UNIT 7 RESOURCE ANALYSIS AND MOBILISATION

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7.0 LEARNING OUTCOME

After studying this Unit, you should be able to:

- Appreciate the need for consistent and sustained resource flows and the importance of systematic resource mobilisation efforts on the part of organisations; official and private;
- Understand how, based on such analysis, resource planning can be carried out and appropriate resource mobilisation done; and
- Understand traditional and modern innovative means of resource mobilisation being pursued by organisations.

7.1 INTRODUCTION

Resources are a basic requirement for any organisation. However, some organisations do not have systematic processes for analysing *resource requirements*, *flows* and *mobilisation options*. Such exercises are useful for making clear and sustainable work plans, which have to be based on planned and sustained resource flows. There are different kinds of resources, and various options for sourcing them. Traditionally, disaster management work has been based on government or donor funds. Currently, such resources are drying up and new avenues have to be explored. These include, *local resource mobilisation* and *corporate social responsibility.*

7.2 TYPES OF RESOURCES

There are various types of resources required for disaster management. *Financial* and *Human* resources are the primary ones. Financial resources, in fact, form the single largest concern of organisations as they in turn enable acquisition of other secondary resources required for operational purposes. Financial resources come from various sources, including, government grants, loans, institutional grants, and private donations, product and service charges and mobilisation on the part of communities. Government grants are based on thematic areas of work, for which different government departments have schemes for grant making. These include funding of NGOs and community based organisations through the rural development department, health department etc.. Loans come in the form of soft loans with low interest rates for purposes such as livelihood support to vulnerable and disaster affected communities.

Government Finance

Disaster relief programmes are run jointly by the State and Central governments. Disaster Management is primarily the responsibility of the States. Funds are available to the States from the Calamity Relief Fund (CRF) and the National Calamity Contingency Fund (NCCF). The Calamity Relief Fund was set up on the recommendations of the Ninth Finance Commission though subsequent Commissions have determined the funding pattern that establishes the relative share of the Centre and the State towards calamity relief. The break up presently is 75:25per cent between Centre and States, respectively. The Eleventh Finance Commission recommended setting up the National Calamity Contingency Fund (NCCF) replacing the earlier National Fund for Calamity Relief (NFCR).

There have been several improvements in the new scheme. In comparison with the earlier existing Margin Money Scheme, the States now get a higher assistance from the Central Government for relief expenditure and the response of the State governments to natural calamities can potentially be quicker than before. The CRF scheme gives more autonomy, more responsibility and also assigns greater accountability for disaster response activities (Das and Jha, 2004).

The Twelfth Finance Commission has recommended continuing the scheme of Calamity Relief Fund (CRF) in its present form with contributions from the Centre and States in the ratio of 75:25. The size of the fund worked out at Rs. 21, 333 crore for the period 2005-10. The outgo from the fund is to be replenished by way of collection of National Calamity Contingent Duty and levy of surcharges. The definition of natural calamity is to include *landslides, avalanches, cloudbursts and pest attacks also*. Hence, now the CRF shall be used only for meeting the expenditure for providing immediate relief to the victims of cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche, cloud burst and pest attack. Provision of disaster preparedness and mitigation is to be classified *plan expenditure* and not calamity relief.

As spelt out in the scheme for the constitution and administration of the Calamity Relief Fund, operative from the financial year 2005-06, the Calamity Relief Fund is constituted in the Public Account and classified under the head “8235-General and Other Reserve Funds-111 Calamity Relief Fund” in the accounts of the State Government concerned and is to be invested as per provisions laid down in this regard. The accretions to the Fund together with the income earned on the investment of the Fund shall, till contrary instructions are issued by Government of India, be invested in one or more of the following instruments:

a) Central Government dated Securities

b) Auctioned Treasury Bills

c) Interest earning deposits and certificates of deposits with Scheduled Commercial Banks;

d) Interest earning deposits in Co-operative Banks;

The investment of the funds is carried out by the branch of the Reserve Bank of India (having Banking Department) at the headquarters of the State, or a Bank designated by the RBI. In the case of Jammu & Kashmir and Sikkim, their bankers shall carry out these functions. The Accountants General of India and the Comptroller and Auditor general of India do the accounting and auditing respectively (Ministry of Finance, 2005-06).

A State-level Committee (hereinafter referred to as 'the Committee') is constituted by the State Government to administer the CRF, by issue of a suitable notification in this behalf. A copy of the notification is furnished to the Ministry of Finance and Ministry of Home Affairs.

Composition of State Level Committees

The Chief Secretary to the State Government is the ex-officio Chairperson of the Committee. The Committee consists of officials who are normally connected with relief work and experts in various fields in the State affected by natural calamities.

Sub-Committee

The State Governments and/or the State level Committees may constitute sub-committees as may be considered necessary by them in connection with the work of the Committee.

Functions of the State Level Committee

The Committee is to decide on all matters connected with the financing of the relief expenditure from CRF.

