

Khyber Pakhtunkhwa
Draft Provincial Disaster Management Fund
Rules 2014

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PROVINCIAL DISASTER MANAGEMENT FUND

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**PROVINCIAL DISASTER MANAGEMENT FUND
RULES 2014**

DRAFT PROVINCIAL DISASTER MANAGEMENT FUND RULES 2014

[Formulated in pursuance of Section 47 read with Section 30 of the National Disaster Management (Khyber Pakhtunkhwa) (Amendment¹) Act 2012]

CHAPTER I: GENERAL

Short title, application and commencement:

- a) These Rules may be called Khyber Pakhtunkhwa Provincial Disaster Management Fund Rules 2014, hereinafter referred to as "PDMF Rules 2014".
- b) The Rules² shall apply to all operations and management of Khyber Pakhtunkhwa Provincial Disaster Management Fund.
- c) These rules shall come into force at once.

¹ Enacted under Article 144 of the Constitution

² Different Funds Rules are in practice in different departments/organizations. The instant Rules encompasses all the aspects taken from a set of Acts and Rules, making them distinctive and comprehensive.

2. Definitions³

In these Rules, unless there is anything repugnant in the subject or context;

- 1) **“Authority”** Authority* means the Provincial Disaster Management Authority notified by the Provincial Government.
- 2) **"Bank"** means any schedule bank in Pakistan with “A” long term credit rating.
- 3) **“Chairperson”** means Chairperson of the Authority.
- 4) **"Disaster"** means a catastrophe or a calamity in an affected area, arising from natural or manmade causes or by accident or fire, bomb blast, terrorist activities, militancy, annoyed or provoked mob which results in a substantial loss of life or

³ These definitions have been formulated by benefiting from multiple Acts/Rules including but not limited to the following:

- a) Government of Khyber Pakhtunkhwa Finance Department Pension Fund Management Act 1999.
- b) Government of Khyber Pakhtunkhwa Finance Department General Provident Fund management Act 1999.
- c) Government of Khyber Pakhtunkhwa Elementary Education Foundation Fund and Fund Investment Rules 2012.
- d) Government of Khyber Pakhtunkhwa Frontier Education Foundation, Financial Rules.
- e) Government of Khyber Pakhtunkhwa Frontier Health Foundation, Financial Rules.
- f) Government of Khyber Pakhtunkhwa Provincial Disaster Management Authority Accounting Procedure for Operation/Utilization of the Provincial Disaster Management Fund 2013.
- g) Earthquake, Reconstruction and Rehabilitation Authority Financial Operational Manual 2006.
- h) Punjab PEF Finance and Audit Rules 2005.
- i) KP Government Servants Benevolent Fund Ordinance 1972.
- j) The Punjab PEF Conduct of Business Rules 2005
- k) Rules of administration of Education Employees Foundation (EEF) KPK Peshawar.
- l) The Charitable Endowments Act, 1890.
- m) Government of Khyber Pakhtunkhwa Information Technology Board Fund management mechanism.
- n) General Financial Rules of Government of Pakistan.
- o) Provincial Relief, Rehabilitation and Settlement Authority (PaRRSA) financial management Operational Manual 2010.
- p) I-SAPS. 2012. Model Civilian Victims of Terrorism (Relief and Rehabilitation) Act. Islamabad.
- q) Notifications and Circulars governing grant of compensation to civilian victims of terrorism.
- r) Budget documents containing the budgetary appropriations for relief and rehabilitation.

human suffering or damage to and destruction of property both moveable and immovable⁴.

