



Sindh Private Sector Partnership Strategy on Disaster Risk Reduction

Provincial Disaster
Management Authority, Sindh

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Message



Over time the conceptualization of disaster risk has undergone a transformation. The use of disaster risk concept, which describes risk in terms of likelihood and impact, based on the interaction between hazard, exposure, vulnerabilities and capacities have been well articulated in Sendai framework. To identify and evaluate the best measures for reducing risk, an assessment should also explain the underlying drivers of hazard, exposure, vulnerabilities and capacities, as well as the direct and indirect impacts and role of private sector in minimizing the risks.

Even in the poorest communities, there is a wealth of knowledge and experience on how to cope with the negative effect of any disaster. On the basis of indigenous knowledge, private sector can build further capacities of such communities, document and replicate in other areas where they are working. It will not only increase their productivity and profit but serve the communities on other hand. This strategy is a landmark for the government. Provincial Disaster Management Authority (PDMA) Sindh highly commend the support of United Nations Development Programme (UNDP) in providing technical support through a consultative process and financing this strategy. There is a need to further promote these initiatives, so that they can be scaled up or replicated on a wider scale. This publication has been precisely developed with this purpose in mind. We hope that it will inspire further practical action at the community level and raise awareness on this critical issue and greater involvement of private sector.

Sendai Framework loudly discusses the inclusiveness that DRR is business of all the segment of the society. In this regard private sector has a pivotal role to plan in making the communities resilient if case of any disaster. The strategy contributes to achieving the Sendai Framework on making disaster risk information available to people. They are also a testament to the great collaboration and partnerships among government and private sector in enhancing capacities of communities and identifying good practices and sharing with others.

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List of Abbreviations

BRIC	Brazil, Russia, India and China
CAPEX	Capital Expenditure
CSOs	Civil Society Organizations
CSR	Corporate Social Responsibility
DMA	Disaster Management Authority
DRM	Disaster Risk Management
DRR	Disaster Risk Reduction
IT	Information Technology
MSMEs	Micro, Small and Medium Sized Enterprises
PDMA	Provincial Disaster Management Authority
PPP	Public Private Partnership
SDGs	Sustainable Development Goals
SECP	Securities & Exchange Commission of Pakistan
SFDRR	Sendai Framework for Disaster Risk Reduction
UNDP	United Nations Development Program
UN	United Nations

1. Background to the Strategy

This private sector partnership strategy gives a comprehensive way forward for developing partnerships between Government of Sindh and the corporate sector to improve resource mobilization efforts for DRM, climate change adaptation and mitigation initiatives in the province.

This strategy paper demonstrates how an enabling environment can be created by the Government of Sindh to get private sector investments in disaster risk reduction and resilience building in the province. The strategy explores existing opportunities to present strategies for public private partnerships and builds on the experiences and plans.

Pakistan's economy is semi-industrialized, with centers of growth along the Indus River. In Sindh, the economy has historically been based on a well-developed agriculture supported by an effective irrigation network on the River Indus. The province is comprising of 23% of Pakistan's population and 18% of its land area. It has the highest concentration of urban population at 49% as compared to an overall country average of 32.5%, making it the most urbanized province in the country. The province, with 23% of country's population, contributes 33% to the national GDP. Around 14% wheat, 30% rice, 30% sugar cane, 25% cotton and 30% vegetable crops grown in Pakistan are from Sindh.

The province of Sindh has historically suffered from both natural and manmade disasters. The high level of risk is mainly from floods, heavy rains, cyclones in coastal area, sea intrusion, droughts and earthquakes. The series of floods of 2010-11 and floods of 2013 resulted in destruction of social fabric including loss of livelihood and homelessness. The children,

women, disabled and destitute are the worst affected. For instance, according to the Government of Pakistan and UN estimates, more than 20 million people were directly affected by the series of last floods 2010-2013, with majority in Sindh.

Pakistan has one of the largest philanthropic contributions and spending, mostly from private and corporate sector business community. According to a study released by Pakistan Center for Philanthropy, the individual philanthropy stood at PKR 240 billion as of 2015¹. Many of the companies have adopted to support social responsibility through their CSR Programs, so that they make-up for the impact their businesses have on Environment, Socio-economic conditions and development of communities they work with. This has also evolved in the context of ensuring long-term sustainability of their businesses by building partnerships with the locals and gaining their trust.

1.2. Objectives of the Strategy

The main objective of this strategy is to formulate private sector engagement strategy for Provincial Government of Sindh, ensuring sustainable financial and human resources by building partnerships and working closely with the corporate sector. This would not only guarantee greater availability of resources for DRM but will also strengthen the capacity of corporate partners in realizing their roles and responsibilities towards Disaster and climate resilient development. Moreover, the strategy also outlines a comprehensive way forward for the key the private sector partners for mainstreaming DRM and Climate Risk Management in the development work related agenda.

¹<https://pakobserver.net/philanthropy-in-pakistan/>

1.3. Public Private Partnership in Sindh

A Public Private Partnership (PPP) is an arrangement between the government and a private business for the provision of public assets or services through investment and/or management by the private sector for a specified period. It entails clearly defined allocation of risk between partners and payments to the private sector linked to pre-determined benchmarked measurable performance standards. PPPs account for around 10% of public sector capital expenditure in developed economies.

