Engaging the Private Sector in Building Resilience

Given their inherent strengths, there is a great opportunity for the private sector in the Pacific to play a central role in building community resilience, and for their potential contributions to be better utilised by government and partners. The consequences of climate change and disasters are experienced by all sectors of society, private and public, and the public sector cannot effectively manage these risks alone (UNISDR, 2015). The long-term sustainability of resilience building interventions depends, to a large extent, on the ability of the public sector to achieve and maintain a meaningful association with a variety of stakeholders, including the private sector (ADPC, 2013).

In practice, engaging the private sector to reduce risk and improve resilience in the Pacific can mean one of two things. On one hand, business operations are impacted by of climate change and disasters, and on the other, the private sector can be agents of change in government led resilience building activities. There are certainly activities that fall into both categories, but for the most part this separation stands true.

The table below outlines some of the activities the private sector may engage to reduce impacts to themselves, or as change agents, during preparedness and response, and/or building resilience.

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<thead>
<tr>
<th>Private sector:</th>
<th>Impacted themselves</th>
<th>As change agents</th>
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<tbody>
<tr>
<td>Preparedness, response and recovery</td>
<td>Disaster proofing of own business (e.g. developing business continuity plan)</td>
<td>Provision of business continuity planning services to supply chain</td>
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<td>Disaster risk reduction and resilience building</td>
<td>Installation of alternative power sources for continuity of power supply after disaster</td>
<td>Supplying temporary power to community after a disaster</td>
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<td>Planting of resilient seedling varieties</td>
<td>Importation of resilient seedling varieties for distribution and use across country by government and partners</td>
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<td></td>
<td>Ensuring business infrastructure is resilient using appropriate materials and design codes</td>
<td>Provision of engineering services and training on resilient infrastructure</td>
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Private sector also has an essential role to play in the implementation and achievement of regional and global climate change and disaster risk reduction (CCDRR) commitments. The most significant of which is the recently endorsed Framework for Resilient Development in the Pacific (FRDP). The FRDP demonstrates a consensus in the region that CCDRR cannot be addressed by a single sector or field, stating that “partnering with, and guiding the private sector, for example through incentive schemes, will be critical…whilst some progress has been made by businesses voluntarily reducing disaster risk, further and comprehensive investment in disaster risk management and business resiliency measures is of paramount importance” (FRDP, 2016). Similarly, the Sendai Framework (the global framework on disaster risk reduction) highlights a lack of regulation and incentives for private disaster risk reduction investment as an underlying risk driver, and calls for business to integrate disaster risk into their management practices.

Despite commitments made in these global and regional frameworks, and regularly by partners and government, at present the private sector tend to play a peripheral role as “change agents”, and there is still a significant need to reduce the risks of climate change and disasters on their operations. There are several factors to consider when determining when, where, and how businesses can and should be engaged in any context, and as such there is a clear need for all stakeholders within a country or region to be given the space to jointly determine the rules of engagement and ensure that all contributions are utilised.

Why Engage the Private Sector?

The private sector is well placed to act as an agent of change to support building of resilience for both communities and their own operations for several reasons:

- **Locality.** Businesses are often already operating on the ground within communities, so delivering resilience building initiatives through these networks can improve access, speed and effectiveness. Businesses are usually the first to respond in a disaster and the last to remain as part of recovery efforts (World Humanitarian Summit, 2016).

- **Efficiency.** In many instances business operations are more efficient than traditional methods of government service delivery, and funding arrangements in the private sector tend to be much more agile than those in the public sector, both in terms of responsiveness (ability to commit funding without delay) and finding cost effective solutions. Additionally, large businesses often have extensive experience with management of major projects – skills which are transferrable to disaster response.

- **Innovation.** The private sector often commit significant resources to design and use innovative technology, design resilient infrastructure, and develop and implement innovative information systems (IFC, 2010), which can be utilised to support resilience building in communities and in response to disasters.

Having businesses up and running effectively after a disaster is critical for day to day life in communities in the Pacific, from canteens selling food and supplies, to farmers producing for sale in markets, to telecommunications providing access to phone and data networks.

Businesses already make important contributions to climate change and disaster related activities within these communities. However, this engagement tends to be ad hoc and at times is not aligned with government led initiatives, resulting in overlap of services, and an inefficient use of limited available resources.

Why Would the Private Sector Engage?

The incentive for the private sector to build resilience of their own operations and that of communities (both as change agents and impacted parties themselves) in the Pacific are clear - typically, the private sector bear the brunt of the impact of disaster events. For example, 78% of the FJD1.99 billion in damages after Tropical Cyclone (TC) Winston in Fiji were accounted for by the private sector (SPC, 2017).

Investing in building their resilience and being better prepared will reduce the likelihood that business operations will fail after a disaster, and allow them to re-commence operations sooner (for example 75% of companies without a business continuity plan fail within 3 years of a disaster (SPC, 2017)). Further, businesses engaging in government led disaster response and recovery operations will often improve its efficacy, and in turn hasten the recovery of the economy.
Importantly, a large percentage of businesses in the Pacific are micro, small and medium enterprises. These businesses often operate within and are members of communities, as farmers, canteen owners, mechanics etc. As such, for these operators building community and business resilience is one and the same.

