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Revised Disaster and Emergency Assistance Policy

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
CDF	–	contingent disaster financing
COVID-19	–	coronavirus disease
CPS	–	country partnership strategy
CSO	–	civil society organization
DEAP	–	Disaster and Emergency Assistance Policy
DMC	–	developing member country
DRM	–	disaster risk management
DRR	–	disaster risk reduction
EAL	–	emergency assistance loan
FCAS	–	fragile and conflict-affected situation
IED		Independent Evaluation Department
IFI	–	international financial institution
PDNA	–	post-disaster needs assessment
PBL	–	policy-based lending
RDEAP	–	Revised Disaster and Emergency Assistance Policy
SDCC	–	Sustainable Development and Climate Change Department
SEFF	–	Small Expenditures Financing Facility
SPD	–	Strategy, Policy and Partnerships Department
TA	–	technical assistance
UN	–	United Nations
WHO	–	World Health Organization

NOTE

In this report, "\$" refers to United States dollars.

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EXECUTIVE SUMMARY

The Asian Development Bank (ADB) has consistently sought to address the significant challenges to poverty reduction and sustainable development in its developing member countries (DMCs). Disasters and emergencies have a major detrimental impact on human and socioeconomic development, as well as public finances of affected DMCs. Extreme weather, geophysical events, pandemics, and conflicts, in particular, have caused significant loss of life, assets, and economic productivity. The impacts have been especially damaging to the poorest and most vulnerable members of society. The effects of climate change are expected to increase disaster and emergency risks over the next few decades unless urgent action is taken to reduce these risks and tackle climate change.

This paper presents ADB's Revised Disaster and Emergency Assistance Policy (RDEAP), providing an updated policy framework to enhance strategic guidance for ADB's assistance for disasters and emergencies. It covers risk reduction, preparedness, and response. The RDEAP introduces changes based on ADB's experience since the 2004 Disaster and Emergency Assistance Policy (DEAP) was approved and the evolution in global good practice. The revised emergency assistance loan (EAL) modality is covered in a separate paper, the Revised EAL Policy, which, together with this policy, supersedes the 2004 DEAP.

The RDEAP seeks to enhance strategic guidance for greater efficiency and impact of ADB's support to DMCs in order to strengthen resilience to disasters and emergencies, including improved management of residual risk. Resilience is a pillar of sustainable development. The RDEAP maintains a balanced emphasis on risk reduction, preparedness, and response based on strong risk analytics. It also provides sufficient flexibility to address new and evolving challenges and embrace new and improved approaches, innovations, and technologies over the coming years. The RDEAP includes efforts to build risk governance structures, systems, and capacities, as well as physical, eco-based, financial, and social resilience—and to incorporate these considerations into ADB's disaster and emergency response. Its scope reflects ADB's development mandate, complementing humanitarian assistance and peace-building activities.

The RDEAP rests on four underlying principles, collectively establishing a systematic framework guiding 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, thus, 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.

Key changes include (i) a revised framework approach to risk management; (ii) the synchronization of agendas addressing disaster and climate resilience, and integrated actions to enhance climate and disaster resilience; (iii) increased emphasis on financing arrangements for the residual—the remaining—risk following actions to reduce risk; and (iii) the bifurcation of the 2004 DEAP to cover the EAL instrument in a separate policy. These changes support the achievement of ADB's Strategy 2030 priorities related to disaster and emergency assistance.

In applying the RDEAP, ADB will address the gender dimensions of risk management, including the heightened vulnerability of women and girls but also the contribution of women as leaders in building resilience and responding to disasters and emergencies. It will support regional cooperation and build partnerships and coordination with international and regional organizations, civil society organizations, the private sector, and academia to address various aspects of risk management. ADB will apply participatory processes as an integral part of its disaster and emergency assistance.

Disaster and emergency assistance will be delivered through a wide range of loan instruments. Several instruments are specifically intended to provide disaster and emergency assistance, while some include provisions for their use in disaster and emergency contexts. Others can be deployed to reduce disaster and emergency risk. Innovative applications will be encouraged to maximize results in strengthening resilience and support timely response.

I. INTRODUCTION

1. The Asian Development Bank (ADB) has consistently sought to address the significant challenges to poverty reduction and sustainable development in its developing member countries (DMCs). Disasters and emergencies have a major detrimental impact on human and socioeconomic development, as well as public finances of affected DMCs. This paper presents ADB's Revised Disaster and Emergency Assistance Policy (RDEAP), providing an updated policy framework to enhance strategic guidance on ADB's assistance for disasters and emergencies. It covers risk reduction, preparedness, and response. The RDEAP introduces changes based on ADB's experience since the approval of the 2004 Disaster and Emergency Assistance Policy (DEAP)¹ and the evolution in global good practice.

2. The RDEAP enhances the efficiency and impact of ADB's support to DMCs in order to strengthen resilience to disasters and emergencies, including improved management of residual risk. It provides sufficient flexibility to address new and evolving challenges and embrace new and improved approaches, innovations, and technologies over the coming years. Key changes include (i) a revised framework approach to risk management; (ii) the synchronization of agendas addressing disaster and climate resilience, and integrated actions to enhance climate and disaster resilience; (iii) increased emphasis on financing arrangements for residual—the remaining—risk following actions to reduce risk; and (iv) the bifurcation of the 2004 DEAP to cover the emergency assistance loan (EAL) instrument in a separate policy.

3. The RDEAP supports the achievement of ADB's Strategy 2030 priorities related to disaster and emergency assistance.² Under Strategy 2030, ADB will support DMCs in improving their climate and disaster resilience. Measures will include risk-informed land use management, integrated flood risk management, climate- and disaster-resilient infrastructure design, the diversification of livelihoods to factor in long-term climate change, and the strengthening of early warning systems and emergency response plans. ADB will also provide assistance for disaster response, including support to build back better. It will strengthen DMCs' financial preparedness for disaster response through such instruments as policy-based contingent financing and disaster insurance. It will support DMCs in mainstreaming gender dimensions into climate change and disaster risk management in operations. Further, ADB will support the integration of climate adaptation and disaster risk management (DRM) into DMCs' development plans and budgets, related capacity development, and access to knowledge. Strategy 2030 prioritizes support for the poorest and most vulnerable countries in the region, including fragile and conflict-affected situations (FCAS). It states that ADB will support efforts to address the underlying drivers of fragility and conflict, and promote reconciliation and reconstruction. As part of these efforts, ADB will enhance staff skills, tailor its implementation processes to local conditions, and strengthen collaboration with other development partners and civil society organizations (CSOs) to make country partnership strategies (CPSs) and ADB operations sensitive to fragility and conflict. It will ensure that countries that overcome conflict and fragility do not slip back into those conditions. In the context of pandemics, ADB will increase support for regional public goods and collective actions to mitigate cross-border risks, including communicable and infectious diseases.

¹ ADB. 2004. *Disaster and Emergency Assistance Policy*. Manila.

² ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

II. BACKGROUND

A. Overview of Disasters and Emergencies in Asia and the Pacific

4. Disasters present a serious and growing threat to inclusive sustainable socioeconomic development in Asia and the Pacific. The region is subject to all major types of extreme weather and geophysical events, including tropical cyclones, floods, droughts, landslides, earthquakes, and tsunamis. It dominates disaster impact categories across all regions of the world and experiences a disproportionately large share of global disaster impacts relative to its economic and demographic size.

5. From 2004 to 2020, disasters caused the loss of 676,924 lives in ADB's DMCs and affected 2.31 billion people—accounting for 62% of global disaster fatalities and 79% of people affected throughout the world.³ Affected people include those displaced by disasters. According to global disaster displacement risk modeling published in 2018, an average of 240 of every 100,000 people across Asia and the Pacific are projected to be displaced each year by disasters, not including preemptive evacuations.⁴ Floods alone are projected to cause, on average, 11.5 million new displacements each year in the region, 87% of which will be in urban areas.

