CHAPTER-3: DISASTER MANAGEMENT VS. PRIVATE SECTOR

India is fast emerging as an economic power in the global arena. The economy has been growing at an average growth rate of 8.8 per cent in the fiscal years (2003-04 to 2006-07) - India Brand Equity Foundation. It is also an acknowledged disaster hotspot, with pockets of industrial and allied activities in vulnerable areas. The challenge of managing high economic growth in a vulnerable area is to create synergetic systems of Disaster Risk Reduction (DRR) with closely functioning partnerships. Meaningful partnerships between the corporate sector and community take the form of Corporate Social Responsibility (CSR), those between corporates and the government are Public Private Partnerships (PPP). These partnerships can only function in an atmosphere of business resilience wherein the corporate is resilient to withstand disaster shocks and continue with its business and social responsibilities.

If one notices carefully, one could see an interlinked pattern in various motivations for disaster risk reduction. From the pedagogic reason of knowledge for knowledge’s sake to more pragmatic reason of knowledge for safety and sustainability, disaster risk reduction provides an important and inevitable issue area which needs to be studied and analysed in all its dimensions and span. There have been many instances of business houses coming forward in proactive and innovative ways to assist the nation in times of disasters. There are also instances of corporate sector innovations in enhancing community capacity. However, the documentations of these efforts are few and far between, so no comprehensive database is available in the public domain exclusively on corporate sector’s initiatives in DRR. Therefore, a comprehensive study on corporate social responsibility, business continuity practices and public-private partnerships focused only on DRR in the Indian context.

In the present study, efforts have been made to document three tracks of private sector participation in disaster risk reduction viz.

- Corporate Social Responsibility (CSR)
- Business Continuity Planning (BCP)
Public-Private Partnership (PPP)

The study aims to understand more comprehensively the role of corporate sector in DRR. The general scarcity of scholarship on disaster risk reduction has created a pressing need for a study of this kind, mechanisms and the level of their awareness and initiative in India, in special context to disaster risk reduction.\(^3\,^5\)

The methodology followed for this study is positivist and deductive. It is based on extensive literature review, internet resource review and key informant questionnaires. After a discussion on broad theoretical and conceptual premises, an effort has been made to quantify the level of awareness and initiative on various institutional mechanisms. For the purpose of this study, two extensive questionnaires on CSR and BCP were created (Respondent profile at Appendix-B). These two questionnaires were given to various sectors of industry and services to have an estimation of how things are shaping in reality. For PPP, this study provides three case studies which can be seen as examples. The data for the case studies are all primary sources and the “people in action” have provided the insights into the functioning of the whole mechanism.

3.1 Corporate Social Responsibility (CSR)

In its entirety, CSR can be discerned from the three words contained within its title phrase: ‘corporate,’ ‘social,’ and ‘responsibility.’ Therefore, in broad terms, CSR covers the responsibilities that corporations (or other for-profit organizations) have to the societies within which they are based and operate. Corporate social responsibility (CSR) can be defined as the "economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time".\(^3\,^6\) The concept of corporate social responsibility means that organizations have moral, ethical, and philanthropic responsibilities in addition to their responsibilities to earn a fair return for investors and comply with the law. A traditional view of the corporation suggests that its primary, if not sole, responsibility is to its owners, or stakeholders. However, CSR requires organizations to adopt a broader view of its responsibilities that includes not only stakeholders, but many other constituencies as well, including employees, suppliers, customers, the local community, local, state, and federal governments, environmental
groups, and other special interest groups. Collectively, these various groups affected by the actions of an organization are called “stakeholders.”

CSR involvement of the public sector has been classified as:
- Philanthropic/charitable that works on an altruistic level and consists of donations, grants in cash or kind. These are typically one-to-one relationships between the business (giver) and community/NGO (receiver), others not involved.
- Contractual which is based on formal contracts or sponsorships given to organisations or groups to carry out work for public benefit.
- Collaborative that comprises of working partnerships with other organizations and groups for public benefit. This is characterised by greater emphasis on dialogue, shared aims, mutual respect and is likely to involve a range of stakeholders.
- Adversarial, characterised by business response to lobbying about human and environmental impact of business activities.
- Unilateral wherein business undertakes its own non-commercial actions independently of other actors. This is usually driven by urgent need and compassion and is most visible in the aftermath of high impact disasters.

For Private Corporations, it’s the economic logic which makes the strongest case for corporate social responsibility. The performance of these private corporations is affected by their strategies and performance in market and non-market environments. The increasing power of pluralist media and activist groups makes organisations’ non-market strategies quite important. According to a study done by Marc Orlitzky, Frank L. Schmidt, Sara L. Rynes, Corporate Social Performance (CSP) has a direct relationship with Corporate Financial Performance (CFP). CSP is a flexible tool that provides internal or external advantages. Internally, investments in CSP may help companies create new competencies, resources and capabilities which are manifested in a firm’s culture, technology, structure and human resources. Especially when CSP is pre-emptive CSP may help build managerial competencies because “preventive efforts necessitate significant employee involvement, organization-wide coordination, and a forward-thinking managerial style.” In addition, however, CSP may have external effects on
organizational reputation. According to the reputation perspective, an organization’s communication with external parties about its level of CSP may help build a positive image with customers, investors, bankers, and suppliers.\(^3\) \(^1\) \(^3\) Since Corporate Social performance is an indicator to gauge the level of Corporate Social Responsibility, therefore it proves the causal linkage between Corporate Social Responsibility and Corporate Financial Performance. Various other benefits which can be extracted by adhering and incorporating Corporate Social Responsibility are outlined as under:

### 3.2 CSR in India

The legacy of CSR in India can be traced to the “Guilds” in the early Vedic times. An intrinsic part of the economic, religious-political and social fabric of ancient India, the guilds worked under a rich tradition of giving back to society, in an ethos of environmental protection and social inclusion. References abound of guilds empowered by the kings to lay down their own rules and regulations while the king could only legislate in their matters after proper consultation with their representatives. There are also references that guilds had legislative, executive and judicial powers over not just members but families and classes of persons living within their jurisdiction also. Thus guilds shared major political and governance roles with the king. The guilds grew in power during the Maurya and Gupta period, with detailed rules drawn up for business partnership and business representation in the district administration during the Gupta era (300 – 600 AD). The philanthropic activities of the guilds included construction and maintenance of temples, shrines, tanks, provided help to the poor and destitute during famines and natural disasters. The corporate entities like guilds worked under the guiding principle of “Sarvalokahitam” that is well-being of the people.

In modern times, the idea of trusteeship mooted by Mahatma Gandhi had social responsibility of the corporate sector as its basis. Trusteeship was the ideological basis on which business would be conducted. Trusteeship espoused the notion of egalitarian development, to return to society the resources in excess of need. In its utopian form, the trustee system espoused a world view where humanity would take center-stage. He dreamt of a society where business would facilitate social inclusion to enable the
marginalized to share the benefits of economic growth. It continued after independence in the Nehruvian times, where health and education garnered the maximum support through philanthropy.

The path of Corporate Social Responsibility (CSR) in India from 1947 onwards; has come a long way, from being a onetime philanthropic act to a more structured systemic phenomenon. One report on “State of CSR in India” concludes that, “Sufficient progress has now been achieved to demonstrate the case for CSR in India. The task is now to apply fundamental business principles to make CSR sharper, smarter, and focused on what really matters. This means rigorously focusing on priorities, allocating finance for treating CSR as an investment from which returns are expected, monitoring activities to ensure initiatives, really deliver outputs, and reporting performance in an open and transparent way so that all can celebrate progress and identify areas for further action.”

In other words what the report is trying to say is, that the case for CSR has been built, the urgency of it has been underlined, now the need is for creating facts on grounds by acting on the mandate. This report was released in 2004, exactly twenty years after the Bhopal Gas Tragedy, an example of supreme irresponsibility on the part of the corporate sector. Estimates suggest that as many as 10,000 may have died immediately and 30,000 to 50,000 were too ill to return to their jobs after the deadly leak of gas which the officials termed as a “sort of tear gas.”

This ghastly irresponsible act underlined the need for corporates to sensitize themselves and take ownership of their deeds and misdeeds. Today, surely the level of sensitization has increased but, one can still perceive that corporate social responsibility is still somewhere in between core and periphery and more or less gets side-lined towards periphery.

3.3 The DRR Link in CSR -Analysing the Trends

The private sector in India is very proactive in fulfilling its role as responsible corporate citizens. Most large business houses have significant commitments in community development. It is also heartening that for most companies, CSR is not considered as a ‘dole’ but as a means to empower the communities for sustainable development of the nation. With a focus on the social, environmental and financial success of the company or
triple-bottom line, CSR activities take into account the welfare of all stake-holders, rather than shareholders.

Socio-economic development in terms of education, livelihood upgradation, health and nutrition, social forestry etc. goes a long way in empowering the community for disaster resilience as well. Social empowerment, economic resilience and environmental sustainability manifest, over a period of time, into better preparedness and community empowerment. For example, maternal and child health programmes address the needs of the most vulnerable sections of society. Running a child-care center would enable the mother to continue earning her livelihood and provide better healthcare facilities for herself and the child, thereby increasing her resilience from epidemics. Similarly, facilitating child and adult education by a corporate would help in creating awareness in the neighbourhood as also creating opportunities for sustainable livelihoods. Promotion of self-help groups and micro-credit facilities ensure better livelihoods and the urge for disaster preparedness so that their meager investments are not lost to any calamity.

Many businesses focus on the “green approach” in their CSR activities to work for environmental sustainability. The activities range from social forestry, water harvesting, check dams and water quality improvement to conservation of water-bodies, sustainable irrigation systems and forest conservation. All these activities facilitate environmental conservation. In DRR terms, they facilitate mitigation leading to long-term risk reduction. Environmental conservation practices ensure disaster resilience in two ways; it mitigates against hazard events on the one hand and reduces the impact of disaster, on the other. In the long-term, such initiatives facilitate climate change adaptation. For example, rainwater harvesting, check dams etc. mitigate drought risk in semi-arid regions; shelterbelt plantations mitigate and protect coastal settlements from storm surge and high winds. Conversely, environmental degradation from deforestation, groundwater exploitation etc. increases disaster risk. Therefore, working for environmental sustainability has a direct bearing on the DRR situation and corporates working in these areas are partnering the DRR initiative.
Chapter-3: Disaster Management Vs. Private Sector