A dollar spent on disaster preparedness is worth seven dollars in post-disaster relief and recovery expenditures². [UNDP](http://www.undp.org)

PPPs in social development have several benefits; these benefits were significantly highlighted by Grimsey and Lewis (2002), who stated that they reduce the burdens of tax payers as well as governments, because responsibilities and roles are shared among stakeholders which benefit the communities. Another way of looking at PPPs is as a methodology of implementing government initiatives or strategies in collaboration with the private

entities. In PPP perspectives, the private entity would refer to all businesses/ corporate sector/ Civil Society Organizations (CSOs) / Donors, etc. The roles of PPPs may differ from region to region – some regions may require thorough attention (for instance, remote areas), while in other regions, limited intervention may be required.

The Government of Sindh has enacted a PPP Law and promulgated new Rules for PPPs in 2010. The PPP Law is implemented by Public Private Partnership Unit under the Finance Department, it supplements the legal and regulatory framework for PPPs and to assist both the private and the public sectors in implementing this innovative procurement methodology. However, PPP in Sindh mainly revolves around financing, development, operation and maintenance of infrastructure projects and does not include resilience building as a focus in it

The Government of Sindh has also established a central PPP Unit in the Finance Department to assist the PPP Policy Board in promotion and development of Public-Private Partnerships in the Province. Besides, the PPP Unit assist government agencies in liaison with consultants, overall procurement process and execution of projects to be undertaken in PPP mode.

²<http://www.undp.org/content/undp/en/home/presscenter/articles/2012/07/02/act-now-save-later-new-un-social-media-campaign-launched/>

2. Action Plan

Government of Sindh & other stakeholders should adopt this multi-pronged strategy for bringing private sector as partners in resilience building agenda in the province. Below could be the main actions where consideration should be paid to bring private sector on-board. Based on this strategy; further operational plan or interventions can be identified through further devolved consultative process. However first, a common understanding of private sector landscape in Sindh is highly needed. Currently most businesses are in a low growth trap, dealing in traditional products and unable to climb up the technology ladder. A delineation of private sector's different forms is available in Annex-III to this strategy document. They are vulnerable to various shocks and easily disappear from the scene due to any disaster. But there is tremendous room for sustainability and business continuity, if more support is provided such as disaster awareness, preparedness plans and capacity building through technology transfer and human resources improvement.

2.1. Priority Action

Compilation of best practices

PDMA should commission data collection to record best practices of PPP in DRR from Pakistan and elsewhere in the region. It is imperative for any future engagements to learn lessons from success and failure and identify obstacle in the way of PPP before developments of any plans.

Data and information collection should inform the different perspectives and investments private sector partners have on their "social responsibilities" within resilience framework. A correlation or otherwise should be depicted at the very outset to demonstrate how private sector is already contributing to social, economic and physical resilience building. The current investments and vary between:

- Philanthropy, providing funds, skills and products: This is vastly practiced in peri-urban and rural areas of Sindh and very often the company has established its own foundation for that.
- "Last mile strategies": Most of the companies already apply specific strategies and are adjusting their business models to address specifically the low-income groups as consumers, aiming at economies of scale (instead of high profit margins). Unilever is a good example, where it has cooperated with various stakeholders under preparedness to increase its sales through using its own products in preparedness interventions.

Past examples and lessons can be effectively used by renewable energy, ICT/Telecom, innovative technologies and fast-moving consumers goods to develop "last mile strategies". The inclusion of rural poor as consumers and producers aware of the available products & services can impact businesses positively and enable them to further expand their services and model market leading innovations.

2.2. Priority Action

Business case for mutual benefits

There is motivation amongst businesses to work with and further strengthen their investments on resilience particularly where they form the missing link to rural consumers and rural supply markets. Particularly for the bigger companies which -through their CSR- can form an important contributor to finance and further skills development of their employees and communities they are engaged in. This is particularly relevant for national companies which show a growing motivation to be "socially engaged". National companies are mostly family owned, and have stronger links with poor communities in their

own areas of operations and have more stakes. These companies can contribute resources (particularly financial) to both structural and non-structural mitigation if this can be motivated through business case.

PPP Plans identifying, catalyzing and operationalizing sustained profits based on resilience investments by private sector partners are needed. PDMA with PPP Cell could take the lead in data gathering to demonstrate how resilience investments adds more value to markets development by division in thematic sectors and geographies of operations. This will facilitate partnerships building and increased cooperation for profits and mutual learning.

The plans should at the very minimum demonstrate that:

- Resilience investments in rural supply chains and clientage develops recovery value chains & sustains sales/businesses in disaster prone areas. This is of high importance to value addition and services industry.
- Catalyzing product or system innovations with large resilience impact through partnerships with PDMA and other stakeholders will help grow businesses. This is relevant for ICT & telecom, finance and insurance agencies.
- The inclusion of rural poor as consumers and producers aware of the available products & services can impact businesses positively and enable them to further expand their services and model market leading innovations.
- For those companies whose businesses include a clear majority of resourcing or consumers in rural areas; enhance campaigning related to DRR through public communication and mass media work will inevitably build their own relationship with provincial

governments.

