



ACT/EMP
The Bureau for Employers' Activities



International
Labour
Organization

Needs assessment for the private sector in the Philippines:

Disaster preparedness, response and recovery



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in the Philippines:
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Preface

In November of 2013, Typhoon Haiyan (Yolanda) devastated much of the central Philippines. The typhoon ripped through nine regions, 44 provinces, and nearly 600 municipalities, with 171 of the latter located within 50 km of either side of the storm's path. The impact on communities was enormous, with many lives lost and widespread destruction to social, government, and private sector infrastructure.

As this report shows, many enterprises – in particular small and medium-sized enterprises (SMEs), most of them located in disaster-prone areas of the Philippines – were unprepared for Typhoon Haiyan. Neither did most have the means to respond to the destruction or to recover from it quickly, which further challenged business operations and sustainability. Even with the regular and increasing frequency of typhoons passing through the Philippines, businesses and workplaces remain vulnerable, and lack the capacity to minimize losses from each attack. Offering such basic training as business continuity planning to small enterprises could greatly assist with preparations for future calamities and their associated challenges.

Given that disasters impose a major threat to enterprise survival, the Employers' Confederation of the Philippines (ECOP) – the national employers' organization dealing with labour relations and socio-economic development – is committed to going beyond the traditional private sector role of merely making donations. Together with the International Labour Organization's Bureau for Employers' Activities (ACT/EMP), ECOP is working to develop strategies and practical tools that can be deployed to enterprises in the Philippines. If enterprises are equipped with basic knowledge and prevention tools, they will be able to rebound from disasters, resume normal operations, and be able to provide more jobs to people in affected areas.

To support ECOP in this endeavour, ACT/EMP, with the support of the ILO-Korea Partnership Programme, has prepared this report, which provides recommendations for the leadership role ECOP, as the nation's chief representative organization for enterprises, can assume on this front.

The report proceeds from two ECOP meetings in 2013 and 2014, as well as from one extensive private sector needs assessment on disaster situations conducted in 2014.

In October 2013, an ECOP strategic planning meeting was held to consider the strategic priorities for ECOP chapters in Cebu, Pangasinan, South Luzon, and Zambasulta. The meeting confirmed the critical need for ECOP chapters, the membership of which mostly comprises SMEs, to acquire basic disaster preparedness capacities.

The above meeting was followed by a private sector needs assessment on disaster situations conducted by a professional business consultant with ECOP representatives, company members, and other stakeholders in 2014. This assessment provided a foundation for developing evidence-based recommendations for ECOP to take on board. It was presented in November 2014 at the ECOP Members' General Meeting, where further input helped to finalize the report findings.

With these recommendations in hand, ACT/EMP will continue to support ECOP in its roles of offering services and support to enterprises in disaster situations. Due to the widespread and growing number and impact of natural disasters around the world, the role that employers' organizations can play in supporting their enterprise members and the private sector in disaster management is increasingly gaining traction globally. ECOP can serve as a model in this regard, providing other employers' organizations with inspiration and, it is hoped, good practices that can be shared and replicated.



ECOP Members' General Meeting on "Developing strategies for disaster-resilient workplaces", 24 November 2014

Overall, the ILO has served in the Philippines as one of the leading international agencies assisting emergency relief efforts and helping affected workers develop new skills. The ILO will continue to engage in such initiatives to build more disaster-resilient workplaces and communities.

ECOP will also accelerate efforts to ensure their members and other key stakeholders gain wider opportunities to tap into more information, services, and training related to disaster preparedness and business continuity planning, while further promoting the incorporation of disaster risk reduction as an integral part of enterprise strategy.

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Executive summary

Over the past decade, the Asia-Pacific region has experienced a sometimes overwhelming increase in the frequency and impact of disasters. Greater numbers of people are being displaced while more and more property and other assets are being destroyed. Markets have taken longer to recover, as the impact of disasters is often no longer limited only to the affected locality. Supply chains are now linked globally, leading to a domino effect when disasters break a link or two.

Governments and the private sector are the key agents in restoring markets to normalcy. During the critical moments of a given disaster, however, the government focuses on stabilizing the affected population and sustaining government functions. Support for the private sector ranks low in priority, particularly in countries such as the Philippines, where government resources are limited.

Against this background, the ILO commissioned a study to determine the needs of the private sector with regard to disaster preparedness, response, and recovery. The focus was on SMEs, since, given their limited resources and capacities, they are most vulnerable to disasters. Yet the local economy's recovery depends heavily on how quickly SMEs recover, since that segment of the private sector employs up to 90 per cent of the labour force.

The assessment sought to understand the barriers and drivers with respect to disaster preparedness among SMEs specifically, as compared to those faced by large corporations. In-depth interviews were conducted with SMEs affected by Typhoon Haiyan in Coron, Palawan. Interviews with large corporations in Metro Manila, meanwhile, provided benchmarks. Interviews with business membership organizations, non-governmental organizations (NGOs), and government agency representatives addressed the extent to which they supported the private sector in becoming more disaster resilient. A review of literature complemented the interviews, drawing on what other countries have learned about coping with large-scale disasters.

Findings from this research showed that the biggest barrier to preparedness is related to mindset, rather than to lack of resources. In part simply fatalistic, SMEs were also unaware that there were ways to minimize their exposure to disaster-related risks, for example through the kind of business continuity planning (BCP) practiced by large corporations in the Philippines. Governments in different ASEAN countries also promote BCP training among SMEs. Meanwhile, investing in insurance coverage, another means to preparedness, is something that SMEs tend to consider an unnecessary expense.

Changing their mindset from one of passivity to proactivity represents a first step in promoting SME disaster resiliency. And ECOP, in partnership with the ILO, is in a strong position to address the need to promote disaster preparedness among member SMEs.

ECOP had previously delivered technical assistance to smaller enterprises through its Big Brother, Small Brother programme. This approach addresses critical business issues by matching small enterprises with larger ones that have sophisticated systems in place. Such a programme could be activated again to promote awareness of BCP while training and coaching SMEs in approaches to embedding BCP within their organizations. The Big Brother, Small Brother approach may also be applied in assisting SMEs on the path to recovery, for example in providing technical assistance, planning, resource and workforce augmentation, and training.

On a broader scale, ECOP can engage in advocating with governments for policy reform that would provide, in a timely manner, the needed assistance to SMEs affected by disasters. As a business organization, ECOP may also consider engaging governments in public-private partnerships (PPPs) to facilitate the delivery of critical information, services, and financial support that would ensure quick recovery among affected SMEs.

Abbreviations

ACT/EMP	Bureau for Employers' Activities
ADPC	Asian Disaster Preparedness Center
ADRC	Asian Disaster Reduction Center
APEC	Asia-Pacific Economic Cooperation
ATM	automated teller machine
BCM	business continuity management
BCP	business continuity planning/business continuity plan
BMO	business membership organizations
BPI	Bank of the Philippine Islands
BRC	business recovery centre
CATE	Calamianes Association of Tourism Establishments
CBD	central business district
CIDA	Canadian International Development Agency
CNDR	Corporate Network for Disaster Response
COSTODA	Van Drivers and Operators Association in Coron
CSR	corporate social responsibility
DILG	Department of Interior and Local Government
DRM	disaster risk management
DRRM	disaster risk reduction management
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
ECOP	Employers' Confederation of the Philippines
GSIS	Government Service Insurance System
ILO	International Labour Organization
ISO	International Organization for Standardization
IT	information technology
JICA	Japan International Cooperation Agency
LGU	local government unit
MDRRMC	Municipal Disaster Risk Reduction Management Council
MPDO	Municipal Planning and Development Office
MPIC	Metro Pacific Investment Corporation
MSMEs	micro, small and medium-sized enterprises
MSWO	Municipal Social Welfare Office
NDRRMC	National Disaster Risk Reduction and Management Council
NFA	National Food Authority
NGO	non-governmental organization
NHA	National Housing Authority
OCD	Office of Civil Defense
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OPARR	Office of the Presidential Assistant for Rehabilitation and Recovery
PAGASA	Philippine Atmospheric, Geophysical and Astronomical Services Administration
PBSP	Philippine Business for Social Progress
PCA	Philippine Constructors Association
PCCI	Philippine Chamber of Commerce and Industry
PDRF	Philippine Disaster Recovery Foundation
PHILSSA	Partnership of Philippines Support Services Inc.
PPP	public-private partnership
SMEs	small and medium-sized enterprises
SSHWS	Saffir-Simpson Hurricane Wind Scale
SSS	Philippines Social Security System
TIER	Taiwan Institute of Economic Research
UNDP	United Nations Development Programme
UNISDR	United Nations International Strategy for Disaster Reduction
WWF	World Wildlife Fund

1

Introduction



Introduction

1.1 Context

1.1.1 Impact of disasters on the economy

Natural disasters present potential threats to national economies. The latest figures (see figure 1, below) show that, from 2002 to 2012, an average of at least 350 natural disasters occurred annually across all regions of the world, costing an annual average of US\$130 billion in economic damage and affecting as many as 125 million people every year.

In 2012, meteorological disasters, at \$86.5 billion, were the most costly of the three types described below, accounting for 55 per cent of total cost of damages worldwide (in large part due to storms in the Americas that caused an estimated \$79.7 billion in damages). In terms of affected population, however, hydrological disasters proved most devastating. In 2012, the latter type of disaster affected 65 million victims, or 52 per cent of victims of total global disasters for that same year.

Figure 1. Disaster occurrence and impact by region, 2002–12

	Global occurrence		Global cost of damage in US\$ billions		Global average number of victims in millions	
	2012	Annual average 2002–11	2012	Annual average 2002–11	2012	Annual average 2002–11
Climatological (extreme temperatures)	85	59	26.63	9.49	0.43	1.73
Geophysical (earthquakes, dry mass movements)	32	36	18.62	44.36	0.09	0.23
Hydrological (floods, wet movements)	150	197	25.61	23.66	0.43	0.60
Meteorological (storms)	90	102	86.48	51.81	0.22	0.39
TOTAL	357	394	157.34	129.33	0.35	0.68

Source: Annual disaster statistical review 2012.¹

Figure 2. Disaster occurrence in Asia versus global occurrence

	Global occurrence		Asia	
	2012	Annual average 2002–2011	2012	Annual average 2002–2011
Climatological (extreme temperatures)	85	59	12	12
Geophysical (earthquakes, landslides, etc.)	32	36	23	22
Hydrological (floods)	150	197	71	82
Meteorological (storms)	90	102	39	39
TOTAL	357	394	145	156

Source: Annual disaster statistical review 2012.

