

STAKEHOLDERS IN DISASTER RISK MANAGEMENT AND DECISION MAKING



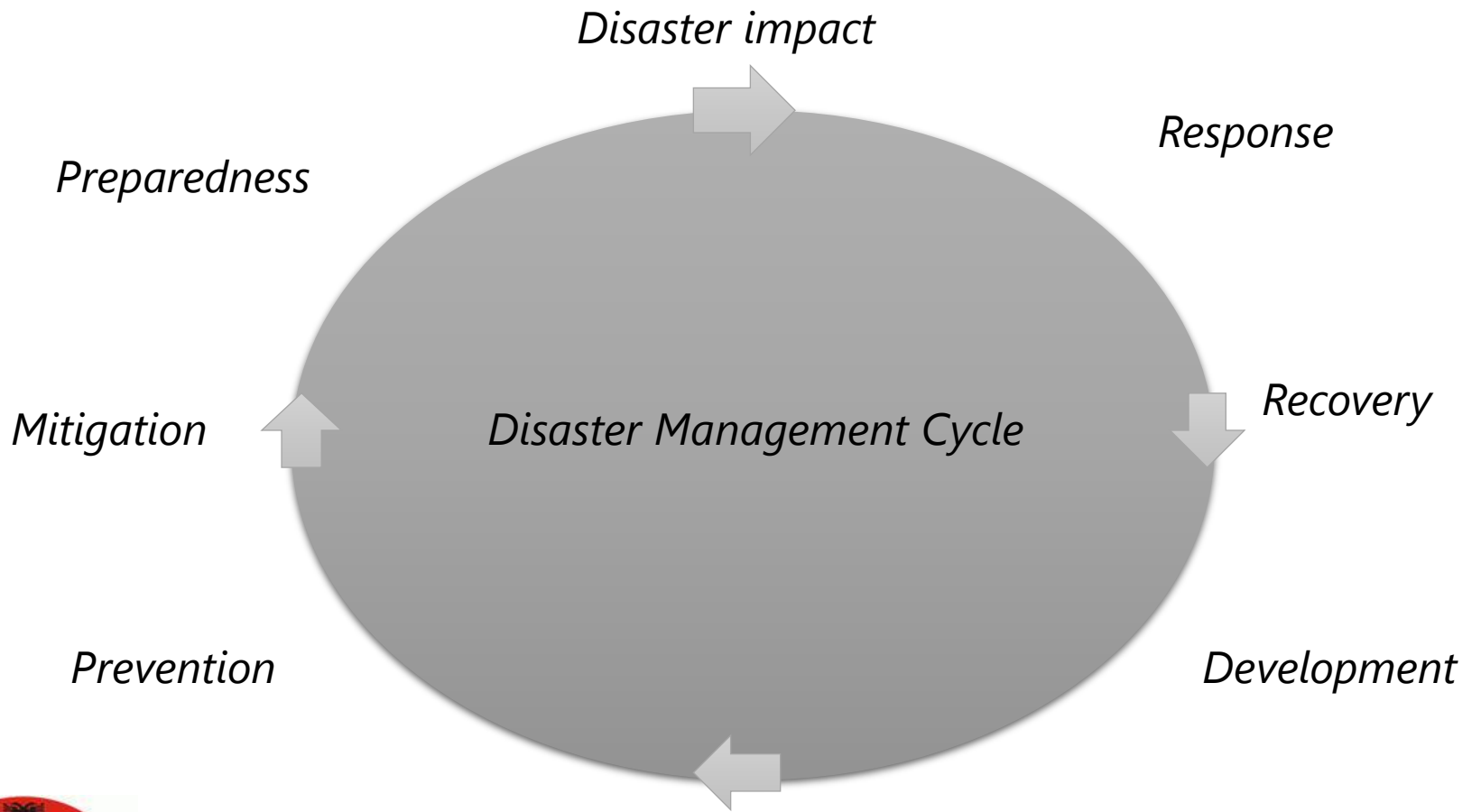
With the support of the
Erasmus+ Programme
of the European Union



- *The European Commission support for the production of this publication does not constitute an endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.*

Outline of the presentation

- Stakeholders definition and their approaches to managing disasters.
- The role of Government.
- International Organizations and Donors Assistance.
- The private sector and its role as a stakeholder in DRM.
- Financial Institutions.



Stakeholders: Definition and Approaches

What is a Stakeholder in the context of DRM?

Any entity that can affect and be affected by disaster management.

