



**XVth FINANCE COMMISSION
RECOMMENDATIONS
FOR
DISASTER RISK MANAGEMENT**

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XVTH FINANCE COMMISSION

- **XV FC submitted two reports for Disaster Risk Management**
- **One for the year 2020-21 and**

Final Report for the period 2021-22 to 2025-26

- **These recommendations enshrined in Chapter - 6 of the report 2020-21, and**
In Chapter - 8 of the report for 2021-22 to 2025-26
- **XV FC has recommended State Contribution to 25% for allocation except the NEH States, which contribute 10%**



XV FC: NEW METHODOLOGY FOR ALLOCATION

- Successive Finance Commission up to XIV FC followed expenditure based approach for determining allocation of funds for Disaster Management to State Governments
- New Methodology adopted by XV FC for allocations of funds to the States
- **New methodology is the combination of :**
 - a) Capacity (reflected through past expenditure)**
 - b) Risk Exposure (area & population)**
 - c) Hazard & Vulnerability (disaster risk index)**
- National Disaster Risk management Fund (NDRMF) and State Disaster Risk Management Fund (SDRMF) at the National Level & State Level respectively
- NDRMF will consist of NDRF & NDMF and similarly SDRMF will consist of SDRF and SDMF
- From the total earmarked grants for Disaster management for both National & State Corpus 20% is earmarked for Mitigation and remaining 80% for response fund



CHANGES IN FUNDING STRUCTURE

The response fund has been further apportioned into three windows

a) Response & Relief (40%)

- 40% of NDRMF/SDRMF is allocated for response & relief from disasters

b) Recovery & Reconstruction (30%)

- The present near-total expenditure focus on response & relief does not leave any resources for recovery
- To re-build assets and livelihoods

c) Preparedness & Capacity building (10%)

- Need for States to be essentially prepared for Disasters to respond effectively
- Allocation to support SDMAs, SIDM, training & capacity building activities and emergency response facilities
- **Corpus of Rs.1,60,153 crores for SDRMF for states (2021-26)**
- **Corpus of Rs.68,463 crores for NDRMF for states (2021-26)**



DISASTER RISK MANAGEMENT FUNDS

NDRMF

NATIONAL DISASTER RISK MANAGEMENT FUND (NDRMF)

(IN CRORES) 100%

NDRMF	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Allocation	12390	13010	13660	14343	15060	68463

•Funding Windows of NDRF and NDMF are not Interchangeable

•Flexibility for re-allocation within three sub windows of NDRF up to 10% of the earmarked allocation has been recommended

DISTRIBUTION OF TOTAL NATIONAL ALLOCATION

(IN CRORES)

NDMF (20%)		13693
Catalytic Assistance (12 most drought prone States)	1200	
Reducing risk of Urban Flooding (7 most populous cities)	2500	
Managing Seismic & landslide risk (10 hill States)	750	
Mitigation measures to prevent erosion	1500	
NDRF (80%)		54770
Response & Relief (40%)	27385	
Recovery & Reconstruction (30%)	20539	
Preparedness & capacity building (10%)	6846	
Resettlement of displaced people affected by erosion	1000	
Expansion & modernization of fire services	5000	
TOTAL (NDMF + NDRF)		68463



DISASTER RISK MANAGEMENT FUNDS

SDRMF

STATE DISASTER RISK MANAGEMENT FUND (SDRMF) (IN CRORES) 100%

SDRMF	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Union Share	22184	23294	24466	25688	26969	122601
States' share	6799	7137	7491	7864	8261	37552
TOTAL	28983	30431	31957	33552	35230	160153

FUNDS (PERCENTAGE ALLOCATION) (IN CRORES)

SDMF (20%)		32031
SDRF (80%)		128122
Response & Relief (40%)	64061	
Recovery & Reconstruction (30%)	48046	
Preparedness & capacity building (10%)	16015	
Total		160153

