

CSR ASIA

Business  
Briefing

# Making an Impact in Disaster Response, Recovery and Resilience

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and  
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### **Business in Asia at risk**

The Asia-Pacific region is the most disaster-prone area of the world, and China, India, Indonesia and Philippines are consistently listed in the top five most disaster prone countries globally.<sup>1</sup> Asia is also the region most seriously affected by the impacts of disasters. Population growth and greater wealth in Asia's fast-growing economies and persisting poverty that leaves large parts of Asia's people vulnerable are contributing factors to the ever-increasing economic and human costs of disasters. Rapid urbanisation, the location of several Asian mega cities in river deltas, and complex urban infrastructure exacerbate this.

The region accounts for more than 85 per cent of global economic exposure to tropical cyclones, and faces hundreds of large-scale floods, landslides, volcanic eruptions, earthquakes, and extreme weather events per year.<sup>2</sup> The number of weather-related natural disasters has tripled globally in the past 30 years,<sup>3</sup> suggesting that climate change and the expected increases in storms, floods and extreme temperatures are adding new risks for the region. 2011 was a particularly damaging year, with nearly US\$ 300 billion in losses in the region, mainly due to the Tohoku earthquake and tsunami in Japan and the floods that primarily affected Thailand. Including these major events, Asia experienced 44 per cent of total disasters globally, and accounted for 86 per cent of global disaster victims in 2011.<sup>4</sup>

In the coming decades, significant private sector investment will continue to pour into the region's disaster prone economies. Businesses invested in Asia face a complex set of disaster-related business risks and increasing stakeholder expectations for a greater role in society. Natural disasters can result in far reaching business disruptions including the loss of assets and productivity, workforce

<sup>1</sup> United Nations Office for Disaster Risk Reduction (UNISDR). "Global Assessment Report on Disaster Risk Reduction." 2013

<sup>2</sup> United Nations Office for Disaster Risk Reduction (UNISDR). "Reducing Vulnerability and Exposure to Disasters: the Asia-Pacific Disaster Report 2012." 2012.

<sup>3</sup> Munich Re and NatCatSERVICE. "Worldwide Natural Disasters 1980 – 2011." 2011.

<sup>4</sup> "Guha-Sapir D, Vos F, Below R, with Ponserre S. "Annual Disaster Statistical Review 2011: The Numbers and Trends." Brussels: CRED; 2012.

dislocation, disruptions in the supply chain and distribution systems, commodity price fluctuations, and loss of revenue and markets. With supply chains stretching across countries and continents, disruptions can shake entire industries. The Japan earthquake and subsequent Tsunami in 2011, for example, had a worldwide impact on industries as varied as automobiles and consumer electronics.



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In addition to direct impacts on the business and its stakeholders, the increasing occurrence of disasters will have social, political, and economic repercussions that can leave societies and markets unstable. Strategic collaborative efforts between business and key actors in the humanitarian and public sector can help safeguard business investments from disaster risks while contributing to the sustainable development of communities.

## Opportunities for leadership in disaster response, recovery and resilience

The growing scale and complexity of today's disaster response and recovery operations are challenging the resources and capabilities of local governments and humanitarian organisations. Disaster response and recovery cannot be the purview of only public entities but need to draw on the resources and capacities of a larger, diverse pool of actors including the business sector. Multi-sector partnerships are needed to build capacity and increase resilience which in turn will also benefit business' increasingly globalised supply chains, distribution systems and markets.

The following sections demonstrate how business can make a greater impact with their contributions to disaster response and recovery. And how strategic partnerships between businesses and the humanitarian sector can increase disaster resilience and provide significant business opportunities.

### Contribute to effective disaster response

Disaster response, also called 'disaster relief', refers to the timely provision of services and assistance during or immediately after a disaster. The aim is to "save lives, reduce health impacts, ensure public safety and meet the basic subsistence needs of the people affected".<sup>5</sup> Main actors include governments, military forces, UN agencies and non-governmental organisations both international and local, as well as the affected communities themselves.

Corporate financial contributions to humanitarian organisations are essential, as cash can be flexibly applied in obtaining the most-needed goods and services. Financial contributions also direct money into the local economy, when goods are purchased in the affected region, and thus help the local economy recover. For greatest impact, donations



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<sup>5</sup> UNISDR. "Terminology on Disaster Risk Reduction." 2009.

should be made to organisations with a proven track record in the affected region and high accountability standards.

