



Completion Report

Project Number: 48259-001
Technical Assistance Number: 9007
March 2021

Strengthening the Enabling Environment for Disaster Risk Financing (Phase 1)

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TECHNICAL ASSISTANCE COMPLETION REPORT

TA Number, Country, and Name: TA 9007-REG: Strengthening the Enabling Environment for Disaster Risk Financing (Phase 1)		Amount Approved: \$700,000	
		Revised Amount: \$1,255,000	
Executing Agency: Asian Development Bank	Source of Funding: TASF-V - \$1,155,000 TASF-OTH - \$100,000	Amount Undisbursed: \$77,173	Amount Used: \$1,177,827
TA Approval Date: 2 December 2015	TA Signing Date: 2 December 2015	TA Completion Date	
		Original Date: 31 December 2017	Latest Revised Date: 30 June 2020
		Financial Closing Date: 30 September 2020	Number of Extensions: 2
TA Type: Research and Development Technical Assistance (R-RDTA)	Nature of Activity: Not applicable	TA Arrangement: Not applicable	

Description

The developing member countries (DMCs) of the Asian Development Bank (ADB) face considerable disaster risk, posing a significant threat to sustainable development. Measures are required both to reduce this risk and to enhance the management of the residual or remaining risk. There is growing international recognition of the importance of robust financial management of disaster risk as part of these efforts, ensuring that there are adequate financing arrangements in place to facilitate prompt and effective post-disaster response, thus limiting the economic and social consequences of the direct physical damage caused by a disaster.

In practice, though, most DMCs have limited financing arrangements in place to respond to disasters, relying heavily, by default, on the post-disaster reallocation of recurrent and capital investment budgets to finance their disaster response efforts. This practice hampers prior development priorities and delays economic and social recovery while adequate resources are secured. Meanwhile, knowledge of the fiscal management of disaster through instruments such as insurance, reinsurance, and capital market solutions, which can provide significant injections of financing after a disaster while simultaneously smoothing cost over time, is limited and the availability and update of such instruments further hampered by significant supply and demand considerations.

In December 2015, ADB approved the \$700,000 technical assistance (TA) to develop and apply in two countries a tool to assess the state of the enabling environment and opportunities for its enhancement and undertake related capacity development at national and regional levels, thereby supporting the increased availability and uptake of insurance and other risk transfer instruments.

Expected Impact, Outcome, and Outputs

The expected impact of the TA was fiscal resilience of DMCs to disaster risk strengthened. The outcome was commitment of DMCs to strengthen the enabling environment for disaster risk financing (DRF) instruments increased. The TA outputs were: (i) Tools to assess and strengthen the enabling environment for DRF developed; and (ii) DRF capacity of DMC stakeholders strengthened.

A major change in scope and implementation arrangements, increase in TA amount by \$600,000, and extension of TA completion date was approved in July 2016 to strengthen ADB's support to the Vulnerable 20 Group of Ministers of Finance (V20) initiative. The TA change in scope expanded project activities from two to four country diagnostics assessments and increased the intended number of DMC stakeholders with improved knowledge of DRF from 60 to 100 stakeholders. A further minor no-cost change in scope was approved in December 2018 to support municipal level DRF solution scoping work in Nepal and related workshops and extend the TA completion date by a further 18 months to 30 June 2020 to complete the additional work.

Implementation Arrangements

Pakistan and Sri Lanka were selected as the initial two case studies, reflecting their high vulnerability to natural hazards and low economic and financial resilience to cope with disaster impact. However, implementation of TA activities and recruitment of consultants were delayed awaiting the receipt of no-objection from the governments of Pakistan and Sri Lanka. Implementation work started in September 2016. Fiji and Nepal were added as the two additional case studies following the major change in scope and increased TA amount approved in July 2016. Minor no-cost changes in TA implementation arrangements to include additional TA dissemination activities in Pakistan, Sri Lanka, and the Pacific region and related consultant outputs were approved in March and July 2018. Due to the changes in scope mentioned

in the preceding section, as well as some delays in originally planned activities, TA completion date was extended twice. This resulted in cumulative implementation period of 4.64 years, or 2.53 years longer than was originally planned.