2.3. Priority Action

Advocacy campaigns and leading by example

As already indicated, being an SME; a large segment of private sector either operates with limited capital environment or does not go beyond 'occasional philanthropy' to sustain its business. By engaging some thought leaders of private sector, a campaign should be launched aiming at convincing SMEs of the importance and benefits of such partnerships. Thought leadership would enable the wider sector to consider:

- Growth of youth unemployment opportunities
- Boost of rural productivity through value addition and better services
- Development of rural entrepreneurship
- Boost to innovation

Our society's continued vulnerabilities and its stubborn resistance to any 'change in normal' or adoption of modern solutions, indicate the need for alternative ways to move masses of people. Thus, by engaging some of the leaders; need and use of preparedness will intrinsically grow within the private sector. Risk audits, evaluations being carried out by multinationals and their utilization during Environmental Impact Assessments have already shown the inclination to this trend to tap export markets.

The premise of the advocacy campaign could be effectively developed around the notion that understanding among private sector should be enhanced to look at vulnerable communities as:

- As consumers – offering them products and services with social and/or

environmental benefits at prices that they can afford

- As business associates – providing the businesses with their supplies, inputs and basis as suppliers, agents and business developers.
- As citizens – enabling the businesses to be contributing to Pakistan, country they are operating in

2.4. Priority Action

Launching Mass Awareness Campaigns

Preparation of campaigning material -in the form of posters, pamphlets, handouts- to demonstrate that building upon work of PDMA and development agencies enable businesses to create greater impact by reducing the vulnerabilities, particularly in urban centers. Arranging regular learning & exchange sessions with leading private sector partners can be part of the campaigns. PDMA with other relevant stakeholders should inform private sector about complete array of activities during a disaster cycle which PDMA undertake (array= Pre, During, Post activities). The campaigns should define the areas of contributions available to interested private sector. Then private sector can pick & choose where to chip-in investments during the campaigns.

Furthermore, communications about existing facilities of Provincial Government should be made available through the campaigns, to inform the private sector to where they can align their investments with the existing Government resources.

Understanding of vulnerabilities geographical areas or thematic areas can be enhanced in joint seminars/working session where all input providers, manufacturers and relevant service providers come together to jointly develop clear approaches in their specific areas. Further mapping of vulnerabilities can also be developed where private sector can tap-in

during these sessions under the campaign.

The campaign can be very useful in:

- Providing information on local settings, which is an asset for companies, as any population can form (potential) customers, business associates and/or markets
- Association with companies. Strong social investments can be very effectively used in co-branding strategies of companies
- Joint product/service development such as the development of education apps with tech companies and social enterprises can be explored
- Social innovation, innovations that have a large impact on highly vulnerable segments of society
- Managing social & environmental, such as environmental risks of oil & gas companies

2.5. Priority Action

Giving Global perspective to Partnerships

Partnership along the lines of UN Global Compact, and PDMA devising some sort of incentive for private sector in terms of recognition at provincial and national level in terms of their resilience investments. This can be shaped in two forms:

- a) Shaping Philanthropy Strategically– for example in case of oil & gas industry, where community investments take place around the premises of the industry. These investments are supposed to contribute to the socio-economic development of impacted communities in a proactive and responsible manner (called “community content”). Very often the

company also develops a pool of local competencies, manpower, enterprises in which to tap during the exploration and production period of the company (called “local content”). Instead of creating 'common good' these investments could be redesigned to build resilience than to only tackle poverty

- b) Managing Risks – Many larger industries carry out social and environmental risk analysis so that (future) risks of the company can be managed effectively. However, these are mostly limited to safeguarding the structural investments or capex of a company. PDMA with relevant stakeholders could be involved to support the companies in considering non-structural mitigation activities and attaching incentives to it.

2.6. Priority Action

Communities and Wider Sector Engagement

Rural poor are not very aware of their deep-rooted vulnerabilities that can negatively impact their lives, thus not contributing in planning of companies to undertake actions to reduce these vulnerabilities. This is also hold true for small businesses and the services industry. Engagement with communities can be used in various stages of the resilience building strategy. Not only in the development stage, but also the campaigning stage where engagements can give insight in the longer term social & environmental impact of the product or service.

Community sessions should be organized with vulnerable urban masses and rural consumers which can give an insight in the (potential) clients' opinion, consumer behavior, needs, interests, constraints, and ambitions over a specific period. Community sessions can give the

right inputs to develop, improve, assess and promote inclusive service packages, technologies or products.