Asia and the Pacific recorded more than its fair share of natural disasters (see figure 2). Compared to other regions, Asia recorded the highest average incidence, accounting for an annual average of at least 40 per cent of total natural disasters over a period of 10 years. Asia also experienced the highest occurrences of three types of natural disaster:

- Hydrological (floods, wet-mass movements). These were the most prevalent types of disaster in Asia, where nearly half of the occurrences were hydrological. Asia accounted for 47 per cent of global hydrological disasters in 2012, an increase from the annual average of 42 per cent over the previous 10 years. These were the most damaging in terms of human and economic impact, accounting in 2012 for almost 70 per cent of the total regional cost of damages (\$28 billion) and 67 per cent of the total regional number of victims (80.3 million).
- Meteorological (storms). Asia accounts for 43 per cent of global meteorological disasters. The average occurrence significantly rose from the prior 10-year average of 38 per cent. In terms of human and economic impacts in 2012, meteorological disasters accounted for 23 per cent of total regional cost of damages and 24 per cent of total regional number of victims.

¹ D. Guha-Sapir; Ph. Hoyois; R. Below: Annual disaster statistical review 2012: The numbers and trends (Brussels, CRED, 2013).

- Geophysical (earthquake and dry-mass movements). Asia accounted for 72 per cent of global geophysical occurrences in 2012, an increase from the annual average of 61 per cent for 2002–2011. Although earthquakes and dry-mass movements in Asia were less frequent (16 per cent in 2012 versus 14 per cent annually over the previous decade), compared to the other two types of disasters, geophysical disasters were more costly and more lethal, a cardinal instance being the 2011 Great East Japan Earthquake and Tsunami.

The year 2011 saw a large spike in the impact of natural disasters. This was a record year, not in terms of incidence, as there were fewer occurrences, but rather in terms of massive impact in human and economic terms. Asia was again hit especially hard, with a total of 244.7 million people affected and \$366.1 billion in economic damage.²

- March 2011: The Great East Japan Earthquake and Tsunami remains the most expensive disaster ever recorded. Damages were estimated at \$210 billion, representing 3.9 per cent of Japan's GDP. This was also 2011's most lethal disaster, with its 19,850 deaths representing 64.5 per cent of worldwide disaster mortality for the year.
- August–September 2011: Economic damage from flooding in Thailand was estimated at \$45 billion, representing 12.7 per cent of GDP. In effect, floods caused the Thailand economy to shrink by 3.5 per cent that year.
- Floods, storms, and drought in China affected a total of 159.3 million victims, accounting for 65.1 per cent of total global disaster victims.

In the same year, the Philippines experienced 33 natural disasters, the highest occurrence in that country's history. There were 18 floods/landslides (hydrological), 12 storms (meteorological), two volcanic eruptions (geophysical), and one earthquake (geophysical). Typhoon Washi (Sendong) killed a record number of 1,439; that made it that year's most lethal storm worldwide. The following year, Typhoon Bopha (Pablo) took 1,901 lives. In 2013, Typhoon Haiyan (Yolanda) broke the record as the strongest, most destructive typhoon in history. It crossed the Philippines' midsection, affecting eight provinces and claiming more than 6,300 lives. The World Bank estimate of the damage caused by Typhoon Haiyan (Yolanda) was \$2.2 billion, or 15 per cent of the Philippine GDP. It was both the costliest and the deadliest natural disaster in Philippine history.

1.1.2 SMEs are both most vulnerable to and least prepared for disasters³

Across Asia and the Pacific, SMEs make up about 90 per cent of the private sector. Indeed, in many countries SMEs employ most of the labour force, and comprise the backbone of the economy. In the Philippines, SMEs account for 90 per cent of the private sector and employ 65 per cent of the labour force.

2 D., Guha-Sapir; F. Vos; R. Below; S. Ponserre: Annual disaster statistical review 2011: The numbers and trends (Brussels, CRED, 2012).

3 Asian Disaster Management News: This information has been taken from various articles in Engaging the private sector in disaster risk reduction (June 2014 special edition).



Their typically limited resource base makes SMEs all the more vulnerable to disasters. For one thing, they are more likely to lose a greater proportion to their assets or capital base. And, with limited resources, it is often more difficult for SMEs to recover. Yet SME recovery, arguably, is critical to the economic recovery of the affected locality. Quick resumption of SME operations would minimize economic displacement of employees, thus guaranteeing minimal disruption in market activity. It is ironic, then, that the Philippines' disaster risk reduction and management programme has no clear guidelines for supporting SMEs affected by disaster. SMEs in such circumstances are more often left to fend for themselves.

However, given their failure to prepare for such eventualities, SMEs must themselves be held partly accountable for their vulnerability. A recent survey conducted in the Asia-Pacific Economic Cooperation (APEC) region by the Asian Disaster Reduction Center (ADRC) and the Taiwan Institute of Economic Research (TIER) revealed that only 13 per cent of SMEs have business continuity plans (BCPs), and fewer than 50 per cent are even aware of the concept. By contrast, 47 per cent of large enterprises have BCPs, and most (75 per cent) are familiar with the concept. Regardless of company size, BCP awareness was observed more often among companies that had been affected by disasters than those that had not.

The Asian Disaster Preparedness Center (ADPC) – an independent NGO that deploys disaster risk management information and systems across Asia – identifies three main barriers to BCP adoption:

- Limited awareness of BCP. This includes limited awareness of both the BCP concept and of means to developing such a plan.
- Limited appreciation of the relevance of potential risks. Sufficient information regarding potential risks would more likely compel the adoption of BCPs.
- Lack of endorsement by top management. Even at this level, there is often limited awareness of the need for BCP, which requires top management endorsement, for example where pre-disaster investments are needed to mitigate losses during disasters.



1.2 Private sector needs assessment in the Philippines

1.2.1 Objectives

ECOP, with the support of the ILO Bureau for Employers' Activities (ACT/EMP), is promoting improved disaster resilience among SMEs in the Philippines through BCP education and training, policy reform, and forging relevant partnerships with entities currently engaged in disaster risk management and mitigation.

Recognizing the importance of supporting the private sector in minimizing the impact of disasters, this research has the following aims:

- exploring the various private sector initiatives and activities as these relate to disaster response, preparedness, and recovery;
- determining the extent to which the SME need for BCPs is gaining acceptance among ECOP members and those SMEs affected by Typhoon Haiyan in Coron, Palawan; and
- designing intervention strategies for ECOP that would help SMEs adopt disaster risk reduction initiatives, while exploring opportunities for policy reform, training, livelihood assistance, and public-private partnerships (PPPs).



1.2.2 Methodology

The assessment was based on desk research as well as meetings and interviews with members of the private sector and other key informants from government and non-governmental organizations, including Philippine business membership organizations.

Between 15 May 2014 and 5 July 2014, a total of 34 interviews and meetings were conducted, representing the following sectors:

Type of organization	Number
Large enterprises	3
Corporate foundations (tied to large corporations of interest)	4
ECOP representatives	4
Business membership organizations	2
NGOs	4
Government agencies	4
Coron establishments	7
Coron municipal government representative	1
Coron NGOs, business membership organizations	5

Each interview lasted between 45 minutes and an hour. A complete list of interviews is provided in Appendix A.

1.2.3 Scope and limitations

This research covered the various initiatives of the private sector – those of business membership organizations (BMOs), non-governmental organizations (NGOs), and corporate foundations – and how they responded to disasters and initiatives taken to mitigate disaster risks. Most companies were reluctant to adopt BCPs that comprehensively address disaster preparedness, response, and recovery, preferring to focus on leveraging their core competencies.

The research design adopted no single industry focus. As much as possible, major industries such as food service, manufacturing, utilities were represented. Some of the specific companies operated in a single location, while others conducted nationwide operations. The researchers mapped out the various interventions conducted by companies in general, but the study did not address the detailed step-by-step process of business continuity management, either by company or by industry. It is enough to note here that disaster risk management may display industry-specific nuances, and its complexity may vary depending on organizational size and nature of operations.

Respondents were selected from a list of ECOP members representing both SMEs and large corporations. These respondents were likely to represent their human resource (HR) departments. As such, HR executives might be familiar with the BCP of their departments, but not with that of the company as a whole. Thus this report provides limited information on BCPs in the supply chain.

2

Situational analysis

Situational analysis

Private sector response to disaster in the Philippines

This section describes the involvement of private sector industry leaders and SMEs in disaster response, recovery, and disaster preparedness. It also discusses the level of private sector resilience and the ability to address and manage risks associated with natural and anthropogenic disasters.

2.1 Disaster response

On average, 20 storms hit the Philippines every year, and responses to calls for help in disaster-stricken areas have become an annual exercise. When calamity strikes, broadcast media, schools, churches, and local government units (LGUs) issue immediate calls for help. Both individuals and groups organize to provide relief goods (food, clothing, water), cash, and medical assistance to victims of natural disasters.

The private sector plays a prominent role in organizing relief operations. Regardless of size, private companies mobilize their resources, employees, and suppliers first. Similarly, they deliver donations and other support to the general public to the extent there appears to be greater public trust in directing resources through the private sector than through government agencies.

Large enterprises work independently, preferring to channel resources through their own corporate foundations. Over time, these corporate foundations have managed to establish direct partnerships with national and local



government agencies and specific local communities.

A common strategy adopted by corporate foundation, one encouraged by business membership organizations such as the Philippine Business for Social Progress, is to leverage the core competencies of the mother organization when providing assistance, as the following case studies make clear.

2.1.1 Case study: Meralco

Meralco distributes electric power for Metro Manila and selected areas outside Metro Manila. When assisting in disaster-stricken areas, Meralco coordinates with the Department of Energy (power regulator) to provide technical experts and mobilize heavy equipment to help restore power in affected areas whether these areas are within their franchise or not. By providing technical assistance to the local electrical cooperatives, Meralco indirectly helps to improve the technical skills of employees of these cooperatives, as they observe and learn from the more systematic way in which Meralco's team of engineers work.

Meralco also provides generators to power up the command centre of the local/national government to aid coordination efforts, evacuation centres, and hospitals. Moreover, Meralco helps in rescue operations, deploying personnel already trained as part of Meralco's normal operations.

Part of a larger conglomerate, the Metro Pacific Investment Corporation (MPIC) group of companies, Meralco provides space for warehousing relief goods donated by other MPIC companies. At any given moment, Meralco Foundation has at least 1,000 relief packs ready for distribution.