The Finance Sector Group and the Climate Change and Disaster Risk Management Division of Sustainable Development and Climate Change co-managed the TA, sharing the role of implementing agencies. The TA outputs were realized with the engagement of 8 international consultants for 35.9 person-months (including changes in composition of the original international team when the two additional country case studies were added and the additional consultancy opportunities advertised), five (5) national consultants for 43.7 person-months based in the four countries selected for the case studies, and 1 national consultant based in Manila who served as project coordinator. The required consulting inputs were higher by 17.9 person-months for international consultants, and 17.7 person-months for national consultants due to the additional work entailed by the changes in TA scope. Recruitment of consultants was undertaken on an individual basis, as envisaged. The performance of the consultants was satisfactory. Staff in regional departments and resident missions in Nepal, Pakistan, Sri Lanka, and the Pacific Subregional Office in Suva, Fiji were also involved in the TA implementation, participating in consultation missions, and supporting the conduct of regional and national workshops. Five (5) resource persons were also engaged to share their expertise at the regional forum.

The TA utilized 93.85% of the allocated funds. There were cost savings as no national public financial management consultants were engaged in Fiji, Nepal, and Sri Lanka due to lack of qualified candidates applying for those positions. Their work in contributing to data collection and analysis and organizing meetings and workshops was absorbed by the international public financial management consultant and the national disaster risk financing consultants. In May 2020, total TA amount was reduced to \$1,255,000 as \$45,000 was returned in line with ADB's efforts to reallocate potential savings to support the bank-wide coronavirus disease (COVID-19) pandemic response package.

Conduct of Activities

Output 1: Tools to assess and strengthen the enabling environment for DRF developed

Country diagnostics assessments were undertaken in Fiji, Nepal, Pakistan, and Sri Lanka using a common draft methodology and leading to recommended actions for improvement. Missions relating to the diagnostic assessment work were undertaken in Pakistan and Sri Lanka in Q1 and Q2 2017, to Fiji in Q4 2017 and Q1 2018, and in Nepal in Q1 and Q4 2018 and Q1 2019. An additional mission was undertaken in Pakistan in Q2 2018 to hold further dialogue with the government and hold a joint development partner workshop on disaster risk financing. There were delays in the timing of some missions due to the non-availability of government counterpart agencies. Draft country assessment reports, incorporating action plans for enhancement was circulated to country stakeholders for review and comments prior to finalization. The country assessment report for Pakistan was published in January 2019, reports for Fiji and Sri Lanka were published in February 2019, and the country assessment report for Nepal was published in August 2019. Following the completion of country assessment reports, further revisions were made to the country diagnostics methodology. A how-to guide was then developed incorporating the refined diagnostics methodology and an enabling environment tool kit. The how-to guide was published in June 2020.

In response to a request from the Government of Nepal, additional work to scope options for strengthening the disaster resilience of municipal governments under the country's new federal system of government was added under the December 2018 minor no-cost change in scope and implementation arrangements. Corresponding missions to Nepal were undertaken in Q3 2019 and Q1 2020 and a related report prepared and shared with municipal government officials.

Output 2: DRF capacity of DMC stakeholders strengthened

ADB organized a series of capacity building and training activities for government officials, insurance regulators, private sector, and development partners in Fiji, Nepal, Pakistan, and Sri Lanka from 2016 to 2020. During the inception missions, training were organized to present the DRF concepts, principles and instruments, assessment tools, international best practices on DRF, and preliminary observations on the current state of the enabling environment for DRF in each country. Following the preparation of draft country reports, during a second mission to each country, a half-day workshop was conducted to present and seek feedback on the findings and recommended actions. Around 30–50 participants attended each national workshop. In Pakistan, an additional workshop was held in April 2018 in partnership with the UK Department for International Development and German development cooperation through KfW to enhance synergies of various DRF initiatives being undertaken by development partners with various government agencies.¹ An additional mission was fielded in Q1 2019 to Nepal to discuss how to move forward DRF in Nepal with key stakeholders, specifically at the municipal level. Following a further consultation mission in Nepal, a country

¹ ADB. 2018. *Strengthening the Enabling Environment for Disaster Risk Financing (Phase 1): Workshop Proceedings (Pakistan, 25–26 April 2018)*. Manila. <https://www.adb.org/projects/documents/reg-48259-001-dpta>

workshop for municipal government was organized in Kathmandu in Q1 2020 to present the findings and recommendation of the scoping study.