- 5) **"Disaster Management"** means managing the complete disaster spectrum including; preparedness, response, recovery, rehabilitation and reconstruction.
- 6) **"Disaster Mitigation"** means structural or non structural measures taken for lessening or limiting the adverse impacts of hazards and related disasters.
- 7) **"Disaster Preparedness"** refers to the activities, knowledge and capacities developed by governments, professional response and recovery organizations, communities and individuals to effectively anticipate, respond to, and recover from, the impacts of likely, imminent or current hazard events or conditions.
- 8) **"Displaced Person"** means a person who is forced to flee his or her home due to a natural or manmade disaster but remains within Pakistan.
- 9) **"Disaster Prevention"** means Activities to ensure complete avoidance of the adverse impact of hazards.
- 10) **"Disaster Response/Relief"** means immediate, short term or protracted duration measures regarding the provision of assistance during or immediately after a disaster to meet the life preservation and basic subsistence needs of affected people.
- 11) **"Disaster Recovery & Rehabilitation"** means the restoration and improvement where appropriate, of facilities, livelihoods and living conditions of disaster-affected communities, including efforts to reduce disaster risk factors.
- 12) **"Disaster Risk"** means the probability of harmful consequences, or expected losses (deaths, injuries, property, livelihoods, economic activity disrupted or environment damaged) resulting from interactions between natural or human-induced hazards, vulnerable conditions and exposure.

⁴ Section 2(b), National Disaster Management (Khyber Pakhtunkhwa) (Amendment) Act, 2012.

*Provincial Authority notified under section 15(1) of National Disaster Management (Khyber Pakhtunkhwa) (Amendment) Act, 2012.

- 13) **"District Disaster Management Unit"** means the District Disaster Management Unit established under Section 18 of National Disaster Management (Khyber Pakhtunkhwa) (Amendment) Act 2012.
- 14) **"Family member"** means spouse, dependent children and, dependent parents and a dependent sibling of an injured or deceased;
- 15) **"Federal Government"**⁵ Means the Government of Pakistan.
- 16) **"Fiscal year"**⁶ Means the fiscal year of the government, starting from 1st of July and ends on 30th of June.
- 17) **"Fund"** means the Provincial Disaster Management Fund established in pursuance of Section 30 of the National Disaster Management (Khyber Pakhtunkhwa) (Amendment) Act 2012.
- 18) **"Fund Advisory Committee"**⁷ means the Committee notified under section 15(B) of National Disaster Management (Khyber Pakhtunkhwa) (Amendment) Act, 2012.
- 19) **"Fund Manager"** means Fund Manager as prescribed under the rules.
- 20) **"Government"** means the Government of Khyber Pakhtunkhwa.
- 21) **"Income"** means grants or aid or donations or Return/profit realized from a bank account on investment of the PDMF or any miscellaneous receipts from activities carried out.
- 22) **"Public awareness"** means the process of informing the general public, increasing levels of consciousness about risks and how people can reduce their exposure to disasters, particularly for public officials in fulfilling their responsibilities to save lives and property in the event of a disaster.
- 23) **"Prescribed"** means Prescribed in these Rules or any other rules made under NDM-KP amendment Act 2012.

⁵ Though this is a Provincial subject, but in all policy matters, the provinces by-and-large follow the policies of the Federal Government.

⁶ Fiscal year is different in different countries and organizations. In Pakistan it is from 1st July to 30th June in public sector.

⁷ Board is meant for the management of fund, having representation from public and private sector.

- 24) **"Provincial Authority"** means Provincial Disaster Management Authority established under Section 15 of NDM (Khyber Pakhtunkhwa) (Amendment) Act 2012.
- 25) **"Provincial Plan"** means the plan for disaster management for the province prepared under Section 17 of NDM (Khyber Pakhtunkhwa) (Amendment) Act 2012.

CHAPTER-II

PROVINCIAL DISASTER MANAGEMENT FUND

3. Management of the Provincial Disaster Management Fund (PDMF):

The Provincial Disaster Management Fund shall be managed on Financial Year basis.

4. Purpose of the Fund are;

- 1) To meet the expenses of establishment and operation of the fund.
- 2) To finance the activities of disaster preparedness, mitigation, response, relief, rehabilitation, reconstruction, disaster awareness and prevention;
- 3) To provide an opportunity and a common platform to governments⁸, international development partners and the private sector to pool resources⁹;
- 4) To guide and support international development partners and humanitarian communities/agencies to channel their resources and coordinate the financial support for disaster risk reduction, rehabilitation, reconstruction and disaster management activities in Khyber Pakhtunkhwa¹⁰;
- 5) To provide inputs to position the provincial budget as the key vehicle to align the risk reduction, management and rehabilitation program with national development objectives¹¹.
- 6) To ensure transparency, accountability, and efficiency in the utilization of Disaster Management Fund
- 7) To provide support to the government to ensure that the Disaster Management Fund has the flexibility, transparency, credibility and the means to prioritize effectively by maintaining object head wise budget and accounts and conduct regular internal audit.