There are about 10,000 registered associations in Pakistan representing and supporting certain business and market actors. Of these 10,000 a group of 150 associations are formal chambers of commerce and sector associations. Some of the associations very relevant to resilience building are mentioned below. These are brought-up here considering their previous engagement on developmental issues and their significance in taking up new business models:

- The Federation of Pakistan Chambers of Commerce & Industry (FPCCI)
- Small & Medium Enterprise Development Authority (SMEDA)
- Trade Development Authority of Pakistan (TDAP)
- The Alternative Energy Development Board (AEDB)
- Pakistan Gems & Jewelry development company (PGJDC)
- Pakistan Dairy Development Company (PDDC)
- All Pakistan Fruit & Vegetables Association
- Pakistan Cotton Fashion Apparel Manufacture Exporters Association (PCFA)
- Pakistan Stone Development Company (PASDEC)

2.7. Priority Action

Fostering Local Leadership

Focusing on MNC and local business organizations, but not leaving out the Small and Medium Enterprises (SMEs) keeping in view their contribution to the economy in terms of employment generation. Involving grass root leaders and smaller organizations provide an effective and efficient partnership to bigger companies and PDMA to help upgrade these

sectors, improve the condition of those vulnerable and make these sectors more inclusive. Local communities are vital for this partnership. However, it should not be forgotten that public institutions are essential to develop the institutional framework, improve the infrastructure and maintain law and order situation of the country and can't be left out just because of their inefficiency. PDMA can lead in doing a SWOT analysis, wherein the Opportunities and Threats could be provided by PDMA and private sector partners can provide Strengths and Weaknesses to work together in resilience building.

Local leaders are vital for medium enterprises as well as uplifting the micro entrepreneurs at the grass root level. Family owned private medium sized exporting companies could be particularly eager to support local leadership, provided these leaders are willing to take up: skills up gradation, technical equipment and basic management skills to perform and understand the business environment of global world. With advancement in technology and transformation of information on click of second, local businesses provide ample room for research and development, adopting international standards of management and ultimately higher competitiveness.

2.8. Priority Action

Engagement of Third Sector

The development sector in Pakistan can be divided in the following main categories:

- Multilateral agencies like World Bank, UN, IFC or ADB
- Bilateral agencies like Ausaid, DFID, CIDA, SIDA, GIZ or NORAD
- International INGOs like CARE, Plan, Oxfam GB, SNV or Trocaire
- Local NGOs to be divided in;
 - NGOs and foundations established by corporates (very

often initiated as “CSR department” of corporates)

- NGOs established by individuals, focusing on specific issues, themes or target groups

Most of these development agencies are active in (a combination of) emergency relief, humanitarian aid, livelihood, food security and essential services such as education and health. In addition, a considerable number of agencies is focusing on themes such as disaster preparedness & disaster management, sexual & reproductive rights, conflict transformation, inclusive finance and sustainable livelihoods & agricultural practices. Almost all the above mentioned developmental actors have knowledge and some experience of engaging with private sector. To shape the private sector engagement campaigns (priority Action 4 above); it would be useful to engage these development actors at designing stage.

In recent years a modest number of development actors has become active in various private sector services, very often applying a hybrid business model of non-for-profit services with high social impact. Their services relate to:

- Establishing a conducive business climate
- Business incubation
- Business coaching and business development
- CSR
- Investment services (matchmaking)
- Trade promotion
- Specific sector promotion

2.9. Priority Action

Strengthened legislation and Implementation of Laws

The government and the international community provided short-term relief responses

and interventions to restore livelihoods. To reduce vulnerability to extreme climate shocks, the government needs to enact legislation that regulates flood plains, introduce productivity enhancing safety nets, seed systems interventions, public works programs for creating employment opportunities, cash transfers, livestock protection, institutional reforms and adopt effective flood prevention policies. More important, the government needs to make disaster response and preparedness a national priority. For instance, taking the case of floods; many provincial and federal acts, ordinances, accords, and treaties shape the national flood policy. Institutional setup for flood hazard and crisis management has evolved over the years. Nevertheless, data show no major reduction in the flood-to-damage ratio. The inter-linkage of structural and non-structural measures and their combined efficiency should be analyzed and optimized for more effective flood management.

A wide range of governmental, private and civil society organizations provide services to the private sector. The responsibility of private sector development is spread over many ministries, but there is a weak cooperation and coordination between those ministries, which is especially noticed at decentralized level. Weak local government structures and the absence of a clear definition of roles and responsibilities threaten effective implementation of policies and related services. With 18th amendment, industry and agriculture are now a provincial subject and there is lot of (potential) room to work with the provincial governments.

2.10. Priority Action

Speaking Common Language

There are sector specific ways of working and there is difference in the way different sector work. Sectors differ in level of interest and degree

of enthusiasm about partnership. Different sectors have differing jargon and inequalities in terms of resources. A lot of time and resources are needed to hold dialogue to understand each other's ideas, objectives and ways of working. Common thread, however, is the prospect of safeguarding lives and assets by concerted action on disaster risk reduction that could serve as powerful motivation for both sectors. A successful strategy for PPP for resilience calls for the importance of collecting and sharing information openly between many stakeholders.