In September 2018, ADB hosted a regional forum attended by 87 participants from 13 disaster-prone DMCs. The forum provided a venue to present findings and recommendations of the country diagnostics assessments to a wider audience, facilitated cross-country learnings and dialogue, and provided enhanced understanding of opportunities to strengthen the financial management of disaster risk to a larger group of DMCs.² A session was also organized at the “Understanding Risk Finance Pacific Forum” in Vanuatu in October 2018 to present and discuss the findings and recommendations of the TA.

Technical Assistance Assessment Ratings

Criterion	Assessment	Rating
Relevance	The TA is assessed as <i>highly relevant</i> . The design and monitoring framework (DMF) revisions due to changes in scope and TA amount remained in line with the original results chain, expanding the same scope of work to additional countries and to sub-national levels of government. The TA is consistent with Strategy 2020, Strategy 2030, the Operational Plan for Integrated Disaster Risk Management, 2014–2029 and with the prevailing country partnership strategies (CPSs) that were in place in all four countries at the time each country case study was selected. New CPSs for all four countries have subsequently been approved, placing increasing emphasis on disaster resilience in three CPSs (Nepal, Pakistan, Sri Lanka) and continuing strong emphasis on disaster resilience in the fourth (Fiji). The TA is also highly relevant at completion, in the COVID-19 and post-COVID-19 era as the pandemic has exacerbated the fiscal fragility of the case study countries over the short to medium-term, rendering them less able to meet funding needs following potential major disasters without applying risk transfer tools to leverage financing. Results of the TA have informed activities under the ADB-supported Pakistan National Disaster Risk Management Fund and are being drawn on under RETA 9878 focusing on the development of disaster risk financing facility in the Central Asia Regional Economic Cooperation Region. ³	Highly relevant
Effectiveness	The TA was <i>effective</i> . It delivered fully on its intended outputs and related indicators as detailed in the DMF, resulting in the achievement of the intended outcome of increased commitment of DMCs to strengthen the enabling environment for DRF. Three of the countries assessed are continuing to strengthen their disaster risk financing arrangements, drawing on the TA outputs. Nepal and Pakistan have drawn on the assessments in preparing national disaster risk financing strategies. In Fiji, with the support of the United Nations Capital Development Fund, United Nations Development Programme, and United Nations University – Institute for Environment and Human Security, the government is developing a climate and disaster risk financing framework and market-based disaster insurance products for the vulnerable segments of the population. Sri Lanka has made less progress, in part because the disaster risk financing agenda has been set back due to delay in the restructuring of the National Insurance Trust Fund resulting in potential pressure on its capitalization and earnings as well as downside risks from its weakened risk mitigation practice.	Effective
Efficiency	The TA was <i>efficient</i> . The budget was efficiently managed to limit costs, allowing additional activities to be undertaken in Nepal without any additional budget, and achieving some savings which could be transferred to ADB’s COVID-19 pandemic response package. Two extensions were required—the first to expand the outputs of the TA from two to four case studies as part of ADB’s support to the V20, and the second to incorporate additional outputs in response to a request from the Government of Nepal. Despite delays in the timing of some missions due to the non-availability of government counterpart agencies, the deliverables were on schedule.	Efficient

² ADB. 2018. *Strengthening the Enabling Environment for Disaster Risk Financing (Phase 1): Workshop Proceedings (Philippines, 25–26 September 2018)*. Manila. <https://www.adb.org/projects/documents/phi-48259-001-dpta>

³ ADB. 2019. *Developing a Disaster Risk Transfer Facility in the Central Asia Regional Economic Cooperation Region: Technical Assistance Report*. Manila. <https://www.adb.org/projects/documents/phi-48259-001-dpta>

Criterion	Assessment	Rating
Overall Assessment	The TA is rated as <i>successful</i> . Reflecting the benefits of the work conducted and considerable opportunity for replication and scaling up, including application of the toolkit in additional countries, a second phase of the TA was approved in September 2020. ⁴	Successful
Sustainability	The TA is considered <i>likely sustainable</i> . The countries have institutionalized disaster management systems, comprehensive approaches to disaster risk management, and recognize the importance of building their disaster risk financing arrangements. Two of the focus countries (Nepal and Pakistan) are developing national disaster risk financing strategies which will be particularly important in propelling progress in this regard. The second phase of the TA will consider the additional medium-term fiscal pressures created by COVID-19, providing additional insights on necessary enabling environments and viable DRF solutions in this new global context and so maintaining the continuing relevance and, thus, sustainability of the TA's impact.	Likely sustainable

