



Corporate Social Responsibility and Natural Disaster Reduction in Sri Lanka

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1. Background: Disaster context in Sri Lanka

Sri Lanka, an island in the Indian Ocean, is situated between 6 and 10 degrees North of the Equator. Due to this location, Sri Lanka has a predominantly tropical climate. The natural hazards mostly experienced in this country are: floods, landslides, drought and cyclones. Apart from these major natural hazards, Sri Lanka also experiences windstorms, coastal erosion, environmental degradation and deforestation. The impact of each hazard varies, and leaves a lasting impact in most cases on the people and on the national budget, disrupting life and livelihoods.

1.1 Floods

Flooding is the most common natural hazard in Sri Lanka. Recent records indicate that Sri Lanka experiences large scale flooding every 2 to 3 years. On average about 200,000 people are affected every year.

There are 103 river basins in the island of which about 20 can be considered major basins of the five main rivers, the *Kelani*, *Kalu*, *Gin*, *Nilwala* and *Mahaweli*, which experience annual floods.

Floods in Sri Lanka occur mainly due to excessive rainfall during the monsoons, and they normally occur during the Southwest monsoon and during the inter-monsoonal rains, just before and after the Northeast monsoon. Therefore, rivers located on the Western slope of the country become prone to flooding. The *Kalu Ganga* (river), which has a drainage area of 2719 sq. km, is the most susceptible of these 5 main rivers. Flooding of the *Kelani Ganga* is a major concern due to its location and proximity to the capital city and commercial center of Colombo.

1.2 Landslides

Approximately 20% of the total land area of the country, which supports nearly 30% of the total population, is subject to landslides. The country has 25 administrative districts. Landslide prone areas are located in 7 districts in and adjacent to the central highlands, and 7-9 districts located in the wet zone (see section 1.4) are prone to landslides.

Colonial land policies and the land policies of national governments since independence in 1948, combined with the growth of the population and high-density settlements in the central highlands, have increased the occurrence of landslides in Sri Lanka. The present landslide density in the central highlands and the wet zone of Sri Lanka is estimated to be in the order of 1-2 landslides per sq. km.

Landslides regularly cause a high degree of risk to human life, and extensive damage to human settlements, agricultural lands, natural resources and to the economic

infrastructure. The statistics on various disasters during the last couple of decades point out that the most devastating natural disaster has been landslides in terms of fatality. According to the statistics of the Department of Social Services landslides in 1986, 1989 and 1993 claimed 351 lives in total. The landslide of June 1989 alone recorded 300 deaths. In addition, landslides make a significant impact on the socio-cultural situation of the country.

1.3 Cyclones

The Eastern Coast of Sri Lanka is prone to disastrous cyclones. The cyclone season is from November to December. About 83% of occurrences in the past have been during this period.

In the instances where cyclones have hit Sri Lanka the effects have been devastating. The cyclone of 1964 hit the districts of *Polonnaruwa*, *Anuradhapura*, *Mannar*, *Batticaloa* and *Amparai*. This cyclone resulted in 75,000 people being affected and 280 deaths. The cyclone of 1978 affected nearly 1 million people and an estimated 100,000 people were made homeless.

1.4 Drought

Dry spells and droughts are a recurrent feature of the natural climate of Sri Lanka. Drought is a direct result of the failure of the monsoon or reduced precipitation. Rainfall is the major factor influencing the climatic variations of the country. Rainfall divides Sri Lanka into 3 climatic zones; wet, intermediate, and dry. Two thirds of Sri Lanka's land mass belong to the dry zone. The dry zone gets an average annual rainfall below 1900mm. In the extreme northwest *Mannar* and *Kalpitiya* areas and in the extreme southwest *Yala* area the mean annual rainfall drops below 1000mm.

Hambantota, *Moneragala* and *Puttlam* are the administrative districts where drought is a regular phenomenon. Each year in the months of May-September these districts are faced with a water shortage due to the dry spells. Owing to their regular nature, not much publicity is given to this occurrence. According to the Meteorological Department of Sri Lanka, these districts experience severe droughts in two cycles: every 4 years or 10 years, which often develop into crisis proportions.

Drought periods that caused the most damage in Sri Lanka occurred in 1965, 1982, 1992, 1996 and again in 2001. In 1965, the number of people affected by the drought was estimated at 100,000. In 1983 it came to 410,000.

Droughts incur heavy costs to the affected communities and the Government, directly through production losses, loss of savings, and employment, and indirectly through long-term social costs and retardation of rural development. Drought hampers agricultural production, particularly paddy production. Due to the drought of 1988, the government

was compelled to import about 500,000 tons of rice and a large quantity of wheat. The drought of 1995/1996 caused a 27% drop in the production of paddy. Sri Lanka imported about 341,000 metric tons of rice in 1996 and the government had to abolish the duties on rice imports to minimize the price increases. The facts and figures of the effects of the 2001 drought are yet to be compiled, but there is bound to be a marked increase in the severity of the effect due to its magnitude.

Sri Lanka depends on hydropower for its supply of electricity. When there is a long dry spell, water levels in the reservoirs decrease, leading to a decrease in power generation capacity. This results in prolonged power-cuts in the country, which hampers the industrial sector and causes hardship to the public.

The drought of 2000/2001 became a natural disaster of immense proportions, which resulted in all sectors - public, private and charities - getting involved in responding. Since most of the discussion in this paper refers to the drought of 2001, a brief overview of this event is given below.

The drought of 2000/2001 was particularly severe, affecting 7 districts of the dry zone. The number of affected people is estimated at around 1.6 million. There was insufficient rain for nearly 2 years in these areas, which resulted in destruction of the main source of livelihood, agriculture, leading to food shortage, and there was also a shortage of drinking water. A study undertaken by the International Federation of Red Crescent Societies (Assessment on Drought in Hambantota District, July 2001, IFRC) states that the lack of significant rains, successive crop failures, scarcity of water and lack of alternative livelihood opportunities have nearly exhausted the coping mechanisms of the predominantly agriculture-based families in these areas.

This drought resulted in the drying up of village tanks, wells and streams. People were compelled to walk 5 or 6 km to fetch water. Water levels in most of the major reservoirs decreased to a few feet. Lands lay fallow for 2 cultivation seasons due to lack of rain. Rice, vegetables and fresh water fish are the main food of the villagers in the interior. Scarcity of food was experienced in almost all parts of *Hambantota* and *Moneragala* Districts. The monthly household income in these 2 districts dropped by 82%. The village economy was shaken and many people moved towards urban areas. Most of the industries located in the villages were closed down due to lack of water. People depended on the Government and other agencies for their sustenance.

Water bowsers from the government as well as from charitable agencies distributed water for drinking purposes. Some people had to trudge miles to get to a central location to await the water bowsers. Dry rations, clothing and medical supplies were also donated by various organizations. The drought not only physically weakened the people but also caused mental degradation due to the lowering of their status. People who were once self-sufficient had to survive on hand-outs from benefactors.

With the arrival of the rains in 2001 October, the drought appeared to be over. This does not mean that the problems of the affected communities are at an end. The long-term

effects of this most recent drought will be far reaching, and the affected communities will need assistance to re-build their livelihoods for many years to come.

2. Methodology

The research method used for this report consisted of the following:

- A desk study of journals, newspaper reports, financial reports. Information was collected from libraries and key informants.
- Discussions with informants in the private sector, Government institutions dealing with disaster management, relevant NGOs and other charitable organisations. The discussions were conducted mostly by telephone.
- After the initial investigation, 15 private sector companies were identified to carry out further investigation and face-to-face interviews (see Table 1). These 15 companies were selected to encompass different spheres of business (such as the industrial and service sectors), different sizes of business (large, medium and small), multinational companies and local companies, public quoted companies and non-quoted companies. These interviews were mostly carried out with the Chief Executive Officer (CEO) or Chairperson of the Company. An interview with the Secretary General of The Ceylon Chamber of Commerce was also held.
- A questionnaire guide, prepared on the basis of the guidelines for this study was used in conducting the interviews. The interviews were semi-structured.

