



NDRMF

Disaster Risk Reduction (DRR)

1

Climate Change
Climate Finance

2

Disaster Preparedness and Recovery Institutionalization

3

Knowledge Creation, Sharing & Risk Informed Decision Making

4

BUSINESS STRATEGY

2023-2033

NATIONAL DISASTER RISK MANAGEMENT FUND

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NATIONAL DISASTER RISK MANAGEMENT FUND

Company established under section 42 of the Companies Act, 2017

Islamabad, the 27th June, 2024.

NOTIFICATION

No. NDRMF/CS/24-7072. In exercise of the powers conferred by the Board of Directors, in its 39th Meeting held on 3rd April, 2024 the Competent Authority is pleased to notify the NDRMF's Business Strategy 2023-233 as approved by the Board. All officials of NDRMF are hereby directed to ensure its strict compliance.

/
**BY ORDER OF THE
BOARD OF DIRECTORS, NDRMF**

No & Date Even.

A Copy is forwarded to the;

1. The Chairman, Board of Directors, NDRMF
2. All Board Members of NDRMF
3. The Chief Executive Officer, NDRMF
4. The Chief Financial Officer, NDRMF
5. The Chief Internal Auditor, NDRMF
6. All Group Heads /General Managers, NDRMF
7. All Managers, NDRMF

MUHAMMAD MEHRAN AFZAL
Company Secretary

Making Pakistan Resilient

BUSINESS **STRATEGY**

2023 - 2033

NATIONAL DISASTER RISK MANAGEMENT FUND



MAKING PAKISTAN RESILIENT


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2023-2033 STRATEGY AT A GLANCE

WHY

To enhance nation's resilience to natural hazards and to reduce the socio-economic & fiscal vulnerabilities

WHERE

Building Pakistan's economy to become more inclusive, sustainable and prosperous

FOR WHOM

To strengthen the technical and financial capacity of the country to quickly respond to hazards and disasters

FOCUSED ON



Disaster Risk Reduction (DRR)



Climatic & Disaster Risk Financing



Disaster Preparedness and Recovery Institutionalization



Knowledge Creation, Sharing and Risk Informed Decision Making

HOW



Technical Advisory



Financing



Capacity Development



Advocacy & Partnerships



Learning, Research and Data Analytics

WHAT

NDRMF's Roadmap to Achieving Resilience through informed decision making for addressing vulnerabilities and risks

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NDRMF



MESSAGE FROM

Mr. M. Jehanzeb Khan

CHAIRMAN OF NDRMF BOARD

On behalf of the Board of Directors, I am extremely pleased to present the newly approved NDRMF Business Strategy. The Business Strategy covers the period of ten years (2023-2033), hence, providing a long-term framework for action to deal with climate adaptation and disaster risk management challenges being faced by the country. The Business Strategy also reflects the re-designed and re-purposed NDRMF, as an institution, ready to play a forthcoming and dynamic role in steering the resilience building agenda of Pakistan.

In formulating the NDRMF Business Strategy, the Board considered three key aspects: Firstly, the criticality of climatic and disaster challenges being faced by Pakistan that are in all likelihood set to accelerate in frequency and intensity with intolerable economic, social and human costs. Secondly, how to ensure an integrated and holistic institutional approach and methodology so that disaster risk reduction and climate adaptation are ensured in the overall

sustainable development planning process of the country; and thirdly, what are the inherent comparative technical and institutional advantages for NDRMF which can be enhanced while addressing its weaknesses.

This thought process led the Board to build the NDRMF Business Strategy on the principles of social inclusiveness, demand driven and a streamlined approach towards delivery of functions. Furthermore, to provide the strategic direction beyond the traditional function of financing. It extends to encompass commitment to technical and process proficiency, innovative approach, and evidence-based knowledge creation. It is envisaged and believed that implementation of this Business Strategy will allow NDRMF to elevate itself from a Financing Entity to an agency significantly contributing in knowledge creation, capacity development of national institutions and playing an instrumental part in laying out the framework for disaster risk financing at national level. The Strategy demands building partnerships and support from development partners. I am pleased to see that NDRMF management has been successful in building partnerships and collaboration with a wide range of stakeholders which is likely to expand in future as an essential pre-requisite for the implementation of this Business Strategy.

As part of the implementation of the Business Strategy, the Board of Directors is confident that NDRMF will increasingly play a pivotal role in leveraging concessional finances through design and implementation of innovative financial instruments for disaster risk reduction, fill the knowledge gaps and educate other institutions on disaster and climate risk modelling, strengthen connectivity and pilot new and emerging methodologies for disaster risk reduction. The Board of Directors expresses their full support to the NDRMF management and invite other development partners to come forward and offer their assistance.



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CEO NDRMF

MESSAGE FROM Mr. Bilal Anwar



The National Disaster Risk Management Fund (NDRMF) has truly come a long way in redefining and reorienting itself in the face of emerging disaster and climatic challenges Pakistan has to grapple. NDRMF was originally established to devise an institutional response for early action and support and implement disaster risk reduction and climate adaptation measures with a long-term focus and approach. The Fund after making significant contributions and interventions in some of the critical disaster risks and challenges stands ready to leap into the next phase where scope of its role and contributions will significantly expand.

The New Business Strategy of NDRMF for the period 2023-2033 provides the emphatic framework to evolve as the premier and forthcoming entity leading in collaborative manner in resilience building agenda of Pakistan.

The Business Strategy of NDRMF sets out the vision of building a dynamic and forward looking NDRMF, while remaining committed to

the original aspirations, mandate and mission. Through this Business Strategy, the NDRMF commits to significantly scale up and diversify its role as a fund. Additionally, to capitalize our unique and advantageous position to lead on filling the capacity gaps, contribute into risk informed policy making by strengthening knowledge gaps in disaster and climate risk modelling and facilitate private sector capital for disaster and climate financing actions. NDRMF have also lead in the developing Pakistan's first Disaster Risk Financing Strategy, and the implementation of the strategy is also entrusted on NDRMF which is an essential element of the new Business Strategy.

Since climate and disaster risk reduction hold the key to realizing the 2030 Agenda for Sustainable Development, I am ever more convinced and motivated that with its strengths, unique expertise and wealth of experience in disaster risk reduction and disaster risk financing, NDRMF is now well positioned to support the country in marching towards a resilient future.

Since taking office in 2022, I have introduced various innovations to make NDRMF more efficient, dynamic, transparent and inclusive. As such, the Business Strategy builds on the momentum and harmonized transformations already taking place in the organization, including reforms, a new management model as well as a number of flagship activities, including DRF Strategy and The NatCat Modelling and establishing a vast and diverse network of partnerships.

Given that this Business Strategy has been developed through a thoroughly inclusive and transparent consultation process, I see a sense of ownership and inclusiveness of our partners and stakeholders. The consultation process also benefited from numerous informal meetings with government sector, non-government sector, development partners and inputs from the organization. The Business Strategy emphasizes the transformation to more efficient, inclusive, resilient and sustainable disaster risk reduction interventions for tackling both the natural hazards as well as climate induced disasters.

It may also be highlighted that the development of this Business Strategy took place during a period of unprecedented challenges driven not only by economic and political crisis but devastating disasters (Floods 2022), which highlighted the critical mandate of NDRMF to reduce the socio-economic and fiscal vulnerability of the country. A new NDRMF is emerging and we will continue on this path, seeking ways to achieve more tangible results and better delivery with an innovative business model. The Business Strategy builds on this positive momentum, and clearly sets the direction of the organization for the next decade.

I am also mindful that while having the Business Strategy developed was challenging but to implement it to its true spirit will be truly demanding. Moving forward, I look forward to working with all our partners for reducing the overall vulnerability of country and its masses.

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ACKNOWLEDGMENTS

The NDRMF Business Strategy 2023-2033 has been prepared under the overall guidance of the Board of Directors (BoD) headed by the Chairman, Dr Mohammad Jehanzeb Khan (Deputy Chairman Planning Commission of Pakistan). Mr Bilal Anwar, Chief Executive Officer of NDRMF led the team comprising of Dr. Muhammad Junaid Akhtar (Manager M&E), Ms Barirah Zaufishan (Consultant Business Strategy), and Ms Ifrah Arshad (Consultant Expert) that produced the Strategy with the technical guidance and mentorship of Raja Rehan Arshad, Senior Advisor NDRMF. An internal focus group comprising staff of NDRMF actively supported the team with their valuable inputs, insights and experiences from the operations of the Fund in the last 5 years which benefited the team to integrate the lessons learned and ensure the practical aspects of resilience building in defining the strategy for the next 10 years.

NDRMF also highly appreciates the active collaboration with the Revenue Mobilisation, Investment and Trade (REMIT) Programme (funded by Foreign, Commonwealth & Development Office (FCDO)) in the development of the Business Strategy with comprehensive inputs from Mr Hamed Yaqoob Sheikh (Team Leader - REMIT) and Mr Usman Khan (Investment Climate Lead - REMIT).

In addition, the team had in-depth deliberations and consultations with wide range of stakeholders, including Ministries, relevant provincial departments, fund implementing partners and development partners who have been supporting NDRMF constantly. In-depth and structured consultations were held with the focal points of development partners especially Mr Mian Shaukat Shafi from Asian Development Bank (ADB), Mr Ahsan Tehsin from World Bank (WB), Mr Ahsan Paracha from Agence Francaise de Développement (AFD), Mr Muhammad Ali Yazdani from Islamic Development and Mr Julien Harneis UN Resident Coordinator in Pakistan and many more. Interactions with partners and stakeholders allowed us to align the Business Strategy with the evolving international practices and with country support frameworks of different agencies.

We would also like to acknowledge the unwavering support and cooperation provided by Ministry of Planning & Development (MoPD), Economic Affairs Division (EAD), and Islamic Relief Pakistan.

The document also passed through the valued and comprehensive deliberations of the Members of the BoD of NDRMF. Two formal Board meetings as well as one exclusive meeting of the Strategy & Risk Management Committee (S&RMC) were held to gather feedback and inputs from Board Members resulting into this fittingly balanced final version. Among the external groups consulted were the different Public Sector Organizations both at federal and provincial level. NDRMF gratefully acknowledges the invaluable guidance and many contributions, comments and suggestions received throughout the process, all of which were of tremendous value in the preparation and finalization of the Business Strategy.



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THE CONTEXT

Pakistan faces some of the highest disaster risk levels and exposure to climatic challenges. The diversity of natural hazards and disaster exposures include floods, heatwaves, tropical cyclones, and droughts. These disaster risks and climatic changes are further exacerbated by economic and social vulnerabilities particularly multidimensional poverty.

Flood 2022 and their still ongoing devastating effects are one such example. As per the reports, one- third of the country remained inundated over an extended period due to unprecedented climate induced rains effecting over 33 million people predominantly in Sindh and Baluchistan provinces. Causing the death of nearly 1,500 people and further injuring over twelve thousand. Amongst the most affected population of 5.7 million, almost 546,288 people are reported to be displaced from their homes and still fighting the battle of rebuilding their lives back to normalcy.

Research and data now irrefutably confirms that climate change impacts are likely to disrupt the food and energy security, exerting pressures on public health, triggering large scale human displacement and migration because of high impact weather events. It also asserts the question on the capacity of our national institutions towards disaster risk reduction (DRR), preparedness, and disaster risk management (DRM) facing disasters of such a scale and magnitude with increasing frequency.

From climatology point of view, Pakistan lies in a temperate zone and its climate variability of extreme weather conditions are erratically emerging. Consequently, Pakistan continues to face one disaster after the other, increasing the inherent hazards and associated risks. It demands comprehensive disaster risk reduction and risk management policies, strategies and appropriately designed and capacitated national institutions.

Experiences and best practices from around the world show that risk identification is the first priority towards disaster risk reduction approach. The Sendai Framework for Disaster Risk Reduction (2015-2030), notes that "Hazard identification, the analysis of exposure and vulnerability and the subsequent identification of risk is the cornerstone of understanding disaster risk and forms the basis for effective risk-based planning". It fundamentally implies having a clear line of sight from the identified vulnerabilities to the risks and specifically designed plans to mitigate the risks and have necessary safeguards in place to manage the risks which are not mitigatable.

This prescribes for a comprehensive DRR and climate adaptation strategy for Pakistan. It demands to include DRR plans through investments in mitigation and prevention measures, building the capacity of national institutions and broad range of stakeholders and set the pathways for employing new and evolving disaster financing mechanisms and instruments contributing to the fiscal resilience of the country.

NDRMF is aligning itself to play the role of the catalyst to fill the knowledge gaps, strengthen connectivity and facilitate piloting of new and innovative approaches in DRR and climate adaptation. Furthermore, to pioneer the institutional mechanism for disaster and climate financing, data analytics, and risk modelling.

This comprehensive and long-term business strategy of NDRMF has been designed to deliver its mandated role of dealing with multifaceted challenges inherent in achieving sustained resilience, adjusting to shifting risk landscapes, and effectively shaping the DRR and DRM practices and approaches in Pakistan. It will empower the organization to remain agile and responsive in the face of emerging challenges. Effectively managing the complex risk profiles that NDRMF deals with requires significant investments in research and development (R&D), dissemination of knowledge, and innovative solutions. These critical activities are optimally placed and integrated within the framework of NDRMF's long-term strategic approach.

It is convincingly envisioned that this new approach will provide a comprehensive framework guiding the organization in achieving its vision of making Pakistan a resilient nation. It aims to leverage the Fund's unique and widely acknowledged position as a financial intermediary to invest in and support initiatives enhancing the nation's resilience to natural hazards and climate change impacts. Methodically delineating the overarching objectives,



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principles of engagement, strategic objectives, desired outcomes, and the foundational pillars, the Strategy will govern NDRMF's endeavors over the 2023-2033 timeframe.

The scope of this strategy is truly and purposefully multifaceted: It extends to encompassing not only financial investments but also a commitment to technical and process proficiency, innovative approach, and evidence-based knowledge creation. It also includes an essential element of broader aspect of capacity building of wide range of stakeholders and partners.

To achieve these goals and putting the strategy into action, NDRMF is sharply focused towards adopting more substantial, diverse, and innovative approaches: mobilizing increased and diversified resources for investment, encompassing a broader spectrum of thematic areas, and enhancing project quality through innovation, knowledge sharing, partnerships, and policy engagement, while ensuring a cost-effective delivery that aligns with the evolving needs of the country.