⁸ Federal and Provincial Governments

⁹ Private sector may include local individuals, chambers of commerce, associations, non-governmental organizations, philanthropists etc.

¹⁰ Development mean construction of civil works, capacity building and welfare projects.

¹¹ Budget is the annual estimate of income and expenditure of the government.

5. Sources of Fund

- 1) Seed money provided by the Government¹²;
- 2) Grants from the Federal Government or Provincial Governments;
- 3) Loans, Aid, Grants,¹³and donations¹⁴from local and foreign organizations, charitable organizations and individual donors, trust funds made to the Provincial Disaster Management Fund or advanced to the Government of Khyber Pakhtunkhwa, Relief, Rehabilitation and Settlement Department¹⁵.
- 4) Any loans obtained by the RR&SD/PDMA through the Government of Khyber Pakhtunkhwa, for explicit purposes approved by the Government¹⁶.
- 5) Any forfeited earnest¹⁷ money, performance security or any non-refundable fee for registration, accreditation¹⁸, tender¹⁹/ procurement, purchase of documents shall be credited to the Fund.
- 6) Income from profit/return if any, received from the bank account.
- 7) Other miscellaneous receipts and incomes with the approval of Authority.

¹² The money initially provided by the government to establish the fund, whereupon the fund is built and operated. However the Fund can be established with donations as well.

¹³ Grants are funds usually provided by the government and which are non-refundable.

¹⁴ Donations are provided by individuals, NGOs and national and international philanthropist organizations.

¹⁵Has been assigned to Relief, Rehabilitation and Settlement Department, responsible for disaster management and emergencies under National Disaster Management Act 2012 and National Disaster Management (Khyber Pakhtunkhwa) (Amendment) Act, 2012 .

¹⁶ Loans obtained on certain conditions are refundable.

¹⁷ Money deposited as security by any supplier or firm.

¹⁸ Certification from the Fund about the services/contribution provided.

¹⁹ The advertisement published in the press for procurement of goods, services and works.

CHAPTER-III

PROVINCIAL DISASTER MANAGEMENT FUND BOARD

6. PDM Fund Management Board

1. The Government shall constitute a Fund Management Board for the PDMF in the prescribed manner with the following composition:-

- | | | |
|----|---|------------------|
| 1) | Secretary Relief, Rehabilitation and Settlement | Chairman |
| 2) | Representative of Secretary Finance | Member |
| 3) | Representative of Secretary Planning and Development | Member |
| 4) | Director General PDMA | Member |
| 5) | Two Private Co-opted Members
(to be nominated by the Government) | Member |
| 6) | Fund Manager | Member/Secretary |

2. PDMA may and if required, may include any institutional representation as a coopted member in order to assist the Fund Management Board in undertaking its stipulated functions²⁰.

7. Functions of the Fund Management Board

The PDMF Management Board shall be responsible for the following functions:

- 1) The Fund shall be managed by PDMF Management Board and its functions will include:²¹
- 2) Approval of annual plans and budget with the assistance of the Finance Committee of PDMA.

²⁰Private members may include philanthropists, renowned citizens, politicians, bankers, academicians, journalists etc. Coopted members may include; representative/s of the person or institution who is an expert on disaster risk management, or has extraordinary contributions in the field.

²¹ Under Section 30(4) of the NDM(KP)(Amendment) Act 2012.