The Corporate sectors therefore have significant contribution in disaster risk reduction. In India, the disaster risk reduction is governed by intense post-disaster assistance in the form of donations in cash, relief aid, reconstruction and rehabilitation. Few businesses invest in pre-disaster preparedness and mitigation directly, though major activities leading to social empowerment, economic development or environmental conservation lead to long-term resilience of the vulnerable community.\(^3\,22,3,23,3,24\)

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A SINGLE SOLUTION TO MULTIPLE PROBLEMS

One of the ways in which Ambuja Cement Foundation (ACF) addressed the water problems of Sonariya village in Gujarat was by the construction of a check dam on the river Sonariya. When built the check dam had a storage capacity of 5.29 MCFT and was meant to benefit an area of 100 Ha. The check dam not only made more water available to the people, it also brought about improvement in the quality of water. The wells in the periphery have benefited also. Two years after its construction, we compared the quality of water through a battery of tests on water quality analysis. The results said it all! The TDS reduced drastically from 1400mg/l to 532 mg/l. The total hardness of the water saw a decline to 288mg/l from the previous level of 750mg/land electrical conductivity reduced from 107mS to 0.9 mS. This change in the quality of water has made the water more suitable for irrigation and has naturally had a positive impact on the agricultural yields. Farmers have confirmed what the laboratory tests have shown. They have found a 60% increase in the production of wheat per hectare. The increased water availability has resulted in an increase in the summer time cultivation. There has also been an improvement in the water available for drinking. Several benefits from just one intervention.

Source: Ambuja Cement.
Numerous natural disasters affect business and industries, like all other sectors of the economy. Disasters often wipe out many small businesses from the market, with the owners losing their capability of recovering from the loss of assets, investments, and market. Of the miniscule that survive, many take months and years to recover from the losses. As per international studies, 40% of the businesses never open again.3.25

Business Continuity Practices therefore imply specific measures being taken for running the business through adverse circumstances like calamities and disasters. The process...
entails advance planning for the safety and security of personnel, equipment, assets and distribution lines. The aim is to ensure that businesses continue to perform during disruptive circumstances and if, forced to shut down, recover in a short time and resume operations. Business continuity is a methodology used to create and validate a plan for marinating continuous business operations before, during and after disasters and disruptive events. In the late 1990s, BCP came to the forefront as businesses tried to assess the likelihood of business systems failure on or after January 1, 2000 (the now infamous Y2K issue). BCP has to do with managing the operational elements that allow a business to function normally in disruptive circumstances in order to generate revenues.

Business Continuity Planning has become imperative as businesses continue to attain trans-national characteristics. As businesses expand, the global and inter-regional dependencies including politico-economic situations in different countries come into the fore. Supply chains, dependent on external factors that differ over specific areas, may also create business disruptions requiring contingency measures. Data integrity requirements of most businesses have to be integrated with geographical dispersal requirements of the data and keeping with the complex laws and regulations of the country of operation. Business disruption due to any of these causes or disasters results in major financial implications and brand vulnerabilities for the organization in terms of lost loyalties, lost brand equity, lost productivity, loss of goodwill and trust and loss of revenue and market share.

Business continuity planning for disaster risk reduction is therefore a complex process involving people, facilities, technology, networks and information. Planning for business continuity for disasters therefore automatically safeguards it from other man-made exigencies. Continuity planning therefore has to be people-centric, with concerns over the safety of the staff, availability of fail-safe communication facilities and capacity to withstand/cope with the impact of the disaster. The plan also has to consider the safety of its, facilities, technologies and network. Integrating people with the process therefore is a key element in success of a business continuity plan.
3.5 Public-Private Partnership (PPP)- Selected Case Studies

“Words into Action: A Guide for Implementing the Hyogo Framework”3.26, identifies Public-Private Partnership, as an essential tool for disaster risk reduction. This part of the study intends to show case three selected case studies which can be presented as a template for PPP in India. India with all its diversity in geography, sadly but truly enough, has also a range in the type of disasters which strike with impunity. The three case studies which have been taken up in this part intend to be holistic in terms of the variety of disaster which strike India. The first case study is of Gujarat Earthquake. The Gujarat Earthquake occurred at 8.46 hours on 26th January, 2001 and measured 6.9 magnitude on the Richter scale having epicenter 65 Km east-north-east of Bhuj. It killed thousands of people and caused widespread damage to several hundred buildings. About 80% of the losses of life and property was caused due to failure of building structure. The case study which is being presented is of Gujarat Reconstruction and various actors who with their coordinated efforts carried out the rehabilitation in the PPP framework. The two actors were the Government of Gujarat on one side and FICCI and CARE on the other side.

The second case study is one of its kinds. Following the UN Year of Micro credit in 2005, there is growing interest in microfinance solutions to help alleviate poverty in developing countries. Micro insurance is also emerging as a potential instrument for transferring natural disaster risks by providing cover, or indemnification, against losses from a disaster event. Like other forms of micro-insurance, the intent was to provide easily accessible insurance cover for small-scale assets at affordable premiums by keeping transaction and other costs low. By protecting the poor from disaster losses and providing incentives for risk reduction, micro-insurance is increasingly recognised as an important part of disaster risk management.3.27

The third case study focuses on the first Public Private Partnership in Andhra Pradesh between the Government of Andhra Pradesh (State Government) and Emergency Management and Research Institute (EMRI). India – a democratic country of more than billion people – has lacked a coordinated emergency response system. Eighty-six thousand people are killed in accidents every year and to top that there is no single number for a
citizen to call. EMRI is first initiative of its kind and has, well deserving earned a place amongst the three case studies to be showcased as a PPP.