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NDRMF BUSINESS STRATEGY 2023-2033

1.1 Purpose and Scope of Business Strategy 2023-2033

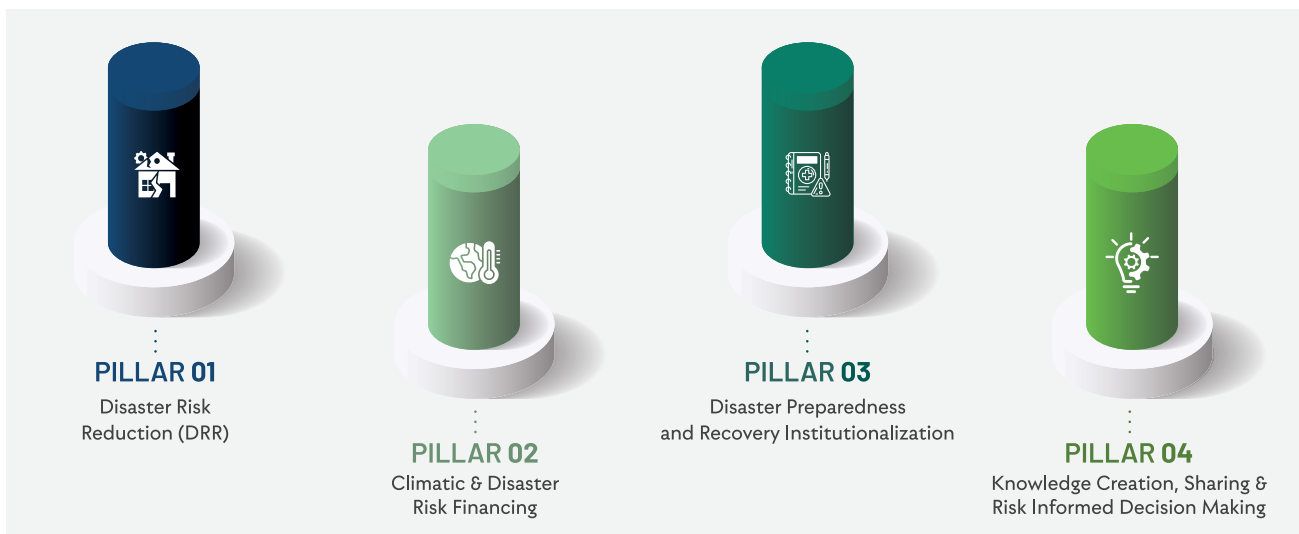
National Disaster Risk Management Fund (NDRMF) operates as a not-for-profit government-owned entity with a steadfast focus on investing in Disaster Risk Management (DRM) throughout Pakistan, with a particular emphasis on the nation's most vulnerable regions.

Amid the ever evolving and intricate challenges embedded in Pakistan's dynamic landscape and complex risk scenarios, NDRMF has embarked on a new Business Strategy. In line with the guidance of the BoD, this second and revised Business Strategy recognizes the transformed nature of challenges faced by the country. Therefore, NDRMF is adopting an inclusive, responsive, novel, proactive, and ex-ante approach to effectively address these issues. The tactical focus revolves around enhancing resilience and financial preparedness, acknowledging the pivotal role these two aspects play in mitigating the impact of natural hazards. Through this strategic initiative, NDRMF aspires to navigate the shifting landscapes of risk, ensuring a comprehensive and forward-looking approach to DRM in Pakistan by leveraging the Fund's unique position as a financial intermediary to invest in and support initiatives that are demand driven, socially inclusive, and results focused to enhance the nation's resilience to natural hazards and climate change impacts.

The scope of this strategy is truly and purposefully multifaceted: It extends to encompassing not only financial investments but also a commitment to technical proficiency and evidence-based knowledge. It also includes an essential element of broader aspect of capacity building of wide range of stakeholders and partners. To achieve this, NDRMF is sharply focused towards adopting more substantial, diverse, and innovative approaches: mobilizing increased and diversified resources for investment, encompassing a broader spectrum of thematic areas, and enhancing project quality through ensuring gender responsiveness, innovation, knowledge sharing, partnerships, and policy engagement while ensuring a cost-effective delivery that aligns with the evolving needs of the country.

1.2 The Strategic Framework

The strategic framework of the Business Strategy defines the overarching goals and objectives in a consolidated and integrated manner. It essentially illustrates the priority areas of business, approaches, and methods for achieving goals and how the results and performance are measured. The strategic framework allows for creating interlinkages between different operational units and harness synergies with the aim of ensuring process and business efficiencies. In consideration of exceeding climatic and disaster risks the country is facing, the strategic framework of NDRMF is built on four key pillars.




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Pillar 1 Disaster Risk Reduction (DRR):

NDRMF adopts a comprehensive approach for DRR and resilience building covering both physical disaster risks and reducing socio-economic and fiscal vulnerability of the country. It involves a gender inclusive and disability responsive ex-ante DRR approaches that are in line with the national and international efforts. NDRMF's DRR focused interventions include Risk Informed Policy, DRR Integration and mainstreaming across economic and social development sectors, DRR Capacity, and Risk-Informed Development.

Pillar 2 Climatic & Disaster Risk Financing:

NDRMF is committing to advance integration of climate change as an integral part of its thematic areas. It is recognized that the country is not only facing the climate change challenges but also suffering with the capacity constraints and adequate financial resources for addressing these challenges. As a progressive and forward looking financial intermediary, NDRMF will design its work program to minimize socio-economic and gendered impacts of climatic and other natural hazards and disasters through strengthening institutional and physical capabilities for gender inclusive and disability responsive DRR, Climate Risk Management (CRM) as part of Climate Change Adaptation (CCA), and preparedness. The Fund will also be addressing financial gaps and constraints in the country by playing a crucial role in unlocking Disaster Risk Finance (DRF), improving access to gender- responsive financial mechanisms, and increasing investments in resilience strategies thereby promoting innovative gender inclusive and disability responsive financial solutions, channeling investments for climate resilience, and reducing the financing gaps for climatic and other natural hazards and disasters.

Pillar 3 Disaster Preparedness and Recovery Institutionalization:

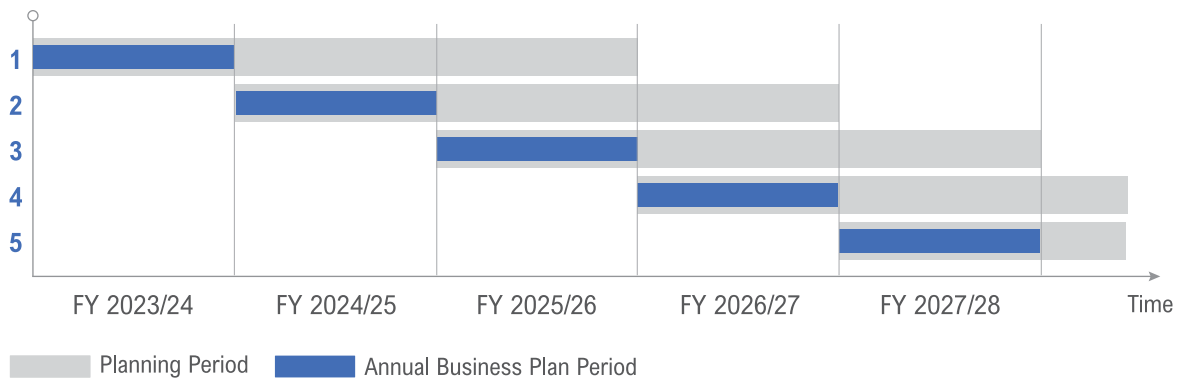
NDRMF will persist in its efforts to assist in improving the gender responsive and disability inclusive disaster preparedness and recovery capacity by working closely with the government, strengthening preparedness through gender and disability inclusive post-disaster assessments, making certain that a meaningful and active participation of all vulnerable and marginalized groups especially women and differently-abled persons is assured. Additionally, NDRMF will assist in integrating financial preparedness to address vulnerabilities, risks, and disaster readiness. This will include enhancing recovery plans, improving access to Early Warning Systems (EWS), and hydro-meteorological services at community, provincial, and national levels.

Pillar 4 Knowledge Creation, Sharing and Risk Informed Decision Making:

NDRMF is dedicated to enhancing and expanding its capacity to create and disseminate evidence-based knowledge and effective approaches in the realm of disaster and climate resilience. The organization will serve as both a producer and aggregator of risk data, ensuring that this information is readily accessible in an open format and communicated in a user-friendly manner. The primary goal is to enhance gender and disability inclusive and responsive policies and practices and enable well-informed decision-making. Furthermore, NDRMF will continue to build upon its knowledge creation efforts, aiming to empower communities, as well as public and private entities, through heightened awareness and active engagement.

1.3 3-, 5-, and 10-Year Plan

NDRMF is basing its annual business planning on a 3-Year Rolling Plan aligned to the 10-Year Vision and Strategic Objectives presented in the Business Strategy. A 5-Year plan is also being introduced to provide intermediate outcomes for keeping the series of 3-Year Rolling Plans on track to meet the 10-Year Strategic Objectives. The 3-Year Rolling Plan process will ensure maintaining flexibility in its annual business planning. Unlike a rigid fixed-term 3-Year plan, it will allow annual reviews, and adjustment of activities, outputs, and implementation strategies that will remain responsive to changing circumstances. The 3-Year Rolling Plan will strengthen NDRMF's agility, promote a culture of continuous improvement, and increase accountability through short and medium-term outputs and regular assessments. This will also enable NDRMF to respond to emerging trends, track progress, and implement course corrections as needed.



The first year of the 3-Year Rolling Plan will be detailed and serve as the annual Business Plan for approval for the Fiscal Year (FY) of operation, which in the present case is FY 2023/24 Business Plan. Accordingly, the present 3-Year Rolling Plan will cover FYs 2023/24, 2024/25, and 2025/26. At the end of FY2023/24 the 3-Year Rolling Plan will be revised by adding the next FY as the third year, and therefore, will cover FYs 2024/25, 2025/26, and 2026/27. In this case, FY 2024/25 will be detailed for approval as the annual Business Plan for that FY. This 3-Year Rolling Plan exercise will continue until the completion of the 10-Year Business Strategy period from FY2023/24 to FY 2033/34.

1.4 Context of Disaster Risk Management in Pakistan

Pakistan, a nation of diverse landscapes and climates, is the world's 5th most populous country and is projected to be the fourth most populous nation of the world by 2030. It is situated in a region prone to a wide array of climatic changes resulting in varying degrees of disasters. The country regularly experiences floods, earthquakes, cyclones, and droughts. Flooding, in particular, has been a recurring disaster, with significant events in 2010, 2014 and 2022 resulting in widespread devastation and loss of life. According to Asian Development Bank (ADB) country risk profile, floods are associated with an average 1.5 billion USD losses annually. Earthquakes have also had a profound impact, with the 2005 Kashmir earthquake being one of the deadliest in the country's history. Earthquakes lead to losses of around 614 million USD annually. Moreover, Pakistan faces an increasing risk from climate-related challenges, including heatwaves and shifting precipitation patterns. There are concerns that the monsoon will become more variable with impacts on almost all sectors of the economy.

The vulnerability of Pakistan to natural hazards is driven by a range of factors. Apart from the global phenomenon of global warming due to increasing concentration of greenhouse gases (GHG) into the atmosphere, local factors, such as rapid population growth, urbanization, deforestation, and land degradation are equally responsible. Environmental challenges, resulting in melting glaciers in the Himalayas, are heightening the risk of glacial lake outburst floods (GLOFs) and many unpredictable climatic changes and atmospheric conditions. The Global Climate Risk Index ranks Pakistan as the 5th most vulnerable country to climate change. While INFORM Risk Index ranked Pakistan 23rd in 2023. These global indices and tools compellingly display how Pakistan has been adversely impacted due to impacts of climatic changes and shows our degree of preparedness against such climate induced disasters. It is crucial to note that disasters and climate change are not gender neutral and affect women and girls disproportionately owing to their pre-existing socio-economic vulnerabilities. Climate impacts, especially extreme weather events, are affecting the roles of women and men around the world, especially in rural areas. Women's dependence on agriculture as livelihood source and lack of education make women more vulnerable to climate change.

Agriculture has traditionally been the most important employment sector for women in low- and lower-middle-income countries including Pakistan. However, during periods of drought and heavy rainfall, women, as farmers, work harder to provide income and resources for their families. This puts additional pressure on girls, who often have to drop out of school to help their mothers cope with the increased burden of supporting the family. In addition, lack of education makes women more dependent on their families and communities and less employable. Women are more likely to stay on the land to tend crops and livestock. They also have fewer opportunities to move away from the place where they were born. They are, therefore, more vulnerable when sudden climate disasters occur. When floods hit Pakistan in the fall of 2022, a third of the country was under water. United Nations Population Fund


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(UNFPA) estimated that 650,000 women who were in flood-affected areas in Pakistan needed access to maternal health services. It is not only the care of family, especially children that women in these circumstances have as an existential concern. Climate change also leads to displacement, especially in situations of extreme weather conditions. And women in camps for displaced persons are vulnerable and often victims of Gender-Based Violence (GBV), from various types of blackmail, exploitations, and other forms of physical violence.

Health workers from flood-affected areas interviewed by researchers from Pakistan's Aga Khan University reported an increase in GBV in these tented settings. The most common victims were women who came out of their tents to fetch water, firewood, or meals, or to use the toilet at night. According to the United Nations (UN), 80 percent of people displaced by climate change are women.

The need for gender and disability inclusive DRR and climate action in Pakistan is critical at both the community and national levels. While Pakistan has a foundation of policies for disaster management however, they are not entirely aligned with present and potential future disaster risks and an integrated gender responsive approach for DRR has been practically missing. Absence of relevant strategies directly designed to address these risks presents a considerable challenge. This gap underscores the need for updated and risk-informed policies at both the community and national levels to better prepare for, respond to, and mitigate the impacts of natural hazards. Moreover, the frequency and intensity of disasters in Pakistan pose economic challenges, with natural hazards causing significant economic losses, accounting for around 1% of the country's Gross Domestic Product (GDP). The high vulnerability of the population exacerbates the socio-economic impact of disasters, underscoring the urgent need to reduce vulnerabilities, strengthen resilience, and enhance disaster preparedness and response mechanisms.



MISSION, VISION, AND VALUES

VISION



To make Pakistan a disaster resilient country

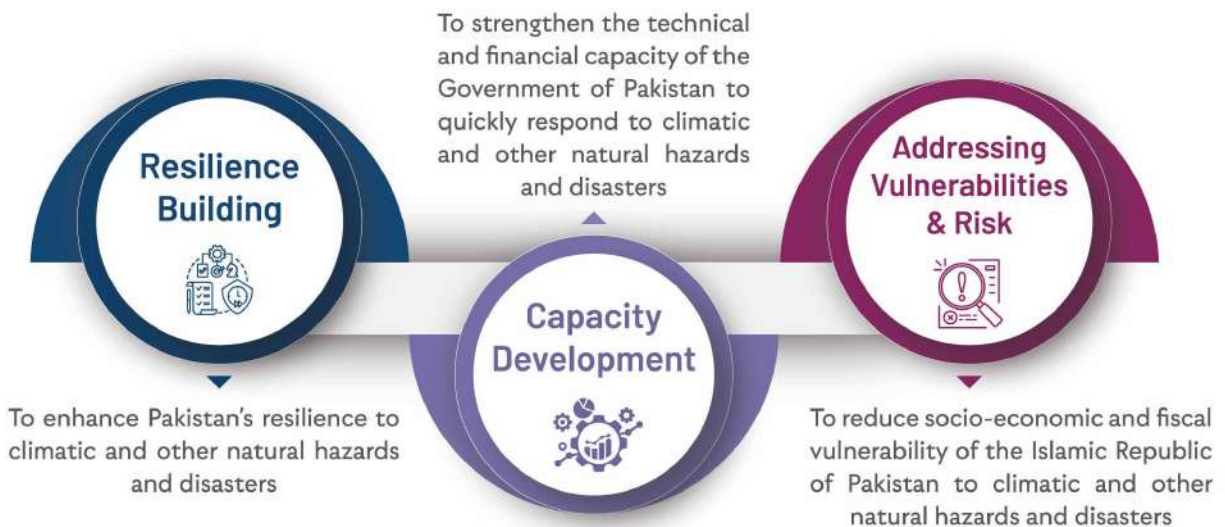


MISSION

To reduce the socioeconomic & fiscal vulnerability of the country and its population to natural hazards by prioritizing and financing investments in Disaster Risk Reduction (DRR), preparedness (early warning and contingency planning), early recovery, and Disaster Risk Financing (DRF) that have high economic benefits, taking into account climate change.

