

Business and Industry Major Group

Oral Statement for Session 2, 18 September

I represent the Business and Industry Major Group and the UNISDR private sector group.

In the past week, we have reached out to all members of these groups for input on Section D, and have received substantial feedback from various sectors and from many parts of the world. We are submitting for today's session a preview table which includes all input to date, and we intend to submit a shortlist of top-priority issues from Business and Industry before the end of this series of informal consultations.

- 1. We strongly request the inclusion of wording that compels governments to create the right policy environment for private sector investment in three particular areas: building codes, financial regulation, and corporate reporting and transparency.**
- A) In terms of the Built Environment, we envision a future world where the information regarding the resilience of buildings is transparent and accessible, and where construction meets not only adequately resilient, but optimally resilient standards. We identified areas in Section D where policymakers may assist: at the *national and local level, understanding disaster risk* (14), *strengthening governance* (15), and *strengthening resilience* (17). These are areas where a strong public-private joint effort can make a real difference.
- B) In terms of financial regulation, the reflection of disaster risk in capital regulations and in accounting protocols is currently inadequate, with limited information on the resilience of companies' assets to disaster and climate risks. We are actively working on developing a set of disaster resilience metrics to allow capturing the level of resilience. We propose to Governments to work closely with the private sector to explore how to best adapt and apply these disaster resilience metrics through supporting regulations for risk-sensitive and climate-smart public and private investments, as part of *strengthening resilience at the national and local level* (17) and at the *global and regional level* (21).
- C) In terms of corporate reporting and transparency, the private sector still lacks reporting standards on disaster risk, as well as reliable data and metrics that allow companies to understand and evaluate the cost-benefit of addressing risks. National and local governments can provide the private sector with the urgently needed impetus to address and transparently disclose their behavior regarding risk, vulnerability and exposure of assets (14, *understanding risk*) At the global and regional level, furthering the assessment of underlying risk drivers (18, *understanding risk*), and adopting the use of private sector indicators in the new monitoring system (19, *strengthening governance*) will give businesses the means as well as the justification to invest in risk reduction and resilience.

We note that there is a risk information-sharing and metrics-developing element in all of these endeavors, and stronger ties and cooperation between the scientific community and the private sector, especially at the global and regional level, will be essential in this regard (18, *understanding risk*, and 19, *strengthening governance*).

2. There is a need to include more explicit encouragement for active collaboration between governments and stakeholders, particularly the private sector.

The private sector is already acting as collaborator and perhaps even formal partner of national and local governments in *understanding disaster risk* (14) and *building back better* (16), and this should be explicitly acknowledged as the way forward. There is also a need to improve multi-stakeholder presence, including the private sector, when *strengthening national and local level governance* (15), and building *global and regional cooperation for building back better* (20). Community-based efforts should be specifically encouraged when discussing *national and local level governance* (15). We also note that some industry sectors are more ‘risk-relevant’ and industry federations and business associations in these sectors should be targeted as partners in order to leverage the expertise of these sectors (22).

3. The new framework should build on existing efforts and avoid duplication.

Existing tools and resources developed in the past decade under HFA, such as the LG-SAT and the City Resilience Scorecard should be mentioned as recommended tools for *national and local governments to understand disaster risk* (14). Care should be taken to explicitly encourage the adaptation of internationally proven methods and tools to local conditions, rather than developing them from the start: we note this especially for the sections concerning building codes and standards for *strengthening national and local resilience* (17), risk assessments in *global and regional efforts to understand risk* (18) and investments in data development and sharing as part of *global and regional strengthening of resilience* (21).

I wish to reiterate that the private sector is committed to, and is already discussing practical steps towards, voluntary actions to support the new framework. We in the UNISDR private sector group recently conducted a survey with a cross-section of industries in the Built Environment¹. Companies surveyed span every geographical region and collectively employ almost 700,000 people. 97% responded that their company would be willing to spend an extra 10% to make an investment more resilient to natural hazards, if that extra cost could generate an economic payback below one year. Hence we argue there is a potential for private sector investment in resilience that can greatly benefit local and national economies with the right policy environment, and we would like Section D to give relevant guidance.

Lastly, we would like to emphasize that the focus in the Built Environment should be on Building Better from the Start rather than on Building Back Better. While we strongly support the latter concept, and understand that the post-disaster window of awareness is at this point of time the best opportunity for resilience building in many countries, we believe it is preferable to build better the first time around. Hence we believe Building Better from the Start needs to be given equal if not more emphasis in this forward-looking framework covering an open-ended period. We suggest to include Building Better from the Start in the fourth key priority area, on *investing in resilience*, and we as the private sector group will work on how the idea can be fully expressed as amendments to paragraphs 17 and 21, or, alternatively, as a new, fifth priority area.

¹ Sectors represented by respondents: Engineering, Construction, Building Materials, Project Finance, Manufacturing, Technology, Real Estate, Tourism, Property Management