Companies operating in affected areas can contribute much needed labour, materials and specialised equipment. According to a recent study, “The distribution of food, water, medical supplies and shelter materials can be undertaken much more rapidly and efficiently by a large workforce that is immediately deployable and knows the local area. Company vehicles can be used for the distribution of humanitarian assistance. Generators can supply temporary power, and company offices and satellite communications can prove critical in assisting the coordination of the response”.<sup>6</sup>

When based on clearly specified demands, in-kind donations can make a valuable contribution. Unsolicited donated goods, however, can cause significant additional costs, as they need to be sorted, packed, transported, and distributed or disposed of. In-kind donations should be based on professional needs assessments and not supersede local purchase alternatives.

Similarly, employee volunteering needs to be planned well in advance of a disaster or emergency so as not to hinder professional response efforts. Beyond technical skills, volunteers need to have experience with complex response situations, be familiar with the local context, and ideally be fluent in the local language.<sup>7</sup>

Effective disaster response requires the timely deployment and mass distribution of emergency supplies. It thus implies a certain level of preparedness or ‘readiness to respond’ which needs to be built before a disaster takes place. Through leveraging their products, services, expertise, and networks, businesses in key industry sector can help improve preparedness planning and capacity building for effective and timely response. This particularly includes businesses in the sector of ICT and telecommunications, logistics, transport, and pharmaceuticals and health.

In cases where core products and services are relevant to response needs, meaningful business strategies can combine impactful engagement with opportunities to innovate new products and services that are urgently needed, or to field test them in the most extreme and difficult situations – provided that this does not endanger response impact and quality.



### **Inmarsat partnership with TSF for rapid response**

As the world’s leading satellite communication service provider, Inmarsat supports and sponsors the humanitarian work of Télécoms Sans Frontières (TSF). TSF is humanitarian non-governmental organisation specialised in telecommunication services in emergency situations. In response to a disaster, TSF emergency teams restore communication networks using Inmarsat equipment. TSF’s priority is to set up telecom centres to help coordinate first responders’ relief efforts and provide communication services to survivors. Under their decade-long partnership, Inmarsat supplies TSF with free satellite communications equipment, training and capacity building, as well as financial support. The partnership provides TSF with the essential equipment and capacity needed for rapid deployments. Inmarsat gains the opportunity to learn and develop its products and services to meet the evolving needs for people in crisis.<sup>8</sup>

<sup>6</sup> World Economic Forum. “Engineering & Construction Disaster Resource Partnership. A New Private-Public Partnership Model for Disaster Response.” 2010.

<sup>7</sup> The Conference Board. “Corporate Responses to Humanitarian Disasters. The Mutual Benefits of Private-Humanitarian Cooperation.” 2008.

<sup>8</sup> Learn more at: <http://www.inmarsat.com/corporate/responsibility/humanitarian-support/>



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### **Engage in sustainable disaster recovery**

Disaster recovery refers to the restoration and reconstruction of facilities, livelihoods and living conditions of disaster-affected communities,<sup>9</sup> enabling people to resume their normal life. This phase provides the opportunity to not simply restore but improve pre-disaster conditions, to ‘build back better’<sup>10</sup> in order to put communities in a stronger position to deal with future disasters.

Effective and sustainable recovery of a community is in the very own interest of the business sector. Engagement in this area is not merely about corporate social responsibility but about economic risk management, particularly in places where companies have a core business interest and disaster hazards are recurrent. Businesses depend on communities in which they operate and to whom their goods and services are sold. If the community is impacted so are a business’ employees, suppliers, customers and crucial infrastructure services such as power, water, communications and transport.

There is a strong business case for companies to engage more strategically in the long-term recovery of communities by bringing in core competencies including expertise, technology, products and services. This includes particularly companies in the sectors of engineering and construction, information technologies, telecommunications and crucial infrastructure. Their specialised skills and management capabilities are crucial in restoring and improving facilities and infrastructure.



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Businesses can also provide access to their “pre-established local networks and supply chains, relationships with local government, and a unique understanding of regulatory frameworks” that could speed humanitarian agencies’ response.<sup>11</sup>

Rapid economic recovery after a disaster is crucial to prevent detrimental effects on the long-term development of a community. Small businesses play a key role in the recovery process as they meet local needs and provide employment. However, with limited resources they are less able to recover from major business disruptions and more likely to consequently cease operations. One of the chief ways companies can contribute to recovery efforts is by resuming business and regenerating the local market economy as soon as possible after a disaster. Local market systems play a vital role in supplying critical goods or services to ensure survival and protect livelihoods, both in the immediate aftermath of a disaster and in the longer term. Larger corporations can help build capacity of small businesses in their value chain by sharing expertise, and partnering to help them re-start and recover their business operations.

