

small equity

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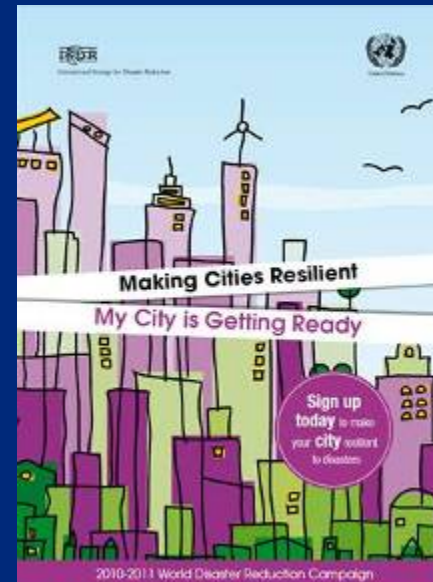
DRR & The Private Sector Outline

- Overall DRR Perspective
- Why DRR Is Important To The Private Sector?
- Where Does DRR Fit In Private Sector Priorities?
- Public Private Partnerships
- SME Sector
- DRR – PSP Membership

Overall DRR Perspective - Disasters by the Numbers

- **The frequency and magnitude of natural disasters is increasing**
 - The 10-year average of economic losses since 2000 totalled US\$110 bn, while average insured losses totalled US\$35 bn. In 2010 disaster costs exceeded \$130 billion; that number will exceed \$200 billion in 2011 (Hurricane Irene, Rio de Janeiro landslides, Australia flood, New Zealand earthquake, Japan earthquake & tsunami)
 - 3.3 million people have died from natural disasters since 1970
- **Cost of Irene is tentatively at up to \$7 billion nationally with \$3-4 billion in insured losses**
- **Population density in urban areas adds to severity of disaster events**
 - 75% of the world's population in urban areas by 2030

Making Cities Resilient



Importance of Private Sector in DRR

“The biggest question facing us is how to influence behavioral change. Who do we need to convince? How do we do it? The private sector is the perfect advocate for resilient thinking because of its direct relationship with customers, suppliers and everyone in between. A private sector committed to disaster risk reduction can steer public demand towards materials, systems and technological solutions to build and run resilient communities”

*Margareta Wahlström
UN Special Representative of the Secretary General
for Disaster Risk Reduction*