2.11. Priority Action

Investing in Insurance:

Empirical evidence supports vast difference in involvement of private sector in developing countries as compared to the developed world. Sawada and Zen (2014) found that only 9% of the total property losses due to natural disasters in developing countries were covered by private insurance. This compares unfavorably with most developed countries, such as New Zealand and France, where more than 75% and 100% of property is covered by private insurance respectively. Research³ has established the importance of insurance as one of the most popular approaches for financing disasters. Insurance for disasters, however, in majority of developing countries, is not compulsory and it is also costly. Furthermore, it is not feasible for many insurance companies in developing countries to engage with the insurance for disasters as it requires a sufficient number of participants to make insurance of such activities to work. Government of Sindh through 'Sindh Insurance Company' is taking crop insurance initiative in the province. The company is providing insurance to those banks which are giving crop loans. The company has also proposed the provincial Government for livestock insurance that is under consideration.

³ (Carmichael and Gartell, 1994, Atmanand, 2003, Sawada and Zen, 2014)

3. Case for Private Sector Partnership

As the flagship UN document for disaster reduction, the Hyogo Framework for Action (2005)⁴ in its priority action 4 “Reduce the underlying risk factors” is requesting the promotion and establishment of public–private partnerships to better engage the private sector in disaster risk reduction activities. It encourages the private sector to foster a culture of disaster prevention, putting greater emphasis on, and allocating resources to disaster preparedness activities such as risk assessments and early warning systems.

It is further emphasized in Sendai Framework priority 3 for “Investing in disaster risk reduction for resilience” public and private investment in disaster risk prevention and reduction through structural and non-structural measures are essential to enhance the economic, social, health and cultural resilience of persons, communities, countries and their assets, as well as the environment⁵.

Cooperation and collaboration within private businesses and with the governments and other stakeholders is fundamental in the effort to build resilient communities, economies and nations. Engagement of private sector beyond relief activities will be useful not only in making resilient community but improving and flourishing business also. Simple measures can be taken beforehand to strengthen the resilience of communities, to save lives, to secure livelihoods and to prevent the loss of investments and development gains. When a natural hazard threatens a nation, public facilities and private businesses alike should protect their assets, their workforce, and their supply and distribution chains for society and the economy to keep functioning.

⁴ Hyogo Framework for Action 2005

⁵ Sendai Framework for Disaster Risk Reduction

3.1. Rationale for Private Sector Partnership on DRR in Sindh

The importance of Public Private Partnerships for building resilience has been a key area of concern and given priority in the major global agreements such as the SFDRR and the Paris Agreement. Considering the importance of the private sector as a potential source of support for Disaster Risk and climate risk management, it is also felt that the development sector & government should pitch from a single platform to garner this support. It has also been noted that the corporate sector has a lot of funding potential which needs to be tapped. Similarly, building on public private partnerships would not only address funding gaps but would also address the challenge of sustainability. Moreover, strengthened partnerships with public and private sector will also ensure greater transparency and accountability during program implementation, hence guaranteeing maximum delivery to the beneficiaries. It must also be established that all partnership and resource mobilization efforts for DRM need to be

GLOBAL ASSESSMENT REPORT ON DRR- 2013

Private investment largely determines disaster risk: In most economies 70–85 percent of overall investment is made by the private sector, including annual institutional investments worth more than US\$80 trillion globally. Both regulators and investors are increasingly demanding that businesses disclose their hidden risks, including disaster risks

initiated jointly as a team by government departments through one platform. However, it has been observed that private entities have low interest levels for partnering with public entities where they have not been part of the initial planning. This leads to non-healthy and unsustainable ways of building partnerships.

Nevertheless, it is fortunate that SECP issued an order called the Companies (Corporate Social Responsibility) General Order, 2009, by which each corporate company is mandated to provide their descriptive as well as monetary disclosure of the Corporate Social Responsibility (CSR) activities undertaken during each financial year, which exempts taxes on profits. The order is applicable on all public companies from financial year beginning on or after July 1st, 2009. In addition, each corporate company is mandated by SECP to spend a percentage of their profits on CSR so all big companies do this a mandatory activity on annual basis, mostly in communities where their operations are based. In addition to the above, all private sector companies have their organizational policies which clearly highlight the priorities of the companies. These policies have noticeably delineated the approach to development initiatives, especially in their beneficiary communities. Therefore, there is evidently a need to have the capacity building of companies in mainstreaming DRM/Climate change resilient development in their policies and procedures.

3.4. Business Continuity

Tachizawa (2014), using sociological terminology, distinguishes organizations as first, second, and third sector where public sector organizations are termed as first, private sector organizations as second and non-governmental organizations as third. Participation in Government's DRR planning can enhance the speed, quality and sustainability of businesses disaster recovery for the first sector, thus also supporting the progress of a society. Desai & Sarmiento (2015) noted that with increase in large disruptive disasters, businesses are becoming more and more concerned with disaster-induced direct and indirect losses in their supply chains, along with the fall in output, revenue, and profitability.

For medium level businesses, understanding of DRR and investing in disaster preparedness is particularly important as these are dependent on many factors. Monthly sales, past disaster experience, dependency on water, dependency on transportation, damage to business facility, damage to shelf items/inventory, disruption in supply chain, knowing the recovery priorities, staff engagement and involvement will have significant impacts on the recovery time.