2.1 Strategic Objectives

NDRMF Strategic Objectives, defined in Memorandum of Association and its Logical Framework broadly define the focus areas to be pursued. The Strategic Objectives are aligned with the prevailing and future challenges of Pakistan and sets the operational boundaries. All strategic objectives contribute to national and international efforts, such as Sendai Framework for Disaster Risk Reduction 2015 - 2030, and the 2030 Agenda for Sustainable Development. Following are three strategic objectives of NDRMF



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NDRMF's THEORY OF CHANGE - 10 YEAR PLAN

VISION



MAKING PAKISTAN RESILIENT

Reducing Socio-Economic and Fiscal Vulnerability to



Natural Hazards



Climatic vulnerability and change

STRATEGIC OBJECTIVES



Resilience Building: To enhance Pakistan's resilience to climatic and other natural hazards and disasters

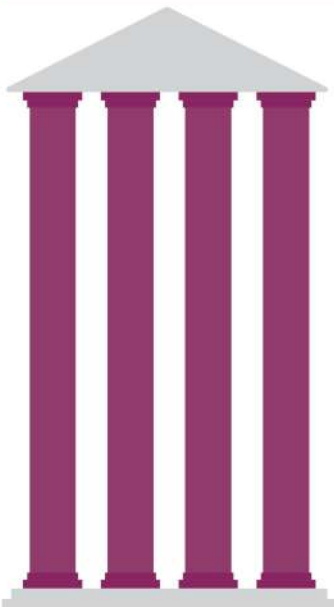


Capacity Development: To strengthen Pakistan's technical and financial capacity to quickly respond to climatic and other natural hazards and disasters



Addressing Vulnerabilities and Risk: To reduce socio-economic and fiscal vulnerability of Pakistan to climatic and other natural hazards and disasters

OUTCOMES & OUTPUTS



1



Pillar 1 - Disaster Risk Reduction (DRR) - DRR & DRM is mainstreamed (in development)

Risk Informed Policy | DRR Integration | DRR Capacity | Risk-Informed Development

2



Pillar 2 - Climatic & Disaster Risk Financing - Financial resilience and preparedness increased

Resilience Financing | Resilience Facility | Financial Capacity | Innovative Mechanisms

3



Pillar 3 - Disaster Preparedness & Recovery Institutionalization - Capacity for disaster preparedness & resilient recovery improved

Preparedness Capacity | Financial Preparedness | Recovery Framework

4



Pillar 4 - Knowledge Creation, Sharing & Risk Informed Decision Making Risk information & awareness enhanced

Knowledge Hub | Product Development | Informed Planning | Community Awareness

ACTIVITIES



Technical Advisory

Financing



Capacity Development

Advocacy & Partnerships



Learning, Research & Data Analytics



OPERATIONS & PROGRAMMING



Demand Driven

Operations are driven by needs defined by DRR & Disaster Preparedness, towards the strategic objective of Resilience Building of Pakistan



Socially Inclusive

Inclusive & socially equitable interventions which support community driven development & capacity building by including women & marginalized groups

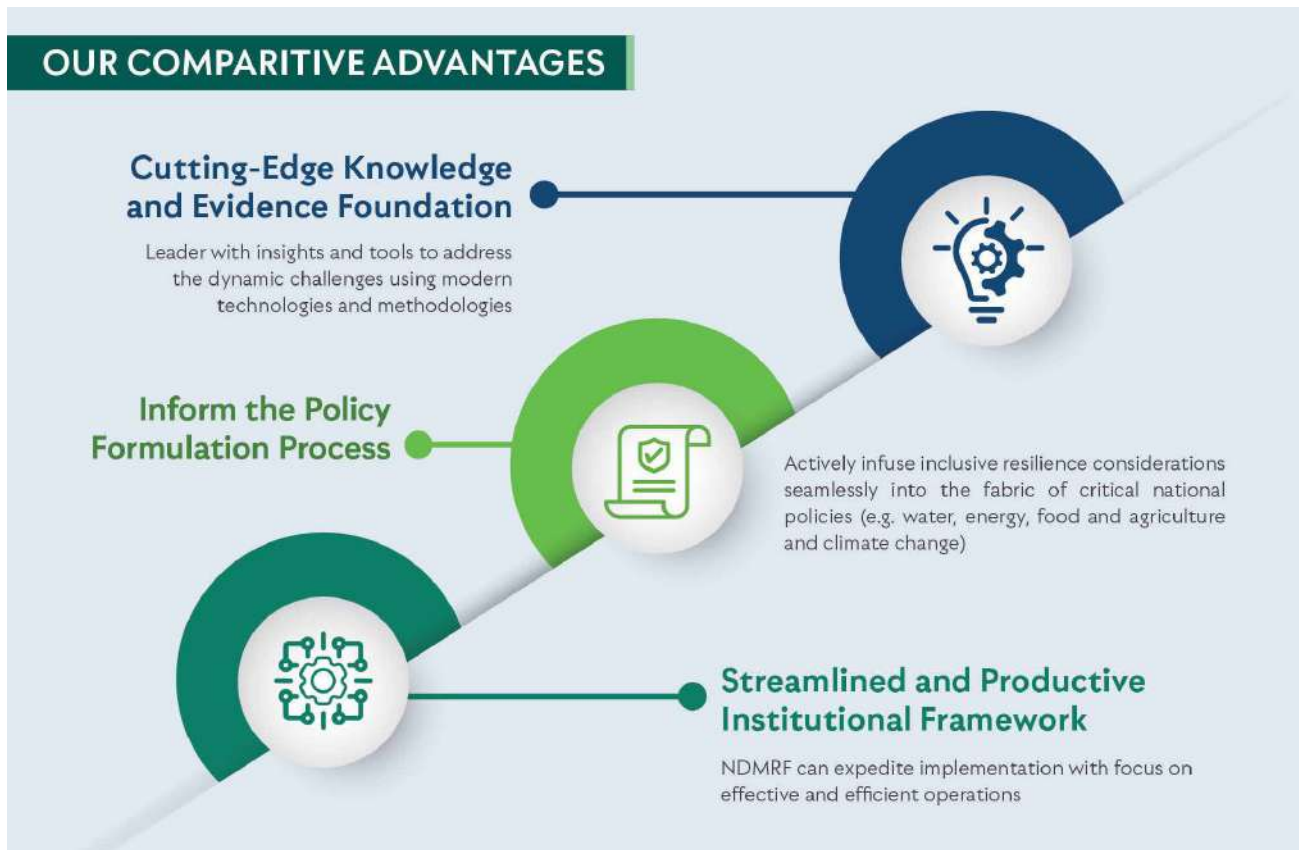


Results Focused

Strategy and management is results based which will be reflected in the business strategy, program design, implementation, and MEL

2.2 Our Comparative Advantages

NDRMF positions itself as a leader in the field, striving to provide cutting-edge solutions to the challenges posed by climate change and disaster risks. Its comparative advantages are already proven and widely recognized including its ability to generate and disseminate evidence-based knowledge, actively influence policy formulation, and maintain a streamlined institutional framework and presence of well functional implementation partners. NDRMF's principles of being demand-driven, socially inclusive, gender responsive, and results-focused are instrumental in guiding its approach to making Pakistan more resilient to natural hazards and climate change, ultimately enhancing the well-being and security of its citizens.



2.2.1. Cutting-Edge Knowledge and Evidence Foundation

NDRMF possesses a distinctive advantage in its cutting-edge knowledge and evidence foundation. The Fund stands out by continually advancing its capacity to generate, compile, and disseminate evidence-based knowledge and approaches in the domains of inclusive DRM and climate resilience. The commitment to staying at the forefront of research and data-driven decision-making equips NDRMF with invaluable insights and tools to address the dynamic challenges of our time. By championing state-of-the-art practices and engaging with modern technologies and methodologies, NDRMF is poised to be a leader in the field, offering valuable guidance to stakeholders and positioning itself as a trusted resource for innovative and effective solutions in disaster and climate resilience.

2.2.2. Inform the Policy Formulation Process

NDRMF holds a significant comparative advantage through its active involvement by supporting improvement of inclusive disaster and CRM in national policies and frameworks across diverse sectors like water, energy, food and agriculture, and climate change. The organization's proactive engagement and expertise in policy processes enable it to infuse inclusive resilience considerations seamlessly into the fabric of critical national policies. This unique strength empowers NDRMF to not only advocate for resilient practices but also to actively shape the policies that guide the nation's approach to inclusive DRM and climate resilience. By bridging the gap between technical proficiency and policy influence, NDRMF plays a pivotal role in building a more resilient and sustainable future for Pakistan, setting a commendable example for other organizations and stakeholders in the field.


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2.2.3. Streamlined and Productive Institutional Framework

NDRMF has successfully developed an institutional structure that not only ensures sound decision-making but also expedites the implementation of key initiatives. This framework equips NDRMF with the agility to respond promptly to evolving challenges and seize opportunities for enhancing inclusive resilience. By maintaining a focus on effectiveness and efficiency in its operations, NDRMF plays a crucial role in advancing the nation's readiness and resilience in the face of disasters and climate change.

2.3 Operating Principles

2.3.1. Demand Driven

NDRMF is focused on addressing the needs and requirements of communities particularly focusing the specific needs of marginalized and excluded groups who are more vulnerable to disaster and climate risks. The projects funded by the NDRMF are aligned with initiatives put forward by both public and private organizations. These initiatives are grounded in the specific needs and priorities of all segments of communities, thereby ensuring the essential ownership required to attain relevance, effectiveness, and sustainability of the outcomes.

2.3.2. Socially Inclusive

Achieving inclusive resilience and sustainable development is contingent on active involvement of stakeholders in the planning and execution of DRM. NDRMF is dedicated to promoting inclusive and fair initiatives, fostering equitable community-driven development, and enhancing capacity building efforts. It actively engages with diverse groups, irrespective of gender identity, race, religion, ethnicity, age, or disability. The commitment is realized through collaborative efforts with governments, communities, civil society, human rights and its sub themes focused organizations especially working on gender equality, social inclusion, academia, the private sector, and various other stakeholders, all working together to cultivate more inclusive and resilient societies.

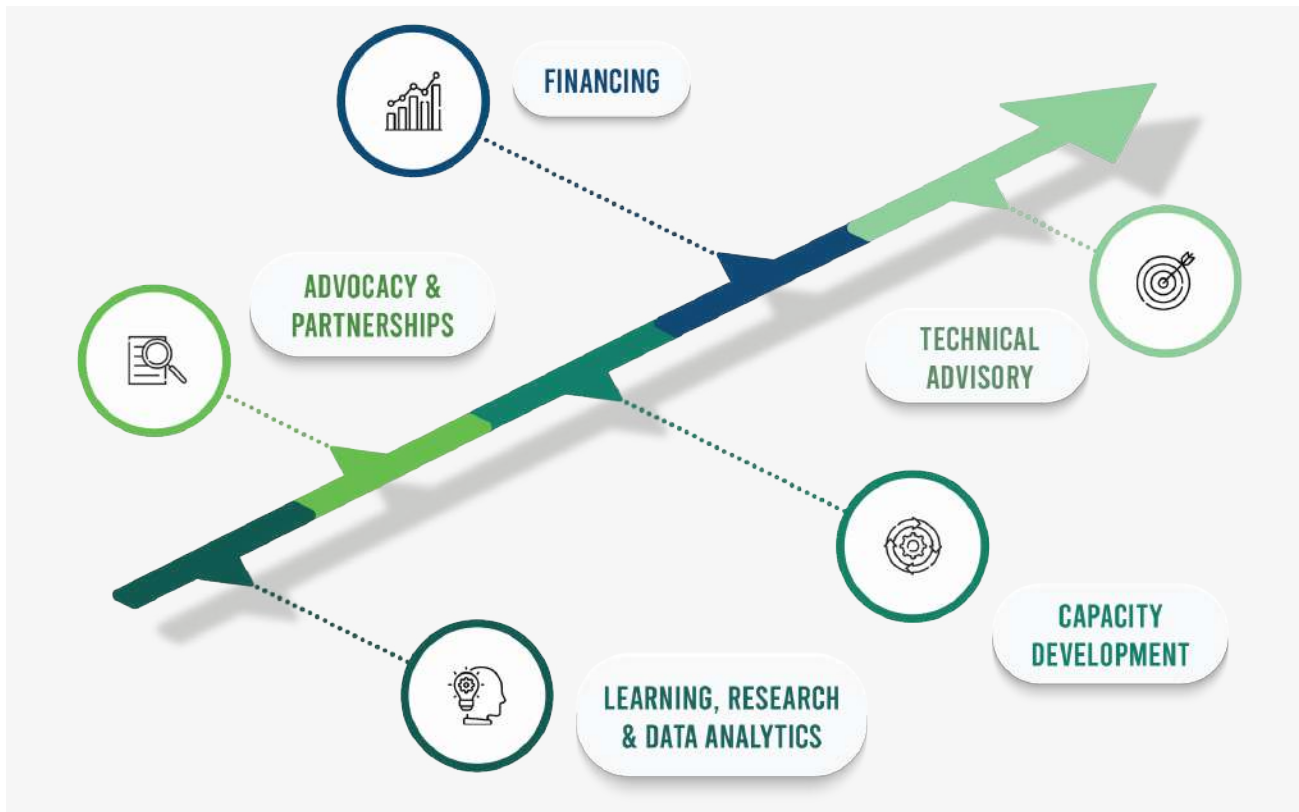
2.3.3. Results Oriented

NDRMF is committed to a Results-Based Management (RBM) approach that focuses on achieving concrete results. This approach is integrated into its Business Strategy, program design, implementation, and the monitoring, evaluation, and learning (MEL). NDRMF will persist in evaluating all activities before providing funding, ensuring they align with important themes like social inclusion, gender equality, and addressing issues such as fragility, conflict, and violence. Additionally, this approach allows NDRMF to explore opportunities for securing additional funding. The organization also maintains a rigorous monitoring and evaluation (M&E) process to enhance the performance of its portfolio, facilitate learning and knowledge sharing, reinforcing accountability, and guide decision making.





