

**Private Sector Position on Pre-zero draft: Summary**

Private Sector Vision	Level of engagement	Concepts to be mentioned in HFA2
<p>1) <b>Strong Public Private Partnerships drive DRR and Resilience (DRR/R) at the local and at the national level</b></p> <p>Multi-stakeholder platforms</p> <p>PPP governance</p>	Global/ Regional	Cities and States draw from leading practices, ideas, and tips from multi-stakeholder or Private Sector platforms.
	National	<p>Private Sector invited into DRR/R decision-making process.</p> <ul style="list-style-type: none"> <li>• Governments bring together multiple industry sectors (perhaps among multi-stakeholder platform) to facilitate regular and systematic input/recommendations.</li> <li>• Governments consider and act on recommendations made.</li> <li>• Business sectors organize and provide collective input.</li> <li>• Businesses are aware of mutual benefits of collaboration and eager to share insights and expertise.</li> </ul>
	Local	<p>Private Sector is recognized as active partner for local governments, in both decision-making and action.</p> <ul style="list-style-type: none"> <li>• Local Governments draw on specific Private Sector expertise for specific problems via Private Sector vendors, instead of creating parallel public vs. private solutions.</li> <li>• Local Governments draw on Private Sector expertise in larger, exploratory issues, via global or national ‘marketplaces’ and other means.</li> <li>• Local Governments periodically talk to local Private Sector on issues (e.g. Local Governments services that Private Sector needs improved, Private Sector services that Local Governments need developed), in platform as outlined above.</li> </ul>
<p>2) <b>Resilience in the built environment is driven by public sector setting adequate minimum standards, and creating an enabling environment to exceeding them, and the Private Sector voluntarily working towards optimal resilience</b></p> <p>Build Better from the Start</p> <p>Regulatory standards</p> <p>Voluntary practices</p> <p>Resilient infrastructure investment</p>	Global/ Regional	Public, Private, and Science community work toward setting a degree of consistency in recommended practices and standards that may be adapted to local conditions and constraints.
	National/ Local	<p><b>Public Sector</b></p> <p>The right policy and regulatory environment encourages resilient Private Sector business strategies in sustainable land use and the built environment.</p> <p>Countries implement Build Better from the Start, as well as Build Back Better, by:</p> <ul style="list-style-type: none"> <li>• For new investments as well as reconstruction, ensuring land use is risk-sensitive in planning as well as practice.</li> <li>• For new investments as well as reconstruction, ensuring minimally required building codes adhere to globally proven norms and are enforced in practice.</li> <li>• Especially for new investments, encouraging the Private Sector to voluntarily raise the level of resilience above codes, to optimum resilience, by: <ul style="list-style-type: none"> <li>○ Including resilience as clause to existing incentives</li> <li>○ Public recognition of resilience</li> <li>○ Corporate reporting practices on resilience measures</li> </ul> </li> <li>• Ensuring that risk insurance functions as intended.</li> </ul> <p><b>Private Sector</b></p> <ul style="list-style-type: none"> <li>• Industry-sector led adoption of voluntary practices above minimum building codes.</li> <li>• Proactive adoption of corporate reporting and labeling practices for rating resilience.</li> <li>• Feedback of experience and expertise into national and international dialogue.</li> <li>• Incentivization via private insurance, finance, and reporting organizations.</li> </ul>

