

OPERATIONS MANUAL POLICIES AND PROCEDURES

These policies and procedures were prepared for use by ADB staff and are not necessarily a complete treatment of the subject. This *Operations Manual* was prepared by the Climate Change, Resilience, and Environment Cluster of the Climate Change and Sustainable Development Department and issued by the Strategy, Policy, and Partnerships Department with the approval of the President and is subject to compliance review. Questions may be directed to the director, Climate Change, Resilience, and Environment Cluster.

DISASTER AND EMERGENCY ASSISTANCE

A. Scope

1. The Disaster and Emergency Assistance Policy (“policy”) provides strategic guidance on how to enhance the efficiency and impact of ADB’s support to its developing member countries (DMCs) in strengthening resilience to disasters and emergencies (endnote i). It places a balanced emphasis on risk reduction, preparedness, and response based on strong risk analytics.

2. The policy covers physical, eco-based, financial, and social resilience. It seeks to build risk governance structures, systems, and capacities. It supports regional cooperation and the building of partnerships and coordination with international and regional organizations, civil society organizations, the private sector, and academia to enhance various aspects of risk management. The policy takes into account the gender dimensions of risk management and applies participatory approaches. It provides sufficient flexibility to address new and evolving challenges and embrace new and improved approaches, innovations, and technologies.

3. The key terminology is defined in the policy as follows:

- **Disaster.** A disaster is a serious disruption of the functioning of a community or a society triggered by geophysical or extreme weather hazard events leading to human, material, economic, or environmental losses and impacts. Disasters occur when geophysical hazard events (such as earthquakes, tsunamis, and volcanic eruptions) and extreme weather hazard events (such as droughts, floods, and tropical cyclones) interact with the exposure of vulnerable people and assets to those events.¹ A disaster can lead to a state of emergency.
- **Emergency.** An emergency is a threatening or realized condition that requires urgent action to avoid or address disruption and loss. This includes situations related to food, health, biological, industrial, and technological events.²
- **Post-conflict.** Post-conflict refers to a situation in which a region, country, or subnational area is emerging from armed hostilities.
- **Displacement.** Displacement refers to the involuntary movement of individuals because of disasters, emergencies, or conflict.³
- **Build back better.** Build back better refers to using the early recovery and reconstruction phases after a disaster or emergency to increase the

¹ Adapted from United Nations General Assembly. 2016. *Report of the open-ended intergovernmental expert working group on indicators and terminology relating to disaster risk reduction*. New York.

² Adapted from United Nations General Assembly (footnote 1) and United Nations International Strategy for Disaster Risk Reduction. 2009. *UNISDR Terminology on Disaster Risk Reduction*. Geneva.

³ Adapted from United Nations High Commission for Refugees. 2006. *UNHCR Master Glossary of Terms*. Geneva.

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resilience of nations and communities to future events by integrating risk reduction measures into the restoration of physical infrastructure, societal systems, livelihoods, economies, and the environment.

B. Principles

4. The policy rests on four principles, collectively establishing a systematic framework to guide ADB's disaster and emergency assistance by
- (i) stressing that risk management begins with risk reduction;
 - (ii) recognizing disaster and emergency risk management as an integral part of the development process;
 - (iii) acknowledging that DMCs have differentiated risk profiles and therefore different opportunities for enhanced resilience; and
 - (iv) emphasizing that timely, carefully planned, and well-designed relief, early recovery, and reconstruction interventions and solutions reduce the near- and longer-term social, institutional, and economic impacts of disasters and emergencies, and facilitate resilient recovery.

C. Policy Framework

5. ADB's approach should begin with assistance to reduce existing risk and avoid the emergence of new risk. This approach should be complemented by support to enhance preparedness, including financial preparedness. ADB will also support post-emergency early recovery and reconstruction. ADB will draw on advances in risk modeling and the related availability of improved risk information, including to enhance economic analysis of the benefits of investments in risk reduction, support DMCs in determining the balance of emphasis on risk reduction and residual risk management, and establish appropriate and adequate sources of financing.

6. ADB will include careful consideration of disaster and emergency risk in upstream country programming and the conceptualization, design, processing, and implementation of projects, as necessary, to ensure that the intended development outcomes are achieved.

7. **Risk reduction.** ADB will seek to address the root causes of risk, reducing exposure and vulnerability to hazards and other threatening events. It will support structural and nonstructural measures. Structural measures involve engineering techniques, including nature-based solutions, to strengthen physical resilience. Nonstructural measures involve nonphysical measures to reduce existing risk and avoid the emergence of new risk, particularly through policies and laws, the generation of risk knowledge, public awareness raising, and education.

