

Financing climate resilience in Gilgit-Baltistan

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Gilgit-Baltistan is strategically located at the confluence of three of the world's most formidable mountain ranges: the Himalayas, the Karakoram, and the Hindu Kush. This region is home to over 7,000 glaciers, earning it the title of the "Third Pole". These glaciers, with almost 75 per cent of the total water supply in the country, serve as a vital hydrological resource for Pakistan.

Beyond their role in sustaining freshwater reserves in the country, glacial meltwater also supports significant hydraulic energy production; hence,

this region has a decisive role in both providing water security and producing renewable energy.

However, as a consequence of the changing climate, these glaciers are increasingly susceptible to multiple extreme climatic events, including flash floods and Glacial Lake Outburst Floods (GLOFs), etc. Almost 30 GLOF-prone sites identified by the United Nations Development Programme (UNDP) indicate GB's heightened vulnerability to climate-induced disasters.

Two years back, when Pakistan experienced the most catastrophic floods countrywide, GB was also impacted severely by flash floods and GLOFs. According to the GB Disaster Management Authority, this region witnessed more than 110 flash floods. In the aftermath, the UNDP post-flood assessment report revealed that almost 8,543 kanals of land were inundated, 32 powerhouses were damaged, 22 lives were lost and 1,211 houses were damaged.

Traditional approaches of post-disaster compensation and international humanitarian aid aren't enough for disaster-prone Gilgit-Baltistan

GB's acute vulnerability to climate-induced disasters has highlighted the pressing need for proactive risk management and adaptive strategies. Disaster risk management experts advocate for two kinds of measures: soft and hard. The GB government is actively engaged in taking hard measures, for example, the installation of early warning systems and the construction of small-scale engineering structures such as gabion walls, protective walls, and slope stabilisation structures. However, progress is slow as these interventions need long completion times and large investments.

To prepare for disaster risks, financial safety nets such as disaster insurance have emerged as soft measures in both developed and

developing countries. The Sendai Framework for Disaster Risk Reduction 2015-30 also endorsed disaster insurance to reduce the financial impacts of disaster events. Given the financial constraints of the GB government, disaster risk insurance will be more applicable for better managing and minimising the associated risks of natural disaster events.

In South Asia, India and Bangladesh successfully launched insurance programmes to cope with financial damages from extreme weather events.

In India, disaster microinsurance Afat Vimo was introduced in collaboration with the All India Disaster Mitigation Institute, Society of Women Action Development, United India Insurance Company, and Life Insurance Corporation of India. After Cyclone Phailin in Odisha state, the insurance policyholders were well on their way to recovery as they were able to pay out for their damaged homes.

Similarly, index-based flood insurance was successfully piloted in Bangladesh's Sirajganj District. Later, this programme expanded with the help of the public and private sectors.

In Pakistan, we are still following the traditional approach of post-disaster compensation based on the domestic budget and post-disaster humanitarian aid from international communities.

The GB Disaster Management Authority compensates for natural disasters according to the GB government compensation rate. However, when affected people were questioned about post-disaster financial compensation, only 23pc reported receiving any. This highlights the exclusion of a large portion of those in need and underscores the inefficiency of this approach, largely due to the government's financial constraints.

More interestingly, people preferred the government as a flood insurance provider. The lack of trust in the private sector is linked to some bad experiences, such as private companies scamming the people of GB. That said, future insurance schemes could be launched through public-private partnerships where the private sector invests and the government acts as a service provider.

Moreover, innovative financing mechanisms, such as international climate finance and community-based contribution, can be used for easily accessible flood insurance schemes. Many developed countries are financing highly vulnerable developing countries via green finance or climate change finance.

So far, Pakistan has not succeeded in attracting such financing due to a weak regulatory framework, lack of bankable climate projects, and lack of data-driven climate change research. Strong regulatory frameworks and a backup of such data-driven research can open the door for international climate finance, and subsidised flood insurance schemes can be initiated in GB.

International organisations like the World Bank, the International Fund for Agricultural Development, and the Asian Development Bank can also be invited to support such community-led initiatives. Since floods and other disasters affect entire communities rather than just individuals, reallocating such funds can help build financially resilient communities in GB.

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