Private Sector Vision	Level of engagement	Concepts to be mentioned in HFA2
<p>3) <b>All financial investment decisions, public and private, become risk-sensitive</b></p> <p>Risk-sensitive regulations</p> <p>Disaster risk stress-tests</p> <p>Resilient financial investment</p>	<p><b>Global/Regional</b></p> <p><b>National</b></p>	<ul style="list-style-type: none"> <li>• Institutions involved with financial regulation reflect disaster risk in the regulation of capital and procedures of accounting to promote resilient business practices and risk-sensitive financial decision-making.</li> <li>• Proactive dialogue and engagement with financial regulation institutions lead to more accurate assessments of the impacts of natural disasters on the financial stability of countries, companies and individuals, for targeted policies around financial stability and inclusion.</li> <li>• Develop, test and apply incentives for risk-sensitive investment and behaviour across the financial system.</li> </ul> <p><b>Public Sector</b></p> <ul style="list-style-type: none"> <li>• Review existing financial and fiscal instruments and standards,</li> </ul> <p>Apply disaster risk stress-tests (e.g.,the 1 in 100 Initiative) across public, private and mutual/cooperative, and other relevant entities across the economy. This involves:</p> <ul style="list-style-type: none"> <li>○ Requiring the reporting and disclosure against disaster risk stress-tests on an annual basis.</li> <li>○ Creating public-private platforms to promote dialogue and awareness, connecting insurance and financial sectors' expertise with public need to improve assessment and management of disaster risk related financial losses in economically rational way.</li> <li>○ Recognizing that the right financial policy and regulatory environment will stimulate risk-sensitive private sector investment.</li> </ul> <p><b>Private Sector</b></p> <p>Apply disaster risk stress-tests to transform mainstream business practices and decision-making towards resilience, in order to:</p> <ul style="list-style-type: none"> <li>○ Enable businesses to understand their disaster-risk exposure and make proactive decisions to manage this risk and protect their businesses</li> <li>○ Enable institutional investors to make informed decisions</li> <li>○ Test investments against annual losses associated with disaster risk.</li> </ul>
<p>4) <b>Resilience-sensitive public and resilience-sensitive businesses drive each other towards resilient societies</b></p> <p>Awareness-raising</p> <p>Education &amp; training</p> <p>Market-demand</p>	<p><b>National</b></p>	<p><b>Public Sector</b></p> <p>Non-resilient activities by citizens/ workforce are reduced through education, awareness-raising, and leadership of governments, Private Sector, and Science community.</p> <ul style="list-style-type: none"> <li>• Education and understanding <ul style="list-style-type: none"> <li>○ DRR/R's role and importance in poverty reduction, sustainable development, etc. is well understood.</li> <li>○ The public, companies, and their workforces are aware of risks and ways to reduce/ mitigate them.</li> </ul> </li> <li>• Change in behavior <ul style="list-style-type: none"> <li>○ There is demand for the right to live in resilient societies.</li> <li>○ There is demand for individuals, companies, and governments to behave resiliently.</li> <li>○ There is demand for up-to-date and understandable risk information.</li> <li>○ Everyone and every entity is better prepared in case of disasters.</li> </ul> </li> </ul> <p><b>Private sector</b></p> <ul style="list-style-type: none"> <li>• Increased awareness leads to demand for resilience in economic activities, including: <ul style="list-style-type: none"> <li>○ Business continuity management (BCM) by the Private Sector, including supply chain management and continuity of SMEs, and community-wide BCM</li> <li>○ Continuity and resilience of critical infrastructure that affect economy</li> <li>○ Better emergency planning as a community; public, private, and citizen</li> <li>○ Resilient investments and decision-making (see Vision 2, 3, 5); disclosure, transparency, and reporting (see Vision 3, 5)</li> </ul> </li> <li>• Increased awareness leads to market demand for DRR/R, leading to innovation, accelerations, and new opportunities for PPP in DRR/R.</li> </ul>

Private Sector Vision	Level of engagement	Concepts to be mentioned in HFA2
<p>5) <b>Identification and disclosure of risks carried and their proactive management becomes a standard business practice</b></p> <p>Disclosure of risk data</p> <p>Transparent reporting</p>	Global/Regional	International policy frameworks draw on corporate disclosure data as part of their monitoring of global risk and resilience.
	National	<p><b>Public Sector</b></p> <ul style="list-style-type: none"> <li>• Governments utilize corporate reporting and rating information to gain a more precise picture of risk and exposure, and identify areas of necessary improvement.</li> <li>• Governments tie in incentives and rewards to corporate proactive management of risk.</li> </ul> <p><b>Private Sector</b></p> <ul style="list-style-type: none"> <li>• All businesses assess their own risks and take the relevant prevention measures.</li> <li>• Risks as well as relevant prevention measures are reported in a transparent manner, so that investors, shareholders, and customers may accurately value resilience, and governments may accurately assess the collective risk and exposure represented within their borders.</li> </ul>
	Local	<ul style="list-style-type: none"> <li>• Communities gain an accurate picture of risk held by businesses in their community, as well as which companies are proactively managing their risk.</li> <li>• Individuals seek out knowledge on corporate disaster-risk-related behavior, and choose to favor responsible corporations.</li> </ul>