Meralco also has a ready system for mobilizing funds from employees. Online forms are available, and employees only need to indicate their commitment in terms of the number of hours or days that they can donate. The equivalent amount is deducted from the employee's salary with consent.





2.1.2 Case study: SM

SM is the largest mall operator in the Philippines. SM malls are located near residential communities, and are prepared for temporary evacuation, having supermarkets for supplies such as food, water, mats, and blankets, and in-house clinics to provide medical assistance. They also make their elevated parking facilities available to the public for use during floods. In addition, SM installs coin banks on the premises of its various tenants to solicit donations from consumers.

When providing assistance outside of mall premises, SM works closely through the SM Foundation with the Department of Social Welfare and Development (DSWD), which is the lead agency for WaSH (Water, Sanitation, Hygiene) Early Livelihood, Food Distribution and Temporary Shelter.

SM also set up a mobile clinic in Villamor Airbase, where volunteer doctors and nurses from the malls attended to victims being airlifted from Tacloban to Manila.

2.1.3 Gaps in disaster response

Large enterprises without a corporate foundation set-up may have their own corporate social responsibility (CSR) programmes, generally channelled through BMOs, not-for-profit organizations, churches, or civil society organizations. Assistance usually takes the form of cash donations or in kind.

NGOs have ready mechanisms to receive donations and respond to disasters. In cases where their own partner communities are affected, they provide direct assistance. Otherwise, they link with other civil society groups, fellow NGOs in the affected area, or connect with the LGUs or DSWD.

BMOs also channel their assistance through LGUs and NGOs. Where they have a chapter or branch in the affected area, they are likely to direct assistance this way.

Despite the above efforts, noticeable gaps were identified throughout the assessment by the different sectors involved in disaster response:

Lack of planning. Rapid assessments by international organizations were not detailed enough to be used for local NGO planning. Thus local organizations had to conduct their own rapid or needs assessments for their targeted planning and development. A surfeit of assessments, however, soon induced exhaustion and disinterest in many communities.

Lack of central coordination. The private sector preferred to work independently, rather than with coordinating bodies such as LGUs or the Office of Presidential Assistant for Rehabilitation and Recovery (OPARR). Operational independence allowed organizations to distribute goods more quickly and provided a more flexible choice of target regions. On the other hand, it made it more difficult for the coordinating body to monitor the distribution of assistance, and some communities received more assistance than others, which sometimes created political problems.

Lack of security. Looting occurred in areas heavily devastated by disasters, and private businesses were likely to be the primary target. In the capital city of Leyte Province, Tacloban, where 90 per cent of the city was destroyed and 200,000 people left homeless, looters ransacked warehouses, supermarkets, and appliance stores to look for food, clothing, items they could consume or trade for cash. In Zamboanga City of Mindanao Province and Santa Rosa of Laguna Province, the private sector had to step up to ensure security. Toyota, in Santa Rosa, offered their premises for stockpiling, otherwise recovered materials such as wire and transformers from affected Meralco facilities might have been stolen.

A BMO in Zamboanga was organized to establish stronger links to the police/military so they could report security breaches immediately. In return, having a direct link ensured faster police responses. This system also provided businessmen with reliable updates regarding the latest security threats.

Adverse effects of cash-for-work remuneration. Cash for work was recognized by private sector and humanitarian organizations as a way to jump-start the post-disaster local economy. In Tacloban, however, the cash-for-work remuneration offered by international organizations was so much higher than the legislated minimum wage that local private sector, LGU, and NGO stakeholders could not hire people in the affected areas. In Samar Province, it was reported that construction workers had to be imported from another town or province because local workers were too expensive.

2.2 Disaster recovery

Not all entities surveyed were involved in disaster recovery, according to the assessment. While some NGOs considered their strategic focus to be disaster recovery, rehabilitation, and preparedness, within the private sector only large enterprises had the capacity to take up the challenge. The assessment also revealed, however, that some enterprises, especially those in the engineering and construction industry, were active in the recovery stage.

In the recovery phase, private sector initiatives could rely on only very minimal government support. The next section features examples of private sector intervention in disaster recovery and rehabilitation.

2.2.1 Livelihood assistance

Livelihood assistance provided by the private sector ranged from cash for work and livelihood grants to technical assistance. For example, Jollibee Foundation and SM Foundation worked with farmers, providing them with technical assistance/skills training, start-up capital, and a ready market. According to SM Foundation, this programme could be adopted to help farmers affected by Typhoon Haiyan. By planting short-gestation crops (vegetables), farmers could realize an income within three months.

2.2.2 Housing and resettlement

Part of the SM conglomerate is a real-estate company that embarked on resettlement development. This was not the first time that SM engaged in resettlement. It had previously partnered with a prominent NGO for a resettlement project in Compostela Valley, Mindanao Province, but SM was unhappy because the NGO relied on the government for the land allocation, which seriously delayed the project. SM was also dissatisfied with site development, and realized that working independently provided more space to offer timely support, given that SM had the necessary technical housing-development competence and equipment.

For the resettlement of Typhoon Haiyan victims, SM partnered with Aboitiz Foundation, a Cebu-based CSR arm of the Aboitiz companies. The Aboitiz Foundation provided a two-hectare property in Cebu, and SM took on site development, housing design, and construction. SM continued to partner with DSWD for the identification of beneficiaries and community organizing.

The Bank of Philippine Islands (BPI) and the Ayala Group – a Philippine conglomerate involved in real-estate development, banking and financial services, telecommunications, electronics, and informational technology – faced the same situation in Leyte as SM did in Compostela Valley. While they were ready to develop the site, the government had not yet appropriated the land for resettlement. Like SM, the BPI Foundation had experience of housing projects, having previously partnered with Habitat for Humanity to build communities for public school teachers in Payatas, Quezon City, and Panabo, Davao Region. They wanted to do the same in Tacloban.



“We have the money and we’re ready to go, but the land has not been turned over to the National Housing Authority (NHA) and NHA will not proceed without proper documentation... All the victims have nowhere to live and yet there’s plenty of land and plenty of people willing to donate. How sad.”

Randy Maranan, Executive Director BPI Foundation

2.2.3 Gaps in disaster recovery and rehabilitation

Lack of coordination. Organizations liaising with government agencies identified coordination as one important gap. OPARR was established to provide and strengthen private and public sector coordination. It was to assign specific areas/tasks to private sector players based on a master plan prepared by this office for rehabilitating the affected areas.

PHILSSA was designated development sponsor for the Calamianes Group of Islands. As a development sponsor, PHILSSA was to take charge of coordinating recovery efforts in the area. PHILSSA also assumed responsibility for community organizing.

OPARR also assigned one PBSP corporate member as a development sponsor. The difference between the PBSP member and PHILSSA was that the former’s role as a development sponsor was unclearly defined. Hence this company was uncertain how to proceed following confirmation of its assignment. The problem was that, according to its guidelines, OPARR is merely a coordinating body, while the LGU has the mandate for planning and implementing projects.

Poor planning and lack of resources. Local area plans were not readily available, hence certain private sector and government organizations were unable to begin rehabilitation work in affected areas. Land procurement/ allocation was always the bottleneck with government-led resettlement projects. Past experience on the part of both BPI and SM showed that government, specifically the NHA, was unable to secure land as needed.

Aside from the land allocation bottleneck, planning was hampered by the fact that agricultural crops were destroyed in the wake of disasters, and the government needed to identify more typhoon-resilient crops. Typhoon Haiyan practically wiped out coconut farms in Leyte and Samar, provinces that had relied on such plantations for generations. The current challenge for the Department of Trade and Industry (DTI) is to provide alternative livelihood support for Leyte and Samar until a commercially viable alternative crop can be identified, one appropriate for the soil in these provinces. This would mean also retraining farmers in the planting, farm management, and marketing of this new crop.

2.3 Disaster preparedness: Business continuity planning

“The more we invest in resilience, the sooner we can get back to normal.”⁴

Mr Hans T. Sy – President of SM Prime Holdings and a member of the UN Office for Risk Reduction (UNISDR) Private Sector Advisory Group –reflects the sentiment of industry leaders in the Philippines.

Large enterprises interviewed had invested in disaster resiliency even before the Typhoon Haiyan struck in November 2013, and BCPs embedded in these organizations at times extended to the supply chain. In most cases, top company leaders endorsed the practice of BCP.

2.3.1 Centralized/integrated versus decentralized BCPs

Depending on the complexity of the organization, some BCPs are more centralized, with different departments working together to prepare a single organization-wide BCP. Most organizations, however, apply a more decentralized system, where each department prepares their own BCP and may be unfamiliar with other departmental BCPs within the organization.

Among those interviewed, the Toyota Motor Philippines Santa Rosa plant was the only organization applying a single BCP to the whole plant. The different department heads worked together to design a single, integrated plant-wide BCP. Toyota’s global headquarters provided the basic framework, which was then adapted to suit local conditions. The company’s BCP covered all types of emergencies/disasters, ranging from such natural disasters as flooding, earthquakes, and storms to anthropogenic emergencies such as fire and chemical accidents.

⁴ A. McElroy: “Private sector key to typhoon recovery”, in UNISDR News (20 November 2013). Available at: <http://www.unisdr.org/archive/35573> [accessed 26 February 2015].

Enterprises such as SM and Meralco, on the other hand, adopt more decentralized systems, where each department/division, for example IT or HR, prepares its own BCP. A leader is assigned in each department to activate business continuity measures as needed.

2.3.2 Motivations for BCP

Motivation for disaster risk management and BCP varies. Generally, however, the private sector creates a disaster risk management strategy as a result of heightened awareness of risks and hazards and their potential impact on business stability and on its employees. This attitude may be confirmed by previous experience of disaster, by regulation, or by education and foresight.

For SM and Toyota, disaster risk management begins with site selection and construction of buildings. Even before constructing their buildings, these companies determine whether the site is prone to flooding, earthquakes, or tsunamis. Thus they can incorporate disaster resiliency into building design from the outset. Toyota's plant in Santa Rosa was designed to allow water to flow naturally through as a way of mitigating flooding. SM's mall in Marikina, on the other hand, was built on stilt-like structures so water could pass freely under the building. SM's mall was built near a fault line, and the buildings were thus constructed so as to leave safe distances between buildings.