Government,
Community,
Individuals,
Academia,
NGO's
Private sector
Financial Institutions



Two different approaches toward DRM



Proactive Approach

Stakeholders plan and conduct activities before the natural disaster happens, such as mitigation and preparedness.



Reactive Approach

Activities that have to do with responses and recovery, are conducted by stakeholders during and after natural disaster.



Most studies conclude that the stakeholders tend to resolve by reactive approaches the problems arisen by natural disaster.



The role of Government



- Integrate the disaster risk management activities with the community planning and recourse capability assessment
- Fundamental services and infrastructure facilities provision, financial support and implementation of the right measures to prevent, prepare, mitigate and recover from the impacts of disasters.
- Provide the necessary logistic support, including actions such as rescue, relief and resilience in case of major disasters.



Basic Steps of the Government related to DRM



Regulation of the legislation and policy instruments, to properly address authority alignment, resource allocation, responsibility lines and enforcement of regulations in specific matters.

In terms of disaster resilience, the effective programs require national DRM strategies combined with law enforcement on land use regulations and building codes.

Taking into consideration strengthening of human resources:

- ✓ Equipment of individuals, communities and organizations with a practical approach and the necessary knowledge on DRM.
- ✓ Provision of training programs, designed for the broad participation of non-governmental organizations, disaster management authorities, international donor organizations, private sector, civil defense divisions, and the community.
- ✓ Including research institution collaboration and the university programs outcomes to contribute to the disaster risk management knowledge at broader levels.



DRM at local governmental level



"The active commitment and leadership of a local government is important for the implementation of any local disaster risk reduction measures to deal with different stakeholders and multiple layers of government"

UNDP 2010)

- DRM at the local governmental level is considered more effective since the natural disaster occurrences are local in nature.
- Local government units and communities are in the closest position to respond and mitigate, along with rehabilitation of territories within the DRM practices.



DRM at local governmental level

Effective DRR measures require the inclusion and institutionalization of DRR practices to day to day operations.

In many cases the local government units are not equipped with sufficient knowledge and financial tools in performing appropriate DRR practices.

According to Pal and Shaw (2018) local government plays a key role in implementing disaster risk initiatives, identifying four main aspects:

- ✓ Coordinating DRR strategies in multi-stakeholder platforms;
- ✓ Creating a link between the local community concerns and government priorities, by engaging citizens and DRM decision making;
- ✓ Implementing the appropriate mechanisms and techniques for DRR;
- ✓ Strengthening institutional capacities and practices for local DRM.



Some remarks on WBC



- ✓ Not sufficient knowledge in some WBC about disaster risks and vulnerabilities of their communities
- ✓ Not sufficient appropriate DRR measures and risk assessment programs at the local level, particularly for smaller communities.
- ✓ Current legislation in several WBC, defines the state budget as the primary financial resource for civil emergency planning and crisis management.
- ✓ Increased financial autonomy of local government units should also address the need for more financial resources in programs that support DRR not only in the response phase but also in the preliminary phase of risk assessment and prevention.
- ✓ DRR programs in WBC should be incorporated into municipal budgets annually, to enhance the positive outcomes of disaster risk strategies.



International Organizations and Donors' Assistance

A complementary role that non-governmental organizations play in pre and post disaster actions to support the government measures.

NGOs support:

- shelter,
- emergency food supplies,
- counseling,
- trains the volunteers,
- providing transportation logistics support.

Cooperation between International Organizations and National Governments:

- specifying policy guidelines,
- enhancing the legislative framework,
- implementing the disaster risk community based programs nationally and locally.

