Training on Financing for Disaster Risk Management
Session Title:
National Disaster Risk Management Fund (NDRMF), Pakistan

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Making Pakistan Resilient
Session Objectives

At the end of this session, participants should be able to:

• Discuss the National Disaster Risk Management Fund for financing Disaster Risk Management in Pakistan
National Disaster Risk Management Fund

Making Pakistan Resilient

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Outline

• Setting the Context/Rationale
• What is the National Disaster Risk Management Fund (NDRMF)?
  - Vision and Mission
  - Objectives
  - Areas of intervention
  - Funding process
  - Examples of projects supported
• Way-forward
Outline

• Setting the Context/Rationale
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Setting the Context/Rationale for NDRMF

Pakistan

• **High incidence** and **cost** of disasters
• High vulnerability to **climate change**
• **Financing disaster risk management** is a challenge for Government
• Evolving disaster risk **governance** and **resource** constraints
• Disaster risk management **policy** and **strategic** environment
• **Asian Development Bank assistance** and country partnership strategy
• Previous lessons learned
Pakistan’s Disaster Context

Hydro-Meteorological and Geological Hazards

- Flash Floods
- Urban Floods
- Riverine Floods
- GLOF
- Avalanches
- Landslides
- Drought
- Cyclones
- Earthquakes
- Landslides
- Tsunami
# Pakistan’s Disaster Context

## Economic Impact of Recent Disasters

<table>
<thead>
<tr>
<th>Impact</th>
<th>Earthquakes</th>
<th>Flooding</th>
<th>Landslides</th>
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<tbody>
<tr>
<td></td>
<td>2005</td>
<td>2008-2015</td>
<td>2010</td>
</tr>
<tr>
<td>Economic Impact</td>
<td>$5.5 billion</td>
<td>$110 million</td>
<td>$10 billion</td>
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<tr>
<td></td>
<td>$8.8 billion</td>
<td>$300 million</td>
<td></td>
</tr>
<tr>
<td>Human Losses</td>
<td>73,338</td>
<td>844</td>
<td>1,985</td>
</tr>
<tr>
<td></td>
<td>413</td>
<td>160</td>
<td></td>
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<tr>
<td>Injured</td>
<td>128,309</td>
<td>3,023</td>
<td>2,946</td>
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<tr>
<td></td>
<td>5,573</td>
<td>25,000 stranded</td>
<td></td>
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<tr>
<td>Houses Damaged</td>
<td>600,000</td>
<td>162,035</td>
<td>1,602,775</td>
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<td>797,225</td>
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Flooding alone costs $1.2 to $1.8 billion annually (0.5-0.8% of GDP, 4-5% of public expenditure)

*Attabad 2010, Gyari 2012

Source: NDMA, Pakistan
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What is the National Disaster Risk Management Fund?

- Established in 2017 as a government-owned **not-for-profit institution** registered with the Securities & Exchange Commission of Pakistan under Section 42.
- **Reduce** Pakistan’s socioeconomic and fiscal **vulnerability** to natural **hazards**, **climate variability** and **climate change**
- The **Government of Pakistan (GoP)** contributed $25 million to the fund and **ADB** a $200 million financial intermediary loan and piggybacked capacity development technical assistance to fast-track implementation
- It is intended to **provide financial** and **technical support** to government and non-government partners to implement the **National Disaster Management Plan** and the **National Flood Protection Plan-IV**, under NDRMF Result Framework
What is the National Disaster Risk Management Fund?

- The Fund’s objective is to focus on primary or critical level disaster planning, preparedness, pre-disaster mitigation, and early warning systems. It will not carry out any post-disaster activities.
- The Fund is in line with existing policies and strategies of the GoP to address disasters such as Disaster Risk Reduction Policy (2013), Climate Change Policy (2013), GOP Vision 2025, Sendai Framework for Disaster Risk Reduction, 2015-2030.
- Initial financing of NDRMF is through a loan of $200 million by the ADB and grants of $3.4 million by the Government of Australia and $1.5 million by the Swiss Agency for Development and Cooperation respectively.
- Recently additional funding received from World Bank of $188 million for climate change adaptation; and from ADB a $100 million Health Emergency Assistance Loan (COVID-19 response and preparedness).
- This fund comprehensively addresses crucial issues in disaster risk reduction (DRR) and disaster risk financing (DRF).
Governance Structure
Outline

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What is the National Disaster Risk Management Fund?

Vision and Mission

• **Vision:** To make Pakistan a natural *disaster resilient* country

• **Mission:** **Reducing** the socio-economic and fiscal *vulnerability* of the country and its population to natural hazards by prioritizing and financing investments in **DRR**, preparedness (early warning, contingency planning) and **DRF** that have high economic benefits, considering *climate change*

• **Core values:** adaptability, accountability, communication, diversity and inclusiveness, innovation, integrity, participation, transparency, teamwork
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What is National Disaster Risk Management Fund?

