



Global Facility
for Disaster Reduction
and Recovery

Dialogue on Private- Public Partnerships for Disaster Risk Reduction

*Meeting Report, February 22nd, 2007
Washington D.C., USA*



International Strategy
IFDR
for Disaster Reduction



World Bank

PENGUMUMAN

DI BERUMAH KAPALAN SD LURUH ANAK YATIM / PEJABU
DESA BUNGUR SD KUBUR JAMBAT NEMOFITAB, ULANG DAN
MUNGKUN BELANGUN DI KANTOR KEPALA DESA BELANGUR
CU. MAJU, KAMPUS BERUMAH KAPALAN, SD SETIAP HARI
PADA

ATASNYA, LAMBATNYA 25 MERTING

UNDUKAN PENGUMUMAN DI ATAS PERHATINYA
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Background

OVERVIEW

On February 22nd, 2007, about 70 professionals from the private sector and the development community met at the World Bank Headquarters in Washington, D.C. to explore the opportunities and challenges for developing Private-Public Partnerships (PPPs) for Disaster Risk Reduction (DRR). This dialogue was organised under the auspices of the World Bank's new Global Facility for Disaster Reduction and Recovery (GFDRR) in partnership with the United Nation's International Strategy for Disaster Reduction (ISDR) and the World Economic Forum (WEF).

The report captures the key elements of the dialogue as well as the key results arising from these discussions. The action plan based on the outcomes of the meeting is provided in Annex I, agenda of the dialogue is reproduced in Annex II and a list of participants can be found in Annex III. The associated website for this PPP dialogue is hosted by the World Bank and can be found on the GFDRR site at <http://www.worldbank.org/hazards/gfdr>. It contains PDF copies of the background paper and all major presentations.

BACKGROUND

The *Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters* (HFA) was adopted by 168 countries at the UN World Conference on Disaster Reduction in January 2005 to galvanize international and national efforts to reduce vulnerability to natural hazards. The HFA is the global commitment to disaster risk reduction offering a strategic framework for multi-stakeholder engagement. The private sector as a major driver of economic growth is a natural partner of public institutions in this global campaign. Safety of people and property is one of the main responsibilities of any government. At the same time, business could not thrive in the society that fails. Therefore, private and public partners have a strong mutual interest to make communities and businesses disaster resilient.

Under the HFA, promoting PPPs is one of the important strategies for promoting and implementing risk mitigation and risk financing in high-risk countries. The GFDRR – the World Bank’s new global partnership that aims to boost national, regional and global capacities to reduce disaster risk, particularly in low and middle income countries – is supporting joint efforts of ISDR, the WEF and the World Bank to foster PPPs at all levels.

GOAL

The goal of the one-day dialogue held at the World Bank Group headquarters in Washington, D.C. on February 22nd, 2007 was to **identify opportunities and incentives for PPPs**, learn from past experiences, exchange good practices and agree on specific actions to scale-up PPPs in DRR.

Proceedings

The meeting began with the introductory remarks from **Mr. Laszlo Lovei**, Director, Finance, Economics, and Urban Department, World Bank. He noted that the World Bank addressed the issue of corporate engagement in DRR for the first time and especially welcomed participation of the private sector partners to the PPP Dialogue.

Mr. Salvano Briceno, Director, UN/ISDR Secretariat, outlined the history of the disaster risk reduction agenda, which led to the establishment of the HFA. To support the business case for the private sector, he noted that the average cost-benefit ratio of preventive measures in disaster risk reduction is 1 to 4: one dollar spent before disaster saves 4 to 5 dollars after disaster, as was recently confirmed by the multi-year study undertaken by the Multihazard Mitigation Council of the National Institute of Building Sciences, based in the USA (www.nibs.org/MMC/mmchome.html).

Mr. Briceno suggested the private sector could contribute to the HFA implementation in each of its five priority areas by:

- Participating in national platforms and strategy development, support development of professional certification bodies to set standards for DRR;
- Conducting joint risk assessments with local and national authorities for infrastructure investment and public utilities, dissemination of early warnings to the 'last mile', telecommunications, SMS;
- Using supply chains and advertisement campaigns to pass the DRR messages;
- Using private sector business continuity plans and risk mitigation actions through PPPs could contribute to DRR in various sectors (health, environment, tourism, construction, etc.)
- Participation in community contingency planning and drills to strengthen disaster preparedness for effective response.

Mr. Briceno noted that since the launch of the ISDR in 2000, it was engaged with the private sector companies, such as Munich Re. He welcomed the opportunity to strengthen private sector engagement in DRR and invited strong private sector participation at the upcoming Global Platform for ISDR meeting on June 5–7, 2007

in Geneva, Switzerland as well as at the country level risk reduction dialogues that could take into account the following points:

- Identify the rationale for public-private partnerships (PPPs) in risk reduction in terms of business continuity in face of hazard impact as well as corporate social responsibility (CSR);
- Identify key ingredients for successful PPPs, which is indicated by additional private investment in making critical infrastructure, such as public utilities, disaster resilient;
- Contribute to developing predictable policies, over a longer time frame, which provide incentives for PPPs, in the form of taxes, fiscal incentives, political and media coverage; and
- Identify practical measures and processes for involving national and local businesses and their associations in win-win DRR opportunities.

Ms. Katherine Sierra, Vice President for Sustainable Development, World Bank, thanked Mr. Briceno for the ISDR support to this important initiative and presented a joint **World Bank – Columbia University hotspots study that guides the Bank on how to identify priorities based on exposure of people and communities to natural hazards.**

Ms. Sierra explained that the World Bank together with the UN system launched the GFDRR to get knowledge and effective DRR strategies into place. She welcomed participation of the **U.S. Department of Homeland Security and the World Economic Forum** and highlighted importance of the private sector involvement from the early days of GFDRR.

Ms. Sierra described work underway on **developing catastrophic risk transfer mechanisms, building on experiences from Turkey, the Caribbean and emphasized the importance for the World Bank to partner with the insurance industry to establish such mechanisms and then spin them off to the private sector.** The World Bank is also working with the **International Finance Corporation (IFC)** on a global index facility to put into place private capital for index-based insurance schemes. In support of this work, the business case risk assessment is carried out.

The World Bank's internal efforts of building DRR into its programmes are not sufficient and the Bank is now taking this matter very seriously. Approximately 20–40% of

World Bank loans are vulnerable to disaster risks and not enough attention has been given to this and there is a need to build some screening tools, address land use issues, and integrate disaster reduction into the World Bank's appraisal methodologies.

In GFDRR, there is a plan to have a dedicated window for PPPs that could provide seed funding to move PPPs into action. Using the hotspots approach, GFDRR is starting operation in 5 countries: Mozambique, Malawi, Nepal, Nicaragua, and Vietnam under the leadership of Mr. Saroj Kumar Jha, who was just confirmed as the new GFDRR program manager.

Mr. Richard Samans, Managing Director, WEF, acknowledged the importance of working with ISDR and the World Bank as partners for this joint effort that also engage private sector members of the WEF. He explained that the WEF is a non-for-profit forum that brings large multi-nationals together for a dialogue and more sustained engagement with other stakeholders. Over the last 7 years the WEF has learned some lessons about PPPs.

First, for PPPs to work, one needs to explain the economic case (not the business case) for private sector actors. Second, for PPPs to work effectively, companies should tap their core business competencies. What assets (tangible or intangible) companies could bring to address the issue and how can they do so. It is important to talk to business in their terms and not to look for a cheque or a CSR response.

Currently WEF is active in two aspects of disaster management. First, the logistics and transport industries are coming together in a collective strategy to make assets available for the relief operations. Second, the engineering and construction industries within a WEF Disaster Resource Network are bringing regional or national organisations together. The focus on DRR is now emerging as a third potential work stream.

To support DRR, WEF used some regional platforms and the meeting in the U.S. to engage private sector partners. WEF is making these platforms available to ISDR and the World Bank to help the international community engage with the private sector. This activity is anchored in the insurance and reinsurance industry that clearly see a business case and not just an economic case for DRR. WEF, however, also plans to expand to other sectors that see an economic case and also have some clear competencies to engage. This will create a bit of a demonstration effect in this area.

Finally, regarding the World Bank's new disaster facility, it is important for WEF and others to council the private sector that PPPs mean pooled resources. PPPs are more than a contractual relationship; a real PPP blends the resources and competencies of the private sector with those of the public sector. It does this to get the job done more efficiently. Therefore, we need to help the World Bank think about how best to use public funds from the new facility to mobilise PPPs.

Mr. George Foresman, Under Secretary for Preparedness, U.S. Government Department of Homeland Security, opened his address with a statement of appreciation for the opportunity to contribute to this collaborative dialogue.

