7 Stakeholders and leadership

Complex social problems such as disaster risk need a diverse group of stakeholders at different scales to undertake the many varied DRM functions. Progress on managing risk will require a clear articulation and division of responsibilities across government, the private sector and civil society, as well as recognition that the incentives are different for each group of stakeholders.

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Government:
Delivering development and protecting citizens

Governments have a responsibility to lead in the protection of citizens: as direct providers of DRM goods and services such as flood defence, early warning systems and insurance, as regulators of private sector activity, as promoters of collective action and as coordinators of multi-stakeholder activity.

National government
The enabling actor

Responsibility
National government has a moral duty and often a legal one to protect citizens from harm caused by natural hazards. According to the HFA: 'each State has the primary responsibility for its own sustainable development and for taking effective measures to reduce disaster risk, including for the protection of people on its territory, infrastructure and other national assets from the impact of disaster.'[138]

Development lost
Disasters can destabilise the economy of a country, reduce economic growth and strip back development gains:

- Globally, economic losses from disasters topped $1 trillion from 2000 to 2010, and grew at a faster rate than GDP per capita in OECD countries over the same period.[139]
- In larger economies, such as Bangladesh, the loss of 3–5% of GDP every three to five years has a heavy cumulative impact on development.[141]

HURRICANE IVAN (2004) cost Grenada over **200%** of its GDP; the earthquake in Haiti (2010) cost close to 120% of the country's GDP.[140]

Investments to protect
Public assets such as schools and hospitals are affected by disasters:

- Cyclone Nargis destroyed or badly damaged more than 4,000 schools (over 50%) in the affected areas.[142]
- Hurricane Katrina destroyed 11 community health centres (facilities that treat patients regardless of insurance/payment status) and seriously damaged another 80, causing damage costing more than $65 million.[143]

THE SICHUAN earthquake destroyed **7,000** classrooms.

Local government
The principal implementing actor

Responsibility
- Decentralisation transfers responsibility for key DRM activities to local governments.
  - New Zealand has highly devolved governance: local governments have primary responsibility for DRM under a centralised national legal framework and coordination mechanism, supplemented by regional bodies.[144]
- DRM-relevant legal responsibilities include controlling construction in hazard-prone areas, providing basic services, protecting the environment and preparing for and responding to disaster.

IN THE PHILIPPINES national government is responsible for the development of national roads (30,000 km in length) but the remaining road network – **172,000 km** – falls under the responsibility of local government units.[145]

Political support lost
Elections can be won or lost depending on how local government is perceived to have responded to disaster:

- Between 1976 and 2007, 40% of countries with democratically elected governments replaced their leaders in any two-year period. In countries that experienced a major earthquake this figure rose to 91%.[146]

Annual budgets to protect
- Municipal government budgets are quickly eroded by responding to disasters, and this affects all other planned investments.

HURRICANE MITCH (1998) cost Honduras **158%** of government revenues that year.[147]

Business:
Protecting profit and delivering livelihoods

The business case for investment in DRM includes reducing direct exposure of core operations, limiting indirect exposure of supply chains and markets, and taking advantage of business opportunities. Smaller enterprises face significant challenges in preparing for and responding to disasters. Many will not have insurance, so disasters result in loss not only of profit but also of family income, employment and livelihoods.

Big business
The key actor in avoiding the creation of new risks

Responsibility
- Private investment determines risk; in most economies 70–85% of all investment is private.[148]

Recovery of damaged business infrastructure is not guaranteed
- Prior to the 1995 Great Hanshin Earthquake, the port of Kobe was the world's sixth busiest. Despite massive investment in reconstruction and efforts to improve competitiveness, by 2010 it had fallen to 47th place.[149]

Profits are exposed to risk
- Direct impact: Toyota lost $1.2 billion in product revenue from the 2011 Great East Japan Earthquake and tsunami.[150]
- Global supply chains: The same event led to a 20% drop in vehicle production in Thailand. The Chao Phrya floods of 2011 closed 451 Japanese factories in Thailand, as well as others in Malaysia, North America and Japan itself.[151]