OPERATIONAL FRAMEWORK TO ACHIEVING RESULTS



3.1 Technical Advisory

NDRMF is persistent in its commitment to providing technical support and fostering collaboration with both public and private partners to strengthen capacity in the development of risk informed inclusive policies and planning strategies across various thematic areas, including nature-based solutions, inclusive Early Warning Systems (EWS) and health system resilience, among others. The Fund has already embarked on the development and enhancement of a comprehensive, long-term strategic framework that interconnects individual projects. These projects are intricately designed to align with specific risk profiles and are underpinned by a robust MEL mechanism to ensure effective outcomes. To facilitate this approach, NDRMF has implemented rigorous criteria for selecting risk informed projects.

NDRMF remains dedicated to its mandate of conducting risk assessments and leveraging risk analytics to create significant value. Furthermore, it actively engages in providing vital support for post-disaster assessments and the formulation of inclusive resilient recovery plans to yield a meaningful impact. A core focus is the promotion of demand driven program development, whereby the design and implementation of initiatives are guided by a foundation of disaster risk analytics, evidence-based insights, and a culture of continuous learning. Concurrently, NDRMF places a strong emphasis on fostering inclusivity, gender equality, and the welfare of differently abled and marginalized communities through active community engagement.

3.2 Financing

NDRMF has forged a comprehensive and diverse network of partners, encompassing both public and private entities, each contributing distinct strengths and resources aimed at realizing tangible outcomes. Within the framework of this Business Strategy, NDRMF is resolutely committed to enhancing its efforts to facilitate investments and the expansion of resilience financing with focus revolving around inclusive DRR and DRM.


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The Fund will persist in its rigorous financial management practices, ensuring the effective stewardship of funds and the continued alignment with donor commitments. NDRMF will not only ensure securing of financial resources but also providing necessary facilitation and oversight to ensure that these resources are channeled effectively towards their intended purposes.

3.3 Capacity Development

NDRMF is dedicated to empowering its partners by equipping them with the necessary knowledge and skills to effectively utilize risk information within various thematic areas and programs such as flood protection measures, water conservation structures, EWS, inclusive emergency response planning, afforestation, promoting eco-tourism and blue economy, and community-based DRM with gender equality and inclusion as guiding principle among others. NDRMF invests in aiding partners develop robust DRR plans, facilitating access to resources for inclusive resilience financing, and fostering a culture of knowledge creation and sharing.

A key facet of this commitment is the provision of support to both public and private entities in building and enhancing their technical expertise through rigorous training programs. NDRMF recognizes that providing and enhancing their technical expertise is pivotal for partners to make informed decisions, develop innovative strategies, and implement effective inclusive solutions to address unique and complex challenges within their work domain. Through this collaboration, NDRMF seeks to strengthen the overall capacity of its partners, promoting a culture of resilience and risk informed decision making guided by the underlying principles of social cohesion with gender perspective.

3.4 Advocacy and Partnerships

In pursuit of its missions to enhance disaster and climate resilience in Pakistan, NDRMF recognizes the critical importance of networking, advocacy, and knowledge sharing. NDRMF will proactively expand and nurture its network fostering collaborations with diverse stakeholders including governments, communities, civil society, academia, the private sector, organizations working on human rights sub themes; gender equality, women empowerment, disability mainstreaming etc. and many other actors. By working in concert with these partners, NDRMF will continue to ensure that valuable knowledge and insights are accessible, facilitate sharing of best practices and engaging in joint initiatives that address multifaceted challenges.

NDRMF will strive to further strengthen its partnerships through effective advocacy in shaping inclusive DRM and climate resilience agenda. NDRMF will leverage its unique position and expertise to advocate for the integration of inclusive resilience considerations into national policies and frameworks, spanning areas such as water, food and agriculture, floods, energy, and climate change. The Fund will also enhance its capabilities by maintaining a dynamic repository of subject matter experts across policy and various thematic and program areas.

3.5 Learning, Research and Data Analytics

Knowledge creation and dissemination remains at the core of NDRMF's activities, fostering a culture of socially cohesive and gender responsive evidence-based decision making and informed practices. NDRMF will emphasize the facilitation of knowledge exchange events to disseminate best practices and valuable lessons derived from its endeavors. NDRMF will assume the roles of both convener and integrator, orchestrating these events where stakeholders can come together to share insights, experiences, and innovative solutions.

NDRMF will ensure a wide array of resources available to all stakeholders including the fruits of its innovative research, analytical findings, and knowledge products to empower stakeholders with valuable information that can inform their decision making and enhance their inclusive DRM and climate resilience efforts. NDRMF will remain dedicated to maintaining open accessibility to analytics and MEL information across all its programs promoting a culture of transparency, accountability, and ongoing improvement in the pursuit of enhanced inclusive disaster resilience and climate adaptation.



PIVOTAL PILLARS OF NDRMF

4.1 Pillar 1 – Disaster Risk Reduction (DRR)

Pakistan faces an elevated risk of natural hazards owing to its diverse topography and meteorological conditions. This geographical diversity exposes the country to a range of weather-related phenomena, contributing to natural hazards such as floods, earthquakes, landslides, extreme weather events, and tsunamis. Notably, Pakistan has encountered earthquakes measuring between 4 to 7 on the Richter scale.

Despite the severity of these vulnerabilities causing serious socio-economic crisis also inevitably exacerbates entrenched gender inequality, there has been insufficient emphasis on DRM and DRR at both the institutional and national levels. This underscores the critical importance of NDRMF's focus on DRR as a top priority. NDRMF adopts proactive, ex-ante inclusive DRR approaches that align with National Disaster Management Plan (NDMP), National Flood Protection Policy-IV (NFPP-IV) and other national level policy frameworks. It's worth noting that NDRMF holds the distinction of being the first organization in Pakistan dedicated primarily to pre-disaster management. Its primary objective is to take systematic actions to reduce the impact of hazards like floods, droughts, earthquakes, and landslides. Additionally, it aims to diminish the exposure of high-risk populations and vulnerabilities of individuals living in areas prone to these hazards.

Exposure, in this context, refers to the population residing in high-risk and vulnerable zones, while vulnerability pertains to the segments of the population most susceptible to damage due to inadequate infrastructure. NDRMF's comprehensive inclusive DRR scheme, implemented across Pakistan, encompasses Risk-Informed Policy development, DRR integration into economic and social development sectors, strengthening inclusive DRR capacity, and the promotion of Risk-Informed Development practices. In essence, NDRMF is actively working to create a more socially cohesive, gender responsive resilient and secure environment in Pakistan by addressing these critical aspects of DRR.

4.1.1 | Risk Informed Policy

Risk informed policy involves supporting and facilitating the revisions and enhancement of existing policy frameworks across various sectors by systematically integrating elements of DRR. It aims to address issues related to disaster risk comprehensively. NDRMF will undertake a systematic evaluation of existing policies to identify gaps and areas where DRR considerations can be incorporated. These revisions will be made with a strategic focus on improving overall risk awareness and preparedness (keeping in mind the social and gender aspects) at both institutional and national levels. By embedding DRR elements into policy frameworks, NDRMF intends to promote a proactive and inclusive approach to manage and mitigate risks. This not only will ensure that government and organizations are better prepared for potential disasters but also underscore the importance of long-term inclusive resilience and sustainable development, making communities and regions more capable of withstanding and recovering from the impacts of natural hazards. Essentially, risk informed policy will serve as a critical building block for achieving the overarching goal of creating a more socially cohesive, resilient, and secure Pakistan.

4.1.2 | DRR Integration

DRR integration consists of systematic and comprehensive inclusion of DRR factors across various economic and social development sectors. It signifies a shift towards a more socially cohesive, gender inclusive, proactive, risk aware, and sustainable approach to development that can notably reduce the impact of disasters and contribute to long term wellbeing of Pakistani population. NDRMF will support public and private entities weave DRR considerations into key areas like inclusive infrastructure development, urban planning, agriculture, healthcare, and education among others. By mainstreaming DRR, NDRMF intends to foster an inclusive proactive and holistic perspective, ensuring that DRR is not an isolated or specialized effort but an intrinsic part of broader development initiatives leading to more resilient and inclusive infrastructure, disaster resilient communities, and a better prepared nation.


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4.1.3 | Inclusive DRR Capacity

Across the built environment, NDRMF will scale actions focused on strengthening the skills, knowledge, and resources available at both the community and national levels. This entails improving the capacity of relevant government agencies, non-governmental organizations, local communities, and other stakeholders to effectively respond to disasters. By building knowledge and sharing it widely, NDRMF intends to enhance inclusive EWS, emergency response plans, and resilient inclusive infrastructure. DRR capacity is instrumental in fostering a culture of preparedness and resilience to ensure that Pakistan can anticipate, respond to, and recover from disasters in the socially cohesive, most effective and coordinated manner possible.

4.1.4 | Risk Informed Development

NDRMF takes a transformative approach to DRR through risk informed development. It entails aligning economic and social development initiatives with a deep understanding of disaster risks and their potential gendered impacts. The Fund will work to strengthen infrastructure, urban and rural resilience across all regions. For example, factors like flood zones and seismic activity will be proactively monitored in new infrastructure projects, leading to construction of safer and resilient buildings. Moreover, NDRMF will encourage positive measures such as afforestation, reforestation, and land use planning to reduce social and environmental vulnerabilities. From risk informed development, NDRMF seeks to break the cycle of post disaster recovery and reconstruction by making Pakistan more resilient from the outset.

Anticipated Activities		3 YEAR PLAN	5 YEAR PLAN	10 YEAR PLAN
	Support in evaluating existing policies to identify gaps for the integration of DRR	✓		
	Support and facilitate revision of policy frameworks across sectors	✓	✓	
	Improve risk awareness and preparedness at institutional & national levels for inclusive DRR		✓	✓
	Develop and integrate inclusive EWS, emergency response plans, & resilient infrastructure		✓	✓
	Establishment of an institutional system for risk-informed inclusive project preparation			✓
	Proactively monitor hazards for adaptation & resilience building in project & programme preparation		✓	✓



Achievements in Focus



4.2 Pillar 2 – Climatic & Disaster Risk Financing

NDRMF's second pillar is dedicated to addressing the critical issue of climatic and other natural hazards and disasters, with a focus on bolstering inclusive resilience and financial sustainability. The Fund is committing to fully incorporate climate considerations into its operations, positioning itself as a cutting-edge financial intermediary for inclusive climate integration in consultation and engagement with primarily mandated institutions and mechanisms, such as Ministry of Climate Change and Sustainable Climate Finance Bureau in the MoPD.

The earthquake of 2005, the floods of 2010, 2011, 2020, and 2022 and the drought of 2021 have consistently revealed Pakistan's vulnerability to various disasters that adversely affected society and the country's economy, resulting in colossal losses to Pakistan's Gross domestic product (GDP). These calamities adversely affect the already marginalized people and communities with intersecting vulnerabilities or exposure – such as legal and economic barriers (informal sector workers, the homeless, those in extreme poverty, refugees and migrants), specific cultural or religious marginalization (transpersons, religious minorities) or individuals and groups that live in systems often not "accepted" by mainstream society (transient and nomadic populations). Such hyper-marginalization increases levels of vulnerability and exposure within a part of society that already experiences discrimination, marginalization, and abuse, and as a result can experience the impacts of disasters or crisis situations as more severe and harder to recover from.

Keeping in view this ongoing complex scenario, through pillar 2 NDRMF aspires to mitigate the socio-economic and fiscal repercussions of natural hazards and climate change. To achieve this, NDRMF will support enhancement of capacities of a wide spectrum of stakeholders, including public and non-public sector entities, through prioritization and financing of strategic investments in inclusive DRR and CCA and preparedness adopting an 'All-of-Society' inclusive approach.

To fortify the financial capacity essential for resilience-building, NDRMF is proactive in developing and implementing inclusive DRF mechanisms. These mechanisms play a pivotal role in facilitating increased investments in resilience initiatives. Simultaneously, NDRMF is actively engaged in the creation and integration of innovative financial solutions, responding to the evolving landscape of climate challenges.

In essence, this pillar encapsulates NDRMF's strategic vision to safeguard Pakistan against the detrimental effects of climate change and natural hazards, creating a more equitable, inclusive, secure, prosperous, and resilient future for the nation. NDRMF's comprehensive Climatic & Disaster Risk Financing scheme encompasses inclusive Resilience financing, climate and resilience facility, financial capacity, and innovative mechanisms.

4.2.1 | Inclusive Resilience Financing

Inclusive resilience financing stands as a paramount component within NDRMF's multifaceted strategy. The Fund recognizes the pressing need to enhance financial mechanisms and channels to effectively support the scaling up of efforts aimed at sustaining disaster and climate resilience for everyone but with focus on inclusion of marginalized and vulnerable segments of society. This entails a strategic focus on ensuring that the requisite funds and resources are not only accessible but also optimally utilized for resilience building initiatives. The Fund will prioritize the development and refinement of inclusive financial instruments, mechanisms, and platforms designed to facilitate the inflow of funds for resilience projects especially addressing the gender specific needs of marginalized segments of society. Furthermore, it will leverage its expertise in financial management to ensure that these resources are allocated equitably and judiciously, aligning with the strategic objectives of DRR and climate adaptation. Through effective financial stewardship, NDRMF envisions to empower Pakistan in its quest for greater resilience.

4.2.2 | Climate & Resilience Facility

NDRMF will complement its activities by introducing a pioneering strategy through its climate and resilience facility by consolidating climate finances to address the challenges posed by natural hazards and the overarching impact of climate change. NDRMF intends to build its core strength by accessing entities like the Green Climate Fund (GCF) and the Global Environment Facility (GEF). Through these networks, NDRMF will boost its financial capacity to undertake multifaceted initiatives that directly target the reduction of disaster risks and the promotion of climate resilience through executing a diverse range of projects and activities aimed at reducing the vulnerabilities including gendered vulnerabilities and exposure of communities and ecosystems to both natural hazards and climate-induced stressors. These efforts will encompass but are not limited to efforts such as inclusive infrastructure development, responsive disaster preparedness, ecological restoration, and capacity building.

4.2.3 | Financial Capacity

The objective of this priority area is the development and implementation of inclusive DRF mechanisms that are tailored to the country's specific needs. These mechanisms will not only serve to fortify Pakistan's financial resilience but also ensure a dedicated pool of resources available for swift and effective response in times of crisis. By building up this financial capacity, NDRMF will empower public and non-public entities including Civil Society Organizations (CSOs) to make substantial investments in DRR and climate resilience. This means that a higher portion of financial resources will be directed towards building safer inclusive infrastructure, responsive disaster preparedness, and climate adaptation initiatives. These endeavours will prove to be fundamental in reducing the socio-economic and fiscal impacts of natural hazards and climate change.