Official regulation may also motivate BCP planning. In the Philippines, the Central Bank of the Philippines required all banks to practise BCP, mandating banks to minimize disruptions in operations during disasters. Bank of the Philippine Islands (BPI), during the siege in Zamboanga, was the only bank open then. BPI was located near the municipal hall, the only place that was heavily guarded at the time. Public utility companies such as Meralco also had regulators that required them to prepare a comprehensive BCP to cover all types of risks, both natural and anthropogenic.

Global companies also required BCP to manage supply chain risks. Toyota, one such company, required all suppliers, regardless of size, to have a business continuity plan.

2.3.3 Corporate concerns addressed by BCP

This section presents a number of business concerns which, according to the interviewees, BCP can address. Most of these are basic BCP components, and were mentioned by most respondents.

Identification of hazards

Fundamental to BCP is the identification of the types of hazards, whether natural or anthropogenic, to which the company or organization is vulnerable. Most respondent companies, regardless of their size, reported fire as the most common hazard for which preparation is essential. And, since fire insurance and protection are preconditions of registering a business, compliance with fire safety requirements was high.

BPI partnered with the World Wildlife Fund (WWF) in preparing risk assessments for 16 towns and cities. Workshops were conducted with the LGU participants to identify potential hazards for each city/municipality. These documents were originally intended for internal use by BPI. However, recognizing its potential for helping the communities they served to become more disaster resilient, BPI decided it must share the information. BPI believed that resilient communities are better prepared, and in this way help to minimize the economic impact of disasters on the local market.

Security and safety of premises, assets, and employees

Looting is one main concern of business establishments during disasters. The safety of their employees and their families is another, more important, concern. Large enterprises established their own system for tracking employees and mapping employee residences for rescue/evacuation purposes.

Large enterprises also invested in insurance coverage to protect their premises and valuable assets, while also providing coverage for their employees.

Restoration of lifeline systems

Since nearly all business operations depend on power and communication facilities, timely restoration of such utilities is of critical importance. Enterprises invested in alternate power sources such as generators to protect against disruptions to offices and plants. Satellite phones and ultra-high-frequency radios can provide back-ups when telecommunications networks are out of service.

Coordination and communication

Mobile telephones provide the main channel for communication and coordination. Enterprises created databases of all employee addresses and phone numbers, using them for rescue operations and for coordinating with the critical skeleton staff. Coordination was essential on two levels: enterprise-wide, as in the case of rescue operations; or by team/department, when business continuity management is at issue. An enterprise BCP should include a list of key coordinators together with their respective roles.

Companies also connected to government early-warning systems or relied on update reports from the National Disaster Risk Reduction and Management Council (NDRRMC), a working group of various government, non-government, civil-sector, and private sector organizations in the Philippines responsible for ensuring the protection and welfare of people during disasters or emergencies. The private sector has recognized a marked improvement in both the accuracy and timeliness of government-issued warnings. Improvement is still needed, however, regarding the common use of undefined technical terms. This was one of the respondents' criticism in Typhoon Haiyan's case, where adequate warnings were issued, but the public – more familiar with the expressions “tidal wave” or “tsunami” – did not know what sort of damage to expect from a “storm surge”.

Identification of critical positions, critical tasks, and alternative base of operations

BCPs should identify critical positions and personnel, and determine the absolute minimum number needed to continue operations. Toyota, for instance, has run simulations to determine whether they could operate the plant if only 60 per cent of employees reported to work. SM, on the other hand, identified a “skeletal force” that can run

operations – not unfamiliar territory for SM, since the procedure is similar to that for opening a new branch store. The BCP should also specify an alternative site for use in situations where the primary base of operations has been compromised. To assist in this endeavour, the Philippines Disaster Recovery Foundation (PDRF) – the major Philippine private sector vehicle and coordinator for disaster management – is currently setting up a facility in Subic as a temporary base for enterprises affected by disasters.

Securing enough resources to continue operating

To continue operating, enterprises need to maintain an adequate inventory of material supplies and cash. Goods and supplies may be kept within enterprise premises, but cash on hand is usually kept to a minimum, which presents a problem when banks are unable to open. ATMs may also run out of cash in emergency situations, something that happened in Zamboanga during the siege.⁵ Most banks were closed, and roads were blocked. One enterprise had to air drop bags full of cash so it could pay employee salaries and wages.

Securing continued employment and continued employee benefits

Ensuring continued employment is easier for large enterprises with multiple branches. If employees are willing, they may then be easily transferred to the nearest branch. In Tacloban, BPI airlifted affected employees and their families to their Cebu operation, which absorbed them, providing work and housing benefits for three weeks.

Similarly when Rosales, Pangasinan, was inundated, SM moved employees and their families to Baguio, where they continued working for SM, which provided housing benefits for the duration.

Most large enterprises provided “zero interest loans” for affected employees, and assisted employees in securing benefits from the Social Security System of the Philippines (SSS), the Pag-Ibig Fund (established to provide a national savings programme and affordable shelter financing), or from Philhealth (the national health insurance programme). Meanwhile these enterprises continued to pay out social protection benefits.

Large enterprises also supported employee cooperatives or savings-and-loans associations. Employee associations also provided financial support for affected employees. SM reported that its employee cooperative was even quicker than the company itself to release special loans and calamity assistance.

Securing and recovery of records

Apart from protecting assets and employees, the safekeeping of records is a priority for enterprises. Essential information includes employee records, records of business transactions, customer records, and records of assets (e.g. real-estate property). Losing such information can delay resumption of operations after a disaster.

Many enterprises also use the digital Cloud for storing information, while other enterprises that use centralized servers have moved their servers to safer locations.

⁵ From 9 September 2013, Philippine army and police engaged a faction of the Moro National Liberation Front in several days of urban combat in Zamboanga City.

On a larger scale, the Philippine Chamber of Commerce and Industry (PCCI) partnered with the Department of Interior and Local Government (DILG) to set up a business recovery centre (BRC) in a pilot area, the Province of Leyte. The BRC is building a central database to allow for easy recovery of lost or damaged business documents. PCCI will serve as the private sector manager of the programme. A building has been constructed to house the BCR, with funding coming from the Canadian Government.

If the pilot BRC in Leyte succeeds, BRCs will be set up in other areas affected by Typhoon Haiyan, among them Aklan, Siquijor, and Coron.

Identifying alternative market

Local enterprises are much more dependent on the local economy than are large enterprises, which usually maintain a nationwide network of operations. Hence it is harder for local enterprises to rebound if consumers or customers have stopped spending. And the longer it takes to resume operations, the more losses the business incurs. Local enterprises are sometimes left with no choice other than to downsize or close down.

Exporters face a similar situation, even though they rely instead on external markets. Where they are unable to resume operations for too long, exporters may miss shipments. They may negotiate for extensions, and buyers may agree, but if operations remain unstable for too long, as with the siege in Zamboanga, buyers will eventually look to other sources. In such cases, exporters are unable to sell to the local market, and either have to move operations elsewhere or else find alternative markets for their goods in other parts of the country.

Unlike exporters and local enterprises, enterprises that serve multiple markets are in a better position to spread the risks around. During the Zamboanga siege, for example, D.M. Consungji Incorporated (DMCI) – a real-estate developer and construction company – was unable to sell their wood products in the export market. DMCI simply decided to ship the products to Manila instead.



2.4 Other disaster risk management initiatives

2.4.1 BCP training workshops

BCP training for SMEs

PCCI conducted a BCP seminar in February 2014, one that was well attended by SMEs. The positive turnout encouraged PCCI and funding agency Japan International Cooperation Agency (JICA) to develop a BCP training programme specifically targeting SMEs, since large enterprises are likely to already have BCPs in place. Currently still in design, when completed this programme will deliver the training in three parts:

- Part 1: Introduction to Business Continuity Planning (BCP) or Business Continuity Management (BCM)
- Part 2: Disaster risk assessment, including the identification of risks and hazards
- Part 3: Preparing the BCP, which includes leadership/succession planning

BCP Training, accreditation and community of practice

The Corporate Network for Disaster Response (CNDR) is a network of business groups, associations, corporations, and corporate foundations that aim to rationalize and institutionalize disaster management efforts among the Philippine business community. CNDR partnered with a Singapore-based institute to conduct BCP training in the Philippines, an approach that, compared to using facilities in Hong Kong or Singapore, reduced the cost of BCP training. CNDR, however, would like to go beyond organizing training programmes to providing accreditation, aiming to create a community of practice.

“You can’t have a BCP without a community.”

Mon Isberto, President, CNDR

A BCP, like the International Organization for Standardization (ISO), may include a formal auditing process. Those who go through the evaluation process can win formal accreditation. This helps to establish a community where members may continuously dialogue, sharing and building on their respective knowledge and experience, thereby strengthening the level of disaster preparedness and risk management among members.

2.4.2 Institutionalizing disaster risk management (DRM) in local government units (LGUs)

Apart from establishing a community of BCP practitioners, CNDR member enterprises are committed to supporting a comprehensive community disaster response that goes beyond merely extending relief assistance. CNDR believes that, in disaster situations, business entities find it difficult to resume operations on their own; they need the help or support of the local community or government. Thus CNDR promotes the idea that a BCP should also entail a network of relationships with key members of the local community. The business entity needs the support of the LGU and the lifeline companies (power and public utilities, telecoms, banking) to shorten downtime following a disaster.

CNDR recognized the LGU role in coordinating key players for disaster preparedness, response and recovery. CNDR therefore advocates for the institutionalization of a disaster risk management (DRM) function. By institutionalization, CNDR refers to passing a law or ordinance to set up an office, to put money behind it so enterprises can hire professional staff.

While the Disaster Risk Reduction and Management (DRRM) Act of 2010, already in place, assigns responsibility of disaster management to the LGUs, the Act leaves it to the LGU to allocate a budget for implementation. To save money, the LGU often merely expands the role of someone from the current team to take on the DRM role. The head of planning or social welfare, for example, could concurrently lead the DRM function.

CNDR advocates a DRM office with a permanent team, one headed by a permanent staff member rather than someone appointed by, and basically a proxy for, the incumbent local political leader. This way the community continues to build on knowledge from past experiences, which would ensure continuity of practice and incremental improvement leading to greater disaster resiliency for the community.

Albay, a province of the Philippines in the Bicol region, is vulnerable to all types of natural disaster. It lies in the typhoon belt; it has an active Mayon volcano with attendant earthquake, landslides, and lava flows; and it includes a large coastal area exposed to tsunamis. In 1991, Albay adopted a promising approach, passing an ordinance that created a DRRM office with its own charter, professional staff organization, and budget. A key ingredient in pushing for institutionalization at the local level was the quality of local leadership. Mon Isberto, President of CNDR, notes that “it doesn’t ... take a genius to create a law, but it takes a fearless leader, fearless enough to lose control of other agencies.” In Albay, the DRM office has its own charter, hence it cannot easily be abolished nor can there be a change of officers without advance notice.