- **Funding Windows of SDRF and SDMF are not Interchangeable**
- **Flexibility for re-allocation within three sub windows of SDRF up to 10% of the earmarked allocation has been recommended**



COST SHARING ARRANGEMENT (BETWEEN CENTER & STATES)

- Central Assistance through the NDRF / NDMF should be on a cost-sharing basis
- The Cost-sharing arrangements should be on a graded basis
- States should contribute 10 percent for assistance up to Rs. 250 crores, 20 percent for assistance up to Rs. 500 crores and 25 percent for all the assistance exceeding Rs. 500 crores from the NDRF / NDMF.
- Cost sharing arrangement would avoid exorbitant demands from the States on the consideration of competitive populism.



SIX EARMARKED ALLOCATIONS (4 + 2)

Six types of earmarked allocations to address certain priorities related to preparedness, mitigation, and recovery through special initiatives

a) FOUR PRIORITIES are earmarked under NDMF

1. Catalytic Assistance to develop district level drought mitigation plans (12 most drought prone States)

Rs.1200 crores :- 100 Crores each

(Andhra Pradesh, Bihar, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Telangana, and Uttar Pradesh)

2. Reducing risk of Urban Flooding (7 most populous cities) Rs. 2500 crores

Rs.2500 crores :- Rs. 500 crores each (Mumbai, Chennai & Kolkata)

Rs.250 crores each (Bengaluru, Hyderabad, Ahemdabad, and Pune)

3. Managing Seismic & landslide risk (10 hill states)

Rs. 750 crores :- Rs. 250 crores each (Himachal Pradesh, Uttarakhand)

Rs. 250 crores (for all states in the North East – Assam, Arunachal, Mizoram, Meghalaya, Manipur, Nagaland, Sikkim & Tripura)



SIX EARMARKED ALLOCATIONS (4 + 2) cont.

4. Mitigation measures to prevent erosion

Rs. 1500 crores : To mitigate the risk of erosion.

States would need to apply for these funds for undertaking erosion mitigation works.

b) TWO PRIORITIES are earmarked under NDRF

1. Resettlement of displaced people affected by erosion

Rs. 1000 crores : To provide alternate settlements to people from recovery & reconstruction window of NDRF

2. Expansion & modernisation of fire services

Rs. 5000 crores : For strengthening fire services at state level , allocated through preparedness & capacity building head of NDRF. States contribution shall be 10% of amount sought

SUMMARY OF EARMARKED ALLOCATIONS:

Under NDRF : Rs.6000 crores

Under NDMF : Rs.5950 crores

Total : Rs 11950 crores



UPDATES ON FUNDING WINDOWS

- Guidelines on constitution and administration of National Disaster Mitigation Fund (NDMF) have been sent to respective states by MHA on 28th February 2022
- Guidelines on constitution and administration of State Disaster Mitigation Fund (SDMF) have been sent to respective states by MHA on 14th January 2022
- Guidelines on constitution and administration of Preparedness & Capacity Building (P&CB) funding window under NDRF have been issued on 19th November 2020
- Revised Guidelines on P&CB window under NDRF are under consideration by MoF
- **Presently, NDMA is running three projects under P&CB funding window:-**
(1) UPSCALING OF AAPDA MITRA (Rs.369.41cr) (2) ERSS (Rs.41.75 cr) (3) CAP (Rs.353.83 cr)
- Details for administration/ utilisation of these funds will be shared by separately



FEASIBILITY OF DISTRICT DISASTER RESPONSE & MITIGATION FUNDS

- State Governments must allocate resources to districts for preparedness and mitigation on an annual basis
- Empowering the district administration is essential for improving disaster preparedness at local level
- Managing the entire fund at the state level is a practice which needs to change
- Without the devolution of funds, the district administration and local governments would find it difficult to undertake disaster functions
- State Governments should themselves develop a methodology through which they allocate these resources to the districts