Objectives

Financial Autonomy

• Income from endowment fund ($123 Million) to finance NDRMF established and operating expenses
• Balance earning from endowment fund to be utilized for funding projects
• Release of the next tranche of USD 250-300 Million from ADB is being processed (2020-2030)
• Independent financial management procedures and systems, satisfying all donor requirements/needs, ultimately leading to a fully autonomous entity to attract funding from other donors are functional
• Explore the possibility of obtaining dormant funds from different projects of the Government
• Tap additional funding sources, within and outside the country
What is the National Disaster Risk Management Fund?

Objectives

Institutional Development

- **Fund Implementing Partner (FIP) accreditation** and project selection criteria fully operationalized
- All procedures for project approval simplified for **fast-track approvals**
- **Institutionalize** development and operational processes in line with **international good practices**
- Develop a central **repository of knowledge** on DRR, climate change and DRF
- Ensure **environment, gender** and **social** safeguard policies are mainstreamed in all the projects
- To develop, fine tune, customize, mature and operationalize own procurement, financing management, audit and business processes, monitoring and evaluation policies and practices to a level which will be acceptable to all development partners, donors, FIPs
- Creating a stable and productive organization
What is the National Disaster Risk Management Fund?

Objectives

Corporate Governance and Compliances

• Ensuring **compliance** of all the applicable legislations and loans covenants with improved **coordination** with regulators, donors and other stakeholders
What is the National Disaster Risk Management Fund?

Objectives

Operational Milestones (NDRMF Result Framework)

• National and subnational emergency response plans are developed
• A Multi-hazard Vulnerability Risk Assessment (MHVRA) is completed in 20 vulnerable cities and /or districts
• Community-based Disaster risk Management (CBDRM) plans are completed in 50 vulnerable union councils or urban centers
• At least 300 km of new or retrofit flooded protection infrastructure financed by the NDRMF are constructed
• An Additional 500 public buildings financed by the NDRMF (in the social sector) are made safe and resistant to multiple hazards
• Enhance the geographic coverage area of early warning systems by 10 per cent

Note: Mainly due to COVID-19 pandemic, targets of NDRMF Result Framework have been readjusted.
What is the National Disaster Risk Management Fund?

Objectives

Startup Strategy

• Critical mass of projects covering all geographic regions and thematic interventions through a balanced mix of FIPs are completed

• Working with existing implementation partners that are already accredited with international and national agencies

• Projects with high level of preparedness, impact and visibility to get priority
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Areas of interventions

**DRR**

- Flood prevention and mitigation
- Retrofitting of buildings and critical infrastructure
- Community-Based Disaster Risk Reduction
- Global linkages
- Understanding disaster risk reduction
Areas of interventions

**DRR**

*Flood prevention and mitigation*  
*Building retrofitting*

*Source:* [https://www.ndrmf.pk/major-interventions/](https://www.ndrmf.pk/major-interventions/)
Areas of interventions

**DRF**

- Synergy Group (create a forum of relevant stakeholders)
- NatCat model
- National DRF Strategy
- Instrument development
- DRF consultations
Areas of interventions

**DRF**

Instrument Development
Areas of interventions

Focused interventions

National Disaster Management Plan (NDMP) 2012-2022

Areas of interventions

Focused interventions

Thematic Areas (DRR)

• Infrastructure interventions
  – Flood protection structures
  – Water conservation structures
  – Land stabilization
  – Retrofitting of public sector buildings

• Emergency response
  – Rescue 1122 (emergency response)

• Community-based Disaster Risk Management
• Multi-hazard Vulnerability Risk Assessment
• Early Warning Systems
• Risk transfer and finance
Safeguard compliance

NDRMF is based on an environmental social management system.

Gender equality and inclusion are placed in all NDRMF core operations.

Protection environment through an environmental and social management system.
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Proposal Evaluation Guidelines

- Proposed Area of Intervention and its link with umbrella document/s
- Proposed Team for project implementation
- Link with Priority Districts for DRR
- Economic Analysis
- Link with NDMRF Result Framework / Interventions
- Environment and Social Safeguards
- Organizational experience (Relevance to the Proposed Project)
- Gender Action Plan
- Proposed Work Plan
- Monitoring and Evaluation
Funding process
Fund Process Flow

Grants Approval & Implementation Mechanism (Public Sector Enterprise/Non-Public Sector Enterprise)