CNDR believes that preparedness is more cost effective. Prepared communities are better able to absorb available assistance. Prepared communities such as Albay are also able to respond more effectively to other communities in need, for they know the drills. They know exactly what to do and how to do it efficiently.

2.4.3 Disaster preparedness for families

A BCP requires that employees return to work to resume operations. Large enterprises may have the resources to suspend operations for an extended period, but this is not true for smaller enterprises. Employees, however, may have to balance other priorities. In the Philippines, employees only go back to work once they see that their families are out of harm’s way and adequately settled.

Large enterprises want to ensure that, when they need to resume operations, their employees are able to get back to work. Enterprises who have an established a database of employee information and records are able to determine exactly who is affected, who needs rescue, and who needs to be evacuated in disaster situations.

CNDR, however, takes this further to proactively engage local business membership organizations (BMOs) and local religious organizations to bring disaster preparedness to the household level. These organizations can broaden the disaster-preparedness training reach for families. Furthermore, working with these organizations will complement local DRRM work. When households are educated regarding disaster risks, they can cooperate more easily with the LGU, especially when they need to be evacuated. Finally, by empowering households, the private sector, and civil society, these groups can serve as back-up organizations.

Coron: Typhoon Haiyan's impact on SMEs

Typhoon Haiyan hit hard at the emerging tourist destination of Coron, Palawan, creating a major disaster that left 75 per cent of the houses and infrastructure damaged. According to NDRRMC, Coron was the most badly damaged area in Palawan Province in terms of number of families affected. This section of the report looks at how the private sector and relevant stakeholders responded to the disaster.

2.5 Central role of the local government unit

2.5.1 Preparedness

To properly appreciate LGU-executed disaster preparedness, an in-depth interview was conducted with Soc Madamba, who holds three key positions at the Coron Municipal Hall. He leads three units: NDRRMC, the Municipal Planning and Development Office (MPDO) and the Municipal Social Welfare Office (MSWO). Formerly, he was in charge of the provincial planning and development office for Palawan. According to the Coron LGU, 100 per cent preparedness for a disaster is an unrealistic goal. In Japan, for example, tsunami walls were constructed, but the 2011 tsunami towered even over them. In the Philippines, Typhoon Yolanda (Haiyan) warnings were heeded – Coron did prepare for the winds, but lacked the experience of storm surge to prepare for that eventuality.

Coron had established basic preparedness prior to the storm: evacuation centres were prepared for people who needed to be settled on higher ground; relief goods were prepared and prepositioned; advisories from the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) and Office of Civil Defense (OCD) provided continuous monitoring of the storm; and these advisories were broadcasted to the communities.

Coron's LGU also relied on the Internet for updates, and was able to assess the destruction in Tacloban. Given Haiyan's trajectory, Coron had a few hours more to tighten preparations, so an emergency NDRRMC planning session was convened. The LGU failed to anticipate the typhoon's spinning tail, however, which inflicted much damage on Coron, uprooting many trees, blocking road access, and damaging property.

Four days prior to the storm, residents had already been informed they should take the necessary precautions. Households had ample time to prepare their own supplies (e.g. water, torches, food). The next day, the LGU sought the help of the Coast Guard in disseminating information and providing the necessary advisories for fishing and tourist boat operators. The early warning provided time to protect tourist and fishing boats, with mangroves being the most convenient place to secure vessels. (There were too few mangroves to hide all the boats, however, and boats tied to the outer fringes of the mangrove forests were damaged.) Two days before the storm, the LGU started preparing relief packs and prepositioning these in evacuation centres and in the barangays (villages). The LGU coordinated with the National Food Authority (NFA) to stockpile rice and to supply the different barangays in the municipality.

The LGU worked with the local police to enforce evacuation, especially among households in coastal areas. A day before the storm arrived, the LGU advised the Coast Guard they should prohibit fishing boats and tour boats from going to sea. On the day itself, the LGU advised the power company to shut down the electric power supply as a precautionary measure.

The LGU had to depend on their own resources, as the national government was busy helping recovery efforts in Tacloban. It took two to three weeks for Coron LGU to get assistance from the national government, and the NFA required cash payment even for stockpiling rice. This made it all the clearer that the LGU needed to rely on its own resources. The LGU also approached the private sector for additional resources to augment its own emergency resources, for example appealing for trucks to distribute goods.

2.5.2 Coordination

Coron LGU served as the command centre, and this arrangement was enforced for easier monitoring. Everyone who wished to help was instructed to coordinate with the LGU. When the new LGU leaders were elected, one of their initiatives, in most timely fashion, was to encourage businessmen to form industry or sectoral organizations. The LGU eventually benefitted from this policy, which made coordination and information dissemination more efficient.

With its limited resources, the Coron LGU could not take care of the needs of the private sector. But it recognized that organizing businesses into industry associations would encourage them to work together to look after their own needs as an industry. Particularly in emergency situations such as Haiyan, the LGU's priority was ensuring the safety and survival of the larger household population, and they had to let the private sector take care of itself.

Most NGOs and BMOs kept the LGU informed of what programmes they were operating and who stood to benefit. The Malampaya Foundation, PHILSSA, the Tamayo Foundation, the Calamianes Association of Tourism Establishments (a local business membership organization) all let the LGU know what kind of support they would provide.

2.5.3 Restoring lifeline systems

Access to Coron from the outside was critical to the economy. Not only was the local economy heavily dependent on tourism, but its supplies were sourced from Manila, Batangas, and Mindoro.

Typhoon Haiyan closed roads, airport and seaports. The airport was reopened only after three days, the ports after a week. To encourage tourist arrivals, it was essential that airport, roads, and ports returned to operation. Coron also needed seaports to replenish supplies, particularly food, fuel, and construction materials.

The power supply was interrupted, but business establishments and residents were accustomed to inadequate power supplies. Meanwhile, business establishments such as hotels operated with back-up generators, although the extended power outage demonstrated that the generators were inadequate. Generators also ran on fuel and, given the closure of ports, it was uncertain when Coron's fuel supply could be replenished.

Recognizing the importance of the airport, the LGU negotiated its immediate reopening by offering to take on the clearing of roads and airport. Within three days, Busuanga Airport was back in operation, allowing stranded tourists to leave Coron.

To address the fuel shortage, the LGU negotiated with Shell Malampaya to buy fuel from a tanker that had taken shelter from the storm nearby.

2.5.4 Price monitoring and control

Early days following the storm saw price inflation. Prices increased not only for basic commodities, but also for Globe Telecom's mobile airtime top-up load, with Globe benefitting from the fact that SMART, a competitor company, was unable to provide service after the storm due to a damaged communications tower.



The LGU monitored and enforced price controls in the area. Some stores, including those interviewed, did not raise prices, but they said they understood why others did. Roads were blocked in the town, complicating the distribution of goods. With fallen trees blocking roads, storeowners had to take longer routes, and they needed to hire boats just to distribute goods. Distribution of relief goods to target households was also accomplished in this way.



2.6 Coron's private sector level of preparedness for disasters

2.6.1 Disaster preparedness

In general, Coron's micro, small and medium-sized enterprises (MSMEs) were inadequately prepared. In fact, none of the MSMEs interviewed had ever even heard of a BCP, nor did they have contingency plans of any kind.

Most of those interviewed were family businesses whose priority was to secure the safety of family and home. They prepared to meet the needs of the family, and relied on LGU early warnings or turned to the Internet to monitor the storm.

Previous storms in Coron had been routine occurrences, causing minimal disruption to business operations or livelihoods, with residents confident that economic activity would return to normal within a couple of days. Typhoon Haiyan was different, and the extent of ensuing damage was beyond earlier imagining.

Barriers to preparedness

The greatest barriers to preparedness included a lack of appreciation that preparations were needed, much less any knowledge of how to systematically go about addressing that need. MSMEs were unaware of how to prepare for a storm like Haiyan. Part of the problem is that they had never experienced a Category 5 Storm before.⁶ Besides this, most residents believed that Coron Town was somehow protected from winds by the surrounding islands, so the town was not physically vulnerable to storm surge, save for villages on the exposed coastlines. In short, they were mentally and unprepared for either the hazards accompanying Haiyan or the extent of ensuing damage.

Before Haiyan struck, local Coron residents considered themselves close to nature, able to read the warning signs of impending storms. Previous generations had taught them to watch for signs in mangrove forests and to observe the behaviour of marine animals such as dolphins. Being attuned to nature provided them with the natural instincts needed to cope.

⁶ Category 5 on the Saffir-Simpson Hurricane Wind Scale (SSHWS) Scale developed by Saffir-Simpson hurricane wind scale (SSHWS) with is the highest classification in the scale, Category 5, reserved for storms with winds exceeding 156 mph

Ways in which Coron establishments prepared for Typhoon Haiyan

Those establishments interviewed evinced a very basic understanding of disaster preparedness and management. Because this was a prerequisite for any business to operate, fire protection was the only type of emergency that MSMEs had been trained to handle. Most hotels and business establishments in Coron complied with regulations making fire insurance and installation of fire extinguishers mandatory. Compliance with the basic regulations was high, but not everyone practised the drills on a regular basis.

“We don’t really have a complete flow chart or process on how to handle something like this typhoon. Although we have one for fire.... [W]e secured the breakables like bottles of wine and glasses in a cabinet, but that cabinet also gave in to the strong wind. We also got stranded for two to three hours inside the restaurant.”

Manager, Coron Hilltop Hotel

By contrast, Asia Grandview Hotel managed well by having well-trained staff supervise their own fire drill procedure. What worked for Asia Grandview was that they knew the safe and secured areas in their hotel where staff could take shelter while waiting for the storm to die down. The staff was instructed to stay in the kitchen area, for example, where a concrete enclosure would protect them from flying debris.

On the day of the storm, guests were informed that dinner would be served early and indoors, instead of in the usual al-fresco dining area. Guests were then ushered to their cottages where they were safer.

There were other examples of varying levels of preparedness among the enterprises interviewed. In general, those who were better prepared suffered lesser damage.

Attitude to insurance coverage

Insurance was not a priority among Coron establishments, though when the LGU required it they complied. Even where it was required, however, some would try to postpone purchase. Insurance was seen as an unnecessary expense, since, they argued, accidents or disasters seldom occur anyway.