**Private Sector as Change Agents and Reducing Impact on Themselves**

To get to a point where businesses play a central role in building community resilience, and where their contributions to government led resilience building activities are fully utilised, a paradigm shift on private sector engagement is required.

When considering private sector as agents of change, shifting the way they are engaged should see businesses integrated into all existing development, climate change and disaster systems, mechanisms and processes as core partners with formalised relationships. This would improve coordination of service delivery to communities and as such improve resilience across a country. Given the significant impact climate change and disasters have on businesses, they should also have the capacity to collectively lobby government as a unit, particularly on behalf of micro, small and medium enterprises who are unlikely to have the capacity to do so individually.

When considering the direct impacts on private sector as victims, the significance of private sector’s own resilience and preparedness, and its relationship with the ability of a country to bounce back after disaster is critical. Countries should recognise that there is a direct correlation between the speed with which the private sector resume operations and the speed with which communities and the economy can resume normal functioning. Investing in supporting businesses to risk inform their day to day planning, and ensure that they have appropriately prepared for disasters, such as by developing Business Continuity Plans, will improve resilience of the country as a whole.

**Fiji Business Disaster Resilience Council**

The establishment of the Fiji Business Disaster Resilience Council (FBDRC) is a concrete step towards meaningful engagement of the private sector in government led climate change and disaster related activities, and is an example of a new way of doing business for the private sector.

The FBDRC was formed in July 2016, with support from the Connecting Business initiative (CBI), in response to a strong desire for improved coordination and private sector engagement during the Tropical Cyclone Winston response and recovery efforts. Shortcomings in these response efforts related both to businesses ability to engage with government and humanitarian partners to contribute to community response and recovery efforts, in addition to businesses ability to recover from the disaster themselves.

The FBDRC provides a coordination mechanism for business engagement with government and partner activities around climate change and disaster risk reduction, is supporting businesses to strengthen their resilience, and integrating the private sector into national disaster management planning processes. As such the Council provides a platform for businesses to both manage impacts to themselves and support and support government and partners as agents of change.

**The Building Blocks for Successful Private Sector Engagement**

Transforming the way private sector is engaged to build their own and community resilience, and the way they engage with government led climate change and disaster activities requires tackling deep-seated governance issues. The conclusion that strengthening governance is key to effective private sector engagement reflects experiences from the Fiji Business Disaster Resilience Council, and testing of the Risk Governance Building Blocks by the UNDP Pacific Risk Resilience Programme (PRRP). These Building Blocks help put in place the enabling environment for reducing risks associated with climate change and disasters. The establishment and ongoing operation of the Fiji Business Disaster Resilience Council can be attributed to their success in strengthening these Building Blocks, as outlined below:

- **People (the actors involved in development).** The Council has had strong leaders and advocates from its inception, and much energy has been invested in nurturing both these change agents, and the development of human capacity and awareness within the Council more generally; partnerships are a core function of the FBDRC, with membership open to all businesses, and associate membership open to government and partners.

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1 Operational and technical support is provided to CBI by UNDP and UNOCHA while UNISDR provide technical advice on disaster risk reduction
**Mechanisms (the underlying architecture for development).** The FBDRC is a strategic coordination mechanism for businesses, and space for facilitating partnerships. It has been utilised as a forum for training, improvement of knowledge sharing, and development of resources and tools; it was established within the Fiji Commerce and Employers Federation - an existing private sector mechanism - rather than establishing a new, parallel structure; the Council are now incorporated in the country’s legislative frameworks through the Disaster Management Act and Regulations, formalising their position in legislation, and providing legal recourse should it be required.

**Processes (the procedures, tools and products guiding implementation).** The Council have developed and endorsed a Business Continuity Planning (BCP) toolkit which is accessible for free for all businesses in Fiji; they are currently coordinating a training programme on BCP for local Chambers of Commerce across the country; and have undertaken mapping of private sector stockpiles and prepositioned supplies.

The model of the FBDRC has been widely acknowledged as an effective means of improving private sector engagement and coordination. Off the back of this success, the Vanuatu Chamber of Commerce and Industry (VCCI) has replicated the Council by launching the Vanuatu Business Resilience Committee. Further, the Pacific Islands Private Sector Organisation (PIPSO) has scaled up the individual country level councils by forming the Pacific Business Resilience Network. Through this Network, PIPSO will support the establishment of country level resilience councils across the Pacific.

**Key Messages**

- There is an opportunity for the private sector to play a central role in building community resilience, and for their contributions to government led climate change and disaster related activities to be better utilised.

- Engaging the private sector in the Pacific can mean one of two things: supporting private sector to reduce of the impacts of climate change and disasters on their own operations, or alternatively leveraging off them as agents of change in government led resilience building activities.

- A paradigm shift on private sector engagement is required, to a point where private sector is a core partner in all aspects of resilience building activities, and where their engagement is strategic and coordinated.

- Deep-seated governance issues need to be tackled in order to provide space for the private sector to build their own and community resilience, and to engage with government led climate change and disaster activities.

**References**


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2 Developed with support from the Pacific Community (SPC)

3 Undertaken with support from the World Food Programme (WFP)

4 Developed with support from the PRRP and CBI