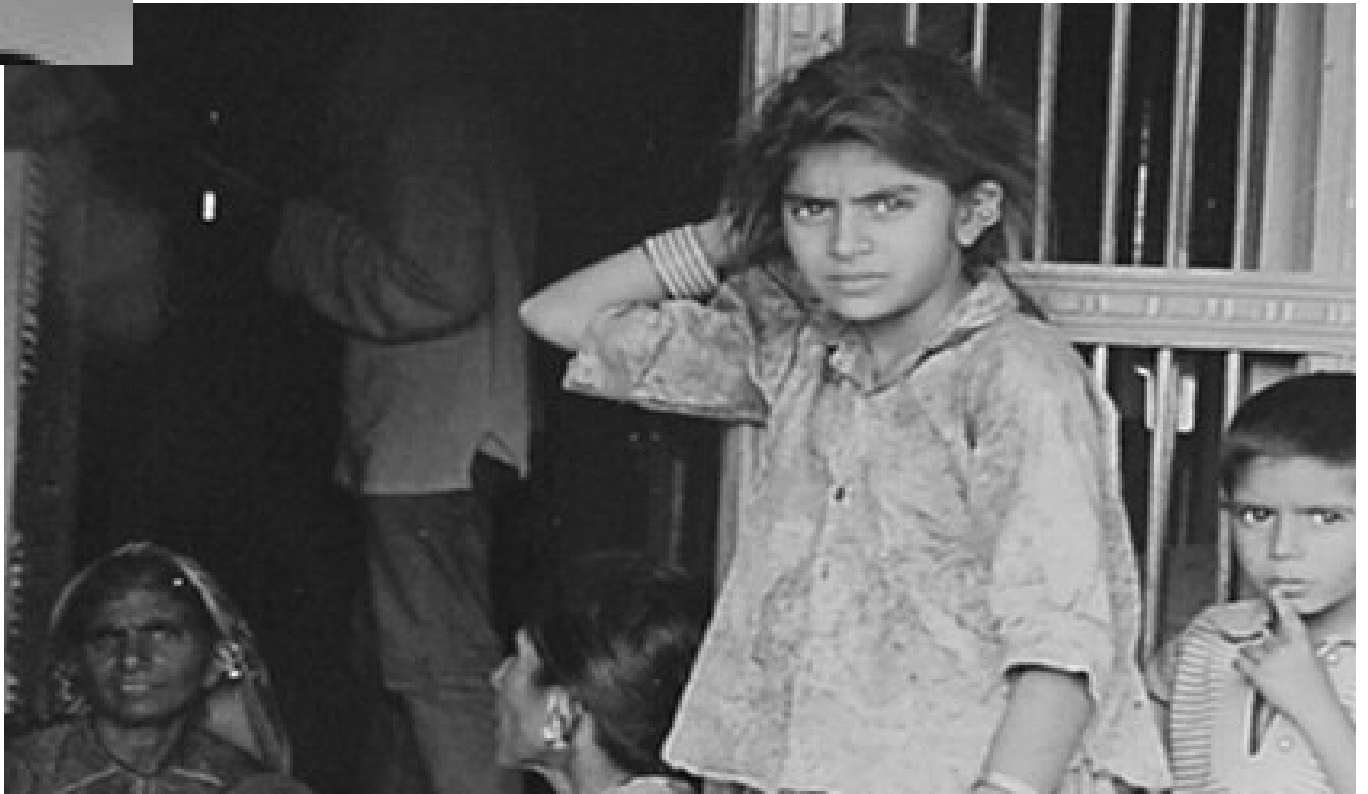# Corporate Social Responsibility & Disaster Reduction

An Indian Overview

SEEDS, India

2002

Corporate Social Responsibility & Disaster Reduction

An Indian Overview

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Thanks to Vandana Jain

SEEDS, India

www.seedsindia.org

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Abbreviations

A.P.	Andhra Pradesh
BCF	Business & Community Foundation
BGHRC	Benfield Greig Hazard Research Centre
BHEL	Bharat Heavy Electricals Limited
CCC	Corporate Citizenship Company
CEO	Chief Executive Officer
Crore	Ten Million
CSR	Corporate Social Responsibility
DFID	Department for International Development
DSM	Dhampur Sugar Mills
EDM	Earthquake Disaster Mitigation
EU	European Union
FCGRP	FICCI-CARE Gujarat Rehabilitation Project
FDI	Foreign Direct Investor
FICCI	Federation of Indian Chambers of Commerce and Industry
GHI	Geo Hazards International
GOI	Government of India
HPC	High Powered Committee on Disaster Management
HUDCO	Housing and Urban Development Corporation
Lakh	Hundred thousand
IIM	Indian Institute of Management
IIT	Indian Institute of Technology
IPCC	Intergovernmental Panel on Climate Change
KCI	Kanoria Chemicals and Industries
LBG	London Benchmarking Group
M.P.	Madhya Pradesh
MNC	Multi- National Company
NCDM	National Centre for Disaster Management
NGO	Non Government Organization
NTPC	National Thermal Power Corporation
PIC	Partners in Change
PRA	Participatory Rapid Appraisal
PSU	Public Sector Undertaking
PWBLF	Prince of Wales Business Leaders' Forum
SDCA	Social Development and Community Affairs
SEEDS	Sustainable Environment and Ecological Development Society
SWOT	Strengths Weaknesses Opportunities Threats
TBS	Tarun Bharat Sangh
TB	Tuberculosis
TCCI	Tata Council for Community Initiatives
TISS	Tata Institute of Social Science
UNEP	United Nations Environmental Program
U.P.	Uttar Pradesh
UNCRD	United Nations Centre for Regional Development
VIP	Very Important Person
WHO	World Health Organization

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1. Introduction

1.1 Overview of Disasters in India

1.1.1 Natural Disasters

Floods, droughts, cyclones, earthquakes, landslides and avalanches are some of the major natural disasters that repeatedly and increasingly affect India (World Disasters Report 1999, International Federation of Red Cross and Red Crescent Societies; Report of High Powered Committee on Disaster Management, Government of India, 2001). In the 1970s and the 80s, earthquakes, droughts and famines were the biggest killers in India. The situation stands altered today: it is probable that a combination of factors like better reservoir management and food security measures have greatly reduced the deaths caused by droughts and famines. Floods, high winds and earthquakes dominate the reported injuries, with ever increasing numbers in the last ten years. The last three decades have been associated with a large number of earthquakes in Asia that have a relatively high injury-to-death ratio.

> **Disasters:**
> **Definition and Impact**
>
> Webster's Dictionary defines a disaster as 'a grave occurrence having ruinous results'. The World Health Organisation (WHO) defines disaster as 'any occurrence that causes damage, economic destruction, loss of human life and deterioration in health and health services on a scale sufficient to warrant an extraordinary response from outside the affected community or area'.

i) Floods

In India, seventy five per cent of rainfall is concentrated over four months of monsoon (June - September) and as a result almost all the rivers carry heavy discharge during this period. The problems of sediment deposition, drainage congestion and synchronization of river floods compound the flood hazard with sea tides in the coastal plains. The Brahmaputra and the Gangetic Basin are the most flood prone areas. The other flood prone areas are the northwest region with west flowing rivers like the Narmada and Tapti, and central India and the Deccan region with major east flowing rivers like the Mahanadi, Krishna and Cavery. While the area liable to floods is 40 million hectares, the average area affected by floods annually is about 8 million hectares.

ii) Droughts

India has a largely monsoon dependant irrigation network. An erratic rainfall pattern makes 68 per cent of the total area vulnerable to periodic droughts. Severe and rare droughts occur in arid and semi-arid climatic zones every 8-9 years. The arid and semi-arid zones are subject to about 50 per cent of severe droughts that cover upto 76 percent of their area. In this region, rare droughts of most severe intensity occur on an average once in 32 years and almost every third year is a drought year.

iii) Cyclones

India has a long coastline of approximately 8,000 kms. There are two distinct cyclone seasons: pre-monsoon (May-June) and post-monsoon (October-November). The impact of these cyclones is confined to the coastal districts, the maximum destruction being within 100 Km. from the centre of the cyclones and on either side of the storm track. Most casualties are caused by coastal inundation by tidal waves, storm surges and torrential rains.

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iv) Earthquakes

The Himalayan mountain ranges are considered to be the world's youngest fold mountain ranges. The subterranean Himalayas are geologically very active. In a span of 53 years four earthquakes exceeding magnitude 8 on the Richter scale have occurred in this region. The peninsular part of India comprises stable continental crust. Although these regions were considered seismically least active, an earthquake that occurred in Latur in Maharashtra on September 30, 1993 of magnitude 6.4 on the Richter scale caused substantial loss of life and damage to infrastructure.
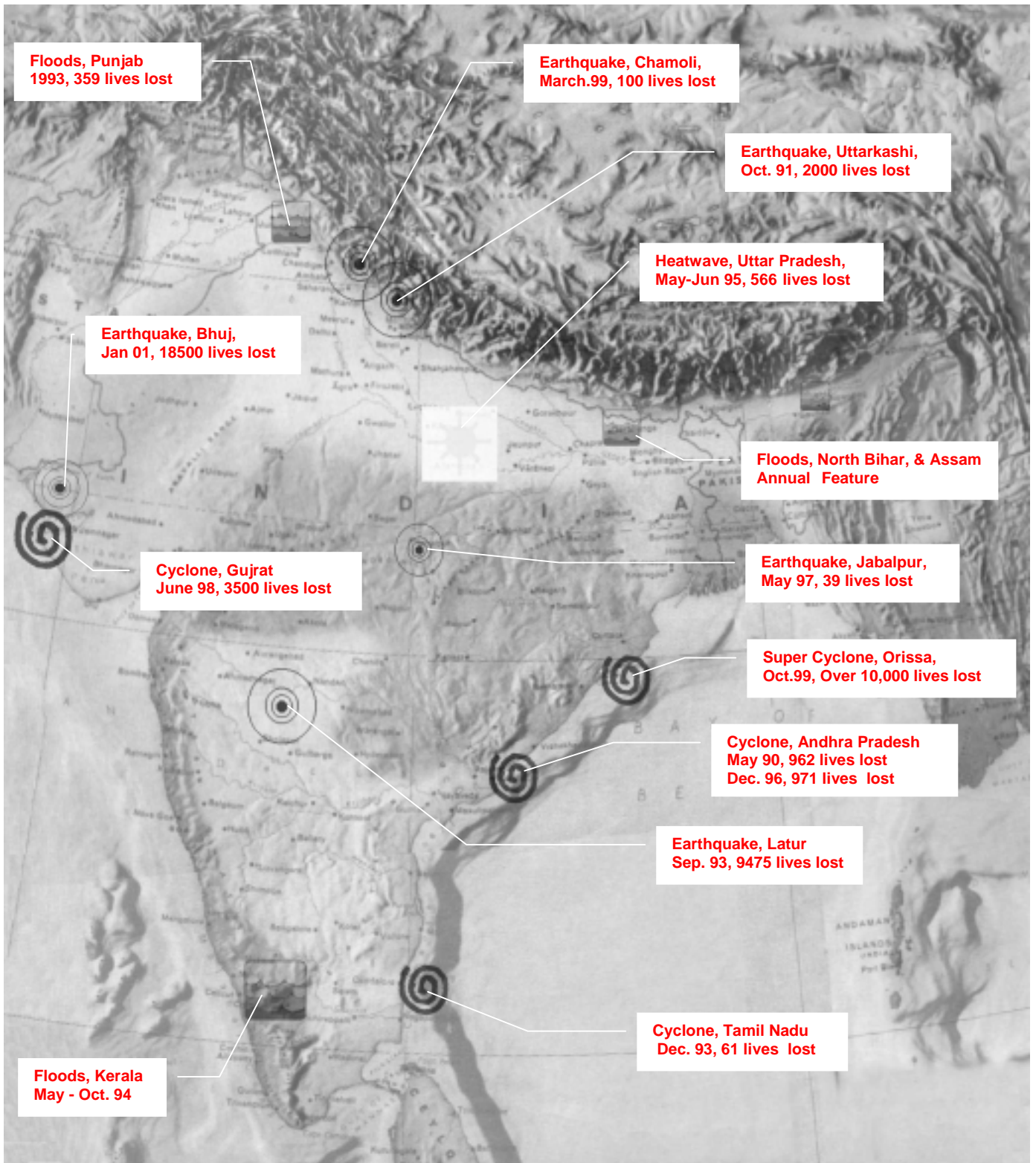
v) Landslides and Avalanches