Note: FIP = Fund Implementing Partner
Partners and funding sources

Government-owned, not-for-profit, non-bank financial intermediary

Initial Funding

Donor Confidence

- Government-owned, not-for-profit, non-bank financial intermediary
- USD 25 Million USD 20 Million
- PKR 3.8 Billion PKR 3.37 Billion
- USD 3.4 Million USD 100 Million
- PKR 525 Million PKR 16.86 Billion
- USD 1.5 Million USD 5.3 Million
- PKR 252 Million PKR 840 Million
- USD 1.8 Billion USD 20 Million
- PKR 31 Billion PKR 3.37 Billion
- Australian Government
- ADB
- EAL
- AFD
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Examples of projects supported (i)

- Multi-hazard Vulnerability Risk Assessments (MHVRA) – KPK, Balochista [Focus: develop and establish national hazard and vulnerability profiles]
- From Vulnerability To Resilience (V2R) - KPK, Balochistan [Focus: conduct multi-hazard vulnerability and risk assessments of 15 districts]
- Resilient and Adaptive Population in Disaster (RAPID) – Balochistan [Focus: Physical infrastructure, Community-Based Disaster Risk Management, and Community Emergency Response Team]
- Promoting Integrated Mountain Safety in Northern Pakistan (PIMSNP); [Focus: undertake disaster risk reduction and mitigation interventions in six mountainous districts]
Examples of Project supported (ii)

- Building Resilience to Disasters & Climate Change *Focus: strengthen readiness of the communities in proposed 8 districts through establishing an institutional framework to mobilize and organize communities, understand their specific vulnerabilities to natural hazards and conduct capacity analysis, ensuring that sound structural measures are taken to reduce and protect against community vulnerabilities*
Disaster Risk Financing

**NATCAT Risk Assessment Model**
- Perils: Earthquake, Floods, Droughts, Tropical Cyclones
- Modules: Hazards, Vulnerability, Exposure, Loss Estimation
- Executing Agency: SUPARCO – Contract Value ~ USD 4M.

**National DRF Strategy**
- First draft developed
- Way forward for feedback incorporation being deliberated
- Main features: ex-post to ex-ante financial planning. Existing financing gaps and means to cover the financing gaps

**DRF Instruments**
- National and provincial consultations for various options
  - Swiss Re and Allianz Re’s Parametric Solution for Pakistan,
  - Pasture Drought Index Insurance (PDII) with KfW
  - Contingent Line of Credit & Risk Pooling, Climate Risk Insurance

**Synergy Group**
- Government
- Insurance industry
- Regulators
- Development Partners (IFIs)
- Disaster Management Authorities
Mainstreaming climate related adaptation and mitigation through ecologically targeted initiatives covering:

i. Hydrometeorological & Climate Services – (PMD/Aviation Radars & AWS etc.)
ii. Afforestation
iii. Integrated Water Management/Recharge Pakistan
iv. Biodiversity Conservation and Mitigating Land Degradation
v. Conserving Marine Life, Marine Protected Areas and Promoting Blue Economy
vi. Promoting Eco-tourism
vii. Clean Mobility
Projects Approved

<table>
<thead>
<tr>
<th>S.No</th>
<th>Project Name</th>
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<tbody>
<tr>
<td>1</td>
<td>Restoration of Riverine, Inland, Dry-land &amp; Urban Ecosystems of Sindh Province</td>
</tr>
<tr>
<td>2</td>
<td>Livelihood Improvement &amp; Green Job Creation through Ecosystem Restoration in Selected Districts of Punjab</td>
</tr>
<tr>
<td>3</td>
<td>Restoration of Biodiversity &amp; Enhancement of Ecosystem Services in Biodiversity Hotspot Landscapes in Gilgit-Baltistan</td>
</tr>
<tr>
<td>4</td>
<td>Ecosystem Restoration in Selected Protected Areas of AJ&amp;K</td>
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Way-forward (i)

Disaster Risk Financing in Pakistan

• A **sustainable plan** is needed to ensure the National Disaster Risk Management Fund and provincial funds are adequately provisioned for disaster response

• An effective country **DRF strategy** should be developed based on detailed knowledge of the country’s disaster risk

• Effective **DRM actions** should be put in place for public assets
Way-forward (ii)

Disaster Risk Financing in Pakistan

• Government should develop a comprehensive disaster risk model and mapping with sufficient granularity to support the development of an effective DRF

• Mapping and valuation of provincial and federal government-owned infrastructure and other assets should be carried out
Let us brainstorm.....for 10 minutes

Guiding questions

Q1. What is your experience of disaster risk financing (DRF) instruments in Tajikistan?

Q2. Do you think that the NDRMF case study can be used improve DRF instruments in Tajikistan?

Q3. What are your suggestions for improving DRF instruments in Tajikistan?

Activities: i) Sit in a group of at least 5 people, ii) Each group identify DRF instruments in Tajikistan, iii) Discuss Q1, Q2, and Q3, iv) Prepare your answer on a flip chart provided

THANK YOU
FOR YOUR ATTENTION

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