Global assessment report on disaster risk reduction 2013 - From shared risk to shared value: the business case for disaster risk reduction

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The 2013 Global Assessment Report on Disaster Risk Reduction (GAR13) makes the business case for investing in disaster risk management (DRM) and highlights potential opportunities for creating shared value.

The report is a comprehensive overview of the globalised landscape of disaster risk, including: the use of models to explore the resilience of national economies; the collection of disaster-loss data from 54 countries; an in-depth analysis of current business strategies for DRM through workshops with multinational corporations and a survey of around 1,200 businesses in six disaster-prone cities; a review of the progress presently being made; research into three risk-sensitive, yet crucial, sectors: urban development, tourism and agribusiness; a focus on the role of finance, insurance and public regulations in DRR; and a look at emerging strategies for strengthening DRM, including the importance of private-public partnerships.
The report identifies the following five broad areas of opportunity for businesses to incorporate disaster risk into their strategies.

- As the present paradigm of short-term gain being deemed competitive is being re-evaluated, investment in risk management is increasingly regarded as an opportunity, with evidence showing greater investor confidence, cost reductions and added value.
- The Japanese earthquake, which exposed the vulnerability of global supply chains, has served to remind large companies of the value of factoring disaster risk into investment and supply chain strategies. It is in their interest to help strengthen DRM in small and medium enterprises that comprise their supply chains.
- Integrating disaster risk into business investment decisions is crucial. New efforts are aiming to converge private and public risk modelling and provide global, open-access risk metrics that can be used for investment decisions and business forecasts.
- As more businesses invest in DRM, there will be an ever greater incentive for local and national public investment in DRR to improve competitiveness, which is particularly important for developing countries with high-risk profiles.
- Reporting on disaster risk is largely unregulated, but as investors become more aware of the issue, companies will have an incentive to invest in more effective DRM, including certified reporting. This may lead to more sensitive insurance pricing, although common standards are required for more effective measurement of disaster risk.

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