Lessons Learned and Recommendations

Design and/or planning	Engagement with stakeholders both inside and outside government, including multi-stakeholder forums, and good understanding of the challenges in implementation at the local, as well as national, level is important in coming up with recommendations which have broad acceptance are achievable and will be acted upon.
Implementation and/or delivery	Strong engagement of resident mission staff in project implementation is critical in building ADB in-country capacity and ADB's commitment to taking the findings and recommendations of the TA forward. Significant efforts should be made to engage with resident mission staff and build their DRF knowledge and understanding.
Management of staff and consultants	The TA focused on a highly specialized area, leading to challenges in recruiting qualified international and national consultants. Recruitment should begin as early as possible and adequate time allowed for its completion.
Knowledge building	Disaster risk financing is a very new topic for many DMCs and basic concepts, such as insurance, often poorly understood. The TA made some progress in building capacity, but considerably greater effort is required to secure strong progress in strengthening financial resilience in the face of disasters.
Stakeholder participation	Strong stakeholders' participation and valuable feedback mechanism (i.e., survey and discussion) contributed to successfully delivering the outputs of the TA.
Partnership and cofinancing	Several development partners are seeking to work with DMC governments on disaster risk financing. Relevant development partners need to work closely together to ensure that these efforts are well coordinated. The joint ADB/DFID/KfW workshop in Pakistan, although time consuming in preparation, was extremely successful in this regard. It highlighted how the different, complementary development partner DRF initiatives could work together. Such workshops should be replicated elsewhere.
Replication and/or scaling up	In replicating the country assessments, an expanded approach is recommended to consider pandemics as well as natural hazards.
Post-TA financial resource	A Phase 2 TA has been approved in 2020 which will expand the assessment framework to include both natural hazard and pandemic risk financing and apply it to Cambodia, Kyrgyz Republic, Pakistan, and the Philippines. In addition, feasibility studies on disaster insurance products for livelihood restoration, homeowners, and small businesses, and a disaster-related public expenditure and institutional review will be undertaken in Nepal.

Follow-up Actions

TA achievements and recommendations should be highlighted in CPS reviews for each of the TA focal countries.

Prepared by:

Charlotte Benson
Arup Chatterjee

Designation and Division:

Principal Disaster Risk Management Specialist, SDCCD
Principal Financial Sector Specialist, SDSC-FIN

⁴ ADB. 2020. *Technical Assistance for Strengthening the Enabling Environment for Disaster Risk Financing (Phase 2)*. Manila. <https://www.adb.org/projects/documents/reg-48259-002-tar>

DESIGN AND MONITORING FRAMEWORK

Impact

Fiscal resilience of ADB's DMCs to disaster risk is strengthened (Operational Plan for Integrated Disaster Risk Management, 2014–2020)^a

Results Chain	Performance Indicators with Targets and Baselines	Achievements
<p>Outcome</p> <p>Commitment of DMCs to strengthen the enabling environment for disaster risk financing instruments increased</p>	<p>a. Four targeted countries have initiated measures to address current gaps and shortcomings based on their action plans by 2019 (Baseline 2014: 0)</p>	<p>a. Achieved. Four targeted countries (Fiji, Nepal, Pakistan, and Sri Lanka) were assessed using diagnostic framework. The study identified gaps and recommendations, responsible agencies, and timelines for actions. Nepal and Pakistan have drawn on the assessments in preparing national disaster risk financing strategies. Additional scoping work was undertaken in Nepal to identify opportunities for strengthening DRF options at the municipal level, identifying the need for further analysis and design of potential solutions which will be taken up under phase 2 of the TA. Fiji is developing a climate and disaster risk financing framework and market-based disaster insurance products for the vulnerable segments of the population. Sri Lanka has made less progress due to a change in government and priorities.</p>
<p>Outputs</p> <p>1. Tools to assess and strengthen the enabling environment for DRF developed</p> <p>2. DRF capacity of DMC stakeholders strengthened</p>	<p>1a. By 2018, four country diagnostics assessments and linked action plan to strengthen the DRF enabling environments submitted to the four participating governments and other relevant stakeholders (Baseline 2014: NA)</p> <p>1b. By 2018, diagnostics methodology to assess the current DRF landscape and enabling environment in ADB's DMCs completed (Baseline 2014: NA)</p> <p>1c. By 2018, toolkit of potential actions to strengthen the enabling environment for DRF completed (Baseline 2014: NA)</p> <p>2a. By 2018, 100 DMC stakeholders applied improved knowledge of DRF (Baseline 2014: NA)</p>	<p>1a. Achieved. Country assessment reports, incorporating action plans for enhancement, for Fiji, Nepal Pakistan, and Sri Lanka were finalized and submitted to the respective governments and other relevant stakeholders. (Achieved)</p> <p>1b. Achieved. A diagnostics methodology on assessing the enabling environment for disaster risk financing was completed and published as part of the DRF country diagnostics toolkit.^b</p> <p>1c. Achieved. Potential action to strengthen the enabling environment for DRF was prepared and published as part of the DRF country diagnostics tool kit.</p> <p>2a. Achieved. More than 200 stakeholders participated in 1 DRF regional forum and 12 national workshops, and over 80 percent conveyed that their knowledge of DRF and using of different instruments in financing disasters improved. Follow-up meetings during country consultations in Pakistan and Nepal revealed that participants were using their improved understanding in developing national DRF strategies and dialogue with the insurance industry.</p>