8. **Preparedness.** ADB will support disaster and emergency preparedness actions to reduce the impact of imminent or emerging threats. For countries classified as fragile and conflict-affected situations (FCAS), ADB will adopt context-sensitive approaches at strategic, institutional, and project levels, including risk management and monitoring mechanisms.

9. **Early recovery and reconstruction.** ADB's support for early recovery will focus on (i) the restoration of high-priority productive and social infrastructure, such as water, sanitation, power,

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communications, and transport; (ii) the provision of, and access to, basic services, particularly education and health care; and (iii) the restoration of economic productivity and livelihoods. Support for reconstruction will emphasize the full restoration of infrastructure, services, economic activity, and risk governance structures and systems. ADB will integrate build-back-better measures into its disaster, emergency, and post-conflict response to strengthen resilience to future events. For slow-onset events, such as droughts and epidemics, ADB will also provide emergency assistance and other support to contain the impact of evolving emergency situations.

10. **Financing arrangements for residual disaster and emergency risk.** ADB will help strengthen financing arrangements for residual disaster and emergency risk to deliver timely, carefully planned, and well-designed responses. This will include support for the development of national disaster risk financing strategies. A risk-layered approach should be applied, breaking down risk according to the frequency or probability of events and the associated levels of loss at each layer of risk, and identifying the most cost-effective instruments for each layer.

11. **Risk analytics.** ADB interventions will be guided by robust analysis undertaken in coordination with other stakeholders, as relevant. These analyses may include quantitative risk modeling, disaster risk assessments, environmental assessments, risk-informed social assessments, risk governance assessments, FCAS fragility and resilience assessments and watching briefs (national and subnational), disease surveillance, and post-disaster needs assessments, as appropriate. A post-disaster needs assessment will be a priority after an emergency. Risk analytics will also shape country partnership strategies and the provision of inclusive solutions. This may include the design of solutions to strengthen the resilience of the poor, women, and other vulnerable groups to address their heightened emergency response needs. High-level technology should be used to enhance the quality and cost-effectiveness of analysis.

12. **Climate change.** ADB will support the synchronization of plans and approaches dealing with disaster and climate resilience, as well as integrated actions to strengthen climate and disaster resilience. To facilitate this integration, ADB will apply joint climate change and disaster risk analytical tools.

13. **Gender.** ADB will emphasize the gender dimensions of risk management, including the heightened vulnerability of women and girls, and the contribution of women as leaders in building resilience and responding to disasters and emergencies.

14. **Partnerships and coordination.** Building on its comparative advantage, ADB will build partnerships and coordinate with governments, international and regional organizations, civil society organizations, the private sector, and academia to address various aspects of risk management.

15. **Participatory processes.** ADB will apply participatory processes with stakeholders and DMCs as an integral part of its disaster and emergency assistance. ADB will focus on reducing poverty through dialogue with, and the participation of, poor and vulnerable groups, including women, in project design and implementation as well as related decision-making processes.

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16. **Capacity development and knowledge transfer.** ADB will support the development of disaster and emergency risk management capacity and knowledge transfers, including the exchange of good practice and experience between DMCs. It will increase its internal capacity and ensure a strong understanding of ADB instruments and financing for disaster and emergency assistance among its DMCs.

17. **Regional cooperation.** ADB will support regional cooperation, including through multi country programs, to manage transboundary disaster and emergency risk, and to respond to disasters and emergencies.

D. Financing Instruments and Funding Sources for Disaster and Emergency Assistance

18. ADB can deliver disaster and emergency assistance through a wide range of financing instruments and funding sources, including several instruments that provide disaster and emergency assistance, and other instruments that encompass provisions relating to such assistance as described below.⁴

1. Financing Instruments

19. **Emergency assistance loan.** The emergency assistance loan (EAL) can provide rapidly approved funding following an emergency to help rebuild high-priority physical assets and restore economic, social, and governance activities after emergencies (endnote ii).⁵ It is an instrument for emergency support approved in the aftermath of disasters, health emergencies, food insecurity, technological and industrial accidents, and post-conflict situations. The focus of the EAL is on immediate short-term requirements that can be completed within a maximum implementation period. It also incorporates measures to build back better and thereby enhance resilience to future events.