## Annex: How the private sector relates to the risk information spectrum

To implement the five Private Sector Visions, both the private and the public sector rely on accurate and up-to-date risk data that can be used as a basis for risk models and assessments. The summary table below shows how raw data is processed into risk information that is used for these risk models and assessments. It shows the level of processing of the data, the type of data and key private sector contributions.

		Where the private sector comes in:
Data	<p><b>Data on hazards</b></p> <ul style="list-style-type: none"> <li>- Science data collection</li> <li>- Records of major and localized hazards and disasters</li> <li>- Base maps</li> </ul> <p><b>Data on exposure and vulnerability of people and assets</b></p> <ul style="list-style-type: none"> <li>- Disaggregated data on population and their location</li> <li>- Data on assets by their location</li> </ul> <p><b>Ensuring accessibility to data</b></p> <ul style="list-style-type: none"> <li>- Sharing platforms</li> <li>- National disaster databases</li> <li>- Legal issues</li> </ul>	<p><b>Data and information services</b></p> <ul style="list-style-type: none"> <li>- Interpolating the gaps of base maps, exposure information etc.</li> <li>- Keeping datasets updated</li> <li>- Private data providers of imagery, elevation data, weather observations etc</li> </ul> <p><b>Corporate reporting (social, financial)</b></p> <ul style="list-style-type: none"> <li>- Data on risk-exposed assets</li> <li>- Presence/absence of risk mitigation</li> </ul>
Risk information	<p><b>Conversion of science data to risk information (risk modelling)</b></p> <p>Hazard data x exposure x vulnerabilities</p> <p><b>Ensuring accessibility to risk information</b></p> <ul style="list-style-type: none"> <li>- Dissemination (e.g. technological solutions)</li> <li>- Interpretation (e.g. location- or topic-specific services)</li> <li>- Education</li> </ul>	<p><b>Products and services</b></p> <ul style="list-style-type: none"> <li>- production of risk information specific to key sectors and users</li> <li>- risk modelling for evaluating correlated risks</li> </ul> <p><b>Use of risk information</b></p> <ul style="list-style-type: none"> <li>- corporate decision-making</li> <li>- indirectly in products and services</li> <li>- employee education</li> <li>- risk management service providers</li> <li>- business risk literacy</li> </ul>
Risk metrics	<p><b>Preconditions for development of metrics</b></p> <ul style="list-style-type: none"> <li>- Global science platforms</li> <li>- Insurance, finance sector regulators</li> <li>- Buy-in of national governments</li> <li>- Capacity of public and private sector to utilize</li> </ul> <p><b>Metrics (assessment methods)</b></p> <ul style="list-style-type: none"> <li>- For rating resilience of infrastructure and buildings</li> <li>- For insurance pricing</li> <li>- For evaluating investment targets</li> <li>- For corporate daily decision-making</li> </ul> <p><b>Use of risk information and metrics</b></p> <ul style="list-style-type: none"> <li>- Standardized reporting by countries, corporations</li> <li>- Decision-making by persons, companies, gov'ts</li> <li>- Successful risk mitigation</li> </ul>	<p><b>Forming partnerships, sharing expertise</b></p> <ul style="list-style-type: none"> <li>- for developing consistent metrics</li> </ul> <p><b>Lobbying and advocating</b></p> <ul style="list-style-type: none"> <li>- taking the risk discipline of the private sector and translating it to governments</li> </ul> <p><b>Capacity building</b></p> <ul style="list-style-type: none"> <li>- as provision of business services</li> <li>- via in-kind or financial contributions</li> </ul> <p><b>Use of risk information and metrics</b></p> <ul style="list-style-type: none"> <li>- standardized reporting and auditing on risk</li> <li>- used as internal justification for investments in resilience</li> <li>- use to identify resilient investment opportunities</li> <li>- business setting the example for other public and private sector assets</li> </ul>