

# Financial implications of disaster management



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Disasters today are happening much more frequently and sometimes with a greater severity than those encountered in the past years. Both natural and man-made disasters can be mitigated if all the proper measures are in place such as adequate preparations which help the people recover from disasters much more quickly by minimizing damages and losses. There are risk-reduction measures which can be put in place even before a disaster strikes but all the preparations usually requires financial resources to a great extent. This paper discusses all the financial aspects of disaster management in the context of organizational settings. Donor Fatigue - with the global economy still in the doldrums and recovery mostly uncertain, major donor countries are now often reluctant to give bigger amounts although the said countries pledge much larger donations but come up short with the actual monies. Series of successive natural calamities had likewise depleted the financial resources of most donors and there is a feeling of fatigue among them, of constantly sending aid with little results. The governmental aid sent by developed countries are now often supplemented by private donors. Non-governmental organizations which are mostly private initiatives must now realize that a fountain of goodwill is not unlimited and must therefore spend their financial resources well. When the next disaster strikes, there might not be enough money for an adequate response. A consequence of donor fatigue is worsening of the situation and drop in funding due to apathy. Politics - humanitarian assistance is the usual international response whenever there is a natural calamity or a man-made disaster (such as regional conflicts and genocidal wars). Sometimes, the sheer magnitude of the suffering of the

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victims of disasters, wars, famine and disease can overwhelm the resources of private charitable organizations and governments had to step in. When this happens, it is unavoidable for politics to get involved in a humanitarian response. Although the intent of the aid is to help victims, there are often conflicted and self-interest constraints in the giving of aid. Politics becomes a hindrance to the rendition of aid. Human Rights - Ideally, disaster relief should be politically neutral but very often, a government which receives these aid exercises bias and prejudice as to who will get the aid first. A financial scandal occurs when the recipient government does not keep track of all the cash donations; in not a few cases, the monies are diverted to the pockets of a few individuals who will profit. This creates an atmosphere of mistrust in which donors are reluctant to send monetary aid to those countries again if ever another disaster strikes (Lautze, 2003). There are also cases that showed the very aid being sent is a cause of further conflict; this is the case in Rwanda where international humanitarian aid agencies had unwittingly regularly delivered food and supplies to rebel fighters recruited from the refugee camps (Lischer, 2003). A case in which human rights were involved was that of Ethiopia in which their government was not in good terms with the American government which then faced a moral and political dilemma of whether to set aside their mutual animosities for the sake of human dignity (Kissi, 2005). Corruption - the financial aid being sent by donors is a very tempting target for the people who manage these funds, such as the heads of some private charitable organizations. It is sometimes reported in the news how funds were diverted for personal use by these people. Recipient aid organizations are likewise not immune to the temptation to use the aid funds for purposes other than for actual relief of a

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disaster's victims. This happens when disaster efforts shift from initial response to the recovery phase in which money is spent for rehabilitation. If no strict accounting is implemented, aid money can disappear very fast.

Inefficiency - oftentimes, aid money is squandered away due to gross inefficiencies. Some aid organizations are very inept when it comes to procurement of the needed supplies; many non-governmental organizations today prefer to receive cash donations in lieu of those usual donations in kind which often results in a mismatch of the supplies and requirements it may need in disaster relief operations. This was what happened in Haiti where charities asked donors not to send in items like used clothing, blankets or the wrong kinds of medicines. The blueprint for the refusal to accept donations in kind occurred during the aftermath of the 2004 December tsunami in which many supplies that were sent were unusable and inappropriate. References Kissi, E. (September 2005). Beneath international famine relief in Ethiopia: The United States, Ethiopia and the debate over relief aid, development assistance and human rights. *African Studies Review*, 48 (2), 111-132. Lautze, S. (2003). *National Institutional Capacities for Disaster Management: Exploring the Concept of "Humanitarian Governance."* New Jersey, USA: Princeton University Press. Lischer, S. K. (Summer 2003). Collateral damage: humanitarian assistance as a cause of conflict. *International Security*, 28 (1), 79-109.