March 2021

Revised Disaster and Emergency Assistance Policy

Draft

This document is being disclosed to the public in accordance with ADB’s Access to Information Policy.

Asian Development Bank
ABBREVIATIONS

ADB – Asian Development Bank
ADF – Asian Development Fund
CDF – contingent disaster financing
CSO – civil society organization
COVID-19 – coronavirus disease
CPS – country partnership strategy
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 situations
IFI – international financial institution
MDB – multilateral development bank
PDNA – post-disaster needs assessment
PBL – policy-based lending
SDCC – Sustainable Development and Climate Change Department
SEFF – Small Expenditures Financing Facility
TA – technical assistance
UN – United Nations
WHO – World Health Organization

NOTE

In this report, "$" refers to US dollars.

Vice-President Bambang Susantono, Knowledge Management and Sustainable Development
Director General Bruno Carrasco, Sustainable Development and Climate Change Department (SDCC)
Director Preety Bhandari, Climate Change and Disaster Risk Management Division (SDCD), SDCC
Team leader Charlotte Benson, Principal Disaster Risk Management Specialist, SDCD, SDCC
Team members Aaron Batten, Principal Planning and Policy Economist, Strategy, Operations Planning and Coordination Division, Strategy, Policy and Partnerships Department (SPD)
Ashish Bhatheja, Principal Planning and Policy Economist, Strategy, Policy and Business Process Division (SPBP), SPD
Steven Goldfinch, Disaster Risk Management Specialist, SDCD, SDCC
Belinda Hewitt, Disaster Risk Management Specialist, SCD, SDCC
Baurzhan Konysbayev, Principal Counsel, Office of the General Counsel
Christian Oliver Mercado, Senior and Strategy Policy Officer, SPBP, SPD
Patrick Osewe, Chief, Health Sector Group, SDCC
Douglas Perkins, Principal Counsel, Office of the General Counsel
Grendel Saldevar-Perez, Senior Operations Assistant, SDCD, SDCC
Samuel Tumiwa, Advisor (Conflict-Affected Situations), Office of the Cluster Head, SDCC
In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.
# CONTENTS

**EXECUTIVE SUMMARY**

I. **INTRODUCTION**  
II. **BACKGROUND**  
   A. Overview of Disasters and Emergencies in Asia and the Pacific  
   B. Disaster and Emergency Assistance Approach of Other International Financial Institutions  
   C. Review of the 2004 DEAP  
III. **ISSUES**  
IV. **REVISED DISASTER AND EMERGENCY ASSISTANCE POLICY**  
   A. Definitions  
   B. Overview  
   C. Policy Framework  
   D. Instruments for Disaster and Emergency Assistance  
   E. Business Processes  
V. **RECOMMENDATION**
EXECUTIVE SUMMARY

Since its establishment in 1966, 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, with particular detrimental impact on the poorest and most vulnerable members of society. The impacts of climate change are expected to increase disaster and emergency risk over the next few decades unless urgent action is taken, both to reduce this risk and tackle climate change.

This paper presents ADB’s Revised Disaster and Emergency Assistance Policy (Revised DEAP), providing an updated policy framework to enhance strategic guidance for ADB’s assistance for disasters and emergencies, covering risk reduction, preparedness, and response. It focuses on the overall approach, introducing changes based on ADB’s experience since the approval of the 2004 Disaster and Assistance Emergency Policy and evolutions in global good practice. The revised Emergency Assistance Loan mechanism is covered in a separate R-paper on Revised Emergency Assistance Loan which, together with this policy, supersedes the 2004 DEAP.

The Revised DEAP seeks to enhance strategic guidance for greater efficiency and impact of ADB’s support to DMCs to strengthen long-term resilience to disasters and emergencies, including enhanced management of residual risk. Long-term resilience is a key foundation to sustainable development. The revised policy maintains a balanced emphasis on risk reduction, preparedness, and response based on strong risk analytics while also providing sufficient flexibility to address new and evolving challenges and embrace new and improved approaches, innovations, and technologies over the coming years. It 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 disaster and emergency response. It also recognizes the complementary role of other development partners in humanitarian assistance and peacebuilding activities.

The Revised DEAP 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 residual risk, and (iii) the bifurcation of the 2004 DEAP to cover the emergency assistance loan
instrument in a separate policy. These changes support the achievement of ADB’s Strategy 2030 priorities related to disaster and emergency assessment.

