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STAKEHOLDERS IN DISASTER RISK MANAGEMENT AND DECISION MAKING

Abstract: Increased awareness toward disasters and risk reduction has brought together different actors like Government organizations, Private firms, NGOs, Financial institutions, Academia, Civil societies, Communities, and Individuals, in order to have an effective response to deal with disasters. Different stakeholders have different approaches and therefore different incentives for undertaking Disaster Risk Management and Reduction measures. In this lecture, we give a theoretical approach on the stakeholders' role in disaster risk management, by identifying the main groups of stakeholders and their approaches toward disaster risk management. Furthermore, a practical example of Albanian main stakeholders in DRM is given together with a SWOT analysis of them.

Key words: Stakeholders, Disaster, Risk Management, Government, NGOs, Private sector, Financial Institutions

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1. INTRODUCTION

The identification and analysis of stakeholders’ impact on disaster risk management are an important step of implementing sustainable strategies and plans in this field. As a general explanation, the involvement of stakeholders in disaster risk management requires the proper identification of individuals, institutions or organizations that can influence the goals and objectives of Disaster Risk Management (DRM), by playing a crucial role in the phases pre and post disaster occurrence. Different stakeholders such as: government, community, individuals, academia, NGO’s and the private sector are important pillars of increasing disaster resilience The partnership between several stakeholders improves the DRM measures by creating a broader network of contributors, exchanging relevant information, creating a link between government and the community’s needs, combining efforts and resources to reach substantial results. However, this approach must address the incorporation of legal framework improvement and strengthening of policies in the disaster risk system with the institutional development and financial resource budgeting. An institutional framework accompanied by appropriate policies and decentralized authority and resource allocations is essential for sound disaster risk reduction actions [32].

The stakeholder approach to disaster risk management creates better chances for preparedness in broader interest groups and to focus on assisting the communities that are more vulnerable to disaster occurrences. Active participation of different stakeholders in decision making in DRM improves the quality of risk assessment as well as the effectiveness of resource allocation, based on more realistic scenarios of risk. According to Mojtahedi and Bee (2014), the main approaches to disaster risk management when stakeholder inclusion is achieved, can be classified into: proactive and reactive approach. The proactive approach includes practices of disaster risk reduction such as mitigation and preparedness, referring to stakeholders’ participation in activities that are planned and conducted prior to the occurrence of a natural disaster. This approach reflects the objective of effectively impacting on reducing the expecting severe effects of disaster. The reactive approach, refers to the role of different stakeholders in phases of response and recovery, which take place during and after the natural disaster occurs.

In the diagram below is illustrated the Disaster Management Cycle according to FAO.[3] It includes a number of phases, each of them requires a different range of response activities. Although there are six phases, they are often grouped together in three main categories: the pre-emergency phase, the emergency phase and the post-emergency phase. The pre-emergency phase includes prevention, mitigation and preparedness under the heading of risk reduction. In the emergency phase the response mechanisms are automated. The post-emergency phase includes recovery and development.