3.5. Profits

Profit maximization has long been assumed to be the dominant goal of private enterprise, a view that dates to classical and neo-classical economists of the late 19th Century. According to Principle-Agent Model, entrepreneurs (Principle) take risk to gain profit whereas managers (Agents) are interested in revenue maximization. In achieving these two goals, there seemingly involves no moral hazard and both work towards attainment of that goal. Private organizations – entrepreneurs and managers alike - are motivated by profit and return on investment because profit is achieved when a firm's revenue is greater than its production costs.

Most disaster responses follow traditional patterns of relief aid designed without taking market systems into account, and consequently often lead to a culture of dependency amongst the beneficiaries and create market distortions as the markets are flooded with subsidies. Rather than providing distortionary relief "aid," a better approach would be to rehabilitate affected markets and help households reintegrate into these markets and enter into new markets. Relief agencies worldwide are making the transition to more market-oriented approaches in their relief and rehabilitation activities. Many development practitioners and donors have recognized that disaster response efforts need to have economic

components to facilitate the transition from relief to development. Incorporating market-oriented approaches into disaster risk reduction (DRR) efforts should improve the effectiveness of relief and recovery operations.

Market-oriented approaches in DRR will increase benefits for the poor and the 'most vulnerable' through

- increased sustainability of economic gains by changing and strengthening market systems,
- reduced vulnerability from natural hazards, by improving coping mechanisms within market systems

Currently, market development, DRR, and humanitarian agencies are functioning in individual realms with little knowledge sharing and collaboration. The implementation of market-oriented approaches in DRR and humanitarian response programming promotes collaboration and complements the roles of the three groups: market development, DRR, and humanitarian agencies, ultimately leading to increased benefits for the 'most vulnerable.' This integrated approach helps market development agencies to identify ways to sustainably enhance resilience of market systems, and disaster risk reduction and humanitarian agencies to understand market dynamics including vulnerabilities due to hazards enhancing their ability to structure timely and effective programs and responses.

3.6. Corporate Social Responsibility

Debates about corporate social responsibility have been ongoing for decades with periods of fast developments. Some argue that corporate

social responsibility makes good business sense as it revolves around maintenance of future markets and cost avoidance in the long run. Yet others believe that it is the ethical responsibility of corporations to discharge social responsibilities. Traditionally, business management focused its concern on profit maximizing objective.

In 2009, the SECP issued the Companies (Corporate Social Responsibility) General Order, applicable to all public companies. According to the said order, every company is now required to provide descriptive as well as monetary disclosures of the CSR activities undertaken during each financial year in the directors' report to the shareholders annexed to the annual audited accounts.

In Pakistan, however, there is a general perception among business practitioners in Pakistan that CSR relates to altruism or philanthropic activities. However, only few large local companies and multinational enterprises hold a well-defined CSR policy. Small and medium enterprises limit their CSR engagement to comply with codes of conduct set by foreign buyers. Enabling the environment for CSR needs creation to put it to use for resilience building in Pakistan, through joint development of resilience building projects/products under CSR.

Economic rationality or business case for CSR coupled with a desire to win awards, again leading to publicity associated with such awards could be strong motivation for managerial behavior towards CSR. Several of these motivations are obviously simultaneous and interconnected such as 'license to operate' and organizational legitimacy arguments have strong overlap.

3.7. Categorization of managerial motivations for corporate social responsibility

Categories	Motivations
Business case	Economics rationality consideration
	Desire to win particular awards
	Attracting investment funds
	*Desire to comply with borrowing requirements
Ethical case	Belief in accountability
	Stakeholder management
Legitimacy	Compliance with community's license to operate
	Preventing threats Organizational legitimacy
Compliance	Legal requirements
	Compliance with industry-specific requirements
	Pre-empt more onerous regulation
	*Desire to comply with borrowing requirements

Note: * It has been included in both the categories due to its overlap with both the categories

3.8. Funding:

Busch and Givens (2013) are of the view that participation of private actors in government projects such as disaster management is important to deliver better services to the community. Often, in disaster management, finance is one of the main hurdle faced by the

government. In the form of PPP arrangement, there is potential to address the insufficient funds in disaster management programs by increasing the participation of private actors, which has access to funds. Involvement of private actors may also assist government to formulate better programs, such as social insurance for disaster.

4. The Strategy

The private sector partnership strategy gives a comprehensive way forward for developing partnerships between Government and the corporate sector to improve resource mobilization efforts for DRR initiatives in the province. This strategy demonstrates how an enabling

environment can be created by the Government of Sindh by exploring existing opportunities to present actions and builds on the past experiences. Based on this strategy; further operational plan or interventions can be identified through further devolved consultative process.