6. Reported direct physical damage in DMCs totaled \$696 billion from 2004 to 2020, or average direct physical damage of \$112 million per day (footnote 3). Actual figures are likely to be significantly higher, reflecting the non-reporting of direct physical damage for many smaller scale, more frequent events, as well as underreporting of the impacts of larger events—particularly damage to the private sector, including small businesses, and households. DMCs accounted for 28% of the total global reported direct physical damage over the same period. Increasing economic connectivity, including via regional and global supply chains, has escalated (largely unrecorded) systemic disaster risk, with direct damage in one sector or country affecting production, the delivery of services, and economic and social development elsewhere.

7. Climate change is expected to increase the frequency and intensity of extreme weather events over the coming decades. Higher temperatures have already impacted patterns of some extreme weather events in Asia and the Pacific.⁵ Impacts may already be being felt: several DMCs have experienced their strongest recorded tropical cyclones in the past few years. The development process is also fueling rising disaster losses broadly in line with gross domestic product growth as economies expand and develop with insufficient regard to disaster risk in the location, planning, and design of new infrastructure and other assets.

8. The region has experienced several conflicts in recent years, resulting in significant physical damage and impeding development. These are often highly protracted and have been predominantly subnational conflicts, including in Afghanistan, Georgia, the Kyrgyz Republic, Myanmar, the Philippines, Sri Lanka, and Timor-Leste. These conflicts have resulted in the displacement of communities; destruction of homes, infrastructure, and livelihoods; increases in

³ Centre for Research on the Epidemiology of Disasters, Université Catholique de Louvain. EM-DAT: The International Disaster Database. www.emdat.be (accessed 24 February 2021). Figures cover impacts from disasters triggered by extreme weather and geophysical events. People affected by multiple disasters have been counted multiple times.

⁴ Internal Displacement Monitoring Centre. 2018. *Global Report on Internal Displacement*. Geneva.

⁵ Intergovernmental Panel on Climate Change (IPCC). 2014. Summary for Policymakers. In *Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change*. Geneva; IPCC. 2018. Summary for Policymakers. In *Global warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty*. Geneva.

gender-based violence; breakdowns in the delivery of services; and, in some cases, years without public investment in affected areas. Pockets of fragility and conflicts have also had spillover effects on neighboring countries that have hosted populations displaced by these conflicts. Impacts of climate change, such as increasing water shortages, could elevate the risk of armed conflict and related displacement in the future.

9. Health emergencies, especially epidemics and pandemics, continue to pose a substantial risk to Asia and the Pacific. The region has been identified as a hotspot for emerging infectious disease outbreaks, as some of the most costly and deadly disease outbreaks have originated in Asia and the Pacific. The 2003 severe acute respiratory syndrome pandemic resulted in the loss of 776 lives and \$40 billion to the global economy.⁶ The coronavirus disease (COVID-19) outbreak, declared a global pandemic by the World Health Organization (WHO) in March 2020, had infected 173.3 million people in 222 countries and caused 3,726,325 deaths as of 4 June 2021.⁷ The pandemic triggered a global recession, resulting in a 0.2% economic contraction in 2020 in developing Asian economies,⁸ compared with the pre-pandemic regional growth forecast of 5.2%.⁹ The economic impact was widespread: 32 of ADB's 46 DMCs recorded negative growth in 2020. Regional growth is forecast to rebound to 7.2% in 2021, but output will remain below pre-pandemic forecasts (footnote 8). COVID-19 has also interrupted progress in reducing poverty, pushing an additional 78.3 million people in ADB's DMCs into extreme poverty in 2020 and increasing the total number to about 182.4 million (footnote 8). The pandemic has had a disproportionately adverse impact on women and girls, including with regard to job and income losses in the formal and informal sectors, and withdrawal of children from school. Women have also faced increased unpaid care work and domestic violence, in part because of social distancing and community quarantines.

10. Since 2014, most infectious disease outbreaks requiring WHO notification have come from countries in Asia and the Pacific, primarily Cambodia, Lao People's Democratic Republic, People's Republic of China, and the Republic of Korea. Rapid urbanization in the region is amplifying the spread of disease and, together with intensified agricultural and livestock production, driving more contact between humans and animals (from which 60% of all human infectious pathogens originate). Climate change could elevate the risk of future epidemics by increasing the incidence of vector-borne disease, while globalization is contributing to the spread of disease as regions become more interconnected.

11. Food emergencies have also periodically occurred, triggered by issues such as production losses associated with natural hazards and below-average rainy seasons that result in supply shortages and price increases. The particularly severe 2007–2008 global food emergency was driven by a combination of drought, rising oil prices that drove up fertilizer prices and transportation costs, and an underlying shift away from staple food crops to biofuels and non-staple food crops. Food emergencies could become more frequent in the future as (i) climate change leads to an increase in the frequency and intensity of natural hazards; and (ii) rising temperatures, declines in water availability, and seawater intrusion limit agricultural production.

12. Poor, marginalized, and vulnerable populations suffer the most from the impacts of disasters, conflicts, health emergencies, and food emergencies in both the short and longer-term, affecting their well-being and undermining efforts to eliminate poverty. Women, children, the

⁶ J. W. Lee and W. J. McKibbin. 2004. *Estimating the Global Economic Costs of SARS*. Washington, DC: Institute of Medicine Forum on Microbial Threats.

⁷ Worldometers. [Coronavirus](https://www.worldometers.info/coronavirus) (available at <https://www.worldometers.info/coronavirus>, accessed 5 June 2021).

⁸ ADB. 2021. *Asian Development Outlook 2021: Financing a Green and Inclusive Recovery*. Manila.

⁹ ADB. 2019. *Asian Development Outlook 2019 Supplement*. Manila.

elderly, the disabled, and minority groups are often particularly vulnerable, mirroring wider socioeconomic and cultural inequalities. Poor and vulnerable populations (i) rely on fewer and more vulnerable assets, often in more hazard-prone areas; (ii) have limited access to finance, restricting efforts to rebuild livelihoods and homes after disasters and emergencies; and (iii) have more vulnerable livelihoods. Disasters and emergencies can force them into decisions perpetuating their poverty, such as the sale of productive assets; the withdrawal of children from school to reduce costs and generate additional earnings; and reductions in food intake, with potential consequences for long-term health.

13. Women face more severe impacts from disasters and emergencies, largely as a result of gender inequalities caused by unequal power relations and structures in the public and private sectors and in the home, discriminatory laws and customs, and unequal access to and control of resources. Women and girls face an increased risk of sexual and gender-based violence during and after disasters and emergencies, particularly as competition over resources increases. In some cultures, women are also more likely than men to die in a disaster, because of factors such as (i) lower socioeconomic status, resulting in a greater concentration of responsibilities and livelihood-generation activities in the home and fields, and reducing their access to early warning systems; (ii) their reproductive role, reducing their mobility in the final stages of pregnancy and while caring for young children; (iii) female dress codes in some countries, restricting their ability to move quickly; and (iv) cultural and religious influences, reducing their ability to swim or climb trees. In some countries, data shows higher levels of mortality among men, with women left behind without a breadwinner and with limited access to emergency assistance, in part because of a lack of land titles, personal identification documents, and restrictions on mobility.

14. Disaster and emergency assistance will remain an important area of operation for ADB over the coming decades, reflecting high and rising levels of disaster and epidemic risk in many DMCs, partly because of climate change, and continuing outbreak of conflicts. As the risks of different types of disaster and emergency increase, DMCs also face greater risk of compound events—the simultaneous occurrence of multiple disasters and emergencies—and particular related complexities in ensuring rapid and resilient recovery. This paper proposes revisions to the 2004 DEAP to provide enhanced strategic guidance on ADB's overarching approach to disasters and emergencies—particularly risk reduction—taking into account evolutions in the approach to disasters and emergencies since 2004.

15. **Evolution of ADB's approach.** ADB became the first international financial institution (IFI) to develop a policy on disasters with the approval of its disaster and emergency policy in 1987. Since then, ADB has approved a succession of increasingly wide-ranging policies to provide strategic direction and oversight on its engagement in disasters and emergencies, and to establish related lending instruments.

16. The 1987 policy established a special emergency rehabilitation program loan facility for small island DMCs,¹⁰ providing financing of up to \$500,000 for urgent rehabilitation requirements following disasters triggered by natural hazards. It supported the importation of goods and services and civil works of a simple nature, requiring easily available, standard inputs, with a normative project processing time of 6 weeks and completion normally within 12 months of the disaster.