The Himalayan, the northeast hill ranges and the Western Ghats experience considerable landslide activity of varying intensities. River erosions, seismic movements and heavy rainfalls cause considerable activity. Heavy monsoon rainfall, often in association with cyclonic disturbances results in considerable landslide activity on the slopes of the Western Ghats. In the higher reaches of the Himalayas, avalanches constitute a major hazard. These parts of the Himalayas receive snowfall round the year and adventure sports are abundant in such locations. Severe snow avalanches occur in Jammu & Kashmir, Himachal Pradesh and the hills of Western Uttar Pradesh.

Table: Annual Damage Due To Natural Disasters (1985-1997)

Year	Number of people killed or missing	Number of people affected (in millions)	Number of houses & buildings partially or totally damaged.	Amount of property damages (Rs. billion)
1985	1,804	59.56	2,449,878	4.06
1986	1,200	55.00	2,049,277	3.74
1987	1,835	48.34	2,919,380	2.57
1988	4,533	10.15	242,533	4.63
1989	1,718	3.01	782,340	2.41
1990	1,855	3.17	1,019,930	1.71
1991	1,860	34.27	1,190,109	1.90
1992	1,367	19.09	570,969	2.05
1993	9,936	26.24	1,529,916	5.80
1994	2,344	23.53	1,051,223	1.83
1995	2,508	54.35	2,088,355	4.73
1996	3,789	54.99	2,376,693	5.43
1997	1,881	44.38	1,103,549	n.a.

Source: IDNDR Review, NCDM, 2000

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Floods, Punjab
1993, 359 lives lost

Earthquake, Chamoli,
March.99, 100 lives lost

Earthquake, Uttarkashi,
Oct. 91, 2000 lives lost

Heatwave, Uttar Pradesh,
May-Jun 95, 566 lives lost

Earthquake, Bhuj,
Jan 01, 18500 lives lost

Floods, North Bihar, & Assam
Annual   Feature

Cyclone, Gujrat
June 98, 3500 lives lost

Earthquake, Jabalpur,
May 97, 39 lives lost

Super Cyclone, Orissa,
Oct.99, Over 10,000 lives lost

Cyclone, Andhra Pradesh
May 90, 962 lives lost
Dec. 96, 971 lives lost

Earthquake, Latur
Sep. 93, 9475 lives lost

Cyclone, Tamil Nadu
Dec. 93, 61 lives lost

Floods, Kerala
May - Oct. 94

India : Major Natural Disasters 1990 - 2001

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1.1.2 Vulnerability Profile of India

Vulnerability is defined as *"the extent to which a community, structure, service, or geographic area is likely to be damaged or disrupted by the impact of particular hazard, on account of their nature, construction and proximity to hazardous terrain or a disaster prone area" (Report of High Powered Committee on Disaster Management, Government of India, 2001)*. The concept of vulnerability therefore implies a measure of risk combined with the level of social and economic ability to cope with the resulting event in order to resist major disruption or loss. This susceptibility and vulnerability to each type of threat will depend on their respective differing characteristics.

i) Physical Vulnerability

The Indian subcontinent can be primarily divided into three geophysical regions. The topographic and climatic characteristics of each region make them susceptible to different types of disasters. Fifty four percent of land is vulnerable to earthquakes. About 40 million hectares of land is vulnerable to floods. Physical vulnerability relates to the physical location of people, their proximity to the hazard zone and standards of safety maintained to counter the effects. For example people are vulnerable to a flood because they live in a flood prone area. Physical vulnerability also relates to the technical capacity of buildings and structures to resist the forces acting upon them during a hazard event.

Geo-physical setting with unplanned and inadequate developmental activity is a cause of increased losses during disasters. More than 1 million houses are damaged annually in India apart from high human, social and other losses. Urban growth and concentration of limited resources are realities of our times, while the rural sector faces a lack of access. This compounds the problems of disaster vulnerability.

ii) Socio-Economic Vulnerability

The degree to which a population is affected by a calamity will not purely lie in the physical components of vulnerability but is contextual to the prevailing social and economic conditions, and their consequent effect on human activities within a given society.

Effects of disasters are seen to be directly proportionate to the poverty-gap and poverty-intensity in the society/location as it is the poor that normally live in high concentration in marginal areas (unstable slopes, flood plains) with little infrastructure and fewer resources to cope. Research in areas affected by earthquakes indicates that single parent families, women, handicapped people, children and the aged are particularly vulnerable social groups.

In India, vulnerabilities are inextricably linked to certain processes of marginalisation that protect the interests of particular groups and areas at the cost of others. While discernible progress may have been achieved in science and technology, agriculture, transportation, and communication, poverty, illiteracy, and deprivation continue to besiege a large number of Indians. The basic needs of a large proportion of India's population are not satisfied. Several states and regions in the country, such as Bihar, Orissa, Uttar Pradesh, Rajasthan, and several other pockets have much higher levels of poverty than the national average. Poverty is also widespread in

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Disasters Affecting India

.
Water and Climate related disasters
Floods and Drainage Management
Cyclones
Tornadoes and Hurricanes
Hailstorm
Cloud Burst
Heat Wave and Cold Wave
Snow Avalanches
Droughts.
Sea Erosion
Thunder & Lightning

Geological disasters
Landslides and Mudflows
Earthquakes
Dam Failures/ Dam Bursts.
Mine Fires

Chemical, Industrial & Nuclear disasters
Chemical and Industrial Disasters
Nuclear Disasters

Accident related disasters
Forest Fires
Urban Fires
Mine Flooding
Oil Spill
Major Building Collapse
Serial Bomb Blasts
Festival related disasters
Electrical Disasters & Fires
Air, Road and Rail Accidents.
Boat Capsizing.
Village Fire

Biological disasters
Biological Disasters and Epidemics
Pest Attacks
Cattle Epidemics
Food Poisoning

As identified by the High Powered Committee on Disaster Management, Government of India, 2001

areas more prone to natural disasters –– flood-prone areas such as north Bihar, east Uttar Pradesh, Orissa and north Bengal, and in drought-prone areas such as Rajasthan, Marathwada, and north Karnataka.

1.2 Understanding Corporate Social Responsibility

"Corporates, particularly the large ones, want to be seen as being responsible bodies. Participating in social initiatives also helps them interact with the local communities at the grass-root level, which is useful for communicating the corporate vision and their role to the local communities."

Ravi Sinha, Associate Professor, Indian Institute of Technology, Mumbai

The question that clearly needs answering is 'What does CSR mean?' There are no universally accepted definitions of this. One extreme view is that a company that complies with the laws of the land in which it operates is being socially responsible. The other extreme view is that a socially responsible company is one that is purely philanthropic in that it gives without expecting a return or a benefit.

It has largely been observed that the role of CSR in disaster management, though fairly prominent, is limited to post disaster relief and rehabilitation. It has been realised that if the corporate sector, with its resources, gets involved in the mitigation process, the extent of damages due to disasters can be greatly reduced.

This study aims at understanding
1. CSR as recognized by the Indian companies
2. How CSR and disaster management relate in the overall context of the disasters affecting India
3. Consolidating views and responses/ practices (wherever applicable) of the various players in the Indian corporate sector

1.3 Methodology

The current research focuses on CSR in disaster reduction, with emphasis on pre-disaster mitigation and preparedness activities. It is based on a literature review, Internet resource review and key informant interviews. In the initial stage literature and internet research was carried out, and based on this key informants were identified. About twenty Informants were identified from across the following categories:

- Multi-national Corporations
- Public Sector Corporations
- Private Indian Corporations
- Organizations working on CSR issues
- Donor Agencies
- Non-Governmental Organizations working on Disaster Reduction
- Government Organizations working on Disaster Management
- Academic Institutions carrying out research on Disaster Reduction

Interaction was in the form of semi-structured discussion in most cases, while email and telephonic interviews were carried out with long-distance informants (See Annexure 2).

The research team members also participated in workshops and conferences on disaster management and CSR issues that were organized in Delhi during the research period. Inputs were taken from the proceedings thereof, and contacts were identified that were later followed up for interviews. SEEDS itself carries out post disaster relief and rehabilitation missions with corporate sector support. A post earthquake rehabilitation programme of this nature is currently underway in Gujarat. The research findings also draw on these experiences.

1.3.1 Limitations in Carrying out the Study

The research posed difficulties at various stages, due to different reasons. During the literature research, it was realised that almost no literature could be found on CSR and Disaster Reduction in India. Information available on CSR and Disaster Reduction separately was too generic in nature and not of much relevance to the highly specific study theme.

At the interview stage, in many cases the informants could not clearly distinguish between rehabilitation and mitigation activities. Most organizations covered were involved in relief and rehabilitation activities, and sought to present these as mitigative measures. Terms such as vulnerability reduction were not clearly understood.

Semi-structured interview formats, though concise, were still found to be too time-consuming for almost all informants. After a few initial attempts the research team had to adopt an approach of semi-structured discussion rather than interview. Discussions were steered using a few key talking points (see Annexure 3), and were kept open-ended in general.

Through the course of the study it was felt that there is a need for more detailed, independent studies of the few initiatives that have been undertaken, rather than a broad-brush study alone. However, this was not feasible within the limitations of this study.