In the U.S. Department of Homeland Security, the DRR issue is being taken seriously. A first influential event was the "Y2K" issue at the end of 1990s. It helped to understand better the global interdependencies across both the public and the private sector and to develop strategies. A second key event was 9/11. It affected only 60 acres and killed only 3,000 people, but it had a major ripple effect throughout U.S. society and a major economic impact around the world. 9/11 contributed significantly to better understanding of risk on a global level. A third major event was the Asian Tsunami, which underscored the impact of disasters on developing nations, and stimulated a global response. A fourth was Hurricane Katrina – the major natural disaster ever in the U.S. Though much was accomplished with the safe evacuation of 1.3 million people, the hurricane revealed serious inabilities to coordinate between levels of government and with the private sector. Also, the impact of Hurricane Katrina on oil production in nearby Houston, Texas was massive and the ripple effects were felt across the country. Gas prices went up, there were logistical impacts, and so on.

These experiences have demonstrated a clear case for better protection of the nation's critical infrastructure. Importantly, decisions in the U.S. have global impacts and global decisions have U.S. impacts. Whether these are public or private policies, they must come together at the international level. Also many economic sectors in the U.S. are international in scope, taking into account ownership, footprint and laws that regulate their operations. Another important issue is poor communications. The government and the private sector need to work together to develop better policies for DRR.

Mr. Foresman concluded that while government policies will help reduce risk, a good

business case would ensure that we indeed influence both public and private decision-making and reduce the risk. He highlighted the importance of showing businesses how single country level events make impact on the global supply chain and why governments and businesses need to add resilience to the global systems and to focus on the global economy and the U.S. private sector exposure to risks overseas.

Ms. Shruti Mehrotra, Global Leadership Fellow, Centre for Public-Private Partnerships, World Economic Forum, explained what WEF has done in the field of DRR. She noted that interest from the insurance and re-insurance industry as well as findings from the Global Risk Report helped to focus WEF's attention on the DRR.

WEF started last fall with the DRR event in New York City with 170 participants as the cross-sectoral meeting with the focus on the U.S. context. The meeting in India on the India context with over 60 participants and about 30 private sector representatives followed in November 2006. These meetings fed into the recent discussions at Davos, where climate change dimension was also brought into consideration. The WEF thinks that it is important to address the issue of time horizons and ensure that right policies are in place for DRR that allow long term perspective - beyond the election cycles and quarterly financial reports. Some of the proposals that were highlighted at Davos: creating consistent standards for construction and land use; looking at ways to rethink insurance and, scale-up micro insurance; innovate for resilience and look for business opportunities in DRR outside of the financial services sector.

Mr. Jan Mumenthaler, Senior Insurance Officer, IFC, the primary vehicle of the World Bank Group to deal with the private sector, explained the IFC perspective on engagement in the DRR issues as a new value added for corporation engaged with the IFC. He noted importance to link DRR with the overall sustainability of businesses and do more on the risk management and on risk preparedness, to ensure that these issues are addressed when reviewing investment opportunities in markets, where natural hazards pose significant threat to development.

Mr. Andrei Iatsenia, Senior Adviser on PPPs, ISDR, explained that partners of this joint effort are at the early stages of developing the business case and the economic case for the PPPs on DRR. ISDR and partners welcome opportunity to learn more from the private sector and development practitioners and present the findings at the Global Platform for Disaster Risk Reduction in June 2007 in Geneva, Switzerland.

Mr. Iatsenia emphasised that no company is an island. PPPs for DRR should facilitate the paradigm shift from sharing risks to sharing responsibilities to reduce the risks to society and the company at the same time. With the growing interdependence, reducing the risks to society as the whole could reduce the corporate risks more effectively than acting alone.

At the same time, Mr. Iatsenia noted that PPPs for DRR are not about addressing the responsibilities of the public sector at the expense of the private sector. There should be a solid economic and business case to do PPPs and to identify shared risks which, when mitigated, can deliver mutual benefits.

Mr. Iatsenia suggested some possible next steps: for the World Bank to engage at the country level and build upon existing PPP processes to integrate DRR, explore opportunities for co-financing, engage the private sector in the national DRR studies and “prime the pump” with GFDRR seed funding for PPP opportunities. For the WEF it would be important to undertake DRR policy dialogues at regional/national platforms over the next year and implement pilot PPP for DRR projects on the ground in specific areas. ISDR could engage private sector in ISDR movement through the Global Platform and support regional, national and local DRR dialogues that identify shared risks and encourage alliances with the private sector.

First Panel Discussion

Mr. James Lee Witt, CEO, James Lee Witt Associates, USA and the former head of the U.S. Government Federal Emergency Management Agency chaired the panel. Mr Witt opened the discussion by emphasising that disaster risk is greater today than ever before and that PPPs are critical because of the risks to people's lives and businesses. He asked the panel to comment on what can we do to see more PPPs for DRR.

Mr. Andy Bulgin, Director of Risk Management, CCHBC, Greece, and the lead corporate consultant to ISDR, explained that he had been asked by the UN to bring corporate expertise in DRR and noted that major corporations are quite good on the subject and generally look at all aspects of the DRR rather than just buying insurance. Part of the challenge, he said, is that corporations tend to address DRR from inside their own four walls and do not pay enough attention on the risks associated with the support the company needs from the community around it. Corporations need to look outside the walls. This is difficult, especially in the context of pressures for quarterly financial results. Thus it is probably necessary to focus on the issue of business sustainability and recognise the commonality of reliance on public infrastructure as a strong part of a business case. Regarding the use of PPPs, it is important to get the right balance. Most corporations will not walk into a PPP, which they see as disadvantageous to them. It is probably necessary to work at a much more micro level - locally or regionally, and not just nationally.

Mr. Dirk Reinhard, Vice Chairman, Munich-Re Foundation, Germany, noted that his not-for-profit foundation started about two years ago. He explained that it is very important to understand each other's role in the DRR community and do not expect insurance as an industry to save the world. **All economic sectors and the government have limited capacities and could not alone address the DRR challenges.** Understanding each other is crucial to develop effective PPPs. The most important thing is to make the business case for engaging in DRR as CSR has a limited calling

power. Companies won't invest the millions needed if they don't see the business case. There is a strong need for a convincing business case and we are ready to work with this group to make it happen. Another challenge is a PPP time line as companies see that the engagement process is often very long and, maybe, too long for a private company. The company needs to know what is expected from it. Is it money, research, experience? When this is made clear, companies can come up with specific projects.

Mr. Fred Krimgold, Director, Disaster Risk Reduction Program, Virginia Tech University, USA, congratulated ISDR for putting together a pretty good synthesis paper. He noted that the private sector couldn't address DRR issues themselves. The private and the public sectors are all part of the same world. Enlightened self-interest is necessary, as is recognition that everyone lives in a highly interdependent world.

Mr. Krimgold touched upon critical infrastructure that in the US is 85% privately owned and thus there must be PPPs. An obstacle, however, is the short-term accountability of business, which works against the long-term focus that is needed. How to offset this is the fundamental problem. Another challenge is the basic nature of business to provide the best service at the lowest cost, but DRR involves extra cost and this means customers need to understand that they are buying DRR as an added value.

Mr. Krimgold noted the special emphasis that needs to be given on marketing safety. He provided two examples of reduction of human and economic losses. First, traffic accidents are now less dangerous and are being reduced due to the fact that safety is recognized as a marketable quality and an essential part of the product. Second, there is also a similar case for marketing safety in construction industry, especially in areas that are facing earthquake risk.

Mr. Krimgold concluded with the point that the most intense interaction of the stakeholders takes place at the local and metropolitan levels, where people interact on a regular basis and where PPPs might be the appropriate activity. As most of construction in the cities is done with concrete, there might be a good possibility to explore a PPP where the cement industry could be a good partner for DRR.

Second Panel Discussion

Mr. Jesse Fahnestock, Associate Director, World Economic Forum chaired the panel. He began the session by commenting that the clear economic case for DRR does not seem to be producing the business case, as it is not easy to identify the policies and incentives to catalyse corporate action. Mr. Fahnestok suggested that panellists try to identify the major factors that contribute to success of PPPs for DRR – i.e., which will make the business case a sustainable one.

Ms. Koko Warner, United Nations University, proposed that the economic benefits for PPPs for DRR were strategic: business continuity and economic and social stability. However, as these general economic benefits have not yet motivated large-scale PPP efforts, there is a type of market failure.

