

# National Resilience Fund



**Striving to manage risk by diversifying investments that reduces vulnerability.**

The flagship regional platform of Asian Preparedness Partnership (APP), was founded by six countries of Asia including Pakistan for improving the preparedness and emergency response to disasters by strengthening the capacity of local humanitarian actors. The initiative is being implemented by Asian Disaster Preparedness Center with support from the Bill and Melinda Gates Foundation.

In line with the regional initiative, Pakistan Resilience Partnership (PRP) was established in 2018, under the umbrella of NDMA. The objective of the PRP is to improve the interface and partnership between PRP partners namely government, local humanitarian organizations, private sector, media and academia for enhancing their capacities through partnerships, knowledge resources, training, and networking opportunities.

The Pakistan Resilience Partnership is contributing towards strengthening the disaster preparedness and emergency response capacity at national and local levels in disaster-prone areas within the country. The PRP strategy aims to develop the local humanitarian networks comprising of National Governments, Local Humanitarian Organizations, Private sector, media and academia, which will result in enhanced coordination and information exchange, during the period of emergencies caused due to disasters.

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## Background

Pakistan's efforts aimed at achieving fast growth, development and progress are increasingly being undermined by the impact of a variety of disasters. Natural disasters threaten sustained economic growth by causing shocks. The earthquake of 8<sup>th</sup> October 2005 highlighted Pakistan's vulnerability to disaster risks. The quake caused a loss of 5.2 billion USD which is staggering when compared to national budget for 2006-07. This amount was much higher than the total allocations for social sector development. Similarly, the economic and social devastation suffered from Floods of 2010 & 2011, have been estimated as USD 10.056 billion and USD 3.730 billion respectively. Sustainable development in agriculture, livestock, water resources, food security and environment sectors is seriously threatened by droughts, particularly in Baluchistan, Southern Punjab, Sindh and parts of Khyber Pakhtunkhwa.

Pakistan, which is an already resource stressed country, is ranked among top ten countries in the world one German Watch's Global Climate Risk Index and has recently witnessed adverse impacts of climate change, in particular considerable increase in the frequency and intensity of extreme weather events, coupled with erratic monsoon rains causing frequent and intense floods and droughts. The climate change has an enormous and significant negative impact on development of key sectors of economy like agriculture, infrastructure, housing, health, and education and above all the environment, they result in a serious social and economic set-back to the sustainable development. Disasters contribute to increasing poverty and resultantly backslide the national development targets set to achieve the sustainable development goals (SDGs). Climate change is projected to increase the occurrences and intensities of natural hazards. Disaster Risk Reduction (DRR) and elaborate response mechanism are the means of mitigating this reality to ensure that these hazards do not evolve into full-fledged disasters.

The private sector of Pakistan was no exception and was significantly affected by increased exposure to disaster risks and suffered the brunt of catastrophic events in terms of damage and losses. Since the business sector is the primary source of employment, job creator, producer of goods and services and collectively constitutes the largest investors in society. Therefore, business resilience is more and more crucial to build overall resilient communities and society. At the same time investment by the

private sector in disaster risk reduction & response as per the government priorities can bring positive results towards making Pakistan a disaster resilience country.

Though, recurring disasters since 2005 have provided the required stimuli for accelerating the efforts towards risk mitigation, there is need to develop a resilience agenda in all key sectors including business, government, communities and NGOs. However, financial resource constraints are considered to be one of the major hurdles in achieving desired objectives.

Since private sector entities have tremendous potential and can largely contribute towards disaster mitigation and response, therefore, strong public-private partnerships, are needed to ignite momentum and interest of various partners in building resilience. Similarly, Establishment of national fund, as a vehicle, by private sector to undertake risk mitigation, response and capacity building is considered as the need of the time.

## Creation of Business Community's National Resilience Fund (BCNRF)

### Need for Creation

- Keeping in view the potentials of private sector of Pakistan, The Federation of Pakistan Chamber of Commerce & Industry (FPPCI) in a meeting held on 26<sup>th</sup> November 2018, co-chaired by former chairman NDMA and former President, FPPCI announced/agreed creation of fund at national level for disaster resilience interventions in Pakistan. The interventions can be undertaken by all partners/members of the Pakistan resilience Partnership (PRP) formed at country level for enhanced coordination having Government (NDMA), local NGOs (NHN), private sector (FPPCI), academia and media as its partners/members.

