

### News from CDKN: Building Resilience through Risk Transfer

Every year vulnerable communities across the country prepare themselves for the risk and reality of devastating floods of the type that affected 20 million people in 2010. Realising that the country will continue to be plagued by multiple hazards, the National Disaster Management Authority (NDMA) Pakistan is stepping up to develop and implement an integrated risk management system to increase resilience and promote economic development.

Financial risk mitigation measures will be an important part of this framework. CDKN is supporting the NDMA to turn their ambitions into a reality. Experts are being recruited to develop the Terms of Reference for a risk insurance scheme that protects the poor and most vulnerable. This is already receiving international attention. CDKN facilitated, as part of its outreach on the IPCC SREX, an exchange of ideas on this issue between the leaders of the Indian and Pakistan NDMA's earlier this year. During the 5<sup>th</sup> Asian Ministerial Conference on Disaster Risk Reduction in Indonesia 22-25 October 2012, a side event was held to showcase the project and get inputs from similar schemes elsewhere in Asia, particularly from Turkey and China. Pakistan is not waiting for someone else to find a solution, but taking the initiative to design and test how risk insurance can build resilience within local communities.

#### Highlights of Recent Impact:

The Government, as a result of a [CDKN project](#), has made a major step forward in **turning the National Climate Change Policy into action**. A cycle of consultation, collective learning from the past, and designing by officials and stakeholders has resulted in a catalogue of projects that will advance the aim of the policy.

While the outputs are themselves useful, the process of participatory decision-making marks a step change in the way policies and programmes are designed. As the project's partners GCAP and Hagler Bailly explained: *"The learning that is emerging from the project is also helping CDKN and others to gain a greater understanding about how change happens in the country, and where and how support is needed."*

#### How we provide support in Pakistan

*Providing technical assistance to support the Government to take strategic, long-term action to manage climate risks and vulnerabilities, with policies and programmes being implemented across sectors and at the national and provincial levels*

*Total budget committed to date: approximately GBP 700,000*

#### CDKN Partners in Pakistan:



# Provincial Leadership on Flood Reconstruction



## Story of Change:

In Punjab, the 2010 floods which devastated the province are still part of today's reality, with communities still struggling to re-build their lives.

At the Provincial Disaster Management Authority (PDMA) they are also very aware of the annual risk of repeat flooding. Through a [CDKN project](#) soon to be completed they are planning for the worst, and building the resilience of the province through climate compatible reconstruction. With the expert support of Mott MacDonald Ltd, the PDMA has developed guidelines for physical housing and infrastructure in rural areas that is better at withstanding disasters and climatic pressures.

The project has also had an impact beyond the immediate outputs. It has sparked discussion for the first time across Government departments on rural/urban planning issues and notifying bye-laws for local construction. This was evidenced during a meeting as part of the project, in which senior officials from the PDMA and relevant provincial departments met to plan how to use the guidelines. However, also contributing to this discussion were experts from NESPAK, UN-HABITAT, and engineering professionals. The Chairman, National Disaster Management Authority (NDMA) participated in the meeting, to see the potential for country-wide learning and replication.

The plan is that the guidelines piloted in a couple of districts with the support of district governments and the Local Government Department. A partnership with a private company planning to construct around 30 low cost houses is also being explored. These pilots will be the next step to get the guidelines mainstreamed as the standard.

*"CDKN provided a small amount of targeted technical assistance to help the PDMA Punjab access experts in climate compatible construction. But it is local and national policy-makers who are taking it to the next level. There is consensus that these guidelines are an important stepping stone towards notifying suitable by-laws in hazard prone districts. "*

**Dina Khan, CDKN Project Manager**

*Flood affected villagers show experts and PDMA officials the damaged building and their temporary housing*