For PPPs to be successful Ms. Warner suggested to address the issues of champions, incentives, and operational coordination. Champions must set priorities for DRR, the actions must be visible and supported by resources and consensus on what needs to be done. Incentives are also critically important, as the benefits of DRR are too disbursed and not visible enough to motivate companies to act. Finally, operational coordination is needed to address issues of time horizons and discounting risk, assessing alternatives and measuring outcomes.

Ms. Warner concluded that PPPs for DRR should build upon core business competencies of companies while taking into account what is important to donors, to local governments, and to local partners.

Mr. Reto Schnarwiler, Head, Public Sector Business Development, Swiss Reinsurance, Switzerland, emphasised that it is important to recognise the risk management needs of the public sector. Governments are exposed to lots of risks and these risks are shifting and changing over time. Hence governments should consider putting in place a Chief Risk Officer who could work jointly with the private sector to identify emerging risks.

With respect to the insurance industry, governments already have an important role to play to enable market mechanisms and to expand the limits of insurability. There are also possible roles for governments in PPPs with insurers and re-insurers. For example, governments may provide subsidies for people who cannot afford insurance. Mr. Schnarwiler concluded that more private-public risk sharing is needed, so that policyholders themselves absorb smaller events and for the very large catastrophes government can step in. To support such arrangements, compulsory insurance schemes are needed.

Ms. Ines Pearce, CEO, Pearce Global Partners and the former Director, Project Impact, Seattle, explained that there are many positive reasons why business participates in PPPs for DRR. They tie their corporate interests with the public sector and this gives them an opportunity to get to know the public sector. They directly protect their employees and their homes and their communities. Also, corporate citizenship is important as the PPPs show that companies care about the community, that they are actually helping the community.

PPPs for DRR, of course, also reduce a company's own risk and as well encourage suppliers and vendors to reduce their risk. And when disasters do happen, there is money to be made by the businesses that are well protected. They can increase their market share. Because everyone is interrelated in any community, it is everyone's best interest to look at these issues ahead of time. Regarding factors for success, education is key. Regarding costs, PPPs do not have to cost money. Individual expertise can far outweigh the money contribution. It is not good to look at companies as a cash cow as this is not where their real value is.

Importantly, partnerships are not just about the private and public sectors as hazards research and science should be included as well as non-profit organisations and neighbourhood groups. One of the greatest benefits coming out of PPPs is communication and we cannot put enough value in communication. It is critically important to know who to talk to and to build credibility before the disaster occurs.

Ms. Pearce concluded that the small and medium sized businesses that make up the backbone of the community are often not considered and should be engaged from the beginning.

Building Disaster Resilient Communities:

LESSONS FROM PROJECT IMPACT

Mr. James Lee Witt, CEO, James Lee Witt Associates, USA and former head of the U.S. Government Federal Emergency Management Agency, gave a lunchtime address on the role of business in reducing disaster risks. He suggested to get beyond the damage-repair-damage-repair cycle and begins to understand disaster reduction as a business continuity issue and as an all hazard concept. To be effective it is important to engage at the local level.

A potential partner for a PPP in DRR is someone that cares deeply about their small bus, their corporation, their church, their schools, and the viability of their local community and so on. They want to make sure their community can survive the threat. From this perspective, Project Impact in the U.S. built PPPs with 2,500 businesses – small and big – for 250 communities. It was all about making a difference in their community.

A major motivating factor for businesses to join Project Impact was the signing ceremonies. It was important for them to be seen alongside local government officials committing to make their communities safer places. Another motivating factor for some was promoting DRR as a business opportunity. Home Depot, for example, set up aisles in their stores for prevention products and they held training classes on Saturdays.

PPP's do not begin at the national or state level. It is most important to identify the community at risk and move forward together and implement the PPP for the DRR with the special attention to small businesses which are the heart of communities and often don't come back after disasters.

Insurance need to step up and become a stronger partner for DRR. If a community does DRR to cut the losses, the insurance industry needs to step up and give a deductible for DRR efforts.

Mr. Witt concluded that things are going to get worse if the damage-repair-damage-repair cycle is not broken and encouraged participants to look at a country or at a community and try to do PPPs for DRR to have a win-win for our world.

QUESTIONS AND ANSWERS

Question:

Regarding the role of the World Bank and its new disaster facility, is there a need for seed money for these PPP initiatives. Is this possible?

Answer:

The World Bank can provide seed money, but it is not just their responsibility. It is the responsibility of other institutions – foundations, international development banks, and so on – to come together and put \$5 million or \$100 million to start the program and develop a team. ISDR system partners could and should do some pilots.

Question:

How was this championed at the community level? How was it developed?

Answer:

We started with 7 pilot communities and each had a project coordinator who was respected. This person helped them to build the partnerships knowing what risk they had in the community. It was about bringing them to the table and sitting down with them and explaining it to them and telling them how it works. It was about getting people to work together and build long-term relationships. Some communities are still doing Project Impact because it makes sense to them even through federal government cut out the funding.

(A representative of the World Bank also explained that they want to work with all the regional banks and all the members of the UN system to help the Bank better design a mechanism to launch PPPs for DRR in the pilot countries.)

Panel Session on PPPs for DRR:

STRENGTHS AND WEAKNESSES

Ms. Usha Rao Monari, Manager, Infrastructure Department, IFC, chaired the first session in the afternoon that focused on experiences from both developed and developing countries. She started the session with a few minutes of open discussion about the morning presentations.

A comment from the floor noted that there are several success stories about reducing disaster risk. The U.S. state of California is one success story where many buildings have been retrofitted. Others include New Zealand, Chile and Japan. There are surely lessons to be learned from these successes. Another suggestion was to mainstream PPPs for DRR into World Bank policies and procedures. A related suggestion was to put DRR on the checklist that the International Monetary Fund is using when their mission is to assess country risks.

There was also a word of caution about being sure of the business case for the DRR activities. The representative from an American insurance company presented a case when his company offered to reduce insurance costs for residents of a community in the U.S. state of Connecticut if they put up storm shutters. However, the community complained of the costs of installing storm shutters and the regulators stepped in and told the insurance companies they could not offer premium discounts for storm shutters.

Another comment stated that we needed to start at the top down and also at the bottom up. DRR needs to happen at all levels. We may use federal funds but to be effective we need to allow for creativity and collaboration and for things to develop in ways that worked for the community. This is the lesson learned from Project Impact.

Mr. Satoru Nishikawa, Director for Disaster Preparedness, Cabinet Office, Government of Japan, mentioned significant role the private sector play in DRR and mitigation activities. He explained Japan's particular circumstances where earthquakes are seen as the most dreadful disasters and where many efforts were made to mitigate their impact.

Mr. Nishikawa provided an overview how Japan's response to disasters developed in light of major events such as the 1959 Wan Typhoon and the 1995 Kobe Earthquake. He explained that a key piece of this response was the Disaster Countermeasures Basic Act of 1961 with its 3 central features:

- Establishment of a Central Disaster Management Council chaired by the Prime Minister (the national DRR platform);
- Publication of an annual government official report on disaster countermeasures; and
- Formulation of the “national basic disaster management plan for disaster prevention.”

In this context, there has been on going involvement in DRR of semi-private public sectors utilities such as electricity, gas, and telecommunication companies; railway and bus companies; and broadcasting companies.

Mr. Nishikawa explained how various economic sectors are coordinated by the national government and how this coordination enabled, for example, identification of the main problem after the 1995 earthquake. Major findings indicated that building collapses killed 80% of the people and that presented a strong case for stronger buildings. In response, buildings have been reinforced and following recent earthquakes no one has been killed.

There is especially a big role for the housing and real estate industries and for building awareness among consumers of the added value and added price of making buildings earthquake safe. The problem has been to figure out how to make the consumers pay for the cost. Today, however, seismic security is more and more marketed as a feature of housing.

To decrease further damage, the government of Japan has started a nationwide

movement for DRR activities that involves many local groups including chambers of commerce, PTAs, and local shop unions. One of the most important activities is to educate companies on the benefits of getting involved, focusing on safety of staff during the daytime, corporate citizenship and the issue of business continuity. In the context of the importance of business continuity planning, Japan developed guidelines for corporate disaster reduction and a national platform for business continuity.

Mr. Brent Woodworth, Worldwide Segment Manager, IBM Crisis Response Team, IBM, USA, spoke on the lessons learned from IBM's experiences in international disaster response team.