4.2.4 | Innovative Mechanisms

Recognizing the dynamic nature of disaster risk and climate change challenges, NDRMF is committed to exploring innovative avenues for financing resilience-building initiatives. By fostering creative solutions such as carbon markets and the blue economy, NDRMF seeks to tap into novel resources that can contribute significantly to inclusive DRR and climate adaptation. The incorporation of carbon markets, for instance, allows Pakistan to harness financial support through carbon trading and offset programs. By investing in projects that reduce Greenhouse Gases (GHGs) emissions, NDRMF can access additional funding streams to bolster its inclusive climate resilience efforts. Moreover, the adoption of the blue economy, which focuses on sustainable marine and aquatic practices, provides a valuable opportunity to secure finances for coastal resilience initiatives and the protection of marine ecosystems.

Through these innovative mechanisms, NDRMF not only diversifies the financial resources available for resilience but also promotes inclusive, sustainable, and environmentally friendly approaches to development. By pushing the boundaries of traditional financing, NDRMF demonstrates a forward-thinking approach, ensuring that Pakistan is equipped to thrive even in the face of ever-evolving climate and disaster risks.

4.2.5 | Start-up Tech Funds

Acknowledging the increasing importance of technology and innovation in climate action and disaster financing, NDRMF will support the establishment of start-up funds specifically focused on technological innovation. These

funds will help to catalyse capital from different sources into climate and disaster risk management solutions in targeted thematic areas, such as , renewable energy, agriculture and food security, health etc. It is believed building on the NDRMF as the financial intermediary will enable investors & donors to support the creation of climate and disaster tech funds for investing in different technologically driven initiatives.

This initiative aligns with the evolving structure and role of the NDRMF, which aims to manage various specialized windows for specific purposes.

Anticipated Activities		3 YEAR PLAN	5 YEAR PLAN	10 YEAR PLAN
	Development & implementation of hazard financing instruments, and platforms for inclusive resilience building	✓	✓	
	Ensure accessibility and optimal utilization of climate funds and resources for inclusive resilience initiatives	✓	✓	✓
	Develop climate financing architecture in line with international financial governance structure		✓	✓
	Access partnerships with entities like Green Climate Fund (GCF) and Global Environment Facility (GEF) through national designated authority (NDA)		✓	✓
	Institutional capacity development of partner organizations		✓	✓
	Explore innovative solutions such as carbon markets and the blue economy	✓	✓	✓
	Establishment of start-up funds specifically focused on technological innovation	✓	✓	✓



ACHIEVEMENTS IN FOCUS

Restoration of Riverine, Inlands and Mangroves



31.79 Million
Riverine & inland Ecosystem



27.18 Million
Mangroves & Rangelands Ecosystem



11.99 Million
Urban Ecosystem

Horticulture Interventions



2,975 Hectares
of forest area under sustainable forest management practice



682,000 Plants
provided for establishment of fruit orchards



123 Solar Systems
installed for High Efficiency Irrigation System (HEIS)



105 Farmer Communities & 21 Nursery Managers trained
(minimum 30% are women farmers /managers)

Green Job Creation

(targets are gender neutral and these need to be disaggregated by sex with minimum 30% women share, images should also show both men and women)



3000 People Employed in Planting Activity (minimum 30% engaged/employed are women)



2000 Unskilled/Low Income Workers & Daily wage Earners Employed
(minimum 30% skilled people are women)



3000 People Employed for Water Conservation Measures
(minimum 30% employed persons are women)

Hydro-met and Climate Services



Automatic Weather Stations (AWS)



LDS/SRLDS



Cloud Base Monitoring Systems



High Frequency Radars



Wind Profiler & Software



Hardware & Software for Tropical Cyclone

4.3 Pillar 3 – Disaster Preparedness and Recovery Institutionalization

Under this third pillar of NDRMF’s strategic framework, the Fund is unwavering in its commitment to enhancing and expanding the capacity for disaster preparedness and the establishment of inclusive resilience recovery system. NDRMF is actively engaged in a collaborative effort with the government to fortify the nation’s preparedness for disasters. The Fund achieves it through a comprehensive inclusive approach that involves meticulous planning and the execution of post disaster assessments. Moreover, NDRMF extends its support to integrate financial preparedness measures to address vulnerabilities, mitigate risks, and strengthen overall disaster preparedness guided by the principles of social cohesion and gender responsiveness within the country.

NDRMF’s all-encompassing plan for institutionalizing disaster preparedness and recovery consists of three main components: preparedness capacity, financial readiness, and a recovery framework. The strategies and actions under this pillar encompass various elements, including the refinement and enhancement of inclusive resilient recovery plans, ensuring that everyone in the communities and regions irrespective of gender and intersectionality markers are well-prepared to effectively bounce back from the adverse effects of natural hazards. NDRMF is dedicated to making EWS more inclusive, equitable, accessible, and effective, thereby ensuring that everyone in the communities, provinces, and the nation can receive timely alerts and relevant information. Furthermore, the organization aims to improve hydro-meteorological (hydro-met) services at all levels. This commitment underscores NDRMF’s overarching mission to establish Pakistan as a resilient and well-prepared nation capable of effectively addressing and recovering from the challenges posed by natural hazards.

4.3.1 | Preparedness Capacity








NDRMF recognizes that preparedness capacity is a fundamental component of building resilience and reducing the socio-economic impact of disasters. The Fund places a strong emphasis on enhancing inclusive planning and preparedness capacity for resilient recovery and the efficient execution of post disaster assessments. By focusing on the development and improvement of these essential capacities, NDRMF will aim to ensure that Pakistan is well-prepared to respond effectively to disasters and rapidly assess the damage and needs in the aftermath. NDRMF will help strengthen the nation’s ability to plan for inclusive resilient recovery strategies and coordinate post disaster assessments, which are critical for assessing the impact of disasters, identifying priorities, and mobilizing resources for an equitable, timely and effective response.

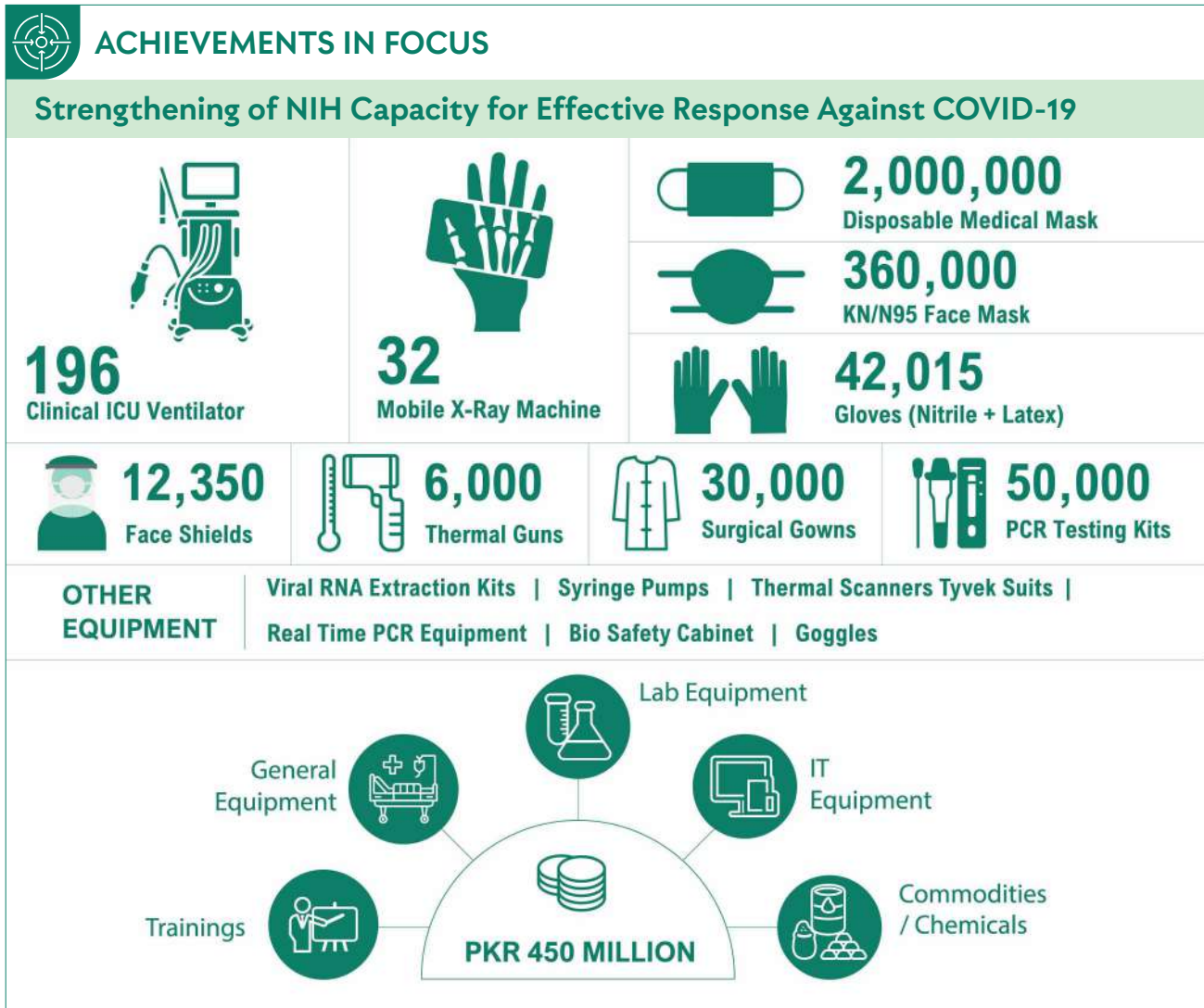
4.3.2 | Financial Preparedness

The objective of this priority area is to develop financial preparedness as a critical component of its risk reduction and resilience strategy. NDRMF will shape mechanisms and funding sources that are specifically designed to address multiple vulnerabilities, manage risks, and enhance inclusive disaster preparedness. By aligning financial resources, the Fund intends to ensure that there is a dedicated pool of funding readily accessible when disaster strikes. This funding will be crucial for rapid response, recovery, and rebuilding efforts, reducing the overall impact of disasters on both communities and the national economy to protect lives, livelihoods, and infrastructure in the face of disasters.

4.3.3 | Recovery Framework

NDRMF is committed to improving resilience recovery from the aftermath of disasters through the development and implementation of comprehensive inclusive recovery plans. These plans include a range of critical components such as inclusive EWS and hydro-met services, which are designed to operate at the community, provincial, and national levels. The inclusive EWS are crucial for providing accessible timely alerts and information at all levels to help them prepare for and respond to impending disasters. Additionally, hydro-met services focus on meteorological and hydrological data, supporting informed and inclusive decision-making during recovery efforts. NDRMF’s investments in these systems will ensure that Pakistan is better equipped to recover swiftly and efficiently from disasters, reducing the long-term social and economic impacts while enhancing overall resilience.

 Anticipated Activities		3 YEAR PLAN	5 YEAR PLAN	10 YEAR PLAN
 Development of a system for rapid post disaster assessments	✓			
 Integrate risk analytics in project planning and programming	✓			
 Improve the understanding of inclusive DRF instruments, solutions, and frameworks and their use	✓			
 Strengthen inclusive multi-hazard EWS	✓	✓		
 Facilitate accessibility of financial resources for rapid disaster response		✓	✓	
 Strengthen existing financing mechanisms and solutions addressing social protection and inclusivity	✓	✓	✓	



4.4 Pillar 4 – Knowledge Creation, Sharing & Risk Informed Decision Making

NDRMF is unequivocally committed to augmenting and broadening its capacity to craft and circulate knowledge based on irrefutable evidence and effective methodologies within the domains of disaster and climate resilience. Within this pillar, the Fund is poised to assume a dual role as both a creator and curator of data and information pertaining to risks. NDRMF is steadfast in its commitment to ensuring the accessibility of this information in an open and easily understandable format. The overarching aim is to raise the quality of information on policies, practices, and procedures while facilitating astute decision-making that is grounded in well-informed insights.

In addition to serving as a repository of risk related information, NDRMF will persist in its mission to actively foster knowledge creation efforts. The Fund’s endeavor is underpinned by the intention to not only enhance understanding but to actively engage and empower a spectrum of stakeholders including communities, public entities, and private institutions. The Fund’s efforts will also stimulate active participation from all core stakeholders to foster a collective and informed approach to boost inclusive resilience efforts against adverse effects of disasters and climate change.

Within the framework of comprehensive knowledge creation, knowledge sharing, and risk informed decision making, NDRMF encompasses several key components, including the knowledge hub, product development, informed planning, and community awareness.

4.4.1 | Knowledge Hub

The knowledge hub within NDRMF's comprehensive Business Strategy is dedicated to facilitating inclusive disaster and climate risk modelling, rigorous generation and dissemination of knowledge that is firmly grounded in credible evidence and effective strategies pertaining to disaster and climate resilience. Operationalization of the National Catastrophic Model (NATCAT) model by NDRMF is set to evolve as the centralized database focused on probabilistic modelling application providing state-of-the-art information on floods, droughts, cyclones, and heatwaves. The Fund will serve as a central repository for cutting edge information, insights, and best practices in the realm of DRR and climate adaptation. By producing and sharing this evidence-based knowledge, NDRMF intends to equip policy makers, practitioners, researchers, and the wider community with the tools and information necessary to inform sound inclusive policies and practices. Through this inclusive and proactive approach, the Fund aims to facilitate better decision making at all levels, thereby promoting resilient outcomes in the face of ever evolving disasters and challenges posed by natural hazards and climate change.

4.4.2 | Product Development







The product development aspect of the Fund's framework is focused on creating knowledge sharing tools and resources that make disaster risk information inclusive, responsive, accessible, understandable, and actionable. These products will be designed in such a way to bridge the gap between complex data and practical, user-friendly insights. By developing such products, NDRMF will ensure that critical information related to DRR, DRF and climate resilience reaches a broad range of diverse stakeholders including the marginalized and vulnerable segments of society. The Fund intends to not only simplify the often intricate and technical aspects of risk data but also ensures that communities, policymakers, and organizations can readily access and utilize this information to make informed decisions, in-turn contributing to overall preparedness and resilience efforts.

4.4.3 | Informed Planning

NDRMF's framework emphasizes the incorporation of risk profiles and hazard maps into the planning process at community, provincial and national levels. This approach involves a systematic and comprehensive consideration of disaster risks as an integral component of planning and development initiatives. By integrating risk profiles and hazards maps into the inclusive planning process, NDRMF will ensure that the decision-making efforts were well informed and risk conscious. This will not only help identify and mitigate potential vulnerabilities (including gendered ones) but will also enable the establishment of proactive measures to reduce the impacts of disasters and climate related challenges. It will also help NDRMF empower the local communities, provincial authorities, and national institutions with the knowledge and tools necessary to build a resilient and disaster prepared Pakistan.