Table 1: Companies selected for the research

<i>Name of Company</i>	<i>Type of business</i>	<i>Description</i>	<i>Type of intervention made during the drought</i>
Aitken Spence and Co.Ltd	Various - Hotels, travel services	Large, public quoted,	Uni-lateral
Ceylinco Group of Companies	Various – Investment insurance	Large conglomeration of 200 subsidiaries	Uni-lateral, and long term
Ceylon Tobacco Company- CTC	Manufacture of Tobacco products	Large, Multi-national, public quoted.	Uni-lateral
Chemical Industries Colombo (Ltd)- CIC	Manufacture of Chemicals	Large, Multi-national, public quoted	Uni-lateral, and long term
Hatton National Bank – HNB	Banking	Large, Public quoted.	Uni-lateral and long term
Hemas Group of Companies	Various – travel, pharmaceuticals.	Medium, non-quoted	Uni-lateral
Indra Traders (pvt) Ltd.	Importing of vehicles	Medium, non-quoted	Uni-lateral
John Keels Holdings	Various	Large, public quoted.	Uni-lateral and long term
Lanka Orix Leasing Ltd. –LOLC	Leasing	Medium, Public quoted	Uni- lateral
MSM Networks (pvt) Ltd.	Communications	Medium, multi-national.	Collective
Mast Holdings (Pvt) Ltd.	Manufacture of Garments	Large, multi-national	Collective, long term
Nestlé’s Lanka (Pvt) Ltd.	Manufacture of foods	Large, multi-national. public-quoted.	Uni- lateral
Powerworld (Pvt) Ltd.	Fitness centers- gyms	Small, non-quoted	Uni- lateral
Swarnavahini	Media station	Medium, non-quoted	Public awareness
Singer Industries (Pvt) Ltd.	Manufacture of household goods	Large, multi-national public-quoted	Uni- lateral

2. 1 The limitations of the evidence

In researching this topic we found that there was a severe lack of empirical evidence. The material available was mostly on business philanthropy, but documented evidence of corporate social responsibility (CSR) in the context of natural disaster reduction was virtually non-existent.

The research has been mostly conducted with the help of the informants in the private sector, who were very helpful, and were stimulated by the topic. Face-to-face interviews were most informative, which were substantiated with field observations.

Through the interviews various forms of CSR activities were identified. There was very little evidence as to the impact of these activities on communities. Follow-up or monitoring activities were not part of the private sector programmes. The impact was often described from the viewpoint of the company itself, not from that of the beneficiaries. Most companies however, were keen to emphasize that the business itself had not benefited financially from CSR activities. The benefits were identified more in terms of image building and staff morale raising.

3. Corporate Social Responsibility (CSR) and the Private Sector in Sri Lanka

3.1 The Private Sector in Sri Lanka

The private sector in Sri Lanka is vibrant and developing. It is ahead of the public sector in terms of productivity. The main industries of the private sector are: textiles and clothing, leather goods, food, beverages and tobacco, chemicals, petroleum and rubber products, non-metallic mineral products, fabricated metal products, paper and paper products, wood and wood products. The private sector is also dominant in the service sector: banking, insurance, hotels and travel, media and communications. The private sector has been active in expanding opportunities in the sectors of education and higher education, with the largest input being in the area of pre school education: a large number of private international schools have been established, which offer international exams to students. There has also been considerable growth in the information technology (IT) arena, in particular in software development.

The private sector plays an important role in the country's economy. The output of private sector industries in Sri Lanka grew by 10.5 % in the year 2000 compared to 5.3 % in 1999. Private sector industries accounted for 94 % of industrial production in 2000.

There are 2 sectors of business in Sri Lanka: (1) Board of Investment (BOI) sector and (2) non BOI sector. The Board of Investment is a body incorporated by an Act of Parliament in 1978. By giving fiscal incentives to investors (both foreign and local) it attracts investors.

Output growth in BOI industries was estimated at 14 % in 2000 compared to 5.7 % in the previous year. Output in the non-BOI sector grew by 6.2 % compared to 5 % in 1999. The industrial production survey 2000 of the Central Bank also indicated an expansion of production capacity in the non-BOI sector. Employment in BOI and non-BOI industrial sectors increased by 12.5% and 2.9 % respectively. Labour productivity in the non-BOI industries increased by 3.6 % during the year 2000.

Over recent years the private sector has faced many difficulties. The civil war which has been raging in the country for almost two decades has taken its toll on the economy, which is on the verge of a recession.

The medium and small business sectors are severely affected by international scenarios, particularly World Trade Organization (WTO) regulations. Under the current industrial structure in Sri Lanka, the highest proportion of domestic production is coming from small and middle scale enterprises. They do not have favorable economies of scale in their respective productions, or the comparative advantage in relation to the relatively cheaper imports. Trade liberalization has a negative impact on such businesses. This situation is further aggravated by the placement of Sri Lanka within South Asia, where the competition for manufactured goods is with countries like India and Pakistan. These two countries, with vast pools of resources (both natural and human) easily dominate the South Asian market for manufactured goods such as textiles, chemicals and electronic equipment. When 'barrier free' international trade comes into existence with WTO regulations, India and Pakistan will grab the biggest share of regional trade easily. Being the strongest industrial countries in the region these two countries have the strength to dominate South Asia. Overall, the private sector of Sri Lanka is operating within a weak economy.

3.2 CSR Activities of the Private Sector

Corporate Social Responsibility (CSR) is a concept whereby companies undertake certain responsibilities towards society independent of their business concerns. Although the activities are not directly related to their business, there is an indirect impact on the business which is a positive one. For example: there is a positive image of the company in the eye of the public and the employees' morale is boosted, which in turn has a positive effect on the productivity of the company.

The research showed various forms of CSR activities being performed by the private sector. Many companies have a social responsibility statement in their annual reports. In many instances CSR seems to be an integral component of business.

Charitable activities by the business community in support of various social causes are not an entirely new concept. However, they are ad hoc and seen as purely optional initiatives. CSR can be seen as a concept which brings benefits to both business and to the community. It is a win-win situation. Its ambit has to be explored fully in order to tap its potential.

The private sector seems to derive the following benefits from its charitable activity.

1. It boosts the morale of employees, which helps produce a more productive work force.
2. It enhances the image of the company, which in turn enhances the image of its products.
3. It helps to maintain good relationships with all sectors of the community.
4. It helps create new relationships with the government, aid agencies and other private sector companies.
5. It can compensate for the negative aspects of a company's activities. (e.g. Ceylon Tobacco Company, which is engaged in the production of tobacco products, strategically engages in taking on social responsibilities to maintain a good image).
6. It opens avenues for receiving tax exemptions and other concessions.

The main forms of CSR activity observed in Sri Lanka can be categorized as follows:

1. Philanthropic and charitable activities.
2. Environmental conservation
3. Public awareness
4. Corporate sponsorships

3.2.1 Philanthropic and charitable activities

All of the 15 companies which took part in this research are involved in charitable and philanthropic efforts as part of their social responsibility. Two of the fifteen companies researched had trust funds especially for the purpose of community service. The Ceylinco group, which is a conglomeration of 200 subsidiaries, has a trust fund called *Sarana* (which means 'help'). Each employee of the 200 subsidiary companies contributes monthly to the fund, which allocates the collected money to various community service projects. The fund contributes towards food, clothing and shelter for the poor, gives assistance for surgical operations and towards relief in times of disasters such as floods, landslides and droughts. It is also instrumental in the maintenance of an old people's home, which was built by the fund.