EMPOWERING PR INSTITUTIONS FOR DISASTER PREPAREDNESS & MANAGEMENT

- Crucial/ Critical to build capacities at the Panchayat Level
- PRIs have their own proximity to local community including weaker sections
- Hence ability to enlist people's participation on institutionalization basis
- Involvement would ensure quick response to disaster events (man made or natural)
- Minimization on dependence on Government for rescue & relief
- It will be a Bottom-Up approach instead of top-down approach for disaster management
- PRIs can play a pro-active role in all stages of disaster management
- Relief, Recovery and Reconstruction, and Mitigation activities to be undertaken by the Panchayats
- State Governments should allocate some reasonable amount under the SDRF and SDMF to districts



ALTERNATE SOURCES OF FUNDING

Public Funds no matter howsoever large it will be inadequate for contingent situations hence mobilisation through alternate sources would be necessary

Reconstruction Bonds

- In a Post Disaster situation States can issue reconstruction bonds
- Maturity of 3-5 years and with approval of Union Government
- Resources raised by bonds should largely be spent on construction of productive & social assets

Contingent Credit/ Stand-by facility (IFIs)

- The World Bank and ADB have been the vital sources of financial assistance post disasters
- A long term arrangement could be set-up to make lending operation shorter & easier
- Activated if the cost of disasters exceeds a certain threshold
- Cost of borrowing, knowledge transfer and organisational help may be considered beforehand

Crowd funding Platforms

- Way of raising funds from public through internet campaigns
- Playing an increasingly larger role in fundraising
- Government may set a platform with specified objectives and an assurance of transparency
- Identifying the right time, setting up secure payment gateways and ensuring accountability
- Union and State government should together prepare operational guidelines

Corporate Social Responsibility

- Tax exemptions to contributions to the NDRF and SDRF
- Enabling provision for the contribution of the private sector to disaster funding windows
- Steps should be taken to improve & diversify private sector support for disaster management



ALTERNATE SOURCES OF FUNDING (cont.)

Insurance & Risk Pooling

- Disaster relief through an Insurance intermediary earlier considered impractical
- Presently essential conditions for market-based risk management instruments exist in niche areas
- Use of Insurance is most efficient for natural perils i.e. infrequent but with high potential impact
- XV FC has proposed four Insurance interventions
 - 1. National Insurance scheme for Disaster related deaths**
 - 2. Synchronising Relief assistance with Crop insurance**
 - 3. Risk Pool for infrastructure protection & recovery**
 - 4. Access to International Reinsurance for outlier hazard events**
- These will provide an additional layer of protection to people
- Will not replace the existing funding mechanism but will supplement them



OTHER RECOMMENDATIONS

- **Outcome Framework:**

Develop an Outcome Framework

Link the State Allocations to Sendai Framework Indicators

An annual report at the national level to record all the allocations, expenditures, key achievements and results against various indicators developed for the SFDRR

- **A Streamlined system of payment from MHA to MoD** to be institutionalised through mutual consultations. Three options in this regard have been suggested:

a) Local Military Unit > Bills to State Govt > State Govt.pays to Local unit > Claim reimbursement from MHA through NDRF

b) Advance from NDRF to MoD (subject to adjustment at the end of FY)

c) Local Military Unit > Bill to State Govt. For counter signature > return to local unit > Local Military unit send bill to MoD> MoD claims from MHA



OTHER RECOMMENDATIONS (cont.)

- **Dedicated capacity for managing NDRMF and SDRMF** with emphasis on purpose of utilisation.
Setting up an online system for release of fund allocations, expenditures and outstanding balance for each State
- **Two-stage assessment for NDRF allocation**
First assessment to ascertain humanitarian and relief needs
Second assessment to cover damage, loss and recovery needs
- **Post Disaster Needs Assessment (PDNA) may be used as a standard methodology** for post disaster assessment
- **Setting up a Disaster Database as a special initiative**
Database to include disaster assessments, fund allocation details, expenditures, preparedness and mitigation plans
- **Disbursing assistance to women members of household**
Cash assistance to be transferred to the families in a way that women members of the household also get access to money



THANK YOU.