Actual Key Activities with Milestones**1. Tools to assess and strengthen the enabling environment for disaster risk financing developed (Q1 2016–Q3 2018)**

- 1.1 Engage consultants (Q1 2016, Q1–Q2 2017)
- 1.2 Identify and secure no objection from target countries prior to commencement of the diagnostics assessments (Q1–Q2 2016, Q3 2016)
- 1.3 Carry out first two country diagnostics assessments (Q2–Q4 2016)
- 1.4 Prepare first two country reports and action plans (Q1 2017)
- 1.5 Prepare draft how-to guide (Q1 2017)
- 1.6 Launch country reports and action plans in the first two case study countries (Q2 2017)
- 1.7 Carry out second two country two country diagnostics assessment (Q3 2017–Q1 2018)
- 1.8 Prepare second two country reports and action plans (Q2 2018)
- 1.9 Revise draft how-to guide (Q2 2018)
- 1.10 Launch country reports and action plans in the second two case study countries (Q3 2018)
- 1.11 Organize regional forum to disseminate the findings and key learnings of the study (Q3 2018)

2. Disaster risk financing capacity of developing member country stakeholders strengthened (Q1 2016–Q3 2018)

- 2.1 Conduct training courses for government officials and other stakeholders (Q2 2016–Q3 2018)

Actual Inputs

Asian Development Bank: \$1,177,827

ADB = Asian Development Bank, DMC = developing member country, DRF = disaster risk financing, NA = not applicable, Q = quarter.

^a ADB. 2014. *Operational Plan for Integrated Disaster Risk Management*. Manila.

<https://www.adb.org/documents/operational-plan-integrated-disaster-risk-management-2014-2020>

^b ADB. 2020. *Assessing the Enabling Environment for Disaster Risk Financing: A Country Diagnostics Toolkit*. Manila.

<https://www.adb.org/publications/disaster-risk-financing-country-diagnostics-toolkit>

Source: Asian Development Bank.

TECHNICAL ASSISTANCE COST

Table A2.1: Technical Assistance Cost by Activity
(\$'000)

Item	Amount		Actual
	Original ^a	Revised ^b	
1. Consultants	580.0	1,104.0	1,034.7
2. Training, seminars and/or conferences	66.0	130.0	127.6
3. Miscellaneous TA administration	22.0	17.0	15.5
4. Contingency	32.0	4.0	0.0
Total	700.0	1,255.0	1,177.8

TA = technical assistance.

^a Original estimated cost in the approved TA report.

^b Cost after approved additional financing of \$600,000 in July 2016 and partial cancellation of \$45,000 in May 2020.

Source: Asian Development Bank estimates.

Table A2.2: Technical Assistance Cost by Fund
(\$'000)

	ADB TASF	Total Cost
1. Original ^a	700.00	700.00
2. Revised ^b	1,255.00	1,255.00
3. Actual ^c	1,177.83	1,177.83
4. Unused ^d	77.17	77.17

ADB = Asian Development Bank, TASF = Technical Assistance Special Fund.

^a Original estimated cost in the TA report.

^b Cost after additional financing and/or partial cancellation of the TA during TA implementation.

^c Actual used amount.

^d Unutilized TA amount/savings.

Source: Asian Development Bank estimates.