[3] Food and Agriculture Organization

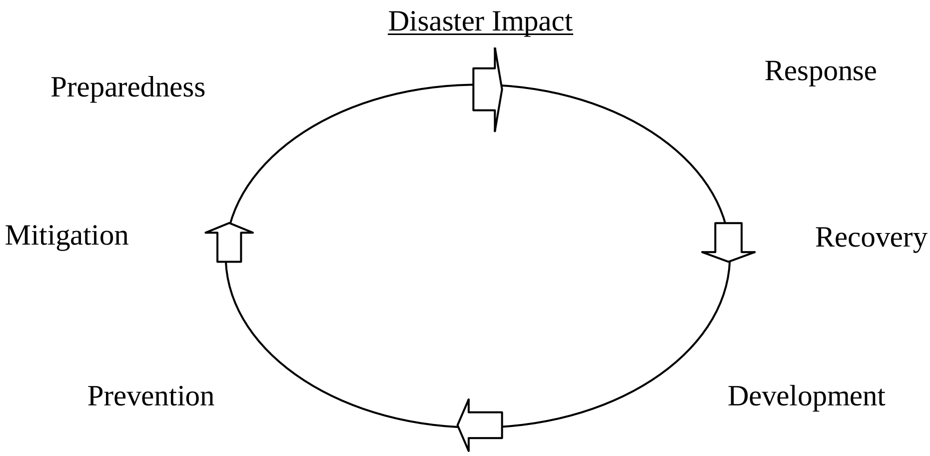

Figure 1- Disaster management cycle

2. STAKEHOLDERS DEFINITION AND THEIR APROACHES TO MANAGING DISASTERS

In the context of Disaster Risk Management, a stakeholder can be described as any entity that can affect and be affected by disaster management. According to UNISDR[4] there are different actors that play an important role in the disaster management process such as, National and local governments, NGOs, Academia, Regional institutions, Corporation, Media and last but not the least, Communities, especially those most vulnerable.

Harrison et al. (2010) claimed that stakeholder theory should take in consideration the decision makers' roles, their decisions and who takes advantage of the outcomes of those decisions. According to Freeman (1984) and Savage et al. (1991), stakeholders have an interest in the actions of an organization and they have the ability to influence it or they can be affected by the achievement of the organization's objectives. Stakeholders experience or anticipate experiencing the harm and benefits of an organization [12]. A latest definition describes stakeholder who has input in decision making as well as who benefits from the results of decision makings [27].

Stakeholders have two different approaches toward natural disaster management, that are noted as proactive and reactive approaches. The criteria used to divide the stakeholder approaches in these two groups, refers to the kind of DRM activities undertaken by the them and the time when these activities are undertaken. According to Moe and Pathranarakul (2006) the stakeholders react in a pro-active manner when they plan and conduct activities before the

[4] United Nations International Strategy for Disaster Reduction

natural disaster happens, such as mitigation and preparedness. These activities aim to tranquilize the adverse impacts of natural disasters effectively. From the other side, activities that have to do with responses and recovery, are conducted by stakeholders during and after natural disasters and this is called a reactive approach.

Even though the attitude of stakeholders toward natural disaster management is recognized by two different approaches, most studies conclude that the stakeholders tend to resolve by reactive approaches the problems arisen by natural disaster [6], [7]. Brilly and Polic (2005) considered stakeholders' approach to provide an integrated flood mitigation decision making process in a Slovenian case. Bosher et al. (2009) concluded that there is a need to address proactively the weaknesses in maintaining the built environment from a range of disasters. They also emphasized that there is a lack of evidence for construction stakeholders in playing an active role in mitigating flood risk.