In applying the Revised DEAP, ADB will support the synchronization of plans and approaches addressing disaster and climate resilience and integrated actions to enhance climate and disaster resilience. It will address the gender dimensions of risk management, in particular the heightened vulnerability of women and girls, in building resilience and responding to disasters and emergencies, including in building back better to higher standards of resilience. 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 strive to apply participatory processes as an integral part of ADB’s disaster and emergency assistance support.

Disaster and emergency assistance will be delivered through a wide range of its loan instruments. Several instruments are specifically intended to provide disaster and emergency assistance while some include specific provision 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. Since its establishment in 1966, 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 (Revised DEAP), providing an updated policy framework to enhance strategic guidance for ADB’s assistance for disasters and emergencies, covering risk reduction, preparedness, and response. It focuses on the overall approach, introducing changes based on ADB’s experience since the approval of the 2004 Disaster and Emergency Assistance Policy (DEAP or 2004 DEAP) and evolutions in global good practice.

2. The Revised DEAP enhances the efficiency and impact of ADB’s support to DMCs to strengthen long-term resilience to disasters and emergencies, including the enhanced 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 risk, and (iv) the bifurcation of the 2004 DEAP to cover the emergency assistance loan instrument in a separate policy.

3. The Revised DEAP supports the achievement of ADB’s Strategy 2030 priorities related to disaster and emergency assessment.1 Under Strategy 2030, ADB will support DMCs to improve climate and disaster resilience. Measures will include risk-sensitive 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. Strategy 2030 also indicates that ADB will 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 into climate change and disaster risk management in operations. It will also 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 also 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, it 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 further ensure that countries that overcome conflict and fragility do not slip back into those conditions. In the context of pandemics, Strategy 2030 indicates that ADB will increase support for regional public goods and collective actions to mitigate cross-border risks, including regarding communicable and infectious diseases.

---

II. BACKGROUND

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

4. Disaster risk presents 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 high share of global disaster impacts relative to its economic and demographic size.

5. From 2004 to 2019, disasters caused the loss of almost 671,284 lives in ADB’s DMCs and affected 2.25 billion people—accounting for 63% of global disaster fatalities and 80% of people affected throughout the world. Affected people include those displaced by disasters. According to modeling published in 2018, an average of 240 out of every 100,000 people across Asia and the Pacific are projected to be displaced each year by disasters, not including preemptive evacuations. 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 $639 billion from 2004 to 2019, implying average direct physical damage of $109 million per day (footnote 2). Actual figures are likely to be significantly higher, reflecting the non-reporting of direct physical damage for many smaller scale, more frequent events, and underreporting of the impacts of larger events—particularly damage to the private sector, including small businesses, and households. DMCs accounted for 27% 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, ultimately, economic and social development elsewhere.

7. Climate change is expected to increase the frequency and intensity of extreme weather events over the coming decades. Temperature rise to date has already impacted patterns of some extreme weather events in Asia and the Pacific. Impacts may already be being felt, with several DMCs experiencing their strongest ever recorded tropical cyclones in the last few years. The development process itself is also fueling rising disaster losses broadly in line with the 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 conflict situations in recent years, resulting in significant physical damage and impeding development progress. These are often highly protracted and have predominantly been in the form of subnational conflicts, including in Afghanistan, Georgia, the Kyrgyz Republic, Myanmar, the Philippines, Sri Lanka, and Timor-Leste. These conflict situations have resulted in the displacement of communities; destruction of

---

2 Centre for Research on the Epidemiology of Disasters, Université Catholique de Louvain. EM-DAT: The International Disaster Database. www.emdat.be (accessed 27 August 2020). People affected by multiple disasters have been counted multiple times.


homes, infrastructure, and livelihoods; increases in 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 increase 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. The coronavirus disease (COVID-19) outbreak, declared as a global pandemic by the World Health Organization (WHO) in March 2020, had affecting 111.2 million people in 221 countries and causing 2,462,703 deaths as of 19 February 2021. ADB analysis in May 2020 estimated global economy losses due to the pandemic of between $5.8 trillion and $8.8 trillion or equivalent to 6.4% to 9.7% of global gross domestic product. Developing Asia was projected to contract by 0.4% in 2020, according to ADB analysis in December 2020, with contraction expected in all subregions except East Asia. Regional growth was forecast to rebound to 6.8% in 2021, but output would remain below what was envisioned before the pandemic. COVID-19 has had a severe impact on employment and livelihoods, in particular in the informal sector. It has also had a disproportionately adverse impact on women. Women have lost jobs and income, girls have dropped out of school, and women have faced increased unpaid care work and domestic violence, due in part to social distancing and community quarantines.