17. A second policy was introduced in 1989, addressing post-disaster assistance to all DMCs and extending coverage to a wider range of events such as war, civil strife, and environmental

¹⁰ ADB. 1987. *Rehabilitation Assistance to Small DMCs Affected by Natural Disasters*. Manila.

degradation, as well as extreme weather and geophysical events.¹¹ This policy was implemented in parallel with the 1987 policy. The 1989 policy also focused on urgent rehabilitation activities of a simple nature to reestablish services, but they were normally to be completed within 3 years rather than 1 year. It also adopted a project (rather than program) lending approach, focusing on the restoration of infrastructure and production activities, and a sector approach—to permit more flexibility during project implementation. The 1989 policy acknowledged ADB's role in disaster risk reduction (DRR) and recognized that ADB might need to play a more active role in DRR in the future. It mandated that risk analysis and disaster prevention measures be included in all ADB projects in disaster-prone DMCs. No ceilings were set on the size of projects or the target processing timeline.

18. The 1987 and 1989 policies were superseded by the 2004 DEAP, broadening ADB's policy to more explicitly emphasize DRR and post-disaster assistance. The DEAP was anchored on five principles:

- (i) adopting a systematic approach to disaster management, including emergency prevention and post-conflict reconstruction;
- (ii) mainstreaming DRM as an integral part of the development process;
- (iii) strengthening partnerships to maximize synergies among development and specialized (relief) organizations to enhance the effectiveness of emergency aid to DMCs;
- (iv) using resources more efficiently and effectively to better support pre- and post-disaster activities; and
- (v) improving organizational arrangements within ADB for planning, implementing, and communicating effectively on disaster and emergency-related assistance.¹²

19. The DEAP also introduced EAL, a formal instrument for post-disaster and emergency support approved after major events. The EAL was designed to facilitate the rapid approval of short-term small loans and grants to provide transitional support to rebuild high-priority physical assets and restore economic, social, and governance activities after emergencies. The EAL implementation period was up to 2 years for disasters triggered by natural hazards and 3 years in post-conflict situations, extended for up to 2 years in exceptional cases. It carried more favorable terms than normal lending. An EAL was envisaged to be succeeded by a loan processed through normal channels, focusing on large-scale, longer-term reconstruction in response to the same disaster.

20. In August 2019, the Board approved a proposal to widen ADB's policy-based lending (PBL) policy to provide a contingent disaster financing (CDF) option.¹³ CDF provides immediate liquidity for DMCs impacted by disasters triggered by natural hazards. It provides a quick-disbursing and flexible source of financing. CDF is accompanied by measures to enhance disaster resilience, which helps address the underlying disaster risk. Through this lending instrument, ADB can engage in up-front and in-depth policy dialogue on disaster resilience and preparedness, and provide necessary budgetary resources shortly after a disaster.

21. ADB has paid increasing attention to disasters and emergencies in its successive long-term strategies approved over the duration of the DEAP, shaping and stimulating the growing portfolio of related projects. Strategy 2030, ADB's most recent corporate strategy approved in

¹¹ ADB. 1989. *Rehabilitation Assistance After Disasters*. Manila.

¹² Footnote 1, para. 61.

¹³ ADB. 2019. *Contingent Disaster Financing under Policy-based Lending in Response to Natural Hazards*. Manila.

2018, strengthened the focus on disaster resilience by including “tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability” as one of its seven operational priorities.¹⁴ Strategy 2030 further stated that ADB will support efforts to (i) address the underlying causes of conflicts and promote reconciliation and reconstruction; and (ii) increase support for regional public goods and collective actions to mitigate cross-border risks, including regarding communicable and infectious diseases and cross-border forced displacement.

B. Disaster and Emergency Assistance Approach of Other International Financial Institutions

22. Other IFIs have adopted a similar approach, transitioning from a historical emphasis on reactive disaster and emergency assistance toward a greater emphasis on resilience.¹⁵ This transition is beginning to be reflected in corporate priorities, policies, and lending instruments and sources of funding for disasters and emergencies.

23. The African Development Bank and the Inter-American Development Bank have included commitments to strengthen disaster resilience as corporate priorities.¹⁶ The World Bank’s corporate strategy seeks to achieve the twin goals of eliminating extreme poverty and boosting shared prosperity in a sustainable manner. It places resilience at the heart of a three-pronged view of sustainability, covering fiscal, social, and environmental sustainability.¹⁷ Across IFIs, a range of entry points are also being used to operationalize enhanced resilience, including by (i) supporting resilient infrastructure and sustainable cities; (ii) responding to climate change and environmental degradation; (iii) strengthening government institutional, capacity, and financial systems; and (iv) explicitly recognizing the correlation between disaster resilience and inclusive and sustainable development.

C. Review of the 2004 Disaster and Emergency Assistance Policy

24. In 2019, ADB reviewed its experience in implementing the 2004 DEAP as the basis for revising the policy.¹⁸ The review documented the evolution of ADB’s approach to disaster and emergency assistance, including high-level direction provided by ADB’s successive corporate long-term strategies and more specific guidance provided by its disaster and emergency assistance policies. It compared ADB’s approach with that of other IFIs, including with regard to lending instruments and sources of funding. The review included a detailed analysis of performance against the five underlying principles established in the 2004 DEAP, positioning the analysis in the context of increasing global emphasis on risk reduction, rising disaster and pandemic risk, and growing disaster losses. It also contained a comprehensive review of performance of ADB’s EAL modality, a centerpiece of the 2004 policy, and related business processes. The review concluded with proposed new directions for ADB to enhance its disaster and emergency assistance and support DMCs in achieving resilience.

25. The Sustainable Development and Climate Change Department (SDCC) led the review, which drew on findings from ADB evaluations and project completion reports as well as dialogue

¹⁴ Footnote 2, p. 16.

¹⁵ The disaster and emergency approach of other IFIs is discussed at length in ADB. 2019. *Review of the 2004 Disaster and Emergency Assistance Policy*. Manila.

¹⁶ The two newest multilateral development banks, the Asian Infrastructure Investment Bank and the New Development Bank, have yet to formulate DRM strategies, policies, loan instruments, or financing. However, the Asian Infrastructure Investment Bank is supporting some disaster risk reduction and preparedness projects.

¹⁷ World Bank Group. 2013. *The World Bank Group Strategy*. Washington, DC.

¹⁸ ADB. 2019. *Review of the 2004 Disaster and Emergency Assistance Policy*. Manila.

with other ADB departments. It benefitted from consultations with DMC governments, other IFIs, key bilateral donors, the United Nations (UN), and other international development partners active in disaster and emergency assistance. These consultations covered ADB's experience and potential new directions, and examined recent and likely new directions being pursued by others. The analysis of EAL performance benefitted significantly from an in-depth survey of current and former ADB project officers who have led EAL processing, implementation, and/or the preparation of associated project completion reports.

26. The review found that the 2004 DEAP has steered ADB's approach to DRM and emergency assistance in broadly the right direction over the past 15 years, supported in its implementation by various action and operational plans. The policy established the EAL modality, which was used to provide \$6.6 billion to DMCs from 2004 to 2018 to help them recover from disasters and emergencies. Permitted operational flexibilities in the processing of EALs supported their rapid approval, although the 12-week processing time was not achieved in some cases.

27. Activities in support of the implementation of the 2004 DEAP also contributed to the adoption of a more comprehensive and systematic approach to DRM. This led to greater consideration of disaster risk in ADB projects and CPSs, as well as an increase in support for enhancing disaster resilience in DMCs. The number of approved projects embedding DRR components or design aspects increased from 23 in 1994–2003 to 177 in 2014–2018. Only two of the CPSs in place in 2008 included strategic or thematic priorities or subpriorities explicitly addressing disaster risk compared with 18 CPSs in place in 2018. The 2018 figure includes the 2016–2020 Pacific Approach, which covered 11 countries. Focusing on DRR as their primary objective rather than embedding DRR components or design features in a broader project, stand-alone DRR grants and loans grew more modestly in terms of the number of projects and value, totaling \$1.52 billion (or 19 projects) from 2004 to 2018. However, they picked up significantly in 2014–2018, increasing from five projects (\$332 million) in 1999–2003 to 10 projects (\$864 million) in 2014–2018. From 2004 to 2018, ADB also approved \$104.6 million in financing for stand-alone DRM technical assistance (TA), comprising 60 stand-alone TA operations totaling \$80.2 million and \$24.4 million for 21 TA approvals (attached and subproject TA) that were part of larger investment projects and cluster TAs. These TA operations addressed upstream issues and measures to strengthen the enabling environment for downstream DRM projects and supported the design of specific solutions.

