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## 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



**NDRMF**

**National Disaster Risk Management Fund**



**MAKING PAKISTAN RESILIENT**

[www.ndrmf.pk](http://www.ndrmf.pk)

- 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

- 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**



**Earthquakes**



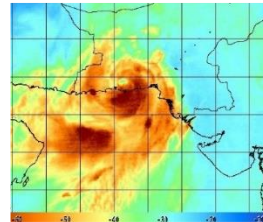
**Avalanches**



**Landslides**



**Drought**



**Cyclones**



**Landslides**



**Tsunami**



# Pakistan's Disaster Context

## *Economic Impact of Recent Disasters*

Impact	Earthquakes		Floods		Landslides
	2005	2008 - 2015	2010	2011 - 2016	2010, 2012 *
Economic Impact	\$5.5 billion	\$110 million	\$10 billion	\$8.8 billion	\$300 million
Human Losses	73,338	844	1,985	413	160
Injured	128,309	3,023	2,946	5,573	25,000 stranded
Houses Damaged	600,000	162,035	1,602,775	797,225	

TOTAL  
COST  
**\$24.5**  
billion

**UNDERESTIMATION**

**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

- Setting the Context/Rational
- **What is the National Disaster Risk Management Fund?**
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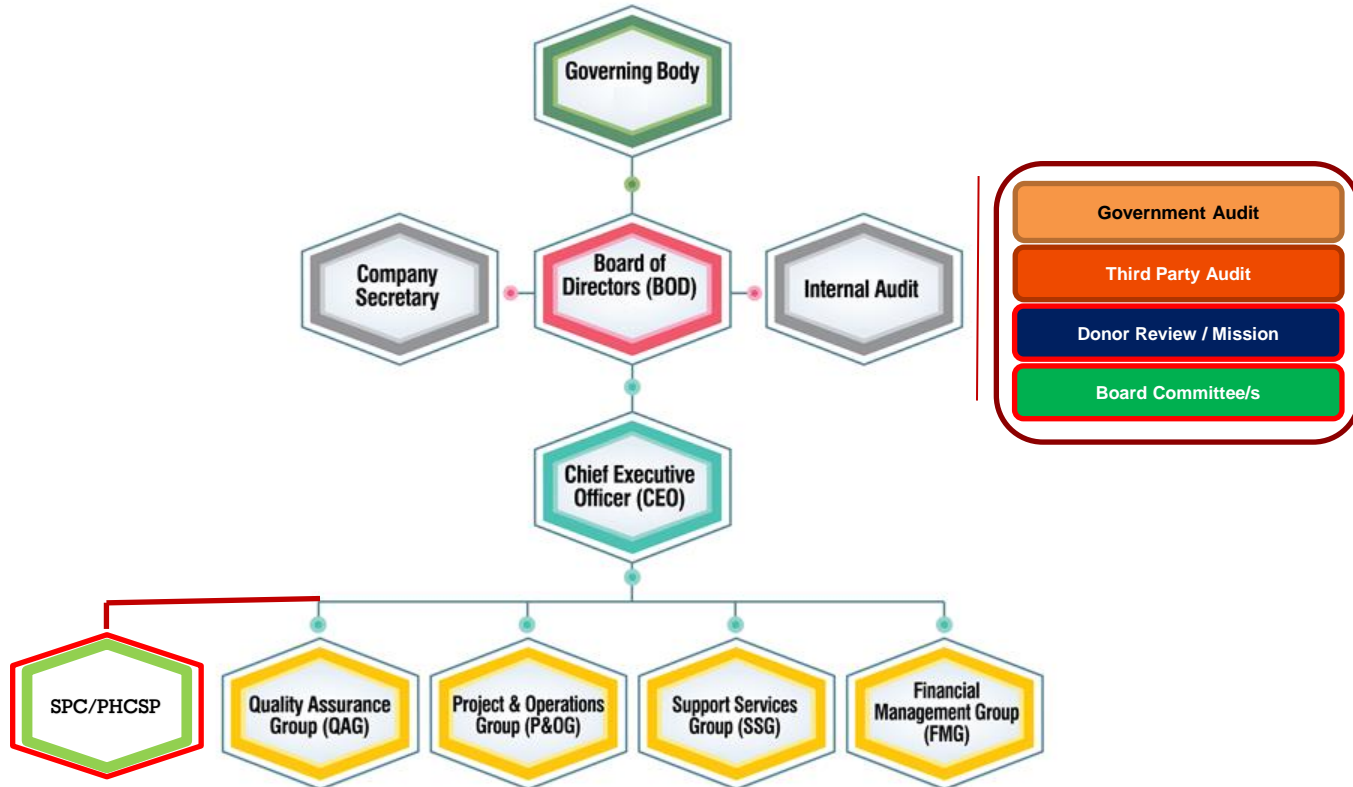
# What is the National Disaster Risk Management Fund?

