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Précis

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Disaster Assistance

NATURAL DISASTERS SUCH AS HURRICANE MITCH are recurrent rather than single events: the same kinds of disasters strike the same nations repeatedly. When the devastation caused by storms or other natural disasters in industrial and developing countries is compared, the injury and death rates can be up to 100 times higher in the poorer developing countries. Disaster prevention measures in Japan, Western Europe, and North America reduce disaster damage, making insurance rates affordable. Conversely, in highly vulnerable areas such as the flood plains of Bangladesh, the *certainty* of disaster precludes the laying-off of financial risk outside the vulnerable area. Lack of mitigation is itself an indicator of underdevelopment, one that the Bank can help overcome.

Planning and Recovery

Both the recurrent nature of disaster and the availability of technological, social, and organizational remedies make disaster relief an area where *mitigation*—policies and actions that are intended to reduce the impact of the next disaster—must be an integral part of a strategy of both recuperation and pre-disaster planning. While the consequences of disasters are not entirely preventable—earthquake-resistant buildings have fallen on their sides while remaining intact—they can be mitigated so that fewer lives and less of the constructed environment are lost. Hurricane Mitch (November 1998) provides a case in point: with the technology currently available, there is no reason that large numbers of people should be killed by intense rain. The systems of prediction and risk analysis and mapping are very well developed, and with suitable institutions and adequate resources this type of catastrophe is avoidable. The development community should pull together to help the most vulnerable countries avoid such losses in the future. For the Bank, disaster prevention and mitigation should be an integral part of country partnership strategies in disaster-prone regions.

Bank Emergency Assistance

Bank emergency assistance may take different forms, including: immediate support in assessing the disaster's impact and in developing a recovery strategy; restructuring of the Bank's existing portfolio for the country to support recovery activities; redesign of projects not yet approved to include recovery activities; and provision of an Emergency Recovery Loan (ERL). ERLs are designed to help rebuild physical assets and restore economic and social activities after emergencies. Related activities normally address restoration of assets and production; they are also supposed to take into account the Country Assistance Strategy and sectoral development strategies. The country lending program may be adjusted to accommodate a new ERL.

When contingencies cannot be addressed through such modalities (for example, political breakdown or humanitarian concerns), grants may be an appropriate response. For example, a US$20 million grant for Somalia was approved by the Bank in October 1992 to finance logistical support to facilitate the delivery of food and the acquisition of medicine during an unfolding human disaster triggered by drought and civil war. While Somalia was a Bank member, it was in nonaccrual status, and hence ineligible for Bank loans. There was not even a *de facto* government in place, so that while the grant was officially made to Somalia, it was actually directed to UN agencies, which carried out implementation.

The Bank also has an emerging role as a knowledge source for development. Its ability to generate, acquire, manage, and disseminate knowledge permits the transfer of important lessons, not only from Bank experience, but also from the accumulated experience of the developing countries themselves.

The most immediate need following a rapid-onset disaster is shelter. During the preparation of most emergency loans, however, task managers confront an intensive debate. At issue is whether the Bank should finance a private good, and the extent to which the recipients of a replacement dwelling should be required to make an up-front contribution to their own relief, followed by repayments over time. A review of past emergency loan projects (Columbia Popayan, Mexico Earthquake, Jamaica Hurricane Emergency Reconstruction, El Salvador Earthquake, China Earthquake) shows some successes with housing, but also problems with cost recovery from beneficiaries who have lost furniture, clothing, kitchen utensils, food, and employment, and need to replace them in short order.

While it is natural for a government to want individual beneficiaries of disaster assistance to contribute to the costs, a requirement for up-front contributions denies assistance to those who cannot pay. The best solution is to construct to an acceptable, habitable standard, and assume that additional costs will be underwritten by the beneficiary. A loan to a beneficiary who cannot pass an earnings test will always lead to a loan portfolio of dubious quality. Any cost-recovery calculation based on lending terms should incorporate a grace period to permit borrowers to recover financially before repayments begin, and discount for future noncollectibility.

Key Strategic Elements

A brief review of Bank experience in more than 20 emergency operations—including storms, floods, droughts, earthquakes, and post-conflict situations—suggests several key elements that should be part of Bank strategy:

- Facilitating a developmental emergency response in order to achieve a low-cost and rapid recovery
- Reducing vulnerability to the full range of locally occurring natural disasters
- Investing in physical and financial mitigation.