The Committee will arrange to obtain the contributions from the concerned Governments, administer the CRF and invest the accretions to the CRF in accordance with the norms approved by the Government of India from time to time. The Committee is responsible to ensure that the money drawn from the Calamity Relief Fund is actually utilised for the purposes for which the CRF has been set up, and only on items of expenditure and as per norms contained in the guidelines issued by the Ministry of Home Affairs. The accretions to the CRF, together with the income earned on the investments of the Fund, are used by the Committee to meet items of expenditure covered by the norms contained in the guidelines. No further financial assistance (beyond the Central Government's yearly contribution to the CRF) is ordinarily available for the purpose.

All administrative and miscellaneous expenses of the Committee shall be borne by the State Government under its normal budgetary provisions and not from the CRF (Ministry of Finance, 2005-06: Scheme for Constitution and Administration of the Calamity Relief Fund).

It is being realised, however, that investments are required on a more sustained basis in infrastructure development to reduce expenditure on calamity relief. In other words, there has to be a dovetailing of disaster mitigation with development planning. It is also true that the amount of resource available for disaster mitigation and preparedness work is far less than the amount available for relief and recovery. Since mitigation and preparedness are non-events, which means that if mitigation and preparedness are successful then there will be no visible disaster; there is less interest in these areas. It is widely recognised that a "stitch in time saves nine", and that every rupee invested in disaster mitigation and preparedness saves many rupees in relief and rehabilitation. Still, there is very little media interest, public involvement, and political will towards disaster mitigation and preparedness. It is therefore difficult to mobilise resources for these activities. To counter this limitation, disaster mitigation and preparedness organisations are making increasing efforts to tap developmental resources on the plea of 'safe development' or 'risk reduction'. However, it is still a difficult task and requires much effort.

The World Bank and the Inter-American Development Bank (IDB) have developed a proactive policy in this regard. The World Bank seeks to attain the objective through the following measures:

- Promote sustainable development policies to reduce losses from natural disasters;
- Encourage risk management in member countries as integral aspects of planning and budgeting;
- Encourage research in long-term consequences of disasters and how cost sharing and cost recovery affect mitigation;
- Raise awareness of the benefits of disaster mitigation and how constraints could be removed in its application; and
- Promote mitigation as a standard part of quality auditing process with the project cycle in each case. For this purpose the Prevention Unit has produced an information toolkit for World Bank personnel.

Out of efforts of the World Bank, a coalition of governments, international organisations, academic institutions, civil society and private sector has emerged. The *Provention Consortium* has taken upon itself the task/responsibility of promoting the aforesaid objectives. The mission is, supporting developing countries in understanding risks and instituting mitigation programmes, especially targeting vulnerabilities of poorest segments in these societies.

The Inter-American Development Bank (IDB) has also taken a proactive stance in this regard. As per the new policy announced/crafted in 1999, member states would be encouraged to provide for vulnerability reduction programmes as an essential requirement by the following means:

- Establish *new financial mechanisms* (loans or refundable or non-refundable technical cooperation services) to help countries undertake and strengthen disaster prevention and risk management actions;
- Engage in a *dialogue with member countries* on issues such as risk assessment, risk management strategies and the use of available IDB instruments for financing investments related to natural disasters;
- Incorporate *risk reduction in the project cycle*, including risk analysis and reduction in programming and in project identification, design, implementation and evaluation.

As part of this project, a series of sectoral checklists for disaster risk management are being developed to support the drafting of projects in various sectors;

- Identify *focal points for disaster management at the institutional level* in order to support countries in preparing risk reduction programmes and coordinating prevention and response activities; and
- Build *partnerships for the establishment of an integrated information and response network* that can assist in coordinating the preparation of pre-investment studies, as well as investing in prevention and reconstruction and establishing interagency response protocols.

Accordingly, the salient features of the disaster management policy adopted in India in the context of the ADB (2005) project report are:

- Recognition of linkages between disaster management and development;
- Connecting of specific programmes like the Drought Prone Area Programme (DPAP), the Desert Development Programme (DDP), and the Wasteland Development Programme for managing natural disasters;
- Emphasis on forecasting and warning using advanced technology;
- Contingency agricultural planning;
- Ensuring accessibility to food grains;
- Preparedness and Mitigation through specific plan programmes;
- Disaster Management as a continuous and integrated process;
- Setting up of National Centre for Disaster Management (NCDM);
- Setting up of disaster management faculties in states;
- Programmes for community participation and public awareness; and
- Observing natural disaster reduction day.