4.4.4 | Community Awareness

The crucial component of community awareness of NDRMF's framework focuses on empowering communities with focus on the marginalized and the vulnerable groups to effectively manage the risks associated with disasters and climate change. This involves creating awareness and actively engaging with communities to enhance their knowledge, preparedness, and resilience. By promoting awareness, NDRMF ensures that individuals and communities are well informed about potential risks and hazards along with underlying gender vulnerabilities and its disproportionate impact. This knowledge will equip them to take inclusive, equitable, and proactive measures to reduce their vulnerability and adapt to changing climatic conditions. Additionally, engagement activities foster a sense of ownership and collective responsibility within these communities, encouraging them to participate in DRR and climate adaptation initiatives as change makers. Ultimately, community awareness will empower individuals and groups to play an active role in their own safety and resilience, contributing to the overall goal of a more disaster resilient Pakistan.

 Anticipated Activities		3 YEAR PLAN	5 YEAR PLAN	10 YEAR PLAN
 Development of a consolidated risk-information platform based on NatCat modelling and analytics	✓			
 Develop inclusive instruments and promote integration of open access disaster risk information modelling, data, tools, and analytics	✓			
 Develop & implement appropriate communication tools to promote inclusive DRR & informed decision making	✓			
 Facilitate inclusion of natural hazards and climate change in development planning regulations & policy	✓	✓		
 Develop capacity on inclusivity in post disaster assessments, recovery planning, and recovery preparedness	✓	✓	✓	


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STRATEGIC IMPLEMENTATION PRIORITIES

Policy Evaluation and Enhancement

Over the next three years, NDRMF will support and facilitate a comprehensive evaluation of existing policies across various sectors to identify gaps for the integration of DRR elements. This evaluation will involve collaboration with relevant government agencies and other stakeholders to ensure a thorough assessment across sectors. Following these evaluations, NDRMF will collaborate towards enhancing and revising policy frameworks to strengthen resilience and mitigate disaster risks effectively.

Inclusive DRR

NDRMF will facilitate the inclusion of natural hazards and climate change considerations in development planning regulations and policy. This will involve working closely with communities and vulnerable groups to ensure their voices are heard and their needs are addressed in DRR efforts. Additionally, NDRMF will focus on developing capacity in post-disaster assessments, recovery planning, and recovery preparedness, ensuring that inclusivity is prioritized at every stage of the process.

Capacity Building and Communication

NDRMF recognizes the importance of improving understanding of DRF instruments, solutions, and frameworks among stakeholders. Over the next three years, the organization will focus on strengthening inclusive multi-hazard EWS and enhancing coverage, accuracy, and response times. Furthermore, NDRMF will develop and implement appropriate communication tools to promote inclusive DRR, climate adaptation, disaster risk modelling, and informed decision making, ensuring that communities and stakeholders are actively engaged throughout the Business Strategy implementation process.

Financial Mechanisms and Funds

NDRMF will prioritize the development and implementation of hazard financing instruments and platforms to enhance resilience building efforts. This will involve working closely with international organizations and financial institutions to ensure accessibility and optimal utilization of climate funds and resources for resilience initiatives. Additionally, NDRMF will explore innovative solutions such as carbon markets and the blue economy to secure additional financing streams for DRR and climate adaptation projects.

Monitoring and Evaluation

Throughout the implementation of the strategy, NDRMF will conduct regular M&E to assess the effectiveness of its actions. This will involve tracking progress against Key Performance Indicators (KPIs) and adjusting the strategy as needed. Additionally, NDRMF will ensure transparency and accountability in its operations by regularly reporting on its progress to stakeholders and the public.

STRATEGIC IMPLEMENTATION PRIORITIES



**Policy
Evaluation and
Enhancement**



Inclusive DRR



**Capacity
Building and
Communication**



**Financial
Mechanisms
and Funds**



**Monitoring and
Evaluation**



THE PROJECT PREPARATION FACILITY (PPF)

The Project Preparation Facility (PPF) is a pioneering initiative to be instituted by the NDRMF to address widely acknowledged technical capacity constraints prevalent in government and non-governmental departments for preparation of high quality thematically focused projects and program contributing to the resilience building. It aims to build the capacity by providing a comprehensive set of technical assistance and enhancement tools and resources and assist in preparation of high-quality bankable project/program development to stakeholders and partners directly contributing to the resilience building and climate adaptation.

It is to be emphasized that establishment of the PPF is the essential component of the Business Strategy aligned with the overarching goal of leveraging the NDRMF's unique and widely acknowledged position as a financial intermediary to invest in and support initiatives enhancing the nation's resilience to natural hazards and climate change impacts. Pillar 4 of the Business Strategy focuses on knowledge creation and capacity development and through, PPF NDRMF will operationalize different aspects and adopt several approaches for institutional and project development.

6.1 Persistent Challenges in Project Preparation Processes

Organizations and entities mandated to spearhead the resilience building agenda have encountered profound and diverse challenges in project preparation processes and complying with technical and regulatory aspects to enhance the implementation viability of these projects. Resource constraints due to limited financial, human, or technical resources have effectively hindered the availability and preparation of projects and mobilized the resources from the donor agencies. Similarly, donors have been facing the constant challenge of not receiving high-quality projects from the implementing agencies. In this respect, securing adequate financial resources, accessing specialized expertise, or acquiring necessary equipment and materials may be some of the underlying challenges.

The PPF aims to address these challenges by building technical capacity of institutions and providing technical and financial support for the preparation of high-quality bankable projects.

6.2 Operational Structure of the PPF

The PPF will be streamlined into two windows aligned on two distinctive support functions:

- ◆ The Supply Driven window will be a resource nexus with a broader focus on building capacity of national institutions in different aspects of new and evolving areas of disaster management, climate finance and disaster financing. Operational approach of this aspect will be raising awareness of the importance of disaster resilience and climate resilience, mitigation and adaptation through public awareness and training sessions, collaborations, and stakeholder engagement and preparation of ready-to-apply tools and instruments. Overall, the supply-driven approach will result in a more comprehensive, inclusive, and impactful strategy for building disaster and climate resilience, ultimately benefiting communities and regions across Pakistan.
- ◆ The Demand-Driven window will provide support and facilities to the organizations or relevant stakeholders on demand. This will be a go-to forum for organizations for their in-house support. This will be operationalized by on-the-job training and establishing an Advisory Pool to provide specialized technical resources for the preparation of projects and programs.

6.3 Modes of PPF Support

6.3.1. Facilitating Coordination

Engaging and coordinating with diverse stakeholders, including government agencies, local communities, private sector partners, and non-governmental organizations and international partners can be complex and challenging. The PPF will facilitate and promote coordination among the different stakeholders and project development partners to encourage sharing of information and ideas with the goal to culmination of ideas into project concept notes, ideas, and proposals in line with national policy perspectives and regulatory requirements.


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6.3.2 Project Feasibility Assessment

Identifying, assessing, and mitigating project risks, including financial, environmental, and operational risks, is considered crucial for project development. The PPF will develop tools and provide support in undertaking robust feasibility and risk assessment strategies tools readily available.

6.3.3 Project Design and Implementation

The most important challenge is developing comprehensive project plans, defining clear objectives, and creating detailed designs that align with stakeholder needs and expectations and project financial engineering. It involves combining and balancing environmental and resilience considerations with the project cost and ensuring project sustainability along with clearly identifying the implementation plans.



FUND ARCHITECTURE

NDRMF's funding architecture has largely been based on separate channeling, accounting and reporting of funding from various sources for achievement of the respective program/project objectives. Although this has been useful to date, it has resulted in increased transaction costs for separate approvals, allocations, expenditures, accounting, reporting, etc., for each of the funding sources. Additionally, this project oriented approach has skewed NDRMF's work program towards investments which are not fully aligned with the priorities as mandated in its charter.

Considering the above, NDRMF's fund structure is being revised to strengthen the link between funding and strategic priorities. As a result, the fund structure is being aligned to the new Business Strategy to ensure a major part of the funding from various sources is collectively contributing to the achievement of results identified in the 3-, 5- and 10-years Business Plan. Additionally, some funding will be allocated for certain special themes and activities which are specific to the priorities of the funding source or donor, and strategic objectives of NDRMF. This will be achieved by consolidating the funding under one Pooled Fund with provision for a standalone Special Window Fund for each special theme and activity depending on donor preference.

The Pooled Fund and Special Window Funds including climate and disaster financing start-up tech funds will jointly contribute to the achievement of the four pillars and cross-cutting themes in an integrated manner ensuring the realization of the three strategic objectives of the Business Strategy in a coherent manner. This arrangement will ensure stronger focus on results and lower transaction costs through consolidated approvals, allocations, expenditures, accounting, reporting, etc. It will strengthen strategic alignment and ownership by using established systems within NDRMF, particularly for fiduciary and safeguards considerations. Furthermore, it will also facilitate managing risks through common risk assessment and risk reduction frameworks.

Every effort will be made to attract funding from various sources to the Pooled Fund. This way donors will be supporting the financing needed to achieve the three strategic objectives according to a coherent and integrated roadmap. The Pooled Fund would act as hub to improve aid effectiveness, increase coordination and alignment among a wide range of actors around common priorities and outcomes. The funding in the Pooled Fund would be used for approved activities in the Business Plan and accounting would be done in a consolidated manner. This will also increase financing predictability through multi-year financing plans and strategies. The reporting of the results achieved would also be done in a consolidated report. Every effort would be made to ensure robust fiduciary management systems and web-based monitoring of financial flows.

Some funding sources would like to support special themes or initiatives, which would be possible through the Special Window Fund. This will allow earmarking of funds for specific activities which may or may not be part of the Business Plan but would be contributing to the achievement of the strategic objectives. The accounting and reporting of such funding would be done separately. Setting up special purpose funds by the government and/or donors would be possible under this arrangement. For Example, certain climate specific funds which are in the pipeline like Climate Tech Fund, and funds for preparing the grounds for risk sharing and risk transfer etc. could be structured as Special Window Funds with separate objectives, modalities, rules, and procedures.

7.1 Resource Mobilization

In 2022, NDRMF assessed its current portfolio to evaluate the effectiveness of its existing structure and financial mechanisms. This evaluation aimed to identify strategic investment partners and enhance understanding of how these partners can leverage NDRMF's flexible instruments and structure to create de-risking vehicles and utilize blended finance for new investments. Additionally, NDRMF aimed to explore structuring options to attract larger institutional sources of capital through aggregation and securitization and improve the affordability of technologies.

At present, NDRMF is actively seeking partnerships and collaborations with international funding institutions, particularly grant financing organizations such as the Adaptation Fund, European Union, GCF, GEF, and bilateral


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donor organizations including the FCDO, Department of Foreign Affairs and Trade (DFAT), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Swiss Agency for Development and Cooperation (SDC), and the United States Agency for International Development (USAID). These partnerships aim to secure grants for mutually agreed areas of investment, including climate and DRF. This strategic approach is intended to reduce NDRMF's dependence on multilateral development banks and lessen the fiscal burden on the Government of Pakistan, while ensuring the overall sustainability of NDRMF.

7.2 Private Sector Capital

Private sector involvement in DRR efforts is crucial for Pakistan, especially in the aftermath of the devastating floods of 2022. These floods highlighted the urgent need for resilience-building measures in the country, with estimated damage exceeding USD 14.9 billion and significant impacts on the economy and livelihoods of millions. The Government of Pakistan has outlined the "Resilient Recovery, Rehabilitation, and Reconstruction Framework (4RF Strategy)" to address these challenges, emphasizing the inclusion of private sector capital in DRR and DRM efforts. Globally, the private sector is increasingly recognized as a key partner in climate change mitigation, adaptation, and DRR, aligning with frameworks such as the SDGs and the Paris Climate Agreement. In Pakistan, the corporate sector has been proactive in undertaking environmentally and socially responsible practices, with many companies voluntarily declaring net-zero carbon emissions and contributing to various social and environmental causes through Corporate Social Responsibility (CSR) and Environmental Social and Governance (ESG) initiatives.

The engagement of the private sector in NDRMF efforts presents a significant opportunity for corporate entities to contribute to resilience-building efforts in Pakistan. NDRMF's mandate aligns well with the environmental and social goals of the corporate sector, offering a platform for meaningful investment in high-impact projects and interventions. By leveraging private sector funding, NDRMF can enhance its capacity to implement large-scale projects and initiatives, addressing critical challenges faced by Pakistani society. Furthermore, NDRMF's track record of effective project management and implementation provides assurance to private sector entities seeking to align their CSR and ESG goals with impactful, socially responsible investments.

To facilitate private sector engagement, NDRMF plans to invite corporate entities to consider funding resilience-building activities as part of their CSR and ESG objectives. A list of viable projects has been identified, offering attractive opportunities for private sector investment while supporting broader sustainability goals. Additionally, discussions are underway with the Pakistan Diaspora in North America to explore their potential engagement and financial contributions in climate change mitigation and adaptation measures. This collaborative approach aims to leverage the financial resources and expertise of the private sector, enhance the overall effectiveness and impact of resilience-building efforts in Pakistan.



DISASTER RISK FINANCING

NDRMF aims to reduce the socioeconomic and fiscal impacts of natural hazards and climate change by increasing institutional and physical capacities of public and non-public sector entities (non-government and CSOs) by prioritizing and financing investments in DRR, CCA and preparedness.

An effective financial management for disaster risks through an integrated approach is a key public policy challenge for governments around the world, particularly those faced with significant exposures to such risks, like Pakistan, and / or limited capacity to manage the financial impacts. NDRMF is working with its government counter parts, development partners and communities at risk to enhance financial and operational resilience of Pakistan against natural hazards by putting in place financing mechanisms and instruments and implementing DRR and CCA measures to minimize losses from future disasters.

DRF refers to the financial strategies and mechanisms implemented by governments, organizations, and individuals to mitigate and manage the financial consequences of natural hazards or human-made disasters. It involves a range of financial instruments and mechanisms, including insurance, reserves, contingency funds, bonds, and other risk transfer mechanisms, to help countries and communities recover and rebuild after a disaster.

NDRMF Approach for Strengthening Financial Resilience includes:



8.1 Disaster Risk Financing Strategy of Pakistan

NDRMF is developing the Inclusive DRF Strategy of Pakistan for managing and transfer of residual risks posed by unmitigated natural hazards that have high economic benefits, considering climate change to enhancing Pakistan's resilience to climatic shocks and other natural threats. In consensus with key stakeholders, which will determine how disasters losses will be financed for critical infrastructure, property, agriculture, small businesses, and vulnerable populations while addressing the underlying gendered constraints and challenges at the national and sub- national levels. The vision of DRF Strategy is to enhance inclusive financial resilience of Pakistan. The strategy shall also explore potential inclusive DRF instruments in the context of Pakistan, and it will:

- ◆ Assist policy makers in integrating inclusive DRR and DRF as an essential component for financial management of geo-physical, hydro metrological and climate induced hazards.
- ◆ Facilitate inclusive and informed decision on the selection of an efficient mix of ex-ante investments in DRR, insurance, and non-insurance DRF instruments, which will enable the Government of Pakistan to increase its capacity for retaining disaster risk whilst gradually transferring excessive risk to international reinsurance and capital markets.

