

Integration of Disaster Risk Reduction and Corporate Social Responsibility

1. EXECUTIVE SUMMARY

Climate change increases disaster risk and the problem is becoming more severe. Climate change affects the magnitude and frequency of extreme disasters, putting response mechanisms and economic planning under immense stress.¹ Changes in climatic conditions and climate variability exacerbate underlying risk factors, and it also generates new threats for a region which is not prepared for such disasters.² In India, natural disasters eroded 2% of the GDP and consumed 12% of the Government revenue during 1996-2001. Since last year, \$9.8 billion is estimated to be India's annual economic loss due to disasters. This includes more than \$7 billion loss because of floods. Approximately six million people, around six percent of the population have been affected by disasters in India. Consequently corporations and businesses have become increasingly important in disaster risk management.

The UNISDR 2015 Global Assessment Report (GAR15) estimated that \$314 billion are the annual average on infrastructure loss due to cyclones, earthquakes, tsunamis and floods. This figure would be higher if the impact of extensive events, such as droughts, temperature variations and other sectors, such as agriculture, were included. The Sendai Framework highlights a lack of regulation and incentives for private disaster risk reduction investment as an underlying risk driver, and it also calls for business to integrate disaster risk into their management practices.

Similarly, it states that by addressing underlying disaster risk factors, through disaster risk-informed public and private investments states more cost-effective than by focusing on post-disaster response and recovery by focusing on post-disaster response and recovery, so this will contribute to promote sustainable development. Trillions of dollars of new investments are expected in hazard-prone areas by 2030, showing that the global value of assets at risk has dramatically increased. How disaster risk is considered and managed in capital investments, supply chains and operations will be a decisive factor on achieving the Sendai Framework targets.

2. CONTEXT AND IMPORTANCE OF THE PROBLEM

The National Disaster Management Framework was drawn up in 2004 by the Ministry of Home Affairs; The Government of India envisaged the "involvement of corporate sector in awareness generation and disaster preparedness and mitigation planning," through sensitization, training and co-opting of the corporate sector and their nodal bodies in planning process and response mechanisms. Similarly, the Government of India-UNDP Disaster Risk Management Programme are leading the development of disaster risk management plans by entailing the promotion of partnerships with the private sector in awareness generation and sensitization.

The Sendai Framework 2015 states the importance of "promoting and collaborating among relevant public and private stakeholders to enhance the resilience of business to disasters." Additionally, the Sendai Framework states that authorities need to guide the public and private sectors in:

- Addressing disaster risk in publically owned, managed or regulated services and infrastructures;
- Promoting and providing incentives, as relevant, for actions by persons, households, communities and businesses;

Key Words

Climate Change; Disaster Risk; Natural Disasters; Global Assessment Report; Tropical Cyclones; Earthquakes, Tsunamis, Floods, Droughts; Sendai Framework; Disaster Risk Management Programme; Corporate Social Responsibility; Disaster Risk Reduction; Response; Recovery; Capital Investments; Supply Chains; Operations; National Disaster Management Framework; Corporate Social Disaster Risk Reduction; Disaster Management Committee; Public Sector Enterprises On-site and Off-site Plans; Local Administration; Social Development; Public Private Partnership; Private Multi-National Organizations; Private National Organizations; Education; Health Environment; Environment Protection Act; Disaster Management Act; Hazardous Substances Capacity Building; Stakeholders; Corporate Sector; Disaster Management; Small and Medium Enterprises; Center of Excellence; National Disaster Expert's Network; School safety; Child Centred Disaster Risk Reduction; Asian Ministerial Conference on Disaster Risk Reduction; Asia Regional Implementation Plan.

- Enhancing relevant mechanisms and initiatives for disaster risk transparency, which may include financial incentives, public awareness-raising and training initiatives, reporting requirements and legal and administrative measures; and
- Putting in place coordination and organizational structures;

NPDM states that - Reconstruction plans and designing of houses need to be made by following a participatory process in which the government, affected community, NGOs and the corporate sector will be involved. After the planning process is over, even though the owner driven construction is a preferred option, participation of the NGOs and corporate sector will be encouraged. On the other side, the government will lead the reconstruction programmes.