28. ADB DRR and emergency assistance loans and grants and DRM TA have generally been rated *successful* or *highly successful*, and have generally scored well on indicators of *relevance*, *effectiveness*, and *efficiency*. Performance under the EAL modality was strong. As of mid-2019, 22 of the 40 EALs approved from 2004 to 2018 had been evaluated, and the Independent Evaluation Department (IED) has validated 18 of these projects. Overall, these 22 EALs were rated mainly *highly successful* or *successful*; only two received a *less than successful* rating. More than one-third (36.4%) of the EAL projects were found to be *highly relevant*, with most of the remainder *relevant*. These findings reflect the clear need for recovery after disasters and conflict situations and for actions to address national food deficits. More than three-quarters of the projects (77.3%) were also found to be *likely sustainable*, based on the likelihood that project outcomes and outputs would be maintained over the economic life of the project. Since 2009, EALs have also been subject to systematic gender mainstreaming categorization. Most EALs approved since then have had a strong gender focus, extending beyond women's engagement in training and capacity building to support activities such as women's livelihoods, including jobs for women in infrastructure construction.

29. The review found that ADB recognized and sought to address pandemic risk, including the increasing pandemic risks brought about by population mobility, urban development, population and livestock density, and climate change. From 2004 to 2018, ADB approved 35 health security loans, grants, and TA, including 30 that supported efforts to prevent, reduce, and better manage communicable diseases. Of these projects, eight addressed vector-borne diseases, one focused on the 2006 avian influenza A virus outbreak, and one focused on viral hepatitis.

30. The review noted that ADB's increasing engagement in disaster and emergency operations had been supported by the establishment of various dedicated sources of funding since 2004, including

- (i) allocations of concessional assistance for DRR to each concessional assistance only—or Group A—country through the Asian Development Fund (ADF) 12 (2017–2020) DRR financing mechanism;¹⁹
- (ii) concessional assistance for health purposes, including to strengthen resilience to communicable diseases and health emergency response, through the ADF 12 regional health security set-aside;
- (iii) grants for DRR and regional health security to concessional assistance countries through the ADF 13 (2021–2024) thematic pool;
- (iv) grants of up to \$3 million to any DMC for life-saving purposes in the immediate aftermath of disasters through the Asia Pacific Disaster Response Fund, established in 2009;
- (v) grants and concessional loans for early recovery and reconstruction following disasters triggered by natural hazards through the Disaster Response Facility, originally piloted under ADF 11 (2013–2016), regularized under ADF 12, and expanded in 2020 to support responses in case of health emergencies;
- (vi) grants for early recovery and reconstruction in response to disasters and emergencies triggered by natural hazards, large cross-border movements of displaced persons, and public health emergencies to all concessional assistance countries, through the expanded Disaster Response Facility under ADF 13, known as the Disaster and Pandemic Response Facility;
- (vii) grants and TA resources for DRR through various trust funds, including the Integrated Disaster Risk Management Fund established in 2013 with funding support from the Government of Canada with a sole focus on DRR and preparedness;
- (viii) disease-specific trust funds to combat threats such as HIV, malaria, and other communicable diseases, including the Regional Malaria and Other Communicable Disease Threats Trust Fund established in 2013 with funding from the governments of Australia, Canada, and the United Kingdom; and
- (ix) event-specific trust funds for recovery and reconstruction.

31. This dedicated funding, together with the introduction of the CDF option under ADB's PBL instrument for early recovery (para. 76), enhanced ADB's standing as a reliable source of

¹⁹ ADB uses a three-tier DMC classification system: groups A, B, and C. Classification is determined by two criteria: gross national income per capita (Atlas method) and creditworthiness. Group A countries include DMCs lacking creditworthiness. Group B countries include those with limited creditworthiness. Group C countries have adequate creditworthiness and per capita incomes exceeding the operational cutoff of the World Bank's International Development Association. Group A countries are eligible for concessional ordinary capital resources lending (COL) and/or ADF grants. Group B DMCs are eligible for COL and have access to regular ordinary capital resources (OCR) lending, but are not eligible for ADF grants. Group C DMCs have access only to regular OCR lending. ADB. 2020. *Concessional Assistance Policy for the ADF 13 Period*. Manila.

financing for post-disaster response and helped strengthen underlying resilience. The ADF 12 DRR financing mechanism marked the first time any IFI had offered earmarked financing for DRR through its concessional assistance arm.

32. ADB also began to shift its emphasis toward enhanced financial preparedness for disasters and emergencies over the course of the DEAP, contributing to more efficient and effective use of available resources for post-disaster response. Its increasing emphasis on building back better in post-disaster and emergency operations has resulted in more effective use of resources, while growing consideration of disaster risk in the design of development projects has enhanced the effectiveness of the use of development financing and its contribution to DRM.

33. The global shift toward a more rounded approach to DRM helped drive progress in enhancing resilience over the life of the 2004 DEAP. Successive international DRM agreements, including the 2005 Hyogo and 2015 Sendai frameworks,²⁰ and the 2030 Sustainable Development Goals helped stimulate the establishment of comprehensive national DRM strategies and legislation. These national strategies moved beyond the historical emergency response orientation to a broader focus emphasizing ex ante DRR, preparedness, and building back better, including through community-based approaches. National, local, and sector development plans increasingly took disaster and climate change risk into account; building codes were revised in some DMCs to require construction to higher levels of disaster resilience; and disaster risk considerations were integrated into investment approval processes in some DMCs. Technological advances also played a role, introducing new and enhanced opportunities to assess, monitor, share, and disseminate information on disaster risk and impending events and to reduce disaster risk.

34. ADB contributed to regional and global initiatives supporting this transformation, recognizing the benefits of strong coordination and experience sharing to reduce risk, enhance preparedness, and build response capacity. ADB became a member of the Coalition for Disaster Resilient Infrastructure, the InsuResilience Global Partnership, the International Recovery Platform, and Sentinel Asia. It also established partnerships with the European Space Agency and Japan Aerospace Exploration Agency, and signed memorandums of understanding with WHO on collaboration to strengthen health security and with the United Nations Children's Fund (UNICEF) on health system strengthening. Regionally, ADB became an active member of the Asia-Pacific Partnership on Disaster Risk Reduction, an informal multistakeholder forum for achieving DRR through the implementation of the Hyogo and Sendai frameworks. At the national level, ADB participated in informal joint government and development partner forums on DRM in some DMCs, as well as coordination efforts after disasters and emergencies, including through engagement in post-disaster needs assessments (PDNAs). Coordination with the World Bank during the preparation of special support to Bangladesh helped develop basic infrastructure and services for displaced persons from Rakhine State, Myanmar—an example of good coordination among IFIs in a conflict-related emergency. Most recently, ADB has coordinated extensively with other organizations including WHO, UN agencies, and IFIs in its response to the COVID-19 pandemic, and cofinanced COVID-19 response operations with other IFIs.