20. **Contingent disaster financing.** The contingent disaster financing (CDF) option under ADB's policy-based lending can provide a quick-disbursing and flexible source of financing in response to disasters triggered by natural hazards and health emergencies, relieving fiscal constraints until funding from other sources becomes available (endnote iii). CDF also enables ADB to engage with government in upfront and in-depth policy dialogue on disaster and pandemic resilience.

21. **Technical assistance for emergency support.** Technical assistance (TA) can help meet immediate short-term requirements following an emergency to support early recovery and enhance the reach and impact of assistance.⁶

⁴ The use of a financing instrument or funding source will be subject to the applicable policies governing that instrument or funding source.

⁵ The term "loan" also refers to grants and ADB-administered cofinancing.

⁶ In line with TA regulations, such assistance may also be appropriate for initiating time-sensitive, critical emergency response components such as engaging in the removal of rubble and cleanup; repairing critical water, electrical, and sanitation services; controlling and stabilizing buildings, other physical structures, and terrain; acquiring critical equipment and supplies for basic services; accessing emergency seeds and tools to jump-start productivity; and carrying out special studies and surveys for the rapid preparation of emergency activities.

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22. **Other instruments.** Additional financing can be used to expand the scope of ongoing projects to address the impacts of an emergency, and to support the rehabilitation and reconstruction of previously completed project components affected by an emergency (endnotes iv and v).

23. The Small Expenditures Financing Facility (SEFF) can be used to finance small, low-risk activities to rehabilitate critical infrastructure damaged by natural hazards (endnote v). DMCs prone to frequent disasters triggered by natural hazards can process a SEFF in anticipation of potential financing needs.

2. Funding Sources

24. **Repurposing ongoing projects.** Following an emergency, an early review of the ongoing portfolio will be undertaken to identify any surplus loan proceeds from projects and to discuss possible loan reallocations (with or without scope changes) and/or cancellations, and their use for emergency needs. This exercise should be consistent with ongoing development priorities and activities. A loan reallocation and/or cancellation is justified based on (i) the availability of funds exceeding the amount required to achieve the original project objectives and/or (ii) changed circumstances under which the original objectives are no longer relevant or can no longer be implemented in the desired time frame. In special cases with particularly urgent needs, ADB may also reallocate unutilized loan proceeds to emergency purposes in response to changed government priorities because of the emergency. Conditions for such a reallocation are that (i) the scope of ongoing projects can be reduced without adversely affecting the benefits of their project components and (ii) the government lowers the priority of the ongoing project because of the emergency. Canceled loan proceeds may be redeployed for emergency assistance pursuant to applicable business processes.

25. **Asia Pacific Disaster Response Fund.** The Asia Pacific Disaster Response Fund can provide quick-disbursing grants to assist DMCs in meeting immediate expenses to restore life-saving services after disasters triggered by natural hazards (endnote vi).

26. **Expanded Disaster and Pandemic Response Facility.** The expanded Disaster and Pandemic Response Facility can provide additional resources on top of country allocations to eligible countries following emergencies (endnote vii).⁷

⁷ The expanded Disaster and Pandemic Response Facility is the name accorded to the Concessional Disaster Response Window during the ADF13 period (2021-2024).

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E. Other Policy Considerations

27. **Criteria for involvement in emergency assistance.** ADB's mandate is to use its resources to finance the development of its DMCs through loans, grants, guarantees, and TA for the preparation, financing, and execution of development projects and programs that contribute to the region's harmonious economic growth.⁸ This mandate does not allow ADB to engage in peacemaking, peacekeeping, or humanitarian relief. Other international aid agencies, regional bodies, civil society organizations, and the United Nations (UN) normally assume these functions. However, in line with its development mandate, ADB will support post-emergency early recovery and reconstruction, which focuses on the restoration of economic and social development and incorporates measures to enhance future resilience. In doing so, ADB will ensure strong policy and operational coherence and coordination between its operations and those of humanitarian and other development partners. This recognizes the overlap between the humanitarian relief phase, which focuses on saving lives and alleviating suffering, and development-orientated early recovery and reconstruction.

28. ADB adheres to the following minimum operational entry criteria in the provision of emergency assistance, which are particularly important in conflict-driven emergencies:

- (i) The security of ADB staff undertaking operations in conflict-affected areas is guided by UN security norms and clearances. This includes formal arrangements between ADB and concerned UN agencies regarding such matters as sharing security-related information, monitoring staff movements, and providing emergency evacuation when necessary. The security risks to ADB staff must be at an acceptable level for engagement.
- (ii) The government has made an official request for assistance.⁹
- (iii) The level of burden and risk sharing among partners, especially shareholders and other key local and international actors, should be appropriate.