Closely to vulnerable communities

Enhancing preparedness and mitigation



International Organizations and Active Donors in WBC

European Commission (through IPA),

World Bank (WB),

GFDRR (The Global Facility for Disaster Reduction and Recovery),

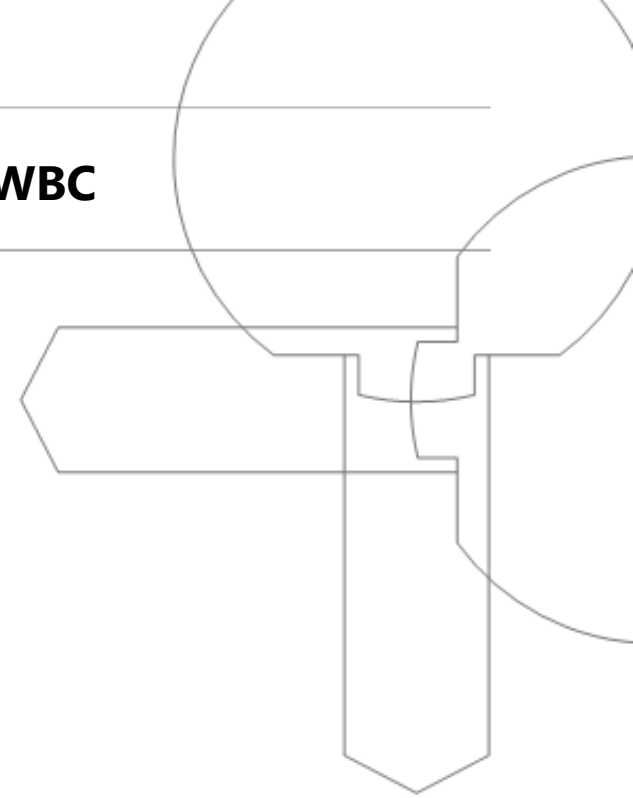
United Nations International Strategy for Disaster Reduction (UNISDR),

United Nations Development Programme (UNDP),

Organization for Security and Co-operation in Europe (OSCE),

World Meteorological Organization (WMO),

Bilateral donors such as the Italian Cooperation, the Swiss Cooperation, DANIDA, USAID, JICA



Private sector as a stakeholder in DRM

The private sector comprises the major part of the economy of a country, representing in this case the major source of potential losses from disasters



Owner of the major part of real estates, having in this case a considerable part of the infrastructure at risk

The most investment in DRM is made by the public sector



Businesses create externalities (Spillover effects)

Actions are usually neglected by businesses, leading to underinvestment in disaster risk management.



Co-benefits from DRM investment



1. Benefits to the business undertaking the investments:

- Improved business image (from being a “good citizen”)
- Improved credit rating (from increased stability)
- Improved ability to deal with multiple hazards (from business continuity planning)



2. Benefits to other businesses in the supply chain or geographic vicinity:

- Increased supply-chain stability (from business continuity)
- Reduction in contagion effects (from lower likelihood of fire spreading or falling debris)

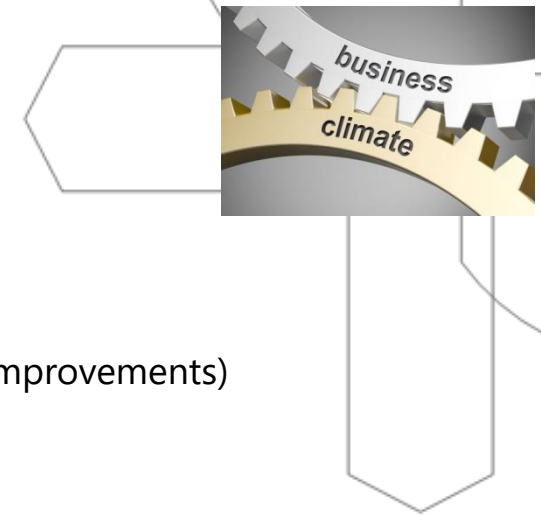


Co-benefits from DRM investment



3. Benefits to the general business climate:

- Reduced uncertainty (through lowering the likelihood of disaster losses)
- Increased economic stability (from business continuity)
- Increased economic growth (from business continuity)
- Contributions to technological progress (from embodied technological improvements)



4. Benefits to society:

- Improved health and education (from employee-related measures)
- Improved environment (from more prudent use of resources)





The role of Insurance private companies



Following the pro-active approach for transferring the risk it is evident that insurance presence is required.

In most countries all over the world the insurance service is offered by the private sector.



The most positive aspect of insurance service is the incentive for mitigation.

Lower insurance rates would have a spillover effect on DRM

The importance of insurance mechanism in mitigating catastrophic situations, is undisputed.



Partnership between Government and Private Insurance Companies

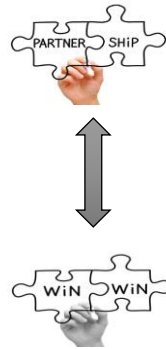
Public benefits:

Private insurance companies have their network of marketing and sales that can help other public insurance programs to operate effectively.

Private companies sell disaster insurance policies on behalf of the disaster insurance state program.

In some cases, the private insurance companies may be shareholders in the disaster-related insurance program.

Private insurance companies can provide insurance at much lower cost because of their sales network.



Partnership between Government and Private Insurance Companies

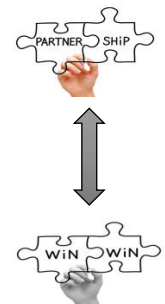
Private benefits:

On behalf of the public insurance program, private insurance companies sell policies and receive commissions.