10. In fact, 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 the intensification of agricultural and livestock production, driving more contact between humans and animals, from which 60% of all human infectious pathogens originate. Climate change could increase the risk of future epidemics further 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 and resulting in supply shortages and price increases. The particularly severe 2007/2008 global food emergency was driven by a combination of drought; rising oil prices, in turn driving 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 climate change leads to an increase in the frequency and intensity of natural hazards, and as 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 elderly, the disabled, and minority groups are often particularly vulnerable, mirroring wider

---

socioeconomic and cultural inequalities. Poor and vulnerable populations rely on fewer and more vulnerable assets, often located in more hazard-prone areas; have limited access to finance, restricting efforts to rebuild livelihoods and homes after disasters and emergencies; and 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 and men experience differentiated vulnerabilities to disasters and emergencies which contribute to differentiated impacts. Women face more severe impacts, largely as a result of existing 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 in the aftermath of disasters and emergencies, particularly as competition over resources increases. In some cultures, women are also more likely than men to die in the event of a disaster, due to factors such as lower socioeconomic status, resulting in a greater concentration of responsibilities and livelihood generation activities in the home and fields and so reducing their access to early warning systems; their reproductive role, reducing their mobility in the final stages of pregnancy and while caring for young children; female dress codes in some countries, restricting their ability to move quickly; and 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 breadwinner income-generating livelihoods and with limited access to emergency assistance, in part due to 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 the continuing occurrence of conflict. As the risks of different types of disaster and emergency increase, DMCs also face increasing risk of compound events, involving the simultaneous occurrence of multiple disasters and emergencies and particular complexities in ensuring rapid and resilient recovery. This paper proposes revisions to ADB’s 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 2004.8

1. Evolution of ADB’s Approach

15. ADB became the first multilateral development bank 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,9 providing financing of up to $500,000 for urgent rehabilitation requirements following disasters triggered by natural hazards. It supported the import 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 degradation, as well as extreme weather and geophysical events. 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 time line.

18. The 1987 and 1989 policies were superseded in 2004 by the approval of the DEAP, broadening ADB’s policy to more explicitly emphasize DRR as well as 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.

19. The DEAP also introduced the emergency assistance loan (EAL) instrument—a formal instrument for post-disaster and emergency support approved in the aftermath of major events. The EAL was designed to facilitate the rapid approval of short-term small loans and grants to provide transitional support for the rebuilding of high-priority physical assets and the restoration of economic, social, and governance activities after emergencies, with an implementation period of 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. It was envisaged that the provision of an EAL would 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. 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 actions focusing on measures to enhance long-term disaster resilience. This helps address the underlying disaster risk. Through this lending instrument, ADB can engage in upfront and in-depth policy dialogue on disaster resilience and preparedness, and provide necessary budgetary resources as a post-disaster response shortly after a disaster occurs.

11 Footnote 8, para. 61.
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 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. Strategy 2030 further stated that ADB will support efforts to address the underlying causes of conflicts and promote reconciliation and reconstruction and to 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 international financial institutions (IFIs) have adopted a similar approach, transitioning from a historical emphasis on reactive disaster and emergency assistance towards a greater emphasis on long-term resilience. This transition is beginning to be reflected in corporate priorities, policies, and, to some degree, lending instruments and sources of funding for disasters and emergencies.

23. At a strategic level, the African Development Bank and the Inter-American Development Bank have made commitments to strengthen disaster resilience as a corporate priority. The World Bank’s strategy seeks to achieve the twin goals of eliminating extreme poverty and boosting shared prosperity in a sustainable manner, placing resilience at the heart of a three-pronged view of sustainability covering fiscal, social, and environmental sustainability. Across IFIs, a range of entry points are being used to enhance resilience including through support for resilient infrastructure and sustainable cities; responses to climate change and environmental degradation; strengthening of government institutional, capacity, and financial systems; and an explicit recognition of the correlation between disaster resilience and inclusive and sustainable development.

C. Review of the 2004 DEAP

24. A review of ADB’s experience in implementing the 2004 DEAP was undertaken in 2019 as the basis for revision of the 2004 policy. 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 the 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. It 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 increasing disaster losses. It also contained a comprehensive review of

---

14 The disaster and emergency approach of other IFIs is discussed at length in the 2019 DEAP Review. See footnote 17.
15 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.
performance of ADB’s EAL instrument, 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 long-term resilience.

