



## Bangladesh: Capacity Building for Disaster Risk Finance

Project Name	Capacity Building for Disaster Risk Finance
Project Number	42249-013
Country	Bangladesh
Project Status	Approved
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	<b>TA 8144-BAN: Capacity Building for Disaster Risk Finance</b> Japan Fund for Poverty Reduction US\$ 500,000.00
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Governance and capacity development Partnerships Private sector development
Sector / Subsector	Finance - Finance sector development
Gender Equity and Mainstreaming	No gender elements
Description	The proposed capacity development technical assistance (CDTA) is to enhance disaster risk preparedness of Bangladesh by developing public and private capacity for disaster risk finance solutions and fostering linkages between public and private sector in disaster risk mitigation.
Project Rationale and Linkage to Country/Regional Strategy	While Bangladesh has comprehensive disaster risk management strategies as stipulated in the National Disaster Plan, an application of ex-ante disaster risk finance solutions, such as sovereign catastrophe insurance or bond, is still limited in Bangladesh. Disaster risk finance is an application of financial instruments to strengthen financial resilience and coping capacities at the time of disaster. Under the National Disaster Plan, the government anticipates to establish a National Disaster Response and Recovery Fund, and National Risk Reduction Fund to finance relief and rehabilitations from the annual budgetary allocations. However, such reserve fund-based mechanisms may pose a further strain on the already tight fiscal conditions, and if a severe disaster occurs, may not be able to provide sufficient relief and rehabilitation resources. Presently, the Government mobilizes resources for disaster relief and rehabilitation from the budget allocation through reallocations of expenditure from the Government's Annual Development Plan and reallocations across categories of expenditure. This often led to compensatory ad hoc cut-backs in other budget items creating disruptions to the budget allocation process and overall public spending. Ex-ante disaster risk finance solutions, combined with regular budgetary allocations, could effectively reduce fiscal and financial risk after disasters and enable the Government to better cope with relief and rehabilitation resource needs.
Impact	Improved government preparedness for disaster relief and rehabilitation
<b>Project Outcome</b>	
Description of Outcome	The government is better positioned and equipped to plan disaster relief and rehabilitation
Progress Toward Outcome	
<b>Implementation Progress</b>	
Description of Project Outputs	Catastrophe risk profiling of Bangladesh carried out Funding gaps for disaster response estimated Detailed design of the risk finance solutions developed Knowledge-sharing workshops on disaster risk finance conducted

Status of Implementation Progress (Outputs, Activities, and Issues)	The consultants have submitted the draft final report in February 2015. The report presented risk profiling of Bangladesh focusing on hazards that are naturally occurring and are of the catastrophic type. The general risk profile was based on available information. The report also included a funding gap analysis from 2000 to 2013 with the analysis of Bangladesh's institutional framework for disaster risk management and current domestic financial market to assess its capacity and potential role in disaster risk financing. Lastly, the report concentrated on risk financing options for Bangladesh in the context of risk assessment, identification of risk financing needs, and the status of national risk financing mechanisms described. A workshop scheduled in mid April 2015 will discuss the TA's outputs especially on design of the disaster risk finance options with stakeholders.
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Geographical Location

## Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

## Stakeholder Communication, Participation, and Consultation

During Project Design	Currently, UNDP, with a consortium of other development partners including DFID, European Union, and SIDA, implements the CDMP II. CDMP II aims to reduce Bangladesh's vulnerability to adverse natural and anthropogenic hazards and extreme events including impacts of climate change through risk management and mainstreaming, and has six outcome areas including (i) development of institutions to implement a comprehensive risk reduction programs, (ii) reduced risk to rural populations, (iii) reduced risk to urban populations, (iv) improved effectiveness and timeliness of disaster preparedness, (v) better disaster-proofing of development funding, and (vi) community-level adaption to disaster risks from a changing climate. The World Bank conducted a study in collaboration with the Institute of Water Modeling and the Center for Environmental and Geographic Information Services to estimate the adaptation costs from the increased risks of cyclones and inland monsoon floods. JICA is providing grant assistances to construct shelter and raider forecasting system for cyclones. The fact-finding mission discussed development partners involving in disaster risk management and confirmed close cooperation and coordination during the implementation of the CDTA.
During Project Implementation	The CDTA will include UNDP as part of the TA steering committee to receive guidance and inputs. In addition, the CDTA will have periodical donor coordination meetings with a group of development partners for information sharing.

## Business Opportunities

Consulting Services	A team of consultants was recruited under one package using the quality- and cost-based selection method. Consultants were fielded in January 2014. An inception report was submitted in July 2014 and the interim report is expected to be submitted in October 2014. An interim workshop which will discuss the TA's outputs especially on design of the disaster risk finance options with stakeholders is also being organized for October 2014.
Procurement	There are no procurement plans currently available for this project.

Responsible ADB Officer	Mayumi Ozaki
Responsible ADB Department	South Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SARD
Executing Agencies	<i>Ministry of Food and Disaster Management (MoFDM) Room 105, Building 4 Bangladesh Secretariat</i>

## Timetable

Concept Clearance	21 Feb 2012
Fact Finding	26 Feb 2012 to 01 Mar 2012
MRM	-
Approval	28 Aug 2012
Last Review Mission	-
Last PDS Update	10 Mar 2015

**TA 8144-BAN**

## Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
28 Aug 2012	25 Feb 2013	25 Feb 2013	31 Mar 2015	31 May 2015	-

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
0.00	500,000.00	0.00	0.00	0.00	0.00	500,000.00	28 Aug 2012	344,840.00

Project Page <http://www.adb.org/projects/42249-013/main>

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