The Building Material and Technology Promotion Council (BMTPC) in India has come up with the following recommendations in this regard:

- The extra cost involved in disaster resistant measures provided in new constructions will automatically form part of the estimated costs, hence form part of development cost.
- The funding norms of financing institutions should recognise the need of disaster resistance and should cover the same in their funding packages with mandatory requirement of safety from disasters, as per the stipulation of standards.
- Upgrading the disaster resistance of buildings may actually require extra budgeting and will have to be recognised and included as a separate budget item under plan head of the Central and State governments.
- Since systematic efforts towards disaster preparedness and mitigation will reduce the need under the category of 'Relief' some percentage out of the crisis relief fund may be earmarked for creating awareness, conducting studies in building typologies,

retrofitting methodologies and cost-benefit analyses, carrying out demonstrative constructions and pilot projects in some selected districts, prone to earthquakes, floods and cyclones occurring individually as well as simultaneously.

Protection of Health Facilities

There is considerable stress today on protection of health facilities since it is a major *critical facility* in the aftermath of a disaster. Especially during Earthquakes, hospitals collapse due to the impact, which exacerbates losses manifold. It is estimated that mitigation investment towards ensuring structural integrity of a hospital would increase construction costs by no more than 1-2 per cent (PAHO/WHO, 2000). Structural protection also ensures protection of 'non-structural' elements, which is the functional part of a hospital, that is, power supply, water supply, gas supply, etc., which can prevent functional collapse of the critical facility that is dreaded in disaster times.

7.3 NEW DIRECTIONS FOR RESOURCE MOBILISATION: LOCAL SOURCES

The success that NGOs and other civil society organisations have been able to lay claim to in recent years does not include long-term financial sustainability. Well-endowed NGOs are few and far between, and many attribute any measure of financial security to the entrepreneurship of their leaders rather than a clear philosophy on development financing that is shared by the sector.

Indeed, a few organisations have 'resource sustainability' as a major component of their strategic orientation. Even fewer organisations, including those seeking to establish endowments, make specific mention of domestic resource mobilisation as a strategy and a basis for action. Not many civil society organisations seem to manage local sources of funding and other forms of support from local institutions.

In India, many corporates have set aside resources under their *corporate social responsibility* programmes but not many NGOs have taken advantage of this funding opportunity. It would seem that NGOs have not been motivated to look to local institutions, individuals or groups for resources; at least not in any serious or consistent fashion.

Both NGOs and donors ought to share responsibility for the limited understanding of resource mobilisation and consequently, for the current challenges that NGOs face with regard to financial sustainability. In the past, donors were happy to allow dependence to set in NGOs when resources were more readily available. This put them in control and made them indispensable. But, they were only doing their job by making funding available.

In some cases, the growth of NGOs was so closely associated with the availability of external funding that "doing well" was synonymous with the ability to attract external funding. Inevitably, NGOs invested their energies in developing their abilities to attract, not engage donors and sharpening skills to manage their organisations in order to keep the funds flowing. NGOs were made, directly/ otherwise, to believe that without external funding there is no future.

Donors and their representatives, regardless of whatever they may have perceived their roles, became "task masters", whilst the NGOs saw their role as implementers whose basic responsibility was to continue churning out results to justify investments, and continued funding. Implementing projects and meeting reporting deadlines became demanding tasks that left time for little else.

NGOs had neither the time to invest in nurturing strategic local relationships nor the space to reflect on local resource mobilisation and explore its full potential. This was the scenario a decade or more ago. Sadly, things haven't changed much since then.

Despite the strides that NGOs have made in almost all aspects of their work; despite the contribution they have obviously made in providing relief and rehabilitation, and in some cases, even disaster reduction assistance to their communities, a significant number of NGOs remain trapped in a mindset that emphasises all else except local resources. The quality and extent of local resources seem to be seriously underestimated and undervalued.

The pattern emerging from recent trends of resource mobilisation in India, Bangladesh, Nepal, Pakistan and Sri Lanka confirm the rather familiar picture of over dependence on external donor funding from the developed nations. Whilst recognising that the developed nations will continue to be an important source of funding for civil society organisations, there is worrying lack of effort in the search for alternative sources of funding. Donors have begun talking sustainability (some have started including it in the criteria for funding proposals) but they have yet to demonstrate willingness and commitment to diversifying the funding base and gradually reduce dependence over time, as sudden withdrawal is clearly not the way to go.

For their part, NGOs are increasingly beginning to accept the need to look to local alternatives as a basis for future financial sustainability. However, while accepted in principle as sensible and legitimate, local resource mobilisation as an approach and strategy remains undeveloped and consequently under exploited. It is hard to single out any one reason for this but perhaps the following perceptions can help us appreciate the complexity of the issue:

- Little empirical information is available on the size and potential of local philanthropy. Local governments and institutions give too little, making local fund raising demanding and expensive. Local institutions are reluctant to enter into long-term funding relationships. Local institutions are anxious to avoid funding sensitive initiatives (human rights, democracy and governance etc.). Donor agency funding is cheaper (a single proposal can bring in huge sums of money) and therefore more attractive. The absence of comprehensive research means that there is inadequate information about local resource mobilisation and philanthropic practice. There is no consolidated information on who is playing a significant role in local philanthropy in most countries in the region. Little is known about databases on local resource mobilisation if and where they exist.