25. The review was led by the Sustainable Development and Climate Change Department (SDCC). It drew on findings from ADB evaluations and project completion reports and dialogue with other ADB departments. It benefitted from consultations with DMC governments, other multilateral development banks and key bilateral, the United Nations (UN), and other international development partners active in the field of 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 since 2004, supported in its implementation by various action and operational plans. The policy established the EAL instrument, through which $6.6 billion was approved to DMCs from 2004 to 2018, making a significant contribution to recovery from disasters and emergencies. Permitted operational flexibilities in the processing of EALs supported rapid approval of EALs, although the 12-week processing time was not achieved in a number of cases.

27. Activities in support of the implementation of the DEAP also contributed to the adoption of a more comprehensive and systematic approach to DRM, leading to greater consideration of disaster risk in ADB projects and country partnership strategies (CPSs) and to an increase in support for enhancing long-term disaster resilience in DMCs. The number of approved projects embedding DRR components or design aspects increased from 23 projects in 1994–2003 to 177 projects in 2014–2018. Only two of the CPSs in place in 2008 included strategic or thematic priorities or subpriorities explicitly addressing disaster risk compared to 18 CPSs in place in 2018, including the 2016–2020 Pacific Approach which in turn covered 11 countries. Focusing on DRR as their primary objective rather than embedding DRR components or design features in a broader project, stand-alone disaster risk reduction grants and loans grew more modestly, both in terms of the number of projects and value, totaling $1.52 billion (or 19 projects) for the full period (2004–2018). However, they picked up significantly in 2014–2018, expanding from five projects ($332 million) in 1999–2003 to 10 projects ($864 million) in 2014–2018. A total of $104.6 million in financing for stand-alone DRM technical assistance (TA) was also approved from 2004 to 2018, comprising 60 stand-alone TA totaling $80.2 million and an additional $24.4 million for 21 TA approvals (attached and subproject TA) that were part of larger investment projects and cluster TA. These TA 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 instrument that was specifically established as part of the 2004 DEAP was strong. Twenty-two of the 40 EALs approved from 2004 to 2018 had been evaluated as of mid-2019, and IED has validated 18 of these projects. Overall, these 22 EALs were predominately found to be either highly successful or successful. Just two EAL projects received a less than successful rating. More than one-third (36.4%) of the EAL projects have been deemed highly relevant, and most of the remainder relevant, reflecting the clear need for recovery in the aftermath of disasters and conflict situations and for actions to address national food deficits. Most 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. The majority of the 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, and jobs for women in infrastructure construction.

29. The review found that ADB recognized and sought to address pandemic risk as well, including the increasing pandemic risks brought about by population mobility, urban development, population and livestock density, and climate change. Thirty-five health security loans, grants, and TA were approved from 2004 to 2018, of which 30 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 (H5N1) 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

- allocations of concessional assistance for DRR to each concessional assistance only countries through the Asian Development Fund (ADF) 12 (2017–2020) DRR financing mechanism;
- concessional assistance for health purposes, including for strengthening resilience to communicable diseases and health emergency response, through the ADF 12 Regional Health Security set-aside;
- grants for DRR and regional health securing for concessional assistance countries through the ADF 13 (2021–2024) thematic pool;
- grants of up to $3 million for any DMC for life-saving purposes in the immediate aftermath of disasters through the Asia Pacific Disaster Response Fund, established in 2009;
- 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;
- 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 for all concessional assistance countries, through the expanded Disaster Response Facility under ADF 13, known as the Disaster and Pandemic Response Facility;
- 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;
- disease-specific trust funds to combat threats including 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
- 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. 75), enhanced ADB’s standing as a reliable source of financing for post-disaster response and helped strengthen underlying resilience. The ADF 12 DRR financing mechanism was notably groundbreaking, marking the first time any multilateral
development bank (MDB) had offered earmarked financing for DRR through its concessional assistance arm.

32. ADB also began a shift toward greater emphasis on enhanced financial preparedness for disasters and emergencies over the course of the DEAP, contributing towards more efficient and effective use of available resources for post-disaster response. Increasing emphasis on building back better in the context of post-disaster and emergency operations has also constituted 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. Progress in enhancing resilience over the life of the 2004 DEAP was further driven by a global shift towards a more rounded approach to DRM. Successive international DRM agreements—including the 2005 Hyogo and 2015 Sendai frameworks—and the 2030 Sustainable Development Goals helped stimulate the establishment of comprehensive national DRM strategies and legislation, extending beyond the historical emergency response orientation to a broader focus emphasizing ex ante DRR, preparedness and building back better too, including community-based approaches. National, local, and sector development plans increasingly took both disaster and climate change risk into account; building codes were revised in a number of DMCs to require construction to higher levels of disaster resilience; and, in some DMCs, disaster risk considerations were integrated into investment approval processes. Technological advances also played a role, introducing new and enhanced opportunities to assess, monitor, share, and disseminate information on both 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 for reducing risk, enhancing preparedness, and building 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 memorandums of understanding with WHO on collaboration to strengthen health security and with the United Nations Children’s Fund 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 a national level, ADB participated in informal joint government and development partner forums on DRM in a number of DMCs, as well as coordination efforts in the aftermath of disasters and emergencies, including through engagement in post-disaster needs assessments. 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, providing an example of good coordination among MDBs in the context of conflict-related emergencies. Most recently, ADB has coordinated extensively with WHO, other UN agencies and IFIs, among others, in its response to the COVID-19 pandemic and co-financed COVID-19 response operations with other IFIs.