### 3.5.1 Case Study 1: AfatVimo (Disaster Insurance)

Micro insurance is the protection of low-income people against specific perils in exchange of regular monetary payments (premiums) proportionate to the likelihood and cost of the risk involved as with all insurance, risk pooling allows many individuals or groups to share the cost of a risky event.\(^ {\text{3.28}} \)

Micro insurance products are becoming increasingly important for disaster risk reduction. They transfer financial risk from vulnerable individuals to the insurance market. Generally, insurers bundle several hazards in one contract; this allows premiums paid for better-understood hazards to reduce the rates of less predictable ones such as earthquakes.\(^ {\text{3.28}} \) *AfatVimo* (“disaster insurance” in the local language) is a version of micro-insurance designed for the poor among vulnerable. It protects people from the impacts of hazards on their assets by providing cash pay-outs in the aftermath of a disaster. This is done in return for monthly premiums, which are paid to the insurance companies through All India Disaster Mitigation Institute (AIDMI).

#### 3.5.1.1 Goals and Objectives

*AfatVimo* promotes learning across insurance companies, authorities, donor communities, and NGOs to facilitate the convergence of microfinance tools and disaster risk reduction strategies. The *AfatVimo* scheme represents an innovative approach to risk identification, pooling, and transfer, which recognises the fact that the majority of poor disaster victims have limited, or no access to risk transfer schemes or programmes.

*AfatVimo* is a project that was initiated under the Regional Risk Transfer Initiative of the ProVention Consortium; it builds upon the significant work done on risk identification undertaken by the ProVention Consortium through the Disaster Management Facility and Hazard Management Unit of the World Bank and the International Federation of Red
Chapter-3: Disaster Management Vs. Private Sector

Cross and Red Crescent Societies. The main objective of AfatVimo is the convergence of micro-mitigation, and micro-insurance as a precondition for effective local, low-cost risk transfer.

3.5.1.2 Demand for Insurance

In 2002, a majority of relief beneficiaries from Gujarat earthquake relief were still exposed to disaster induced financial losses. Studies including the Gujarat Community Survey of 2002 by AIDMI and the ProVention Consortium revealed that access to risk transfer is correlated with sustainable economic recovery among victims. Yet, AIDMI found that only 2% of those they surveyed had insurance. As a result, they designed a micro-insurance scheme to augment their on-going Livelihood Relief Fund activities. The resultant scheme was the product of extensive discussions and negotiations with insurance providers who might be interested in supplying low-premium insurance policies to poor clients. This was a challenge.

AfatVimo policyholders are covered for damage or loss up to the value of US$ 1744 for non-life assets and US$ Rs. 465 for the loss of life – giving a total coverage of US$ 2209. Current AfatVimo clients include individuals from low-income households with annual income of US$ 280. These households are mainly involved in small enterprises in the informal sector and have assets worth approximately US$ 209.

Disasters such as fire, explosion, riots, malicious damage, aircraft damage, cyclone, tempest, flood, inundation, earthquake, lightening, implosion, strike, impact damage, storm, typhoon, hurricane, tornado, and landslide are covered under the scheme. AfatVimo policyholders are also supported with micro-mitigation measures such as fire-safety training, seismic-safe construction practices, and business development services. The policy is available for an annual premium of less than US$ 4 (approximately three days of wages). Damage to policyholders’ house, household assets, trade-stock, and losses of wages incurred by accidents are covered. The life of the earning household member is also covered.
<table>
<thead>
<tr>
<th>Disasters Covered by <em>AfatVimo</em></th>
<th>Typical Loss/Damage from Disasters in South Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyclone/hurricane, flood, earthquake, fire, explosion, riot, malicious damage, aircraft damage, tempest, inundation, lightening, implosion, strike, impact damage, storm, typhoon, tornado, and landslide.</td>
<td>Life, income, livelihood assets, household assets, shelter, health, livestock, crops</td>
</tr>
</tbody>
</table>

**Fig 3.1: AfatVimo Operating Scheme**
3.5.1.3 Operating Systems

AfatVimo is a partner-agent micro-insurance model, where AIDMI has brought together a group of poor communities, and commercial and public insurance companies have developed a policy to cover them against 19 disasters (Fig 3.1). The immediate benefits / relief under this scheme to poor communities, who are able to start their livelihood soon after the disaster, are clearly visible in Fig 3.2, 3.3 & 3.4.

3.5.1.4 Activities & Outcomes

The role of AIDMI in the AfatVimo scheme is of both facilitator and intermediary. Firstly, the AfatVimo team compiles a list of potential candidates eligible for the scheme based on their registered demands. Once the insurance companies have designed operational policies and premiums have been set, AIDMI reconfirms the beneficiaries on the list and ensures that all of the requisite information has been collated and passed to the insurance companies. Once this is complete, AIDMI pays the premiums to the insurance companies on behalf of the beneficiaries, ensuring immediate coverage. Subsequently, the AfatVimo team begins to collect the premiums from the beneficiaries. The process is effective but time consuming and costly, especially when renewal is optional.