The implementation plan of this strategy shall unfold the strategic road map for stakeholders to combine synergies and undertake ownership for conducting a set of activities to enable rolling out of a sustainable mechanism of

funding for DRR, CCA, and inclusive DRF instruments to be implemented by the governments and private sector including the insurance industry.

The DRF strategy will provide an overall direction for enhancing the financial management of disaster risk. It includes a clear articulation of the role of DRF solutions and key measures required to enhance the related enabling environment. It identifies the financial roles and responsibilities of different levels or domains of government sector and the actions to enhance a country's financial arrangements for potential disaster events. It also indicates the expected financial responsibilities of private corporations, small businesses, farmers, and households in meeting their own recovery and reconstruction costs, thereby managing expectations about post-disaster public support. The DRF strategy is based on a risk layering approach on data and analytics, which would allow for combining cost-effective risk transfer options, such as insurance and risk retention. It also identifies suitable sovereign inclusive DRF options for Pakistan.



To take forward the DRF agenda in a consultative manner, NDRMF has created DRF Synergy Group to achieve better coordination amongst the key stakeholders and improved understanding of the country's needs in the context of DRF and to discuss potential options for strengthening financial resilience of Pakistan.

The DRF strategy is in its final consultation process and early next year, it will be submitted approval and notification for its implementation by the concerned stakeholder. NDRMF will continue to play its role to take forward this DRF agenda to next steps, taking all possible steps and capitalizing all available opportunities.

8.2 Natural Catastrophe (NatCat) Modelling of Pakistan

NDRMF is developing a probabilistic multi-hazard risk assessment, namely NatCat (Natural Catastrophe) Modelling as it is pre-requisite to have such type of risk assessment and loss estimation to develop inclusive DRF financing instruments for primary natural hazards to provide scientific knowledge base along with a loss estimation module specifically for the insurance and reinsurance industry. NDRMF has engaged M/s SUPARCO to develop the NatCat Model of Pakistan (Geo-referenced Exposure Database for Natural Catastrophe). In the region, it is the first initiative at the national level. This NatCat modelling will assess disasters posed by natural hazards including hydro-meteorological (flood, drought, tropical cyclone, urban flooding, hill torrents, heatwave) and Geo-physical (earthquake, tsunami, landslide), to evaluate exposure and vulnerability of elements at risk and will quantify risks and its financial impacts up to Tehsil (sub-district) level.

The NatCat Model is intended to inform users through web-based 'Risk Calculator' and direct access to specified users on where future events are likely to occur and how intense they are likely to be (short, medium and long-term probability of occurrence). Based on the estimated probability of losses, a range of direct, indirect, and residual losses can be estimated. The Model has combined historical disasters disaggregated data with current demography, built environment and critical infrastructure, scientific and financial data to determine the potential cost of catastrophes for specified geographic areas. The Model uses this information to simulate the physical characteristics of thousands of potential catastrophes and project their effects on both residential, commercial property and critical lifeline infrastructure.

8.2.1. Key Benefits of NatCat Model

Due to low insurance penetration in Pakistan, the insurance sector does not have sufficient capacity to effectively share the fiscal burden of the government caused by natural disasters. The lack of sophisticated hazard data and risk modelling techniques have been a stumbling block for increasing retention capacity of domestic insurance market. Key expected benefits of the Model are:

- ◆ The NatCat will help NDRMF and other decision makers in prioritization of investments of public funds for structure and non-structure measures for DRR and CCA, with references to NDMP, NFPP-IV and other development plans.
- ◆ The NatCat will be used by primary insurers, international reinsurers and catastrophe bond investors as underwriting and pricing tools to structure reinsurance contracts as well as sophisticated products like weather derivatives. The NatCat modelling outputs will also be used by international rating agencies to assess the resilience of insurance markets to withstand natural disasters.
- ◆ The catastrophe modelling will also enable deployment of risk layering approach to select the most cost-effective Insurance and non-insurance instruments for financing each risk layer to ensure efficient utilization of public funds.
- ◆ The increased catastrophe risk retention capacity of domestic insurance sector will gradually reduce its dependence on global reinsurance markets, it will enable the insurance sector to procure competitive terms from volatile global reinsurance markets, increased profit generated through higher risk retention will be re-invested to build local capacity, minimize reliance on foreign expertise and reduce outflow of precious foreign exchange from the country.
- ◆ The NatCat Model will support an efficient and effective DRM in the country by disaster management authorities and other relevant departments. It will also improve institutional capacities, performance, and preparedness at key departments responsible for managing disaster risk in Pakistan.
- ◆ It will also provide a base for policymaking and risk informed development planning in the country.



OPERATIONAL RISK MANAGEMENT

NDRMF is guided by a comprehensive operational risk management and mitigation framework, drawing insights from best practices in DRM. This framework is an arrangement of risk mitigation strategies with the aim to enhance NDRMF's operations through institutional strengthening based on the risks and challenges presented within the context of DRM in Pakistan. These operational challenges include shifting political landscape, issues in financial management and grant disbursement, complex grant management processes, and capacity constraints within private and public partners, among others.

NDRMF's revised Business Strategy integrates an enhanced operational risk management framework, including operational risks associated with project preparation and implementation. Anchored in a 3-5-10 year rolling plan, this strategy aligns with the newly developed Theory of Change and a Results Framework, which streamlines NDRMF's activities with its overarching strategic objectives. It aims to maintain operational direction towards tangible, results-based intermediate and long-term outcomes while ensuring inclusivity and responsiveness. By aligning activities with this strategy through an iterative process, NDRMF can identify program focus areas and bridge capacity gaps effectively. The Theory of Change and Results Framework is an integral part of the operational risk management framework as they define a comprehensive indicator-based monitoring mechanism linked with risks and challenges. Aligned with compliance safeguards and operational standards, this framework aims to facilitate the monitoring of NDRMF's progress towards the intended outputs and intermediate outcomes.

NDRMF's risk management strategy focuses on adaptive management and continuous improvement, employing an effective M&E plan. Capacity-building programs address capacity constraints among implementation partners, nurturing innovation and strengthening project execution. Institutional risk is mitigated by employing a stringent accreditation criterion for partner selection and by maintaining partnerships with reputable entities that share similar core values, bolstering project implementation efficiency. Addressing environmental and social risk, NDRMF emphasizes structured recruitment processes, ensuring a structured approach towards ensuring inclusivity in recruitment and provision of technical assistance. NDRMF streamlines operations by refining financial management and disbursement procedures, fostering better fiscal oversight. An internal audit charter is established to enhance financial oversight, involving quarterly execution and physical verification of project activities, strengthening internal controls, and ensuring operational efficiency.

NDRMF embraces strategic thinking by integrating research and development (R&D) components across initiatives to encourage innovation and enhance effectiveness and relevance. Furthermore, an inclusive and cohesive team culture enables NDRMF to bridge existing disconnects and to create a more collaborative environment to encourage forward-looking approaches.





MONITORING AND EVALUATION FRAMEWORK

RBM is a management strategy by which all actors on the ground, contributing directly or indirectly to achieving a set of development results, ensure that their processes, products, and services contribute to the achievement of desired results (outputs, outcomes, and goals). RBM rests on clearly defined accountability for results and requires monitoring and self-assessment of progress towards results, including reporting on performance.

Within RBM, M&E are integral to the whole management cycle. The two aspects are intertwined and complement each other, but generally monitoring comprises the project's implementation tracking, while evaluation refers to episodic internal and external reviews.

M&E is a process of continual gathering of information and assessment of it to determine whether progress is being made towards pre-specified goals and objectives, and to highlight whether there are any unintended (positive or negative) effects from a project and its activities. Whereas project monitoring is a mode of project verification to ensure that the project is implemented in accordance with the agreed plan and that it fulfils planned objectives. It is an integral part of project cycle management and offers information based on which it is possible to determine achievements, issues, and risks, and offer solutions aimed at completion of the overall project goals.

In broad terms, monitoring is carried out to track progress and performance as a basis for decision-making at various steps in the process of an initiative or project. Evaluation, on the other hand, is a more generalized assessment of data or experience to establish to what extent the initiative has achieved its goals or objectives.

The M&E practice within NDRMF are therefore carried out under the auspices of national policy frameworks, strategic objectives, and priorities. The main aim is to ensure that performance is improved, and the desired results are achieved, by measuring and assessing performance to more effectively manage the outcomes and associated outputs known as results.

The main reasons for M&E can be summarized under four headings.

REASONS FOR M&E

For Accountability

demonstrating to donors, taxpayers, beneficiaries and implementing partners that expenditure, actions and results are as agreed or can reasonably be expected in the situation

For Operational Management

Provision of the information needed to co-ordinate the human, financial and physical resources committed to the project or programme, and to improve performance



For Strategic Management

Provision of information to inform setting and adjustment of objectives and strategies

For Capacity Building

For strengthening the capacity, self-reliance and confidence of beneficiaries and implementing staff and partners to effectively initiate and implement development initiatives

Planning for M&E involves decisions on what needs to be done, why, how, by whom and when. The M&E manual and implementation plan for NDRMF is drawn up against strategic objectives of NDRMF to support the implementation of activities towards the achievement of outputs and outcomes. M&E Unit is responsible to measure the performance of all NDRMF interventions and projects including progress on gender equality targets and commitments. It identifies what works, what does not, and the reasons why.



GENDER CONSIDERATIONS AND INCLUSION

NDRMF is deeply committed to upholding gender equality and promoting the inclusion of minorities, reflected in its institutional setup aligned with a dedicated Gender Strategy and Action Plan. The organization ensures the implementation of these strategies through our established policies and procedures managed by a dedicated Deputy Manager focused on gender, fostering capacity development within NDRMF and its partner entities.

To mitigate Gender Equality and Social Inclusion (GESI) risks in the Resilient Housing Reconstruction and Restoration component, the NDRMF Project Management Unit (PMU) and Human Resource Unit (HRU) will prioritize specific strategies:

- ◆ Implementing codes of conduct, community awareness campaigns, and fortified grievance redress mechanisms (GRM) to address and prevent GBV during infrastructure projects.
- ◆ Initiating advocacy for joint ownership titles for compensation assets, integrating socio-cultural dynamics like joint family systems to prevent impoverishment due to displacement.
- ◆ Deploying social mobilization strategies, forming inclusive consultation teams, and scheduling accessible meetings to empower marginalized voices, ensuring women's equal participation in consultations and decision-making.
- ◆ Mandating contractors' compliance with non-discrimination principles, introducing affirmative actions within project guidelines to enhance job opportunities for women in the predominantly male-dominated infrastructure construction field.
- ◆ Advocating for and implementing a gender-responsive M&E system, emphasizing detailed socio-economic profiling and capturing diverse demographics, fostering informed decision-making and inclusive project design.



STRATEGIC COMMUNICATION

Effective communication is paramount to the success of NDRMF's new Business Strategy. It acts as the cornerstone that connects the Fund with its stakeholders and amplifies the impact of its initiatives. Clear and transparent communication is essential for ensuring a shared understanding of the strategic objectives, priorities, and milestones among various stakeholders including governmental entities, non-governmental organizations, international partners, and local communities. It plays a crucial role in building trust and fostering collaboration for successful implementation of its plans. Additionally, robust communication mechanisms contribute to heightened awareness and understanding of multifaceted challenges that Pakistan faces. By effectively conveying the proactive and ex-ante approach taken by NDRMF in dealing with evolving risks, communication becomes a tool for inspiring confidence and garnering support. Furthermore, it facilitates the dissemination of knowledge, ensuring that communities are well informed about disaster preparedness, resilience building strategies, and the significance of financial preparedness.

NDRMF has two overarching objectives with respect to strategic communications:

Key Focus Area 1 Raise awareness, encourage support, and promote collaborations among international and national development organizations, public and private sector to attract sustainable, integrated and multi-sectoral investments in DRR and Climate Change in Pakistan.

Key Focus Area 2 Integrate communications into the Fund's business operations by using communications as a pro-active tool to support the Fund's objectives.

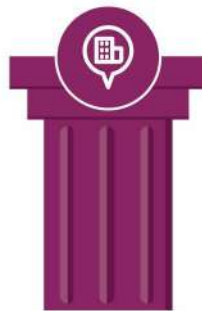
12.1 NDRMF Action Pillars

NDRMF's communication objectives are founded on three pillars. The first pillar focuses on key issues relating to a common vision and mandate for NDRMF, aligning key components required for strategic communications, defining the image of NDRMF, establishing the Fund's identity, and communicating "reasons to trust" NDRMF and its leadership. The second pillar draws heavily on the uniqueness of the Fund, shaping debate on DRR and Financial Preparedness with increasing public awareness, investment opportunities and promoting dynamic leadership. The final pillar centers around call for action by efficient mobilization of target audience and stakeholders, build visibility and facilitate interactive cooperation and collaboration, create a fact-based flow of information, and showcase short- and long-term achievements to both public and private sectors.



Action Pillar 1 (AP1) Profile NDRMF

- 1.1 | Aligning key components of strategic communication with NDRMF's vision and mandate
- 1.2 | Defining the image of NDRMF
- 1.3 | Establishing NDRMF's visual identity
- 1.4 | Trust Building - Communicating "reasons" to believe in the Fund



Action Pillar 2 (AP2) Position NDRMF

- 2.1 | Emphasizing uniqueness of the Fund
- 2.2 | Shaping debate on Disaster Risk Reduction and Financial Preparedness
- 2.3 | Increasing public awareness and positioning NDRMF as open and accessible organization
- 2.4 | Communicating investment opportunities to key stakeholders
- 2.5 | Promoting dynamic leadership within NDRMF and related government to reinforce ownership and commitment
- 2.6 | Establish crisis communication guidelines



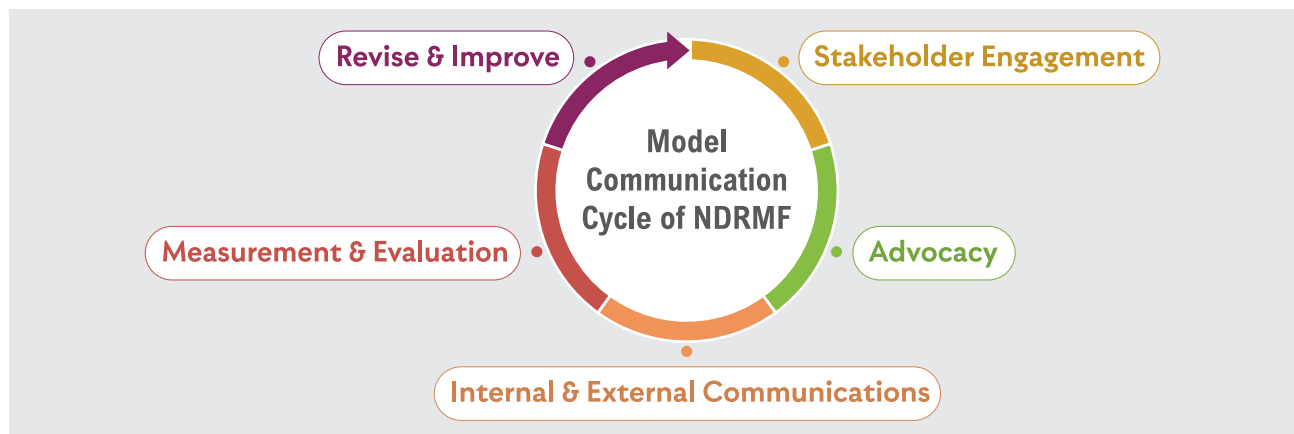
Action Pillar 3 (AP3) Call for Action

- 3.1 | Mobilizing key stakeholders
- 3.2 | Support Resource Mobilization
- 3.3 | Building Visibility and Stakeholders' support through media and outreach
- 3.4 | Facilitating interactive cooperation and collaboration
- 3.5 | Creating flow of information based on facts
- 3.6 | Showcasing short- and long-term achievements for sustaining confidence


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12.2 Key Factors to foster Business Strategy via Effective Communication

The process of fostering a Business Strategy through effective communication begins with analyzing the situation and background to identify communication needs. This includes clearly defining the target audience and determining the most effective means and methods to engage key stakeholders through various communication campaigns and approaches.