MSM Networks, a communications company, has a similar fund, which is called 'Change'. Monies for this fund are collected from the customers of the company who donate a percentage of their telephone bill: this figure is matched by the company. The sum total is allocated to the fund. The monies are utilized for government-approved charities such as the Jaipur Foot Foundation², a Deaf and Blind School and the Child Protection Authority. The fund has also sponsored local disabled athletes in the Para-Olympic Games.

Two (2) companies have 'village adoption' schemes, with the objective of upgrading the lives of villagers. The villagers are educated in self-employment, they are given small loans to initiate work and a market is found for their products. Hatton National Bank and Ceylon Tobacco Company are the 2 companies which have this scheme. Three of the 15 companies have contributed to the construction of cardiac units for hospitals, and donated money for hospital equipment such as CAT scan machines.

One company has concentrated on the development of the arts. Ceylon Tobacco Company has been at the forefront in this area. It has been instrumental in giving people who are starting out as artists a helping hand, by giving them an opportunity to exhibit their paintings. This company has also helped farmers by sharing 'best practices' in agricultural techniques with them.

Due to the on-going civil war there are many displaced persons living in refugee camps, and 1 of the 15 companies has been assisting these refugees. Indra Traders, a company engaged in importing vehicles, has concentrated on helping villages which have been adversely affected by terrorist activities. This company has been transporting essential goods to the refugee camps. There was one instance where a consignment of toys was taken to the children in the refugee camps.

3.2.2 Environmental Conservation

In general, the companies which engage in these activities are businesses which have an adverse impact on the environment. Their initiatives can be responses to adversarial pressures from the authorities and public. Companies involved in the hotel trade were found to be the main proponents of this type of activity. Most of the hotels in Sri Lanka are located along the coastal belt, and most of these companies have on-going coast conservation projects. They collaborate with the Ministry of Environment and have regular discussions with them with regard to their projects. Aitken Spence is a company involved in the hotel trade. One of its hotels, the Kandalama Hotel, has received the Green Globe Award from the 'Green Globe' Environmental Community service in the UK (an environmental organization affiliated to the World Travel and Tourism Council: WTTC).

² This foundation supports disabled people to get access to artificial limbs

The award was received in 1997. This award is given after a stringent annual audit is made of the hotel's environmental practices. A certificate is given declaring the hotel as an eco-friendly hotel. This certificate is subject to review each year. Kandalama Hotel has been successful in maintaining this award for 5 years.

Companies in the manufacturing sector have anti-pollution programs. They are often collaborators with the relevant government authorities which are responsible for river and air pollution.

Aitken Spence Printing and Garments is one company involved in these activities. It organizes awareness campaigns for its employees. The company deals with chemicals, and has strict procedures regarding the disposal of these chemicals. Its printing company has a policy whereby a percentage of recycled paper has to be used in the production of paper. Apart from the conservation work directly related to its business, the company has other on-going environmental projects. Aitken Spence has a container yard situated in *Wattala*, where a lake had been subject to pollution. With the assistance of the Environment Protection Authority (a body within the Environmental Ministry), Aitken Spence has been able to successfully restore this lake. It has also implemented procedures to safeguard the lake from future contamination. Another project undertaken by the company recycles garbage in this area.

CIC, a company engaged in the manufacture of chemicals, has addressed environmental concerns by manufacturing a range of industrial safety equipment, solar water heaters, effluent treatment chemicals and specialized plastic bottles. Although these activities are connected to the business, it is eco-friendly business.

Ceylon Tobacco Company has conducted research in order to discover cost-effective methods of soil conservation. This company has introduced an inexpensive method of conserving the soil, as part of an extension service to their tobacco out-growers. The results of the research have been made available to the public, and farmers have been educated in using this technique.

The Ceylon Tobacco Company sponsored a well-known environmentalist to research the bio-diversity of Sri Lanka. His findings were published and made available to the public ('The Biodiversity of Sri Lanka', by Rohan Pethiyagoda).

ODEL, which is a shopping mall in Colombo, has taken initiatives in creating public awareness on environmental conservation. It carries out campaigns to clean Colombo city and the beaches. It promotes environmentally friendly products, and runs campaigns to save fauna and flora in Sri Lanka.

3.2.3 Public Awareness

Out of the 15 companies involved in this research one company has been engaged in building public awareness on common issues. Swarnavahini, which is a private television channel, has been active in informing the public on various social issues and on

natural disasters, their effects on people, and how the public can be of help to afflicted people. It has a team called *Helidarawwa* (revelations), which carries out investigations (see Case Study No.2 for details).

Some private insurance companies also use the media for the purpose of building public awareness. Often the messages sent out are related to their business, e.g. road rules and safety messages.

Companies engaged in the pharmaceutical business have been collaborating with the media in educating the public about various epidemics. Sri Lanka experienced an outbreak of dengue fever of epidemic proportions in 2001, and there were many sponsored programs about this disease. These public education messages also promoted company products such as medicines and mosquito repellents.

Sri Lanka being a country with a literacy level of over 85%, and a fairly high percentage of the rural and urban populations having access to varied communication channels, the public response to such awareness-raising is substantial. During the drought crisis in 2001, calls for help through private TV and radio channels resulted in a tremendous public response in support of emergency relief.

3.2.4 Corporate Sponsorships

There are companies which extend support to young people's education. CIC, which is engaged in the manufacture of chemicals, has been sponsoring students' education for over 2 decades. In the words of the Chairman of the Company, 'it is better to teach a man to catch the fish, than giving him the fish'. There are 5 scholarships per year under this scheme, for university students in various locations in the country including *Jaffna* in the North. The scheme consists of 2 scholarships for the Faculty of Architecture, 1 for the Southern Medical Faculty, 1 for the Agricultural Faculty and 1 for the Medical Faculty. Apart from these 5, three more scholarships have been given to employees' children. Previously, the company ran a scholarship program with the Science Faculty, from which the graduates found employment in the company itself.

4. CSR and Natural Disaster Reduction - Forms of Intervention

From this research four main types of CSR initiatives in natural disaster reduction were identified (Table 1):

1. Unilateral initiatives - relief, rehabilitation and reconstruction
2. Collective initiatives - relief, rehabilitation and reconstruction
3. Long-term solutions

4. Public awareness

There is an overlap between these categories in implementation (see Table 1 for details). The example of the drought which affected 7 administrative districts of the country in 2001 is used here to discuss the four types of interventions in detail.

4.1 Initiatives for Relief, Rehabilitation and Reconstruction – Unilateral

In the recent past drought the private sector came forward to initiate relief and rehabilitation activities. 12 of the 15 companies in this research were engaged in unilateral initiatives for relief, reconstruction and rehabilitation. Such initiatives were not pre-planned, and therefore had an ad-hoc nature. The magnitude and the form of investment depended on the occasion.

There was an appeal to the public from the government and from religious institutions asking for a united approach in addressing the drought crisis. The private sector responded immediately, offering services and financial assistance. This research could not find a single company which had not contributed to this effort, though the scales of initiatives varied. The most popular and convenient method of intervening was through the supply of emergency relief items in the form of water, dry rations and clothing.

Vision

The underlying vision, which was apparent in all these companies, was extending a helping hand in a crisis. It was often a reaction to the prevailing situation and there was minimal planning involved. All of the 12 above mentioned companies stressed the fact that their motives were purely altruistic.

Usually the vision came from the management, which was filtered down to the rest of the company staff. In these relief and reconstruction efforts it was encouraging to note that employees of all categories contributed to the effort in a manner possible to them. For example, at Lanka Orix Leasing Company (LOLC) even the peons (office boys) contributed monies irrespective of their low income. The inclination to get involved in disaster response activities was mainly as part of the companies' broader attitude towards social responsibility since all of the 15 companies involved in this research had been engaged in social service activities prior to the drought crisis.