35. The 2004 DEAP's establishment of a focal point for DRM—ADB's first international staff position in this area—and the subsequent creation of two additional international staff positions

²⁰ UN. 2005. *Hyogo Framework for Action, 2005–2015: Building the Resilience of Nations and Communities to Disasters*. Geneva: United Nations International Strategy for Disaster Reduction; UN. 2015. *Sendai Framework for Disaster Risk Reduction, 2015–2030*. Geneva: United Nations Office for Disaster Risk Reduction; and UN. 2015. *Transforming Our World: The 2030 Agenda for Sustainable Development*. New York.

have helped strengthen ADB's technical capabilities. The governments of Austria, New Zealand, and Switzerland have also provided DRM secondees. ADB introduced annual staff capacity development workshops on DRM in 2013 to strengthen capabilities more broadly. ADB staff capacity in the health sector has also grown since 2004, with 10 health sector international staff posts in 2019, albeit no communicable diseases specialist position. In 2019, ADB created a new unit on FCAS and increased FCAS international staff positions from one to four, including a management position. Further, the European Space Agency and Japan Aerospace Exploration Agency have provided seconded staff, strengthening satellite-based applications in ADB's disaster and emergency assistance work. All of the regional departments also have health sector specialists who provide expertise on health emergencies; most have a designated focal point for DRM operations. The establishment of resident mission emergency focal points, as envisaged under the 2004 DEAP, has been more patchy. However, the introduction of the One ADB Approach as a result of the Midterm Review of Strategy 2020 has rapidly brought together experienced staff from regional and other departments to process EALs efficiently and effectively.²¹

III. ISSUES

36. Despite notable progress under the 2004 DEAP (footnote 18), the review in 2019 concluded that revisions to the policy are required to update ADB's approach to disaster and emergency assistance and to support the achievement of relevant goals and objectives under Strategy 2030. Some specific issues regarding ADB's disaster and emergency assistance have emerged that need to be addressed.

37. ADB's broad approach to risk management, as articulated in the 2004 DEAP, is outdated. At the crux of ADB's drive to introduce a more systematic and comprehensive approach, the 2004 DEAP introduced a policy framework based on a disaster management cycle—a concept in common use at that time. This cycle was grounded in an ever-repeating rotation of risk reduction, preparedness, relief, early recovery, and reconstruction activities. It carried an implicit assumption that disasters are inevitable. Revised global practice has moved away from this approach to one with the achievement of resilience at its heart, in turn shifting toward reducing underlying risk.

38. In not mentioning climate change, the 2004 DEAP failed to consider its potential consequences for the frequency and intensity of natural hazards, communicable disease, and conflict (paras. 7–11). It also missed the crossover between actions to address climate change and disaster risk. With improved understanding now, it is an accepted good practice to synchronize and merge agendas and actions addressing disasters and climate change where relevant. Although separate measures are required to support differentiated aspects of climate change and disaster resilience, there is significant common ground regarding measures to address extreme weather events. DMCs are beginning to implement such practice and it is also reflected in ADB operations—in part due to the emphasis placed on a synchronized approach by the Operational Plan for Integrated Disaster Risk Management, 2014–2020.²²

39. The 2004 DEAP also made only one reference to disaster risk financing, focusing specifically on insurance. It indicated that ADB could consider the feasibility of providing assistance for setting up catastrophe insurance schemes through public–private partnerships in the insurance industry and cautiously explore the use of capital markets to develop such insurance. In practice, since 2004, development partners have increasingly emphasized support

²¹ ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

²² ADB. 2014. *Operational Plan for Integrated Disaster Risk Management, 2014–2020*. Manila.

to DMCs to enhance their financing arrangements for residual risk—the remaining risk following actions to reduce risk. Such arrangements include risk retention and risk transfer solutions, as well as efforts to improve the related enabling environment. These efforts are helping to increase immediate post-disaster liquidity and the capacity of governments to use post-disaster resources most effectively, speeding up recovery.

40. A further issue is many DMCs' lack of preparation for severe outbreaks of communicable diseases and established response procedures, despite lessons showing that investments in health security must be made during inter-pandemic periods. These shortcomings were keenly demonstrated following the spread of COVID-19. While some DMCs have had success in containing the spread of the pandemic—in some cases aided by their island status—others have struggled. All have required assistance to boost their capacity to manage the crisis. It is now widely recognized that systems and capabilities need to be improved to manage outbreaks of communicable diseases and avoid their escalation into epidemics and pandemics.

41. The DEAP review also highlighted certain limitations of the EAL modality and related issues. These are discussed and addressed in the forthcoming Revised Emergency Assistance Loan Policy.²³

42. The review found that the 2004 DEAP would benefit from splitting the policy into two documents, reflecting the respective expertise and roles of SDCC and the Strategy, Policy and Partnerships Department (SPD). SDCC has the technical expertise on DRM, conflict, health, and food security; SPD, as the normal custodian of ADB's loan instruments,²⁴ is best positioned to ensure coherence in pricing and other terms and conditions of the EAL modality relative to other ADB loan modalities. The review therefore recommended that the 2004 policy be divided into two new documents, focusing on (i) ADB's overall approach to disasters and emergencies, led by SDCC; and (ii) a revised EAL policy, led by SPD.

43. Finally, the DEAP review found that DMCs and ADB have outgrown the 2004 policy. DMCs' understanding of disaster and emergency risk, including its multidimensional nature, and potential solutions has expanded since 2004, while modeling capabilities have advanced significantly too. DMCs are looking to ADB for support in designing and implementing increasingly sophisticated solutions, including for risk reduction and financing arrangements for residual risk, incorporating the use of rapidly evolving and improving technology. In parallel, ADB's disaster and emergency assistance financing sources and loan instruments have evolved significantly since the 2004 policy was prepared. ADB now provides more rounded assistance, which needs to be acknowledged and advanced further in an updated policy.

44. More recently, SPD has led an initial review of ADB's response to the COVID-19 outbreak, while IED has initiated a real-time evaluation to provide timely evidence on implementation of ADB's response.²⁵ The SPD review focused on the nine special policy variations approved by the Board in April 2020 to streamline and expand the capacity of ADB's sovereign and nonsovereign operations to provide quicker and more flexible assistance.²⁶ The review found that the special policy variations had played a critical and effective role in enabling ADB to provide rapid support to its DMCs. It recommended some more permanent changes to maintain ADB's enhanced effectiveness. As of 31 March 2021, ADB had committed \$17.1 billion in financial and TA

²³ ADB. Forthcoming. Revised Emergency Assistance Loan Policy. Manila.

²⁴ The term loan instruments is used throughout this paper to refer to both loans and grants.

²⁵ ADB. Forthcoming. Review of ADB's Comprehensive Response to the COVID-19 Pandemic Policy (2020). Manila.

²⁶ ADB. 2020. *Comprehensive Response to the COVID-19 Pandemic*. Manila.

resources and mobilized \$12.2 billion in cofinancing as part of its COVID-19 response efforts. The special policy variations enabled ADB to help its DMCs (i) undertake critical countercyclical fiscal expenditure programs to mitigate the economic damage of the pandemic and provide targeted social protection for vulnerable groups, especially women; (ii) rapidly procure emergency personal protective equipment and other necessary medical equipment to slow the spread of the pandemic; (iii) expand the use of contingent financing to enhance preparedness for health emergencies; and (iv) increase the provision of private finance to help firms scale up the supply of critical goods and services and enhance financial support for trade, supply chains, and microenterprises. ADB separately found that DMCs that had succeeded in quickly containing domestic outbreaks had fared better economically (footnote 8). This underlines the importance of the provision of rapid, appropriately focused disaster and emergency assistance from ADB and other development partners where required.

45. The preliminary findings from the IED real-time evaluation were disclosed as part of IED's 2021 Annual Evaluation Report.²⁷ Initial support to its members for combating the COVID-19 pandemic in 2020 was found to have been fast and comprehensive. That support has helped countries to meet their immediate needs for liquidity and urgent assistance. The size and magnitude of ADB's support varied among members. The largest share of ADB resources was allocated to DMCs eligible only for regular ordinary capital resources. However, on a per capita basis and as a percentage of gross domestic product, ADB provided substantially more assistance to DMCs eligible only for ADB concessional assistance. IED will conduct further analysis to derive lessons for future responses to crises.

IV. REVISED DISASTER AND EMERGENCY ASSISTANCE POLICY

46. This section sets out ADB's RDEAP, addressing its overall approach to disasters and emergencies. The revised EAL modality is covered in a separate paper, the Revised Emergency Assistance Loan Policy (footnote 23), which, together with this policy, supersedes the 2004 DEAP. The two papers are being submitted for review by ADB's Board of Directors together with a third paper on the Establishment of a Second Window of Assistance under the Asia Pacific Disaster Response Fund.

A. Definitions

47. ADB will apply the following definitions:

- (i) **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.²⁸ A disaster can lead to a state of emergency.
- (ii) **Emergency.** An emergency is a threatening or realized condition that requires urgent action to avoid or address disruption and loss. These

²⁷ IED. 2021. *2021 Annual Evaluation Report: Supporting the Sustainable Development Goals*. Manila: ADB.