12.2.1. Stakeholder Engagement and Advocacy

NDRMF intends to advance its process of stakeholder engagement and advocacy by involving key stakeholders and creating targeted communication strategies to involve them in the propagation and implementation of Business Strategy. This high-power stakeholder committee of members including sectoral and communication experts will have clear Term of Reference (ToRs) and allied modalities. NDRMF plans to annually revisit its stakeholders mapping for DRR and DRF to further classify and revise its stakeholders into primary, secondary, and tertiary groups. The purpose of this exercise will be to add or exclude stakeholders according to new developments post project funding developments. Continuous engagement with relevant organizations, supported by MoUs will support advocacy and mutually beneficial relationships.

12.2.2. Internal and External Communication

The communication strategy for the business would involve both the internal and external aspects. Internally, it is crucial to communicate the Business Strategy and KPIs to employees, managers, and board members to ensure everyone is aligned and informed about the strategic goals. Regular updates and progress reports will be generated to help keep the employees engaged and motivated. Externally, communication efforts would aim to create a positive impression of the organization, reaching a wider audience through various channels such as in-person, electronic, print, and social media. Multimedia products will be developed to highlight the value proposition and impact of the Business Strategy on stakeholders. Additionally, a crisis communication plan will also be formed to address potential risks and challenges that may arise during the implementation of the Business Strategy, and to ensure stakeholder trust and confidence.

12.2.3. Measurement and Evaluation

Periodic performance reviews and monitoring of KPIs would be done to document the progress of Business Strategy, 3,5- and 10-year rolling plans, and lessons learned. Importance will be given to primary stakeholders' feedback, media coverage, and other indicators to evaluate the reach, resonance, and impact of Business Strategy and other activities. Measuring the change is also significant. Post implementing activities of the Business Strategy, addressing resistance, managing expectations, and facilitating organizational transition will be done through proper change management mechanism.

12.2.4. Revision and Improvements

The strategic communications framework for the Business Strategy is dynamic and subject to constant change. It will evolve over time, with communication activities depending on the completion of associated deliverables. NDRMF will periodically review and refine its communication strategies based on feedback, lessons learned, and changing market dynamics. Fostering a culture of continuous improvement is at the core of this Business Strategy.



ABOUT US

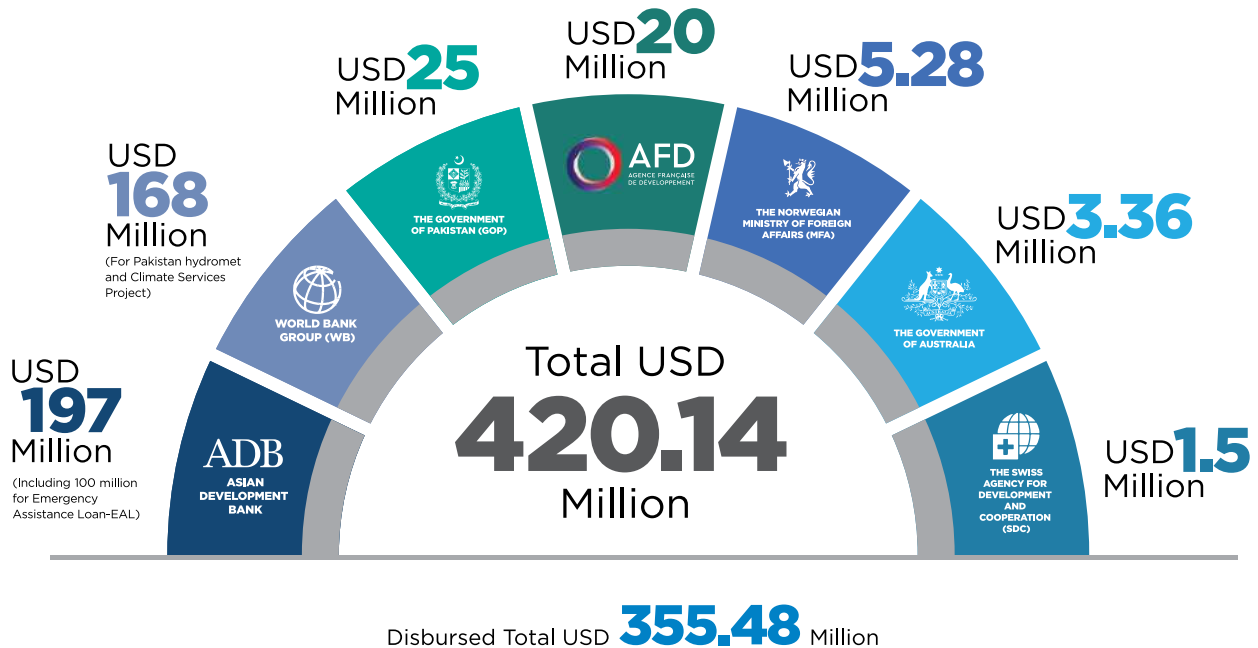
13.1 Who We Are

NDRMF is a not-for-profit Government-owned entity organization established under the section 42 of Companies Act 2017. The NDRMF is an apex financial intermediary exclusively focused to invest in DRR, DRF and Climate Change across Pakistan, especially in the most vulnerable regions of Pakistan. It provides grant financing to public and non-public sector entities for their interventions to reduce the socio economic and fiscal vulnerability of population to natural hazards by prioritizing and financing investments in DRR and preparedness with high impacts.

The NDRMF seeks to enhance the technical knowledge base related to disaster and climate change risks and their consequences. This effort is intended to develop a market for transferring residual risks that remain after mitigation measures are applied to address natural hazards. Consequently, the projects NDRMF support are anticipated to bolster the capabilities of DRR institutions, in turn, leading to a reduction in the socio-economic and fiscal vulnerabilities of both the nation and its citizens in the face of natural hazards.

13.2 Our Formative Years

The Fund was established with a \$200 million loan provided by the ADB to the Government of Pakistan (GoP). Additional contributions included \$3.4 million from the Government of Australia, \$1.5 million from the Government of Switzerland, and \$25 million from the GoP. The Fund's portfolio rapidly expanded within a span of two years. This growth was attributed to the NDRMF's transparent, efficient, and swift processes for receiving, assessing, and approving projects. These processes also ensured full compliance with safeguards and gender mainstreaming requirements. As a result, the funding amount increased from the initial \$200 million to approximately \$420 million.



NDRMF encountered initial operational setbacks, largely stemming from various factors. These challenges encompassed the prolonged process of appointing crucial personnel for the Fund, notably the appointment of a full-time Chief Executive Officer (CEO), which took 16 months from the Fund's establishment. The delays also extended to setting up office infrastructure, appointing the General Body and the complete BoD, and the regular turnover of board members. Additionally, the formulation and approval of indispensable operational guidelines and policies contributed to the overall delays.

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During the first 18 months of its establishment, NDRMF was under the administration of EAD officials, which included key positions like the Secretary, Joint Secretary, and Section Officer. However, the organization's performance significantly improved with the appointment of its first full-time CEO in April 2018, as highlighted in the ADB Aide Memoir 2019. This change in leadership led to the resolution of numerous critical issues that the Fund was facing. Key achievements during this period included the near completion of staff recruitment, the establishment of office infrastructure, and ensuring compliance with corporate governance rules and loan covenants.

The accreditation process, initiated in August 2018, involved the evaluation of 45 applications from various organizations, leading to the accreditation of 19 non-public entities. The subsequent project proposal evaluation and approval process occurred in batches, with several projects being approved during NDRMF board meetings. However, the onset of the global pandemic in early 2020 disrupted progress by affecting project activities and the functioning of board committees.

In 2021, administrative control was transferred to MoPD, and the NDRMF BoD was expanded. Notably, the appointment of the second full-time CEO in January 2022 marked a turning point, resulting in the resolution of long-standing issues, including outstanding project disbursements.

Since then, NDRMF management has been working diligently to improve the organization's efficiency, including recruiting key staff, reviewing policies and procedures, releasing payments in accordance with agreements, and fostering a positive working environment. In terms of DRR, NDRMF actively engaged with Fund Implementation Partners (FIPs) to ensure project completion. Despite challenges, most projects are expected to be completed by the end of November 2022. Furthermore, DRF were resumed. The DRF Strategy is under development with support from ADB and international consultants and the Geo-referenced Exposure Database/National Catastrophe Modelling component saw progress.

Overall, NDRMF has achieved a substantial progress in recent years and evolved as an institution. Effectively overcoming challenges and enhancing its capabilities in DRM and resilience building in Pakistan.

ANNEXURE

NDRMF's THEORY OF CHANGE - 10 YEAR PLAN

VISION



MAKING PAKISTAN RESILIENT

Reducing Socio-Economic and Fiscal Vulnerability to



Natural Hazards



Climatic vulnerability and change

STRATEGIC OBJECTIVES



Resilience Building: To enhance Pakistan's resilience to climatic and other natural hazards and disasters



Capacity Development: To strengthen Pakistan's technical and financial capacity to quickly respond to climatic and other natural hazards and disasters



Addressing Vulnerabilities and Risk: To reduce socio-economic and fiscal vulnerability of Pakistan to climatic and other natural hazards and disasters

OUTCOMES



Pillar 1 - Disaster Risk Reduction (DRR)
DRR & DRM is mainstreamed (in development)



Pillar 2 - Climatic & Disaster Risk Financing
Financial resilience and preparedness increased



Pillar 3 - Disaster Preparedness & Recovery Institutionalization
Capacity for disaster preparedness & resilient recovery improved



Pillar 4 - Knowledge Creation, Sharing & Risk Informed Decision Making
Risk information & awareness enhanced

OUTPUTS

Pillar 1

RISK INFORMED POLICY

Revise and update policy frameworks incorporating disaster risk reduction elements in an integrated and systematic manner to address the issues

DRR INTEGRATION

Integrate and mainstream disaster risk reduction factors across economic and social development sectors.

DRR CAPACITY

Enhance capacity and knowledge sharing at national and community level on risk-informed development

RISK-INFORMED DEVELOPMENT

Adopt risk-informed development and resilience building

Pillar 2

RESILIENCE FINANCING

Develop and improve avenues for the financing and scaling up of disaster and climate resilience building

CLIMATE & RESILIENCE FACILITY

Consolidate climate finances to address DRR challenges and impact of climate change (e.g., GCF, GEF)

FINANCIAL CAPACITY

Develop and implement disaster risk financing mechanisms to strengthen financial capacity & increased spending on resilience

INNOVATIVE MECHANISMS

Develop and integrate innovative financing solutions such as carbon markets and blue economy

Pillar 3

PREPAREDNESS CAPACITY

Develop and improve planning capacity for resilient recovery and conducting post-disaster assessment

FINANCIAL PREPAREDNESS

Develop resilience funding access aligned towards addressing vulnerabilities, risk, and disaster preparedness

RECOVERY FRAMEWORK

Develop and implement resilient recovery plans, early-warning system, and hydromet services at community, provincial, and national level

Pillar 4

KNOWLEDGE HUB

Create and share evidence-based knowledge as well as approaches on effective disaster and climate resilience

PRODUCT DEVELOPMENT

Develop knowledge sharing products for improved access to understandable and usable disaster risk information

INFORMED PLANNING

Use risk profiles and hazard maps as part of planning by factoring in risks at community, provincial, and national level

COMMUNITY AWARENESS

Empower communities and vulnerable groups to manage disasters and climate change risks

ACTIVITIES



TECHNICAL ADVISORY

FINANCING



CAPACITY DEVELOPMENT



ADVOCACY & PARTNERSHIPS



LEARNING, RESEARCH & DATA ANALYTICS



Demand Driven

Operations are driven by needs defined by DRR & Disaster Preparedness, towards the strategic objective of Resilience Building of Pakistan



Socially Inclusive

Inclusive & socially equitable interventions which support community driven development & capacity building by including women & marginalized groups



Results Focused

Strategy and management is results based which will be reflected in the business strategy, program design, implementation, and MEL

SECRETARY,
NDRMF

OPERATIONS & PROGRAMMING

LIST OF ABBREVIATIONS

A

ADB Asian Development Bank
AFD Agence Francaise de Développement

B

BoD Board of Directors

C

CCA Climate Change Adaptation
CEO Chief Executive Officer
CSOs Civil Society Organizations

D

DRF Disaster Risk Financing
DRM Disaster Risk Management
DRR Disaster Risk Reduction

E

EAD Economic Affairs Division

F

FCDO Foreign, Common Wealth & Development Office
FIPs Fund Implementing Partners

G

GCF Green Climate Fund
GDP Gross Domestic Product
GEF Global Environment Facility
GESI Gender Equality and Social Inclusion
GHG Greenhouse Gases
GLOFs Glacial Lake Outburst Floods
GoP Government of Pakistan
GRM Grievance Redress Mechanisms

H

HRU Human Resource Unit

K

KPIs Key Performance Indicators

M

M&E Monitoring & Evaluation
MEL Monitoring, Evaluation & Learning
MoPD Ministry of Planning and Development

N

NatCat Natural Catastrophe Model
NDMP National Disaster Management Plan
NDRF National Disaster Risk Financing
NDRMF National Disaster Risk Management Fund
NFPP-IV National Flood Protection Plan (IV)

P

PMU Project Management Unit
PPF Project Preparation Facility

R

R&D Research & Development
REMIT Revenue Mobilisation, Investment and Trade

S

S&RMC Strategy & Risk Management Committee

U

UN United Nations
UNFP United Nations Population Fund

W

WB World Bank



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