A key lesson is that we need better coordination, preparation and mitigation before the disaster. When the crisis is already taking place, there is a need to manage information effectively and for this purpose IBM developed an Emergency Management System (EMS) with the following features:

- Incident reporting / management
- Geographical information system
- Mapping, analysis, and tracking
- Contact and personnel management
- Equipment resource management
- Tasking & assignment system
- Warehouse and facilities tracking & storage
- Routing status, weather, operating conditions
- Logistics management: medical & supplies
- Donation management & volunteer coordination
- Incident planning & analysis
- Financial tracking, family assistance
- Decision support, data consolidation, report generation

Today the SAHANA open source global relief management system is available to everyone. In the future, it can include elements such as what companies are willing to provide for free for various disasters. The Government of Pakistan effectively used the system during its recent major earthquake, including the effective management of a missing person registration. SHANA has the potential to be used as well for DRR.

Mr. Woodworth presented major findings from a U.S. Congressional Report prepared by the National Institute of Building Sciences:

- A \$1 investment in hazard mitigation provides the nation with \$4 in future benefits.
- The average return on investment for business hazard mitigation is 10 to 1.
- Building a disaster resilient business will reduce costs, limit exposures, and maintain operational continuity while protecting employees, property, reputation, corporate value, and competitive marketplace position.

Mr. Woodworth concluded with an example of the recent invention of a new type of nail that has some twisting on its top and is much stronger. If used, it can make homes 300% more hurricane resistant for an additional cost of only \$15 per house.

Mr. P. G. Dhar Chakrabarti, Director, National Institute for Disaster Management, India, reported on progress in engaging the private sector in India. He noted the November 2006 national PPP dialogue in New Delhi that was organised in collaboration with ISDR, WEF and the World Bank. It included corporate houses from various sectors.

Importantly, in India, the private sector is seen as all non-state actors including NGOs, non-profit enterprises, and even individuals employed by the state plus, of course, the for-profit commercial sector.

There are three major models for PPP for DRR:

PHILOSOPHY	MODEL
Philanthropy>	Corporate Social Responsibility
Business Continuity>	On and Off Site DRR Plans in Business
Business>	Innovative DRR Projects

Regarding philanthropy or CSR, the focus is most often on relief and helping communities to bounce back. In this regard there are some tax concessions to encourage the private sector. Regarding CSR on DRR – big business houses have their own in-house NGOs helping on a number of areas. Also associations of business houses and small business houses are contributing their money. One example is support the **IDRN, the Indian Disaster Resource Network.**

Regarding the business continuity track, traditionally natural hazards risks have not been factored. Though big businesses have withstood disasters, many small businesses have gone totally out of business. There is now a good deal of concern for small businesses. What is needed is enhanced capacity building. Finally, regarding business, DRR creates good business opportunities. Examples include GIS mapping, early warning systems and also CDM opportunities.

For India, the next steps include implementation of the National Task Force that has been set up to recommend policy, regulatory framework and guidelines to encourage PPPs for DRR. Also, five corporate groups have been set up for consultations on sharing business continuity, data and technologies in services, infrastructure (including health), manufacturing, transport, and information and communication technologies.

Mr. Hadi Husani, CEO, Focus USA and CEO Focus Tajikistan, explained that the vision of Focus – an affiliate of the Aga Khan Development Network – is to be “An organization that enables disaster- resilient communities and that responds to disasters rapidly and effectively.” Focus provides disaster preparedness services to the network, including a whole host of preparedness initiatives in Central Asia.

A major example is in Eastern Tajikistan. Here there are PPPs in hydropower facilities, hospitals and schools, the university, hotels, the mobile phone service and micro finance. Focus goes in with a ready-aim-fire approach by taking a risk management strategic approach. This is used to drive scenario planning and to generate a set of activities that incorporate disaster risk management.

An example of the impact of our PPPs is that it used to take two weeks to find where the impact of an earthquake was. Focus now put in place a network of radios that allows for a response within hours. Focus has agreements with government to maintain the equipment, while it provides technical expertise on how to use the equipment and the community is responsible for updating Focus and the government on all disasters.

Focus also went to about 130 communities with the small-scale mitigation programs that encourage communities to protecting themselves through projects. Focus is providing technical expertise and the construction materials that are needed, for example, for preparing avalanche retaining walls and mudflow channels.

Mr. Zygi Lubkowski, Head of Seismic Engineering, Arup, Turkey, introduced Arup as an international company of structural engineers consultants with about 7,000 people. Founded by a Danish engineer, its core business is building around the world. Over the last 10 to 15 years, the company has moved into the area of DRR.

Mr. Lubkowski mainly reported on the case of the British Earthquake Consortium for Turkey (BECT) which as a PPP between the British government and the six British firms.

Each company contributed £125,000 for a total of £750,000 and this was match by £1.5 million from the British Government. One of the tasks of BECT was to map geo-hazards so as to identify areas where buildings could be developed with the least risk and cost.

There were several positive outcomes of the PPP, particular with respect to technical studies and skills transfer. Though there were no negative outcomes, unfortunately the subsequent downturn in the Turkish economy prevented projects for contractors and infrastructure providers.

Lessons learned include understanding that there is a range of actors within the private sector with different capabilities and different business drivers, e.g. multinationals, local consultants, and technicians. Regarding DRR, there needs to be a systematic change in the approach to all aspects, notably planning and education at all levels. Finally, the greatest opportunity still exists in the immediate aftermath of a disaster. It is at these times that experts are needed to undertake rapid assessments and provide guidance on how to do things right.

QUESTIONS AND ANSWERS

Question:

Mr. Husani, how do your village hazard maps feed into micro-finance?

Answer:

With micro-finance, the risk indices are used to help identify specific risks to these investments and whether or not the potential loan is viable. The micro-insurance piece is a new piece we are now looking at in northern Pakistan.

Question:

Mr. Lubkowski, regarding the inability of the BECT project to reach out to the World Bank project underway at the time, it didn't happen, but what could have been done?

Answer:

The terms and conditions of securing the contract under the World Bank project were not acceptable to us. There were specific issues on how money was going to be paid, the approval process, and so on that meant that it was commercially too risky for us to bid on the project. We actually discussed this matter with the Prime Minister's office in Ankara. They were very helpful but at the end of the day none of the restrictions were taken out and so we declined to bid.

Closing comment from the Chair:

We learned a lot in this session. What I take away from a private sector perspective is that we have to start with an adequate risk assessment. Then we have to sit down with the authorities and put in the place the enabling environment to bring in the various players you wish to bring together. If a disaster does happen, then the actual systems and management tools are needed for handling it.

Plenary Session on Private-Public Co-financing:

CHALLENGES AND OPPORTUNITIES

Mr. Olivier Mahul, Senior Insurance Specialist, Financial Markets for Safety Net, Financial and Private Sector Development, World Bank, chaired this session.

Mr. Franz Stoessel, Senior Advisor, SDC, Switzerland, provided a donor perspective. He stressed that spending ODA (Overseas Development Assistance) money wisely is critically important. Hence, there is a need to bring all the PPP actors together and establish win-win-win situations – reduced risk, improved livelihood, and better access for the resources.

Mr. Stoessel raised a question on who is actually bearing the risk in the partnership? Is it the private sector or the government or the individuals? Who actually has to do DRR? Who is responsible? The answer is complex.

Mr. Stoessel suggested discussing the limits and the factors for failures of the partnerships. Donor's role is to provide a contact to our networks and local partners and ensure that the establishment of the PPP is a fair process.

A PPP may become interesting if there is a possibility of high investment, high employment, and high market creation. Then the donors can come into it with seed money, but, of course, they cannot support the businesses directly or distort the market with their interventions.

Mr. Stoessel concluded with the confirmation that Swiss Development Cooperation is fully committed to PPPs and would like to see more collaborative development activities at the field level.

Mr. Xavier Lecacheur, Financial Sector Team, Policy and Research Division, United Kingdom Department for International Development (DFID), provided another donor perspective. He noted that they're a 2 billion people with no access to financial services, thus limiting capacity for these people to invest in DRR activities.

He also noted that within DFID itself, there is a need to work across the various work streams and bring them together in partnership with the commercial banks and with the private sector to build a business case for DRR.

One area of effort is linkage, e.g. linking DRR with social protection and social development experts on the ground. An example of this is the Kenya Social Protection Challenge Fund that is starting to distribute social cash transfers. DFID is a big supporter of these transfers and perhaps an element of DRR could be added to such efforts. For example, the Kenyan scheme will be in northern part that is affected by drought and has to adapt to the new weather situation and there is also a need to use new financial systems to deliver to these communities, like little savings accounts and so on. There is an opportunity to do similar project in Tajikistan and elsewhere.

Mr. Lecacheur concluded that it is important to start dialogue is in post disaster environment to have a good chance for a successful PPP for DRR.

Mr. Francis Ghesquiere, Regional Coordinator for Hazard Risk Management in Latin America and the Caribbean Region, World Bank, presented evolving Caribbean Catastrophe Risk Insurance Facility. He explained that this is a great example of a PPP that will help Caribbean governments to transfer some of their risk to private financial markets.