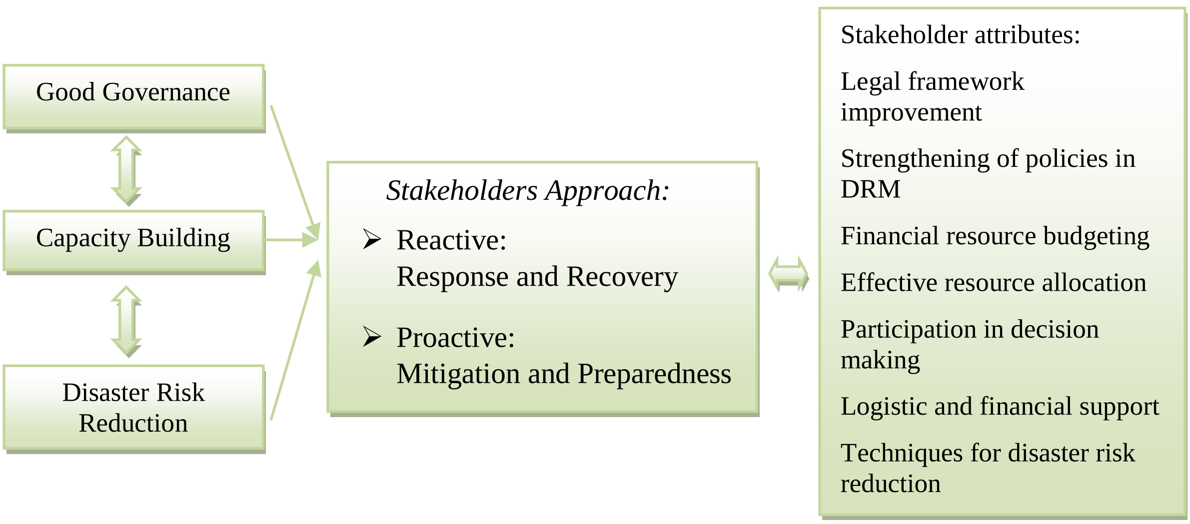

Figure 1- Stakeholders approach in DRM and decision making

3. THE ROLE OF GOVERNMENT

Disaster risk management is an important issue for achieving sustainable development of cities, taking into account the fast growing of urban areas and the fast population expansion. Making cities resilient is a complex task, which requires the collaborative efforts of various stakeholders, including: decision makers, community groups, private sector, financial institutions, international organizations, civil society and academia. Disaster risk management and prevention depends on wider social and political conditions that affect the ability of governments and civil organizations in this process, such as capacity planning, regulatory, institutional environment, chains of responsibility and interaction with stakeholders [29]. However, it is the responsibility of the governmental institutions, both at the national and local level, to address the appropriate implementation of disaster risk reduction measures and resilience programs, to achieve relevant outcomes. The government structures, in all levels of governments, should integrate the disaster risk management activities with the community planning and recourse capability assessment [32].

Government's role in disaster risk management is linked to 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. Institutional mechanisms are crucial to monitor the implementation of these disaster risk management measures, and to coordinate the action plans and prompt response to disaster situations. Major objectives of the government institutions are firstly directed toward the achievement of citizens' wellbeing and protecting their life quality. Within these objectives, government role is to provide the necessary logistic support, including actions such as rescue, relief and resilience in case of major disasters. Building the right communication network and financial links between different stakeholders is important to enhance the response and recovery actions, but also the earlier phases of disaster risk management measures such as preparedness and prevention. The assignment of tasks should take place through all phases such as: prevention, mitigation, preparedness, early warning, rapid response, evacuation, rehabilitation to early recovery. The coordination of stakeholder contribution in disaster risk management is a responsibility of the government institution in charge, in order to encourage their participation in decision making and to avoid overlapping of tasks between different parties.

The basic steps to be undertaken by the government related to disaster risk management, is the regulation of the legislation and policy instruments, to properly address authority alignment, resource allocation, responsibility lines and enforcement of regulations in specific matters. Disaster resilience may be improved by giving priorities to disaster risk assessment and establishing an effective emergency response mechanisms. In terms of disaster resilience, the effective programs require national DRM strategies combined with law enforcement on land use regulations and building codes. Another important factor in proper disaster risk management programs, is taking into consideration strengthening of human resources. Building resilience requires the equipment of individuals, communities and organizations with a practical approach and the necessary knowledge on DRM. National and local governments should provide 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. A training program that is designed to combine different stakeholder groups, intends to better address the issue by identifying strengths and weaknesses and complementing the disaster risk topic with experiences and knowledge of different approaches. Lastly, the practical training programs provided by the government should include research institution collaboration and the university programs outcomes to contribute to the disaster risk management knowledge at broader levels.

3.1 Disaster risk management at local governmental level

The necessity for natural hazard risk management has significantly increased over the last years, as an important issue for achieving sustainable development. Several studies reveal that disaster management requires effective community-based strategies which include programs and measures to prevent and mitigate disaster effects. Following this argument, in recent years, research in disaster risk management is focused in the local governmental. According to the UNDP study: “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”. It is argued that national disaster risk reduction measures will fail to succeed when communities and stakeholders are not integrated and properly engaged in the disaster risk management operations, even if the early warning system measures are adopted. Disaster risk management at the local governmental level is considered more effective since the natural disaster occurrences are local in nature. Moreover, local government units and communities are in the closest position to respond and mitigate, along with rehabilitation of territories within the disaster risk management practices. To conclude this argument, there is evidence that a decentralized risk management system, where local actors are assigned relevant functions, creates a very effective environment for disaster risk reduction in the region [5].