Proposed Priority Actions

Short-term Actions	<p>Looking Back at the Future Gather information and examples of what has already happened in resilience building of vulnerable population in partnerships in the past and what is underway with different names. Look at work done by private companies and showcase it for other private business firms</p>
	<p>Monetize Joint Interest & Value Demonstrate how resilience investment adds more value to revenue generation. It develops recovery value chains & sustains businesses in disaster prone areas, expands business & leads to piloting innovations</p>
	<p>Bring Change in Normal Convincing SMEs and bigger businesses to go beyond occasional philanthropy by engaging thought leaders. Creating recognitions through leaders that every vulnerable person can be an opportunity for business growth, thus investments in DRR are needed now to sustain businesses</p>
	<p>Share and Gather Information Use multiple awareness building materials and approaches to inform all stakeholders about what disasters may happen, what resources and capacities are available with the Government. Simultaneously jointly learn about contexts, opportunities and risks</p>
	<p>Global Partnerships at Local Level Jointly craft an incentive to recognize resilience investments. Re-shaping the model of contributing philanthropy and evaluating and managing individual risks to businesses</p>
	<p>Collective and Direct Engagements Reaching out to communities, poor and multiple businesses to get insights in clients' opinion, needs, interests, constraints, and ambitions. Engaging with communities and business associations can give the right inputs to develop, improve, assess and promote inclusive service packages, technologies or products</p>
	<p>Bring All Stakeholders On-Board Almost all developmental actors in two provinces have knowledge and some experience of engaging with private sector. These actors include; multi-lateral and bi-lateral agencies and local and international NGOs</p>

Long-term Actions	<p>Support Local Leaders Involving grass root leaders and SMEs provide a robust partnership base to bigger companies and PDMA to help build resilience, improve the condition of those vulnerable and make SMEs more inclusive</p>
	<p>Regulatory Framework Support Benefit from 18th Amendment and reduce the spread of responsibility of ensuring DRR investments over many ministries and departments. Increase cooperation and coordination between Government offices</p>
	<p>Comprehend and Back One-Another Invest energy and resources to understand ideas and ways of working. Keep common agenda of safeguarding lives and assets by concerted action on DRR as a common motivation</p>
	<p>Pilot Insurance Create a favorable environment for private insurers to make crop/livestock insurance less costly and engage with a sufficient number of participants to make insurance of such activities to work on pilot basis</p>

Annex – I

Below is a list of stakeholders consulted for the development of the strategy. Meetings with these stakeholders took place in Islamabad, Lahore, Karachi and Multan.

- National Disaster Management Authority (NDMA)
- Provincial Disaster Management Authority Sindh (PDMA)
- Provincial Disaster Management Authority Sindh (PDMA)
- Food and Agriculture Organization (FAO)
- World Food Programme (WFP)
- Pakistan Center for Philanthropy
- Chamber of commerce Karachi
- Chamber of commerce Lahore
- Chamber of commerce Multan
- Chamber of commerce Sialkot
- At least two oil and gas company (one in each province)
- At least two telecommunication company (one in each province)
- At least four NGOs/INGOs working on DRR (Two in each province)
- At least two commercial banks with CSR wing (one in each province)
- Two journalists on DRR beat (one in each province)
- Unilever
- Nestle
- Proctor and Gambler
- Cotton and ginning sector Multan

Annex – II

Guiding questions for meetings with stakeholders and gathering inputs for strategy development is provided below:

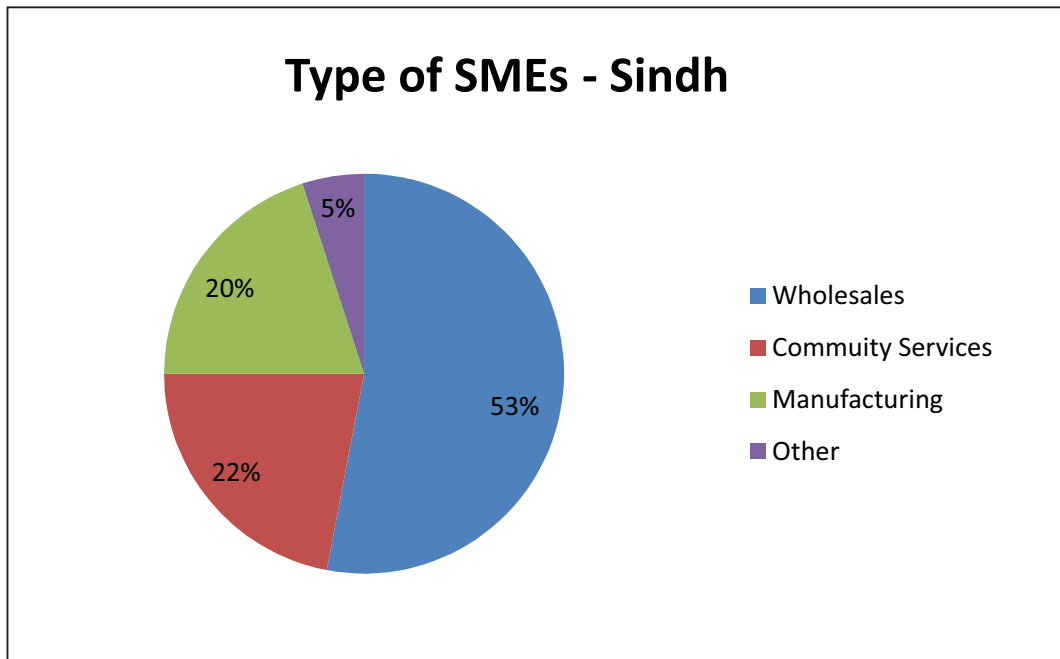
- Why private sector engagement is important for national and local government and community?
- What are the benefits for private sector both structural and non-structural?
- How does the private sector foresee business safety for their own industry?
- What are Strengths and weaknesses of private sector regarding DRR (structural and non-structural)
- How private sector plays role in BCC with stakeholders specially communities regarding pre, during and post disaster.
- What challenges and issues it may be policy level faced by private sector regarding their engagement in DRR.
- How make a collaboration with critical infrastructure departments regarding continuation of business in the event of disaster;
- Do the private sector have multi hazard contingency plans
- What are possible avenues to integrate those plans with local, provincial and national contingency plans.
- What should be done to sensitize private sector regarding their role in DRR.
- What specific roles can private sector institutions play in disaster response?
- The biggest question facing us is how to influence behavioral change. Who do we need to convince? How to do?
- How to strengthen partnership at national and province Level?
- How to collaborate joint activities- provincial governments and private companies at local levels?
- Other necessary actions/points