Following needs were identified for engaging business community / corporate sector investment in disaster mitigation and response: -

- Inadequate government resources
- Lukewarm response by donors and international agencies.
- Massive prevalence of small to large business and industrial concerns having significant potentials at grass root levels.
- Importance of business continuity and resilience of business community itself

Following benefits are anticipated for enhancing partnerships and creation of endowment fund: -

- Business groups and federations willing to accept ideas for business resilience

- Businesses are increasingly showing willingness to contribute to response activities, building capacities and developing infrastructure
- Involvement in planning and overall humanitarian architecture of the country through systematic approach
- Availability of investment window and Localized funding mechanism to strengthen National Disaster Management System in country

### Objectives of BCNRF

To foster culture of disaster prevention, anticipation and hazard reduction, to prudently manage risk by diversifying investments in a manner that reduces vulnerability to future disasters. The fund will help to achieve the following: -

- Investments to reduce vulnerabilities of the systems of business communities to disasters.
- Investments to reduce vulnerabilities of the systems of community infrastructures to disasters.
- Effectively support government to address the disaster risk reduction and response needs of affected communities.
- Support practices and actions supporting resilience and pre-emption.

### Contribution to the BCNRF/ Source of Funding

A portion of the budget will comprise the funds from the business community and the donors. However, Government and civil society network and other partners will be pursued for contribution to the fund. FPCCI will ensure all large business corporations and small and medium enterprises deposit a portion of their annual CSR budget to the fund. Contribution will be made on annual basis before the closure of fiscal year.

### Utilization

The fund will mainly be focused on enabling the private sector to withstand any disaster and to recover from it. Therefore 60% of the total funding will be designated for private sector initiatives. The remaining 40% would be used by other partners for disaster risk management initiative/projects. The funding will be obtained based on the project to be prepared by partner (s), which will be approved by the FPCCI (details in succeeding paras)

## Maintenance/Accounting Procedure

- **Account.** A PLS account will be opened in any schedule bank of Pakistan. Members nominated by FPCCI will be the signatories for all fund transfers. FPCCI will be the custodian of the cheque books, which shall be kept under lock and key. All the contribution from will be received and acknowledged by FPCCI lead. Proper tracking of funds received and spent shall be maintained. All the funds transfer will be routed via banking channels. FPCCI finance lead will prepare the cheque ensuring the complete supporting documents.
- **Record Keeping.** All the receipt/issue will be recorded in the financial software so that complete and proper record can be retrieved as and when required. However, in case of non-availability of software record will be maintain manually using account book. Proposals along with cash request documents are to be thoroughly examined before any funds transfer. Bank account reconciliation statements will be prepared on monthly basis and monthly and quarterly reports (financial) will be submitted to PRP Secretariat. The reports will be presented as and when required. All invoices of the expenditures of will support financial reports occurred during the tenure of the report.
- **Audit System.** Procedure of both internal and external audit will be followed. Internal audit can be done by the committee comprising members from all partners to be nominated by PRP Chair. Whereas for external audit an independent audit firm will be engaged for the period to be decided by the PRP steering committee to conduct the regular audit of the accounts.

## Utilization Procedure

The main purpose for creation of this fund is to enable the private sector to withstand any disaster and to recover from it by creating resilience within their entities. However, other partners can also utilize the fund for disaster risk management initiative/projects. Following will be the process of acquiring and approval of fund: -

- **Development of Project Proposal.** Project proposal shall be developed for the activity (s) to be undertaken. Selected initiative should be in line with the focus areas of the program or National Disaster Management Plan (NDMP). Small grants for community initiatives and community level projects can also be formulated.