Corporate Social Responsibility currently takes place without a comprehensive framework towards DRR. A new concept should be made by following a be introduced to define Corporate Social Disaster Risk Reduction (CSDRR). Now a days, there are smaller groups of companies working on such a project. The Confederation of Indian Industry (CII), has a direct membership base of nearly five thousand industrial and corporate houses and an indirect associate membership of around fifty thousand companies from 283 national and regional sectoral associations. It was the first industry organization to constitute a Disaster Management Committee in May 2001 as part of its corporate set-up to advise and assist its member industries in initiating disaster risk reduction. These steps have helped to insulate industrial establishments, infrastructure and processes from the vagaries and damaging potential of natural and man-made (industrial/technological) disasters.

The confederation of Indian Industry has become a key partner in disaster risk reduction activities. It is involved in the training of industrial personnel, community and volunteers. It has also developed training modules to expend its capacities in industries on different facts of disaster management. The development of on-site and off-site plans have also been initiated by industries. In Delhi, public sector enterprises such as Bharat Petroleum Corporation Limited, Indian Oil Limited, and Hindustan Petroleum Corporation Limited have well developed on-site and off-site plans and have also conducted mock drills in tandem with the local administration.

Therefore the concept and practice of corporate sector involvement in social development is not new in India. Groups like TATA and BIRLA been involved in social projects for decades. In spite of having such life-size successful examples, corporate contribution in DRR has remained insignificant. Corporate social responsibility in DRR is still one of the least understood initiatives in the Indian development paradigm. TATA Steel was keen to get involved in the 5 day masons training. By participating in the event the company could see how important the training was for strengthening bonds with their customers. TATA Steel would display their company banner and products in a sales kiosk at the venue of the training.

The key lesson learned has been that PPP is possible when both the private and the public work with each other based on trust and respect. The main idea is to work together, by

developing a PPP model that can be mutually beneficial for both parts. Companies should develop and finance DRR activities in those areas of interest that they work on. For example on training of masons for safer construction techniques, the logical choice of companies are those involved in manufacturing of construction material. Such companies already have customer development programs under which they orient the key stakeholders of housing construction the home owners, the masons and bar benders.

Strengths of CSR and DRR

- Introduction of new technology and innovative approach
- Management skills
- Arranging essential supplies and equipment
- Providing Risk transfer mechanism through insurance products
- Flexibility and speed of implementation
- Capacity building of workers and local communities
- Forging public-private partnerships

3. CRITIQUE OF POLICY OPTION(S)

In current scenario the corporate social responsibility (CSR), so far, has been based on policies and activities that do not directly address DRR. As per seeing in a survey – most of the companies implement the CSR projects through their own CSR project management initiatives, confining benefit to people living in the vicinity of the respective organizations. The survey also indicates that – the involvement of the corporate sector in CSR seems to have picked up after 1991 as 63% of the organizations started CSR initiatives during 1991–2005. About two-thirds of the private multi-national organizations (70%), private national organizations (67%) and one third of the PSUs initiated CSR during the mentioned period.

Government policy initiatives are also pushing the case of incorporating CSR, since it is mandatory to invest 2% of the company profits (depending on the size of the company) in CSR. Nowadays Corporates' understand the negative impacts of disasters in their business and at the same time the additional value that disaster risk reduction (DRR) can bring to mitigate. More has to be done in order to get a clear policy guidelines and cover more areas of work in regards to CSR-DRR activities by going beyond the conventional corporate intervention on education, health and environment.

India needs to enforce its laid out in the Environment Protection Act and Disaster Management Act for effective onsite and off-site emergency management planning at the industry level and at the local/regional governments. Disaster risk in the transportation of hazardous substances, operational issues of compliance, and the enforcement of existing rules are areas that require immediate attention. One of the most important steps is capacity building of all involved stakeholders through establishing and improving demand-oriented training capabilities of training providers and training facilities in industries as well as in institutions in prevention and response.