29. **Processing emergency assistance projects.** Emergency assistance projects will be justified and based on the findings of the post-disaster needs assessment, including evidence of significant economic dislocation and the need to meet immediate recovery needs and/or expedite the preparation of a regular project. The One ADB approach will apply to the processing of emergency assistance, helping ensure that ADB acts rapidly and effectively to deliver high-quality projects and strong results. ADB may apply flexibilities in interpreting its operational policies to ensure the timely processing and delivery of emergency assistance, while maintaining the integrity, quality, effectiveness, and sustainability of ADB projects.¹⁰ This includes flexibility regarding safeguard procedures, procurement, and economic and financial due diligence.

30. **Safeguards.** For emergency assistance, the completion of standard environmental assessments, environmental management plans, resettlement plans, and indigenous peoples plans may not be possible before approval by ADB's Board of Directors. In such cases, an

⁸ Endnote viii, Article 2 [ii] and Article 14, Operating Principles of ADB's Charter.

⁹ The request may also be made by an internationally legitimate governing authority where a DMC is in a transitional situation and does not have a permanent government.

¹⁰ ADB's Anticorruption Policy (1998, as amended to date) must be adhered to in the processing and delivery of emergency assistance.

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environmental assessment and review framework, a resettlement framework, and an indigenous peoples planning framework will be prepared, in accordance with ADB's Safeguard Policy Statement (2009). Following Board approval, the standard environmental and social impact assessment and mitigation documents will be prepared in accordance with a timeline stipulated in the safeguard frameworks.

31. **Procurement.** The ADB Procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers (2017, as amended from time to time) will apply. These regulations allow flexibility in the design and implementation of a project's procurement arrangements to expedite the procurement process in emergency situations.

32. **Retroactive financing.** For immediate emergency responses, ADB can allow retroactive financing as part of its emergency assistance. No more than 30% of loan proceeds can be used to finance expenditures retroactively. Expenditures must have been incurred after the emergency occurred. Where loans are reallocated, expenditures must be incurred between the occurrence of the emergency and the effective date of the reallocation to be eligible for ADB financing.

33. **Implementation readiness.** A project's implementation readiness will be assessed and accelerated as part of the initial fact-finding mission. Appropriate actions may be taken to enhance readiness.

34. **Supervision and monitoring.** The supervision and monitoring of emergency projects must be stepped up to ensure their quality and effectiveness under conditions of urgency and flexibility. Emergency assistance requires more resources to prepare, appraise, and supervise than ordinary loans because of the need for a speedy and transparent response. Special attention must be paid to expediting procurement arrangements, flexible financial management and disbursement arrangements, and modified safeguard policies (as deemed appropriate).

35. **Performance evaluation and financial audit.** Emergency assistance activities must adhere to ADB's performance evaluation requirements. Standard ADB financial reporting and auditing requirements relevant to the financing instrument adopted to provide emergency assistance will apply. The need for greater flexibility (where appropriate) when partnering with UN entities should be recognized because of their special status and related privileges and immunities.

Bases

- i. ADB. 2021. *Revised Disaster and Emergency Assistance Policy*. Manila.
- ii. ADB. 2021. *Revised Emergency Assistance Loan Policy*. Manila.
- iii. ADB. 2019. *Contingent Disaster Financing under Policy-based Lending in Response to Natural Hazards*. Manila.
- iv. ADB. 2010. *Additional Financing: Enhancing Development Effectiveness*. Manila; and ADB. 2015. *Enhancing Operational Efficiency of the Asian Development Bank*. Manila.
- v. ADB. 2018. *Proposal for ADB's New Products and Modalities*. Manila.

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- vi. ADB. 2009. *Establishment of the Asia Pacific Disaster Response Fund*. Manila; ADB. 2010. *Amendment to Condition for Assistance of the Asia Pacific Disaster Response Fund*. Manila; and ADB. 2021. *Establishment of a Second Window of Assistance under the Asia Pacific Disaster Response Fund*. Manila.
- vii. ADB. 2020. *Concessional Assistance Policy for the ADF 13 Period*. Manila.
- viii. ADB. 1966. *Agreement Establishing the Asian Development Bank*. Manila.