### **Walmart and Save the Children empower women to restore livelihoods**

In response to 2009’s Hurricane Ida in El Salvador, Walmart partnered with Save the Children to provide new economic opportunities to women who suffered extensive damage from the disaster. Women leaders were provided training on business management, marketing and technical skills needed to start small businesses in the aftermath of the hurricane. These leaders went on to train other women in their families and wider community to help them start their own income-generating activities. It is estimated that 10,800 women and their family members have directly and indirectly benefitted from the project. This initiative directly contributed to the redevelopment of local economy, and also encouraged equitable income distribution for the community going forward.<sup>12</sup>

<sup>9</sup> UNISDR. “Terminology on Disaster Risk Reduction.” 2009.

<sup>10</sup> UNISDR. “Terminology on Disaster Risk Reduction.” 2009.

<sup>11</sup> World Economic Forum. “Engineering & Construction Disaster Resource Partnership. A New Private-Public Partnership Model for Disaster Response.” 2010.

<sup>12</sup> Learn more here: <http://www.savethechildren.org/site/apps/nlnet/content2.aspx?c=8rKLIXMGIpl4E&b=6478615&ct=9313169>



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### **Partnerships for community disaster resilience**

The frequency and increasing severity and costs of natural disasters require a strategic and pro-active approach that aims to build resilience to impacts and disruptions. This is in stark contrast to the more common short-term, reactive investment in disaster response and recovery. Long-term investment in disaster resilience aims to improve the ability of an economy or community to organise itself in order to minimise disaster impacts and to recover quickly by restoring socio-economic vitality. It is about the continued ability to function during and following a disaster without compromising long-term prospects.<sup>13</sup>

Beyond response preparedness and sustainable recovery, business can contribute to resilience efforts by helping provide solutions to reduce disaster risks and vulnerabilities. This includes, for example, the development of real-time databases for use by decision-makers and the general public, weather forecasting and early warning systems (e.g. warnings distributed through SMS to mobile phone users), building codes and construction standards. Some businesses have been innovating their mainstream products and services to match the needs of the poor in vulnerable locations such as micro-insurance, flood and drought resilient crops or affordable flood resilient housing.

Community vulnerability, or susceptibility, to disruptions and damages from natural disasters is driven by various physical, social, economic, and environmental factors.<sup>14</sup> Poverty, lack of infrastructure and education, and weak institutions are all factors constraining access to crucial assets and services and restricting a community's possible course of action. Environmental degradation undermines ecosystem functions that can be crucial in coping with disasters (mangroves, for example, can serve as a buffer against storm surges). Investments in the social and economic development of a community can thus play a crucial role in building disaster resilience. Such investments can include the provision of jobs, creation of livelihoods, or direct investments in education, health and environmental conservation.

Building resilience requires a broader look at what makes communities better able to cope with the disruptions and damages from natural disasters likely to become more frequent and severe in the future. Business investment in community resilience thus goes beyond ad-hoc, periodic engagement and requires strategic, long-term collaboration with key actors in the broader disaster and development realm. By leveraging on core business competencies companies can help develop solutions that help communities not just withstand major disruptions and damages but also contribute to their sustainable development.

#### **The Guiding Principles for Public-Private Collaboration for Humanitarian Action**

Developed with wide consultation among the private sector and humanitarian organizations, and based on two decades of lessons with partnerships, the World Economic Forum and the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) developed 10 Principles to guide partnerships. The Principles recognize the benefits of engaging the private sector to benefit communities affected by humanitarian crises, and the strength that partnerships with humanitarian actors can bring. The shared goal of partners should be the alleviation of human suffering and provision of quality assistance to those most in need.

The Principles emphasize leveraging core competencies, ensuring that collaborative efforts are needs driven, building local capacity, and making the distinction between humanitarian and commercial activities.

More information: <http://business.un.org/en/documents/257>

<sup>13</sup> APEC. "Public-Private Partnerships and Disaster Resilience." 2010.

<sup>14</sup> UNISDR. "Terminology on Disaster Risk Reduction." 2009.