In these unilateral initiatives there was a reluctance to get involved with partners – business or non-business. Nine (9) of these companies were especially reluctant to work with government agencies. Three (3) companies out of the 12 companies had some collaboration with the Government in implementing their initiatives. There was widely felt suspicion of the government institutions, which would have hampered the efforts of the Government: the Government had organized various relief activities for which private sector participation was sought. Two (2) companies out of the 12 were willing to collaborate with religious institutions. The Calvary Church and the Methodist Church

were particularly effective in receiving donations from the private sector. Indra Traders received assistance from the Buddhist clergy in implementing its initiatives. Companies generally preferred to implement projects on their own. Four (4) companies went to the extent of conducting their own research as to the requirements of the victims during the drought in the South. Hatton National Bank, which is a private bank, did a house-to-house survey to identify the needs of the people. Lanka Orix Leasing Company (LOLC) and Keells Holdings utilized their distributors and branches in the affected areas to gather information needed for their efforts. CIC utilized their contacts in the affected areas to get information.

Decision Making

In 10 out of the above mentioned 12 companies it was the Managing Director/ Chairperson/CEO or the Board of Directors who made the main decisions about involvement. In the remaining 2 companies the decisions were made by the employees. It was interesting to find that there were employees of some companies taking the initiative in these activities, which were later endorsed by the company. In Hemas, a company engaged in the manufacturing of garments, most of the employees were originally from the South, and they were instrumental in initiating a relief program to help people in that area. In LOLC and Singer Industries the initiatives originated from the employees, and were later endorsed by the management.

Implementation

All of the 12 companies involved in these unilateral interventions collected food items, bottled water, medicine, clothing and other essential supplies. Ten (10) transported the items to the affected areas and distributed the goods amongst the people. Two (2) collected the items and donated them to relief workers and charities for distribution. Ten (10) companies provided their own vehicles and drivers. Others helped in distributing water by hiring water bowsers. Ceylon Tobacco Company offered the services of their company doctor at a medical camp. Ceylinco Sarana Fund also offered the services of 2 doctors at a medical camp.

Most of the initiatives concentrated on two administrative districts particularly affected by the drought. The areas covered depended on the finances available to the company concerned. Some of the smaller companies chose a small village but most companies reached about 300-400 families in their initiatives.

These unilateral relief efforts were mostly one-day programs. The goods were collected over a period of about 2 weeks and were distributed within one day. A few companies such as Indra Traders carried on the relief work for about 2 months, until the need was no longer there.

Mostly the companies bore the total cost of these initiatives. There were instances where employees contributed, but always there was a component from the company. The

amount of monies utilized for this purpose varied according to the size of the company: the range was estimated at US\$ 3,500 – US\$ 17,000.

The companies that were interviewed were keen to stress the fact that they aimed their initiatives at the most vulnerable sections of the affected community. In most of the efforts there was some interaction between the beneficiaries and the companies, and in effect their views were taken into account. For example Hatton National Bank conducted a survey amongst the victims of the drought before commencing their operations.

Challenges

Eleven (11) companies out of the 12 companies involved in the unilateral interventions claimed that there were no major challenges to hamper their work. They were able to implement their plans with ease. Three (3) companies were of the opinion that identifying the deserving people was quite a challenge as there were so many companies getting involved in these efforts that at times it was hard to find beneficiaries who had not been given any support. Ceylon Tobacco Company stated that they found the un-structured efforts of the government a hindrance. When the companies went into the affected areas with relief goods, they were left to their own devices, as there was no coordinated plan.

Impact

The impact of this relief work was immediate but short-term. The people affected by the drought were relieved of their hunger and thirst and some of their medical needs were looked after. There was no planning or coordination between the various private companies. Most of these projects were one-day programmes, after which the companies felt that their job was done. There was no follow-up action. Companies were keen to stress the fact that their initiatives were a response to an emergency, and in the event of any disaster of a similar nature they would respond in a similar manner.

The companies' managements were of the view that there was a positive impact on the companies from the interventions. This was mostly in the area of employees' morale. The charitable work made the employees come together as a team and this was helpful in producing a more productive workforce. Singer Industries, which deals with home appliances, believed that this effort was good for relationship building with sectors of the community which would enhance the visibility of its products. Hatton National Bank was of the view that its contribution to society with this kind of charitable activity would attract new customers.

4.2 Collective Initiatives – Relief, Rehabilitation and Reconstruction

As mentioned in the earlier section, most companies were averse to collective initiatives. However, there was one collective initiative of 2 private companies which deserves

mention. MSM Networks, a communications company and fully owned subsidiary of Malaysia Telecom, and MTV/Sirasa³, a private media station, worked in collaboration to implement their initiatives. MTV is an English media channel whilst Sirasa is a Sinhala (local language) media channel.

Vision

The vision behind this initiative was to come forward to assist the communities affected with drought. The initiative originated from MSM Networks, which identified the need for an effective system of distributing water to the affected areas. It discovered that there was a shortage of water bowsers to distribute the water. There was also a shortage of food, drinking water and medical supplies. MSM Networks identified MTV/Sirasa as a partner to collaborate with it in its initiative.

This initiative seems to have been directly related to both companies' broader attitude towards CSR. MSM has a number of ongoing projects aimed at community development. They have a trust fund, 'Change', from which monies are utilized for various projects. The main beneficiaries are: Jaipur Foot Foundation, Cancer Hospital in Maharagama and the Deaf and Blind school in Ratmalana (see section 3.2.1). Sirasa/MTV has also been instrumental in giving publicity to issues such as children's and women's rights .

Decision Making

The original idea for the partnership came from the CEO of MSM Networks. He had contacted the Director-Entertainment at MTV/Sirasa and formulated the methodology for this project. The CEO of MSM Networks immediately thought of this media station as they had collaborated with this station before, to organize charity events.

In this venture both partners came together in making decisions. A committee was formed with employees at executive levels from both companies to plan the activity, while the directors of both companies made the financial decisions. With MSM, there was no link between the initiative and the company's own business, they were not utilizing business resources for this venture, whereas Sirasa/MTV had a direct link as a media company, they were utilizing the resources of the business to handle the publicity aspect of the project.

Implementation

There were 3 components to this collective venture:

1. water distribution (Water was distributed by bowsers. There was also a contribution of 20 water tanks which was on a temporary basis. These were plastic water tanks which could be easily transported.)
2. distribution of food and other essential items

³ MSM Networks is the company which was selected for the research. MTV/Sirasa involvement was gauged through interviews with MSM

3. medical camps.

The publicity campaign was undertaken by Sirasa/MTV, through its radio and TV channels, calling for the general public to assist by contributing food items, water bottles and transportation. The collective effort amassed 60 lorry loads of essential items to be taken in a convoy to the affected areas. Distribution was solely undertaken by MSM. The two companies co-coordinated with the Government Medical Officers Organization in order to get the voluntary services of 100 doctors for the medical camps. These medical camps dealt with dehydration, malnutrition and diseases like typhoid and dysentery. This joint venture of MSM and MTV/Sirasa, unlike the unilateral interventions of the 12 companies mentioned earlier, worked in collaboration with the Government. However, the collaboration was mainly on administrative matters. Due to the magnitude of the project they required a wide support system. The companies estimate that around 5000-6000 families benefited from the supplies sent, and about 2500-3000 families benefited from the medical camps. The area concentrated on by these companies was wider than most companies with 3 of the affected districts being catered to. The medical camps lasted for about 3 days. The water distribution lasted for about 3-4 weeks.

In this collective effort, there was interaction with the Government Agents Divisional Secretaries and the Government Divisional Secretariats (The Divisional Secretary is the person who is in charge of the administrative functions in the district. The Secretariat is the administrative body which the Secretary heads). MSM were of the view that the relief workers in the Divisional Secretariat were more aware of the needs of the people. The companies also needed government warehouses to store food supplies before being distributed. Sarvodaya, an established NGO that has an extensive rural network and works closely with the government, got involved in setting up the medical camps.