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2. Corporate Social Responsibility

2.1 The Indian Industry and its CSR Motives

India's industrial economy, which has invested much in advanced technology initiatives such as digital communications and space research, contrasts with the poverty that persists, particularly in rural areas. The country ranks among the top dozen in the world by gross national product. Roughly two-thirds of the population are involved in agriculture, both subsistence - mainly cereals - and cash crops including tea, rubber, coffee, cotton, jute, sugar, oil seeds and tobacco. Growth in this sector has been steady despite frequent damage through drought and flooding.

India's energy requirements are met by oil, most of which is imported despite the growth of indigenous production, and hydroelectric schemes, mostly based amid the powerful northern rivers. Mining is a relatively small sector, but does produce iron ore and cut diamonds for export. India's main industrial development has been in engineering, especially transport equipment (a major export earner), iron and steel, chemicals, electronics and textiles. Economic reforms were put into effect throughout the 1990s, under which trade has been liberalised, the sprawling public sector cut back, and state-owned industries sold off. The liberalised economic environment has witnessed a spurt in the technology sector, with software emerging as a major focus. Cheap labour has also attracted multinational corporate entities to set up production and sourcing facilities in India.

Though philanthropic activities have been carried out by large Indian industrial houses in an organised manner, and small businesses in a random manner with a religion based approach, CSR as a holistic approach is difficult to trace. It is also fuzzy due to the commonly accepted belief that industry has detrimental effects on its surroundings, and yet some industrial houses earn respect for their philanthropic work. To quote from UNCTAD's 1999 report on The Social Responsibility of Transnational Corporations, 'an external programme of good deeds will not protect a firm whose actual operations harm its surrounding society. Thus, just being purely philanthropic externally is not enough. At the same time, complying with the law is just the minimum behaviour to legally stay in business and it certainly has nothing to do with society's expectations, which is essential for the 'social' in CSR to have any meaning'.

According to the Partners In Change publication, `The Business of Social Responsibility: the why, what and how of corporate social responsibility in India' by Harsh Srivastava and Shankar Venkateswaran, reasons for companies engaging in corporate social responsibility are of the following four types:

1. Purely philanthropic reasons
2. Internal reasons like employee morale and customer and shareholder satisfaction
3. External reasons like satisfying local communities, publicity and tax benefits
4. Enlightened self-interest, wherein a stable social environment and increasing prosperity mean a larger market and hence more profits in the long term.

"The benefits of corporate social responsibility include,

- *Total Quality management*
- *Competitive edge*
- *ISO Certification*
- *Image and Marketing benefits."*

Mr. S N Srivastava of BHEL,

Readings and practices on CSR, much of which come from the West, suggest that there are many ways to categorize and report on such activities. Organisations that have formulated models or frameworks that describe this include:

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- Corporate Citizenship Company (CCC), UK
- London Benchmarking Group (LBG), UK
- Partners in Change (PIC), India
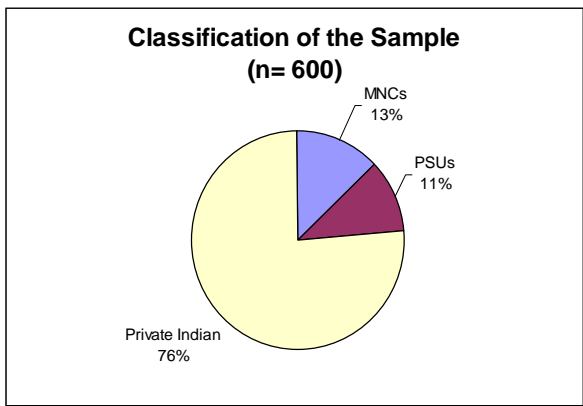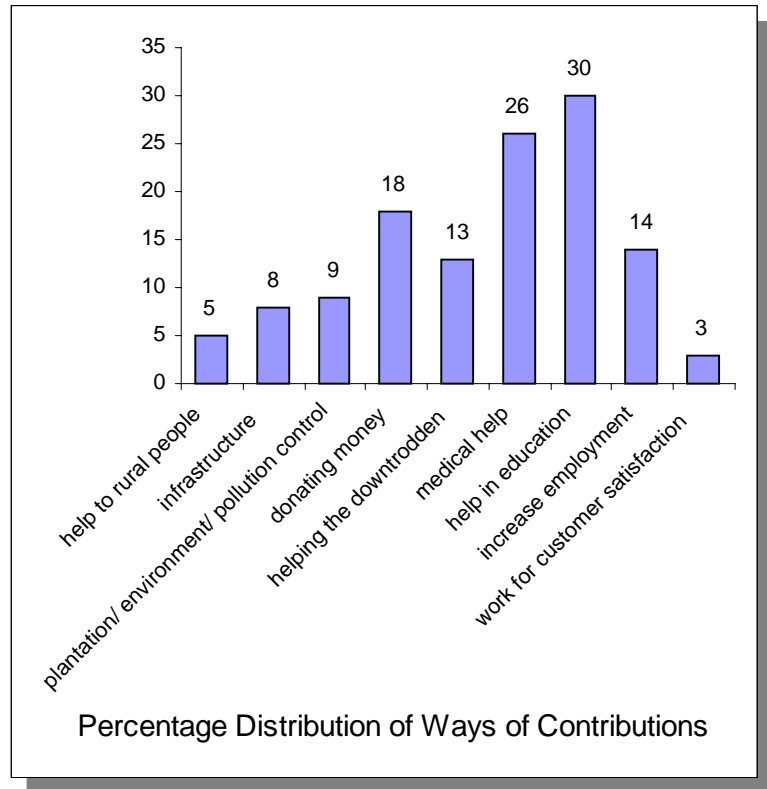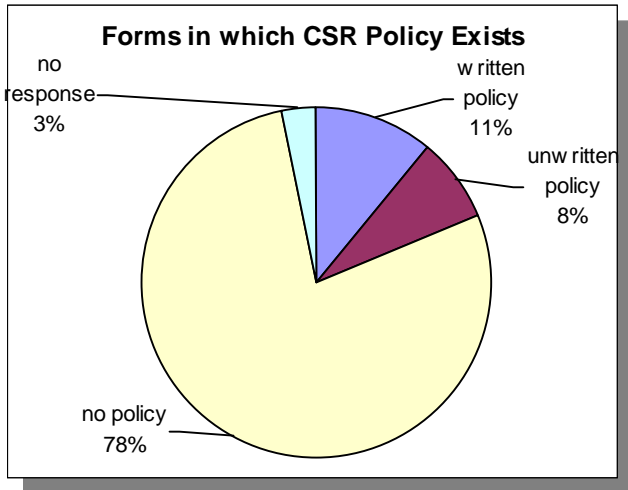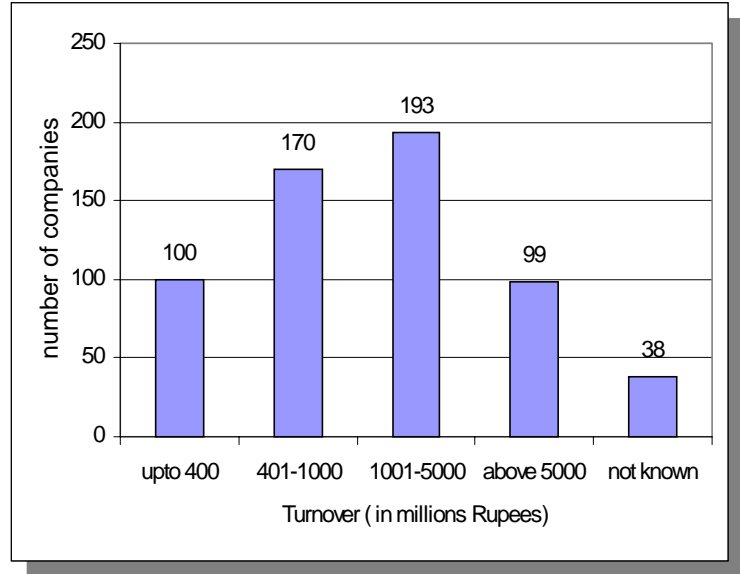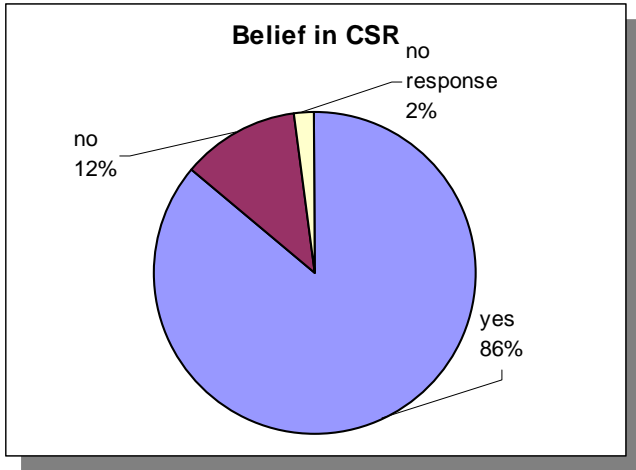- The Prince of Wales Business Leaders' Forum (PWBLF), UK

The CCC model gives a view of the general approach adopted in this sector, and goes beyond others in certain aspects. The Corporate Citizenship Company is an UK-based organisation that advises companies on the issue of social responsibility. Based on its own experience in the field, especially with businesses in the US, Europe, Japan and in the developing world, its model looks at corporate citizenship (which is the term it prefers to use) as consisting of the following 3 components *in descending order of importance*:

1. The basic values, policies and practices of a company's owned and operated business, at home and abroad.

2. The management of environmental and social issues within the value chain by business partners, from raw material production to product disposal.

3. The voluntary contributions made by a company to community development around the world.

The CCC model goes on to analyse and report about the following key stakeholders:

- Employees (including contract and part-time):Wage levels, accident rates, spending on training, handling downsizing etc.

- Customers: The price and value of goods and services, quality issues, how complaints are handled and values broadcast in advertising.

- Investors: The return on investment, corporate governance, directors' share dealings and transparency in financial information.

- Business partners: The jobs sustained, the transfer of technology and the timely payment of bills.

- The community: Charitable gifts and community investment, the willingness to listen and engage in dialogue.

- Government: The payment of taxes, a fair transfer pricing policy and compliance with financial and other laws and regulations.

- The environment (or future generations and, increasingly, other living things).

Partners in Change offers a model that is a closest fit to the Indian context. PIC plays the role of a link between the corporate and social sectors. It approaches companies for supporting social development initiatives, then identifies NGOs that need such support, and gets the two together. PIC itself stays involved in the activities under the corporate-NGO partnerships it helps establish. This helps in continued support to communication between the new partners, and also ensures external monitoring. This helps build and maintain a high level of mutual trust. PIC has an extensive roster of corporate agencies that have agreed to support its recommended social activities. PIC's published *Survey on Corporate Involvement in Social Development in India* (July 2000), gives an illustrative view of how the corporate sector in India views CSR. A total of 600 companies were surveyed under the research. Some findings that carry relevance to the present study are as follows.