- 3) Set compensation limits from the Fund;
- 4) Approve relief and rehabilitation plans and projects;
- 5) Appoint Fund Manager for the Fund;
- 6) Review progress, accounts and periodic reports.
- 7) Approve fund investment policy
- 8) Set upper limit²² on investment from the Fund
- 9) Assess feasibility²³ of investing working balance²⁴ or surplus funds in relation to regular financing of the Fund's mandatory obligations.
- 10) Prepare solicitation²⁵ document and approve the same for seeking offers to invest working capital and surplus funds.
- 11) Solicit offers from the banks and financial institutions scheduled²⁶ and regulated by the state of Pakistan, in an open and transparent manner providing opportunity to at least 3 or more to compete with unambiguous offers;
- 12) Carry out review and analysis of the offers;
- 13) Seek additional advise or engage fund managers or analysts or co-opt technical members for deciding the offers to invest in accordance with the provision of these Rules;
- 14) Evaluate and approve the best or most advantageous offer for investment out of the Fund, obtained on a competitive basis and in the manner laid down in these Rules;
- 15) Ensure monitoring of maintenance of 'A' credit rating²⁷ of the banks in which part of the Fund is invested and in case of a downgrade, immediately act to withdraw investment in the manner provided in these Rules;
- 16) Prepare and place investment decisions and outcomes, on a regular basis, before the Board in the attempt to keep them informed at all times in this regard.

²²The amount to be invested in long/short term saving schemes and the amount to be retained for operational expenses.

²³To assess the technical feasibility of the investment in terms of profitability, maturity, security etc.

²⁴to foresee the cash requirements and accordingly invest the surplus /balance amount in short term schemes.

²⁵Documents for obtaining bids for investment.

²⁶A bank included in the list of banks maintained under sub-section (1) of Section 3 of the state bank of Pakistan.

²⁷The credit worthiness of a debtor/bank evaluated by a rating agency.

8. Fund Manager:

- (1) The Government shall employ on contract a Fund Manager of the Fund, through an open and transparent selection process, on such terms and conditions as it may determine.
- (2) A person shall not be appointed as the Fund Manager unless he has at least twelve years' experience of management including at least three years' experience of investment banking, treasury operations, finance, asset management, fund management or unit trust management and holds a sixteen years, equivalent or higher degree.
- (3) Subject to the provisions of the rules, the Fund Manager shall exercise such powers and perform such functions as may be assigned to him by the Fund Management Board.
- (4) The Fund Manager shall hold the office for a renewable term of three years.
- (5) The Government may, after providing an opportunity of being heard, remove the Fund Manager during the tenure of his office.
- (6) The Fund Manager may tender his resignation to the Government and shall cease to hold office upon acceptance of his resignation.

9. Responsibilities of the Fund Manager:-

Subject to the Government Policy, the Fund Manager shall place all the funds in the name of the PDM Fund in the banks approved by the Fund Management Board, in the following heads²⁸:-

- a) Savings²⁹ Account;
- b) Term ³⁰Deposit Account;
- c) Welfare Fund Account;
- d) Endowment³¹ Fund Account; and

²⁸ Different types of accounts depending on operational requirements and profitability.

²⁹ Interest bearing accounts

³⁰ Deposit for fixed term like 3 months, 6 months etc.

³¹ The fund of which principal amount is invested and interest accrued is spent.

- e) Any other financial instrument to be determined by the Fund Management Board from time to time.

10. Meetings ³²of the Fund Management Board:

The meeting of the Fund Management Board shall be held at least once in three months. The Chairperson, however, whenever considers necessary, may call an emergency meeting of the Board. The Chairperson and five (5) Members shall be the quorum³³ for the meeting and all decisions will be taken with majority vote.

³² The powers rests with the Board and meetings are essential at regular intervals.

³³ Minimum number of members essential for legally upholding the proceeding and decisions of the meeting.

CHAPTER-IV

OPERATION OF THE PROVINCIAL DISASTER MANAGEMENT FUND

11. Operation of the Funds

Subject to the approval of the Authority:

- 1). All the amounts shall be credited in the Fund by the Director General. .
- 2). Director General may exercise the powers necessary for the purpose.

12. Payment from the Fund:-

Payment from the fund shall be made under the accounting procedure for operation/utilization of the provincial disaster management fund rules 2014.