- 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



- Setting the Context/Rational
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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



# Outline

- Setting the Context/Rational
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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 retrofitted **flood 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*

*Global linkages*

*Retrofitting of buildings and  
critical infrastructure*

*Community-Based Disaster Risk  
Reduction*

*Understanding disaster risk  
reduction*

# Areas of interventions

## DRR



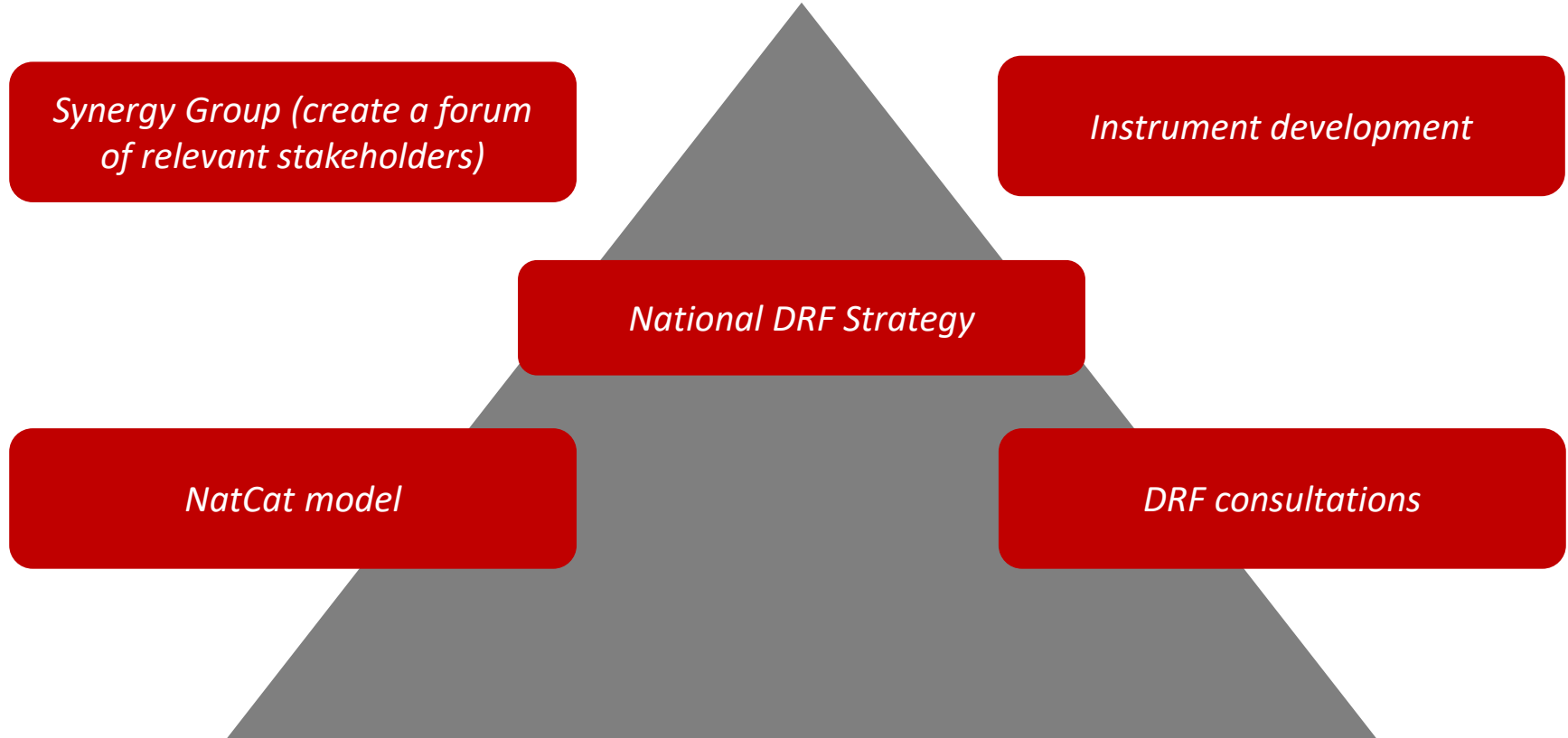
*Flood prevention and mitigation*



*Building retrofitting*

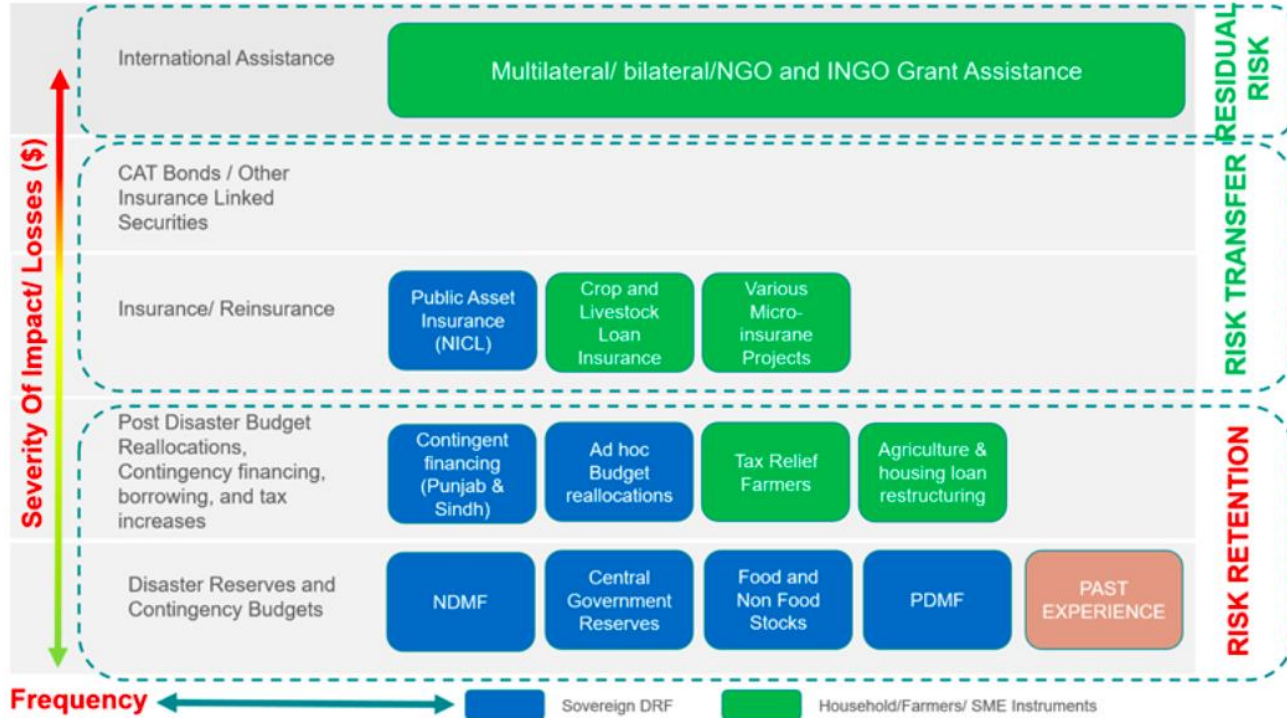
# Areas of interventions

## DRF



# Areas of interventions

## DRF



*Instrument Development*

# Areas of interventions

## *Focused interventions*

A large, solid grey triangle is positioned in the center of the slide, pointing upwards. It serves as a background for the two red text boxes.