Belief in CSR

no response 2%

no 12%

yes 86%

Forms in which CSR Policy Exists

no response 3%

written policy 11%

unwritten policy 8%

no policy 78%

Classification of the Sample (n= 600)

MNCs 13%

PSUs 11%

Private Indian 76%

number of companies

Turnover (in millions Rupees)

upto 400: 100
401-1000: 170
1001-5000: 193
above 5000: 99
not known: 38

help to rural people: 5
infrastructure: 8
plantation/ environment/ pollution control: 9
donating money: 18
helping the downtrodden: 13
medical help: 26
help in education: 30
increase employment: 14
work for customer satisfaction: 3

Percentage Distribution of Ways of Contributions

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2.2 Traditional CSR and Emerging Trends

Mr. S N Srivastava of BHEL (Bharat Heavy Electrical Limited) opines, *"corporates cannot be islands of prosperity amongst poverty."* BHEL is a public sector company with a long-standing reputation of being a responsible corporate citizen in the areas where it operates. It also symbolizes the traditional way of looking at CSR, though it goes beyond the cheque book charity form of CSR. Ever since adoption of villages where BHEL set up its plants began in 1982, free outdoor medical facilities to the residents of the adopted villages have been provided. Special camps for eyes, leprosy, TB, dental care and gynaecological care have been held from time to time, thus providing check ups and treatment of chronic and acute patients by specialists. An anti- polio and mass immunization programme has been taken up by all its units from time to time benefiting 12,000 children. Considering the fact that every year, a number of epedemic disasters affect the Indian population, BHEL and other corporates claim to be playing an active role in mitigating these biological disasters.

"Cheque Book Charity is very simple and that's not my concept of social work."

Sudha Murty, Trustee of Infosys Foundation.

This form of mitigative response for these `high probability–low impact' disasters which affect lower income groups on a day to day basis hold more importance for the communities than response to `low probability-high impact' disasters such as earthquakes.

However, over the last decade, as the Indian economy has liberalized and multi national roleplayers have entered in a significant way, perspectives have changed rapidly. A section of the new corporate breed is sensitive and demands speed and efficiency on other social fronts as well. Lakshmi Bhatia of Gap India says, *"CSR doesn't just mean financial contributions from corporate sources going into social causes. It has to go many steps beyond, and ensure that the vision, efficiency and entrepreneurial sprit typical of the corporate sector is applied to derive social benefits too".*

2.2.1 Confederation of Indian Industries' Social Initiatives

The Confederation of Indian Industries (CII) is a non-government, not-for-profit, industry led and industry managed organisation, playing a proactive role in India's development process. Founded over 100 years ago, it is India's premier business association, with a direct membership of over 4150 companies from the private as well as public sectors, including SMEs and MNCs and indirect membership of over 50,000 companies from 200 national and regional sectoral associations. The apex organization for industry in India, with regional and international offices, CII serves as an important reference point for Indian industry and the international business community.

CII believes that the Business Community must share responsibility in the social development of the country (www.ciionline.com). In the last few years, CII's role has changed from its traditional initiatives in promotional, developmental, advisory and consultative services to industry and government to more non-traditional initiatives in the social sector, thus stretching its horizon even further. It is with this view that that its Social Development and Community Affairs (SDCA) Council was set up in 1995.

To ensure that the benefits of economic reforms and industrial growth are available to the people living in poverty and unemployment; and to enhance and strengthen the image of industry as a concerned group are the long term objectives of the Council. Three National Committees on community development, education and literacy, population and health oversee the mandate of the Council.

The council motivates CEOs and corporate personnel to get actively involved in social development and evolve strong interactive and networking systems. It aims at establishing a strong consultative

base to help industrial houses develop a long term sustainable programme of action and to design and initiate major awareness drives and campaigns on 'development' through publications. This is achieved through interactive workshops; training programmes; lectures; seminars; experience sharing missions and documentation. Some of the recent examples include:

- The fourth Social Summit , November 2001, and
- "Convergence on Social Issues - Promoting Responsible Corporate Citizenship". Conference, 10-12 December 2001, Pune.

CII Social Code for Business

In recent years, the concept of Corporate Social Responsibility has emerged as an increasingly important feature of the business philosophy. No longer is business seen as basing its decisions solely on economic criteria. Businesses are now expected to consider the ethical, moral and social impact of their actions and decisions. A corporate that is sensitive to the surrounding and to the needs and aspirations of the community in which it operates not only creates goodwill and a strong market for its business, but also helps support a sustainable neighbourhood. We list here a set of principles and standards for good corporate citizenship for voluntary adoption. Concern, understanding and responsibility are the essence of this set of principles.   The Company affirms the interdependence of its enterprise with the well being and self-reliance of the community. This can be done by adopting an Article of Association on Corporate Social Responsibility (CSR) that advocates harmonising of economic progress with social and environmental considerations.

- The Company has a specific written policy statement on CSR (social & environmental), which is in the public domain.

- The Company has an explicit strategy on social and environmental issues that can be seen in the form of an Annual Work Plan mainstreamed with its business process.

- The Company has included CSR as part of its corporate communications including newsletters and there is reporting on CSR in the Company's Annual Report.

- The Company has a senior executive under the CEO responsible for CSR and managerial level officers tasked specifically with social and environment work. The CEO reviews the CSR programmes twice in a year.

- The Company ensures equal access to employment and promotion opportunities across gender and cultures through policies and programmes.

- The Company has allocated specific resources for CSR activities and has monitoring systems to track implementation process and process and impact.

- The Company demonstrates its CSR by providing an enabling environment for employees to volunteer that includes recognition and accounting for volunteer time.

- The Company is committed to document its learning experiences in terms of human achievements, contribution to the community, the learning for all stakeholders for sharing with local government and development agencies.

- The Company is also known for the partnerships it builds with various development players in the field to synergise all available opportunities to bring about holistic development of the local community.

- The Companies to expand the scope of learning from each other in their role of being good corporate citizens by way of exchanging data, views, implementation procedures and even exchange of expert personnel whenever necessary.

3. Disaster Reduction and CSR

3.1 Mitigation and Preparedness in the Disaster Cycle

Before
Mitigation, preparedness

Disaster!

After
Relief, rehabilitation, reconstruction
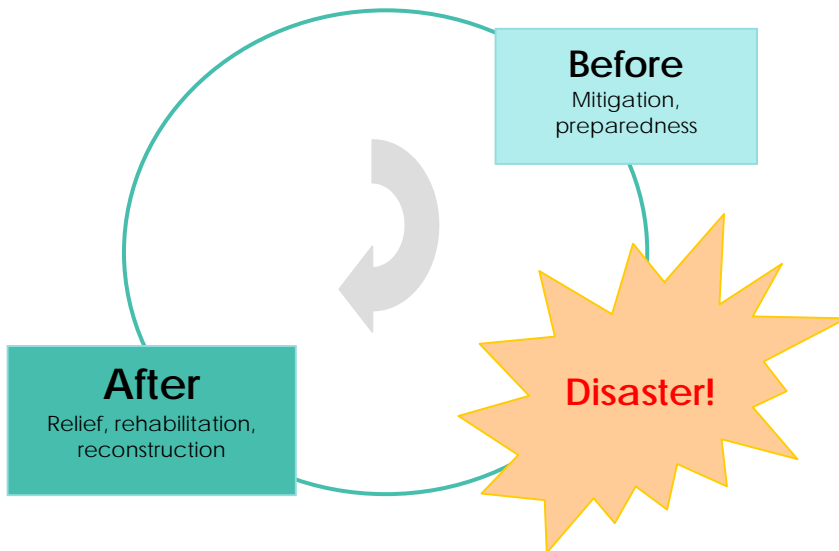
The Disaster Cycle (adapted from DMTP, 1991)

Investment in mitigation and preparedness activities before disaster saves post disaster relief, and rehabilitation costs, which are usually many-fold of what mitigation and preparedness cost. However, successful mitigation results in a non-event, which is not attractive enough for the media, donors, corporates and communities alike. This has been the single largest problem faced by those encouraging greater efforts to avert disasters.

The focus thus remains on responding to disasters. The impact of disasters goes on increasing with every passing decade due to population pressures and the resultant mushrooming of human settlements in known, and previously uninhabited, hazardous zones such as flood plains, soft soil zones, unstable slopes and coastal belts vulnerable to storm surges. An analysis of the Orissa Supercyclone of 1999 demonstrates that such changes in settlement patterns are resulting in increasing damages from natural disasters, and the trend is expected to continue (http://www.seedsindia.org).

3.2 Comparing Two Recent Experiences in India

	Orissa Cyclone 1999	Gujarat Earthquake 2001
Some Background Information	- Poor State - Very poor people - Poor Human Development Index (HDI) - Poor Industrial / Corporate sector development - Prone to cyclones once every 3-4 years - Loss to life almost 4 times the Gujarat Earthquake 11 Districts affected	- Progressive State - Well Off communities - One of the best HDIs in the Country - One of the states to attract most foreign direct investment - Prone to earthquakes once every 10-12 years, but earthquakes of high intensity only once in several decades
Corporate Sector Involvement in Relief	Poor – Middling	Massive

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Corporate Sector Involvement in Rehabilitation	Poor	Poor - Middling
Corporate Sector Involvement in Disaster Preparedness	Poor-Middling	Middling
Market Economy – Middle class	Poor	Middle class is an important class. Market economy rests on this

(unpublished presentation by Dr. Vikas Goswami, Business & Community Foundation)

3.2.1 Inferences Regarding Corporate Sector Involvement

- The corporate sector's response to relief is immense
- It is greater in progressive (economically healthy) states / regions
- It is greater in those regions where the middle class is a dominant sector
- It is greater in those regions where industrial / corporate development is more intense
- The corporate sector's response to disaster preparedness and rehabilitation is poor
- The corporate sector is wary of long term, sustained allocation of resources on a massive scale (this includes human resource deployment)
- The sector employs its resources in those activities that will also get it media coverage as far as relief, rehabilitation and disaster preparedness are concerned.

3.3 Impact of, and on, Companies

There is an underlying, if camouflaged, relationship between human activity and what are ostensibly natural disasters (although earthquakes and cyclones may evade a simple, linear causality). In almost perfect step with all this, the post-Independence pattern of industrial development has led to the severe concentration and localisation of industries in certain areas. With the simultaneous shrinking of opportunities in other regions, especially in rural India, these areas have become magnets for legions of people, which has, in turn, resulted in the chaotic growth of massive urban conglomerations that are ill-equipped to deal with the high population accumulations. This results in:

1. Population accumulation in hazard zones (e.g. Industrial concentration on the coastal belt of Orissa over the last five decades happened because of accessibility to the ports. This brought migrant labour that settled partly in townships and largely in shanties in this area. The result was unplanned settlements in the storm-surge zone, and compounding of the risk because of destruction of mangroves to make way for settlements).
2. Risk of disasters getting compounded due to industry's presence (e.g. in the aftermath of the Orissa Supercyclone, 1999, an industrial chemical tank in Paradip was on the verge of exploding due to its cooling systems having been made inoperative by power failure. Generators had to be flown in to avert a second disaster.)