- Equally, there is little research into creative strategies and innovative approaches in resource mobilisation. Traditional or indigenous forms of mobilising resources represent an area whose potential can only be fully exploited after in- depth analysis. Research could also yield useful information about the NGO sector, its size, impact and overall contribution to development in respective societies. This and related information could go a long way towards building a positive public image of the sector.

- The general impression among NGOs is that local institutions do not often commit large amounts when they decide to fund NGO programmes and activities. NGOs get less value for their investment of time and other resources. But why do local institutions give so little? What is it that NGOs need to do to change this? Most local institutions such as corporates prefer one-off, event-based support. They are reluctant to enter into long-term relationships that would entail long-term commitments even during times when they might not be able or want to continue giving. Local institutions also avoid funding programmes or activities that are considered controversial, particularly when these are seen as challenging the status quo.

- By comparison, funding from international donors seems an easier option. In part, this is perhaps the best way NGOs know to mobilise resources. They have developed the relevant skills over time and have come to understand the donor community a lot better than they do those who own and manage local institutions. They have developed relationships, which they believe can open more doors and bring in more funds.
- Yet, the reality is that external funding can never be sustainable and, therefore, NGOs must begin to address the twin issues of local resource mobilisation and long-term financial sustainability today rather than tomorrow. Many NGOs recognise this and are prepared to commit and try out new approaches of resource mobilisation in the context of the current funding climate and indications of future trends.
- To achieve financial sustainability, NGOs will need more than commitment. Applying techniques, skills and knowledge developed in a different context, and with the international donor community in mind, to local situations and to domestic resource mobilisation is unlikely to meet with much success. While there is much that is useful in what NGOs have learned and mastered in dealing with external donors, there remains much they need to learn if they are to make any significant strides in increasing their capacities for local resource mobilisation. NGOs will need to make conscious efforts to deal with the assumptions and hold stereotypes in check. The perception that the life of an NGO is not guaranteed in the absence of external funding must be the first to be trashed.
- Shifts in attitudes and embracing new principles calls for new learning that must focus on all stakeholders. The learning will be ineffective if it targets NGOs only. To be effective, the public sector and state, the private sector and donors, NGOs (and specifically those responsible for mobilising resources) will all need to be targeted. Through education, training and other forms of capacity building, representatives of these stakeholder groups can gain new insights and a fresh appreciation and acquire the skills relevant to local resource mobilisation.
- The content of and approach to this rebuilding process should be based on research in resource mobilisation, which must constitute the first step towards a new, and more financially secure future for organisations working in the area of disaster management.

7.4 CORPORATE SOCIAL RESPONSIBILITY: AN EMERGING AVENUE

Simply put, Corporate Social Responsibility (CSR) means a company that complies with the laws of the land in which it operates is also being socially responsible. CSR initiatives have seen corporates being involved in funding and participating in social initiatives that benefit local communities. However, as rightly stated by Twigg (2001), CSR is a broad concept that is open to interpretations. It can be explained as follows:

"The social responsibility of the private sector goes beyond the sector's day to day operation of producing a certain range of products and services in the most efficient and economical manner. The social responsibility of the private sector (also referred to as corporate social responsibility) concerns the relationship of a company not just with its clients, suppliers and employees, but also with other groups, and with the needs, values and goals of the society in which it operates. All these groups can be regarded as stakeholders in the company. Stakeholders can be identified as those individuals and groups of individuals that have an interest, or take an interest, in the behaviour of the company both within and outside its normal mode of operation. They therefore establish what the social responsibility of the company, entails or at least, how they perceive it to be."

There are three essential elements in CSR (Nelson, 2000):

Compliance: Businesses should comply with national regulations; multinational companies should abide by laws as per terms and conditions laid out in the contract with the host nation and ensure that local practices abide by internationally agreed laws, standards and conventions.

Risk Minimisation: Business, especially hazardous units like chemical factories and nuclear plants should as a mandatory practice, factor risk management in decisions. Protection against potential hazards must be ensured.

Value Creation: Besides the above stated essential requirements, businesses should proactively engage in ameliorative activities through dialogue, expert advice, and assistance for disaster relief etc. for positive impact on society.

Reasons for corporate social responsibility can be categorised as per motive, into the following four types:

1) Purely philanthropic reasons.

2) Internal reasons like employee morale and customer and shareholder satisfaction.

3) External reasons like satisfying local communities, goodwill, and publicity and tax benefits.

4) Enlightened self-interest, wherein a stable social environment and increasing prosperity means a larger market and hence more profits in the long term.