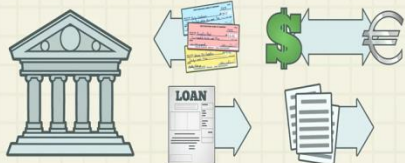
The government can make publicity through its agencies for the insurance service in general and particularly for property.

In this line the private insurance companies may profit from this publicity without having any additional costs

If private insurance companies may link together their products with public disaster insurance, they can increase their market share



FINANCIAL INSTITUTION:



Financial Institutions



Redirecting the efforts from responding to risk to reducing the risk

Financial services as an active tool of disaster risk reduction.

Households resources or savings = the major financial resource for DRR and adaptation activities.

Savings = an effective mechanism to deal with emergencies when the household incomes are sustainable.

Initiatives taken by governments and NGOs regarding the household risk finance, are based more on a general development perspective rather than a risk management perspective.

Micro-Finance institutions as the major provider of financial services for community



What does Microfinance do?



- ✓ Targets the poor class of communities
- ✓ Is an integral part of an overall DRM strategy that reduces the financial vulnerability of individuals and households
- ✓ Refers to the provision of financial services to low-income individuals, including the self-employed
- ✓ Provide different financial services and products to communities in developing countries.
- ✓ Includes financial services such as micro-savings, micro-credits, micro-insurance, and payments
- ✓ Products designed for the provision of any benefits to individuals' voluntary savings, pre- and post- disasters rehabilitation loan and relief loans, etc.

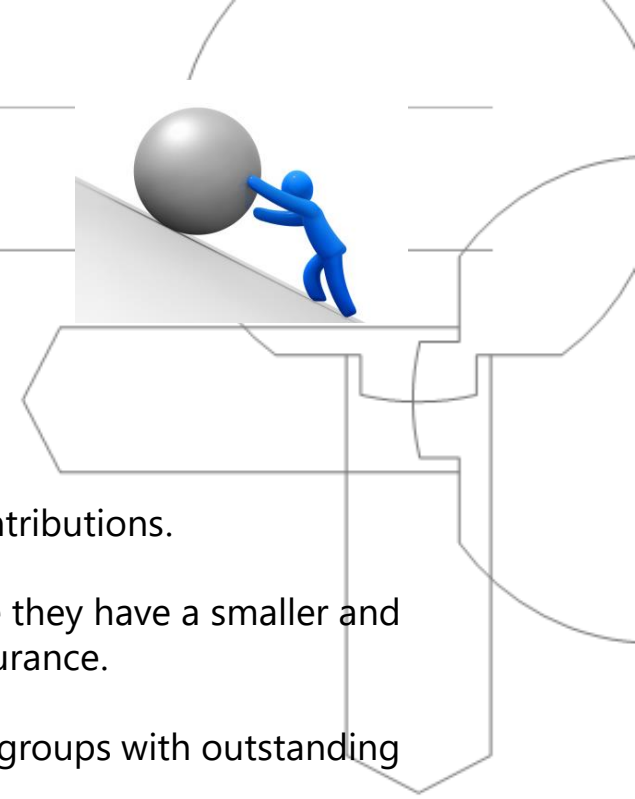


Saving strategies for MFIs to help the communities in times of disasters

- Savings products generally play a crucial role in helping clients overcome their losses and rehabilitate to their pre-disaster social position
- However, the compulsory saving products offered by most MFIs show the provision of limited benefits to their clients because of difficulties in accumulating meaningful balances and meeting substantial demands for withdrawals.
- MFIs may allow voluntary withdrawal access and convenience in frequency and location of collection of the clients, which consequently, help clients accumulate larger balances.



Insurance products as a challenge for MFIs



Lack of expertise in designing and providing insurance services.

Lack of resources on an actuarial basis for computing premiums and contributions.

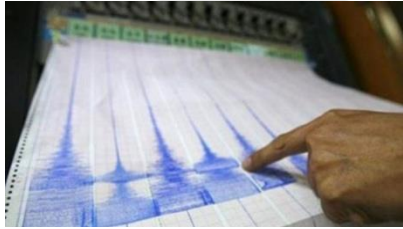
Micro-insurance provided by MFIs might not be always feasible because they have a smaller and possibly more homogeneous risk pool, and they lack reserves and reinsurance.

MFIs face high covariant risk when disasters affect all of the community groups with outstanding loans.

By seeking formal insurance and reinsurance partners, MFIs may be able to better transfer risk once scale is achieved.