Why DRR Is Important To The Private Sector

Business Momentum Risk

Supply Chain

Materials

Vendors

Banks

COMPAN

Y

Marketplace

Distributors

Customers

Consumers

Banks

Government

Security

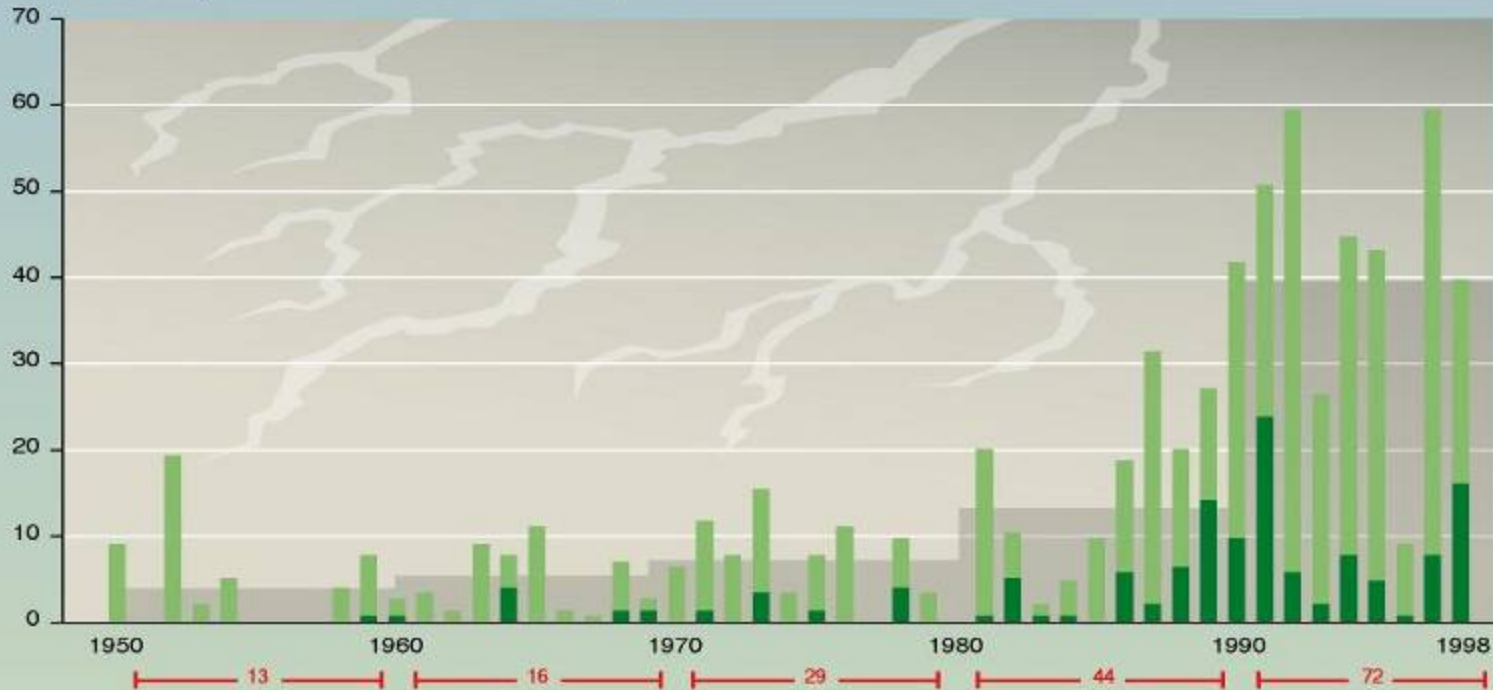
Basic Infrastructure

Currency

Global Costs of Extreme Weather Events (Inflation-Adjusted)

Global costs of extreme weather events (inflation-adjusted)

Annual losses, in thousand million U.S. dollars



Where Does DRR Fit In Private Sector Priorities?

- Currency Fluctuations
- Interest Rates
- Lending Availability
- Investment Availability
- Competition
- Globalization
- Regulatory Environment
- Taxes

Opportunity

Not 'Nice-To-Have' Insurance Policy

- Balance Sheet Improvement
- Bottom Line Enhancement
- Top Line Expansion
- CSR Leadership Differentiation

Balance Sheet & Bottom Line

- For every \$1 invested in resilience/prevention, \$4-\$7 is saved (CA EMA)
- Companies with best practices managing their risks produced earnings that were 40% less volatile (Oxford Metrica):
 - Average property loss is 20X larger for companies with weak risk management practices
 - Average loss per location exceeds \$3M (vs. \$0.6M)
 - Best risk management practices result in losses from natural events that are 7X less costly
- DRR is an investment
 - Even if disasters don't occur, you are still building capacity
 - If disasters occur there is reduced economic damage and casualties
 - Increases business returns and economic welfare

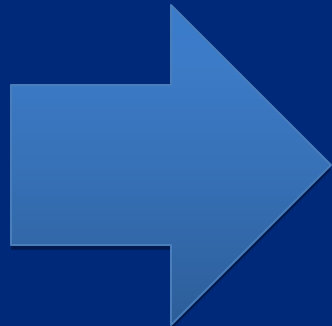
Top Line & CSR Public Private Partnerships

Sound DRR Public Policy

+

DRR Capacity Projects

= Private Investment Opportunity



ROI

Top Line & CSR PPP Opportunity

- Engineering
- Planning
- Risk Assessment and Monitoring
- Construction
- Utilities Distribution
- Communications
- Transportation
- Emergency Services
- Hospital Capacity

SME Sector

- Local Ownership
- Cost Efficient Infrastructure
- Investment Rate of Return
- Investment Grade Upgrade
- Local Economic Benefit

DRR – PSP Membership

- Getting Ready
- Getting Informed
- Starting A Dialogue
 - Private investments in development infrastructure, economic growth and services often far outstrip public budgets and assets
 - Advise the UNISDR with practical expertise
 - Complement the UN's DRR efforts with new ideas
 - Assist the UNISDR's efforts of capacity building in disaster prone areas
 - Review & counsel on UNISDR strategic publications such as Global Assessment Report
 - Support UNISDR to secure necessary funds from private sector for future projects

Private Sector Participant Benefits

- Business opportunities
- Reduced liability issues
- Insurance benefits
- Reputation and brand value in community
- Stakeholder expectations
- Corporate social responsibility
- Security of employees and families
- Gain access to network of participant partners

<http://www.unisdr.org/partners/private-sector>

Thank You

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www.smallequity.com

small equity initiative

References:

The Business Case for Disaster Risk Reduction Through Design Strategy and Emergency Planning & Response - (August 2011)

Making Cities Resilient My City is Getting Ready - (September 2011)