The industrial movement has in this way, over the last half a century, created a situation where companies themselves are exposed to risks, and also pose risks to those who work in, and live near, them.

3.4 Corporate Response to Relief, Rehabilitation and Disaster Preparedness

Dr. Vikas Goswami, Director General of the Business & Community Foundation, draws a clear analysis of corporate response at various stages of disaster management, as summarised below:

Corporate Response	Relief	Rehabilitation	Disaster preparedness
Media Coverage	Immense – Everybody wants their name in the newspapers	Weak – requires long term commitment	NIL
Employee Response	Immense	Weak. By the year end another disaster attracts corporate fancy	NIL
Resource deployment	Immense	Weak – As this is long term commitment Requires more attention to detail than sending truck loads of goods	Very weak – only by those industries which are operational in disaster prone areas and insofar as it affects them directly
Provision of shelter	Many beneficiaries	Long-term shelter security is resource intensive. Few corporates come forward to lend support	Nil
Provision of Food	Many beneficiaries	Long term livelihood security requires - In-depth understanding of the region / area - Resource deployment	Nil

3.4.1 Realization of Need

The interest of the corporate sector as a whole in the area of disaster mitigation is best illustrated by the National Disaster Mitigation Summit organised in New Delhi in November 2001 by the Confederation of Indian Industries (CII), an apex body of the Indian industrial sector. CII has also constituted a National Committee on Disaster Management, which is currently in the process of defining its course of action.

Realization of the fact that CSR has to focus on disaster reduction has emerged over the past few years, as is evident from a number of high level events organized on this theme, including:

"CSR doesn't just mean financial contributions from corporate sources going into social causes. It has to go many steps beyond, and ensure that the vision, efficiency and entrepreneurial sprit typical of the corporate sector is applied to derive social benefits too."

Lakshmi Bhatia, Gap India

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International Conference on Disaster Management and Role of Insurance. February 1-2, 2002. New Delhi. Munich Re and National Centre for Disaster Management.

Disaster Mitigation Summit. November 23-24, 2001. New Delhi. Confederation of Indian Industries.

Workshop on Business Response to Natural Disaster. April 19, 2001. Business & Community Foundation, under the EU-India CSR Initiative.

All the initiatives recognized the need for attention to mitigation. The most significant aspect of these meets was the involvement of government, civil society and corporate stakeholders on one platform.

It was discussed and agreed that disaster management in a country of more than a billion people such as India cannot be the responsibility of the government alone. Convergence of efforts of all concerned sectors is a pre-requisite for effective disaster management. More importantly, the focus needs to shift towards pre-disaster action since efficient post disaster response will have to be built upon extensive pre disaster preparedness. This sentiment is also reflected in the change of approach at the national level. The change has been articulated well by the HPC (High Powered Committee) on Disaster Management, which was set up by the Government of India, and submitted its report in October 2001. The Committee, in its final report, termed it a `Paradigm Shift towards Prevention and Reduction'. It also recognizes the importance of the Private Sector's role in disaster management, and states:

> *"The role of the private sector is still an emerging one, and though a major role was played by a number of corporate organizations in recent disaster situations, not much has been documented or is available in a consolidated form in this area. The HPC does realize the potential of this sector and feels the need for its inclusion in the plans, particularly at local levels. "*

3.4.1 Finding Corporate Convergence on Disaster Response

Confederation of Indian Industries' Disaster Management Summit, 2001

CII 's Disaster Mitigation Summit, which was held on the 23rd and 24th November, 2001, provided an important insight into the role of the corporate sector in the mitigation of disasters. The very fact that the summit was organised by the CII was evidence of growing awareness about the role that the corporates must play in disaster mitigation. The whole group of speakers at the summit was quite interdisciplinary, involving professionals from the corporate sector, academic institutions, public administration agencies, government departments and NGOs.

Most of the representatives from the corporate sector agreed to the importance of partnerships with other actors like the Government and the NGOs, and the CII even acknowledged it by opening the summit with remarks by Mr. N.K. Jain, who represented a prominent NGO involved with disaster mitigation. However, the general tone of the summit, as it proceeded, showed a resistance to change, and in spite of very strong presentations from the NGOs and the stressing of the need for partnership, the corporate sector and the Government representatives showed little true desire to share decision making powers. According to Mr. N.K. Jain his experience of having such partnerships has not been a very positive one. On the one hand, the representatives of TISCO and BHEL shared their experiences in handling disasters that befell their corporations only, and on the other hand the representatives from the National Security Council, Ministry of Home Affairs and the Delhi Fire Service stressed primarily an 'expert's approach'.

The rest of the speakers concentrated more on aspects of disasters themselves and not so much on the role that different stakeholders can play in its mitigation. However, Mr. D. Sengupta from the General Insurance Company and Mr Naresh Marwa from Samcor Glass Limited expressed an

earnest desire to build partnerships with different stakeholders, not only at the local, but also at the global level to tackle the menace of disasters.

Mr. Sengupta represented the views of the insurance sector on the task of disaster mitigation. He stressed mainly the `...economic losses that individuals, organisations and international organisations suffer due to a disaster.' The importance of this was realised in the summit when he quoted that 33 % of all the businesses that are affected by a particular disaster in India, never re-open. He stressed not only a multi-disciplinary approach to disaster mitigation involving structural construction, use of satellite and remote sensing, use of statistics and probability etc., but also a multi-stakeholder one, involving civil society too. The other important aspect discussed was the internationalization of the strategy. Mr. Sengupta said, `A disaster that has affected one nation, at any particular period, cannot be mitigated only by country whole interventions. Rather there should be an involvement of the world economy, involved with disasters, in the mitigation of disasters.'

Issues Discussed in Group Discussions

- Companies should be ready to tackle disasters at any time. Mr K.C Gupta of the National Security Council suggested that one disaster team in the company should be ready all the time to tackle any kind of disaster. Mr. Marwa of Samcor Glass, supported this idea. Mr Vinod Jha of Total Risk Management Pvt. Systems added to the idea by stating that rather than `one team one company', many companies should collaborate to form a 'one team, many companies' strategy.
- The representatives of the public sector and the government which included the District Collector and Magistrate of Nagaur, Mr. Madhukar Gupta, talked about better team work to develop better disaster mitigation plans and organise drills.
- Mr. K.C. Gupta also stressed a need to clarify the roles (primarily of the corporate and government sectors) in disaster mitigation and the appointment of a conductor, a mutually agreed upon supervisor, to ensure that people stick to their roles.
- On being stated by a participant, that that main problem is the lack of participation by the district administration, the need was felt to 'educate' the administration about disaster mitigation plans and efforts.
- The NGOs stressed that the insurance sector is involved in disaster mitigation only because of their own profit in mind. The insurance sector replied by saying that it is true but not wholly true. The insurance sector is also involved in providing training for disaster mitigation at very cheap prices, using profits generated from the business.

As is seen from the above summarisation, the corporate and government sectors did not prove to be very progressive. Traditional conservatism regarding decision making powers and the view that the 'expert' knows best, was strong in the minds of the representatives, in spite of expressing the contrary in their presentations. This mindset revealed itself when it came to cross questioning and the group discussions. However, such a summit is important in the very fact that it is held.

A new development that has raised interest in the disaster management field is the opening up of the Indian insurance sector to private companies. Since insurance relates directly to disasters, and it is an issue of concern that the ratio of uninsured to insured losses in disasters in India is very high, the insurance sector can be expected to become a prime player in the area of disaster reduction in the country. The initial strategies of international insurance companies trying to establish a base in India give an indication of CSR emerging as a tool for establishing credibility. This can be observed in the various conferences on disaster management, and philanthropic initiatives being supported by these companies. "In the framework of `risk partnership' the insurance sector plays a vital role in managing the risk from natural disasters. This role should shift more and more from pure risk financing to pro-active loss prevention," states a senior representative of an international insurance company on their perception of CSR. The company's present activities in the field of disaster management include " Raising risk awareness by means of publications, and presentations to variable audiences including, but not restricted to the insurance industry. Especially advocating the case of Global Warming and its consequences in high-level committees like IPCC."

3.4.2 Mitigative Relief and Rehabilitation

It is a widely acknowledged fact that CSR in India focuses predominantly, if not totally, on disaster response and not preparedness. It is very difficult to search out cases of pre-disaster interventions in the CSR domain. However, what is of interest to proponents of mitigation is that even within response, there can be elements of preparedness and mitigation for future disasters. In this sense, even post disaster relief and rehabilitation need to be seen as windows of opportunity to introduce a disaster reduction agenda through `Mitigative relief and rehabilitation'. Some examples of corporate initiatives leading to mitigation through such means are as follows:

Reuters India

A new school - which will bring vital sanctuary against future storms and floods, as well as allowing local children to return to their studies - opened its doors in the east India province of Orissa. The school, known as the Reuters Foundation Saraswati Academy, has allowed 150 local children between the ages of 12 and 16 to restart their classes. Located in Kania (Puri district), it will also provide shelter for up to 1500 villagers in the event of extreme weather conditions in this highly vulnerable coastal region.

Ericsson India

Bernt Lidstrom, Director of Operations, Ericsson India, said "We have sent along two Radio Base Stations (RBS) 2302, two satellite phones and 30 GSM phones, and today, (Monday, 29 January) another 100 Satellite phones should reach India through our Ericsson office in Singapore. A local company, Shyam Telecom, is arranging for Satellite SIM (Subscriber Identity Module) cards for these 100 units." The effort went on and mobile telecommunications networks today cover the state of Gujarat far better than before the earthquake of January 26, 2001. All key departments and officials at State, District and Sub-Division levels are now equipped with mobile communication sets. This came in handy during a cyclone warning that was sounded in Gujarat later in 2001, when, according to district officials in Patan, mobilization of government resources could be done rapidly and evacuation of populations in coastal villages organized well in time.