13. Loans, Grants and Donations:

All local and foreign grants/donations or loans obtained shall be governed under the Accounting Procedure for Operation/Utilization of the Provincial Disaster Management Fund Rules and may be routed through the Fund account³⁴, until and unless explicit permission has been obtained for opening and operationalizing an assignment³⁵ account in accordance with the accounting procedures of the government for a particular grant³⁶, or donation or loan

14. Budget:-

The Fund Manager shall be responsible for preparing the actual income and expenditure statements of the current financial year and budget estimates for the next financial year proposed for placement before the Finance Committee and Fund Management Board for approval at the end of current financial year³⁷.

³⁴ Account maintained with bank.

³⁵ Assignment account is opened for specific project and closed when the project is completed.

³⁶ Grants often carries strings of preset specific objectives and milestones from the donor whereas donations are purely at the discretion of the recipient organization.

³⁷ The ongoing financial year.

15. Audit:

- 1) **Audit of Expenditure:** Accounts shall be audited by the Auditor General of Pakistan in the prescribed manner. On receipt of the Audit Report from the Auditor General of Pakistan or his authorized representative, working paper against each audit observation(s) shall be prepared and submitted to Principal Accounting Officer for holding Departmental Accounts Committee (DAC) meeting and get finalized the process up to the month of December following each financial year.

- 2) **Internal Audit:** The Assistant Director Internal Audit of the Authority shall conduct Internal Audit of the Accounts of the Fund in prescribed manner.

SOURCES:

- 1) Government of Pakistan, National Disaster Management Act, 2010
- 2) Government of Khyber Pakhtunkhwa, National Disaster Management (Khyber Pakhtunkhwa) (Amendment) Act, 2012.
- 3) Khyber Pakhtunkhwa Finance Department, Khyber Pakhtunkhwa Pension Fund Management Act 1999.
- 4) Khyber Pakhtunkhwa Finance Department, Khyber Pakhtunkhwa Pension Fund Management Rules 1999.
- 5) Khyber Pakhtunkhwa Finance Department, Khyber Pakhtunkhwa General Provident Fund Management Act 1999.
- 6) Khyber Pakhtunkhwa Finance Department, Khyber Pakhtunkhwa General Provident Fund Management Rules 1999.
- 7) Government of Khyber Pakhtunkhwa, Education Department, Khyber Pakhtunkhwa Elementary Education Foundation Fund and Fund Investment Rules 2012.
- 8) Government of Khyber Pakhtunkhwa, Khyber Pakhtunkhwa Education Department, Frontier Education Foundation, Financial Rules.
- 9) Government of Khyber Pakhtunkhwa, Health Department, Khyber Pakhtunkhwa Frontier Health Foundation, Financial Rules.
- 10) Government of Khyber Pakhtunkhwa, Khyber Pakhtunkhwa Provincial Disaster Management Authority Financial Management and Accounts Rules 2010.
- 11) Earthquake Relief and Rehabilitation Authority Financial Rules.
- 12) Punjab Education Foundation Finance and Audit Rules 2005.
- 13) Khyber Pakhtunkhwa Government Servants Benevolent Fund Ordinance 1972.
- 14) The Punjab Education Foundation Conduct of Business Rules 2005
- 15) Rules of Administration of Education Employees Foundation (EEF) Khyber Pakhtunkhwa, Peshawar.
- 16) The Charitable Endowments Act, 1890.

- 17) Government of Khyber Pakhtunkhwa Information Technology Board Fund Management Mechanism.
- 18) General Financial Rules
- 19) PARRSA Financial Management Operational Manual 2010.
- 20) *Khyber Pakhtunkhwa Civilian Victims of Terrorism (Relief and Rehabilitation) Act*, A Bill Presented in the Provincial Assembly of Khyber Pakhtunkhwa.
- 21) Executive Orders, Notifications and Circulars Governing Grant of Compensation to Civilian Victims of Terrorism in Khyber Pakhtunkhwa (1999-2012).
- 22) Budget Documents Containing the Budgetary Appropriations for Relief and Rehabilitation.
- 23) Khyber Pakhtunkhwa Procurement of Goods, Services and Works Act 2012.
- 24) Rules for the procurement of goods, services and works under the Khyber Pakhtunkhwa Procurement of Goods, Services and Works Act 2012.
- 25) Provincial Procurement Regulatory Authority (PPRA).