In this initiative there was a clear division of responsibilities: the media station was responsible for all the publicity whilst MSM was more involved in the co-ordination efforts. Identification of the most vulnerable was left to the Government Agent as it was felt that he was in a better position to do so.

Challenges

The main challenge was that of implementing a project of this magnitude within a limited time and overcoming red tape on the part of the government. As the goods convoy was traveling in high security zones clearance from the Ministry of Defense had to be obtained. It was also necessary to co-ordinate between 20 police stations from Colombo to Hambantota.

The companies were of the opinion that the project ran smoothly due to their continuous commitment. Both companies were pleased with the partnership, in terms of understanding and trust which helped smooth implementation of the venture.

Impact

The impact on the beneficiaries was once again temporary. The drought affectees received material goods such as food, water, medical supplies and other essential items. The only exception was the 20 plastic water tanks, which were given on a temporary basis to the affected areas, which would be of future benefit.

The impact on the business seems to have been much greater. The view of MSM's Promotions and Media Executive was 'we realized that if a project of these proportions could be done solely for the purpose of charity, when it came to a project for business benefit we could achieve much more, the possibilities are endless. It opened our eyes to the potential within us'. MSM also realized the value of partnerships and how much more effective work is when it is shared. They were also of the view that the private sector, if it is genuinely interested, can make a true difference in the community.

As with the unilateral initiatives the companies did not have any follow-up work planned. They were of the opinion that their task was done once the goods distribution was completed.

4.3 Long-term solutions

Long-term solutions to natural disaster reduction are rare in comparison to short-term relief distribution activities. There were two long-term solutions identified by this research : (1) donation of water tanks, (2) construction of a de-salination plant. The main long-term solution identified through this research is presented in Case Study No.1 (establishment of a water purification plant).

Supplying water tanks was done by 4 out of the sample of the 15 companies: CIC, Keels Holdings, Hatton National Bank and Ceylinco Sarana Fund. CIC and Ceylinco contributed 5 tanks each and Keels Holdings and Hatton National Bank contributed 2 tanks each. These were plastic or fibre-glass tanks manufactured locally, each having 400 gallons capacity. MSM Networks contributed 20 water tanks on a temporary basis. The 4 companies above mentioned were of the view that the contribution of the water tanks was a long-term solution to the problem. MSM considered the water tanks as a means of meeting immediate needs. The above mentioned 4 companies have not made any provisions for the maintenance of these water tanks and have given the beneficiaries the sole responsibility for maintenance.

Vision

Long-term solutions to natural disaster reduction have not been explored by the private sector in this country mainly due to the ingrained idea that this type of activity should be the domain of government agencies, and also due to the view that disasters are events which need to be managed when they occur. There were 5 companies which were instrumental in coming forward offering relatively long-term solutions: the 4 companies

mentioned in the above paragraph which were instrumental in providing water tanks to the affected areas, and Mast Holdings. The CEO of Mast Holdings who initiated the de-salination plant (Case Study No.1) commented on the futility of relief work, that is a temporary solution to a major recurring problem. The company was instrumental in constructing water tanks in the affected regions, thereby contributing towards more long-term solutions to the problem.

The 5 above mentioned companies tried to aim at the most vulnerable. Continuous access to water was identified as one of the most essential needs, and these companies directed their efforts to meeting this need, by giving them means to store water and through the de-salination plant giving access to purified water .

Decision Making

As with other initiatives the decision-making came right from the top. In the case of installation of the water purification plant the main decision maker was the Managing Director. In Keells Holdings, CIC, Hatton National Bank and Ceylinco Group the Board of Directors made the decisions regarding the long-term solutions, namely installing the plastic water tanks.

In the case of one (1) company there was a link between the initiative undertaken and the company's own business. CIC has a Plastics Unit, which donated the water tanks to be installed in the affected areas.

Mast Holdings utilized the assistance of government officials to implement its work. A Government minister of the Hambantota area intervened in the installation of the plant. He was instrumental in getting Lanka Salt, a Government body engaged in the manufacture of salt, to adopt this plant. The other 4 above mentioned companies did not seek the assistance of the government.

Implementation

The resources that went into the initiative came directly from the companies concerned. Mast Holdings utilized the services of the government in order to import the water purification plant, and also to install it. However, the other companies did not seek assistance from partners; business or non-business.

The support was mainly financial, but in the Mast Holdings effort there was technical support also, for the installation of the plant.

Challenges

The companies who were engaged in construction of water tanks were of the opinion that they did not face any major challenges. For the more complicated project on the water purification plant there were some challenges, mainly due to the timing of its

implementation. The installation took place during the general elections, which impeded the company's efforts.

Impact

Since these interventions are relatively new it is difficult to assess the impact as yet. Unlike ad hoc short-term initiatives, these projects are likely to have a more far-reaching impact on the community. This type of activity may encourage government agencies and other aid agencies to explore the possibilities of innovative projects for disaster preparedness and reduction. The companies stressed the fact that there was no benefit to the business through these initiatives. They were of the opinion that it boosted staff morale, and contributed to a 'feel-good' factor.

4.4 Public Awareness

Two (2) companies out of the sample of 15 in this research were engaged in creating public awareness of the drought situation: Swarnavahini, which is a private television channel, and the MSM Networks joint effort with MTV/Sirasa.

Private media stations in Sri Lanka played an active role in raising public awareness of the drought. Their efforts included giving information on the prevailing situation, and highlighting the root causes and possible methods of mitigation of natural disasters. Their aim was to encourage the public to assist in ongoing programs to meet the crisis.

Vision

MTV/Sirasa, the partner organization of MSM Networks, and Swarnavahini (see Case Study No.2) were 2 private media stations who came forward to create public awareness. Swarnavahini was of the view that they have a responsibility and duty towards society to educate the public. Although the parties concerned were keen to stress their altruistic motives, a business motive too could be observed in their work. For example, most of the programmes were supported by sponsorship.

Both companies also have island-wide projects for the protection of children, for the conservation of the environment, for education on prevention of diseases (especially when there is an epidemic such as dengue fever). They have also been in the forefront in assisting displaced children and children with terminal illnesses.

Decision Making

The Board of Directors was instrumental in making the main decisions. In the MTV/Sirasa project a committee was appointed to make the major decisions. At Swarnavahini there was already a team in existence which investigated social issues. The work undertaken by these 2 companies had a direct link with the companies' own

business. They utilized their skills and their enhanced place in society to implement their plans.

Sirasa/MTV worked in partnership with MSM Networks and gave publicity to that effort. It was instrumental in highlighting the plight of the victims of the drought in order to encourage donations from the public. The effort resulted in the collection of 60 lorry loads of goods. Swarnavahini's effort was a more unilateral one.

Implementation

Both these two stations have island-wide coverage, and are two of the most popular stations in Sri Lanka. Therefore, the scale of the intervention could be considered island-wide. Every single company interviewed for this research stated that it became aware of the crisis from these 2 media stations.

The financial resources required came from the companies. MTV/Sirasa was more concerned with publicity for the collective effort but Swarnavahini had a more structured effort in initiating their plans as they had sent a research team into the affected areas, and based their programmes on this research. The cost of air time in this country is in the range of US\$ 275.00 per 30 second segment. Swarnavahini was airing 45-second segments several times a day in addition to the more lengthy documentaries produced.

Both companies were intent on educating the public about the situation as well as how the public could get involved in assisting. Swarnavahini tried to aim at the most vulnerable, by taking a team of people into the affected areas and engaging in dialogue with the affected people. It is noteworthy that the beneficiaries had a say in the initiative, as their views were taken into account in the programs.