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 has helped strengthen ADB’s technical capabilities. The Governments of Austria, New Zealand, and Switzerland have also provided DRM secondees. Annual staff capacity development workshops on DRM were introduced 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, although no designated communicable diseases specialist position. In 2019, ADB created a new unit on fragile and conflict-affected situations (FCAS), increasing FCAS international staff positions from one to four positions, including a management position. Further seconded staff have been provided by the European Space Agency and Japan Aerospace Exploration Agency, strengthening the application of satellite-based applications in ADB’s disaster and emergency assistance work. All of the regional departments also have health sector specialists, providing available expertise on health emergencies, and most have a designated focal point for DRM operations. The establishment of resident mission emergency focal points, as envisaged under the 2004, 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.

III. ISSUES

Despite notable progress, the 2019 DEAP review (footnote 17) concluded that revisions to the 2004 DEAP 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. A number of specific issues regarding ADB’s disaster and emergency assistance have emerged which need to be addressed.

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

The 2004 DEAP contained no mention of climate change, its consequences for the frequency and intensity of natural hazards, communicable disease, and conflict, or recognition of the crossover between climate change and disaster risk. Linkages are now far better understood (para. 7) and it is an accepted good practice that agendas and actions addressing disasters and climate change should be synchronized and merged where relevant. Separate measures are required to support differentiated aspects of climate change and disaster resilience, but there is significant common ground regarding measures to address extreme weather events, benefitting a joint approach and integrated climate change and disaster resilience solutions. DMCs are already beginning to implement such practice and it is also reflected in ADB operations, in part reflecting the emphasis placed on a synchronized approach by the Operational Plan for Integrated Disaster Risk Management, 2014–2020.

---

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 there has been a growing development partner emphasis on support to DMCs to enhance their financing arrangements for residual risk—that is, the remaining risk following actions to reduce risk—including through risk retention and risk transfer solutions and through efforts to enhance the related enabling environment. There has also been an increasing collaboration with insurance and capital markets to achieve these goals. These efforts are helping to increase immediate post-disaster liquidity and the capacity of governments to utilize post-disaster resources most effectively, aiding more rapid recovery.

40. A further emerging issue pertains to the fact that many DMCs are not prepared for severe outbreaks of communicable diseases and do not have established response procedures in place, despite lessons showing that investments in health security must be made during inter-pandemic periods. This shortcoming was subsequently keenly demonstrated following the spread of COVID-19. WHO declared the outbreak a public health emergency of international concern on 30 January 2020 and a pandemic on 11 March 2020. While some DMCs have shown notable success to date in containing the spread of the pandemic, in some cases aided by their island status, others have struggled and all have required assistance to boost their capacity to manage the crisis. There is now a widespread recognition of the need to enhance systems and capabilities to manage outbreaks of communicable diseases and avoid their escalation into epidemics and pandemics.

41. More specifically, the DEAP review also highlighted certain limitations of the EAL instrument and related issues. These are discussed and addressed in the separate stand-alone forthcoming policy on Revised Emergency Assistance Loan.

42. The DEAP review further found that the 2004 DEAP would benefit from bifurcation of the policy into two documents reflecting the positioning in SDCC of ADB’s technical expertise on DRM, conflict, health, and food security and the Strategy, Policy and Partnerships Department’s role as the custodian of other loan instruments, with which the EAL instrument should demonstrate coherence in the setting of pricing and other terms and conditions. The review recommended that the 2004 policy should be divided into two separate new documents focusing on (i) ADB’s overall approach to disasters and emergencies, led by SDCC; and (ii) a revised EAL mechanism, led by the Strategy, Policy and Partnerships Department.