Mr. Ghesquiere explained that Caribbean countries like other SIDS (Small Island Developing States) are highly exposed to natural disaster. For them cash flow to make payments during a recovery period can often be a problem. The new facility, however, will allow governments to buy liquidity insurance to cover their financial needs after a disaster happens. The facility creates an insurance pool for 18 countries and then enables this risk to be transferred to the international reinsurance markets. In so doing it can reduce insurance costs by 40-50% by allowing governments to transfer some of the risk to the private sector. However, such scheme is only possible because both private and public entities are involved, as no private operator would have taken

the risk on their own. The World Bank is expecting to expand and replicate such pool to other regions, if successful.

Mr. Dirk Reinhard, Munich-Re Foundation, Germany, spoke in this session on PPPs for micro insurance. For micro-insurance the most important areas are life, health and crop/livestock. There are about 2.5 billion potential customers for such insurance and in India alone 200 million would need it.

All the parties will need to be involved to develop these schemes:

- NGOs/MFIs: Link to the local communities...
- Insurance industry: Risk coverage, insurance knowledge, and technical support...
- Donor agencies: Financial support for demand surveys and product development...
- Government: Legal framework, incentives (e.g. South Africa, India, Philippines)...

If one of the above-mentioned parties is missing, the development of appropriate micro-insurance schemes may become extremely difficult.

Mr. Reto Schnarwiler, Head, Public Sector Business Development, Swiss Reinsurance, Switzerland, made the last presentation in this session. He thanked the previous presenters for the presentations on the Caribbean facility and on developing micro-insurance schemes. He emphasised that it is important to have the right people talking and bringing their know-how to the table. It is important to understand the roles and commitments and the limitations of the players. For example, Swiss Reinsurance cannot support hundreds of initiatives at the same time. He again emphasises that Swiss Reinsurance is ready to accelerate a dialogue on the most promising opportunities.

Discussion on the Next Steps

Mr. Satoru Nishikawa, Director for Disaster Preparedness, Cabinet Office, Government of Japan, chaired the final session of the dialogue.

Ms. Shruti Mehrotra, WEF, suggested to use WEF's regional events in Latin America, Africa, North America and India to include PPP dialogues within regional summits and then also develop actionable pilot PPPs in the particular regions. She said that it would be very helpful to come up with specific issues to discuss, such as micro insurance as it is time to move the discussion into specific ways to overcome the challenges. She suggested focusing each of the regional discussions on a particular topic. She concluded that there is a need to continue work on a general scoping study to identify what are the key areas at a global level.

Ms. Usha Rao Monari, Manager, Infrastructure Department, IFC, stated that there is a huge role for IFC to play in DRR. In order to make a healthy PPP we have to have the right incentives and drivers for both the private and the public sectors. The IFC traditionally takes an insurance approach, which is an integral part of DRR but only a part. Another part has to be the right design of projects, proper construction and management to supplement insurance. What has been done in Japan is very interesting and IFC would be interested to provide this experience to its developing country clients.

The opportunities to the private sector for making profit in DRR are enormous. For the public sector there are opportunities for employment creation and market creation. A second large area is engaging the community and the best way is get the community involved so that they pay for DRR retrofitted houses and apartments.

A third area is to involve the lending and the financial institutions in this whole game – including the IFC, banks and donors. The way forward on this is to come up with a set of products that address DRR, such as the weather derivatives and index products

that are already tested by the IFC. This line of products could be extended to include the micro-finance liquidity facilities that could address various issues. The last area is climate adaptation, carbon finance and renewable energy. The IFC would like to work with others to see how we can set up funds to address disaster risk management in its entirety – both its assessment end and its management end.

Mr. Jan Mumenthaler, Senior Insurance Officer, IFC said that the dialogue was very good and participants had taken a good walk through an upper class mall and seen lots of beautiful product offerings. What is needed now is to get to very focused follow-up actions. Insurance sounds great, but there is a need to think about other instruments as well when looking into the theme of DRR.

Mr. Salvano Briceno, Director, ISDR Secretariat, explained that the role of the ISDR Secretariat is very specific. It is to facilitate team efforts at the global and regional level. We have started a close relationship with the WEF and with the World Bank and the IFC and are also working with Munich Re and Swiss Re. ISDR is gradually developing a team effort to develop PPP for DRR. ISDR will have a number of events in which advocacy for PPPs can happen such as the Global Platform for DRR meeting on June 5–7, 2007 in Geneva, Switzerland. ISDR is also working closely with the **UN Global Compact** efforts to give greater priority to PPPs investing in DRR partnerships. PPPs have to become a priority for governments this should be promoted through exchange of good practices, dialogues at the regional level, ECOSOC and other UN meetings. The most important aspect for success is to promote PPPs for DRR as truly the team effort.

Outcomes and Next Steps

The participants shared their experience that provided guidance to the key partners on how to mainstream private public partnerships in DRR. Concrete results of the meeting can be summarized as follows:

1. There was general agreement on the need to develop PPPs for DRR;
2. The draft paper on business case for PPPs in Disaster Risk Reduction needs to be further developed and presented for consultations at the Global Platform for Disaster Risk Reduction meeting in Geneva in June 2007;
3. Partners should develop a set of market-based products that address DRR, such as the weather derivatives and index products that are already tested by the IFC. This line of products could be extended to include the micro-finance liquidity facilities and other risk sharing instruments;
4. Risk Reduction Dialogues should be conducted as part of the World Economic Forum regional summits, starting with the Latin America in April 2007 and Africa in June 2007;
5. Tools and models to support PPPs for DRR should be developed and PPPs for DRR tested at selected number of highly vulnerable countries;
6. Lessons learned in proper design of projects, proper construction and management should be collected and promoted to developing country clients of the World Bank Group;
7. Partners should explore opportunities to provide seed funds at the initial stages of PPP for DRR development;
8. Advisory group with experts from private sector could be established to help ISDR system partners to guide the follow-up process of development PPPs for DRR;
9. World Economic Forum, the World Bank Group and UN ISDR should use the upcoming meeting of the Global Platform for Disaster Risk Reduction to review the progress and engage new partners in the PPPs for DRR efforts;
10. World Economic Forum, the World Bank Group and UN ISDR will develop

a draft action plan to outline potential next steps and share this document with participants of the meeting for comments and inputs.

Based on these outcomes, the draft Action Plan was developed and is attached in the Annex I below.

Annex I

PUBLIC-PRIVATE PARTNERSHIPS (PPPS) FOR DISASTER RISK REDUCTION (DRR)

Agreed Upon Activities in Phase 1/November 1, 2006 – June 30, 2007

Proposed Action Plan Matrix

July 1st, 2007 – February 1st, 2007

ITEMS
I. ACTIVITIES UNDERTAKEN FROM NOVEMBER 2006 – JUNE 30, 2007
A) Regional Disaster Reduction Dialogue at the Indian Economic Summit, November 2006 in New Dehli
B) Global Disaster Reduction Private Meeting at the Annual Meeting of the WEF, January 2007 in Davos
C) World Bank Global Facility Private Sector Meeting, February 2007, in Washington, D.C.
D) Regional Disaster Reduction Dialogue in Latin America
E) Regional Disaster Reduction Dialogue at the African Economic Summit, June 2007 in Cape Town
F) Global Platform Meeting, June 2007 in Geneva

PUBLIC-PRIVATE PARTNERSHIPS (PPPS) FOR DISASTER RISK REDUCTION (DRR) – PROPOSED ACTION PLAN MATRIX JULY 1, 2007 – FEBRUARY 1, 2007					
Item	Proposed activities	Leading Agency	Partners	Key Performance Indicators	Timeline
II. ACTIVITIES TO BE UNDERTAKEN FROM JULY 1, 2007 – FEBRUARY 1, 2008					
A) REGIONAL AND GLOBAL PUBLIC-PRIVATE DIALOGUES:					
1) Latin America: Regional Disaster Risk Reduction Dialogue	<ul style="list-style-type: none"> Work with the WB and ISDR regional offices to develop an appropriate framing for the regional dialogue,¹ linked to their existing workplans Engage insurance and financial services industry partners from private and IFI institutions to share experience and explore the conditions that may be creating a market failure for insurance in Latin America Identify the current key impediments to the successful development of insurance markets in the region Explore areas for the development of action-oriented PPPs to help overcome these challenges, linked to the existing work programmes of the World Bank and other IFIs 	WEF	<ul style="list-style-type: none"> World Bank IFC IADB ISDR 	<ul style="list-style-type: none"> Definition of a proposal for action in the region, either related to the development of concrete PPPs or further policy dialogue, including identification of the key interested parties from the private and public sectors Further bilateral dialogues and next steps taken by WEF, WB and ISDR regional offices to implement the proposal Concrete PPP investments and initiatives which can be followed up through the work plans of WEF, WB and ISDR regional offices² 	June-December 2007

