

Investing in Long-Term Recovery



Disaster Recovery for Business

All disasters are local. They happen in cities and towns and counties of all sizes. Regardless of community size or the nature of the disaster, local leaders are responsible for overseeing all four phases of emergency management—preparedness, response, recovery, and mitigation. Federal and state governments can play a supporting role in the immediate aftermath and in providing funding and guidance for long-term recovery and mitigation.

Preparation and response—half of the emergency management cycle—generally get the most attention, particularly in high-risk areas. Preparing to respond usually involves significant training and practice to ensure that employees and supporting resources are ready to jump into action quickly and that local residents understand their roles and responsibilities in preparing for and responding to disasters.

Local leaders—particularly those who have been through a major community disaster—recognize that preparing for long-term disaster recovery demands as much attention as preparing for short-term response. After a major disaster, the recovery process takes months and even years to bring a community or business back to as “usual” and as strong as or better than before the disaster.

The recovery process begins even before the response stage is complete because decisions made while responding to the emergency can affect the recovery process. There's usually a 30 percent overlap in the middle where the community is still responding while gearing up for recovery.

Actions taken during the response phase can have an impact on overall results once the community and businesses move into recovery.

Leaders can become so wrapped up in the urgency of the response that they do not do the necessary documentation to qualify for reimbursements and longer-term recovery funds, or private funding. That's why financial planning for recovery is as important as planning for response.

The four phases of emergency management produce the ebb and flow of a preparedness-based community life and define how the community perseveres before, through and after times of crisis.

Commitment to long-term recovery from the first day of the emergency can help communities rebound effectively.

Focusing on Long-Term Recovery

Long-term recovery involves more than debris removal and restoring power, which are considered short-term recovery actions. According to FEMA, long-term recovery refers to the **“need to re-establish a healthy, functioning community that will sustain itself over time.”** In its *Long-Term Community Recovery Planning Process*: FEMA outlines a recovery approach that emphasizes a community-driven process with significant public involvement and local control. The process also emphasizes a “project-oriented” focus on actions that will have the greatest impact on community recovery. FEMA also urges a significant focus on **mitigation as part of long-term recovery to prevent or at least minimize similar damage in the event of another disaster.**

We have developed a B2B platform entitled, www.DisasterRecoveryHub.com, designed to help businesses become better prepared for long-term business recovery in the event of a disaster. The program focus on access to finance and innovation, that will assist businesses and business communities to prepare for long-term disaster recovery.

Challenge

Financing disaster recovery remains a major challenge. Lower than expected allocation of [Community Development Block Grants](#) (CDBG) funding to the states has left the cities far short of the federal funding they had hoped for.

CDBG is a primary source of funding for many recovery plans, and it is coming a lot slower than expected and at lower levels. That adds complexity to what communities affected by disaster are doing. We could move much quicker if more resources were available sooner.

The recovery process takes years, and business leaders need to understand how to access funding.

Financing

- Supporting and accelerating recovery of businesses and the local economy.
- Expediting long-term business recovery.

Long-term recovery strategies and needs will vary depending on the scope of the disaster. In small communities natural disasters damage or destroy businesses, homes, municipal buildings, schools, recreation facilities, and more. For those communities, deciding to rebuild is a first step, followed quickly by engaging the entire business community to ensure that businesses would come back, and then bringing other resources to the table.

In communities, when significant damage is confined to one area, local leaders must balance ongoing public service expectations with urgent long-term recovery needs while ensuring that the vision for new "as usual" keeps the community together.

The following sections highlight long-term recovery approaches.

Economic Recovery

Getting the local economy working again is vital to launching a successful comeback. Restarting the economic engine depends on a number of factors:

- A willingness and capacity of business to reopen quickly if facilities are not severely damaged or to rebuild in the community.
- Affordable and available housing for workers.
- Large employers with business continuity plans who can get up and running quickly to launch the economic comeback.
- Strong connections between business and government to facilitate a recovery partnership.

Communication between individuals and organizations is essential; including discussion regarding access to funding and the importance of business continuity plans in the event of a disaster. This is particularly true with small businesses to help them understand how to prepare to recover quickly after a disaster to help sustain the local economy. Because revenue comes from sales tax, the rapid recovery of businesses is essential to community recovery.

Critical factors to long-term survival for business:

- Financial resources lost by the business.
- The disaster's impact on the organization's clientele.
- The availability of convenient substitute goods and services that can replace the business while it is trying to rebuild.

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- The status of the business before the disaster.
- The owner's ability to adapt to the new, post-disaster environment.

Leading the Recovery

Most agree that the key factor in successful long-term recovery is access to funding and effective leadership. A clear vision, a well-defined plan, broad and diverse funding to finance the recovery, a supportive and involved business community, and effective partnerships at the local, state and federal levels all contribute to successful long-term recovery. The biggest difference, however, is access to funding and an effective leadership team, including representatives of every sector of the community that meets regularly to guide long-term recovery.

The local team is part of the www.DisasterRecoveryHub.com B2B response and recovery plan. It is the team that can act quickly to bring the community together. The team is an effective resource for leading the recovery and coordinating diverse activities helping the community weather the ups and downs of long-term recovery. There is a delicate balance between acting fast to meet the community's need to see progress and waiting for better information, a better plan, a solid response. There is always a big push to do something now. But if you don't have a good plan and you can't get the resources, you are setting up people for more disappointment. Over promising can be fatal in long-term recovery. If you don't have that vision in the aftermath of a disaster, you'll lose the community's confidence.