Relevant Indian parameters (population, diversities, and hazards) demand joint and shared efforts of civil society, activist groups, Government and corporate sector to create appropriate means and avenues for DRR. The scope is enormous as there are over 700,000 registered companies in

India out of which about 6545 are traded on the various Stock Exchanges.

Corporates have a fundamental role and potential to work in DRR and by doing so they will promote National Resilience. National CSR policy needs a review and revision, in consultation with National Disaster Management Authority (NDMA), for defining CSR interventions for DRR (disaster risk reduction). The role of the Corporate Sector in Disaster Management has been aptly summarised by Dr. R. K. Dave, Senior Specialist (Policies and Plans), National Disaster Management Authority, Government of India, The new policy should:

- Define CSR for DRR
- Define probable areas and projects for risk reduction and resilience enhancement (list of such projects can be prepared through expert consultation. Corporate entities can adopt any project out of the list.)
- Define incentives for CSR-DRR initiatives.
- Encourage integration of Small and Medium Enterprises (SME) sector into CSR-DRR, in order to reach out to the more remote areas.
- Establish a Center of Excellence for emergency resource pooling, adopting best practices, risk analysis and mapping of CSR DRR initiatives.
- Define a modality for accreditation and impact assessment of CSR-DRR initiatives by an independent agency in order to help in identification of gaps and strategies for improvements.
- Make CSR and DRR as integral parts of the curriculum at management schools, as well as other relevant academic institutions like medical and engineering colleges.
- Define CSR-DRR policy review, implementation and management mechanisms.³

Appropriate policy guidelines on required interventions in disaster risk reduction (DRR) under CSR, will give direction to the corporate sector in India, which has the potential to make a significant contribution to enhance National resilience.

As a small initiative NDMA, in collaboration with LBSNNA (Masuoori) is in process of establishing a National Disaster Expert's Network which is intended to, not only connect experts experienced in DRR & DM but also to converge rare domain knowledge, abilities and skills (KAS) at one place.

CSR Role of Corporate Sector in Recent Disasters

- The contribution of the Corporate Sector has been notable especially in the aftermath of the devastating Super Cyclone Odisha in 1999, Bhuj Earthquake in 2001 and Tsunami in 2004.
- During Kosi Floods and Andhra Pradesh & Karnataka Floods in 2008 & 2009 respectively, the Corporate Sector came forward in providing relief in a big way.
- Corporate Sector played a significant role in the aftermath of 16-17 June disaster in Uttarakhand – Major corporate houses especially Tatas and Organisations such as CII/ FICCI, CSOs and NGOs like Rotary International contributed substantially to the rebuilding effort.
- Tata Institute of Social Sciences (TISS) prepared an Impact Assessment Report about the most devastated villages of Uttarakhand.
- Supporting livelihood programmes.

4. POLICY RECOMMENDATIONS

Certain areas need to be given attention from the discussion above to ensure a fruitful discussion and progression. The following areas have been outlined but this is not an exhaustive list. AIDMI would like to call upon the national governments and their humanitarian and development partners to invest in making CSR a possibility in future and the participants of the *Asian Ministerial Conference on Disaster Risk Reduction in India to acknowledge the below key benefits of such a project:*

1. School safety children need to be protected

School safety gives us not only the opportunity to protect the most vulnerable group, but also an opportunity to provide structural change, data gathering, information distribution and early warning systems. Hazard mapping, risk mapping – digitising using google maps, models made by children as part of school safety curriculum are important for DRR.

2. District disaster management plan

Localised solutions often chime well with business interests. CSR can often align with business interests and the geography of the business. This kind of CSDRR can then go beyond profit maintenance and business planning to deliver long term benefits to the community. Again, CSR can include data mapping and information distribution with a view to achieving long term disaster reduction goals rather than short term relief. This can include land, water management and urban heat wave planning support under a coordinated master plan.