Item	Proposed activities	Leading Agency	Partners	Key Performance Indicators	Timeline
<p>PUBLIC-PRIVATE PARTNERSHIPS (PPPS) FOR DISASTER RISK REDUCTION (DRR) – PROPOSED ACTION PLAN MATRIX JULY 1, 2007 – FEBRUARY 1, 2007</p>					
<p>2) Africa: Regional Disaster Risk Reduction Dialogue – through a Private Meeting and a Public Session on Climate Change Adaptation during the World Economic Forum Africa Summit, June 13-15, 2007 in South Africa</p>	<ul style="list-style-type: none"> Work with the WB and ISDR regional and climate change adaptation offices to develop an appropriate framing for the regional dialogue linked to their existing work plans Engage private sector actors active in Africa, from outside and within the region, in a dialogue with public sector representatives from Africa and international organizations to explore needs and opportunities for further private sector engagement in climate change adaptation in the region Explore synergies between climate change, adaptation and disaster risk reduction in Africa 	<p>WEF</p>	<ul style="list-style-type: none"> a) World Bank b) IFC c) AU d) ISDR 	<ul style="list-style-type: none"> Definition of a proposal for action in the region, either related to the development of concrete PPPs or further policy dialogue, including identification of the key interested parties from the private and public sectors Further bilateral dialogues and next steps taken by WEF, WB and ISDR regional offices to implement the proposal Concrete PPP investments and initiatives which can be followed up through the work plans of WEF, WB and ISDR regional offices 	<p>June 13-15, 2007</p> <p>July-December 2007</p> <p>2008</p>
<p>3) India: Regional Disaster Risk Reduction Dialogue – through a Private Meeting during the World Economic Forum India Economic Summit, December 2-4, 2007 in New Delhi</p>	<ul style="list-style-type: none"> Building upon the results of last year's meeting, work with the WB and ISDR regional offices to develop an appropriate framing for the regional dialogue linked to their existing workplans Engage private sector actors active in India, from outside and within the country, in a dialogue with public sector representatives from India and international organizations to explore needs and opportunities for further private sector engagement in DRR activities in India Explore synergies between climate change, adaptation and disaster risk reduction in India 	<p>WEF</p>	<ul style="list-style-type: none"> a) World Bank b) IFC c) ADB d) ISDR 	<ul style="list-style-type: none"> Definition of a proposal for action in the region, either related to the development of concrete PPPs or further policy dialogue, including identification of the key interested parties from the private and public sectors Further bilateral dialogues and next steps taken by WEF, WB and ISDR regional offices to implement the proposal Concrete PPP investments and initiatives which can be followed up through the work plans of WEF, WB and ISDR regional offices 	<p>December 2007</p> <p>November 2007</p> <p>January 2008</p>

PUBLIC-PRIVATE PARTNERSHIPS (PPPs) FOR DISASTER RISK REDUCTION (DRR) – PROPOSED ACTION PLAN MATRIX JULY 1, 2007 – FEBRUARY 1, 2007					
Item	Proposed activities	Leading Agency	Partners	Key Performance Indicators	Timeline
4) Davos Global Risk Reduction Dialogue January 2008	<ul style="list-style-type: none"> · Raise awareness on opportunities for private sector engagement in Disaster Risk Reduction · Engage key representatives from private and public sector in high level consultations on the progress of the project to date. 	WEF	<ul style="list-style-type: none"> a)WB b)JFC c)JS DR 	<ul style="list-style-type: none"> · Key stakeholders agree to continue the project · Additional partners recruited for PPPs in countries 	January 2008
B) INSIGHT BUILDING STUDY					
1) Study: "A Case for Business to Undertake Disaster Risk Reduction Activities" further developed for consultation at the Global Platform meeting in June 2007 and during the Indian Regional Dialogue, with a formal launch at the Annual Meeting of the WEF in Davos in January 2008	<ul style="list-style-type: none"> Two Main Sections: <ul style="list-style-type: none"> · Mitigation Map: Mapping of opportunities for engagement in DRR activities by industry sector · Deep-dive on Financial Services and Engineering & Construction Industries: Deeper exploration of the current DRR activities, lessons learnt, and best practice, as well as the opportunities and obstacles to further engagement from these two industry sectors General Methodology: <ul style="list-style-type: none"> · Involve Wharton Business School of University of Pennsylvania plus an experienced institution from a developing country as well as other consultants as necessary to continue work on the study · Interview private sector representatives, including those already involved in DRR PPPs and others from relevant sectors · Interview public sector representatives, including officials from national and local governments, NGOs, etc., including those already undertaking DRR PPPs and others as deemed relevant 	WEF	<ul style="list-style-type: none"> a) World b) Bank c) IFC d) Wharton³ e) TER⁴ f) ISDR 	<ul style="list-style-type: none"> · Initial draft of the Mitigation Map and a revised version after its review during the side event of the Global Platform Meeting · Initial draft of the two deep dive sections for review during the Indian Regional Dialogue · Launch of the full final paper at the Annual Meeting of the World Economic Forum in Davos 	<ul style="list-style-type: none"> June-July 2007 November 2007 January 2008

PUBLIC-PRIVATE PARTNERSHIPS (PPPs) FOR DISASTER RISK REDUCTION (DRR) – PROPOSED ACTION PLAN MATRIX JULY 1, 2007 – FEBRUARY 1, 2007					
Item	Proposed activities	Leading Agency	Partners	Key Performance Indicators	Timeline
2) Global Review Meeting: Side event at the Global Platform meeting in June 2007	<ul style="list-style-type: none"> Engage key representatives from the public and private sectors in a high-level consultation on the “mitigation map” Revise the map as appropriate based upon the results of this consultation 	WEF	<ul style="list-style-type: none"> a) ISDR b) World Bank c) IFC 	<ul style="list-style-type: none"> Initial revised version of the Mitigation Map for further dissemination to other stakeholders and integration into the fully study report 	June 2007
C) OTHER					
1) PPP Viability Model: Development of a model to assess viability of PPPs for DRR in a particular place	<ul style="list-style-type: none"> Review of previous successful/ unsuccessful PPPs, including those for DRR, to establish the ideal economic/social conditions under which such mechanisms succeed Review international development assistance projects and loans that attempted to engage private sector in PPPs, including those for DRR and interview both lenders and recipients Review IMF check-list and explore if DRR consideration could be integrated in assessing the country financial risks Explore linkages between good macro-economic performance and good governance as enabling environment for PPPs in general and for DRR in particular Integrate readiness for DRR as part of the Global Competitiveness Report and ratings, produced by the World Economic Forum 	<ul style="list-style-type: none"> WB and IFC With PPIAF 	<ul style="list-style-type: none"> a) ISDR b) WEF⁵ 	<ul style="list-style-type: none"> Creation of a checklist to enable the WB to identify best target countries/governments for PPPs for DRR Creation of a tool kit to identify potential opportunities to include PPPs for DRR in ODA projects and programmes IMF check list for the country risk assessments includes DRR questions Index-Re and WEF Global Competitiveness Report encourage investments to countries with the sound macro-economic conditions and good governance related to PPP for DRR 	2007

PUBLIC-PRIVATE PARTNERSHIPS (PPPS) FOR DISASTER RISK REDUCTION (DRR) – PROPOSED ACTION PLAN MATRIX JULY 1, 2007 – FEBRUARY 1, 2007					
Item	Proposed activities	Leading Agency	Partners	Key Performance Indicators	Timeline
2) Global Business Alliance for DRR: Launch of Business Alliance for Disaster Risk Reduction at the Global Platform meeting June 2007	<ul style="list-style-type: none"> Design and validate with potential partners criteria for memberships (i.e. acceptance of HFA, willingness to invest in PPPs for DRR and share expertise, good practices, etc.) 	ISDR	<ul style="list-style-type: none"> a) WEF b) World Bank c) IFC 	<ul style="list-style-type: none"> Formation of an initial advisory group which guides the follow-up process 	June 2007- June 2008
3) PPP Seeds Fund: Development of a PPP Seeds Fund within GFDRR to support the development of PPPs for DRR at their initial stage through small grant giving	<ul style="list-style-type: none"> Conduct interviews with the managers and recipients of similar seed funds such as the GEF Small Grant Programme and similar ones managed by Project Impact and private foundations Design the PPP Seeds Fund based upon the lessons garnered from this due diligence 	WEF	<ul style="list-style-type: none"> a) ISDR b) World Bank c) IFC 	<ul style="list-style-type: none"> Proposal for the PPP for DRR Seeds Fund Presentation to key partners for review and approval⁶ 	September 2007 November 2007
4) Country level PPP development	<ul style="list-style-type: none"> Demand based support to PPP development processes at the high risk countries in the framework of GFDRR 	WB		<ul style="list-style-type: none"> Country level activities initiated at the high risk countries 	July 2007- January 2008

¹ For Latin America, it was decided that this framing would be around development of insurance markets in the region.