3.4.3 Mitigative Development

Most corporate entities engage in social activities in the vicinity of their own operations. These activities, mostly developmental in nature, provide another vehicle for introducing the concept of disaster mitigation in a sustainable way. Watershed management not only provides better and more regular water supply, but also helps reduce the impact of droughts. Health facilities that are established in remote rural areas provide bases for getting medical relief to affected populations during disasters. Good school buildings serve as flood and cyclone shelters when needed, and make available suitable space for relief camps in any disaster. Many corporate philanthropic actions can be seen to have such mitigative components. Though these may not be intended or planned mitigation interventions, their relevance needs to be identified, recognized and promoted. Some examples of such corporate interventions are as follows:

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Kanoria Chemicals and Industries (KCI)

KCI is a chemical-manufacturing group with production facilities in the arid and economically backward western state of Rajasthan. The BCF provided a new strategy to KCI to further its community development programmes in the fields of health, education, employment generation and agriculture. Water harvesting was added recently while KCI has been running the other programmes for many years. Water scarcity was identified as the main management problem faced by the villagers, worsened by recurrent drought periods, like in the past three years. BCF suggested to KCI to initiate a micro-watershed programme. In order to provide some guidelines, the BCF arranged an exposure visit for the KCI team to Tarun Bharat Sangh (TBS), an NGO which has done Ramon Magsaysay Award winning work in the field of water harvesting in the drought plagued state of Rajasthan. Inspired by the TBS experience, three *johads* (water reservoirs) were constructed in villages near the industrial installations, with contributions coming from local villagers also. (http://www.bcfindia.org/currentactivity1.htm#kci)

ITC Limited

ITC is a leading company manufacturing tobacco products and also involved in the hotel industry in the country, and has questionable social responsibility due to the very nature of its tobacco products that are known to be very harmful. In some of the more acutely drought-prone districts of the country that sorely depend on rain, ITC has engaged itself in the task of eco-restoration. The twin objectives of the model ITC has adopted are: to conserve and enrich the soil through measures like afforestation and the construction of contour bunds and gully plugs, and to harvest and conserve as much of the rainwater as possible through biomass regeneration and different kinds of water harvesting structures. With the help of four NGOs in the districts of Prakasam and Khammam in Andhra Pradesh and Bangalore in Karnataka, ITC's target is to annually bring 2,500 acres of degraded land under soil & moisture conservation programmes and afforest 3,560 acres of wastelands with mixed species of plants (www.indianngos.com). Though the initiative in itself is appreciable, the concept of CSR action being carried out by a company that deals in products that bring only harm and no good to society is highly debatable at an ideological level.

ICICI: The Finance and Technology Approach

The web based initiative www.icicicommunities.org is owned by ICICI and is managed by its Social Initiatives Group (SIG). Through the SIG ICICI seeks to define and effectively fulfill its responsibilities as a corporate citizen of India. The site is seen as a move to keep CSR media appropriate to the changing times, and technologies.

The SIG believes that education and health are the key prerequisites for all people, especially the chronically deprived, to participate in the larger economy. Universal access to basic financial services and effective use of appropriate technologies will create greater opportunities for people to participate in the economy in an equitable and productive manner. Better economic capacities, and access to resources will, no doubt, reduce exposure to disaster risks in the long run.

Though the initiative has primarily focused on traditional social development areas, it took up issues of relief and rehabilitation after the Orissa Cyclone of 1999 and the Gujarat Earthquake of 2001. After these two experiences, the need for integrating disaster preparedness and mitigation in development programmes at the community level was felt. Inclusion of these issues in the website for purpose of dissemination, and in partnership activities in disaster prone areas for actual ground level action, is planned for the near future.

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4. Finding Our Bearings, & The Way Ahead

4.1 Impediments to CSR

4.1.1 Financial Reasons - Budget Restrictions

Some companies in the manufacturing sector / engineering sector which invested in CSR earlier now do not have budgets for CSR because their profitability has gone down. Companies like Mafatlal, a textile corporation, and the Modi Group, with manufacturing operations in textiles, rubber, glass and home electrical goods, fall in this category. These old economy companies saw their fortunes going down during the technology boom of the nineties. As major corporate houses, they had played a significant role in the philanthropic version of CSR prevalent at their times. This diminished at a large scale as a generation of such companies sank.

4.1.2 Economics of Corporate Social Responsibility

Does it make sense to talk about the economics of CSR? Is not CSR just a good thing in itself? There are at least two issues. First, will added emphasis on CSR bring about an adequate return to company bottom lines? Second, will increased expenditure on CSR lead to companies becoming less competitive? Basic economics tells us that an emphasis on CSR will lead to price increases that may not allow the specific markets for a company's goods and services to clear.

However, with a well-managed CSR premium, consumers would be willing to pay extra in the knowledge that the products they bought had not been produced by defying the laws but by being sensitive to the environment, that the technology to produce them had been acquired without corruption payments, and that the human rights of its employees and the local community had been protected, etc. They would also know that the products or services delivered were at the cutting edge of technology and design. CSR does not mean sacrificing high levels of product or service quality.

Employees and managers also earn a CSR premium from increased productivity through sound human resource policies. Product quality is also likely to be much improved when employees are treated as part of the company rather than as add-ons – this much is already known in business circles but it is also part of a CSR approach.

4.1.3 Lack of Understanding on Non Financial Giving

Most of the corporates do not consider non-financial giving as an integral part of CSR. They think that CSR means money flow is mandatory, in line with the traditional view of CSR as corporate charity. Most of the non CSR companies and even the CSR companies do not encourage non financial giving like infrastructure, usage of fax / telephone facilities, employee time, stationery….this is because many of them are not aware how simple it is and NGOs have also not approached corporates for non financial giving. This is perhaps an important point, for 2 reasons: (i) NGOs too may have a traditional attitude to corporate support, expecting only cash donations; (ii) it implies that many companies are responsive in their CSR work, expecting others to do the work and approach them for support.

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4.1.4 Suspicion about NGOs

Corporates are not sure how the NGOs will use their money. Some corporates also think that NGOs want only money and not involvement, and also want to take credit for the entire project. Corporates at times feel that NGOs are family managed (husband/wife) organizations. The succession planning of the NGOs is a major worry for investors.

4.1.5 Myths about CSR

i) CSR is Costly

Many corporates tend to act like funding agencies and almost all NGOs see them that way. Corporates are key support groups in change and not parallels to government machinery or funding agencies. Corporates must highlight this fact to the NGOs and media alike.

ii) CSR is Sole Responsibility of CEOs or their Wives.

The fact that India has many CEOs who have led their companies' CSR is positive and there is no question that CSR is the CEO's responsibility, but it is certainly not solely his responsibility.

iii) CSR is PR

There is a perception that CSR is undertaken by companies merely to gain publicity and not for the actual cause and belief that it is responsibility.

Adoption by Corporates Remains a Dream for Most Quake-Hit Gujaratis

Jyotsna Bhatnagar (www.financialexpress.com, 26 January 2002)

Exactly one year down the line, however, with the dust all but settled and the crowds having thinned, there are very few who would want to stand up and be counted among those who actually did their bit to alleviate the misery and suffering of those who lost their all in one of the worst instances of nature's fury. "Interestingly, while several corporate houses announced grand plans of adopting many of the quake-ravaged villages, very few of these plans have actually fructified," concedes a top state government official, who has been overseeing the rehabilitation work.

And while all the corporates who jumped into the post-quake fray professed to do so ostensibly "for a noble cause" and with scant regard for profits or bottomlines, the fact that this helped them earn much-wanted brownie points not to mention the free publicity and image-cum-brand building cannot be minimised. And it is this constant endeavour to be associated with social causes that is prompting many of these corporates to issue copious press releases and organise junkets for media hounds for every little office or shopping complex which they are constructing even one year down the line.

Having said that, however, there are some corporates who have actually taken some tangible initiatives on the ground which are there for all to see. For example, the Ahmedabad-based Torrent group has set up a well-equipped 60-bed hospital at Bhachau in Kutch, a town which was virtually demolished and where thousands are reported to have lost their lives. The hospital, which was established in close collaboration with the National Medicos Organisation, in March is not only catering to the medical needs of Bhachau town but is also providing latest mobile facilities to at least 70 small villages around the town. A relatively low-profile media-shy group which also runs the

Ahmedabad and Surat Electricity Companies, Torrent also chipped in post-quake to assist the state-owned Gujarat Electricity Board to restore power supply to over 120 villages worst affected by the quake. Subsequently, the group has helped repair and restart operations of mangled substations.

The Reliance group, too, has tried to contribute and following its assistance in immediate rescue and relief operations in its "adopted" village of Anjar, the group has been engaged in setting up various community and government buildings in several quake-ravaged towns. For instance, the group has already constructed the offices of the Area Development Authorities for Bhuj, Bhachau, Rapar and Anjar and is now engaged in constructing government offices in Bhachau, Mandvi and Mundra which are expected to be ready to coincide with the first anniversary of the quake. But for all of Reliance's contribution, pegged by company officials at "about Rs 5 crore for these constructions", it is widely felt that the group promised more than it has actually delivered. Peeved residents of Anjar, in particular, spew venom at Reliance. "They just adopted our town for publicity and then abandoned it the minute the TV cameras left," says a bitter Anjar citizen.

Similarly, the Essar group adopted the devastated Balambha village in Jodia taluka of Jamnagar district, drawing up plans of rehabilitating 500 families by providing quake-resistant pucca houses. Unfortunately, this is yet to be translated into reality as company officials privately concede the work is too "mired in red tape and a tug of war with the authorities". Several corporates are, in fact, taking refuge behind this argument to justify their non-performance.

To some extent, state government officials admit that this is true. "Several villages saw the quake as an opportunity to wrangle the best deals for themselves from the corporates as well as the state government and the NGOs with the net result that many of them are left with no one at all now," he says. Of the 207 villages and towns in Kutch, which have been "adopted" by corporates and NGOs for rehabilitation and reconstruction, there are unfortunately very few where actual work on the ground has commenced.

4.1.6 Low/ Weak Government, NGO and Corporate Partnership

Corporate initiatives in the social sector, in most cases, use NGOs as field operation vehicles, with government run legal and administrative systems providing the framework for operations. However, with inconsistent relationship and level of trust with NGOs, and an entrepreneur-bureaucrat kind of conflict with the government, the benefits are hard to deliver. The importance attached to this issue, as well as the frustrations felt therein, is evident from the following quotes:

> *"Most large corporations want to work with the government. It gives them visibility and also ensures that their contribution is not construed as anti-government. Working with government also provides them with accountability, which is very important since they work with share-holders' money and are responsible to the share-holders."*
>
> *Ravi Sinha, Associate Professor , Indian Institute of Technology, Mumbai*

> *"The biggest problem faced in trying to work in partnership with the government has been a lack of understanding regarding the fundamental principles of insurance. "*
>
> *"The benefit to the investor lies mainly in creating a good image which may express itself in new business opportunities."*
>
> *An international insurance agency*

> *"Tata Steel is involved in community initiatives at all levels; directly, through NGO's as well as through government agencies. Government services have poor penetration and a lesser outlook whereas on the other hand corporate work is time bound and result oriented. A collective voice is needed and hence if the*

government and private sector get into a partnership it would bring good results. What the government sector needs is a de-bureaucratic process."

Ms. Shakti Sharma (Honorary Secretary of Tata Steel Rural Development Society)

4.2 CSR Tomorrow

The research has thrown up a large number of complex issues that have impeded the active interest of CSR actors in disaster mitigation and preparedness. However, there is reason for much hope, considering the recent experiences, and more so, the reactions of key informants observed during the research process.