²⁸ 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.

include situations related to food, health, biological, industrial, and technological events.²⁹

- (iii) **Post-conflict.** Post-conflict refers to a situation in which a region, country, or subnational area is emerging from armed hostilities.
- (iv) **Displacement.** Displacement refers to the involuntary movement of individuals because of disasters, emergencies, or conflict.³⁰
- (v) **Build back better.** Build back better refers to the use of the early recovery and reconstruction phases after a disaster or emergency to increase 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. Overview

48. The RDEAP seeks to enhance strategic guidance for greater efficiency and impact of ADB's support to DMCs to strengthen resilience to disasters and emergencies, including the enhanced management of residual risk. Resilience is a pillar of sustainable development. The revised policy maintains a balanced emphasis on risk reduction, preparedness, and response based on strong risk analytics. It also provides sufficient flexibility to address new and evolving challenges and embrace new and improved approaches, innovations, and technologies over the coming years. The RDEAP includes efforts to (i) build risk governance structures, systems, and capacities, as well as physical, eco-based, financial, and social resilience; and (ii) incorporate these considerations into disaster and emergency response. Its scope reflects ADB's development mandate, complementing humanitarian assistance and peace-building activities.

49. This policy builds on a shift in focus that began under the 2004 DEAP. The 2004 policy recognized and incorporated the multidimensional role that IFIs could play across the full spectrum of risk management actions, covering risk reduction and preparedness, as well as disaster and emergency response.

50. The RDEAP rests on four underlying principles, collectively establishing a systematic framework guiding 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, thus, 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.

51. The first principle is the foundation of risk management. It seeks to address the root causes of risk, reducing exposure and vulnerability to hazards and other threatening events and thereby limiting potential future damage and loss. Risk reduction requires knowledge and understanding of current risk and shifting risk profiles as economies and populations expand and

²⁹ Adapted from United Nations General Assembly (footnote 28) and United Nations International Strategy for Disaster Risk Reduction. 2009. *UNISDR Terminology on Disaster Risk Reduction*. Geneva.

³⁰ Adapted from United Nations High Commission for Refugees. 2006. *UNHCR Master Glossary of Terms*. Geneva.

evolve, and as climate change accelerates the frequency and intensity of natural hazards, outbreaks of disease and conflict, and food shortages.

52. The second principle aligns fully with the Strategy 2030 objective of achieving prosperous, inclusive, resilient, and sustainable development in Asia and the Pacific. It requires careful consideration of potential disasters and emergencies—both to address risk and to avoid the creation of new risk—in upstream country programing, project conceptualization, project design, and project implementation, as necessary, to ensure that intended development outcomes are achieved. It is also critical in meeting resilient infrastructure ambitions.

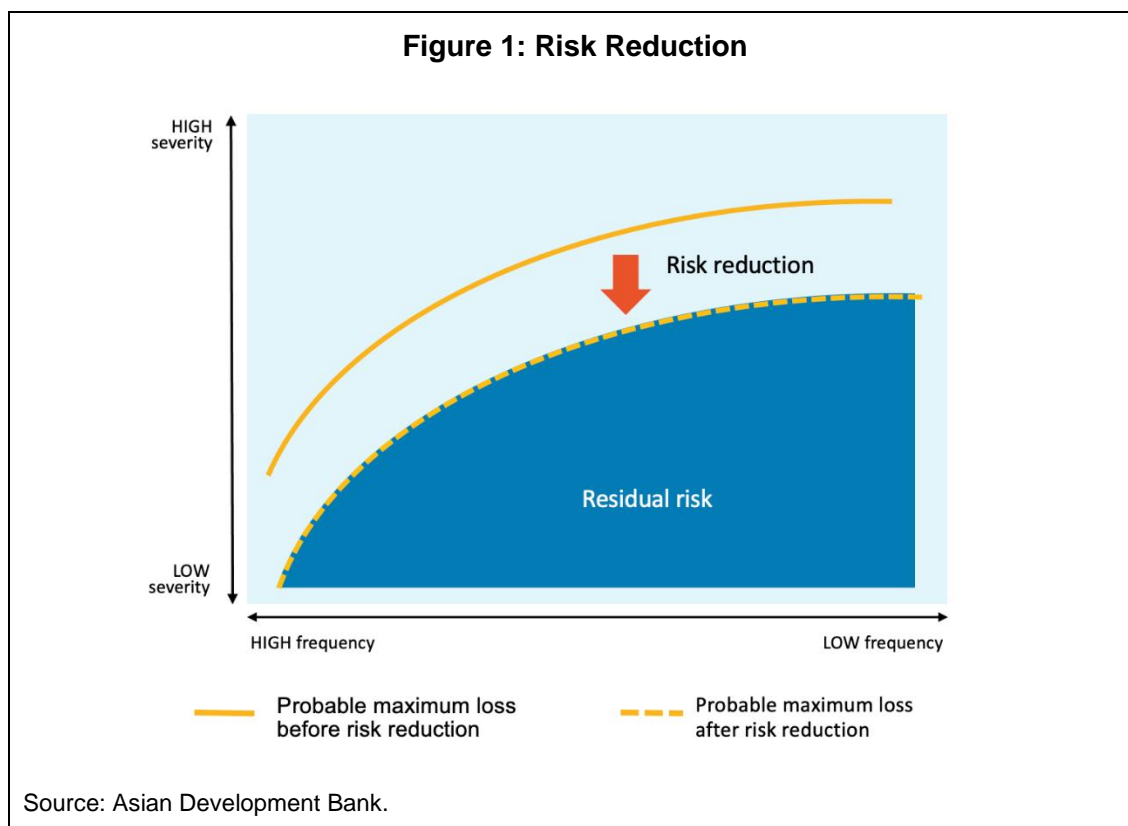
53. The third principle acknowledges that no two countries are alike in terms of (i) the nature and likely intensity of hazards and pathogens faced; (ii) the complexity of wide-ranging social and economic factors, including gender inequalities, shaping exposure and vulnerability to those hazards and pathogens; (iii) the origins, nature, and scale of potential conflicts; and (iv) the opportunities for enhanced resilience, including co-benefits, which could help stimulate investments. The principle promotes tailor-made solutions, combining policy, investment, and capacity development interventions to address the specific nature and mix of risk reduction, preparedness, and residual risk management needs in each DMC.

54. The fourth principle focuses on support for disaster and emergency relief, early recovery, and reconstruction. It requires strong financial planning to ensure timely, carefully planned, and well-designed response. This, in turn, requires a risk-layered approach, using risk information to establish appropriate and adequate financing plans for each layer of loss ranging from high-frequency, low-intensity events through extreme tail-end events. The principle also embraces the critical need to build back better, minimizing the recreation of previous risk and the creation of new risk.

C. Policy Framework

55. ADB will work closely with DMCs to support governments in systematically addressing disaster and emergency risk. There are many opportunities to reduce risk and avoid the creation of new risk. It is important to recognize that some residual risk will remain, requiring additional actions before and after disasters and emergencies to ensure speed, flexibility, and accountability in response. Although their triggers, scope, duration, and requisite actions may differ, all major emergencies result in some combination of widespread physical damage, death and displacement, and disruption of economic and social activities.

56. In line with global good practice, ADB's approach will begin with assistance to reduce risk and avoid the creation of new risk, complemented by support to enhance preparedness, including financial preparedness. Risk reduction aims to reduce damage and loss from different types of events at varying levels of frequency (Figure 1). At the same time, ADB will continue to push for further gains in the efficient and effective use of resources. It 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, to support DMCs in determining the balance of emphasis on risk reduction and residual risk management, and to establish appropriate and adequate sources of financing.