Local government is the responsible tier of government for the implementation of long term development policies and the provision of public facilities and services. Effective disaster risk reduction measures require the inclusion and institutionalization of disaster risk reduction practices to day to day operations, and creating the right channels for sustainable strategies that provide inclusion of broad interest groups in the process. However, in many cases the local government units are not equipped with sufficient knowledge and financial tools in performing appropriate disaster risk reduction practices, which increases the importance of inclusion of donors and partner organizations in the process. In this context, in order to accomplish the objective of broader stakeholder participation in disaster risk management, several local actors may be involved of both the public and private sectors, by identifying the specific links and contributors to the process.

According to Pal and Shaw (2018) local government plays a key role in implementing disaster risk initiatives, identifying four main aspects: coordinating disaster risk reduction 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 disaster risk reduction; strengthening institutional capacities and practices for local disaster risk management. Another role of local government is to cultivate prevention and preparedness by raising awareness of community on natural disasters and enhancing the inclusion of citizens in DRM. Local government inclusion in disaster risk management is based on the reciprocal support from the central government, in terms of financial and technical support, and also in the institutionalization of the framework regulations. Disaster risk management should be regulated by adequate laws and specific programs should be incorporated in the budgetary system. The role of national government is to instruct and support local authorities to prepare and respond, especially in the case of large scale disasters. The system of measures and response requires the decentralization of power in disaster risk management, including aspects of administrative competences, financial capacity and policy implementation.

UNISDR has addressed the role of local government units in disaster risk management, by identifying sound practice for institutional coordination in aspects of: a) effective preparedness, early warning and response; b) training, education and public awareness; c) building regulations and land use planning; d) multi-hazard risk assessment at regional level; e) environmental protection and strengthening ecosystems; e) recovery and reconstruction. Another important aspect of local government role in DRM is linked to involvement of citizens and all prior stakeholders in decision-making, in order to ensure the effective implementation of disaster risk reduction measures [19]. Coordinating efforts in terms of knowledge, information, financial resources, and human resources is perceived as the essential approach to effective disaster risk management, at local level and further at a larger scale. Given the importance of disaster risk at the local level, it is important to address the challenges that local institutions face in terms of infrastructure capacity, expertise in risk assessment, financial capacity and decentralized authority in decision making [2]. In many countries, a reformation of the existing disaster risk management system might be required, to increase the competencies of local government units in locally addressing DRM measures and their implementation.

Both national and local authorities in almost all Western Balkan countries are becoming more aware of the need to develop long-term risk reduction approaches, with a multi-stakeholder participation approach. However, as suggested from previous studies, local government units in Albania, Bosnia and Herzegovina, and Macedonia lack sufficient knowledge about disaster risks and vulnerabilities of their communities as well as appropriate disaster risk reduction measures and risk assessment programs at the local level, particularly for smaller communities. In other words, the disaster response and planning capacity at municipal levels could be enhanced. At present, Albania is working towards the inclusion of disaster risk reduction in the legal and institutional framework and transitioning from a reactive to a more proactive disaster risk reduction orientated approach [13].

Regarding financial resources, the current legislation in several western Balkan countries, defines the state budget as the primary financial resource for civil emergency planning and crisis management. Local government units are able to receive financial support from the central government for civil protection work, but they also use some of their income and fundraise through donations. However, increased financial autonomy of local government units should also address the need for more financial resources in programs that support disaster risk reduction not only in the response phase but also in the preliminary phase of risk assessment and prevention. Disaster risk reduction programs in Western Balkan states should be incorporated into municipal budgets annually, to enhance the positive outcomes of disaster risk strategies.