Lessons of Bank Experience

The Bank should be involved in natural disaster response from the outset. The use of consultative groups (CGs) has been particularly effective in mobilizing aid resources and facilitating coordination in post-conflict situations. CGs could also be used for natural disaster operations.

Front-end preparation, including joint damage and needs assessments preparatory to CG meetings and robust institutional arrangements, should be undertaken before operations are finalized. Identifying strong local leadership and project management offices is particularly important.

Resident representatives should be given sufficient authority to make programming and implementation decisions in the field, and experienced staff should be assigned to emergency operations. Over the longer term, the Bank needs to develop a cadre of experienced disaster professionals, and give them assignments that do not impede their rapid deployment. The development of written guidelines for task managers confronting natural disasters should also be a priority.

Project design should be simple, based on extensive participation by the local community/beneficiaries, and take into account local implementation capacity. Implementation should be flexible to ensure responsiveness to community needs. Attempts to use emergency operations to promote social reform, relocation, and land acquisition should be avoided.

In situ reconstruction should be promoted to take advantage of existing infrastructure and community facilities, while minimizing resettlement and its attendant social dislocation. Use of this approach has stimulated considerable self-help efforts in low-cost reconstruction. It also provides a good opportunity to build on the knowledge growing out of the experiences of other developing countries as they face similar emergencies.

Reconstruction of damaged infrastructure is imperative, but insufficient by itself. It is equally important to identify local vulnerabilities and determine how to reduce them in ways that lead to durable solutions. The sustainability of infrastructure reconstructed after disaster is always in doubt when long-term measures to address disaster mitigation are absent. Options to be considered (within the context of what is affordable) include financial incentives, land use and management practices, a review of land tenure patterns, upgraded building codes, training for construction craftsmen, and other nonstructural measures to lessen vulnerability.

Approaches selected should be cost-effective. Thus, while families should be allowed to rebuild according to their tastes and incomes, they should also be provided with guidance in disaster-resistant building techniques, as well as appropriate incentives. Low-cost reconstruction is desirable, but economizing on the structure of buildings is not cost-effective given recurrent disasters. In addition, the potential of better warning systems that would, for example, allow vulnerable populations to move to safer ground, should be explored. Extremely poor areas, informal settlements, and areas where building codes are not enforced require special treatment.

To avoid reconstruction delays, streamlined decision-making and procedures for contracting civil works should be put in place early.

Seed money should be made available to finance extremely small-scale—but nevertheless critically important—post-disaster actions. Activities such as constructing model infrastructure or demonstrating mitigation techniques need to begin before windows of opportunity close and costs skyrocket. Too often, critically important agreements with government agencies, other donors, and NGOs unravel because it takes too long for Bank support to come on line.

Emergency projects require a strong positive cash flow and special attention to the design and implementation of disbursement arrangements. To meet these requirements, emergency loans should be quick-disbursing, and bottlenecks to cash flow should be minimized through provision of guidelines, sample bidding documents, technical assistance to first-time borrowers, and simple local disbursement procedures.

Emergency assistance should promote equitable development. For example, a policy to deal with renters in the post-disaster context is required. The use of public money to provide multiple housing replacements for the wealthy, while doing nothing for the renter, is inequitable.

Early relief efforts are never neutral—they either support development or undermine it. Recent studies have shown that it is possible to do work that contributes to a country's development process under conditions of social and political upheaval. Strengthening local institutions so that they are better able to cope with the current event makes them stronger the next time around. Institutional development objectives should be stated in emergency recovery project documents, and they should include measurable indicators so that the degree to which they are attained is verifiable.

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Based on "Natural Disaster, the Knockout Punch: A Policy Implementation Review and Future Strategy" by Ronald S. Parker, with additional information from "The World Bank's Experience with Post-Conflict Reconstruction" by Alcira Kreimer et al., Report No. 17769, May 1998, and an internal review of Bank projects. Available to Bank Executive Directors and staff from the Internal Documents Unit and from regional information service centers, and to the public from the World Bank InfoShop:
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