57. Risk reduction entails a mixture of structural and nonstructural measures. Structural measures involve the application of engineering techniques, including nature-based solutions, to strengthen physical resilience. For instance, risk reduction measures might include (i) upper watershed reforestation, wetlands restoration, mangrove and coral reef rehabilitation, and installation of detention basins and retention ponds to reduce flooding, storm surges, and coastal erosion; (ii) the construction of adequate cambers and drainage to accommodate extreme rainfall and runoff in road projects; (iii) the elevation of power generation utilities, electricity substation equipment, and other infrastructure above projected flood levels; (iv) the burying of electricity or telecommunication cabling underground in areas prone to tropical cyclones; (v) the use of extra reinforcing steel and concrete in the construction of schools, hospitals, and other buildings in seismically active areas; (vi) the retrofitting of buildings to higher standards of resilience; (vii) the expansion of hospital bed capacity; and (viii) the expansion and upgrade of hospital sterilization departments and microbiology laboratories.

58. Nonstructural measures involve nonphysical measures to reduce and avoid the creation of new risk, particularly through policies and laws, the generation of risk knowledge, public awareness raising, and education. These might include (i) risk modeling, mapping, and risk information dissemination; (ii) institutional strengthening and capacity development; (iii) training and education, taking into account women's and men's differential needs and promoting women's participation and leadership in all assessments of disaster and emergency risk management; (iv) the development of risk management legislation, strategies, and plans, including community-based plans and legislation on areas such as markets to reduce the emergence of infectious diseases; (v) the planning or relocation of livestock farming activities away from high biodiversity areas, where the risk of pathogen spillover is higher; (vi) communicable disease response procedures; (vii) risk-informed development plans; (viii) risk-informed land use planning; (ix) the

revision of building codes to higher resilience standards; and (x) the development of investment project risk screening tools. Regional approaches may also be considered, including support for regional public goods for communicable and infectious disease control.

59. ADB will also support shorter-term disaster and emergency preparedness actions to reduce the impact of imminent or emerging threats. These might include the enhancement of hazard forecasting, monitoring, and early warning capabilities, including through increased use of satellite and radar technology, the installation of automated weather stations, and dissemination of hazard warnings through mobile phones. They might also include communicable disease surveillance and contact tracing. For FCAS countries, ADB will adopt context-sensitive approaches at strategic, institutional, and project levels. This will include risk management and monitoring mechanisms.

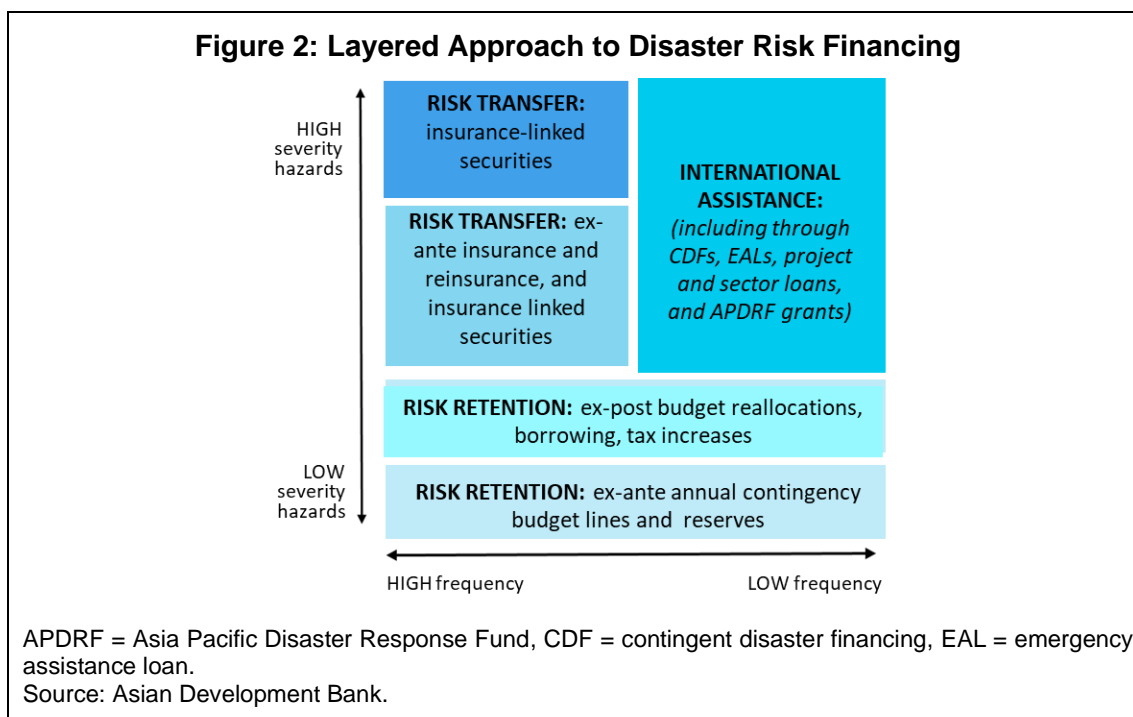
60. ADB's support for early recovery will focus on (i) the restoration of high-priority productive and social infrastructure, such as water, sanitation, power, communications, and transport; (ii) the provision of, and access to, basic services, particularly education and health care; and (iii) the restoration 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 disasters and emergencies. For slow-onset disasters and emergencies such as drought and epidemics, ADB will also provide emergency assistance and other support to contain the impact of evolving emergency situations. ADB will help DMCs apply the latest technological capabilities in designing and implementing post-disaster support.

61. ADB will place increased emphasis on enhanced financing arrangements for residual disaster and emergency risk to deliver timely, carefully planned, and well-designed responses. The objective is to minimize the long-term economic, social, and poverty damage of disasters and emergencies. A risk-layered approach will be applied to achieve this.

62. A risk-layered approach breaks down risk according to the frequency or probability of disasters and emergencies and the associated levels of loss at each layer of risk. Further, it identifies the most cost-effective instruments for each layer (Figure 2). These instruments begin with risk-retention instruments for more frequent, less-damaging events, involving instruments that are put in place before a disaster or emergency. These may include annual contingency budget allocations and reserves. After an event, governments may also reallocate budgets, increase borrowing, and raise taxes.

63. Risk-transfer solutions are typically a more cost-efficient source of financing for medium-level risks that generate higher levels of loss but occur less frequently. The insurance industry and private investors provide such solutions. They are taken out in anticipation of potential disasters and emergencies, with annual premium and coupon payments spreading out the cost of the response. The solutions include insurance and related pool mechanisms and, for more extreme events, insurance-linked securities such as catastrophe and resilience bonds. Due to market failures, ADB may have a role in designing and implementing such solutions.

64. After major disasters and emergencies and in post-conflict situations, governments may also appeal to the international community for assistance. ADB may respond to such appeals by applying a range of loan instruments (paras. 73–81). Assistance may also be disbursed through pre-established CDF loans and grants from ADB and other development partners.



65. ADB will provide additional support to governments to establish strong and effective recovery planning and post-disaster and emergency budget execution capabilities in order to ensure all available resources can be utilized quickly, effectively, and transparently. It may also have a role, in conjunction with the insurance industry, in strengthening the financial resilience of nonsovereign entities such as farmers, businesses, and individual households, reducing the contingent liability on government.

66. **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, fragility and resilience assessments, FCAS watching briefs, disease surveillance, and PDNAs, as appropriate. 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 utilized to enhance the quality and cost-effectiveness of analyses.

67. A PDNA, typically led by the government and undertaken with development partner support, will be a priority after an emergency. PDNAs assess the damage and losses as a basis for determining recovery and reconstruction needs. The findings provide the basis for preparing emergency assistance.

68. **Climate change.** ADB will support the synchronization of plans and approaches addressing disaster and climate resilience, as well as integrated actions to enhance climate and disaster resilience. It will apply joint climate change and disaster risk analytical tools to facilitate this.

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

70. **Partnerships and coordination.** ADB will build partnerships and coordinate with governments, international and regional organizations, CSOs, the private sector, and academia to address various aspects of risk management. Many types of organizations must work together to reduce risk and prepare for, respond to, and recover from disasters and emergencies. Building on its comparative advantage, ADB will seek to strengthen collaboration, coherence, and complementarity with other organizations. National and local CSOs are particularly important partners in achieving greater community resilience.

71. **Participatory processes.** ADB will apply participatory processes as an integral part of its disaster and emergency assistance. It recognizes the importance of public, private, and CSO participation in all areas of operations, particularly in disaster and emergency preparedness and crisis response. ADB also recognizes the importance of taking into account diverse perspectives and potential contributions of all segments of society, including children and youth, older persons, and marginalized groups, and the specific contexts and needs of individual communities. ADB will focus on enhancing poverty reduction through dialogue with, and the participation of, poor and vulnerable groups, including women, in project design and implementation and related decision-making processes.