² Though these concrete PPP investments are a key performance indicator for all of the regional public-private dialogues, it should be noted that they are not a required output for each. However, the project team does expect that one or more of the regional dialogues will result in such concrete action.

³ Participation in the study to be confirmed.

⁴ Ibid.

⁵ The Forum will only be able to act as a peer reviewer on this project element at this stage.

⁶ The schedule for this presentation still needs to be determined.

Annex II

DIALOGUE ON PRIVATE-PUBLIC PARTNERSHIPS IN DISASTER RISK REDUCTION Under GLOBAL FACILITY FOR DISASTER REDUCTION AND RECOVERY

World Bank Group Headquarters
Main Complex Board Room 13-121
1818 H Street NW Washington DC 20433

February 22, 2007

BACKGROUND

At present, human suffering and economic losses from disasters triggered by natural hazards are unacceptably high. Munich Re (2006) estimated that the year 2005 was the most expensive year on record with overall economic losses of US\$ 210 billion and total disaster-related insurance claims of over US\$ 94 billion. This trend is expected to be more severe from increasing urbanization, environmental degradation, and increasing vulnerability due to climate change and variability.

The *Hyogo Framework for Action (HFA) 2005-2015: Building the Resilience of Nations and Communities to Disasters* was adopted by 168 countries at the UN World Conference on Disaster Reduction in January 2005 to galvanize international and national efforts to reduce vulnerability to natural hazards. The HFA is the global commitment to disaster risk reduction offering a strategic framework for multi-stakeholder engagement. The private sector as a significant driver of economic growth in most of the developing and emerging economies is a natural partner of public institutions in this global campaign for vulnerability reduction to hazards.

Under the HFA, promoting Private-Public Partnerships (PPPs) is one of the important strategies for promoting and implementing risk mitigation and risk financing in high risk countries. The World Bank's new global partnership for vulnerability reduction, the Global Facility for Disaster Reduction and Recovery (GFDRR) is supporting joint efforts of the United Nations/International Strategy for Disaster Reduction (UN/ISDR), the World Economic Forum (WEF) and the World Bank to foster PPPs at all levels, particularly in countries prone to multiple disaster risks. Identifying

opportunities and incentives for such partnerships, learning from past experiences and exchange of good practices in such partnerships are some of the initial steps that can provide a basis for risk reduction dialogues among the key stakeholders.

Following the 1999 earthquake in Turkey, for example, the Governments of Turkey and the United Kingdom, in partnership with a number of British engineering and construction firms operating in the country developed the British Earthquake Consortium for Turkey (BECT). BECT pooled corporate expertise and resources to identify areas which were relatively more earthquake-resilient and thus better suited for industrial and residential development. In so doing, this private public partnership contributed to the efforts of the World Bank-funded Marmara Emergency Earthquake Reconstruction Project (MEER). ISDR, WEF, and the World Bank with funding support from GFDRR, have prepared a global business case study to document such working models of PPPs and strategies for promoting such partnerships as an integral element of risk reduction and sustainable agenda in natural disaster hotspot countries.

This effort, carried out through facilitated private and public sector expert sessions, desk research, company interviews, and peer reviews, takes into account corporate practices as well as the practical experiences of governmental authorities and community-based organizations. A key element of this effort is the one-day dialogue to be held at the World Bank Group headquarters in Washington, D.C., U.S.A. on February 22nd, 2007.

OBJECTIVES

The objectives of the dialogue are:

1. To learn from past experiences in private-public partnerships in both developed and developing world,
2. To explore key policy, legal and institutional issues regarding private-public partnerships in different country settings; and
3. To develop a common action plan that would facilitate such partnerships for risk mitigation.

EXPECTED RESULTS

In line with the above objectives, the dialogue is expected to achieve the following:

1. A business case paper for guidance on greater private sector engagement in disaster risk reduction is developed that takes into account related policy, financing and institutional considerations in its analysis;
2. A programme for promoting multi-stakeholder risk reduction dialogues which brings together public and private sectors to develop a common framework for disaster risk mitigation and risk financing ;
3. Developing modalities for catalyzing private public partnership for risk mitigation and risk financing; and
4. Increased collaboration with sectors and companies interested in reducing their disaster risks, particularly through private public partnerships.

DATE AND VENUE

The dialogue will take place on February 22nd, 2007 at the headquarters of the World Bank Group, Main Complex Meeting Room No. MC 13-121, 1818 H Street NW, Washington, D.C., U.S.A. starting at 9am.

LANGUAGE

The dialogue will be held in English only.

DRAFT AGENDA

THURSDAY, FEBRUARY 22nd, 2007	
9:00 – 9:30	Coffee and registration
09:30 – 09:35	Welcome Mr. Laszlo Lovel, Director, Finance, Economics, and Urban Department, World Bank**
09:35 – 09:45	Address by the International Strategy for Disaster Reduction Secretariat Mr. Salvano Briceno**, Director, International Strategy for Disaster Reduction Secretariat
09:45 – 09:55	Address by the World Bank Ms. Katherine Sierra**, Vice President for Sustainable Development, World Bank
09:55 – 10:05	Address by the World Economic Forum Mr. Richard Samans**, Managing Director, World Economic Forum
10:05 – 10:20	Address by the US Department of Homeland Security Mr. George Foresman**, Under Secretary for Preparedness, US Government Department of Homeland Security
10:20 – 10:30	Coffee break
10:30 – 11:00	After Davos 2007 Ms. Shruti Mehrotra, Manager, Public Private Partnerships, World Economic Forum Setting the Stage for the Dialogue Mr. Jan Mumenthaler, Senior Insurance Officer, International Finance Corporation
11:00 – 11:45	<p>Presentation and panel discussion on the major findings of the draft Disaster Reduction Business Case Paper</p> <ul style="list-style-type: none"> · What are the insights from corporate experiences that could benefit disaster risk reduction and climate change adaptation? · What are the obstacles for corporate sector engagement in disaster risk reduction? <p>Chair: Mr. James Lee Witt ** CEO, James Lee Witt Associates Presenter: Mr. Andrei Iatsenia** Senior Adviser, Private-Public Partnerships, UN International Strategy for Disaster Reduction Secretariat <i>Panel members:</i> Mr. Andy Bulgin**, Director of Risk Management, CCHBC and Lead Corporate Consultant to UN ISDR Mr. Dirk Reinhard**, Vice Chairman, Munich-Re Foundation Mr. Fred Krimgold**, Director, Disaster Risk Reduction Program, Virginia Tech University.</p>

THURSDAY, FEBRUARY 22nd, 2007	
11:45 – 12:30	<p>Presentation and panel discussion on the major findings of the draft Disaster Reduction Business Case Paper</p> <ul style="list-style-type: none"> · What are the major factors that contribute to success of PPP in Disaster Risk Reduction? · What are the economic benefits for corporate engagement in Disaster Risk Reduction? <p>Chair: Mr. Jesse Fahnestock, Associate Director, World Economic Forum</p> <p><i>Panel members:</i></p> <p>Ms. Ines Pearce**, CEO, Pearce Global Partners, former Director, Project Impact, Seattle</p> <p>Ms. Koko Warner**, United Nations University</p> <p>Mr. Reto Schnawiler**, Head Public Sector Business Development, Swiss Reinsurance, Switzerland</p>
12:40 – 13:30	<p>LUNCH with Special Address: “Building Disaster Resilient Communities: Lessons from “Project Impact”</p> <p>By Mr. James Lee Witt**, CEO, James Lee Witt Associates</p>
13:40 – 14:45	<p>Plenary session</p> <p>Private-Public Partnerships for Disaster Risk Reduction - strengths and weaknesses</p> <p>Presentation on developed country experiences - partnerships between utilities and local governments</p> <p>Presentation on developing country experiences how private sectors would engage communities</p> <p><i>Questions and Answers</i></p> <p>Chair: Ms. Usha Rao Monari**, Manager, Infrastructure Department, International Finance Corporation (IFC)</p> <p><i>Panel members:</i></p> <p>Mr. Satoru Nishikawa**, Director for Disaster Preparedness, Cabinet Office, Government of Japan</p> <p>Mr. Brent Woodworth, Worldwide Segment Manager IBM Crisis Response Team, IBM</p> <p>Mr. P. G. Dhar Chakrabarti**, Director, National Institute for Disaster Management, India</p> <p>Mr. Hadi Husani**, CEO, Focus USA and CEO Focus Tajikistan</p> <p>Mr. Zygj Lubkowski, **, Head of Seismic Engineering, Arup, Turkey</p>
14:45 – 15:00	<i>Coffee and Networking Break</i>
15:00 – 16:00	<p>Plenary session: Private-public co-financing – challenges and opportunities</p> <p>Presentation on incentive measures and funding opportunities</p> <p>Chair: Olivier Mahul**, Senior Insurance Specialist, Financial Markets for Safety Net, Finance and Private Sector Development, World Bank</p> <p><i>Panel members:</i></p> <p>Mr. Franz Stoessel**, Senior Advisor, Swiss Agency for Development and Cooperation (SDC)</p> <p>Mr. Reto Schnawiler **, Head Public Sector Business Development, Swiss Reinsurance, Switzerland</p> <p>Mr. Xavier Lecacheur**, Financial Sector Team, Policy and Research Division, United Kingdom Department for International Development</p> <p>Mr. Francis Ghesquiere, ** Regional Coordinator for Hazard Risk Management in Latin America and the Caribbean Region, World Bank</p> <p>Mr. Dirk Reinhard**, Munich-Re Foundation</p>