When disaster strikes, the beneficiary first informs the AfatVimo team immediately of the occurrence who then respond quickly to process claim. AIDMI assist beneficiaries in filing claims properly. Since many of the AfatVimo beneficiaries are illiterate or have poor literacy skills, thus they require such assistance. The need to build this general capability among policyholders is recognized. Therefore training is provided to help policyholders understand exactly how they can best use the policy.
3.5.1.5 Settlement of Claims

Feedback from beneficiaries who have made claims under the AfatVimo policy has been very positive and encouraging. To date, 41 claims have been made to insurance companies. To date, 23 of these claims have been successfully settled, giving a combined pay-out of US$ 5635. Of the claims that have been made, 10 have been made for life loss, eleven have been for personal accident (some resulting in fatality, others causing loss of earnings), two for house fires, and 18 for damage to property and contents as a result of monsoon flooding.

3.5.1.6 Good Practices

Micro-insurance offers several advantages and therefore the good practices in the whole system of micro-insurance are many. It can be a transparent means of providing compensation against damage. It decreases the need for humanitarian aid. Additionally, micro-insurance offers the disaster affected a more dignified means to cope with disasters than relying on the generosity of donors after disaster strikes. Microinsurance may also make tracking trends in vulnerability and hazards easier when claims are charted with geographic information systems.

Part of the success of AfatVimo can be attributed to the affordable premium negotiated on behalf of the clients by AIDMI. This puts insurance within the reach of those who otherwise would not be able to access conventional insurance services. Similarly, AIDMI have had a great deal of success in the prompt settlement of claims, which has translated into client satisfaction and a good relationship with the insurance companies. It has also contributed to the good policy renewal rate. The renewal rate is currently 88%. From an original membership of 829 beneficiaries at the launch of AfatVimo in August 2004, coverage has grown to a staggering 5519 members in only 20 months. AfatVimo policyholders are now spread across several districts in Gujarat, as well as in Tamil Nadu and Pondicherry in South India.
A particular strength of the AfatVimo scheme is the unified policy design. Under AfatVimo, life and non-life coverage is brought together under one policy. According to a recent study by the International Labour Office3.33, 45% of the micro-insurance schemes researched covered only a single risk. Only 16% of schemes cover three risks, making AfatVimo one of the most simple and comprehensive products in India. This not only makes the policy more attractive to clients, but also makes investment in the policy more efficient in economic terms. Another aspect of AfatVimo that sets it apart from other micro-insurance policies is the extensive range of eventualities covered under the policy. To combine micro-mitigation with micro-insurance, community capacity building and involvement in AfatVimo has provided more stability and viability.

Reducing an entity’s disaster risk is possible through increasing that entities physical/material, social/organisational, and behavioural/motivational capacities. Using this framework, AfatVimo is successful in reducing community risks to disasters. Physical/material goods are insured and can be replaced after loss and damage; social/organizational capacity is supported as informal businesses are brought together...
and receive a product unaffordable to individuals directly; motivational/behavioural
capacity is built as understanding the issues of risk and disasters are increased.

International initiatives have strengthened the impact of AfatVimo. The Hyogo
Framework for Action has brought attention, discussion, resources, and commitment to
disaster risk reduction and to finding opportunities to address it. The United Nations’
Year for Microcredit facilitated commitments on October 14th-15th, 2005 for a conference
on “Disaster Risk Mitigation: Potential of Microfinance for Tsunami Recovery” jointly
organized by the National Institute of Disaster Management and All India Disaster
Mitigation Institute (AIDMI). Delegates spoke on the strengths of microfinance as a tool
for poverty and disaster risk reduction, and experiences of microcredit and tsunami
recovery. The AfatVimo team was able to exchange lessons with other practitioners on
their micro-insurance product and how microfinance may be used for recovery. They
learned about opportunities for mixing support grants and micro-insurance services with
primary stakeholders. They were also able to share progress and opportunities from the
AfatVimo experience.

3.5.1.7 Corporate Sector

Increasingly, partnerships with private commercial sector actors are being forged for the
application of microfinance and risk reduction. There is much that can be learnt in terms
of risk management from the private sector insurance providers; they have a wealth of
experience that can be shared, and, in this, can facilitate the provision of micro-insurance
policies for the poor. AIDMI have engaged in a commercial partnership with the Life
Insurance Company of India to provide life insurance, and the Oriental Insurance
Company Ltd. to provide non-life insurance cover under the AfatVimo scheme. They also
continue to raise awareness of the opportunities and benefits of insurance provision to the
low-income strata of communities. There is additional scope within micro-insurance to
motivate private sector insurance companies to develop and provide products for low-
income individuals as initiatives for their own corporate social responsibility.
3.5.1.8 Lessons Learnt

Though defrauding is one of the most common challenges for the micro-insurance sector, AIDMI has experienced only one incident of a false claim. Similarly, premium defaulting is another such challenge. The retrospective collection of premium payments from clients can be seen as a threat to the long-term sustainability of the AfatVimo scheme. At present, AIDMI must absorb all of the operating costs of the programme, and recovers only the premium total from the beneficiaries. They must therefore shoulder all of the administration costs and costs of premium collection, field visits, supervision, and claims assistance. In terms of long-term sustainability, this means that unless the clients meet the operating costs, the scheme is not financially self-sustaining. In addition, there are a number of reasons why beneficiaries do not renew their policies. Migration, the inability to pay, and low desire to renew are believed to be factors.