As per Twigg (2001), types and characteristics of CSR involvement with other actors in disaster management are given in a tabular form (Table -1):

TABLE - 1

Type of Involvement	***General***	***Characteristics***
Philanthropic/Charitable	Donations and grants in cash or in kind (goods, services, facilities) to other organisations and groups, working in disaster reduction, or directly to beneficiaries.	➢ Altruistic (although business may derive some other benefits; for example. good publicity, this is secondary) ➢ Business controls the agenda: it decides what to do, whom to assist, and how to assist. ➢ Typically, one to one relationship between business giver (non-profit, community) and receiver, other stakeholders not involved. ➢ May be formal (based on grant agreement or informal. ➢ Typically short term and one off interventions, but may be long term.
Contractual	Contracting other organisations or groups to carry out work for public benefit.	➢ Business controls the agenda and manages the resources ➢ Altruistic ➢ Based on formal, legal contract for work ➢ Typically one to one relationships; other stakeholders not involved.
Sponsored	Sponsorship of other organisations or groups	➢ Business controls agenda and manages resources ➢ Self-interested: business gains through publicity, provision of goods and services that meets its needs (any public benefits arising from the work are secondary). ➢ Based on formal, legal agreement ➢ Typically, one to one relationships

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Collaborative	Working partnerships with other organisations and groups for public benefit.	➢ Greater emphasis on dialogue, shared aims, mutual respect (the extent to which this happens in practice varies, ➢ More likely to involve a range of stakeholders ➢ Ideas can originate from any of the stakeholders ➢ Diversity of partnership arrangements (formal and informal). ➢ All stakeholders should benefit from partnership ("win-win" scenario but may not benefit equally). ➢ Control over resources can give some partners greater control over resources. ➢ Better opportunities for longer-term interventions.
Adversarial	Business response to lobbying about human and environmental impact about business activities	➢ Responsive: driven by other organisations and groups ➢ Public relations more important than public benefits
Unilateral	Business undertakes its own commercial actions, independently of other actors.	➢ More likely to be one off short- term initiatives driven by urgent need and compassion and emergency relief

Hence, the corporate sector is involved in two *contradictory ways* in disaster management. One way, a disaster is a great opportunity to do business, as is post-war reconstruction. Big houses vie for commercial contracts to build residential areas and commercial places in war/natural disaster devastated areas. Decisions influence the way international relations shape between competing countries, thenceforth. Another way, big industrial houses are expected to, and do come forward in philanthropic activities as adopting certain villages for reconstruction after a disaster and extending donations, technical/logistic help etc.

As per the *University of Wisconsin Disaster Management Centre Course on "*Disaster Response"*(Lesson, 3, 1995),* the private sector includes enterprises operating on widely differing scales, from the small artisan to the large corporation. Overall reconstruction policy determines who will receive relief resources and thus who in turn may prosper, and it is therefore important to recognise the encouragement that can be given to small or medium-scale enterprises by giving them priority. Evidence suggests that a major bottleneck in disaster recovery is the lack of "cash flow" to get goods moving. As a result of this constraint, rapid delivery of key building materials in some disasters has been the monopolistic practices of a few large stock suppliers and producers of building materials. Hence, governments have a key social role in the way they administer credit, grants or loans to the business sector.

Much of the CSR was initially focused on environment related issues and polluting corporations set out to do something to reduce the impact of its actions on the local environment and populations, and be seen as doing so. This area of work has been rapidly widening and more and more corporate entities are playing significant roles in social work. They make financial donations, in-kind contributions, and also volunteer staff skills and time for social work. Corporate-NGO partnerships are also on an increasing trend. Organisations such as the *Business Community Foundation* and *Partners in Change* work to promote such links and bring the corporate and social development sectors closer to each other.

In India, important CSR players such as TATA, Reliance, NTPC and others have been increasing their involvement in disaster response and preparedness related work. The larger organisations such as TATA also have separate resourceful entities such as their trusts that oversee their contributions to the social sector. International corporates such as GAP Inc., Microsoft and Nokia also have sizeable CSR initiatives that support disaster management related activities.

The corporate sector played a major role during the recent tsunami in relief disbursement in cooperation with the UN agencies. It used its supply chain logistics expertise in relief management. One such initiative is the World *Economic Forum's Disaster Resource Network (DRN*), a Swiss non -profit private organisation network that serves as a point of contact for companies willing to contribute. During the tsunami, logistics providers such as DHL, Aramex, DNATA and TNT logistics, worked as part of *joint airport emergency teams*, which directed the unloading of aircraft, sorting and temporary storage of supplies and the onward transportation of those supplies to humanitarian agencies (The Economist, 2005).

Many NGOs working in disaster response and preparedness, have in the recent years, tapped into CSR pools to mobilise resources for their activities. This is a healthy and increasing trend that will open new opportunities for resource mobilisation for disaster management in the future.

However, outward philanthropy should not be counter affected by internal mismanagement such as non-compliance with safety precautions. It is important to note, that corporate social responsibility on the part of industrial houses results in gains for them, in the form of:

- Total Quality Management
- Competitive Edge
- ISO Certification
- Image and Marketing Benefits (SEEDS INDIA, 2002).