All respondents, without exception, agreed that the issue of pre-disaster action has been neglected by the corporate sector, and that it needs to be addressed on a priority basis. Thrust areas that emerged are:

4.2.1 Sensitization and Education on Disaster Reduction

The concept of pre-disaster actions reducing the need for relief and rehabilitation is not very clearly appreciated. Understanding of basic issues such as `hazards are inevitable, but disasters can be reduced' needs to be built up so that attention is attracted towards vulnerability reduction within corporate circles. The task has already been taken up by organizations such as Partners in Change, the Business & Community Foundation and the Confederation of Indian Industries, but much needs to be done to build this up to a level of national understanding and appreciation. Even those who work in partnership with the corporate sector on social issues need to be educated that corporations are not just potentially large donors, but can play an active role in a number of ways.

4.2.2 Widening the Net

Social responsibility is being perceived as the responsibility of large private corporations. Small enterprises, though individually of lesser financial consequence, together can form a major sector due to the sheer number of players involved. This sector also responds to disasters in a very large way, but often goes unreported due to its fragmented actions. Involvement of this sector, and similarly, public sector companies will help widen the CSR net.

4.2.3 Simplification of Process for Corporate Sector Involvement

Working in partnership with the administration, at all levels of government, is still a daunting task, and the sheer lack of understanding and appreciation, combined with the slow pace of the bureaucracy, make it unattractive for corporates to interact with the government and partner with it for activities. This needs to be addressed at the highest level in government, since this alone can work towards formalization of the sector's response and its mainstreaming with the national disaster reduction efforts.

4.2.4 Win-Win Packaging

CSR has the potential to be a win-win option for all involved. This will also help in enhancing the level of activity that the sector witnesses. This requires constructive involvement of the various sectors involved, and appropriate packaging so that corporates also get their winning rewards in return: positive HR benefits (sensitized work environment, higher employee morale, higher productivity, higher awareness of social issues), respect from consumers, respect from society, feel good factor of the families of employees, positive feeling in potential employees, positive image of the company, and a resultant market appreciation.

4.2.5 DMP as an Attitude

Corporate backwardness regarding DMP essentially reflects a wider neglect in government and NGO circles and in society in general, in India. One cannot expect more of companies in this area when so little is being done by other sectors. The policy shifts towards new paradigms of preparedness and prevention are very recent and as yet are not widely applied in practice nor deeply rooted in NGO and government operational cultures. The shift is not easy to make on the ground, since immediate gains go in favour of post disaster action rather than pre disaster ones. Relief and rehabilitation are the prevalent focus of disaster management in the country, and are attractive to all stakeholders since they are event based and hence easier to comprehend, easier to operate in a project mode, are time-specific, and their results show distinctly. DMP, on the other hand, is an ongoing exercise, and the result of successful DMP is a non-event, and thus invisible. Though the initiative has been made in terms of a national policy shift towards disaster preparedness, the process of inculcating a culture of pre disaster action needs to be worked upon consistently for its effects to show in the way DMP becomes engrained in societal attitudes.

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Case Studies

I. FICCI: Gujarat Rehabilitation Project

II Gap Inc.: Rehabilitation Through Local Capacity Building, Gujarat

Note:

Case Study I is based on literature review, field visits and interviews with project personnel and beneficiaries. Case Study II, on the other hand, also takes input from the long-term involvement of the authors in the project implementation. Though utmost care has been taken to be objective in arriving at observations and conclusions, it may be kept in mind that the two case studies are written with different data sets and perspectives, and the observations also carry the beliefs of the authors.

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Case Study I
FICCI: Gujarat Rehabilitation Project

The Context

The devastating earthquake that hit Gujarat on the 26th of January 2001 was a massive 7.9 on the Richter Scale, killing over 13,000 people. As news of the significant magnitude of this earthquake came pouring in, the world saw rows and rows of homes collapsed on their inhabitants. Entire villages were reduced to heaps of rubble. On the 5th of February 2001, an apex business chamber, The Federation of Indian Chambers of Commerce and Industry (FICCI), and one of the world's largest professional relief and development organizations, CARE, announced a partnership that would work together to channel urgently needed resources into quake-affected Gujarat. The FICCI-CARE Gujarat Rehabilitation Project (FCGRP) was born of this initiative. The partnership sought to optimise the corporate strength, knowledge of industry, construction and management skills of FICCI and the international network, multi-sectoral development approach and community development expertise of CARE.

Raising Resources for the Project

At the end of one year, the amount raised, including the contribution of the communities, was a whopping US$ 26.69 million (approx. Rs 125 crores). This money was to be spent over a period of 24-36 months from the start of the intervention on reconstruction and livelihood activities.

FICCI corporate members such as the PepsiCo Foundation, which responded in the first week with US$ 500,000, contributed not only cash but also other important resources such as management skills, construction know-how and time. Internationally renowned accounting firm KPMG is providing auditing of the project concurrently with implementation, on a pro bono basis. CARE's international network of 11 member countries including Australia, Austria, Denmark, Canada, Germany, France, Japan, Norway, Netherlands, the United Kingdom and the United States of America contributed significantly to the project, with their fundraising efforts. The project contributions range from US$ 800 to US$ 5,000,000, which comprise individual, institutional and bilateral donors, foundations and trusts worldwide.

Bringing 'Experts' Together

In order to meet one of the most important objectives of the project, namely to mitigate future risks to communities through the construction of safe and secure housing and community infrastructure, FICCI and CARE set up a team of experts to advise the project. This technical team comprises eminent structural engineers, architects, builders and organisations that promote appropriate building technologies.

However, a visit to the project villages does raise some doubts about the understanding that the experts have of local issues. This is reflected in the manner in which the villages are being transformed into mini-cities, with row housing and cluster concepts. In a matter of months the generations-old and organically evolved social and physical fabric of the villages has been ripped apart. CARE has worked very hard to convince the villagers to accept the cement concrete dwellings and cluster or row housing patterns.

Ensuring Participation in Reconstruction

The project supported nine local entrepreneurs to set up concrete block making plants, in order to augment the supply of building blocks to contractors for the construction of the core house (basic minimum shelter constructed with cement concrete, and incrementally expandable by the house-

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owners later) and community infrastructure. The project also envisaged that its contractors would hire the people trained in earthquake and cyclone resistant technology by FICCI-CARE and that even those who were hired but had not been trained by the project would stand to gain from the know-how.

However, again, a visit to the villages revealed that contractors from outside the region, and labour from far flung areas of the country, had moved in with heavy machinery and were constructing houses in an assembly line fashion while the villagers watched.

Restoring Livelihoods

The FICCI-CARE Gujarat rehabilitation strategy recognises that in order to help communities recover from the multifaceted impacts of the earthquake, it is vital to address issues of livelihoods. The project claims to have encouraged the participation of the people in reconstruction activity, assisted them to resume their traditional livelihoods, including agriculture and handicrafts, and helped them to strengthen their social infrastructure to restore education and child survival and maternal health services.

According to Tom Alcedo, Country Director, CARE, "It was not just a matter of building new houses. The important issue was how to get people back on their feet economically." And for this, a whole new range of livelihood interventions - from agriculture to irrigation, handicrafts and training in new skills - is being tried out by the project (www.tehelka.com).

An interesting aspect of the project was that groups of women were trained in construction block making, and equipped to take part in the construction activities expected to continue on a large scale in the region for years to come. The women also sounded very excited about this non-conventional skill they have acquired. Intriguingly, external commercial contractors and their labour are carrying out the construction work on the hundreds of houses of the same village, being rehabilitated by CARE-FICCI. The women's groups were yet to get their first contract when the village was visited, though they had received their training six months before.

Handicrafts Development

The Kutch region of Gujarat hosts over 50,000 craftsperson, many of whom have outstanding skills in embroidery, block printing, pottery, metal-work and silver jewelry. Several of these artisans had lost their tools and unsold stocks to the earthquake, and had to face a disrupted market with little money to restart their economic activity. The project has been working to improve the existing skill base of 190 of these artisans, to introduce new products and design initiatives and to establish linkages with national and international markets. The project has also setting up a Business Resource Centre that will be a single window solution for the diverse needs associated with artisan livelihoods in the region, and be owned and managed by the artisans themselves. The project is testing a management mechanism for the centre and will plough back its profits into the venture, to make it sustainable, before handing it over to the artisans. A thousand artisans have been trained in enterprise development skills, as part of their preparation towards sustainability.

The women's groups trained in tailoring skills by a specially contracted team from the National Institute of Fashion Technology were however still without work at the time of being interviewed in December. The machines on which they were trained had been taken back on completion of the training, and no machines were now available to work with. It was expected that this issue would be resolved in the coming stages of the project.

Ensuring Reduced Vulnerability to Future Risks

The Kutch region is vulnerable to future earthquakes (being located in a high (Zone 5) seismic activity area), cyclones from the Arabian Sea, and droughts recurring in the arid region, leaving the

people exposed to three natural disaster risks. FICCI and CARE established the vision to reduce or mitigate future economic and natural disaster risks of the most vulnerable people in Kutch.

A block level disaster mitigation fund is being set up covering Anjar, Bhachau and Rapar. Village level self-help groups will be set up to encourage and monitor savings and credit activity in the village, and the fund will function as a bridge until these groups can be linked with mainstream credit institutions. The project also facilitated insurance coverage for 5,000 women which covers their health and life. Participants were trained to ensure they knew how to claim.

It appeared though that the disaster mitigation fund is little more than a thrift and credit society, and that the insurance coverage primarily an initiative linking the beneficiaries to pre-existing insurance schemes.

Observations

The FCGRP is a highly commendable initiative on the basis of the scale of corporate sector involvement in a disaster management initiative, and also the attempts to extend the scope of the rehabilitation project to cover mitigation and preparedness issues. The coming together of apex commerce and voluntary organisations is a very positive step, which will hopefully trigger larger and wider cooperation between the two sectors.

This being a first initiative of its nature and scale, there is much to learn from it. A number of synergetic results have emerged. However, a number of ill effects from both sectors also seem to have permeated into the project. Some key issues observed that need to be considered seriously are:

- Though the corporate sector brought in large sums of money and professional efficiency to the project, it also brought in a culture of `product delivery', which gained primacy over other equally important issues such as socio-cultural compliance.

- The houses constructed under the project are very sound in engineering terms, and are fully compliant in structural terms to the requirements of the area. Issues of cultural and environmental compliance have however been lost in the urgency to build strong houses.

- The NGO partner has brought in the right social issues, and phrases, but in order to stay in tune with the corporate professionalism brought in by the corporate partner, has got carried away into adopting a `contractor driven' approach.

- It appears that the corporate presence overwhelmed the voluntary organisation, and the entire project has gained a `product oriented' approach instead of a `process oriented' one desirable for such work.

- Availability of liberal resources appears to have made the project highly resource intensive. The unit cost of construction of a dwelling is about Rupees 110,000, while earthquake safe houses using local materials and skills are being constructed for forty percent of this cost in the region under other projects. While even the government and technical research institutions recommend hollow cement concrete blocks, solid blocks are being used by the project, which consume more material, make the building heavier and also make the construction process more tedious for the labour.