Fig 3.4: Disaster Recovery through Micro-insurance - “Victims” manage the majority of disaster recovery themselves. Micro insurance can help accelerate their efforts.
On a broader scale, commitment among donors and international organizations should exist for similar risk transfer initiatives to refine and thrive. AIDMI is a core manager of the Tsunami Evaluation Coalition’s forthcoming thematic evaluation on “The Impact of Tsunami Response on Local Capacities”. Under this initiative, stakeholders in Maldives and Sri Lanka (in April 2006) have clearly identified the need for risk transfer. This need, however, is not articulated broadly and remains latent. The 2005 Community Survey by AIDMI and the Disaster Emergency Committee identified low levels of risk transfer awareness among communities of India, Sri Lanka and Indonesia. Organizations across the Asian Region should identify and initiate opportunities for similar experiments for transferring risk from the poor.

3.5.1.9 Potential for Replication

However, there is clearly scope for additional capacity building exercises designed to instil in beneficiaries the long term benefits of insurance coverage, and the importance of continued coverage. Additionally, greater emphasis on adherence to the correct procedures for making claims to the insurance companies should perhaps be made to reduce the likelihood of claims being rejected which would decrease client dissatisfaction.

The AfatVimo scheme has tremendous potential for rapid expansion. Currently, micro-insurance coverage under the AfatVimo scheme is only available to communities where AIDMI has presence. Offering a similar policy in earthquake-affected Jammu and Kashmir and tsunami-affected areas is being considered. An emergent area of experimentation and international debate, weather-indexed insurance is being explored as a means of effective management of catastrophic risk, particularly in vulnerable rural areas. Based on the round table meeting with Agriculture Insurance Company of India (AIC) and a group of farmers from Kutch, Patan, and Surendranagar, AIDMI will be covering 1000 small and marginal farmers for the period of June 2006 monsoon. In addition, AIDMI is about to launch insurance coverage for school children and school staff.3.35
Pro-poor financial risk transfer initiatives combined with risk reduction measures such as *AfatVimo* are rare in South Asia region. There is a “real” potential for disaster risk management at community level through insurance. The 2004 tsunami and the 2005 Jammu and Kashmir earthquake provides a huge opportunity for local institutions to transfer future financial risks of victims by facilitating access to the microfinance services. However, this is not easy. It is a great struggle to do such projects as pilot, even more difficult to upscale action and advocacy with government and international bi-lateral institutions. This needs planning, awareness building, suitable services, and long-term commitment. Convergence of interest and attention of academicians, researchers, policy makers, donors, and risk mitigation practitioners along with victim communities is highly desirable. Generating the awareness and building the commitment to initiate micro-insurance costs money, time, and efforts. These must be found to make *AfatVimo* suitably resourced. AIDMI welcomes inputs and ideas for recasting and scaling up AfatVimo, or similar micro-insurance schemes, in India and outside.

**The interests of civil society, corporate world, and insurance regulators converge in the context of Insurance.** In India partnerships between the commercial sector and NGOs are increasingly emerging for micro-insurance provision. There is much that can be learnt in terms of risk management from private sector insurance providers. The impact of AfatVimo has been strengthened through national policies that encourage private insurance companies to provide support to poor clients. The Insurance Regulatory and Development Authority also plays an important role in the provision of insurance to the poor. In March 2002, the IRDA published a set of regulations applicable to insurance companies operating in India, entitled “Obligations of Insurers to Rural Social Sectors”. Essentially, these regulations establish quotas of insurance provision to low-income clients.

*Tsunami recovery is a huge opportunity to transfer financial risks of the poor. Following a major disaster like the 2004 tsunami, people understand the value of insuring their assets.*
3.5.2 Case Study 2: EMRI - 108

Emergency Management and Research Institute (EMRI) is one of its kind, which aims at reaching out to people in need to provide emergency services for medical assistance. As the name suggests, EMRI focuses on “Providing an organized, integrated, dedicated, accessible Emergency Response Service” to people in need of any emergency. The concept of EMRI has a precedent in 911 emergency services of U.S; however it has no precedent in being operationalized at such a scale in India. The services were launched from Hyderabad, modelled on the lines of 911 services in the U.S, EMRI, planned to be a single point of contact for help in any emergency.

3.5.2.1 Goals and Objectives

The main goals and objectives of EMRI are to provide a round-the-clock emergency response service for timely help in situations that threaten life and property. The impact created by EMRI has been notable in the states where it operates. After having completed more than three years of ground work, EMRI attends to an average 4500 emergency call per day. Operationalizing its efforts with a fleet of 652 ambulances, EMRI tries to provide quick and effective relief to victims of medical and other emergencies.