4. INTERNATIONAL ORGANIZATIONS AND DONORS' ASSISTANCE

When assessing stakeholders' role in disaster risk management, the role of international organizations, local NGO-s and donors' assistance is identified as crucial in disaster emergency relief. This argument relies on the complementary role that non-governmental organizations play in pre and post disaster actions to support the government measures. NGOs play a very important role in providing support services to promote recovery and support response. Some kind of this support includes: shelter, emergency food supplies, counseling, trains the volunteers, providing language assistance, providing transportation and logistics support. NGOs work together with the government and other agencies to provide relief services, promote recovery, and reduce stress of disaster victims.

In recent years, there is evident an increased integration of international organizations contribute to national or local disaster risk management strategies, with an important role in community disaster prevention and reduction. Partner organizations' assistance is relevant, especially in those communities with high vulnerability of natural hazards that lack sufficient capacity, resources and knowledge of local institutions to plan and manage local disaster risks. In recent years, there is a shift in attention from the role of government and public actions to the engagement of non-governmental organizations and business communities in risk reduction, as a necessary condition for the future resilience of society [31]. Nongovernmental organizations such as the International Red Cross and other donor organizations have an important contribution on disaster relief goods, assisting with the recovery and reconstruction post disaster and supporting the injured individuals. Their contribution is also notable in prior phases of disaster risk management, such as strengthening the community preparedness and promoting disaster risk reduction awareness, in line with the national programs.

International organizations cooperate with the national governments in different countries in terms of specifying policy guidelines, enhancing the legislative framework, and implementing the disaster risk community based programs nationally as well as locally. Another role of non-governmental organizations is in promoting the participation of local communities in disaster risk management decision making. Working closely to the vulnerable communities, they have an advantage in enhancing preparedness and mitigation by encouraging communities' participation in disaster risk reduction programs [20]. In this aspect, linking the local communities to local governments is considered an important assistance of partner organizations to assure the sustainability of disaster risk reduction measures. Closeness to communities, including the phases during and post disaster occurrence, puts the nongovernmental organizations at favorable position for data collection in terms of risk assessment and ex post loss information. The information disclosure is often provided in the form of risk assessment reports, in cooperation with research institutes or other organizations. The contribution is also of high importance in terms of financial budgeting of preparedness, trainings, and risk assessment programs that are provided from the assistance of donors and international organizations that operate in the field of disaster risk. According to UNDP (2010), participation of international nongovernmental organizations in DRM programs is significant for combining resources and expertise, especially in encouraging cross-border and cross-sectoral risk management.

In western Balkan countries, several international and local organizations operate in the disaster risk management programs and humanitarian aid in emergency crisis. The active donors in supporting disaster risk management projects in Western Balkan, include organizations and programs such as: the 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), and bilateral donors such as the Italian Cooperation, the Swiss Cooperation, DANIDA, USAID, JICA and others. Enhancing regional institutional capacity and coordination with regard to disaster risk reduction and adaptation to climate change is an important objective of international organization's contribution to DRM. Another important task is related to the improvement of regional risk assessment and mapping capacities in Western Balkan. This active participation is achieved through initiatives such as: Europe Re and the South Eastern Europe and Caucasus Catastrophe Risk Insurance Facility (UNISDR). A wide range of local nongovernmental organizations also contributes to the disaster risk reduction initiatives, in cooperation with government programs and research institutions in terms of risk assessment and also in increasing public awareness.

5. THE PRIVATE SECTOR AND ITS ROLE AS A STAKEHOLDER IN DRM

In most countries, the private sector owns the major part of the real estate, having in this case a considerable part of the infrastructure at risk. However, the private sector has lagged behind with the investment in disaster risk management, as far as the most investment in DRM is made by the public sector [28]. 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. However, in most countries the governments carry out the disaster risk management. The first aim of a business is to maximize its profit. From this point of view, it seems that the businesses would take disaster risk management actions that are in line and enhance this primary objective. Business investment in disaster risk management, creates benefits not only for the business itself, but in a broader context, the benefits are linked with the economy as a whole. In other words, businesses create externalities. For example, a fire protection system that is installed in a business building, may protect also the other surrounding buildings and the community as well.