The significance of CSR will only grow in the coming years due to increasing stake of the private sector in business following the neo-liberal paradigm of governance and consequent dilution of the public sector (Sharma, Gupta, Gupta, 2002, SEEDS INDIA).

7.5 BUILDING RESILIENCE THROUGH RISK SHARING AND TRANSFER

Disasters divert important funds from development to disaster relief and rehabilitation. Tools need to be developed that help the poor to manage risks more effectively with alternative sources of finance, such as Insurance. According to Smolka (2003), beyond financing future losses, more efforts need to be made towards a more proactive strategy to reduce and prevent losses. To that end, there is need for a more proactive collaboration between financial institutions, the state, industry and insured parties to actively promote risk reduction measures. The private insurance sector has made fewer inroads into the markets in developing countries, though they could significantly contribute to developing *micro finance options*. Even otherwise, the insurance sector has not had an active role to play in risk management, particular in developing countries, because of short-term financial perspectives (the time scale for possible positive outcome is too long). According to Smolka, insurance companies could make risk reduction a condition for providing insurance. The same was attempted in the United States with regard to earthquake proofing of establishments with considerable success. The state should also consider granting tax exemptions to catastrophe reserves of private insurers. Moreover, banks could set disaster reduction as a precondition for granting loans.

The Asian Development Bank (ADB) in response to a request from the government has initiated rural finance restructuring and development technical assistance (TA) in India. One of the issue areas taken up in the project is *risk mitigation.* The rural poor require fund assistance for relatively minor concerns such as illnesses but also for major losses such as from natural disasters like cyclones *et al.* While the former can be met out of occasional borrowings or private savings, latter requires outside support in the form of insurance pay offs or disaster relief. Insurance services have not been widespread in rural areas for a variety of reasons.

As per the ADB, the scope is enormous since at the aggregate level there are approximately 85 million rural borrowers as against 300 million rural savers including those who save at post offices. Rural finance system in India is predominantly state owned. Private players have had negligible existence, (predominant presence of LIC) and have had a subsidised window for implementing government schemes. Insurance also has low penetration among the rural masses. Of the estimated 235 million workers employed in agriculture only about 45 million, (19 per cent) are covered by group insurance schemes of the LIC and welfare schemes of the Central and State governments. As of September 2004, there were only 13 private insurance companies in the fray. India has since liberalised the insurance sector with the enactment of a legislation and setting up of the insurance regulatory development authority (IRDA) in 1999. The IRDA has come up with a regulation that casts an obligation on every insurer to address the rural market. The welcome entry of the private sector now is expected to improve the rural finance scenario considerably. Key recommendations of the TA group to improve the reach and extent of rural insurance and other risk mitigation services to the rural poor, women in particular on a sustained basis concern:

- Deepening life insurance coverage through group micro finance
- Improving health services through public- private partnerships
- Innovative products such as weather derivatives for crop insurance
- Expanding livestock coverage through daily cooperatives and lending institutions
- Rationalising payins and payouts for disaster relief
- Moving from subsidies to a contributory system for social security

- Continuing the directions of regulatory reforms already underway
- Activating and intimately involving peoples' organisations, cooperatives, self –help groups, community based organisations, trade unions etc. in developing and distributing insurance for members.

A study conducted by the World Bank revealed that though there was considerable awareness about life insurance among the rural poor and also willingness on their part to avail of the same, high premiums were the deterrent. Hence, focus has to be on offering low premium products, that is, products that do not have a high investment component. Certain procedural reforms would also be required in that age proofs are not easily underwritten in rural areas since there is lack of certainty. In case of uncertainty, community certification may be accepted. Records of births and deaths at Panchayats would make things easy in this regard. Insistence on FIRs for claims below Rs. 25000 may be reviewed, as these are generally not recorded as accidents in police stations. Also definition of accidents may need to be reviewed in that snakebite is not classified accident, when that is major hazard in case of disasters like floods.

A major area of concern is *crop insurance*. State initiatives have been unviable. A beginning was made in 1972, in the state of Gujarat, where insurance was introduced for a Hybrid-4 cotton variety in a few districts. It was an individual farmer based approach, and a uniform guaranteed yield was offered to the farmers. Problems arose in fixing the guaranteed yield and the *actuarially* fair premium rate for each farmer for each crop and loss adjustment. Ultimately, it proved too costly, hence unviable. A pilot scheme was introduced in 1979 but was limited to farmers who took short-term loans from financial institutions.

A Comprehensive Crop Insurance Scheme (CCIS) was introduced in India in 1985 with active participation of the state government. The scheme was however unsuccessful for the following reasons:

1) The scheme was voluntary, leaving it to the state governments to identify the crops and areas where/in relation to which the scheme would operate. This resulted in *adverse selection* of areas/states.
2) There was no uniformity in the basic unit area of operation (district/block /taluka) for determining the threshold yield and assessment of actual yield in calamity affected areas.
3) The scheme was too costly, hence not viable, with a premium to claim ratio of 1.5.7 The premium rates were unrealistic and incidence of natural calamities high.
4) The scheme did not include many crops and many farmers.