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

D. Instruments for Disaster and Emergency Assistance

73. ADB will deliver disaster and emergency assistance through a wide range of loan instruments. Several are intended to provide disaster and emergency assistance, while some include specific provisions for use in disasters and emergencies. Others can be deployed to reduce disaster and emergency risk. Innovative applications should be encouraged to maximize results in strengthening resilience and support timely response.

74. **Emergency assistance loan.** The EAL modality provides rapidly approved funding following a disaster or an emergency to help rebuild high-priority physical assets and restore economic, social, and governance activities after emergencies. It is an instrument for emergency support approved in the aftermath of disasters triggered by natural hazards, 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 fixed implementation period. It also incorporates measures to build back better, strengthening resilience to future disasters and emergencies.

75. **Asia Pacific Disaster Response Fund.** Established in 2009, the fund provides quick-disbursing grants to assist DMCs in meeting immediate expenses to restore life-saving services after a disaster triggered by a natural hazard.³¹ It is approved by the President under delegated authority. All ADB DMCs are eligible for support, with funding available up to a maximum of \$3 million per event.

³¹ ADB. 2009. *Establishment of the Asia Pacific Disaster Response Fund*. Manila.

76. **Contingent disaster financing.** The CDF option under the PBL policy provides immediate liquidity for DMCs impacted by disasters triggered by natural hazards.³² It provides a quick-disbursing and flexible source of financing, relieving fiscal constraints until financing from other sources becomes available. CDF enables loan processing and essential policy dialogue and reforms to be completed before a disaster occurs, with disbursements made upon satisfaction of pre-agreed conditions. Such an arrangement enables ADB to engage in upfront and in-depth policy dialogue on disaster resilience and preparedness in collaboration with partner governments, and quickly provide necessary budgetary resources as a post-disaster response.

77. **Technical assistance for disaster and emergency.** TA can address immediate short-term requirements following a disaster or emergency to support early recovery and enhance the reach and impact of assistance. TA may cover (i) building national and regional risk reduction and preparedness capacity linked to an EAL and (ii) preparation of emergency assistance programs and/or projects. In line with respective TA regulations, the TA 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.

78. **Repurposing ongoing projects.** An early activity in an emergency situation is a review of the ongoing portfolio to identify any surplus loan proceeds from projects and discuss possible loan reallocation (with or without scope changes) and/or cancellations, and utilization for emergency needs. This exercise should be consistent with ongoing development priorities and activities. Loan reallocation and/or cancellation is justified based on (i) the availability of funds exceeding the amount required to achieve original project objectives and/or (ii) changed circumstances whereby 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 for emergency purposes in response to changed government priorities because of the emergency. Conditions for such 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.

79. **Other instruments.** The Additional Financing policy allows for ongoing projects to be provided with additional financial resources.³³ It may be utilized to expand the scope of ongoing projects to address the impacts of a disaster or emergency and to support the rehabilitation and reconstruction of previously completed project components affected by a disaster.

80. The Small Expenditures Financing Facility (SEFF) can be used to respond to finance needs for small, low-risk activities.³⁴ The SEFF can support rehabilitation of damage to critical infrastructure caused by natural hazards. It can provide immediate expenses to restore life-saving services. DMCs prone to frequent disasters triggered by natural hazards may process a facility under SEFF in anticipation of unexpected financing needs. Eligible activities may be approved under a simplified business process.

³² ADB. 2019. *Contingent Disaster Financing under Policy-based Lending in Response to Natural Hazards*. Manila.

³³ ADB. 2010. *Additional Financing: Enhancing Development Effectiveness*. Manila.

³⁴ ADB. 2018. *Proposal for ADB's New Products and Modalities*. Manila.

81. ADB can also establish new modalities to address the challenges posed by particular and specific instances. For example, a special policy variation of the Countercyclical Support Facility, which provides budget support in response to severe macroeconomic crises, was approved for an initial duration of 15 months in April 2020 to establish a COVID-19 Pandemic Response Option.³⁵ The Countercyclical Support Facility was established in 2009 and mainstreamed in 2011; its access criteria were modified in 2016.³⁶ The COVID-19 Pandemic Response Option has a refined set of access criteria, including the requirement for a DMC to implement a COVID-19 pandemic response plan. It provides budget support to DMCs undertaking fiscal stimulus for growth in the form of countercyclical development expenditures.

E. Business Processes

82. **Criteria for involvement in emergency assistance.** ADB's mandate is to use its resources to finance development of its DMCs through loans, guarantees, and TA projects for the preparation, financing, and execution of development projects and programs that contribute to the harmonious economic growth of the region.³⁷ ADB's mandate does not allow the institution to engage in peacemaking, peacekeeping, or humanitarian relief. Other international aid agencies, regional bodies, CSOs, and the UN normally assume these functions.

83. In addition to these contingent conditions, ADB also adheres to the following minimum operational entry criteria, 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 the acceptable level for engagement.
- (ii) The government has made an official request for assistance.³⁸
- (iii) The level of burden and risk sharing among partners, especially shareholders and other key local and international actors, should be appropriate.

84. **Processing emergency assistance projects.** Emergency assistance projects will be justified and based on the findings of the PDNA, including evidence of significant economic dislocation and the need to address immediate recovery needs and/or expedite the preparation of a regular project. The One ADB approach will be applied in processing disaster and emergency assistance, helping to ensure that ADB acts rapidly and effectively to process high-quality projects, delivering strong results. ADB liberally interprets its policies and allows increased operational flexibility to ensure the timely processing and delivery of emergency assistance, while maintaining the integrity, quality, effectiveness, and sustainability of ADB projects.³⁹ This may include flexibility with regard to safeguard procedures, procurement, and economic and financial due diligence. Management will establish further relevant operational guidance and processes.

³⁵ ADB. 2020. *ADB's Comprehensive Response to the COVID-19 Pandemic*. Manila.

³⁶ ADB. 2009. *Enhancing ADB's Response to the Global Economic Crisis—Establishing the Countercyclical Support Facility*. Manila; ADB. 2011. *Review of ADB's Policy-Based Lending*. Manila; ADB. 2016. *Review of ADB's Lending Instruments for Crisis Response*. Manila.

³⁷ Article 2 [ii] and Article 14, Operating Principles of ADB's Charter. ADB. 1966. *Agreement Establishing the Asian Development Bank*. Manila.

³⁸ 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.

³⁹ ADB has zero tolerance for integrity violations to ensure that development funds are used for intended purposes. Thus, ADB's Anticorruption Policy (1998, as amended from time to time) must be adhered to in the processing and delivery of emergency assistance.

85. **Safeguards.** For emergency assistance, the completion of standard environmental assessments, environmental management plans, resettlement plans, and indigenous peoples plans may not be possible before Board approval. In such cases, an 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, as amended from time to time).

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

87. **Implementation readiness.** Project implementation readiness will be assessed and accelerated as part of the initial fact-finding mission. Appropriate actions may be taken to enhance readiness.

88. **Supervision and monitoring.** Emergency assistance will require more resources to prepare, appraise, and supervise than ordinary loans because of the need for a speedy and transparent response. Thus, the supervision and monitoring of emergency projects must be enhanced to ensure quality and effectiveness under conditions of urgency and flexibility. This will require paying special attention to expedited procurement arrangements, flexible financial management and disbursement arrangements, and modified safeguard policies (as deemed appropriate).

89. **Performance evaluation and financial audit.** Emergency assistance activities should adhere to standard ADB performance evaluation requirements. Standard ADB financial reporting and auditing requirements relevant to the particular lending modality adopted for providing disaster and emergency assistance should apply, while recognizing the need for greater flexibility (where appropriate) when partnering with the UN entities, because of their special status and related privileges and immunities.

90. **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) allow flexibility in project procurement design and implementation arrangements to expedite the procurement process in emergency situations.

V. REQUEST FOR BOARD GUIDANCE

91. The Board's guidance is sought on the proposed Revised Disaster and Emergency Assistance Policy, as described in paras. 46–90 of this paper.