Any business can take action to contribute to the overall community, that can improve the quality of life and promote economic stability. Anyway, these actions are usually neglected by businesses, leading to underinvestment in disaster risk management.

Investments have two specific characteristics: the return and the risk. The return from an investment is materialized over the course of time and as it will take place in the future in one's business account, the return is accompanied by uncertainty (risk). Investment in unproven areas or technologies are more uncertain than others. DRM investments have these characteristics. From the other part, the benefits resulting from DRM are subject of uncertainty as well. These benefits regard to the avoidance of lost profit, that depends on the very uncertain probability of disaster occurrence. Consequently the risk premium may be increased.

There are four major categories of co-benefits from DRM investment to the private sector. Rose (2016) provides some examples for each category:

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)

3. Benefits to the general business climate
   - Reduced uncertainty (through lowering the likelihood of disaster looses)
   - 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)

Business' investments in DRM have not been continuous even though the increased level of financial losses from disasters. The role of insurance in DRM is very important. In most countries all over the world the insurance service is offered by the private sector, but mostly in the developing countries this service requires the support through government subsidies, government regulations and re-insurance. The most positive aspect of insurance service is the incentive for mitigation. In this context, lower insurance rates would have a spillover effect on disaster risk management, as far as lower rates make the insurance service less expensive and affordable to a larger group of people.

The exposure of the society toward risk relates to the decisions of private actors from individuals to households and businesses.

Regardless of the assistance provided by the business sector following disasters, gaps exist in terms of arrangements that could further facilitate its involvement. For example, the role of business in disaster relief and recovery is largely ad hoc and not formalized into response and recovery plans [18].

Risk transfer is a very useful tool to manage the risk of uncertain losses. The importance of insurance mechanism in mitigating the risk during catastrophic situations, is undisputed. Disaster preparedness is linked with adaptation measures and the provision of political leadership by the government plays an important role in protecting and supporting public infrastructures. In order to deal with the emerging risk, there is a need to have structures of local adaptation choices that can be raised by the cooperation between different stakeholders such as communities, household individuals, local government, private sector and other actors.

An effective implementation of government intervention to manage disaster risk can be achieved by establishing partnerships with the private sector and in particular the insurance industry. Following the pro-active approach for transferring the risk it is evident that insurance presence is required. 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 or usually private insurance companies incorporate in their insurance policies also public security from disasters. 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. As far as insurance companies sell other products, they are much more accessible to the public. Thereby, the public becomes even more aware about the insurance coverage and get more information about insurance.

The partnership between government and private insurance companies is also in the interest of the latter, because of some advantages on their part. 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.

In the major agricultural insurance regions (e.g. in North America, parts of the EU) it has been proven that only an insurance system supported by the government is able to provide for sustainable market [11]. Insurance companies are developing new products such as weather derivatives, catastrophe bonds, etc.

6. FINANCIAL INSTITUTIONS

Financial institutions are the key providers of financial products and services and together with financial markets are part of the financial industry that, itself, is a very important component of a country's economy. Some kind of solutions can be offered by financial services in order to help communities to reduce different type of risks. According to Vellinga et al (2001) financial services may play a significant role in managing risk that accompany climate change. The role that financial services could play in managing disaster risk, has been subject of investigation from many international institutions. They have mentioned some disaster finance scheme such as partnerships with NGO-s, insurance companies, local savings and credit institutions.

The point of view is changing and trying to redirect the efforts from responding to risk to reducing the risk [22]. Under this view, financial services may be an active tool of disaster risk reduction.

In many developing countries, the major part of financial and other resources for disaster risk reduction and adaptation activities comes from households - mainly through consumption of available resources or savings [34]. The most common way for the poor to deal with emergencies is through their savings, that may take the form of cash money or a deposit in a commercial bank. As far as savings depend on household income, they represent an effective mechanism to deal with emergencies when the household incomes are sustainable. Savings do not provide optimal risk coverage for very poor, due to factors such as erratic income flow and limitations in participating in effective financial management schemes [9]. Households use the self-insurance mechanisms as a tool for risk management. Anyway, using this kind of risk management tool, in case of a natural hazard, they do not transfer the risk to another party. There are also local lenders, that operate in an informal way. Many households borrow from this informal sector, even though interest rates can vary from 30% to 120% [17]. 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. As far as these initiatives point out the efforts for sustainable development, the threat of natural disasters may be under evaluated. The Micro-Finance institutions cover the major part of the services for this category of community.