3. Livelihood recovery support from CSR

Education programmes, professional trainings for youth need to be coordinated. Many businesses are involved in construction and have a business responsibility to build earthquake proof and sustainable housing. However, CSDRR should not be limited to this area, all businesses can contribute to knowledge building, education and building disaster resilience.

4. Technology for CSDRR

Many organisations should begin to think about how current technology and products can be utilised for DRR purposes. Alternatively, new products and technologies should also be developed as a method of improving the effectiveness of CSR projects. Many products and services could be made in India for DM purposes. Disaster mitigation, awareness and early warning systems are all dependent on technology. Awareness can be supported by CSR raising awareness projects such as #isDelhisafe, to raise awareness of earthquake procedures. It is necessary to contact the voice of the youth through CSR in television and media access. Tailored software can lead to better evaluation monitoring and reporting of all projects. Structural projects also require technology such as the use of alternative solar power plants in schools and better environmental protection to mitigate against serious damage

For The Asia Regional Plan, AIDMI has a range of policy suggestions that begin at the lowest level to develop the concept and would like to call upon the participants of the Asian Ministerial Conference on Disaster Risk Reduction in India to include DRR and CSR in the Asia Regional Implementation Plan as follows:

Priorities for Action	Targets and Indicators
Round table dialogues at subnational level corporate to corporate	The first step is a continued dialogue between corporations and private entities with the assistance of AIDMI by following the guidance of the National and International frameworks. These frameworks include the NDMP and the SFDRR. Working towards incorporating DRR in Business Continuity Planning with the goal to make business sustainable and resilient from risks. These can develop in the definition of a tailored DRR and reduce risks framework.
Developing a structured approach and centralised idea of CSR in DRR by coordinating a master plan	Corporate Social Disaster Risk Reduction (CSDRR) should be defined as a framework and with effective mechanisms. CSDRR should be able to answer some clear questions such as where can corporations pool their money for effective CSDRR projects? Can this be done within a clear platform? What are the expectations of such projects? The solution will be to create a data base, a forum or a website where companies can contribute, search for organisations or ways to reach out their investments in CSR. This Forum will help companies and other stakeholders to show different options and opportunities of investment in CSR activities. This initiative will be formalized by corporations involved, the government and AIDMI.
Capacity building and continuity – CSR SFDRR	In order to organize the platform, it is needed to identify the areas in which different organizations are working on, in order to have an overview of the type of work and the area they deliver their capacities. Then, they should be aligned and localised to a particular business which work in similar areas in order to use the resources in the most effective way. The communication above can lead to technological and knowledge aggregation. This can also include businesses utilising their own supply chain and capabilities to see how they can be mobilised towards DRR
Pilot schemes – social media, special attention to those who does not have access to social medias.	Pilot schemes in new areas such as social media awareness are warmly encouraged, and these ideas should be shared within a wider framework of corporation knowledge sharing. As part of the centre of excellence, some pilot schemes could be discussed more widely between organisations and stakeholders before being implemented
Scoping review – to see what has been done	At all stages, knowledge needs to be shared and reviewed so that organisations can always be improved. There is no such thing as over-preparation, dialogue and information channels should be developed and used in order to develop future strategies for CSR within DRR.

- 1 IPCC (2007) Contribution of Working Group II to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change Summary for Policymakers.
- 2 Mathur A et al. (2004) An Adaptation Mosaic: A sample of the emerging World Bank work in climate change adaptation. World Bank, Washington DC.
- 3 <http://www.csrworld.net/A-concept-Paper-on-CSR-in-Disaster-Risk-Reduction-by-Dr-R-K-Dave.asp>.

This paper, released by AIDMI in advance of the Asia Ministerial Conference on Disaster Risk Reduction (AMCDRR), in India, 2-5 November 2016, shows that DRR-CCA requires a flexible national framework to allow for tailored solutions at the local level. It calls for the countries and their humanitarian and development partners to urgently ensure that governments implement a policy of awareness, resilience and information sharing. A future dialogue for authorities to be informed and inform national and regional plans should feature in the Asia Regional Implementation Plans, AMCDRR declaration, and disaster management plans and policies, and collect better data to monitor the progresses.