*National Disaster Management  
Plan (NDMP) 2012-2022*

*National Flood Protection Plan-  
IV (NFPP-IV) 2015-2025.*

# 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

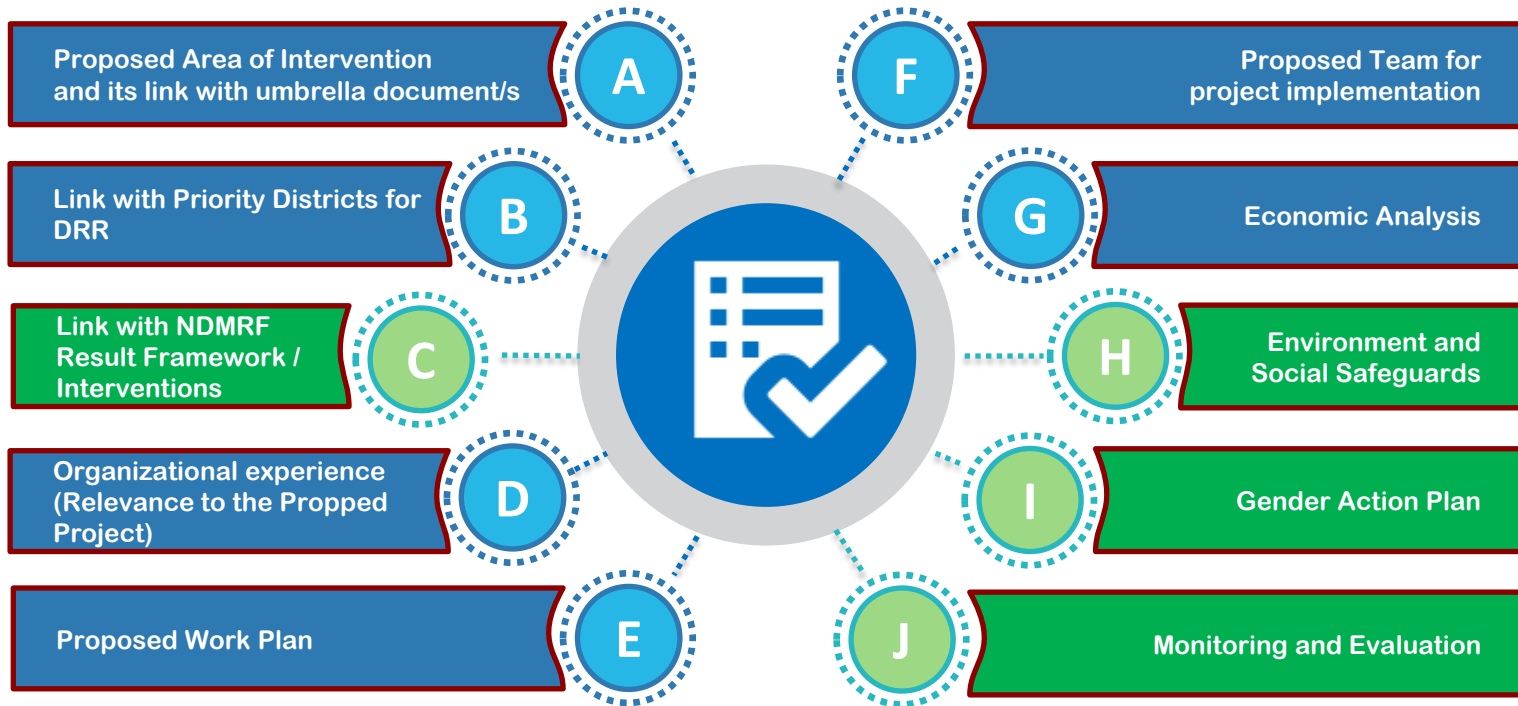
Protection  
environment  
through an  
**environmental  
and social  
management  
system**