In crop insurance, besides heavy administration costs, computation processes are highly complicated. For example, whether individual farmers or an area should be the unit for assessing losses and premium rates. Area- based approach works out premiums based on *averages.* However, that would be difficult for many reasons because the nature of risk is different for each segment of the farmer population. For example, big farmers may face the problem of pests and marketability whereas poor farmers suffer mainly from lack of irrigation facilities. Cash flows of different segments and capacity to pay are also different; also whether cross subsidies should be granted by way of charging less risk areas higher; whether insurance should be based on multi-cropping since that would invite low premiums to farmers since risk would be less etc. A new scheme, which is presently being administered by the Agricultural Insurance Company of India Limited, is the National Agricultural Insurance Scheme (NAIS) introduced in 1999. It is an Area Yield Index Based scheme. It covers both loanee and non-loane farmers, food grains and oil seeds but excludes horticulture crops. It remains to be seen to what extent it is able to succeed, given the complications involved.

Another continuing problem has been little scope for risk diversification due to non-inclusion of civil society and private players. Lack of data for correct estimations of harvest and possible losses were also major constraints. State owned schemes proved non-viable since they were too costly.

Notably, NGOs like the *Self-employed Women's Association* (SEWA) and the *Tribhuvandas Foundation* have done creditable work in the area of health insurance for poor families. They have developed innovative methodologies like integrating various risks in one single product, linking of insurance schemes with savings, and covering many services not provided in market based schemes such as maternity services, transportation costs in case of riots, floods etc. Even in western developed nations, viable insurances have developed out of non-profit initiatives. Similarly, *Association for Sarve Seva Farms* (ASSEFA) insures livestock, mostly buffaloes, cows and bullocks in Tamil Nadu. Cattle protection committees provide collateral services like de-worming, vaccinations and periodic checkup/treatment of cattle. Procedures are also simple. Hence, instead of a *state-owned approach*, a *state-led approach* is being considered more apt for insurance, which is a vital requirement in building disaster resilient communities. A real integrated partnership with peoples' organisations such as cooperatives, trade unions, and savings and credit societies is important (ADB, 2005).

7.6 CIVIL SOCIETY INITIATIVE FOR RELIEF

Various international as well as national NGOs and institutions make grants for disaster management related work. These include, institutions of foreign governments that operate usually through their embassies, such as the Japan International Cooperation Agency, Department for International Development of the British Government, and United States Agency for International Development. Besides these, international donor agencies, such as the Ford Foundation and national donor agencies such as the Tata Trusts give grants for such work. Some large international organisations such as CARE and OXFAM also make resources available to smaller local NGOs. Faith based organisations, such as *Christian Aid, Islamic Relief and Gayatri Parivar* also raise funds through private donations and make them available to smaller local organisations for their work. Many organisations raise funds through private donations from individuals, corporates and institutions. Such donation based fund raising is the oldest form of raising funds and still one of the most effective ones. Some organisations also use product and service charges for mobilising funds. Such initiatives include the sale of greeting cards by UNICEF and CRY, and sale of publications and giving advisory services by organisations such as Centre for Science and Environment, Development Alternatives and SEEDS, etc. Lastly, organisations also raise funds through membership charges.

7.7 RESOURCE ANALYSIS

Resource analysis forms the logical base for planning, mobilising and utilising resources, for all organisations, government or otherwise.

The following checklist from the *Source Book on District Disaster Management,* Ministry of Agriculture, Government of India, and Lal Bahadur Shastri National Academy of Administration, Mussoorie, can aid resource analysis efforts in orgnisations:

- Who coordinates resources within each organisation?
- Who is responsible for supplying resources beyond the normal capabilities of each organisation? Who records the costs of resources?
- Have arrangements been made with State or Military organisations for assistance in times of emergency?
- Is there agreed access to emergency funds?
- Who records the expenditure for future acquittal/repayment?
- What are the limits of expenditure for personnel?
- Unskilled volunteers can safely perform what tasks?
- Who coordinates this work?
- It is likely that some organisations will begin public appeals for donations for emergency affected persons?
- How can these appeals be coordinated?
- How does equitable disbursement of appeal money to be ensured?
- Who coordinates the requests for assistance for the community?
- What sort of assistance is likely to be required?
- Where is this assistance likely to come from?
- Is there an expected form that the request should take?
- Is the following information available to help outside assistance?
- Lists of organisations working in the country with information on their competence and capability to be involved in emergency response and recovery activities.
- Is the following information available?
- Lists of essential response and recovery items, with specifications of average costs and availability.
- Lists of local manufacturers and regional manufacturers and suppliers of response and recovery items, with information on quality, capacity and capability regarding delivery items and reliability.
- Information on essential response and recovery resources that will allow a rapid response, for example,water supply systems, sanitation systems, health networks, alternative shelter sites and Materials, Tarpaulins, Tents, Ports and Transport Networks.