MTV/Sirasa's effort lasted for about 2 weeks but the Swarnavahini campaign was carried on for about two months. In this instance, the support given was more than material: it was of a social nature. It was an awareness building campaign aimed to educate the public.

Challenges

MTV/Sirasa was of the view that there were no major challenges in implementing its initiatives. It was already a popular station and all communities heard its voice. Swarnavahini believed that there were many parties who wished to collaborate with it purely for the purpose of attracting publicity for themselves. It was due to this factor that Swarnavahini did not wish to have any partners.

Impact

As mentioned earlier, the impact of the work by these 2 companies was felt throughout the country. The public response with offers of help in this instance was of a magnitude never experienced before.

There is another aspect of the media getting involved in drought relief: that politicians used the media for their own gain. The general elections were drawing near and politicians needed a platform to gain visibility. These politicians used the drought crisis for their political objectives. The politicians in power whose electorates were in the affected areas gained a lot of visibility due to the relief work which was given a lot of publicity. They built up the image of being industrious and caring individuals. The politicians in the opposition party used this crisis to highlight the weaknesses of the party in power. There was a competition by the politicians of both parties to outdo each other. There is also the viewpoint that the media who have their own political alliances created a situation, which was not in proportion to the disaster, but to give prominence to their political allies. However, political or publicity objectives aside, the media were effective in awareness building of the public.

The impact on the stations themselves is seen in the popularity gained by them. The two stations have become household names in Sri Lanka. Apart from the single media station in the sample (Swarnavahini) of the 15 companies, the rest of the companies in the sample said that they were made aware of the situation by the media. Their work in disaster relief has enhanced their image to a greater degree. This in turn will have a benefit to the business. Swarnavahini was of the view that this project made it more aware of the difficulties faced by the poorer sections of the community, and it has identified more areas to highlight once the drought situation has eased.

MTV/Sirasa did not have any follow-up plans as it was giving publicity to a collective effort. Swarnavahini was planning to produce more documentaries to inform the public of the challenges faced by the drought victims, even after the crisis is over.

5. General Issues in CSR and Disaster Reduction

5.1 Religious Background

Many Sri Lankans have deep-rooted religious beliefs, which extend to their professional lives. This factor is evident in the private sector too, where daily business is initiated with religious observance. For example, incorporation of companies is done always with the blessings of the clergy. Religious beliefs seem to push people towards altruistic moves.

Approximately 80% of the population in Sri Lanka is Buddhist. According to the Buddhist philosophy there is a concept called *karma* - meaning one reaps what one sows. It is the concept of retribution: in giving to the needy in this life, one is assured of reaping the benefits of that action in future lives. In Hinduism, Islam and Christianity (religions followed by the other 20% of the population) helping the needy is also emphasized. In most of the unilateral philanthropic efforts of the private sector, this concept was like a thread running through their activities. The concept of acquiring merit in a spiritual sense was a main motivator for their action.

In the relief activities conducted by the private sector, it was observed that many companies were willing to work with religious institutions in their efforts. The religious institutions identified in this research were the Methodist Church and the Calvary Church. There were also some Buddhist temples and monks who were involved in these activities. A Buddhist monk led the drought relief campaign initiated by Indra Traders, and church institutions distributed relief collected by Aitken Spence and Power World. This apparent willingness from the private sector to assist religious institutions was not extended towards the government.

5.2 The division between the rich and the poor.

In Sri Lanka there is a wide gulf between the rich and the poor. This is also an influential factor in CSR activities. The private sector in this country is in the hands of the relatively richer sections of society, and is thriving. Therefore there is a feeling of obligation to extend charity towards the needy. Every company interviewed for the purpose of this research had got involved in some kind of community service, though not necessarily in the sphere of disaster relief. These interventions are often ad hoc and individual to companies. They are not carried out with focused objectives of poverty reduction.

5.3 The expectations of the victims

When conducting this research it became apparent that the victims of the drought expected the authorities in disaster mitigation as well as the public to assist them. This expectation is common in each crisis situation. However, the nature of support expected is not adequately analysed or understood. For example Hemas Group had a relief and rehabilitation project for the victims of drought. It had later done a survey to review the success of this project and was very disappointed to discover that the people were not interested in handouts, but were expecting more long-term solutions to their problems. They wanted to maintain their self-respect, rather than receiving donations.

5.4 Disasters as stimulus

The recent initiatives taken by the private sector should be observed in the context of more recent disasters. The general view is that disaster mitigation is the responsibility of the government and of aid agencies. In general Sri Lanka has been fortunate not to have frequent natural disasters of immense magnitude. Floods and landslides in the past did not receive much publicity, and the involvement of the private sector and the public in relief activities was marginal.

In the 2000-2001 drought the public was made aware of the limitations of the government and of aid agencies. The impact of the drought was given tremendous publicity and it was made to look like a nation-wide crisis. This is one factor which contributed to many initiatives being taken by the private sector. Most of the companies interviewed were

taking such initiatives for the first time. It is in the light of this recent drought that Mast Holdings came forward with the novel concept of the de-salination plant.

5.5 The Role of the Government

In Sri Lanka the Ministry of Social Services is responsible for natural disaster mitigation as well as relief, reconstruction and rehabilitation. The National Disaster Management Centre, under the Social Services Ministry, has the mandate to attend to all disaster related matters.

When these authorities were contacted for the purpose of this research, they did not have a clear idea as to how the private sector could get involved in disaster mitigation. They acknowledged the fact that the private sector's role would be more in the area of relief and reconstruction than in mitigation and preparedness. The Head of the National Disaster Management Centre indicated that there were proposals being drawn up to incorporate the private sector in mitigation activities, but these were still in the draft stage and would have to be approved by Parliament.

The draft plans envisage appointing Committees at national and district levels, where NGOs and the private sector will be called upon to participate. The plan also recognizes that the private sector has valuable equipment and resources useful in disasters. It is proposed to conduct a survey to take an inventory of the resources and information related to private sector resources and capabilities. Interactions with the communities in emergency situations for their safety and rescue, and preparing communities for recurrence of the disaster, are also identified as a part of the private sector's role.

During the recent drought a change was observed regarding the methods of handling a crisis. A government minister, whose electorate was in the affected area, convened a meeting of businessmen, at which a committee was formed to forward proposals to overcome the crisis. This committee, which comprised 12 directors of private sector companies, came up with strategies to deal with various matters. Each member was given a task to be performed. The tasks included collecting monies and essential items, identifying the disbursement plans, and utilization of the monies. There was a sub committee in charge of 700 deep wells in the affected area. This committee had to ensure the proper functioning of those wells. During the period of the drought, the committee which was headed by the minister convened several times in order to implement their work. According to a Director of the Nestlé Group, who was a member of this committee, the work was carried out efficiently. The Director was of the view that this initiative worked due to the influential members on the committee (mostly multi-national companies). Most of these companies maintain good relations with the Government in their daily tasks. Due to this established relationship the collaboration was made easier. They were successful in implementing their programs and once the crisis situation was over they handed over the surplus monies to the treasury and the committee was disbanded.

The temporary aspect of the committee indicates that the government considered this venture as a short-term solution to a crisis, although the work of the committee was found to be a useful addition to the programs of the government.

Although the government requested the assistance of the private sector to implement its programs, there was a manifest reluctance on the part of some private sector companies to take part. There was a general view that aid would be given only to supporters of the ruling political party, and that deserving people would be overlooked. Four companies (Hatton National Bank, CIC, Lanka Orix Leasing Company and Hemas Garments) went to the extent of conducting their own research into the situation rather than trusting estimates made by the government. This suspicious attitude towards the Government was a hindrance to implementing initiatives.

Some of the private companies which did collaborate with the Government found that there was no organised structured approach to dealing with a crisis such as this. According to a director of one private sector company ‘having got used to the private sector way of thinking, a structured approach is necessary in order to implement any project’.