Business establishments comply with fire insurance, and boat operators are required to take out passenger insurance. Fire insurance is prerequisite to getting a mayor’s permit to run an establishment. The Coast Guard requires that their passengers be insured before clearing tourist boats for commercial operation.

Compliance with other types of insurance was low. For instance, tourist-van operators were not necessarily covered by comprehensive insurance for the vehicle. Van operators viewed such coverage as no more than an unnecessary extra expense.

Traditional tour boats are uninsurable and, learning from the Haiyan experience, many boat operators were considering shifting to fibreglass or metal boats so they could get insurance protection.

Box 1: Good practices in Coron: Asia Grandview Hotel

Asia Grandview suffered minimal damage, mostly to the landscaping, when Typhoon Haiyan struck. While they did not have a formal business continuity or a risk reduction plan, they managed by improvising on fire prevention and evacuation procedures already in place.

The hotel identified the following few critical factors that reduced the risk of damage from Haiyan.

Planned self-sufficiency

From the outset, Asia Grandview intended the resort to be self-sufficient. The hotel's general manager had extensive experience in running island resorts in Coron and Boracay Island. Previously trained to value the importance of resort self-sufficiency, the manager had managed resorts in isolated areas where he had already experienced a number of severe storms including, while stationed in Boracay Island in 2006, Milenyo (Typhoon Xangsane).

Asia Grandview Hotel lay only five minutes from the town centre by land, but Coron Town itself relied heavily on importing supplies from Manila, Mindoro, and Batangas. The entire town was therefore at risk of becoming isolated and cut off from critical supplies such as food, water, and fuel. In light of this, the hotel thought it best to design Asia Grandview as an island resort operation. Thus it had its own back-up power generators, fuel for three days, and two deep wells for water. It was equipped with cold-storage rooms and dry pantries large enough to store canned goods and non-perishables for one month. The hotel also kept enough cash on hand to cover two weeks of operating expenses.

Typhoon-resistant structure and comprehensive insurance

Asia Grandview was designed with screw-type roofing that the owners believed was more resistant to typhoons, and the hotel was able on this basis to negotiate for lower insurance premiums. The hotel also believed in comprehensive insurance coverage against all types of risk.

2.6.2 Disaster response

In Coron, the private sector responded swiftly to the LGU's call for help. As previously indicated, the MSMEs mobilized resources using their own contacts, particularly for relief goods and housing materials that were either directed through the LGU or were distributed directly to communities.

Disruption to business in Coron was minimal. Operations resumed in two days, thus employees continued to report for work even though visitor arrivals were slow. Business owners tried as much as possible to keep their employees working and to continue paying out salaries. Some released cash bonuses or sought external assistance for affected employees in rebuilding their houses.

Calamianes Accommodation and Tourist Establishments (CATE) worked within their network to promote

Evacuation plan

The evacuation plan was patterned after the fire drill, which was the only emergency procedure in which the staff had been trained. Guests were advised that, during storms, they would be safer if they stayed in their rooms. Four security guards were on duty in the evenings, and guests were to contact the guards if they needed to evacuate their rooms. Guards and other staff were informed where they should take the guests in such situations. The hotel also coordinated with Sea Air, a local air service, to ferry hotel guests out of Coron in case regular commercial flights became unavailable.

Trained staff

Having well-trained staff made a big difference in minimizing damage caused by disasters. The general manager recognized that the hotel was “saved” by the staff. The five employees who formed the core group were the ones usually sent for training seminars. They represented a department of hotel operations distinct from housekeeping, accounting, maintenance, and management. The staff minimized inconvenience among guests by orienting them regarding hotel emergency procedures. Staff took extra care to make them feel comfortable, and assured them that everything would be fine. In the event, neither hotel staff nor guests at Asia Grandview suffered any injuries.

Social protection for employees

The hotel kept a complete set of records and benefits for all hotel employees, from simple birth certificates to tax account numbers and the mandated social protection benefits. Most employees were uninterested in the mandated benefits, especially those that required employee contributions, since these reduced their monthly pay-outs. However, the hotel complied by providing these benefits, not only because these were mandated by law, but also because they viewed such benefits as investments in the future of employees and their families.

All employees were therefore covered by SSS (pension and calamity assistance), Philhealth (hospitalization), and Pag-IBIG (housing).

tourism. Three weeks after the storm, CATE realized that the widely publicized magnitude of the Tacloban devastation was also discouraging tourist arrivals in Coron, and decided to use social media to tell the public that, while Haiyan did pass through Coron, the tourist spots were not affected.

2.6.3 Haiyan's impact on MSMEs

Coron is an island town, part of the Calamianes Group of Islands in Northern Palawan. Coron's economy relies heavily on both international and domestic tourist arrivals. Haiyan struck the island at the worst possible time, robbing Coron of one full peak season.

Tourist boats and a few hotels were damaged by the storm, and closure of the airport badly affected the local industry. Even worse, however, mass media and Internet coverage of the situation in Tacloban had a negative halo

effect on Coron. Tacloban was totally devastated, and people assumed that Coron was similarly affected. Hotel and tour bookings were cancelled and deposits refunded. It didn't help that the airport was shut down. And even though operations was resumed after two days, tourist arrivals did not pick up.

One boat operator observed that he would usually have seven or eight trips per day during the peak season, and as many as twelve trips per day on weekends; but this season he was lucky to get two per week. The operator's boats were being mostly used for distribution of relief goods or to ferry teams doing area assessments. After a month, demand increased to five tourists per week. After two months, tourists (and volunteers) began arriving in real numbers and demand normalized. During the slow months, the operator had to rotate the use of his boats just to provide equal income opportunities for the seven boat crews that worked for him. (Due to the seasonal nature of the tourism industry, most MSMEs in Coron do not employ regular employees, and such establishments are not required to provide social protection benefits to seasonal workers.)

Many establishments with limited resources had to downsize. For example, before the storm Lolo Nonoy's food house also operated an attached gym. The restaurant, lightly constructed of thatched roof on wooden columns, was so badly damaged the owners had to sell the gym to save the restaurant business.

Marginal fishermen, the most vulnerable sector in Coron, suffered even more than the tourism industry from Haiyan's impact, which among other things damaged many boats, disrupting the fishermen's only source of livelihood. NGOs and the LGU therefore focused on providing them with livelihood assistance and boats.



Generally, however, Coron businesses were left on their own to recover from Haiyan's devastation. They relied mainly on their own resources/savings or loans from private/informal lenders. Lending rates from private, non-bank/financial institutions ran anywhere from 3 per cent per month or 36 per cent per annum (similar to credit card rates) to as much as 20 per cent per month or 240 per cent per annum. One wholesaler interviewed was able to access a non-bank loan with an interest rate of 3 per cent per month, but smaller businesses such as tour operators and boat owners had to take out loans charging 20 per cent interest per month. While the wholesaler enjoyed a much lower interest rate than that, she indicated that bank lending rates were only about 1.5 per cent per month. The problem was that banks required collateral and much supportive documentation. Informal lenders were more willing to provide quick loans, albeit at higher interest rates.

Lack of local support from national government agencies could be attributed to Coron's relative isolation. None of the business owners interviewed was aware of programmes to help victims of Haiyan conducted by the Philippines Social Security System (SSS), Department of Trade and Industry (DTI), or Land Bank (a government financial institution). While some had heard that loans would be available from DTI and Land Bank, these interventions were launched only after six months, by which time it was too late. Over that period, business establishments had to source financing elsewhere. Land Bank has an office in Coron, but business owners and employees were unlikely to be familiar with SSS and DTI programmes, their closest offices being based in Puerto Princesa. This discouraged businesses and employees from accessing their programmes, it being too inconvenient to travel all the way to Puerto Princesa to get information or file programme applications.



The Government Service Insurance System (GSIS) appeared to be the only national government agency that responded in a timely manner. GSIS set a moratorium on payment of amortization among members that had fallen victim to Haiyan. The president of the Van Drivers and Operators Association in Coron (COSTODA) indicated that most of the vans have been acquired with GSIS loans. Given how slow tourist arrivals were after Haiyan, van operators were unable to pay for amortization so GSIS extended payment terms for its members.

Drawing upon recent literature on disaster risk management, this section summarizes the issues that surround BCP planning and maps out various initiatives, mostly from the Asia-Pacific region, aiming to identify comparative gaps in the Philippine situation.

3

Learning from other countries in Asia and the Pacific

Learning from other countries in Asia and the Pacific

3.1 Promoting private sector resilience

Risk-consciousness drives level of preparedness. The more that business owners remain informed of potential hazards, the more effectively they can prepare for and manage any ensuing impacts. Such measures may be organized according to four categories:

- awareness and relevance;
- training and capability development;
- support/incentives; and
- institutionalization, PPPs.

3.1.1 Building awareness and relevance

Lack of awareness was identified as a major barrier to effective disaster risk management among SMEs. In Thailand, for example, 60 per cent of respondents acknowledged that this factor contributed to the extent disasters had an impact on their businesses. Most (73 per cent) did not have a disaster plan because they did not know how to prepare one. More basically, the very concept of BCP/BCM remained unfamiliar to SMEs. And business owners still failed to adequately recognize the importance of measures to ensure business continuity.

Addressing these barriers could significantly improve the BCP adoption rate. In Japan, in fact, a survey was conducted of 100 SMEs that participated in BCP workshops, and 70 per cent of those who attended went on to implement BCPs.⁷

*Asian Disaster Management News*⁸ reported that enterprises practising disaster risk management are likely to achieve the following benefits:

⁷ Asian Disaster Management News: “BCP make stronger and profitable SMEs”.

⁸ Article by Stephan Huppertz, Regional Coordinator Asia, Global Initiative Disaster Risk Management. APEC published the guidebook in 2013: Guidebook on SME business continuity planning. Available at: http://publications.apec.org/publication-detail.php?pub_id=1449 [accessed 26 February 2015].

- reduced business uncertainty;
- greater confidence on the part of all stakeholders – employees, management, shareholders, and customers;
- reduced costs and greater added value for the business; and
- ensured long-term competitiveness through a systematic approach to integrating BCP measures within business processes.

3.1.2 Training and capacity development

Most SMEs in Thailand (73 per cent) had no disaster plan due to lack of knowledge, lack of relevant experts, and lack of tools and resources. In the United States, on the other hand, SMEs believed preparedness was necessary and important, but they lacked the skills and the know-how needed to adopt effective BCPs. SMEs also typically perceived BCPs as being both complicated and costly. In the US, 30 per cent of SMEs had no BCP, and 82 per cent of those surveyed agreed that “if someone could make it easy for me to be prepared, I’d do it”.