Launched in August 2005, EMRI provides services in three states of Andhra Pradesh, Gujarat and Uttrakhand. They are also planning to expand their base in Madhya Pradesh, Tamil Nadu and Rajasthan. However with a population of 1.13 billion, what EMRI does at present is just a beginning. The organization intends to respond to 2 million calls a day and save 2 million lives a year. The organization intends to be a national initiative by 2010 covering all the 28 states and six union territories. The goal of EMRI is to “Respond to 30 million emergencies per annum in PPP framework as a single nodal agency and save 1 million lives per annum.” The project was started from Hyderabad and then it covered the rest of Andhra Pradesh starting with Visakhapatnam, Tirupati, Vijaywada, and Warangal.
3.5.2.2 Impact and Results

EMRI is a distinctive initiative which has adhered to PPP mould. EMRI is working with Government of Andhra Pradesh in Public Private Partnership (PPP). The synthesis of interests on part of Govt. of Andhra Pradesh and Satyam Computers created the framework for EMRI. In a Public Private Partnership mode, EMRI plans to extend the 108 emergency response service throughout India by 2010 and save a million lives per annum. Satyam Computer Services Ltd. is a strategic partner to EMRI and contributes to Technology, Processes and Knowledge Management. Govt. of AP has recognized EMRI as a nodal agency and partnered with the Institute (Initially signed a MOU on April 2, 2005) in order to provide comprehensive emergency response services across the State. The Government has committed to assist EMRI in regulatory aspects, channelizing funds, leveraging infrastructure, promoting public awareness etc. The Government of AP also entered into a fresh MOU with EMRI on 5th October, 2007 and committed to provide 95% of the operational expenditure. The government of Gujaratis showing keen interest towards replicating a similar model in Gujarat, EMRI started full-fledged operations in Gujarat on August 29th 2007 and now has a fleet of over 200 ambulances covering a total of 13 districts and 66 towns in the state. After having signed MOUs with eight State Governments for providing the 108 ambulance services, EMRI is all set to enter into a pact with the Karnataka Government for offering similar services.

The key to the success of EMRI is the amalgamation of the dedication towards the cause of emergency management and further technological innovations to improve the services to save lives. They have deployed over 30 "state of the art" Paramedic Ambulances, 30 First Responders on two wheelers, and a 21st century Emergency Response Centre which includes Computer Technology Integration, Voice/Video Loggers, GIS/Maps, GPS/AVLT and Mobile Communications capabilities. EMRI to date have provided EMS services to over 20,000 patients in the field and a preliminary analysis indicate that due to the quick response to a call on a three digit access number (108) over 1,500 lives have been saved.

Working towards benchmarking with the best in the world EMRI has collaborations with AAPI, AAEMI and NENA, Richmond Ambulance Authority, USA, R Adams
Cowley Shock Trauma Centre, Stanford University, Singapore Health Services Pvt Ltd, Corporate Hospitals and NGO’s in the related service areas. Apart from handling the day-to-day emergencies (medical, police and fire), EMRI has made progress in Emergency Research & Training and offers a 2 year full time residential Postgraduate Program in Emergency Care (EMT-A). This program is the first of its kind in India that will deliver the highest quality education and comprehensive training in the field of emergency care services. To ensure continuous improvement and learning EMRI has initiated the six sigma program for improving the process and is working towards the ISO 9001:2000 for process standardization.

3.5.2.3 The Good Practice

EMRI as an organization not only works in post-disaster situations it also works on pre-disaster risk reduction EMRI plans to work on disaster reduction through effective emergency management. EMRI and the Public Health Foundation of India (PHFI) have signed a memorandum of understanding for better emergency management. How EMRI works is shown in Fig 3.6.

As per the MOU, both organizations would work together to maintain an on-going forum for discussion, training, research, and other joint activities related to all aspects of prevention, injury care and emergency medical service systems. The objectives of EMRI are to analyse the data and publish research papers for prevention and better management of emergencies. Also the scope of research at EMRI includes the prevention of emergencies. The following graph (Fig 3.5) makes it more understandable:

EMRI as an organization can be categorized as a fit case study for good practices. It’s a precedent which needs to be emulated. India with an ever increasing population of one billion and more adding on every tick of the clock badly needs such initiatives which cater to the emergencies and provides “one stop shop”, kind of an arrangement for all exigencies. EMRI is a good practice because not only does it provide immediate access to relief for victims but it also tries to educate people through it various programmes, initiatives, internships and fellowships about the importance and need of disaster
EMRI strives to reach the level of emergency management as is followed by various developed nations.

![Fig 3.5 Potential Research in EMRI](http://www.winnou.com/emrimain/index.php?option=com_content&task=view&id=85&Itemid=163)

**Research Tier**

- **OR**
- **SR**
- **MR**

**Potential research tracks in EMRI**

- **Medical Research**
  - Effectiveness of interventions in specific emergency conditions
  - Integration with hospital care
  - Innovations in interventions, capacities and capabilities

- **Systems Research** - Best-practices in EMS / prevention of emergency
  - Processes
  - PCR
  - Prevention
  - Education and Training

- **Operations research (Analytics)**
  - Predict future state of healthcare, disease incidence
  - Better utilization of resources
  - Reconfiguring processes

**Source:** http://www.winnou.com/emrimain/index.php?option=com_content&task=view&id=85&Itemid=163

![Fig 3.6 EMRI Operations](http://www.winnou.com/emrimain/index.php?option=com_content&task=view&id=85&Itemid=163)

**3.5.2.4 Potential for I**

**EMCI Operations**

- **SCCS:** Symposium Call Centre Server
- **CCT:** Communication Control Toolkit
- **ERCP:** Emergency Response Center Physician
- **EMT:** Emergency Medical Technician

**Technology**

- **Caller in distress**
- Public Switching Telephone Network (PSTN)
- Nortel Switch
- SCCS, CCT & Voice Logger
- Telephone DB
- GIS DB
- EMT in Ambulance
- Dispatch Officers (DO)
- Conference
- Transfer
- Communication Officers (CO)
The various factors which have made EMRI a success story is that it has tried to integrate excellent infrastructure with well thought out programme to address the issue and strong political will to create facts on ground. However the various factors which are a limitation is the small operational base of the organization; the organization covers only three states till now and between them the three states only covers 13% of the total population. Also the organization only focuses on three types of emergency services: medical, police and fire. It does not cover the emergencies which arise out of terrorist activities. With disputed borders India is on a high threat of having planned large scale terrorist attacks. EMRI is not equipped to handle mass casualties on a scale of Mumbai blasts. Keeping the Worst Case Scenario in mind EMRI needs to build its facilities to handle the emergencies of the scale of 9/11.