CLIMATE RISKS Unilever reports climate-related disasters cost yearly **$300 million** Tropical cyclones affect shipping routes, extreme cold closes factories and flooding disrupts distribution systems.[152]

Opportunities for investment
- Technology development: Private construction company Mori Building has successfully invested in earthquake-resistant housing developments in Japan, where for 92% of businesses earthquake resistance is the most important criterion when choosing new offices.[153]

NEW MARKETS The market for climate change adaptation is estimated at **$100 billion** a year until 2050, representing a huge opportunity for business.[154]

SMEs and micro-enterprises
Protecting livelihoods and ensuring employment

Responsibility
- Small businesses provide income and employment and form the backbone of community resilience to disaster. Formal micro, small and medium-sized enterprises employ more than one-third of population, both globally and within developing economies.

Lacking contingency plans
- Fewer than one in six small businesses has business continuity plans in place.[155]

Insurance limited
- There are few incentives for insurance in fast-growing markets; in China only 3% of properties are insured against earthquakes, 5% against typhoons and floods.[156]

Lack of diversification magnifies disaster impact
- Farmers are reliant on fragile natural resources and affected by variable rains.
  - When drought hit Kenya in 2011, communities had little to rely on – compensation schemes were unable to cope and livelihoods were destroyed.[157]

Limited coping capacity
- A single disaster can wipe out large parts of a single small or medium-sized business.

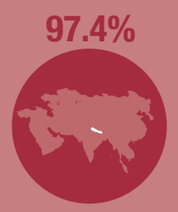
MEXICAN FISHERMEN who invested in risk management after Hurricane Isodore saved an average **$35,000** when Hurricane Wilma hit three years later.[158]

Civil society:
Representing communities and the most vulnerable people

The poor are often the most vulnerable to disasters as they lack private assets to protect themselves and recover from disaster, and are often excluded from government DRM programmes. The civil society case for prioritising DRM is based on the role it can play in supporting the most vulnerable people and protecting development programmes.

What's at stake?

In some countries the percentage of the population at risk of natural hazards is extremely high:[159]



Civil society is in the front line of risk reduction, preparedness and response

PROMOTING VULNERABILITY AND CAPACITY ASSESSMENTS
In Nepal, after conducting a vulnerability and capacity assessment (VCA)-type process, the Red Cross National Society worked with villagers to create community-based programmes to deal with local hazards such as flooding.[160]

PREPAREDNESS AND PLANNING
Communities in the northwest of Nicaragua, with the support of Oxfam GB, are drawing up risk maps and emergency plans. As the plans are based on the National Risk Management Plan, local emergency committees can receive funding from the national government for DRM.[161]

ORGANISED FIRST RESPONDERS
The 1985 Mexico City earthquake prompted an unprecedented spontaneous collective response from civil society.[162]

Civil society builds the resilience of vulnerable groups

Protecting development programmes from the impact of disaster
The KKDM project in South Africa brought together citizens of townships to collect data to inform the inclusion of community-based risk assessments in local development planning.[163]

Ensuring that basic services are resilient and can be quickly reinstated following disaster
As part of a multi-partner emergency reconstruction programme in El Salvador following two devastating earthquakes in 2001, local NGOs provided much-needed capacity for the health sector, helping to reach 1.2 million people in 141 municipalities.[164]

It gives voice to the most vulnerable

Ensuring emergency aid reaches the poorest and most vulnerable
After an earthquake hit a remote region of Morocco in 2005, the El Manal Association for women's activities mobilised women and youth to facilitate emergency response, working together with other NGOs to prioritise needs according to vulnerability.[165]

Ensuring that the vulnerable are represented in risk management plans
The Evangelical Association of Malawi represents a consortium of NGOs working on DRR in the country, representing stakeholders and communities in a range of government forums, including the government's technical committee on social protection and disaster management.[166]

The challenge:
Why leadership is lacking on DRM

Given the impacts and interests, DRM might be expected to be a high priority, but this is not the case. Stakeholders vary in their capacities and their ability to influence decision-making and resource allocation, in large part due to the different degrees of power (economic, social and political) they hold.