Responding to this need, in 2008 the Red Cross developed Ready Rating, a free Web-based 123-point quick assessment tool. Ready Rating allows business owners to identify areas for improvement in better preparing them for disasters. Results showed that, to date, 75 per cent of members have updated their BCPs based on the 123 assessment, and have increased their scores by as much as 42 per cent in the following year.

In 2011, APEC launched a multi-year project to assist SMEs. This project included the development of a step-by-step APEC business continuity planning guidebook for SMEs, the training of related government, not-for-profit, and private sector organizations.⁹

3.1.3 Support and incentives

In Thailand, the government recognized that the brunt of the losses incurred during the 2011 flood fell on the shoulders of the private sector, particularly the SMEs. The government drew up programmes and policies to redress this:¹⁰

- Tax exemption and reduction measures were implemented by the Customs Department, Revenue Department, and Board of Investment.
- Clean loans with low interest rates were granted to SMEs by the Bank of Thailand, SME Bank, and other financial institutions.
- Credit was extended to SME entrepreneurs through the National Catastrophe Insurance Fund.
- SMEs in Thailand also suggested BCP-related incentives, specifically for those that complied with the use of a standard BCP.
- Special rates (lower premiums) were applied to insurance coverage.

⁹ Asian Disaster Management News: “Preparing SMEs for disasters”.

¹⁰ Ibid: “Public policies to support private sector resilience”.

- Access was provided to clean loans with low interest rates.

In Japan, the government provided subsidies to affected enterprises so they could secure and maintain employment. In Indonesia, the state-owned bank likewise offered a deferred loan repayment scheme for affected SMEs.

In Haiti, Fonkoze, the country's largest microfinance institution, partnered with private and public sector agents to establish an insurance scheme that provided coverage for catastrophes at affordable prices. Fonkoze now enrolls all loan recipients in this insurance programme as a safety net. This will help enable micro-entrepreneurs to service their debts and to rebound after falling victim to disaster.

3.1.4 BMO initiatives

Bali Hotel Association (BHA)

The Bali Hotel Association provided certifications to disaster-ready members. Certified hotels met the following standards:

- ability to evacuate people in 15 minutes;
- post-disaster self-reliance for 48 hours; and
- a memorandum of understanding signed to integrate surrounding communities at risk into their planning.

BHA and its partners developed a tsunami-ready toolbox, a compilation of self-assessments, standard operating procedures, practical advice, and background information. Together with the police, BHA also set up an ultra-high-frequency radio system. This allows for better coordination in times of crisis. Consulates and embassies may also use this system to keep track of their citizens.

India Disaster Resource Network

In India, the India Disaster Resource Network was established to keep an inventory of resources (human and capital resources and equipment) that may be needed in times of crisis. This electronic system is openly accessible online. The network includes government agencies, business membership organizations such as the Confederation of the Indian Industry (5,000 members), and the Builders Association of India (33,000 members).

BusinessNZ

In New Zealand, Business New Zealand (BusinessNZ)¹¹ performed a pivotal role in responding to the 2011 Christchurch earthquake that nearly obliterated the entire central business district (CBD). Apart from marshalling large enterprises to respond, BusinessNZ's member, the Canterbury Employers Chamber of Commerce, also chaired the coordinated government response for business.

11 Phil O'Reilly, CEO of BusinessNZ: summarized from a presentation at ECOP General Membership Meeting (Asian Institute of Management, 24 November 2014).



In responding to the crisis, BusinessNZ mobilized large enterprises and organized them to address such specific needs as food, water, insurance, and infrastructure. It also coordinated SME efforts to help other SMEs and large enterprises that were willing to provide technical assistance, workers, communication systems, and office space and equipment to help keep affected businesses in operation. BusinessNZ set up a call centre, and established an online portal to facilitate communication and information dissemination.

BusinessNZ and its member federations provided continuing support for affected business establishments in recovery by assessing the extent of damage and the needs of affected business establishments. It also provided business advice and information, mentoring and training, and crisis management tools.

3.2 Summary, and implications for the Philippine setting

The past ten years have seen a slight decline in the worldwide frequency of natural disasters. At the same time, however, their intensity has increased, affecting more people and inflicting greater impacts on local economies.

Disasters have struck both developed and less developed countries. Among regions worldwide, Asia and the Pacific is vulnerable to three out of four categories of natural disaster: hydrological (floods), meteorological (storms), and geophysical (earthquakes). Within this region, the Philippines is the country most prone to severe meteorological events, averaging about 20 typhoons per year.

The economic impact of natural disasters in Asia and the Pacific reached a peak in 2011, when a severe earthquake hit Japan and an industrial area of Thailand was inundated for a month. Economic costs were significant relative to each nation's GDP, and the economic impact radiated to other nations linked to these two countries through their supply chain.



SMEs are one of the most vulnerable sectors in Asia and the Pacific. In the face of disaster, they are least prepared and, due to their limited resources, unlikely to bounce back. SMEs comprise 90 per cent of private enterprises in Asia and absorb the majority of the labour force. For an Asian nation to achieve economic resiliency, it is therefore important to ensure that its economic backbone, the SMEs, are disaster resilient. SMEs must be adequately prepared and protected from business risks brought about by disasters. And they need access to support when they fall victim. The sooner SMEs resume normal operations after disaster strikes, the sooner the local community and the overall economy will recover.

Learning from the disasters Japan and Thailand suffered in 2011, many enterprises and governments in those countries are focusing more on disaster preparedness. Large global enterprises with supply chains extending across the world required suppliers to implement BCPs. Governments have also responded by institutionalizing disaster risk reduction (DRR) measures, creating DRR agencies, and providing support mechanisms to assist the private sector with recovery.

In the Philippines, BCPs are still a new concept and, for now, only multinational enterprises and large local enterprises are adopting BCPs as part of their practice of good corporate governance. MSMEs hardly recognize the BCP concept. And they remain unaware of either government or private sector support available to enterprises affected by disaster.

SMEs need immense support in the areas of preparedness and recovery.

3.2.1 Preparedness

The first hurdle to preparedness is lack of awareness. For MSMEs, BCPs remain an unknown, and this non-awareness is the biggest hurdle to their adoption. BCPs are irrelevant to MSMEs at the moment because they are unaware of their benefits – they are unaware that systematic means are available to protect their businesses disaster risks and to help them recover. When presented with the BCP idea, MSMEs are willing to learn; they simply don't know where to get the technical know-how, and they lack the financial resources to support the necessary measures. BMOs and government agencies have the organizational structure to extend information dissemination and training to SMEs across the country. Both can also work toward simplifying BCP training, making it easier to adopt and more affordable.

Investing in insurance improves resiliency. SMEs are not investing in insurance coverage, unlike large enterprises. SMEs consider insurance as add-on expense. Insurance may not reduce disaster risks, but it assures a certain degree of recovery of critical assets or cash recovery to finance future operations.

3.2.2 Recovery

Unlike large enterprises with substantial reserves, SMEs cannot easily access financial assistance in terms of clean and soft loans. Thus recovery may take a long time, and will likely entail more expensive financing.

As seen in the Coron case, SMEs need employment assistance, perhaps in the form of subsidies so they may continue to provide a steady income for their employees. Unlike large enterprises, where employees in one affected area can be transferred to another branch of operations, SMEs are likely to have just one base of operations and lack the flexibility to move people around. With dampened market conditions, furthermore, all they can do is to rotate employees to ensure a more equitable distribution of income opportunities and to avoid lay-offs.

It is also important to provide incentives for affected businesses. This improves their chances of rebounding. These incentives can take the form of tax holidays, access to soft/clean loans, moratoriums on loan repayments, employment subsidies, and the like.

Last, SMEs require support for developing alternative markets. In the case of Coron, one business membership organization, CATE, advertised to encourage tourists to come and perform volunteer work while touring the islands. It was essential to let the market know that Coron was not as badly affected as Tacloban, and that Coron's tourism industry was back in operation.

3.2.3 Stronger public-private sector partnerships (PPPs)

On a wider scale, SMEs need the support that comes from improved coordination with the public sector. BMOs can foster this outcome. And existing initiatives can be replicated in other disaster-prone areas of the Philippines:

- Zamboanga has an exporters' communication system that provides direct and immediate response from the police department (similar to the Bali Hotel Association's system).
- In Santa Rosa, Laguna, the LGU maintains an inventory of resources they can access from the private sector (similar to India's Disaster Resource Network).
- Coron's LGU requires businesses to organize by sector for easy coordination with the LGU at the same time this encourages dialogue and greater cooperation among members.
- In Tacloban, PCCI is setting up a centralized record/document retrieval facility.

Where are the gaps in PPP?

Government and private sector can work together on an ad hoc basis to maximize reach in disseminating information regarding disaster preparedness, particularly to SMEs across the Philippines. This will enable the DTI and the LGUs to compile and maintain a more comprehensive list of all active SMEs, even if it may be unrealistic to expect all SMEs to join BMOs.

On a longer-term basis, a specialist programme and office can be set up to address the training needs of SMEs in disaster risk mitigation and management and to provide business recovery assistance. This office/programme can also serve as a central repository for all DRR-related information, policies, and programmes that target SMEs.

Another role for this unit could be the collection of information on all DRR-related activities and policies from various government and private sector entities. This could include information on available training, special loans, government subsidies, and incentives to improve SME business resiliency. It could also include advocating for new policies/regulations drafting new policy recommendations to aid SMEs in distress.

4

Opportunities for ECOP



Opportunities for ECOP

As did the earthquake and tsunami in Japan and the flooding in Thailand, experiences of extreme devastation serve as a wake-up call for national action. Typhoon Haiyan accomplished this in the Philippines. But this event also made it clear that much work remains in the areas of disaster response, recovery, and preparedness.

How can ECOP contribute to making enterprises, in particular SMEs, more disaster resilient? In fact, given its current strengths as a representative business membership organization, ECOP is presented with a number of opportunities.

4.1 Disaster preparedness

Leveraging ECOP's representative function for the private sector, with its extensive SME membership and strong local chapter leadership, **ECOP can advocate for and promote the relevance of disaster preparedness while**



also conducting BCP orientation and training. ECOP can work with organizations that already have BCP training programmes in place, including CNDR, PCCI, and PDRF.