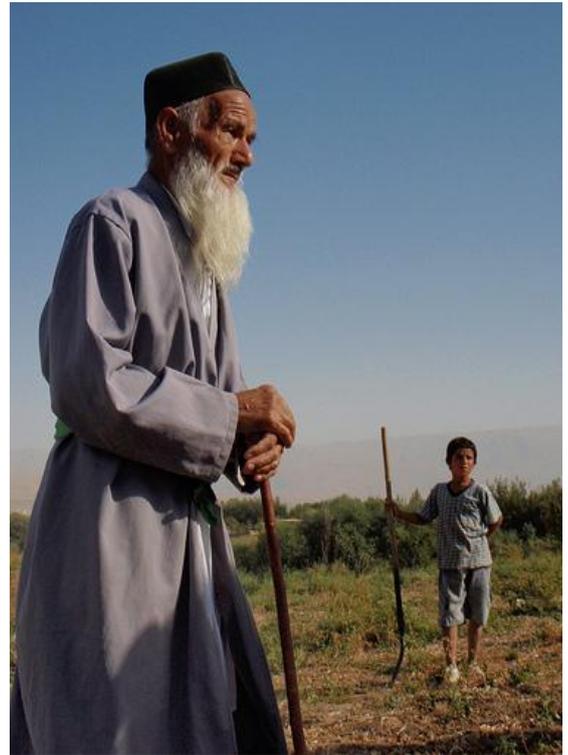


# Update on CDKN Projects in Pakistan

## Disaster Risk Insurance for Vulnerable Communities in Pakistan – April 2012 – March 2013

The NDMA approached CDKN for support in designing a risk insurance scheme that protects poor vulnerable communities, but significant thought was required before this process could begin. As a first step CDKN facilitated a joint expert workshop in June 2012 in Islamabad to assess the need and demand for insurance protection. Based on the recommendations received at this workshop, the NDMA was able to identify the basic outline for how such a scheme might work.

CDKN is now recruiting an expert to work with the NDMA to facilitate a lengthy process of consultation and analysis. The output will be the design of the fund and preparation of any legal documentation required, and the formulation of an Insurance Strategy for Disaster-prone Vulnerable Communities.



*“Pakistan has many development and governance challenges. Climate change is having a multiplier effect on these. The increased risk and impact of climate extremes and disasters, particularly flooding, is the most visible example...”*

*...The Government has recognised that climate change and development go hand in hand. They are proactively looking at how to build the resilience of the country. CDKN is helping them to access the best international and local experts to help with this.”*

**Ali T. Sheikh, CDKN Asia Director**

## Integrating Climate Resiliency into Post-Disaster Reconstruction July 2011 – Oct 2012

The technical assistance to the PDMA Punjab to develop guidelines for climate compatible construction has been completed, and attention is now on how to use, replicate and scale-up the work of the PDMA. There is widespread interest in the project (see previous page) and CDKN is in discussion with the provincial and national Governments about what further support is needed.

The experts from Mott Macdonald have also documented the learning from the project, including a policy paper containing global best practices on construction planning relevant to Pakistan. These have also been turned into briefing notes, targeted at provincial and national policy-makers, and CDKN is supporting the follow-up dissemination and outreach.

## Risk Insurance for Disaster Prone Communities in Pakistan

by Kashmala Kakakhel, CDKN Project Manager

*The water came into our home at night and we had to swim out as quickly as possible. I carried my baby boy on my shoulders. This flood has taken everything away from me, including one of my girls. She breathed in too much water and couldn't make it,"* Nizam Ali, from Peshawar, Pakistan, narrates his tragedy.

What is even worse is that his story is not unique. More than 20 million people have similar stories about when ten years' worth of rain fell in little over a week, two monsoons ago in 2010. The floods killed nearly 2,000 people and destroyed 10,000 schools, 2 million homes, and hundreds of bridges, roads, and electricity pylons.

Pakistan was not prepared for this scale of destruction.

Historically, the Government of Pakistan has responded to natural disasters – increasing floods, earthquakes, cyclones and droughts – on a case by case basis, relying on domestic budgets, including diversion of resources from other projects, and on extensive financing from international donors. This includes reconstruction of public infrastructure, and cash grants to the most affected people. But the Government has so far struggled, with the resources available, to revive private businesses and livelihoods.

While ex-post disaster funding from the Government and donors can be an important part of a government's catastrophe risk management strategy, over-reliance on this approach has major limitations in terms of efficiency, effectiveness, and sufficiency. The Government has also struggled, with the resources available, to revive the private sector and restore livelihoods.

Realising that Pakistan will continue to be plagued by multiple hazards, the Government is stepping up to develop and implement an integrated risk management system to increase resilience and promote economic development. It wants to ensure a secure future for Nizam Ali and millions of others like him.

The Government has decided that financial risk mitigation measures should be an important part of this framework. This was listed as a priority action in the National Disaster Risk Management Framework (NDRMF). Pakistan has a well-developed insurance sector (but focused on life and indemnity based property insurance) which – together with the sophisticated banking system, and network of microfinance institutions – suggests there is potential for new products that can protect disaster prone communities.

The National Disaster Management Authority (NDMA) approached CDKN for support in turning their ambitions into reality. This will be a lengthy process involving many players and processes. While the NDMA, CDKN and the experts involved recognise that the insurance cover may not reduce the immediate impact of a disaster, there is confidence that ensuring timely finance may contribute to faster recovery thus reducing the long-term impact of a disaster.

For the full version of this article, visit [www.cdkn.org/regions/asia/](http://www.cdkn.org/regions/asia/)

## What is the Climate and Development Knowledge Network?

CDKN is an alliance of six private and non-governmental organisations operating across four continents. The network provides support to decision makers in developing countries to design and deliver climate compatible development. We do this by combining research, advisory services and knowledge management, in support of locally owned and managed policy processes. We work in partnership with decision-makers in the public, private and non-governmental sectors.

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