1 UNDERESTIMATION OF THE RISK
Even when people are aware of the risks, they often underestimate the likelihood of the event occurring.

2 ADDITIONAL COSTS AND BUDGET CONSTRAINTS
When upfront costs are high, governments and companies will often focus on short-run financial goals, rather than on potential long-term benefits of reduced risks. The added cost of safe construction in hazard-prone areas is estimated at 5–10% of the total cost of building.[167]

3 MISMATCH OF TIMESCALES
The benefits of public investment in DRM will not be visible quickly. Political terms are often for 4–6 years, less in many countries, so benefits may not be observed during a politician's term in office, especially when hazards are infrequent.

4 LACK OF INFORMATION
The complexity of disaster risk, the myriad of policy options available and the uncertainty surrounding the relative effectiveness of different strategies lead to procrastination, with groups delaying making a decision when faced with ambiguous choices.

5 LACK OF DEMAND
The benefits of DRM are hard for citizens to perceive, making policy reform unlikely, as governments usually respond to political pressure.

6 LOW VISIBILITY
Less visible DRM activities are likely to be neglected, such as environmental protection and enforcement, building inspections, and risk assessment and planning processes.

7 LACK OF EXPERIENCE
The benefits of DRM are more likely to be underestimated when people and governments have no experience of dealing with specific hazards.

8 COMPETING PRIORITIES
Even in places that have experienced a recent disaster, other problems may take centre stage, such as law and order.

SUMMARY OF RECOMMENDATIONS

Acknowledge differences in governance contexts and trajectories:

- HFA2 should articulate a set of principles or standards that states are expected to adhere to, although the specific institutional arrangements through which they achieve them should be defined by the existing governance context of each country.

Take advantage of policy windows:

- While timeframes and targets are important for ensuring that progress is achieved in a timely manner, plans of action should be devised that accommodate a range of different futures – plans that allow stakeholders to take advantage of policy windows when they arise. In some countries, planning processes may be well defined; in others, they may require more flexibility to account for 'unknowns' in future governance challenges.

Focus on linkages and relationships between and across scales of governance:

- Greater monitoring and accountability are required at the sub-national level, to capture differentiated levels of progress within a country. More disaggregated data is needed on the effectiveness of actions that link stakeholders across scales of governance. This will help inform national and international knowledge and understanding of why particular regions lag behind and identify those that require more concentrated support.

Encourage local innovation:

- Greater flexibility is needed to encourage local solutions and ones that take into account different risk perceptions, and to incorporate these as the starting point for DRM. The development of more flexible and culturally appropriate risk reduction approaches and behavioural change processes at the local level should be a core feature of HFA2.

How stakeholders and leadership is featured in the HFA

- The HFA places emphasis on decentralisation of government responsibilities and resources. It is more explicit than previous policy documents on the need to assign greater responsibility to local governments for DRR. It urges governments to 'recognise the importance and specificity of local risk patterns and trends, [and] decentralise responsibilities and resources for disaster risk reduction to relevant subnational or local authorities, as appropriate' (p. 6).

Para 15 (i): 'National institutional and legislative frameworks: (a) Support the creation and strengthening of national integrated disaster risk reduction mechanisms, such as multi sectoral national platforms, with designated responsibilities at the national through to the local levels to facilitate coordination across sectors. National platforms should also facilitate coordination across sectors, including by maintaining a broad based dialogue at national and regional levels for promoting awareness among the relevant sectors.'

