

Value chain map for disaster risk reduction activities

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

The World Economic Forum has developed an approach to identifying the opportunities for high-leverage private sector actions to meet development needs and humanitarian relief. This approach begins with a value chain for each relevant issue, e.g. hunger, education or malaria.

The value chain for the hunger issue, for example, outlines the food production and nutrition value chain. The key links in this chain are as follows:

Environmental assess → Agricultural inputs → Production and processing → Food and agricultural markets → Food consumption and nutrition

Within each link of this value chain there are several key components which have to be in place to ensure the production of nutritious food. For example, the key components of the second link on agricultural inputs includes (a) crop varieties and quality seeds, (b) fertilizer, (c) water, (d) crop protection, (e) market access, (f) financial access, (g) knowledge, and (h) policy.

Building on such a value chain analysis, the World Economic Forum approach then develops a strategic framework for high-leverage private sector action. Building, in turn, on this strategic framework the approach then defines industry capabilities or capacities related to these high leverage actions.

Unfortunately, disaster risk reduction activities are not a normal value chain process. Rather than producing a development or humanitarian good or service such as food or schooling, disaster risk reduction activities focus on avoiding or mitigating the negative impacts of a development or humanitarian “bad”. Thus there is a need to modify the approach of the World Economic Forum for harnessing private sector capabilities with respect to disaster risk reduction.

Following in-depth discussions with representatives of the UN International Strategy for Disaster Reduction, the World Economic Forum the World Bank Group, the private sector and others, it appears that an appropriate approach to engaging the private sector in disaster risk reduction activities is to address the issue from a corporate perspective on risk management. Hence, the strategic framework definition should

be based on a risk management analysis rather than a value chain analysis.