Two (2) companies which interacted with the Government to implement their work – MSM Networks and Ceylon Tobacco Company – were of the view that there was too much red tape involved and this delayed their work. The MSM/Sirasa effort viewed red tape as one of its major challenges. This was partly due to the prevailing security situation. There are stringent security measures in force, and security clearance is a must before any work is initiated. This clearance has to be gained from the Ministry of Defense.

These 2 companies were of the view that the government did not assist them in the co-ordination of their efforts. They were left to their own devices in extending help. The companies had to find their own way about distribution, where, when, and how to get involved. They were of the view that the government should have been more organized and more informative, which would have been of benefit to their efforts. The private sector in general was very disappointed by the lackluster attitude of the government and is of the view that there should have been a more energetic and efficient approach.

5.6 Relationship with the NGOs

The reluctance of the private sector to work in collaboration with the government, was also extended to NGOs. Through the interviews it became apparent that this reluctance to work with NGOs was not due to mistrust towards them, but due to a desire to work independently. Most companies were comfortable with an unilateral approach. It was clear that these companies wished to implement their projects without any other institutional linkages. There were a substantial number of NGOs (international and local) active in the drought-hit areas. However, the programmes of private sector companies were implemented independently.

5.7 The Role of the Ceylon Chamber Of Commerce.

The Ceylon Chamber of Commerce was established in 1839 when Sri Lanka was known as Ceylon, under British rule. It is an independent, non-profit and non-political voluntary body; it is the focal point for business contacts both locally and abroad. The Chamber's membership ranges from sole proprietors to multi-national companies, and it encompasses virtually every sphere of economic activity in Sri Lanka: industry, imports, exports, agriculture, banking, hire purchase, leasing, tourism, shipping, engineering, mining, consultancy services, wholesale, retail, financial services, and legal and other services.

For the purpose of this research the Secretary General of the Chamber was interviewed. The Chamber seemed to be an ideal forum for the private sector to have collaborative initiatives where CSR and natural disaster reduction was concerned. However, the Secretary General's view was that the Chamber's main objective was to promote business, and to look after business interests. With this in mind it has drawn up business continuity plans, which did not include charitable activities. For example, there is contingency planning for businesses affected by floods and also by terrorist activities. Engagement with general disaster-related problems was not indicated. This is in contrast to the findings of *Corporate Social Responsibility and Disaster Reduction: A Global Overview* (Twigg 2001), where considerable potential for CSR was seen in the sphere of business continuity planning.

5.8 The role of Insurance Companies

In western countries insurance companies have taken a number of initiatives in disaster mitigation and reduction (Twigg 2001). For the purpose of this research private insurance companies were interviewed to identify activities in this area. The result was very disappointing, as insurance companies were of the view that people affected by natural disasters in this country were the poorer sections of the community who could not afford to pay insurance premiums in the first place. Therefore they saw no purpose in having any schemes designed for people living in hazard-prone areas.

A few companies have introduced schemes to provide flood, fire, and terrorist attack cover for businesses. For individuals, only road accident cover is available. Also in Sri Lanka the culture of insurance is relatively new, and only people who are educated and have high levels of awareness will consider taking insurance cover. Affordability is the key factor which keeps people away from insurance.

6. Conclusions and Recommendations

6.1 Conclusions

The extent of the private sector's involvement in disaster reduction activities in Sri Lanka is extremely small. This sector's involvement in this sphere is largely seen in response to emergencies, in the form of relief.

In the present context it is difficult to expect anything different, since the general approach in the country towards disasters is that of emergency management. Disaster preparedness, with all its associated limitations, is seen as the responsibility of the state.

The country has an impressive history of philanthropic activities, rooted in its religious and cultural heritage. It is common practice for the rich sections of the society to extend help to the needy, and to support accepted social causes. Private sector engagement in activities such as extending material help to the poor, supporting old people's and children's homes, charitable activities towards religious institutions, and in recent times helping the displaced from the civil war, is part of this culture. It is normal practice whenever there is a crisis resulting from a natural hazard, for financially able individuals and institutions to come forward to help.

The study identified four main categories of non-business initiatives of the private sector: philanthropic and charitable activities, contributions towards environmental conservation, building public awareness on important issues, and corporate sponsorships. The engagement of the private sector in natural disaster related concerns falls within these categories.

In some instances it may be pure altruism and charity, while in others action and investment was directly or indirectly related to the business motives.

Reasons for CSR :

The main factors which influence the private sector's involvement are:

- Positive image and relationship building with the general public
- Indirect ways of promoting business motives
- Altruism and charity
- Covering up some of the negative impressions associated with businesses
- Relationship building with the government and other agencies
- Obtaining tax concessions and other benefits

The nature of CSR :

- Continuous programmes such as trust funds for charitable activities
- Individual projects such as developing a selected village, or donations for worthy causes

- Issue-based projects such as environmental conservation, and support for the arts
- Sponsorships for the needy
- Image-building activities such as anti-pollution measures, and coast conservation

This study reveals that the nature of the CSR activities in the disaster sphere is spontaneous and ad hoc. Whenever there is an emergency, private sector organizations come forward to assist. The assistance may comprise donations by the employees, investment from the companies' resources, and collections from the general public.

Most organizations view these initiatives as a single activity, and prefer to carry them out on an individual basis rather than in partnership with other private sector organizations, or the government and NGO sectors. The few partnerships identified were primarily between private sector organizations, and they were not of a long term nature, but limited to the particular intervention. The purpose of the partnerships was to achieve a greater output by harnessing the different strengths of each organization, and better coordination. Almost all interventions observed were on emergency relief, with a few rare exceptions offering relatively long-term perspectives. Assistance extended in relief can be seen as part of the broader social responsibility taken by the private sector.

In terms of beneficiary selection, the aim was to reach the worst affected and the neediest. Beneficiary participation in planning the interventions was extremely limited; most companies did not identify it as part of the exercise. There are however, a few instances where efforts were made to interact with the affected to assess their needs.

6.2 Recommendations

The private sector's engagement in the recent drought crisis shows that there is substantial potential to seek greater and more constructive engagement from this sector in disaster management.

The positive signs were visible in terms of initiative, resource generation capacity, and efficiency. The fact that the private sector is operating within a weak economy did not seem to dilute its enthusiasm.

The key negative elements include the ad hoc nature of action, absence of any consultation with affected people, lack of continuity plans or impact assessment, and a patronizing attitude in some cases.

In disaster related activities, it is clear that the private sector cannot operate alone, and it is not likely that longer-term initiatives will be undertaken independently by companies. There needs to be a combined effort with the government and other agencies for lasting impact. The research showed that government red tape, lack of coordination between the different agencies attending to the crisis, and lack of trust between the various organizations act as barriers to effective operation.

Therefore, government bodies and international agencies should take initiatives to co-opt the support of the private sector, to make the current ad - hoc initiatives more constructive and coherent. The research showed that there was no coherent plan except for some preliminary ideas in the draft plan prepared by the government. Therefore, in seeking more active and coordinated contribution from the private sector, it is a pre-condition to have reasonably clear plans of action from the key bodies responsible for disaster management.

For example, towards the end of the drought crisis there were a few companies who were prepared to invest on longer term measures for the problem. For instance, Sirasa, a private media company, was willing to consider medium and long term measures for drought. However there is no evidence that this enthusiasm was harnessed.

There is potential to introduce disaster preparedness concepts into the charitable initiatives of the private sector. Here again thorough planning at higher levels will be required.

It was evident that private companies often lack ideas for investing in charitable activities. Activities which will have long term benefits need to be ‘sold’ to such organizations, and the process of implementation needs to be facilitated.

