



**FLOODS
2010**

**PUBLIC FINANCING ON DISASTER RISK
MANAGEMENT (DRM) IN PAKISTAN**



Floods 2010: Public Financing on Disaster Risk Management (DRM) in Pakistan



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Introduction

An advanced and well-established institutional mechanism is a pre-requisite for effective disaster preparedness and response, where availability of sufficient resources and public finance is equally important. Although there was departure from old institutional mechanisms for disaster risk management (DRM) after earthquake 2005, however the patterns of public financing on DRM are still response-oriented and of reactive nature. This is corroborated by the fact that, during 2003-04 to 2007-2008, out of total budgetary allocation on DRM at Federal level, only 2% of budget has been allocated for preparedness and 98% of budget has been allocated for response activities¹.

Preparedness:

Preparedness refers to pre-disaster efforts to cope with a disaster and includes mitigation, infrastructure building, awareness, early warning systems, etc.

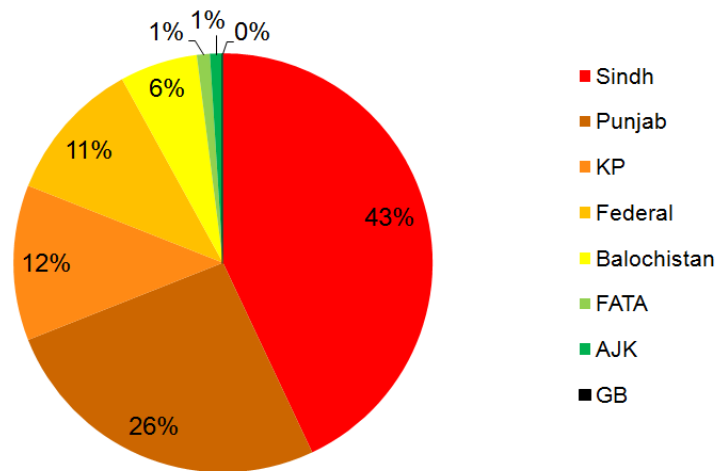
Response:

Response refers to post-disaster activities of relief, recovery, reconstruction and rehabilitation.

Floods 2010: Damages and Response

In June 2010, major part of Pakistan was hit by severe floods resulting from heavy monsoon rains. These floods constituted worst in the history of Pakistan and the UN Secretary General termed it as “Slow-Motion Tsunami” and global natural disaster as the scale and magnitude of destruction was almost twice than the cumulative destruction of Earthquake 2005 (Pakistan), Katrina Cyclone (United States of America (USA)), Nargis Cyclone (Myanmar), Indian Ocean Basin Tsunami, and Haiti Earthquake.

Total Damage – Province-wise



Source: World Bank (WB), Damage Need Assessment (DNA) of Pakistan Floods 2010

These floods affected over 20 million people and more than 100,000 sq. km area in Sindh, Punjab, Khyber Pakhtunkhwa (KP), Balochistan, Azad Jammu and Kashmir (AJ&K), and Federally Administered Tribal Areas (FATA). The overall estimated damage is Rs. 855 billion

¹ Institute of Social and Policy Sciences (I-SAPS) calculations from Budget Books 2011-12

(US\$ 10.027 billion), which is 5.8% of Gross Domestic Product (GDP) 2009-10. Social infrastructure (i.e. housing, education, and health) economic sector (agriculture, livestock and fisheries, private sector and industries, and financial sector), physical infrastructure (irrigation and flood management, transport and communication, water supply and sanitation and energy), and environment were severely hit by floods. The overall recovery and reconstruction cost of floods 2010 is estimated at approximately US\$ 8.74 billion to US\$ 10.85 billion, which ranges from low to high cost options and also includes estimated costs for relief, early recovery, and medium-to long-term reconstruction. Planning Commission has prepared a hard core priority work for restoration of damaged infrastructure at a cost of Rs.277 billion in next 3 years².

Tori Bund: A Case for Preparedness and Transparency in Governance

A judicial commission was formed to investigate into the causes of breach in *Tori Bund* during floods 2010 as government was accused of causing a break in *Tori Bund* to save the lands of some influentials. The commission has submitted its report to government/Chief Minister but report has not been made public yet, which restricts the citizen's right to access public information.

The excerpts from the report indicate that negligence and corruption of irrigation department, pre-flood poor maintenance, non-observance of barrage gate regulations at critical hours, non-maintenance of *Tori Bund*, and non-maintenance of the embankments of River Indus were main reasons that caused breach in *Tori Bund*. This raises questions about the transparency in governance and decision making at higher levels. It is lamenting to note that despite national expenditure of Rs. 24,215.02 million on floods during 2003-04 to 2007-08 (where more than 99% of the amount was spent on floods preparedness), country had to face disastrous floods in the history of Pakistan in 2010. This raises serious questions on transparency in the use of public funds allocated for flood preparedness before 2010.