How stakeholders and leadership is included in statements and consultations on the successor to the HFA

Mid-Term review

- 'A significant element of concern observed throughout the Review was that in several countries it is not clear who "owns" disaster risk reduction, and therefore it is hard to grasp who is in charge of what at the national level. This in turn leads to serious questions of institutional overlap, coordination, and ultimately accountability. National-level coordination for disaster risk reduction was mentioned by developing and donor countries alike, suggesting that it is not necessarily linked to the availability of resources but is more likely a function of the inherent multi-disciplinary nature of disaster risk reduction. Initial data from the 2009–2011 HFA Monitor indicates … major coordination challenges where disaster risk reduction responsibilities were distributed across sectoral bodies. … [T]he adoption of new laws and strategies may not help address the situation, as these are usually super-imposed on pre-existing sets of statutes and policies within each of the sectoral departments.' (p. 43)
- 'The link between HFA Priority for Action 4 … and Priority for Action 1 … is critical to ensure a holistic and strategic approach to reducing vulnerability and increasing resilience. However, … governance arrangements do not facilitate integrated management of risk drivers, especially when responsibilities for critical issues such as environment policy, social protection mechanisms, disaster risk reduction, climate change adaptation, land tenure and rural development policy, housing, and urban development policy are entrusted to different governmental entities.' (p. 44)'
- 'Implementation of the HFA at local level, or lack thereof, and the capacity of governments to coordinate it with other efforts, such as socio-economic development plans at local level, were also raised consistently throughout the Mid-Term Review … Institutional structures are often put in place but are not connected to local and community processes.' (p.46)

Elements paper

- 'Effective risk management requires action from a variety of actors of local, national, regional, and global as well of a public and private nature. Given the varied nature and scale of action, legally binding instruments and policy instruments, while necessary, are per se, neither sufficient nor suitable to provide detailed regulation and guidance. Indeed they need to be complemented and articulated by voluntary and explicit commitments and actions by stakeholder groups – such as communities, civil society organisations, local governments, parliamentarians, business, and science – which want to assume the leadership and responsibility and thus contribute positively to managing the risk inherent to development. These commitments, often discrete and unnoticed, are emerging and deserve full appreciation and recognition as a significant contribution to the post-2015 framework for disaster risk reduction.' (pp. 4–5)
- 'Public policies on risk management need to … incorporate actions not only by national and local governments but also by civil society, the private sector, the science and academic sector and others. Such a governance approach would reflect the increasing prevalence of innovative and networked partnerships and alliances between different sectors, as effective means to address development challenges.' (p. 7)

Chair's summary

- 'Disasters happen locally and solutions are to be found locally. This does not relieve national governments of their responsibilities to establish a framework and enabling environment for local action. However, municipalities and local authorities are in unique positions to lead and create opportunities for local partnerships and to take risk-informed decisions that protect the continued potential for economic and social development.' (p. 2)
- '… reinforced national institutions and inclusive coordination mechanisms at national and local levels are key elements of risk governance.' (p. 3)
- 'Participants also called for action to narrow gaps between the scientific community and organisations responsible for implementing disaster risk reduction through the development of collaborative means and methodologies.' (p. 4)

RECOMMENDED READING

Analysis of disaster risk governance through a composite index and four case studies:
Wilkinson, E., Comba, E. and Peters, K. (2014) *Disaster risk governance: unlocking progress and reducing risk*. New York: UNDP.

Public sector institutions and policy choices involved in managing disaster risk:
Handmer, J. and Dovers, S. (2007) *Handbook of disaster and emergency policies and institutions*. London: Earthscan.

A review of literature on disaster governance and emerging research themes:
Tierney, K. (2012) *Disaster governance: social, political and economic dimensions*. Annual Review of Environment and Resources 37, 341–363.

Incentive structures and influences on government provision of DRM:
Wilkinson, E. (2012) *Transforming disaster risk management: a political economy approach*. ODI Background Note. London: Overseas Development Institute.

The role of the private sector in adaptation and rationale for public-private partnerships:
PWC (2010) *Business leadership on climate change adaptation: Encouraging engagement and action*. London: PricewaterhouseCoopers.