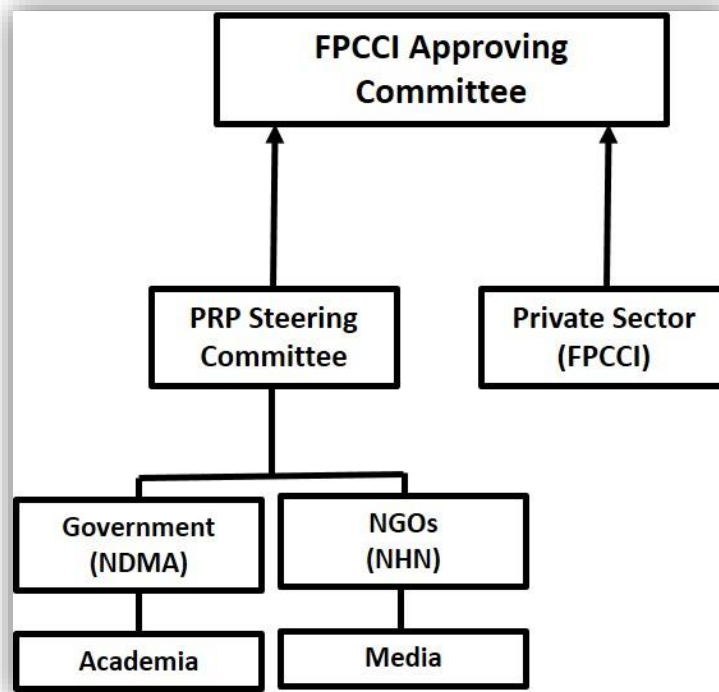
- **Contribution by Partner.** Partner submitting the project proposal will be required to contribute 20% of the total cost of the project. This could be in term of provision of human, technical or admin support to the project. Remaining 80% shall be provided from the fund.
- **Due-diligence of Partner Organizations.** In case any organization of NHN is willing to submit the proposal, the process of due-diligence to evaluate their capacity will be done by NHN National Secretariat. The project will only be accepted if it's approved by NHN, moreover in case of any failure of organization, NHN National Secretariat will be held responsible.
- **Activities by FPCCI.** Activities for business community can be planned either by FPCCI or any other partner (s) on their behalf. Capacity building activities including business continuity planning training can be organized/supported by PRP team/Secretariat. However, compulsion of 20% contribution will not apply to the proposal submitted by FPCCI.
- **Project Submission and Approval Process.** Project by partners other than FPCCI will be submitted to PRP Secretariat by the implementing partner (s). In case of civil society organizations, the project shall be submitted through NHN National Secretariat. As most of the NGOs do not have the capacity to manage large funds hence they can formulate and submit the project through consortium arrangements. PRP Steering Committee will be responsible for scrutiny of the project in line the procedure mentioned in earlier paras and its submission to FPCCI for release of funds. FPCCI can formulate any project for their organizations and can implement either directly or through any partner. The project approval will be accorded by FPCCI in consultation with PRP steering committee.
- **Fund Transfer Process.** The fund will be transferred in instalments based on the deliverable agreed in the project proposal. All transfer will be through the bank and no cash will be paid to avoid any untoward situation.
- **Internal Audit.** Internal audit of the fund transfer will be the responsibility of respective implementing organization. NHN national secretariat shall oversee the process in case of civil society organizations. External audit will be carried out as per the procedure explained above paras.



## Monitoring & Evaluation Mechanism

M&E of the project will be the responsibility of the committee to be nominated by the PRP Steering Committee. M&E tools shall be developed by the PRP Secretariat to evaluate the implementation of the project.

## Governance Structure of BCNRF



Established in 1986, Asian Disaster Preparedness Centre (ADPC) is an intergovernmental organization and supporting the advancement of safer communities and sustainable development, through implementing Partnerships that reduce the impact of disasters upon countries and communities in Asia and the Pacific.

ADPC with support of Bill and Malinda Gates Foundation (BMGF) is implementing the program “Increased locally led actions to prepare for, respond to, and recover from disasters in selected high risk countries of Asia” to strengthen the capacity of at risk-communities. This will be achieved through systematic capacity development of individuals, organizations and the systems at national, sub-national and local levels. The program utilizes a unique approach by creating APP, which promote and support the locally-led actions where all partners take a lead role, in a collaborative manner to plan and implement priority actions in disaster preparedness, humanitarian response and recovery through mobilizing internal resources and external humanitarian funding.

With the creation of national partnership in the program countries and commencement of planned activities, it would be imperative to highlight the value addition of this collaborative approach in the overall humanitarian architecture of each project country.as part of this strategy, communication and outreach can play a critical role in the dissemination of work undertaken to improve and strengthen coordination mechanisms and emergency response capacity of our key stakeholders.





**Pakistan Resilience Partnership**  
<http://resourcecenter.nhnpakistan.org/>