Sources:

Interview with Brig. C. K. Pathak, Coordinator Disaster Management, CARE India Head Quarters, Delhi

Interview with FICCI-CARE Gujarat Rehabilitation Project team members at Bhuj, Gujarat

Field Visits to FICCI-CARE Gujarat Rehabilitation Project villages and interaction with project beneficiaries

The FICCI-CARE Gujarat Rehabilitation Project CD, CARE-India, 2001

www.careindia.org

About FICCI and CARE:

The Federation of Indian Chambers of Commerce & Industry (FICCI) was established in 1927, on the advice of Mahatma Gandhi, to garner support for India's independence and to further the interests of the Indian business community. Starting with 24 members, the number rose to 103 by 1947. Today with a membership of over 500 Chambers of Commerce, Trade Associations and Industry bodies, it speaks directly and indirectly for over 2,50,000 business units – small, medium and large – employing around 20 million people. www.ficci.org

CARE was founded in 1945 to assist in the post-war reconstruction of Europe. Today CARE is one of the world's largest relief and development organizations, with humanitarian assistance programs in the areas of emergency relief, agriculture and natural resources, basic and girls' education, health (including reproductive health, children's health, and water, sanitation and environmental health), and small economic activity development. Since 1945, CARE has helped more than one billion needy people in 125 countries worldwide. CARE has worked in India since 1949. www.careindia.com

Summary

Gap Inc. has supported a post-earthquake rehabilitation initiative in Gujarat that is based on building the capacities of local communities to rehabilitate themselves, and to protect themselves from future disasters.

Patanka is one of many villages going through the post earthquake rehabilitation phase. However, what makes it different is the sheer level of beneficiary involvement, and the energies generated therefrom. Each family contributes seventy five percent of the reconstruction cost of its house. They contribute in terms of basic building materials, salaries of masons, and also their own labour. The implementing agency, SEEDS, contributes in terms of training masons and house-owners in earthquake resistant construction, without deviating from traditional house designs and local building materials. A capped amount of support in terms of cement and steel for incorporation of earthquake resistant features is also provided.

A project team of just five people runs the project, in a village with over 250 houses. This is made possible by the fact that the local villagers are in the driving seat for all activities. They themselves operate the timber, steel and cement workshops, and also carry out the construction work on their houses. Entire families are involved: men do the masonry work, women help in ferrying material, and children do water curing on the masonry. This is the situation of not just a few families, but the entire village. Due to the flexibility in choice of design and material, the rebuilt village does not look like an alien urban neighbourhood planted in the rural setting, but is more like what it has always been - a simple, organic, and `homely' village. It is just that it is safer in terms of earthquake resistance of buildings, as well as inhabitants.

The intervention leaves behind a cadre of trained masons, who are expected to carry forward and spread the knowledge of disaster resistant construction and retrofitting in the region. The benefits attain greater value since the region has been experiencing severe drought conditions for three years, and the villager farmers, rendered vocationless, now have an alternate livelihood option as masons, and can find work in the numerous construction projects going on in the area.

Mobilization of Resources

Resource mobilization was carried out at three levels: one within the community to ensure maximum contribution in terms of land, labour and material, two, from partner agencies in terms of technical knowledge and skills on safe, sustainable and locally empowering rehabilitation, and three, from external donor groups for financial support.

In the final package, technically sound teams from within project partners pooled their technical material and personnel to carry out research and develop sound and appropriate construction technologies suitable to the area. These partners included:

- United Nations Centre for Regional Development, Disaster Management Planning - Hyogo Office, Japan
- Earthquake Disaster Mitigation Research Centre, Miki, Japan
- GeoHazards International (an American non-profit organization working on earthquake safety issues worldwide)
- NGOs Kobe (a consortium of Japanese NGOs that worked for rehabilitation of Kobe earthquake survivors) and
- SEEDS

SEEDS, for its continuing relief operations, was approaching apparel houses for getting export surplus garments as donation. Gap Inc. expressed its interest in a larger involvement in assisting the recovery efforts. Following a quick series of meetings, Gap offered to provide the seed money for the project, to the tune of US$ 62,500, and also got involved in the project conceptualization and planning. The Country Manager and External Relations Officer stayed personally involved in the planning meetings. A major issue of concern at the initial stage was how to raise additional resources for the project, since SEEDS was taking up such an activity for the first time, and did not have any existing relationships with donor agencies for such work. Gap introduced SEEDS to a number of its national vendors, and helped raise additional resources. At later stages, the project, due to its community based features, attracted additional funding for specific components from NGOs Kobe, UNCRD, EDM-Japan and GHI.

The project provides assistance to a maximum of US $ 220 to each household in terms of alien material such as cement and steel required for earthquake resistant frame construction (this is approximately 20% of the total construction cost of a typical house in the village. It may be noted that the unit cost in the village, due to well researched and locally developed technology, was about US$ 1100 as against US $ 2000 plus for most other rehabilitation projects). The remaining cost of construction, which covered stone, bricks, additional cement and steel, masons' wages, etc., were borne by the house-owners. The owner families also assisted their hired masons to expedite the construction work. The technical team from the project trained the masons and house-owners, and also supervised construction work on site.

Results Achieved

The project has delivered results at two levels: the actual physical reconstruction work that has happened, and, more importantly, the level of local capacity building that has taken place through the participatory process that was employed.

The residents have a great sense of ownership and pride in the houses and infrastructure reconstructed, primarily because they themselves decided the designs (there were no imposed prototype designs, and each family decided on its house design), they provided most of the material, they paid for the skilled labour, they themselves served as the unskilled labour, and had a central role in all stages of the process.

The socio-cultural attributes of the community were preserved since the village was redeveloped along the same organic pattern and houses built in the same layouts using the same material as is typical of traditional villages and houses in the region. The settlement does not look like an alien cement concrete city neighbourhood, as many of the rehabilitated villages in the region do. This feature has made the villagers very happy and proud of their project.

The construction process has, as a by-product, created a pool of trained masons among the villagers. Those farmers whose livelihood was destabilized due to the drought, have through the process of building their own houses, assisting their masons, and participating in the mason training workshops, learnt the skill of earthquake resistant construction. In view of the large scale construction activity that will go on in the region's towns and villages in the coming years, this has created employment opportunities for these villagers.

Observations

The project seems interesting for this study as it presents a case of a multinational corporation, relatively new to the country, supporting a small voluntary organisation, relatively new to this nature of work. Unlike the first case study, this was the coming together of two organizations that were not known to each other before this partnership, and were not well known in the country also. Though the amount of funding involved was much lesser, the issues of accountability and credibility building dominated the partnership. Some issues for consideration that emerged from the case study are:

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- Internationally Gap Inc. has been one of the main targets of ethical trading campaigners on account of the poor wages and working conditions of those who make its products around the world. However, Gap-India's operations in the country are stated to be the most compliant in these terms, according to national institutions and government sources. This may be due to locally prevalent standards being lower than international ones. In any case, the reputation and credibility of a corporation in a country seems to be independent of how it is viewed internationally.

- The involvement and interest of a corporate entity in social action, no matter what the scale of the corporation, still remains a personality centric issue. Of the large number of private sector sources approached for support, Gap was the most forthcoming and remained actively involved probably due to the keen interest taken by its Country Manager and his top external relations officer.

- Small-scale projects achieve more community centric and personalised results during implementation. However, this process is much slower and consumes greater effort. Convincing people to construct safer houses for themselves is a sound approach, but is easier to demonstrate in a model village than implement in the thousands of villages requiring attention.

- Laudable achievements in specific areas can overshadow other important needs. The Patanka project is centred on local capacity building for safe construction, and has achieved much in this aspect. However, it has not been able to address issues of livelihood options, gender aspects, sanitation etc. to the desired levels so far. Though these issues have been on the project agenda since inception, and some activities have been initiated, a complete programmatic approach has not been taken for all components of the programme due to preoccupation of the team with the shelter activities, and lack of resources for enabling a holistic approach.

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Interview with Lakshmi Menon Bhatia, External Relations Officer, Global Compliance and Gap India

Unpublished project documents and presentations, prepared by SEEDS and UNCRD

www.seedsindia.org

About Gap India and SEEDS:

Gap India is the country office of Gap Inc. that sources apparel accessories, including a large share of handcrafted ones, for Gap's worldwide retail operations. Gap set up its India operations in 1998 and operates through three regional offices in the country. It sources its material through vendors across the country.

The Sustainable Environment and Ecological Development Society (SEEDS) is a voluntary organisation comprising architects, planners and engineers, and has been working in the area of environmental and disaster management since 1994. www.seedsindia.org.

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Society for Research and Initiatives for Sustainable Technologies and Institutions. www.sristi.org

TATA Group. www.tata.com

Tehelka news portal. www.tehelka.com

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Key Informants / Organizations Contacted

Mr. N B Mathur, Confederation of Indian Industries

Ms. Lakshmi Menon Bhatia, Gap Inc.

Royal Sun Alliance

Ms. Vandana Jain, Independent Consultant

Mr. Shankar Venkateswaran, Partners in Change

Mr. Amar Jyoti, ActionAid

Mr. S N Srivastav, Bharat Heavy Electricals Limited

Prof. Anil K Gupta, Indian Institute of Management, Ahmedabad

Mr. Ashoke K Maitra, Times Foundation

Ms. Ruchira Gujral, Business & Community Foundation

Mr. Atul Shunglu, Federation of Indian Chambers of Commerce & Industry

Mr. Dinesh Agarwal, National Thermal Power Corporation

Mr. Anant Nadkarni, Tata Council for Community Initiatives

Dr. Vinod K. Sharma, National Centre for Disaster Management

Brig. C.K. Pathak, CARE-India

Mr. Santosh Clare, DFID-India

Munich Re

Dr. Ravi Sinha, Indian Institute of Technology, Mumbai

Corporate Social Responsibility Survey: List of Discussion Issues

1. Your perception of corporate social responsibility

2. How important is disaster mitigation and preparedness to you compared to relief and rehabilitation?

3. As it is said, "a dollar spent in mitigation saves 100 dollars in relief". How according to you, can the private sector assist in disaster preparedness and mitigation?

4. What have been your efforts in the field of disaster management?

5. What according to you could be the benefits from investing in social initiatives?

6. What prompted you into disaster management? Are your corporate community initiatives linked either to your business or the geographical area of the company's location or any other specific interest?

7. What are your areas of operation? Please provide case studies if possible.

8. Do you work with NGOs or is your intervention direct? If working with NGOs, then how do you select the NGO? How do you monitor the programme?

9. Do you prefer to work with the government or would prefer to keep the government away? Why?

10. How have your efforts in this field grown in the past few years in terms of scale or activities?

11. According to you, what could be the reasons for corporates to form separate foundations, for instance, Infosys Foundation, Sterlite Foundation, to work specifically on CSR?

12. Have you been able to involve your clients and partner organization in this field and how?

13. What kind of problems did you face in this endeavor and what lessons did you learn?

14. What are your future community initiatives?