43. Finally, the DEAP review found that both DMCs and ADB have outgrown the existing 2004 policy. DMCs’ understanding of disaster and emergency risk, including its multidimensional nature, and of 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 use of rapidly evolving and improving technology. In parallel, ADB’s disaster and emergency assistance financing sources and loan instruments have undergone significant evolution since the 2004 policy was prepared, now providing more rounded assistance which need to be acknowledged and further progressed in an updated policy.

---

22 The term loan instruments is used throughout this paper to refer to both loans and grants.
IV. REVISED DISASTER AND EMERGENCY ASSISTANCE POLICY

44. This section sets out ADB’s Revised DEAP, addressing its overall approach to disasters and emergencies. The revised EAL mechanism is covered in a separate R-paper on Revised Emergency Assistance Loan\(^23\) which, together with this policy, supersedes the 2004 DEAP.

A. Definitions

45. ADB will apply the following definitions:

- **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.\(^24\) 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. These include situations related to food, health, biological, industrial, and technological events.\(^25\)

- **Post-conflict**: A post-conflict refers to a situation in which region, country, or subnational area is emerging from armed hostilities.

- **Displacement**: Displacement refers to the involuntary movement of individuals due to disasters, emergencies, or conflict.\(^26\)

- **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

46. ADB’s Revised DEAP seeks to enhance strategic guidance for greater efficiency and impact of ADB’s support to DMCs to strengthen long-term resilience to disasters and emergencies, including the enhanced management of residual risk. Long-term resilience is a key foundation to sustainable development. The revised policy maintains a balanced emphasis on risk reduction, preparedness, and response based on strong risk analytics while also providing sufficient flexibility to address new and evolving challenges and embrace new and improved approaches, innovations, and technologies over the coming years. It 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 disaster and emergency response. ADB also recognizes the complementary role of other development partners in humanitarian assistance and peacebuilding activities.

---


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

48. The revised policy rests on four underlying principles, collectively establishing a systematic framework guiding ADB’s disaster and emergency assistance by

   (v) stressing that risk management begins with risk reduction;
   (vi) recognizing disaster and emergency risk management as an integral part of the development process;
   (vii) acknowledging that DMCs have differentiated risk profiles and, thus, opportunities for enhanced resilience; and
   (viii) 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.

49. The first principle lies at 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 so limiting potential future damage and loss. Risk reduction requires knowledge and understanding not only of current risk but also of shifting risk profiles as economies and populations expand and evolve, and as climate change accelerates the frequency and intensity of natural hazards, outbreaks of disease and conflict, and food shortages.

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

51. The third principle acknowledges that no two countries are alike in terms of the nature and likely intensity of hazards and pathogens faced; the complexity of wide-ranging social and economic factors and gender inequalities shaping exposure and vulnerability to those hazards and pathogens; the origins, nature, and scale of potential conflicts; and 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.

52. The fourth principle focuses on support for disaster and emergency relief, early recovery, and reconstruction and requires strong financial planning to ensure timely, carefully planned, and well-designed response. This, in turn, requires 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 to extreme tail end events. The principle also embraces the critical need to build back better, minimizing the recreation of previous risk.
C. Policy Framework

53. 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. There is also a need to recognize that some residual risk will remain, requiring additional actions both before and after disasters and emergencies strike to ensure speed, flexibility, and accountability in response. Although differing somewhat in triggers, scope, duration, and requisite actions, all major emergencies result in some combination of widespread physical damage, death and displacement, and disruption of economic and social activities.

54. 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 event at varying levels of frequency (Figure 1). At the same time, ADB will continue to drive for further gains in the efficient and effective use of resources drawing 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 to determine the balance of emphasis on risk reduction and residual risk management, and to establish appropriate and adequate sources of financing.

55. Risk reduction entails a mixture of structural and non-structural measures. Structural measures involve the application of engineering techniques, including nature-based solutions, to strengthen physical resilience. For instance, risk reduction measures might include 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; the construction of adequate cambers and drainage to accommodate extreme rainfall and runoff in road projects; the elevation of power generation utilities, electricity substation equipment, and other infrastructure above projected flood levels; the burying of electricity or telecommunication cabling underground in areas prone to tropical cyclones; the use of extra reinforcing steel and concrete in the construction of schools, hospitals, and other buildings in seismically active areas; the retrofitting of existing buildings to higher standards of resilience; the expansion of hospital bed capacity; and the expansion and upgrade of hospital sterilization departments and microbiology laboratories.