The key steps in resource analysis are:

1) Assessment of current resource availability and utilisation patterns:

This includes an assessment of the current activities, resources available and how the resources are being used at present. The assessment should cover concerns like whether this is the best resource utilisation, and how it can be improved. It should match needs with availability, identify shortfalls, and assess resource management process to find areas of improvement.

2) Identification of potential new sources:

This activity involves research on traditional as well as innovative sources of tapping resources. It can be done by looking at the various activities being carried out in the region by other organisations and finding out about the interest areas of other resource agencies working in the area.

3) Assessment of growth trends and projection of resource requirements:

The assessment of current resource patterns needs to be topped up with the growth plans of the organisation for the near as well as long term future, so that resource planning actually takes into account future needs.

4) Criteria matching for purpose of tapping potential sources:

Once potential resource contributors are identified and future activity patterns and resource needs assessed, the process of criteria matching should be carried out to help focus on selected sources that best match the requirements in terms of interest areas.

5) Operationalisation of resource mobilisation process:

Finally, the resource mobilisation process needs to be operationalised, which too is fast becoming a professionalised area of work. It includes writing of proposals, preparation of work plans, logical frameworks and budgets. It also involves identification of parameters that will ensure sustainability of the initiatives, risks that may be present to the investments and efforts and how the risks are being covered. Indicators of success also need to be identified and monitoring and evaluation plans put in place.

7.8 CONCLUSION

There are various types of resources required to conduct disaster management activities; these include *financial, human, social* and *physical* resources. The first requirement is to understand the resource needs based on programme objectives and the situational context. This forms the primary part of resource analysis. Resource analysis also includes the identification of resource gaps and potential sources of support.

In general, it is seen that within the domain of disaster management, resources are more freely available for post- disaster activities such as relief and rehabilitation, since these are more visible and attract public, government, donors' and media attention. On the other hand, mitigation and preparedness activities find it very difficult to attract resources since successful mitigation and preparedness is a non-event, and it results in a no-disaster situation. Such a situation being less noticeable for the media, public and decision makers is less attractive for donors to invest in.

Governments generally use their plan and non-plan funds to support their disaster management activities. NGOs accumulate their funds from various sources, which include government sources but are largely focused on international donor agencies. This leads to a dependence syndrome, and is not a very sustainable way of working. It is being increasingly realised that there is a need to find new directions for resource mobilisation, with more focus on tapping local sources, such as corporate funding under corporate social responsibility and private funds through direct funding. Another model of financial resource mobilisation being adopted by some organisations is through chargeable product and service delivery, such as the funds raised through sale of greeting cards and handicrafts, or through advisory services, handbooks and magazines. In addition to financial resources, organisations also tap into direct human resource bases through volunteer programmes, and physical resource bases through in-kind contribution programmes.

7.9 KEY CONCEPTS

BMTPC : The Building Material and Technology Promotion Council (BMTPC) is an autonomous organisation under the Ministry of Urban Employment and Poverty Alleviation, which is engaged in propagation of cost-effective and disaster resistant building construction materials, technologies and techniques. BMTPC has developed and promoted 32 simple and affordable manufacturing machines for production of newer building materials and components with industrial waste as a major ingredient (fly-ash, red mud, gypsum etc.) The Council has also contributed significantly to the development of wood substitutes and composite based doors and window shutters. It has also brought out the Disaster Mitigation and Vulnerability Atlas of India.

Financial resources : Taxes, borrowings, savings, credit, grants etc. are financial resources. Ways are being explored to augment resources for disaster mitigation through involvement of the private corporate sector and civil society and increasing the capacity of local governments in this regard through improved powers of borrowings and generating resources through the capital market etc.

Human and Social resources : Precious human capital is lost during disasters, which is both social and financial loss. Vital social resource by way of kinship ties is lost due to loss of lives during disasters. Negative social capital emerges due to group cohesions based on the norms of exclusion, as caste, ethnicity etc.

Physical resources : Physical infrastructure, both natural and man-made is impacted during disasters. Buildings collapse during earthquakes. The tsunami has altered the physical landscape in Sri Lanka, perhaps forever changing the economic profile of the region.

Resource analysis : Understanding the needs and priorities as per available resources and working out modalities to avail alternate avenues, observing fiscal prudence in existing expenditure, all comes within resource analysis.

Resource base : Resource base refers to physical, financial and human resources deployed during an emergency. Organisations with poor resource base struggle to cope. Logistics and inventory are crucial segments of resource base.

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7.11 ACTIVITIES

1) Identify the major developmental initiatives being carried out by government or non-governmental organisations in your locality. Select those components that lead to reduction of disaster risks. Find out and list the sources of support for these initiatives. Comment on the sustainability of resources in this sector.

2) Identify gaps which need to be abridged to reduce disasters in your locality, but are not being addressed as of now. Conceptually, identify local resources that can be tapped to fill these gaps.