Leveraging the mix of large local and multinational member enterprises that have already institutionalized BCPs, ECOP can create programmes for coaching or mentoring SMEs in drafting, implementing, and institutionalizing their own BCP and BCM systems.

On the policy front, ECOP can initiate a disaster resiliency accreditation system for SMEs. Accredited SMEs may be given priority when claiming government incentives (tax credits) or favourable terms for insurance and bank loans.

4.2 Disaster recovery

Leveraging ECOP's role in influencing policy reforms, and having forged strong relationships with government policy-makers, **ECOP may also look into advocating tax reforms and incentives specifically targeting SME recovery from disasters.** These reforms may cover taxation, financing, insurance, and other employee concerns.

Leveraging its multi-sectoral network, ECOP can spearhead formation of a central SME disaster desk/resource centre. Whether this is a physical office or an online portal, SMEs should be able to easily navigate to the information they need regarding available support (credit, alternative markets, technical support) and necessary documentation. An online portal can also provide quick information regarding the profiles of affected SMEs.

4.3 Disaster response

Disaster response mechanisms already in place in certain ECOP chapters, for example those in Calabarzon and Zambasulta, could be adopted by other ECOP chapters in the following ways:

- taking an inventory of resources that may be required for rescue and emergency response (e.g. ambulances, fire trucks, earth-moving equipment, and medical personnel); and
- establishing a communication system between ECOP chapters, local police, and local DRR agencies, thereby facilitating identification of affected employees and determining whether they need rescue or evacuation.

Information dissemination is critical in crisis situations. One effective means is a simple online portal. This should consolidate all information from private organizations and various government agencies regarding services and assistance of which SMEs or any other business organization may avail themselves. This online portal can facilitate recovery of documents, filing of applications, or requests for services (e.g. credit lines, loans, and insurance pay-outs). Records of portal activates could provide timely information on such matters as prevailing private sector needs and extent of damage.



Given that ECOP members are drawn from a variety of industry sectors, other disaster response measures might include programmes that match the needs of some members with resources or opportunities among others. For example, some members could accept temporary employees from businesses that currently cannot afford to pay them. Others might design apprenticeship programmes for displaced workers. Various ways of sponsoring displaced employees could help temporarily distressed SMEs retain essential employees. At the same time, SMEs can benefit from potential skills improvements derived from such temporary assignments or apprenticeship programmes.

ECOP can also establish a fund to provide financial assistance in terms of grants or credit assistance to affected SMEs.

4.4 Consultation meeting with ECOP

ECOP chapter leaders attending an October 2014 consultation meeting expressed their preference for a focus on disaster preparedness. Reinforcing the perceived need for proactivity, it also drew on replicating ECOP's successful Big Brother, Small Brother mentoring programme for productivity improvement. The programme was conducted at the chapter level, where SMEs learned from processes being applied by larger member enterprises.

Given that large enterprises among ECOP membership may have established BCPs, they can provide resources for orienting, training, and coaching SMEs on disaster preparedness. ECOP recognized at this point that instilling the relevance of disaster preparedness was a crucial step. It was critical to convey information regarding **the importance and benefits of disaster preparedness, persuading SMEs that they should commit to it.**

4.5 Holistic intervention framework

Disaster preparedness is currently a critical need, particularly among SMEs. Convincing SMEs to adopt BCM promises significant impact in the shortest possible time. Disaster-resilient SMEs could dramatically increase the economic resiliency and sustainability of any given community.

Disaster preparedness is not a foolproof solution, however. Neither the nature nor the impact of upcoming disasters are predictable – what disaster preparedness can do is at best prevent the escalation of damage or losses by minimizing one's level of unpreparedness or exposure to risk. And it is important to realize that, because of their typically limited resources, even those SMEs with BCPs in place remain vulnerable.

The framework presented below outlines the goals and types of intervention for each phase, as well as key success factors.

4.5.1 Goals by phase

The most critical need at present is to change the typical SME mindset, SMEs must be persuaded of the importance of disaster preparedness and resiliency through business continuity planning and management. Prevention is still the best cure, and preparedness significantly reduces risk and potential damage.

When it comes to the disaster response phase, the business goal is survival. Most SMEs need cash infusions to repair or replace damaged assets.

In the recovery phase, the goal is to gain or regain business sustainability. This involves an assessment or evaluation of events and finding ways to prevent the recurrence of similar issues in future. The phase may require reinvesting and retooling.

Figure 3. Developing SME disaster resiliency



Figure 4. Key success factors



4.5.2 Proposed intervention by phase

ECOP's Big Brother, Small Brother approach may be used to promote both preparedness and recovery. ECOP membership includes large enterprises with embedded BCPs. These enterprises have the internal capacity to draft BCPs, plans that have likely been reviewed or tested in actual crisis situations. These companies are therefore capable of coaching and supervising SMEs, not only in preparing BCPs, but also in guiding them in organizational assessments designed to identify areas for improvement and then advising on how shortcomings or gaps might be rectified.

Resource augmentation and speed of intervention are critical for SME survival in time of disaster. It is important to provide easy financing, i.e. low interest rates and minimal required documentation. This can be an issue, since most SMEs, particularly in Coron, have no access to formal credit facilities even in normal situations. They generally turn to informal sources, which charge high interest rates.

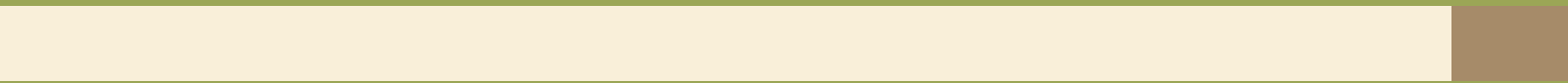
Speed of response may also be hampered by the fact that SMEs are unaware of available services. Thus setting up an integrated online portal may facilitate information dissemination and access to such support services.

4.5.3 Key success factors

In making disaster preparedness appealing and relevant, it is important to promote simplified, easy-to-follow manuals or tools. Such initiatives may fruitfully draw upon the Red Cross and ASEAN experiences, where these organizations have prepared simplified assessment tools and BCP manuals, respectively. Adoption and compliance is easier if the tools being presented are easy to understand and simple to prepare.

Speed of response/intervention is critical. SMEs are likely to be heavily dependent on a single source of livelihood. Hence it is imperative to restore operations as soon as possible. Business survival depends on needed resources being immediately available, before businesses are forced to turn to informal lenders willing to release funds almost instantly but who charge exorbitant fees. In times of crisis, softer, less expensive loans are needed with this same speed from government sources or the private sector.

Actual emergency responses often focus on stop-gap measures, but the recovery phase should involve careful planning and assessment to ensure long-term sustainability. It is thus important that planned interventions are customized – tailored to a company's long-term goals, nature of operations, and environs.



Appendix

Appendix A: List of interviews

Companies and foundations

Organization	Respondent(s)	Date of interview
One Meralco Foundation	Mr Jeff Tarayao, Mon Segismundo and team	22-May-14
Meralco Corporation		
SM Foundation, SM Cares	Ms Cristie Angeles, Ms Elena B. Horn	23-May-14
BPI Foundation	Mr Florendo Maranan	3-Jun-14
Jollibee Corporation	Ms Susan Grace Gajo	5-Jun-14
Jollibee Foundation	Ms Ma. Gisela Tiongson	3-Jun-14
SM Retail	Ms Aida Agregado	24-Jun-14
TOTAL COMPLETED – Large corporation with foundation		7

Government, NGOs and business groups

Organization	Respondent(s)	Date of interview
Department of Interior and Local Government (DILG)	Undersecretary Austere Panadero	4-Jun-14
OPARR	Undersecretary Leslie Cordero	11-Jun-14
ECOP South Luzon ECOP ZAMBASULTA	Mr Ed Nicolas Mr Buboy Valerio	16-May-14
Philippine Disaster Recovery Foundation	Mr Rene Meily	4-Jun-14
Philippine Business for Social Progress (PBSP)	Mr Elnie Baldonado	6-Jun-14
Partnership of Philippines Support Services Inc. (PHILSSA)	Mr Dick Balderama	6-Jun-14
Corporate Network for Disaster Response (CNDP)	Mr Mon Isberto	27-Jun-14
Philippine Chamber of Commerce and Industry (PCCI)	Ms Grace Morella and Mr Edwin Glindro	25-Jun-14
Department of Trade and Industry (DTI)	Ms Cleo Duran	5-Jul-14
TOTAL COMPLETED – Government, NGOs and business membership organizations		10

Coron MSMEs

Organization	Respondent(s)	Date of interview
Malampaya Foundation	Not recorded as requested	30-May-14
Tamayo Foundation	Mr Andres Tamayo	31-May-14
COSTODA (land transport association)	Ms Aida Page	30-May-14
Joey Zabalo (boat owner)	Mr Joey Zabalo	29-May-14
Asian Grand View Hotel	Ms Carmela Geisert	28-May-14
Coron Hilltop Hotel	Mr James Gomez	29-May-14
Coron Accommodations and Tourism Establishments (CATE) and Daraynon Hotel	Ms Chin Fernandez	28-May-14
Coron Eco Lodge	Fides, Hotel Manager	30-May-14
Calamianes Expedition	Ms Mae Linsangan, owner	28-May-14
Coron Boat Association and Calamianes Divers (Arnie)	Arnie Pabelonio, owner	29-May-14
Triple J store (wholesaler)	Ms Mary Joy Aguinaldo, owner	30-May-14
Lolo Nonoy's Food Station	Ms Elaine Valerio, owner	29-May-14
MDRRMC, MPPDO, MWSO (Soc)	Doc Soc Madamba	30-May-14
Consuelo Foundations	M. Carmela Castro	30-May-14
TOTAL COMPLETED – CORON MSMEs		14

ECOP members

Organization	Respondent(s)	Date of interview
Harbor Star Shipping Services, Inc.	Attorney Virginia May Bella	16-Jun-14
Tupperware	Ms Jane Montilla	3-Jul-14
TOTAL COMPLETED – ECOP members		2
TOTAL INTERVIEWS		33

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Together with the International Labour Organization's Bureau for Employers' Activities (ACT/EMP), ECOP is working to develop strategies and practical tools that can be deployed to enterprises in the Philippines. If enterprises are equipped with basic knowledge and prevention tools, they will be able to rebound from disasters, resume normal operations, and be able to provide more jobs to people in affected areas. To support ECOP in this endeavour, ACT/EMP, with the support of the ILO-Korea Partnership, has prepared this report, which provides recommendations for the leadership role ECOP, as the nation's chief representative organization for enterprises, can assume on this front.

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