It is recommended that further research is carried out to explore possible ways of getting the continuous and long-term engagement of the private sector as part of its charitable activities linked to disaster mitigation. As the research has indicated it is a question of shifting the investments in charitable work. The capacity and the interest of different companies may vary greatly; therefore the strategies for co-opting support need to be specifically worked out.

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Annex: Case Studies

1. Water Purification Plants – a Private Sector Initiative as a Long Term Measure Towards Drought Mitigation.
2. Public Awareness Campaign on Drought by the Private Media.

Case Study 1

Water Purification Plants – a private sector initiative as a long-term measure towards drought mitigation.

Mast Holdings (PVT) Ltd is a subsidiary Company of Phoenix Ventures. It is a garment manufacturing company, which has factories in the Maldives, Madagascar, Bangladesh and Sri Lanka. When Sri Lanka was faced with the severe drought in 2000-2001, the company was approached by the government and other active agencies in the area appealing for assistance mainly for the construction of water tanks.

Mr. Ashroff Omar the Managing Director of the company has business contacts with the Maldives and he had been especially impressed with the water purification plants which are in operation in that country. Instead of extending support for relief, he decided to test a similar desalination plant in Sri Lanka. His vision was to introduce the first plant as a pilot project, then to invite competition amongst the private sector in installing similar plants.

Mast Holdings utilized the support of the government to import the plant from the Maldives. It was able to export the plant duty-free, with the collaboration of the Board of Investment. For the construction of the plant it received warehouse space from a semi-government body called Lanka Salt which is engaged in the manufacture of common salt. Links with Lanka Salt were made through the Minister whose electorate was in Hambantota (the location of Lanka Salt company). When the minister was informed of this venture he intervened to get the plant adopted by the salt company. The employees of Lanka Salt were faced with a water crisis and the Minister was of the opinion that this plant would be a solution to their problem. The company was also instrumental in bringing engineers from the Maldives to install the plant. Mr. Ashroff Omar was of the opinion that this technology could be imparted to the local engineers who would be able to construct similar plants in the future.

The plant, which runs on electricity, converts about 3000 liters of seawater into pure water per day. The cost of conversion is estimated at less than 1US cent per liter. Conversion is carried out by water being ejected through a special membrane at a high speed.

The total cost of the plant was in the region of US\$17000 and the installation cost another US\$5500. These costs and the payment of the engineers was borne by Mast Holdings.

The plant was inaugurated with local politicians playing a major role. The people in the area could not believe that sea water could be converted into pure water with such ease. It was a novel concept to everyone, as it had not been done before.

The next step was for the government to intervene, and give publicity to the project for the private sector to follow suit. Unfortunately this project was launched during the general elections. Prominence was given only to the impending elections and everything else was over-shadowed. The much-required publicity was not given and the project did not achieve the desired results.

With the general elections over, and a new government in office, Mr. Omar is confident of his project succeeding in the near future. He has plans to initiate a publicity campaign for the project. He also hopes to receive the collaboration of the private sector in installing similar plants in the dry zone of Sri Lanka.

Lanka Salt, which benefits from the plant by receiving the purified water for their employees, was contacted to inquire into its efficacy. Officials were of the opinion that the plant was running smoothly, with few repairs being needed so far. They had changed filters several times (the filters had been provided with the plant). The plant's water output is not enough to meet the total demands of the employees of the company, who require about 10,000 liters per day. At present the plant supplies 8-10 out of 120 staff member families (about 40-50 persons) for their domestic needs. Lanka Salt was also of the opinion that the cost of the purified water was more expensive than the local water supply; therefore rather than using it on a regular basis it would be more appropriate for times of drought. The quality of the water is still being scientifically tested by the University of Ruhuna.

Lessons:

- Government cooperation can play a valuable supporting role in the initiatives of the private-sector.
- Political setup and background are vital factors which contribute to the success or failure of many initiatives.
- The initiative and enthusiasm shown by the private sector need to be recognised and supported to ensure continuity, and to realise their full potential.
- It is advisable to have contingency plans for unforeseen situations.

Sources:

- Interview with Mr. Ashroff Omar, Managing Director of Mast Holdings (PVT) Ltd.
- Visit to the plant, and interviews with technicians.

Case Study 2

Public Awareness Campaign on Drought by the Private Media.

In Sri Lanka in the recent past many new private media organizations have come into operation.

Along with other programmes these channels have also taken on the role of educating the public about various social issues. The drought of 2000-2001 prompted the media into actively creating awareness amongst the public about natural disasters.

Swarnavahini, a private television station in Sri Lanka, was at the forefront of this awareness campaign. This media station has a special team which conducts research into social issues, focusing on injustices in society. This team is called *Helidarawwa* (meaning ‘revelations’). It investigates special issues and incidents with a camera crew and researchers, who produce informative documentaries. Usually these documentaries highlight social evils, e.g. corruption, the ineptitude of officials and environmental issues. For example, this team was responsible for the highly informative documentary on the pollution of the *Beira Lake* - a lake situated in the heart of Colombo. Public awareness of the situation resulted in the lake being cleaned and preventive measures being taken to safeguard against future pollution.

This media station, with the *Helidarawwa* team, was the first to highlight the situation in the South of the country with regard to the drought. Its documentaries investigated the root causes of the drought, means of prevention and mitigation and means of relief and rehabilitation.

There were three 45-minute documentaries which were aired in May 2001. These documentaries were aired before the commencement of all the relief activities. The 45-minute documentaries gave an in-depth analysis of the drought. The documentaries were based on the view-point of the victims. The team carried out extensive interviews with people in the area; they lived amongst the victims for nearly 2 months to get an accurate picture of the situation. Since there was a lot of interaction with the victims, there was building of goodwill with these people.

The documentaries were aimed at educating the public about this natural disaster. The company’s Deputy Director was of the view that people living in the cities were unaware of the actual situation. He was of the view that ‘outsiders’ should give assistance to the victims to rebuild their lives.

Companies who became involved in relief activities contacted Swarnavahini in order to get public assistance for their initiatives. Swarnavahini regularly aired 45-second advertisements seeking assistance from the public, informing them of the relief activities and advising them on involvement. Some groups of people approached the media station to receive information and assistance for their relief activities. For

example, a group of gem merchants in the district of Ratnapura had collected a considerable amount of money for the relief effort, but did not know how to utilize this money. They contacted Swarnavahini to co-ordinate their efforts and also to gain information about the most vulnerable areas and the most vulnerable people.

Mr. Chandana Suriyabandara, Deputy Director of the Station, described the magnitude of the operation. A vast amount of resources went into this project, the cost of which was borne by the company. The production of a single documentary was in the range of US\$3300. Airtime cost was in the range of US\$275 per 30-second segment. In order to produce the documentaries it had to station a camera crew in the affected areas for nearly 2 months.

The Deputy Director was disappointed with the politicians who tried to use the media for publicity purposes. Swarnavahini implemented all its initiatives without the assistance of the government or of any other aid agencies, as it did not wish to be exploited.

It was encouraging to observe this initiative taken by the private media, and the impact it created in times of a crisis. Most organizations' people believed that their work was over once the crisis situation was over. According to Mr. Suriyabandara 'once the rains came everybody packed up and came back to Colombo. It is now that they need more assistance. They need assistance in rebuilding their roofs, which will leak once the rain starts. They will need assistance to begin cultivation. They will need to find the resources for seed and fertilizer'. As follow-up work the Helidarawwa team will be looking into new obstacles and problems faced by these people.

Lessons:

- Public awareness is of great importance for introducing ideas on long term disaster preparedness.
- Media companies, which initiate educational programs, should be given encouragement and incentives to further harness this potential.
- This is a potential area where business (sponsorships) and disaster reduction can be combined.
- Companies which possess technical expertise of this nature can contribute substantially towards disaster reduction initiatives.

Source:

Interview with Mr. Chandana Suriyabandara, Deputy Director Swarnavahini .