56. Nonstructural measures involve non-physical measure to reduce and avoid the creation of new risk, particularly through policies and laws, the generation of risk knowledge, public awareness raising, and education. They might include risk modeling, mapping, and risk information dissemination; institutional strengthening and capacity development; 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; the development of risk management legislation, strategies and plans, including community-based plans and legislation on areas such as markets to reduce emergence of infectious diseases; the planning or relocation of livestock farming activities away from high biodiversity areas, where the risk of pathogen spillover is higher; communicable disease response procedures; risk-sensitive land use planning; the revision of building codes to higher resilience standards; and 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.
57. 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 via 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. In the context of FCAS, ADB will adopt context-sensitive approaches at strategic, institutional, and project levels. This will include risk management and monitoring mechanisms.

58. Support for early recovery will focus on the restoration of high-priority productive and social infrastructure, such as water, sanitation, power, communications, and transport; the provision of, and access to, basic services, particularly education and health care; and the restoration of economic productivity and livelihoods. Support for reconstruction will focus on 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, seeking to strengthen resilience to future disasters and emergencies. In the context of slow onset disasters and emergencies such as drought and epidemics, ADB may also provide emergency assistance and other support to contain the scale of impact of evolving emergency situations. ADB will support DMCs to apply the latest technological capabilities in designing and implementing post-disaster support.

59. ADB will place increased emphasis on enhanced financing arrangements for residual disaster and emergency risk governance to deliver timely, carefully planned, and well-designed response and thereby minimize the adverse long-term economic, social, and poverty impacts of
disaster and emergency events. A risk-layered approach can be applied to achieve this, combined with increased use of anticipatory financing instruments.

60. A risk-layered approach breaks risk down according to the frequency or probability of occurrence of disaster and emergency events and the associated levels of loss at each layer of risk and 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 strikes. They may include annual contingency budget allocations and reserves. In the aftermath of an event, governments may also reallocate budgets, increase borrowing, and raise taxes to provide additional resources for relatively high frequency events.

![Figure 2: Layered Approach to Disaster Risk Financing](image)

APDRF = Asia Pacific Disaster Response Fund; CDF = contingent disaster financing; EAL = emergency assistance loan.

61. Risk transfer solutions are typically a more cost-efficient source of financing for medium-level risks, generating higher levels of loss but occurring less frequently. These solutions are provided by the insurance industry and private sector investors. They are taken out in anticipation of potential disasters and emergencies, with associated premium and coupon payments spreading the cost of response over time. They include insurance and related pool mechanisms and, for more extreme events, insurance-linked securities, such as catastrophe and resilience bonds. Due to market failures, there may be a role for ADB in designing and implementing such solutions.

62. In the event of major disasters and emergencies and in post-conflict situations, governments may also appeal to the international community for ex post assistance. ADB may respond to such appeals by applying a range of loan instruments (paras. [71–79]). Assistance may also be disbursed via pre-established contingent disaster financing loans and grants from ADB and other development partners.

63. ADB will provide further support to governments to establish strong and effective recovery planning and post-disaster and emergency budget execution capabilities to ensure that 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 non-sovereign entities, such as farmers, businesses, and individual households, in turn reducing the contingent liability on government.

64. **Risk analytics.** ADB interventions will be guided by robust analysis, undertaken in coordination with other stakeholders as relevant. These analyses may include quantitative risk modelling, disaster risk assessments, environmental assessments, risk-sensitive social assessments, risk governance assessments, fragility and resilience assessments, FCAS watching briefs, disease surveillance, and post-disaster needs assessments, as appropriate. Risk analytics will also inform and shape country partnerships and the provision of inclusive solutions, including in the design of solutions targeting the strengthened resilience of the poor, women, and other vulnerable groups to address their differentiated emergency response needs. High-level technology should be utilized to enhance the quality and cost-effectiveness of analysis.

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

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

67. **Gender.** ADB will address the gender dimensions of risk management, in particular the heightened vulnerability of women and girls, in building resilience and responding to disasters and emergencies, including in building back better to higher standards of resilience.

68. **Partnerships and coordination.** ADB will build partnerships and coordination with international and regional organizations, civil society organizations (CSOs), the private sector, and academia to address various aspects of risk management. Many different 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, therefore, seeks to strengthen collaboration, coherence, and complementarity with other organizations. CSOs are particularly important partners in achieving greater resilience at the community level.

69. **Participatory processes.** ADB will strive to apply participatory processes as an integral part of ADB’s disaster and emergency assistance support. ADB recognizes the importance of public, private, and CSO participation in all areas of operations, particularly in the area of disaster and emergency preparedness and crisis response. ADB will place a particular focus on enhancing poverty reduction through meaningful dialogue with, and active participation of, poor and vulnerable groups, including women, in project design and implementation and related decision-making processes at all levels.

