preparation is similar all over the world.” Many private companies are actually ill-equipped to deal with risks deep in their supply chains, Williams said, and there is a lack of understanding in the “narrowness” of these supply chains at certain points. He used Louisiana as an example—where the automobile sector suffered losses because small parts were unavailable as a result of the Great East Japan Earthquake and Tsunami.

That Louisiana is the number one risk state in the United States is no surprise to those that remember Hurricane Katrina and the still-present ramifications. Bertman, president and CEO of the Louisiana-based Irene W. and C.B. Pennington Foundation, found that in the midst of post-Katrina chaos, “philanthropy was the one working actor funding source,” namely because they already had the partnerships in place. She talked about the importance of partnerships in mitigation and protection—partnerships that must be in place prior to the disaster event. "There's an eight week window after disasters [when donors give] and after that, it's radio silence," Bertman said.

After a disaster event there's often talk about lessons learned, but implementing those lessons to make changes for the future is difficult to execute. Philanthropy, Bertman said, has the agility and flexibility to fill that gap between learned lessons and implementation and to act as a connector with the ability to, "lead large groups of bureaucratic agencies to their actions."

Tangible Earth demonstration, the world's first interactive digital globe *www.deutschphoto.com*

Among the new challenges discussed with participants in the audience were countries' absorptive capacity for aid and relief, political will and barriers for disaster preparedness, building grassroots mobilization and defining responsibilities and new regulations. Often, there is the will to provide assistance but there is no political capacity in local governments to absorb it effectively.

Ambassador van Oosterom named political barriers as an important obstacle in disaster preparedness. Preparation costs money which requires politicians, on generally short election cycles, to raise taxes and reprioritize their agendas for an event that some feel may not even happen during their term. "We need to see it [disasters] as annualized risk...start thinking that it could happen every year," he said. Dunlop added that the very nature of the political system, with constant elections, changing governments and changing priorities, makes it difficult to keep preparedness at the forefront. We need to find ways to "keep the pot boiling," he said. However, panelists were in agreement that mitigation won't mean much if you can't motivate communities to prepare themselves, as well.

To ensure preparedness and risk sensitivity are at the forefront of future planning and management, it will be important to understand the challenges in transitioning risk-management from a historical approach to a forward-looking, proactive approach. It is evident that disaster frequency is increasing and collaborative action is needed now more than ever to help prepare governments, companies and communities and to forge compelling commitments to disaster-risk sensitive investments.

Following the panel discussion guests were invited to view a demonstration of The Tangible Earth, an interactive globe developed by the Earth Literacy Program that can display real-time weather patterns, variations in climate, global warming progressions and even biodiversity.

By Elizabeth Tomaselli, Communications and Events Intern, United Nations Foundation

BCUN advances the common interests of the UN and the business community working toward a healthier, prosperous and secure world. BCUN provides members with unique opportunities to engage with the United Nations and its extended network of organizations and country representatives working in areas of interest to them and their companies. For over five decades, members have counted on BCUN to serve as their essential link to the United Nations.

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