

## Strategic framework definition for disaster risk reduction activities

A component of a study on the case for business  
to undertake disaster risk reduction activities

The strategic framework component of the approach of the World Economic Forum to high-leverage private sector action for a development or humanitarian issue looks are four ways in which the issue can be addressed. These are:

- Core business
- Public-private partnerships
- Corporate social responsibility / philanthropy
- Government policy related to private sector / advocacy

In the case of disaster risk reduction, all four of these ways are relevant. However, if we define the strategic framework for this issue in the context of corporate risk management, it is clear that addressing the issue is of particular importance to a company's core business.

For the issue of disasters, we can define risk management as the planning and implementation of activities to avoid or mitigate the potential impact of a disaster. At its essence, risk management has two critical elements:

- Evaluation of threats, and
- Evaluation of vulnerabilities.

Regarding the evaluation of threats, a first step is to identify the potential causal factors of disasters. Regarding the evaluation of vulnerabilities, a first step is to identify the levels of exposure of various communities and their assets to the potential sources of the threats

The disaster risk to a company is a combination of the potential for damages and losses arising from threats and the level of vulnerability of various communities, notably those linked to the company's value chain. In other words, **Disaster Risk = Threats + Vulnerabilities**. Managing this risk is a core business requirement.

Because of the potentially large scale impacts of disasters, several links of a company's value chain – from securing its labour, materials and capital to selling its goods and service – are likely to be affected. Hence working with others through partnerships will, in many if not most cases, be a key elements of disaster risk management.

The potential large scale impact of disasters also means that many communities not directly linked to a company's value chain may also be severely affected. These communities, however, could some day be part of the company's value chain – either as suppliers or as consumers. Hence there is also a strategic corporate social responsibility case for disaster risk management. Furthermore, for those communities which are highly vulnerable and unlikely to be a part of the company's value chain, there is a good corporate citizenship case for philanthropic corporate social responsibility.

Finally, also because of the potential large scale impact of disasters, a critical component of a company's disaster risk management strategy will be to engage government decision makers to ensure that policies, regulations and procedures are supportive of the company's efforts to reduce the risk of disasters and in turn the potential impact of disasters on the company, those within its value chain and other vulnerable communities.