Microfinance has provided support over the years to people all over the world and has played an important role in creating resilience, particularly in developing countries. Microfinance targets the poor class of communities which often lacks access to proper livelihood activities [3]. In a broader context, microfinance is potentially an integral part of an overall disaster risk management strategy that reduces the financial vulnerability of individuals and households. Different microfinance products and services can be offered to reduce the financial vulnerabilities of communities at risk. The term microfinance refers to the provision of financial services to low-income individuals, including the self-employed [21]. According to this definition, financial services include savings and credits; however, insurance and payments are also considered as microfinance services. Among the products and services provided by Micro-Finance Institutions, micro-credits play the crucial role. The primary idea of micro-credits awarded the Nobel Prize for Peace to Mohamed Yunus[5] and the Grammen Bank in 2006. The clients of Micro-finance institutions are member of groups where each of them share the responsibility of paying the principle and interest of small loans with others. Micro-finance institutions provide different financial services and products to communities in developing countries. For example, Opportunity International[6] offers micro-insurance products, that help such groups to better manage their risks and also benefit micro-credit operations by preventing loan default in the case of an unexpected event [34]. According to Mapfumo (2005), the loan from Opportunity International in Malawi are provided with a compulsory insurance component, the premium of which is added to the interest rate of the loan. This linkage between the two products reduces the risk of loan default in the event of a disaster, and the risk that the client has to assume the burden of yet another loan to cover the loss of assets and the original loan principal.

From Micro Finance Institutions point of view, there is a range of products designed for the provision of any benefits to individuals' voluntary savings, pre- and post- disasters rehabilitation loan and relief loans, etc. [1]. The variety of possible approaches reflects ambiguity regarding which product to offer in what kind of disaster stages, i.e. pre-disasters, or whether to let disasters strike the community and then launch a readily available product for relief, rehabilitation and reconstruction activities [8].

Savings products generally play a crucial role in helping clients overcome their losses and rehabilitate to their pre-disaster social position. Regarding the case of Bangladesh, however, the compulsory saving products offered by most Micro Finance Institutions show the provision of limited benefits to their clients because of difficulties in accumulating meaningful balances and meeting substantial demands for withdrawals. Further, the research suggests different saving

[5] Mohamed Yunus is known as the "Father" of Mikrofinance
[6] www.opportunity.org

strategies for Micro Finance Institutions to help the affected communities in times of disasters, i.e. these institutions may allow voluntary withdrawal access and convenience in frequency and location of collection of the clients, which consequently, help clients accumulate larger balances. Despite the benefits of voluntary saving products in disaster protection of clients, some issues remain regarding the potential demand for voluntary savings and regulatory restrictions of MFIs [8].

Micro-finance institutions offer insurance products, even though they have not the expertise in designing an providing insurance services. These institutions have lacked 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 [34]. MFIs face high covariant risk when disasters affect all of the community groups with outstanding loans. In order to be successful in providing insurance, and also to reduce the variability in their portfolio, micro-finance institutions should reach a certain range in numbers of policies and clients By seeking formal insurance and reinsurance partners, MFIs may be able to better transfer risk once scale is achieved [10]

7. CASE STUDY (MAIN STAKEHOLDERS, ROLES AND RESPONSIBILITIES IN DISASTER RISK REDUCTION AND MANAGEMENT IN ALBANIA)

Albania is exposed to natural hazards, including those of hydro-meteorological and geological origins, such as earthquakes, floods, droughts, forest fires and landslides. The General Directorate for Civil Emergencies is responsible for undertaking national disaster risk assessments and coordinates with the line ministries and institutions that have responsibility for the respective sector risk analysis, development strategies and integrated planning. At the local level, the prefectures and municipalities are responsible for their own risk assessment and planning. Under the chairmanship of the mayor, the Commission on Planning and Responding with Civil Emergencies is established, and its main task is to coordinate all activities of the local government unit and voluntary organizations, responsible for planning and responding to emergencies.

