

The Shared Value of Preparedness: Building Global Stakeholder Engagement for Disaster Risk Reduction

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Globalization has not only led to extraordinary advances, but it has also created a vast network of dependencies in addition to a greater risk profile for all stakeholders. Crises that occur on one side of the world can directly impact an organization on the other side. How are practitioners around the globe addressing incremental and complex interdependencies between organizations – as well as emerging risks? Which risks exist across borders and markets, and how can that knowledge be utilized to gain strategic advantage?

Responsibility for mitigating risks lies between the public and private sectors. After a high-profile event, there is a short window of opportunity in which there is broad public support for change; from international organizations down to communities, building partnerships for preparedness is essential.

Economic Development Derailed?

Last year's edition of *Disaster Resource GUIDE* highlighted specific events of the last decade – from the terrorist attack on the World Trade Center on September 11, 2001, to the Haiti Earthquake on January 12, 2010, to the Great Eastern Earthquake and Tsunami in Japan on March 11, 2011.

This decade looks to be no safer. Last year, Superstorm Sandy wreaked havoc on the United States' economy in its devastating climb up the Eastern seaboard. Reconstruction will be expensive, but there are relatively strong systems in the developed world to facilitate the rebuilding process. It is the developing world, where available resources fall short of daily needs, that is most at risk. These societies have less capital to invest in resilience and are far less prepared for contingencies. This lack of preparedness is a systemic risk that can derail economic development.

Challenges to Emerging Markets

Vulnerability and instability are expected to pose more challenges in emerging markets than in industrialized democracies. Myriad geopolitical challenges must be addressed in order for emerging markets to enjoy sustainable growth.

Urbanization is rapidly increasing throughout the world, and urban crowding leads to mass tragedy when a high-impact weather event occurs. Coastal megacities in emerging markets are particularly at risk, both from rising sea levels and increasingly destructive storms. Vulnerable populations in South Asia and Sub-Saharan Africa live in unsustainable conditions, often in flood-prone areas with inadequate waste management facilities. Flooding in manufacturing hubs such as Guangzhou, China and Bangkok, Thailand has repercussions for interconnected supply chains around the world.

City residents are not the only ones at risk. Rural areas are faced with a different threat from climate change. Global agricultural systems consist of a complex group of actors. On the micro-level, subsistence farmers and smallholder farms are under constant threat because the loss of a single harvest can lead to the demise of their livelihoods, while industrial farms are impacted by a variety of climate-related threats including droughts, floods, cold spells, and disease.

Despite increasing problems, forecasters still presume normal weather conditions in macro-level risk models for the coming decade. This strategy fails to adequately predict the immensity of geopolitical consequences. Disruptions in agricultural systems could lead to global food scarcity and rising prices. This poses a threat to food security, but also feeds political unrest as widespread hunger, particularly when paired with entrenched unemployment, often leads to political instability.

Political Risk and Market Outcomes

Citizens everywhere have increasing access to information that enables them to compare their lot to that of others around the world. Large economies governed by regimes unaccustomed to scrutiny, such as Russia, China, and Iran, are scrambling to block access to incendiary information that could lead

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to greater demands from their people. The Internet, and particularly social media, has made it more difficult for oppressive regimes to control their citizens and tame unrest. It has made it more difficult to deny accountability for disasters like food shortages, building collapses, and weather-related incidents. This trend is good for the long-term objectives of promoting transparency, freedom, and public safety, but poses innumerable risks in the short-term for any organization doing business in or with an affected country.

Political risk has a distinct influence on market outcomes as business is affected by increased instability. Large private sector organizations have always been on the leading edge of preparedness, although they are not always on the leading edge of sustainability.

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The development and professionalization of the discipline of business continuity is the private sector's chosen method of risk reduction and could become an important part of the general movement for sustainability. Business continuity helps companies address dramatic large-scale disasters and macro-level risks, but it also aids the critical yet mundane activity of running a lean business. Business continuity helps uncover alternate ways of accomplishing objectives and promotes a strategically flexible culture. An organization should aim to be nimble in the face of any contingency, no matter the size.

A Framework for Resilience

Given the number of recent high-profile incidents, policymakers are attempting to set an international framework for resilience. The United Nations released the latest Global Assessment Report on Disaster Risk Reduction in May of 2013. This is the third inception of the report, but its focus is on private sector engagement and has suitably been titled, "From Shared Risk to Shared Value: The Business Case for Disaster Risk Reduction." The report is an

attempt at pursuing the noble cause of reducing disaster vulnerability with the pragmatic strategy of partnering with business. This is sensible and should be supported. However, it is important that the United Nations International Strategy for Disaster Reduction secretariat (UNISDR) seeks to engage and learn from those organizations that have been successfully implementing these strategies for years and incorporates proven models.

To bring visibility to the agenda of disaster risk reduction, the personnel at UNISDR should also aim for inclusion in the next round of the Millennium Development Goals (MDGs) put forth by the United Nations. The MDGs were envisioned in 2000 to end poverty and other obstacles to development and are now nearing their target completion date of 2015. The next slate of goals will be drafted soon, prompting conversations about the optimal path to economic development. Adding resilience as an essential milestone for development is imperative to protecting our global systems.

Partnering with private sector organizations to provide technical assistance and leadership for resilience will provide

a framework for success. Writing policy is inevitably a slow business and trails industry execution. It is essential that policymakers not work in a silo, but rather use those individuals and organizations with experience in the field as a resource.

Globalization has led to an era of unprecedented interconnectedness that is filled with opportunity and promise. Economic development is occurring at a rapid pace and bringing millions out of poverty. This progress can neither be claimed as the achievement of the public sector nor that of the private sector. Rather it is the efforts of both sectors working in tandem that creates an environment for individual growth and accomplishment. If the public and private sectors can collaborate to design holistic preparedness, it is possible that the recent progress toward global economic prosperity will not backslide with the next big storm.

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