Stakeholders in DRM (Case of Albania)



Albania exposure to natural disasters:



Hydro-meteorological and Geological origins



Earthquakes
Floods
Droughts
Forest Fires
Landslides





Stakeholders in DRM (Case of Albania)

- General Directorate for Civil Emergencies is responsible for undertaking national disaster risk assessments
- At the local level, the prefectures and municipalities are responsible for their own risk assessment and planning
- Several private sector companies are called upon to provide humanitarian support, including mobile phone companies (e.g. AMC, Vodafone Albania, Plus), Tirana International Airport
- NGOs, such as the Red Cross Albania, provide humanitarian services.





Stakeholders in DRM (Case of Albania)

A multi-disciplinary, multi-sectoral and multi-stakeholder National Platform for DRR does not exist.

Although DRR is addressed and acknowledged in some policies, strategies and action plans, a systematic approach to the mainstreaming of DRR into sectoral and multi-sectoral plans has not yet been adopted.

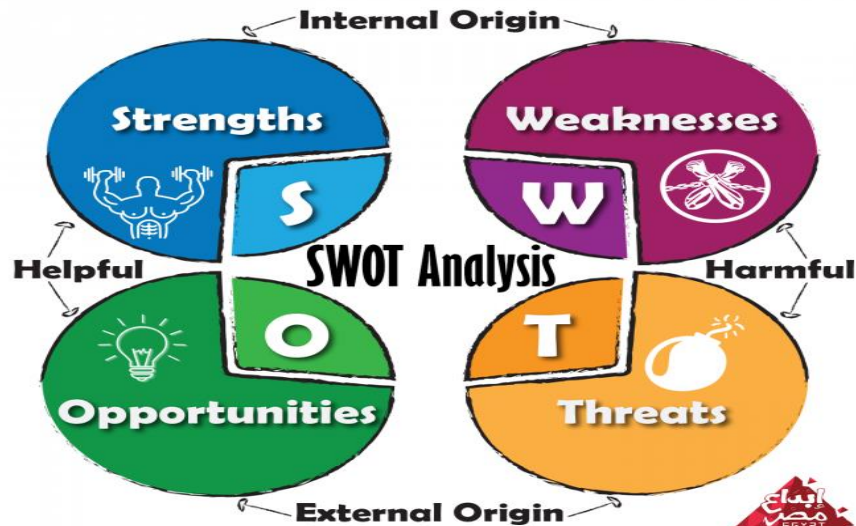
National Strategy for Disaster Risk Reduction 2014-2018 emphasize as a priority action the need to engage line ministries at a higher level around DRR

- formalization of a multi-stakeholder National Platform for DRR
- growing recognition around the need for effective DRR in Albania





As a methodical approach, SWOT analysis has a broad application to help decision-makers find the most appropriate solutions to a particular problem.





Weaknesses & Threats



- ✓ Adopting a "reactive" instead of "proactive" approach.
- ✓ The focus is more on the reaction and less (or not at all) in other components such as "mitigation" of "prevention"
- ✓ DRR not yet properly integrated into central, sectoral, and local policies.
- ✓ A gap between legal obligations and obligations assumed by line ministries or other institutions in relation to DRR & CP
- ✓ A number of DRR & CP measures that result, outdated or inadequate: a) predictive techniques, b) environmental measures, c) training / awareness of disaster prevention and protection, d) involvement of local communities and volunteers, e) market mechanisms (including the insurance market)
- ✓ The lack of early warning systems (24 hours / 7 days)
- ✓ The lack of disaster education (in all cycles)





Strengths & Opportunities



- ✓ Albania has a legal framework and policies that, despite all the shortcomings, provides a basis for further improvements under the DRR and Civil Protection.
- ✓ A database of qualitative and quantitative (statistical) information on threats from disasters provided by The Natural Hazard Study 2003 and National Civil Emergency Plan 2004.
- ✓ The government is showing a growing awareness of risk prevention measures, though there is much to be done to put them into practice.
- ✓ The growing assessment from the highest decision-making DRR levels has found support and sponsorship from international actors (World Bank) with programs of such as the strengthening of hydro-meteorological monitoring systems, the adoption of Euro-codes for construction, the introduction of insurance systems, etc.
- ✓ Disasters of recent years (mainly floods and fires) with all the damage have evidenced some capacity of Albanian institutions and population to cope those.
- ✓ Increased ability of institutions to cooperate and support each other in response to emergencies, constitute a good basis for future challenges of this nature.