Financing the Long-Term Recovery

Financing long-term disaster recovery poses significant and often frustrating challenges for local leaders who must rely on the state and federal government as major sources of disaster recovery funds. Those challenges are exacerbated in the heat of a crisis when funding is urgent, not optional or negotiable. That's why incorporating a framework for private financing long-term recovery improves the odds of success when disaster strikes.

Strategies that can be put in place well before a disaster include (1) understanding all requirements for response and recovery funds, including required documentation for reimbursements; (2) identifying all potential sources of funding for long-term recovery; (3) establishing lines of credit to provide cash flow for direct expenses and matches while waiting for funding; and (4) identifying internal staff, or external resources, or both, to manage the financial side of recovery.

Knowledge of funding and the rules governing access to those resources is essential to optimize and accelerate access to funds to support long-term recovery. Pre-disaster financial recovery action plans should facilitate access to funds.

Partner Projects

Projects will support disaster-affected regions' long-term disaster and economic recovery promoting private investment that fosters new technology transfer and job creation aligned with a specific strategic, economic development, and incorporating disaster resiliency. All projects focus on how best to restore, redevelop and revitalize the health, social, economic, natural and environmental fabric of the region. By pooling our contacts and resources, we can overcome challenges and remove barriers - provide access to new technology and funding to accelerate long-term recovery, and to re-build local economies in an efficient manner.

Advisory Team

We are experts that possess decades of direct operating responsibility at industry-leading firms. We take a practical approach to projects, partnering with businesses and working closely with business leaders and our team. Our goal is to facilitate alignment, buy-in and support among the stakeholders, so the project results and recommendations are our decisions, not those of individual consultants. Our decisions come from the integration of objective internal and external data, methodical analysis, sound business judgment, and strong collaboration with leaders. We listen to learn how to improve long-term recovery for business. We can provide guidance on a variety of critical recovery needs of businesses.

Events

Our events bring together individuals and organizations in a way that does not require a large investment of funds and time.

Strategy

We utilize SMART objectives: (**S**pecific, **M**easurable, **A**chievable, **R**ealistic & **T**ime-Bound).in order to create sustainable and inclusive growth, and collective impact and shared value. A desired outcome is new partnerships and trust, and innovative ways of financing long-term recovery.

We are a catalyst for the development of the recovery capital industry. Our network of regional Hubs, are local gateways for leaders and learners in long-term Disaster Recovery.

To stimulate investment in long-term recovery projects, we deliver highly qualified new technology projects to investors.

To improve and accelerate access to much needed conventional and philanthropic capital, we provide hands-on advisory services to local leaders.

The global hub in Atlanta, acts as an umbrella organization leading the global efforts in developing unique investment strategies, financial instruments, and regional funds that will meet specific requirements of our stakeholders.

To boost knowledge transfer and to build capacity, we provide access to partner projects and training programs. Specifically, by joining our projects and events hosted by regional Disaster Recovery Hubs, individuals will learn about unique public private partner projects, loans, guarantees, co-guarantees, counter-guarantee, equity guarantee, insurance, lease, securitization, venture capital, matching fund, transfer fund and many other opportunities.

Approach

The Impact Investing approach aims to proactively create positive social and environmental impact against an acceptable risk-adjusted financial return. This requires the management of social and environmental performance (in addition to financial risk and return). With impact investing “impact” comes first, whereas with sustainable investing “financial returns” come first.

The responsible investment approach integrates consideration of environmental, social and governance (ESG) issues into investment decision-making and ownership practices, and thereby improves long-term returns to beneficiaries.

Socially responsible investing (SRI) is an area often affiliated with the retail financial sector, and incorporates ESG issues as well as criteria linked to a values-based approach. For example, it can involve the application of pre-determined social or environmental values to investment selection. Investors may choose to exclude or select particular companies or sectors because of their impact on the environment or stakeholders. Negative screening (such as weapons exclusions) and positive screening (such as Best-in-Class or thematic approaches) typically fall in the remit of such investments.

Sustainable investment approach integrates long-term environmental, social, and governance (ESG) criteria into investment and ownership decision-making with the objective of generating superior risk-adjusted financial returns. These extra-financial criteria are used alongside traditional financial criteria such as cash flow and price-to-earnings ratios.

Social venture capital investing provides capital to businesses deemed socially and environmentally responsible. These investments are intended to both provide attractive returns to investors and to provide market-based solutions to social and environmental issues. Social venture capital can refer to debt or

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equity investments in socially-oriented enterprises, which includes BoP (Base of the Pyramid)-targeted efforts to stimulate economic development in the poorest regions of the world.

Humanitarian Efforts

Long-term recovery from a major disaster can be a long, slow process - recovery can become an ongoing process - almost a way of life.

Constant information and connections are vital. Even when there's no real news, having some news is important to assure a struggling community that there is a light at the end of the tunnel.

A long-term recovery plan should include strategies for dealing with the psychological impact of a disaster and the pace of recovery. It is important to know our community and how segments will be affected by the disaster and the recovery process. The disaster can bring back memories of traumas from the past. Once traumatized, individuals relive the first trauma while going through the second, and the communities needs to be prepared to deal with that.

We focus on refining long-term recovery processes for the most vulnerable to help those most in need after a disaster.

There are many entrepreneurs and businesses that are just getting by today. A significant event that interrupts normal business "as usual" will push them over the edge. We also need to anticipate those individuals' and those businesses' special needs.

Keeping an eye on the pulse of the business community—and on the pulse of local employees who are leading and contributing to the recovery process—is important for sustaining the momentum and preserving the community spirit. Businesses need to start the road to recovery today.