Annex – III

A. Types of private Sector in Sindh

Based on review of existing private sector landscape in Sindh; the sector can be divided into three broader types. For initiating interventions and activities derived from the above actions; all key names from private sector need to be compiled in each of the 29 districts of the province, so that all key players currently involved in resilience building maybe brought on-board to initiate an intervention. The private sector is divided into below categories. Small and Medium Enterprises (SMEs)

The SME sector is considered as the engine of growth that also absorbs a large amount of rural and urban labor, nevertheless, the utmost important of SMEs in economic development cannot be estimated. The growth of SME in Pakistan is increasing in last decades and especially in the interior Sindh the women are more actively participating in developing SMEs. More than 96% of the businesses in Pakistan are owned by 1 person, while 2% are partnerships, with hardly any corporate entities in the SME sector. SMEs in Sindh are playing a significant role in exporting the different varieties of fruits such as Dates, Guava and Mangoes and handicrafts, that contribute much in the export earnings of Pakistan. 53% of the SMEs belong to wholesale and retail trade and restaurant & hotel sectors. 20% are part of manufacturing sector and 22% fall in the community, social personnel services sector.



B. Medium and Large businesses and Conglomerates

The medium and large companies exist of MNCs and national corporates (approximately 22,800 medium and large companies), focusing on the following sectors: spinning, weaving, textile processing, special textiles manufacturing, apparel, oil and gas, telecommunication, chemicals, automobiles, power generation, information technology, media, food processing, pharmaceuticals, paper and packaging, construction materials, paper products, fertilizers, engineering, road transportation, shipping, airlines, and fishery.

Pilot interventions to help communities receive early warning information through SMS with the help of mobile phone service providers in the private sector; and efforts to design agriculture-related micro-insurance for communities for flood and drought through some private sector providers are examples of role which these bigger businesses can play in resilience building. The private sector recognizes these to bring timeliness and reliability for marketing new products, make communities less dependent on aid thus making them long-term consumers of their services and an increase in vigilance in protecting and reporting damages.

C. Inclusive businesses and Social enterprises

Implementing Inclusive business strategies, these are -mostly urban- entrepreneurial initiatives that, without losing their profit objective, contribute to poverty alleviation through the incorporation of lower-income citizens in the value chain, resulting in win-win situations for poor and company itself. With 'Impact Investments' these businesses mostly operate like a medium sized company, producing goods and services for the market, but managing its operations and redirecting its surpluses in pursuit of social and environmental goals. Pakistan has recently seen an upcoming community of young innovative social entrepreneurs and investors. Most successful examples of social enterprises from across Sindh lie in water, energy, construction and finance sector. Considering the important role of women in resilience building and DRR: it is notable that social enterprises offer opportunities for women's leadership than in the for-profit sector. In Pakistan, there are 5% women leaders in for-profit organizations as compared to 20% women leaders running social enterprises. The social enterprise sector in Pakistan is growing leading to an immense impact.

Annex – IV

Consultations for Strategy Development

At the outset, the Strategy development process involved literature review and meeting with PDMA, development experts, and UNDP. A long list of relevant stakeholders and potential private business firms were identified that played their role in relief activities during different disasters. The efforts were made to meet and interview the maximum stakeholders but keeping in view resource constrains both time and financial, the list of stakeholders consulted is available as Annex-I to this strategy. These meetings with these stakeholders were guided (but not confined to) by a set of guiding questions to rollout discussions. The set of questions is available as Annex-II to this strategy.

The consultative and scoping process culminated in provincial workshop with stakeholders in Karachi. The invitees for the workshop was based on detailed mapping of the main and top private sector entities which had the potential to support DRM related initiatives and have inclination towards mainstreaming DRM in their company policies. Based on the initial work; a draft of the strategy was shared with participants of the workshop. The list of participants was finalized with the consultation of PDMA and UNDP.

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