3.5.3 Case Study 3: FICCI-CARE Gujarat Rehabilitation Project

The Bhuj earthquake (7.7 on Richter scale) that shook the Indian Province of Gujarat on the morning of January 26, 2001 was one of the two most deadly earthquakes to strike India in its recorded history. One month after the earthquake, official Government of India figures placed the death toll at 19,727 and the number of injured at 166,000. Almost 600,000 people were left homeless, with 348,000 houses destroyed and an additional 844,000 damaged. The Indian State Department estimated that the earthquake...
affected, directly or indirectly, 15.9 million people out of a total population of 37.8 million. More than 20,000 cattle were reported killed. Government estimates placed direct economic losses at $1.3 billion. Other estimates indicated losses as high as $5 billion.

CARE and Federation of Indian Chambers of Commerce and Industry (FICCI) entered into a strategic alliance to assist the people of Gujarat in recovering from the devastating effects of the earthquake. This partnership and funding mechanism, called the “FICCI-CARE Gujarat Rehabilitation Project” (FCGRP), was established through a joint Memorandum of Understanding. The partnership between FICCI and CARE was designed to use the considerable wealth of knowledge, skills and assets of each organization in the interest of the people of Gujarat, with the constant support and help from Govt. of Gujarat.

Prior to 26th January earthquake, few if any, of the villages had any previous experience of severe earthquakes of such magnitude. As a result the people were unaware of the inappropriateness of traditional house construction and its inability to withstand even moderate seismic movements. Accordingly the people were at considerable risks, whilst in their homes, due to the building’s susceptibility to catastrophic failure during severe earthquakes. Compounding this risk was the fact that the vast majority of the housing construction in the devastated area was not sanctioned by any housing authority, nor did it follow any established guidelines. Or policies on alternative village levels ‘safe’ house construction procedures.

Changing building practices required fundamental attitudinal changed based on an awareness and understanding of the perceived or actual risk. Rebuilding “safer” homes however was a major challenge to restore poor farming communities, who were already suffering economic hardship as a result of protracted drought in the region. Accordingly, while the primary cause of the disaster was inappropriate building construction, it was clear that any sustainable solution designed to reduce the future vulnerability of the
population must address economic as well as technological issues. For the poorer groups, physical reconstruction is meaningless without accompanying economic revival.

To address these broader economic issues, The FICCI –CARE Project in association with Government of Gujarat included a number of integrated components designed to strengthen livelihood security. Undoubtedly reconstruction was the major activity in the short to medium term and a source of immediate employment. On-the-job skills training were provided to local artisans in new earthquake resistance construction techniques. Technical and financial assistance was provided to support the growth of related income generating activities, for example, small-scale production of building components.

In addition to the infrastructure reconstruction, the project supported activities to strengthen agricultural systems which form the foundation of the village economy. Inputs included introducing a watershed management system (e.g. water harvesting), more efficient irrigation techniques, and developing linkages with the government’s Gujarat drought relief project. The project also supported traditional “off farm” economic activities such as enhancement of local handicrafts.

The overall project strategy was not only to reconstruct the village socio-economic infrastructure, but also to use the earthquake intervention as an opportunity to upgrade and improve on village life. For example, rebuilding of the village was used to introduce appropriate sanitation facilities, to improve access/space utilization, to improve land drainage, waste disposal systems and regularization of land titles. A combination of these activities contributed towards helping the affected villages quickly re-establish normalcy, improve on the pre-quake conditions, reduce vulnerabilities to future natural disasters (earthquake, cyclone, drought), and support an overall revitalization of the district economy.

3.5.3.1 **Response Strategy by FCGRP and GoG**

The FCGRP planned to work in 35 villages in the worst affected blocks of Anjar, Bhachau, and Rapar. All villages selected in the FCGRP-GoG list were the villages in which more than 70% of homes were destroyed. The project’s primary intervention
strategy was to rebuild communities through constructing safe shelter and infrastructure and building secure livelihoods.

All activities proposed in the FCGRP were implemented with the approval of appropriate government authorities at the Panchayat, Taluk, District, State and Centre level. In addition, the FCGRP team closely worked with concerned government departments to ensure that activities meet the relevant legal standards and the services provided through reconstructed community structures are resumed and in line with GoG standards.

Under the PublicPrivate Partnership Program with Government of Gujarat (GoG), FCGRP constructed 4999 houses in 23 villages. In addition, 15 schools, 12 Panchayats, 11 community centers, 21 anganwadis and 5 sub Health Centers were also constructed. FCGRP also provided pipelines for water supply in 21 sewage lines in 11 villages and roads in 3 villages. All constructions were done by 31st December 2002.