70. **Regional cooperation.** ADB will support regional cooperation, including through multi-country programs, to manage transboundary disaster and emergency risk and respond to disasters and emergencies.
D. Instruments for Disaster and Emergency Assistance

71. 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 specific provision for use in disaster and emergency contexts. 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.

72. Emergency assistance loan. The EAL instrument provides rapidly approved funding processed following a disaster or an emergency to help rebuild high-priority physical assets and restore economic, social, and governance activities after emergencies (footnote 23). 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 main 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.

73. 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 the occurrence of a disaster triggered by a natural hazard. It is approved by the President under delegated authority. All ADB DMC’s are eligible for support, with funding available up to a maximum of $3 million per event.

74. Contingent disaster financing. The CDF option under the PBL policy provides immediate liquidity for DMCs impacted by disasters triggered by natural hazards. It provides a quick-disbursing and flexible source of financing, relieving fiscal constraints until financing from other sources become 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 disbursement condition(s). Such an arrangement enables ADB to engage in up-front and in-depth policy dialogue on long-term disaster resilience and preparedness in collaboration with partner governments, and quickly provide necessary budgetary resources as post-disaster response.

75. Technical assistance for disaster and emergency. Technical assistance (TA) can provide support to address immediate short-term requirements in the wake of 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.

76. Repurposing ongoing projects. An early consideration in an emergency situation is to review 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. Such an exercise should be undertaken in a manner consistent with ongoing development priorities and activities. Loan reallocation and/or cancellation will be justified on the basis of availability of funds exceeding the amount required to achieve original project objectives and/or 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. Cancelled loan proceeds may be redeployed for emergency assistance pursuant to applicable business processes.

77. **Other instruments.** The Additional Financing policy allows for ongoing projects to be provided with additional financial resources.\(^{29}\) 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 event.

78. The Small Expenditures Financing Facility (SEFF) can be used to respond to finance needs for small, low-risk activities.\(^{30}\) 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.

79. ADB can also establish new modalities to address the challenges posted 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.\(^{31}\) The Countercyclical Support Facility was established in 2009 and mainstreamed in 2011; its access criteria were modified in 2016.\(^{32}\) 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; and provides budget support to DMCs undertaking fiscal stimulus for growth in the form of countercyclical development expenditures.

E. **Business Processes**

80. **Criteria for involvement in emergency assistance.** ADB’s mandate is to use its resources to finance development of its DMCs through loans, guarantees, and TAs for the preparation, financing, and execution of development projects and programs that contribute to harmonious economic growth of the region as a whole.\(^{33}\) 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.


81. 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) A UN-recognized government or transitional authority will be in place and will have formally requested assistance.

(iii) The level of burden and risk sharing among partners, especially shareholders and other key local and international actors, should be appropriate.

82. **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 applies liberal interpretation of ADB’s policies and increased operational flexibility to ensure the timely processing and delivery of emergency assistance while maintaining the integrity, quality, effectiveness, and sustainability of ADB projects.\(^{34}\) This may include flexibility with regard to safeguard procedures, procurement, and economic and financial due diligence, as described below. Management will further establish relevant operational guidance and processes.

83. **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 frameworks, 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).

84. **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 existing 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.

85. **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.

86. **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

---

\(^{34}\) 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. ADB. 1998. *Anticorruption Policy*. Manila.
require paying special attention to expedited procurement arrangements, flexible financial management and disbursement arrangements, and modified safeguard policies (as deemed appropriate).

87. **Performance evaluation and audit.** Emergency assistance activities should adhere to standard ADB performance evaluation requirements. Standard ADB financial reporting and auditing requirements for investment projects should apply to emergency assistance, while recognizing the need for greater flexibility (where appropriate) when partnering with UN entities, owing to their special status and related privileges and immunities.

88. **Procurement.** ADB’s Procurement Policy and Procurement Regulations (2017, as amended from time to time) provides the opportunity to differentiate procurement approaches according to country conditions and to avoid a “one size fits all” approach. It incorporates a fitness for purpose approach, emphasizing value for money and requiring procurement arrangements to appropriately reflect the strategic needs of the procuring entities and the commercial environment in which procurement is conducted. In capacity-constrained environments, the framework allows the development of a customized approach with the use of transaction-specific methods and documentation.

V. **RECOMMENDATION**

89. The President recommends that the Board of Directors of the Asian Development Bank approve the proposed Revised Disaster and Emergency Assistance Policy as described in paras. 44–88 of this paper.