Reconstruction Programme Summary

	Rs Billion	
Item	Estimated Rs Bill	Indicative Financing
Government	323	Development budget
Physical Infrastructure*	279	
Soft Infrastructure	44	Recurrent budget
Transfers & Subsidies	177	
Housing Sector**	161	
Agriculture	16	Off budget
Private Sector / PSEs	113	
Total Program***	613	

* Public sector physical infrastructure to be implemented over 3-4 years

** Rs 161,000 million as citizen damage compensation; Rs 100,000 for each 1.61 million households to be paid

*** DNA estimates damages at Rs 855 bill and reconstruction needs at Rs 578 billion.

Source: National Flood Reconstruction Plan, 2010, Flood Reconstruction Unit, Planning Commission, Government of Pakistan

² *Tori Bund Commission Report*, Available at: <http://marvimemon.wordpress.com/category/floods-in-pakistan/flood-report/> (Accessed on June 11, 2011)

Public Financing on Floods in Pakistan

Floods are most recurring phenomenon in Pakistan, and the country has a long history of flooding. Since 1947, fourteen major floods have hit the country causing economic losses and damages worth US\$ 6 billion. The country experienced major floods in 1992, 1994, 1996, 2001, 2005, 2007 and 2008. Punjab and Sindh are particularly vulnerable to floods. Recent floods of 2010 have been rated as the “greatest humanitarian crisis” in the recent history of Pakistan by United Nations (UN). This calls for a better preparedness for floods before they hit any area in the country.

Federal government spent Rs. 6,158.99 million on floods, during 2003-2008, which constitutes of 5% of total spending on DRM. However, a huge amount of budget is expended by Punjab on flood preparedness as the province is highly vulnerable to floods.

Public Financing on Floods in Pakistan (2003-04 to 2007-08)

	Expenditure on Flood (Rs. Million)	% of Total DRM Budget	Expenditure on Flood Response as % Share of Expenditure on Floods	Expenditure on Floods Preparedness as % Share of Expenditure on Floods
Federal	6,158.99	5%	0%	100%
Punjab	16,451.67	92%	0%	100%
Sindh	676.43	15%	1%	99%
Balochistan	303.15	5%	0%	100%
KP	624.78	3%	16%	84%

Source: Institute of Social and Policy Sciences (I-SAPS) calculations from Budget Books 2003-2008

During 2003-2008, Punjab spent 92% (Rs.16, 451.67 million) of total DRM budget on flood preparedness. This is followed by 15% (Rs. 676.43 million) of DRM spending on floods by Sindh during the same duration. Balochistan government spent 5% (Rs. 303.15 million) of total DRM spending on floods during the same period. In provinces and at Federal level, 100% DRM budget is spent on flood preparedness, except Sindh which spent 99% of DRM budget on floods preparedness.

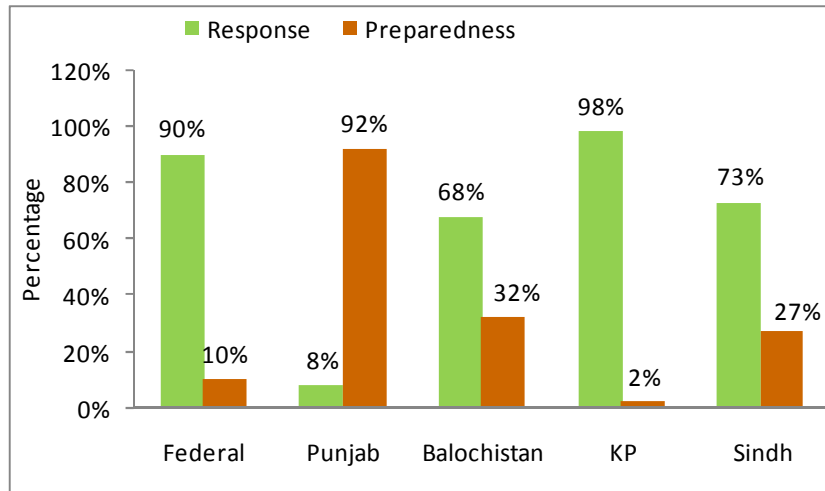
Public Financing on Disaster Risk Management (DRM) in Pakistan

During 2003-4 to 2007-08, Rs. 175,776.72 million budget has been spent on DRM at national level in Pakistan. Of the budget, Federal government allocated Rs. 128 billion for DRM in Pakistan, which comprises of only 10% budget for preparedness and 90% budget for response activities. During the same period Punjab, Sindh, KP and Balochistan spent Rs. 18 billion, Rs. 5 billion, Rs. 20 billion, and Rs. 6 billion on DRM, respectively.

Floods 2010: Public Financing on Disaster Risk Management (DRM) in Pakistan

With regard to expenditure on response and preparedness, the expenditure on response is higher than preparedness in KP, Sindh, and Balochistan. This clearly highlights the presence of old response-oriented trend in public financing despite setting up new institutional mechanism for DRM at Federal and provincial levels under National Disaster Management (NDM) Act. This calls for realignment of budgetary allocations to meet the objectives of newly created institutional mechanism under NDM Act. However, in Punjab, 92% of DRM expenditure comprised of preparedness activities, during 2003-08, which mainly focused on flood preparedness, whereas, remaining 8% of DRM expenditure was response-based during the same period.

Expenditure on Response and Preparedness (2003-04 to 2007-08)



Source: Institute of Social and Policy Sciences (I-SAPS) calculations from Federal and Provincial Budget Books 2003-2008

Budgetary allocations for DRM should be adequate, timely and realigned to meet the objectives of newly created institutional mechanism under NDM Act 2010. Besides it is important to allocate more resources for preparedness so that disaster risks can be effectively reduced.