THURSDAY, FEBRUARY 22nd, 2007

16:10 – 17:30	<p>Discussion on the next steps</p> <p>Next steps for ISDR, such as rolling out a programme of multi-stakeholder dialogues which engage the private sector;</p> <p>Next steps for the World Bank Group, such as developing modalities for co-financing Private Public Partnerships and for providing appropriate incentives;</p> <p>Next steps for the World Economic Forum, such as increased collaboration with sectors and companies interested in reducing their disaster risks, particularly through Private Public Partnerships; and</p> <p>Next steps for participating companies and other interested parties, building on the above sets of next steps for engaging in multi-stakeholder efforts to reduce the risks of disasters.</p> <p>Chair: Mr. Satoru Nishikawa**, Director for Disaster Preparedness, Cabinet Office, Government of Japan</p> <p><i>Panel members:</i></p> <p>Mr. Richard Samans** Managing Director, World Economic Forum Ms. Usha Rao Monari**, Manager, Infrastructure Department, International Finance Corporation (IFC) Mr. Jan Mumenthaler,** Senior Insurance Officer, IFC Mr. Salvano Briceno**, Director, UN ISDR Secretariat Representatives from Corporate Sector Representatives from Donor Community</p>
17:45 – 18:45	Reception

* Invited

** Confirmed

Annex III

PARTICIPANT LIST

Dialogue on public private partnerships in disaster risk reduction/February 22nd, 2007 Washington DC

CONTACT PERSON	ORGANIZATION	REPRESENTING
Mr. Brent Dark	Asian Development Bank	ADB
Mr. Harold Vandermeulen	Embassy of Belgium	Belgium
Ms. Celine Heinbecker	Humanitarian Affairs and Disaster Response Group	Policy Advisor Canada
Mr. Mark Roberton	Nexen's Risk Management	Canada
Mr. Anna Lise Kalausen	Nordic Consulting Group	Denmark
Mr. Kurt Morck Jensen	Royal Danish Ministry of Foreign Affairs	Denmark
Ms. Isabelle Forge	Ministere des Affaires Etrangeres	France
Mr. Anastase Zacharas	Europe Aid EC	European Commission
Ms. Kerstin Faehrmann	Emergency Support and Humanitarian Aid, BMZ	Germany
Mr. Andy Bulgin	Coca-Cola HBC	Greece
Mr. P.G. Dhar Chakrabarti	National Institute for Disaster Management	India
Mr. Karik	Inter American Development Bank	IDB
Mr. Takeshi Osuga	Global Issues Cooperation Division, International Bureau, Ministry of Foreign Affairs	Japan
Ms. Sawako Takeuchi: Professor	Urban Engineering, Graduate School of Engineering, Kyoto University; Ministry of Foreign Affairs	Japan
Mr. Satoru Nishikawa	Cabinet Office Director for Disaster Preparedness	Japan
Mr. Kazuteru Sato	Development Institutions Division, International Bureau, Ministry of Finance	Japan
Mr. Atsushi Uchida	Japan International Cooperation Agency	Japan
Ms. Yu Komatsu	Japan International Cooperation Agency	Japan
Mr. Koji Suzuki	Asian Disaster Reduction Center (ADRC)	Japan

CONTACT PERSON	ORGANIZATION	REPRESENTING
Mr. Juan Francisco Suarez	Global Director - Corporate Communications & Public Affairs, Cemex	Mexico
Mr. Oddvar Kjekstad	Norwegian Geo-hazards International (NGI)	Norway
Ms. Margaret Arnold	Provention Consortium	Switzerland
Mr. Jesse Fahnstock	World Economic Forum	Switzerland
Ms. Shruti Mehrotra	World Economic Forum	Switzerland
Mr. Dirk Reinhard	Munich-Re Foundation	Switzerland
Mr. Richard Samans	World Economic Forum Centre for Public-Private Partnership	Switzerland
Mr. Reto Schnarwiler	Swiss Reinsurance Company	Switzerland
Mr. Franz Stössel,	Swiss Agency for Development and Cooperation	Switzerland
Mr. Xavier Lecacheur	Financial Sector Team Policy and Research Division. Department for International Development	UK
Ms. Bernice Lee	Aga Khan Foundation (UK)	UK
Mr. Zygi Lubkowski,	Ove Arup & Partners International Ltd	UK
Dr. Walter Amman	Global Alliance for Disaster Reduction and International Conference on Disaster Reduction	USA
Mr. Noris Balabanian,	Department of Homeland Security USA/USCIS HQs/G4 /International Organizations/ Human Trafficking / Violence Against Women Act/ Aliens Victims of Serious Crimes /Refugee and Asylee dependents USA	USA
Ms. Gloria Cabe	James Lee Witt Associates	USA
Ms. Geraldine Cox	Society of Women Engineers, American Association of Engineering Societies.	USA
Mr. Ollie Davidson	Public, Private Partnerships (Counterpart Int'l)	USA
Mr. George Foresman	US Department of Home Land Security Undersecretary for Preparedness	USA
Mr. W. Michael Furgason	Strategic Security, The Coca-Cola Company	USA
Ms. Christine M. Herridge	PADF, an affiliate of the Organization of American States	USA

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Mr. Hadi Husani	Focus Humanitarian Assistance Focus USA CEO Focus Tajikistan	USA
Mr. Gulam Juma	Focus Humanitarian Assistance	USA
Mr. Frederick Krimgold	Virginia Tech Advanced Research Institute (ARI) Disaster Risk Reduction Program	USA
Alan Maness,	State Farm Insurance Associate General Counsel	USA
Mr. Matt Oster	James Lee Witt Associates	USA
Ms. Ines Pearce	Pearce Global Partners	USA
Mr. Steve Rochlin	AccountAbility North America	USA
Mr. Michael R. Sanio, M.ASC	American Society of Civil Engineers, International Alliances	USA
Ms. Patricia Scheid	Aga Khan Foundation USA , Programs & Partnerships	USA
Mr. James Lee Witt	James Lee Witt Associates, Part of Global Options Group, Inc.	USA
Mr. Fred Nichols	Department of Homeland Security	USA
From the World Bank Group		
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Mr. Francis Ghesquiere	Latin America and the Caribbean, World Bank	World Bank
Mr. Ellis Juan	Finance and Economics Division, FEU	World Bank
Mr. Masato Kanda:	World Bank Executive Director's Office for Japan	Japan
Mr. Olivier Mahul	Financial Markets and Safety Net, Finance and Private Sector Development, IFC	IFC
Ms. Usha Rao Monari	International Financial Corporation (IFC)	IFC
Mr. Jan Mummenthaller	International Financial Corporation (IFC)	IFC
Mr. Chris Tinning	Executive Director's Office for Australia	Australia
Ms. Ai Yamazaki	Executive Director's Office for Japan	Japan
Mr. Jinlin Yang	Executive Director's Office for China	China

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Dr. Maryam Golnaraghi,	WMO	WMO
Ms. Kaisa Heikkila	UN Finland	UN
Ms. Koko Warner	United Nations University	Germany
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Mr. Francis M. Muraya	GFDRR Secretariat	World Bank
From the UN International Strategy for Disaster Reduction Secretariat		
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Ms. Elina Palm	ISDR Secretariat	UN/ISDR
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