

## Concept Note

# Building SME resilience and private sector networks for DRR

26 November 2021, 14:00h – 15:15h CET

### State of play

Recent major disasters have focused attention on the growing impact of disasters on the private sector. The economic effects of the COVID-19 pandemic, to say nothing of the social and human effects, will be felt for generations. If we examine the impact on individual businesses and how disasters directly affect operations, performance and longer-term competitiveness and sustainability, it is clear that a wide spectrum of risks have the potential to shut down economic activity. The direct impacts of disasters can cause complete or partial destruction of assets or stock. Indirect losses can have impacts on clients, partners and suppliers. Wider impacts include loss of market share, competitors taking clients, and costlier insurance. And then at a macroeconomic level, disaster can lead to higher interest rates, labor shortages, reduced demand of goods and services. All of this of course happens in a context of globalized supply chains, where new vulnerabilities are created when there are disruptions at any stage of the supply chain.

The Sendai Framework for Disaster Risk Reduction outlines the critical role that stakeholders have in building resilience and reducing disaster risk. “While States have the overall responsibility for reducing disaster risk,” other stakeholders have an important role as enablers. The private sector, in particular, is encouraged ‘to integrate disaster risk management, including business continuity, into business models and practices through disaster-risk-informed investments, especially in micro, small and medium-sized enterprises (SMEs).’ When disasters happens, small and medium enterprises, which play a major role in national economies, are particularly at risk.

In the Europe regional context, two areas have seen increased focus and attention as ways to build disaster resilience for the private sector. First, understanding the critical importance of SMEs and their potential disaster vulnerability. Studies in Europe indicate that up 40-60 % of SMEs never recover once struck by a disaster. Increased attention can be given to enhance awareness of the risk landscape SMEs operate in and the potential impacts of risks that could lead to future disasters. There is a need to increase access to research, knowledge, information, data and metrics that are targeted at SMEs, as well as improve the understanding of lending streams and how they can support the resilience of SMEs. Efforts can also be made to increase access to finance, investment and insurance dedicated to adaptation for enhanced resilience.

Second, there is an opportunity to create risk-resilient societies by energizing the private sector in collaboration with the public sector and other stakeholders to achieve the outcome and goal of the Sendai Framework in a transparent and inclusive way that delivers local and measurable impact. Private sector networks, such as the ARISE network, aim to leverage the private sector's expertise and to ensure that business itself is fully aware of hidden risks and acts to reduce the risks it faces.

The goal of this session will be to share best practices and collect important insights based on recent experiences in the region, with a key focus on SMEs and building private sector networks for DRR.

<p><b>Session objectives</b></p>	<ul style="list-style-type: none"> <li>• Share examples of successful private sector networks that raise awareness for DRR, influence in their respective spheres of expertise and share knowledge, experience and good practices amongst the private sector;</li> <li>• Understand the role that private sector networks can play in coordinating and influencing the private sectors approach to reducing disaster risk and building resilience</li> <li>• Examine the important role SMEs have to play in building economic resilience, and identify key tools and approaches that both SMEs and policy makers can draw upon to build resilience.</li> <li>• Strengthen the engagement of the banking sector and local governments in supporting SME resilience.</li> </ul>
<p><b>Questions to be addressed</b></p>	<ul style="list-style-type: none"> <li>• How can we increase awareness of the risk landscape that SMEs operate in?</li> <li>• What type of bottlenecks are there for the private sector for investing in resilience?</li> <li>• How can we strengthen the engagement of the banking sector and local governments in supporting SME resilience?</li> <li>• How can private sector networks for DRR promote tools, guidance and capacity to drive solutions for resilient and disaster risk-sensitive private sector activities?</li> </ul>
<p><b>Expected outcomes</b></p>	<ul style="list-style-type: none"> <li>• Examples of successful private sector networks are shared and strategies devised that raise awareness for DRR.</li> <li>• Understand the role that private sector networks can play in coordinating and influencing the private sector approach to reducing disaster risk and building resilience</li> <li>• Examine the important role SMEs have to play in building economic resilience, and identify key tools and approaches that both SMEs and policy makers can draw upon to build resilience.</li> </ul>

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