<sup>15</sup> Learn more here: <http://www.ft.com/intl/cms/s/0/8a4b33b0-f41f-11e0-8694-00144feab49a.html#axzz2X8TeF100>

### Swiss Re and Oxfam partner to build resilience in Ethiopian rural communities

An estimated billion people globally suffer from hunger and food insecurity, most of these are small scale farmers in rural areas that rely on their own subsistence level farms for their livelihoods. As a result, these communities are highly vulnerable to drought and floods that wipe away their incomes and also their source of food. Oxfam, Swiss Re, and other local

partners joined forces to develop a weather-indexed crop insurance product, designed with the direct input of their target market - small farmers in Ethiopia. By using satellite information and simple rainfall measurement devices, payouts are triggered when too much or too little rain occurs, thus saving the insurers the costs of having to verify losses farm by farm. Farmers have the option of purchasing their policies directly, or receiving a policy in exchange for work on a variety of projects designed to fortify their community's resilience to disaster such as improved irrigation or soil management. From a starting point of 300 families in one village, the program has expanded to 13,000 in 45 villages, and Swiss Re has committed USD 1.25 million over five years to help expand this market-based service to other countries.<sup>15</sup>



© Oxfam International, 2007

### Siam City Cement partnership with universities for resilient homes in Thailand

The village of Baan Klongsai Village in Ayutthaya, Thailand is located in a water catchment area which makes villagers vulnerable to annual floods. After Thailand's great floods of 2011, villagers were left with severely damaged houses. Siam City Cement (SCCC), in trying to help enhance flood resilience of the community, invested over USD 400,000 in designing housing proto-types that are three meters above the ground and are connected by elevated boardwalks that can be used as a boat dock during floods. The houses were constructed using water-resistant fibre cement. They also designed the sanitary system for the house to ensure that it would continue to work properly during floods. The design of the village was developed in collaboration with Chulalongkorn University, while the community training on the use and maintenance of the facilities was carried out in collaboration with the King Mongkut's University of Technology Thonburi.<sup>16</sup>

## The case for business engagement

Business engagement in response, recovery and resilience efforts does not only help meet community needs but also creates business benefits and helps manage business risks.

- **Manage broader risk environment:** The long-term sustainability of businesses depends on the communities in which they operate and to whom their goods and services are sold. With both their market and resource base depending on these communities, investing in community resilience helps reduce broader business risks.
- **New business opportunities:** Collaborative approaches can help develop new networks and access new markets and geographic regions. Companies can innovate and field-test new products and services and potentially tap into new business opportunities as they gain experience in a new area.
- **Strengthen local relationships and corporate reputation:** Cooperative approaches can help strengthen relationships with the local community, government and civil society organisations and help create trust.
- **Enhance staff development and employee loyalty:** Through employee secondments individual staff members can develop new skills and knowledge, which contributes to their personal and professional development and in turn can increase staff loyalty.

<sup>16</sup> APEC. "Public-Private Partnerships and Disaster Resilience." 2010.



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## Essentials for business engagement in disaster response, recovery and resilience

Meaningful business engagement in effective disaster response, sustainable recovery and community resilience requires a change from case-by-case, ad-hoc donations toward pro-active, long-term collaborations for greater impact and more efficient use of resources.

- **Engage early and for the long-term:** Effective business involvement in post disaster response and recovery efforts demands early engagement before

a disaster takes place. This allows business to identify appropriate partners and entry points into the traditional response and recovery system from the outset and to leverage their contributions in times of crisis. Building resilience in disaster-prone communities requires engagement in the extended periods between disasters in order to reduce vulnerabilities and risk factors.

- **Leverage core competencies in order to build local capacities and resources:** Business assets, networks and particularly expertise can be essential in building local capacities and resources. Through employee volunteering and staff exchange programs business can build valuable management, finance and organisational capacities in the humanitarian sector.
- **Identify and respond to community needs:** Rather than assuming needs or imposing solutions, the starting point should be the needs of the community at risk or in crisis. The determination of community needs should be based on professional needs assessments. To meet community needs look for partner organisations with complementary core competencies and opportunities to leverage business networks and relationships to pool resources and expertise.
- **Support permanent convening platforms for effective response and recovery:** Help create and sustain convening platforms that allow for coordination among all crucial actors in disaster response and recovery. This can help business identify where to put its resources and skills to best use.

# CSR ASIA

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