Albania is working towards the inclusion of disaster risk reduction (DRR) in the legal and institutional framework and transitioning from a reactive to a more proactive DRR orientated approach. The Civil Protection System in Albania consists of permanent and temporary structures at national regional and local. Through these structures, each ministry, department or institution, has specific responsibilities, for all stages of the disaster risk management cycle. The Directorate for Civil Emergencies is the key institution for disaster risk management and is best placed to enhance the inclusion of DRR in the existing legislation and management system.

Several private sector companies are called upon to provide humanitarian support, including mobile phone companies (e.g. AMC, Vodafone Albania, Plus), Tirana International Airport and so on. In addition, humanitarian non-governmental organisations (NGOs), such as the Red Cross Albania, provide humanitarian services.

At present, a multi-disciplinary, multi-sectoral and multi-stakeholder National Platform for DRR does not exist, in order to help advance a national commitment to reduce disaster risks. 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. In the National Strategy for Disaster Risk Reduction 2014-2018 which is yet to be formally approved, one priority action that has been outlined is the need to engage line ministries at a higher level around DRR, including the formalization of a multi-stakeholder National Platform for DRR, emphasizing the growing recognition around the need for effective DRR in Albania.

7.1 SWOT analysis[7]

SWOT analysis consists in assessing and balancing the strengths and weaknesses, gaps and opportunities of a system. As a methodical approach, it has a broad application to help decision-makers find the most appropriate solutions to a particular problem.

Weaknesses & Threats

Albanian institutions engaged in Disaster Risk Reduction & Civil Protection (DRR&CP), conceptually and practically have adopted a "reactive" instead of "proactive" approach. Under these conditions they focus more on the reaction and less (or not at all) in other components such as "mitigation" of "prevention". Measures that are implemented are one of the main issues related to crisis management. DRR is not yet properly integrated into central, sectoral, and local policies.

There is also a gap between legal obligations and obligations assumed by line ministries or other institutions in relation to DRR & CP, while communication between them or General Directorate of Civil Emergencies continues to remain problematic.

There are a number of DRR & CP measures that result, outdated or inadequate, such as: 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) to amortize and not allow for the increased impact of disasters. The lack of early warning systems (24 hours / 7 days) and the lack of disaster education (in all cycles) remain problematic.

Strengths & Opportunities

Albania has a legal framework and policies that, despite all the shortcomings, provides a basis for further improvements under the RRF & MC. The Natural Hazard Study undertaken in 2003 and the National Civil Emergency Plan 2004 provides important qualitative and quantitative (statistical) information on threats from disasters as well as on the roles and

[7] Retreived from: http://idmalbania.org/albanias-civil-protection-system-and-its-related-regional-cooperation/

responsibilities of Albanian institutions. 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 disaster risk reduction (DRR) levels apart from being positive in itself, has also 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.

Above all, it is worth noting that the disasters of recent years (mainly floods and fires) with all the damage (in the economy, but fortunately not in humans) have evidenced some capacity of Albanian institutions and population to cope those. The lessons learned from them, as well as an increased ability of institutions to cooperate and support each other in response to emergencies, constitute a good basis for future challenges of this nature.

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REVIEW QUESTIONS

[1] How many phases does the Disaster Management Cycle include and which are the activities of each phase?
[2] How can you describe a Stakeholder in the context of Disaster Risk Management?
[3] Which are the main approaches of stakeholders toward disaster risk management?
[4] Which are the basic steps to be undertaken by the government related to disaster risk management?

[5] Who are the main NGOs that support the disaster risk management programs in Western Balkan?

[6] How can the private sector benefit from DRM investments?

[7] How can you access the role of Microfinace Institutions as a stakeholder in Disaster Risk Management?