# Outline

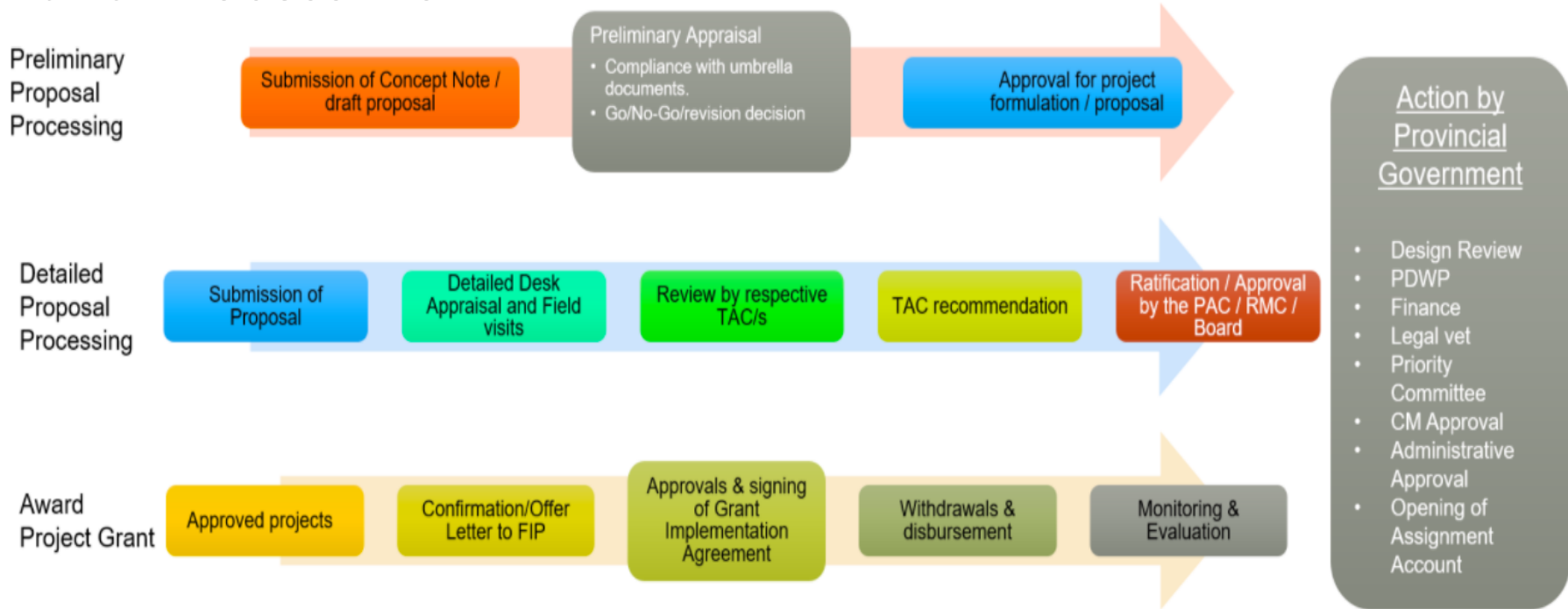
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# Proposal Evaluation Guidelines



# Funding process

## Fund Process Flow



*Note: It takes anything from 3-6 months for an FIP to complete all the codal formalities, related to their own approval processes, before actual implementation of the project*

*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

- Setting the Context/Rational
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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

# Pakistan Hydro-Met & Climate Services Project (WB)



## Thematic Areas

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

# Pakistan Hydro-Met & Climate Services Project (WB)



## Projects Approved

S.No	Project Name	
<b>Sindh</b>		
1	Restoration of Riverine, Inland, Dry-land & Urban Ecosystems of Sindh Province	
2	Livelihood Improvement & Green Job Creation through Ecosystem Restoration in Selected Districts of Punjab	
3	Restoration of Biodiversity & Enhancement of Ecosystem Services in Biodiversity Hotspot Landscapes in Gilgit-Baltistan	
4	Ecosystem Restoration in Selected Protected Areas of AJ&K	

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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?*

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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

# References

- *National Disaster Risk Management Fund*. Retrieved from <https://www.ndrmf.pk/>
- Asian Development Bank. (2019). *The Enabling Environment for Disaster risk financing in Pakistan: Country Diagnostics assessment*. Retrieved from <https://think-asia.org/bitstream/handle/11540/9594/pakistan-disaster-risk-financing-assessment.pdf?sequence=1>





**THANK YOU**  
**FOR YOUR ATTENTION**

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