



# Bank Policy: Implementation and Implications

**T**his chapter highlights the provisions of the Bank’s Emergency Recovery Assistance Policy (OP 8.50) for which the evaluation has relevant findings.

It examines the Bank’s experience related to the main provisions of the current OP (see table 1.1 and Appendix A) and answers three questions on the effectiveness of the policy and suggests provisions that would improve the next iteration:

- How does the portfolio reflect the policy’s dictates and prohibitions?
- Are there discrepancies between policy and practice?
- Should the existing provisions be retained in a revised policy?

The following sections summarize the available evidence relevant to each key policy provision. First, however, we consider whether treating all emergencies equally in a single policy is advisable.

## Natural Disasters in Relation to Other Emergencies

Through the years, the Bank policy on emergency recovery assistance has increasingly become a guide that covers not only recovery from *natural* disasters, but also recovery from a whole range of social, medical, and technologi-

cal disasters—everything from conflict to oil spills, foot-and-mouth disease, and declines in tourism following terrorist acts. Particularly notable is that the use of ERLs has increased for all emergencies, but especially for conflict situations.

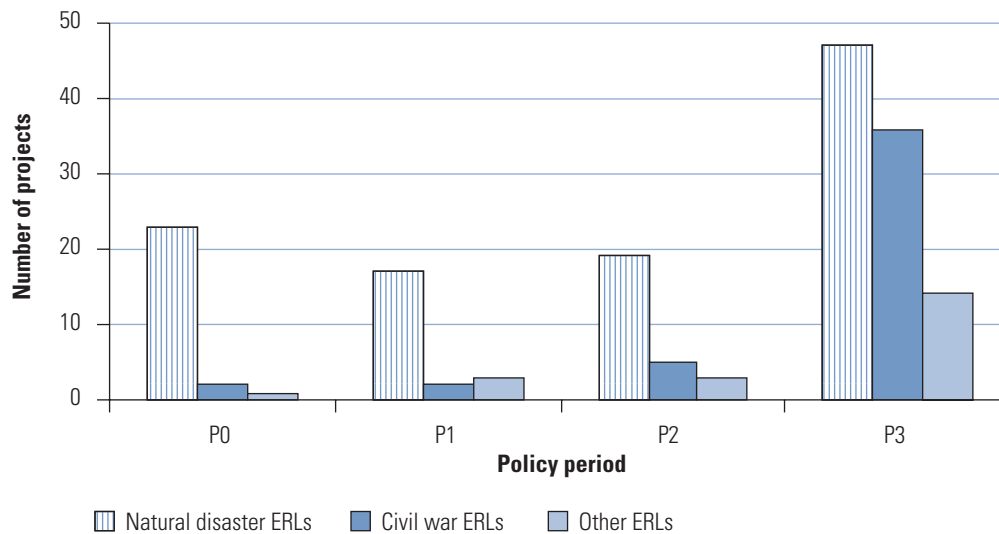
Figure 6.1 shows that before there was a policy (P0), and while the OPN and OD were in effect (P1 and P2), about 70 to 80 percent of ERLs addressed natural disasters. Since the current policy has been in effect (P3), only 48 percent are focused on natural disaster. About 38 percent of ERLs financed post-conflict projects, and 15 percent responded to “other” emergencies.

While this spread of coverage of the OP appears sensible, it is unlikely that what might work for natural disasters would apply to conflict situations, and vice versa.

For example, while it is possible to set standards for the disaster resilience of public and private buildings, requiring similar resilience to bombardment and munitions creates structures with

*Bank policy on emergency assistance has broad coverage, but natural disasters are a category apart from the rest.*

Figure 6.1: The Use of ERLs Has Increased with Each Policy Revision



Source: IEG project database.

only military purposes and is neither feasible nor affordable. Epidemic outbreaks of communicable disease require highly specialized expertise and an ability to take action with extreme rapidity. Furthermore, they are entirely people-focused (requiring no reconstruction), and there are clearly designated places through which to channel assistance (health ministries and global programs).

A few years ago, an evaluation of the Bank's experience with post-conflict reconstruction (IEG 1998) concluded that, unlike natural disasters, civil conflicts require major efforts in dealing with institutional frameworks and macroeconomic conditions. The recommendations of the report stated, "The provision of post-conflict assistance should not be handled under OP 8.50, which should be recast to apply only to natural disasters." Bank management agreed to prepare a new OP, and in fiscal 2001, OP 2.30 on *Development Cooperation and Conflict* was approved. Although it was expected that OP 8.50 would be modified around the same time, the revision is still pending.

There are several reasons the Bank might want to tailor policy provisions specifically for natural disasters.

- **There is already a great deal of knowledge of best practice in the natural disaster field.** Knowledge required for an effective response to a natural disaster is different from that required to address the other emergencies currently covered by OP 8.50, and it is comparatively well established. For example, we know already where disasters are likely to occur (hotspots) and where human settlements are in the danger zone, and can thus prepare for likely project components (engineering designs and strategic approaches). In addition, disaster-resilient techniques for all types of infrastructure and the surrounding environment have been proven by decades of experience.
- **This knowledge is very different from the knowledge needed to respond properly to the other types of disasters or emergencies.**
- **The centrality of community input for the design, implementation, and maintenance necessary in natural disaster emergencies is very distinct** from the approach to conflict emergencies, where communities are strongly divided.
- The Bank's treatment of natural disasters also differs in that **a good start at mainstream-**

**ing disaster planning has already been made**—the study identified 246 projects with a disaster-related activity below the component level.

- **The different situations carry distinct levels of political liability for the Bank.** Reconstruction and disaster prevention, unlike conflict-related work, do not require special attention to the politics of sovereign affairs.

The policy framework for the Bank's natural disaster response is currently set within the context of "emergency lending," as covered in Operational Policy 8.50. However, the policy focuses almost entirely on the ERL instrument, and does not fully cover the scope of the Bank's disaster-related work.

Most of the Bank's activities regarding natural disasters fall elsewhere, and therefore receive too little attention. About 83 percent of the disaster projects identified by this study use instruments other than the ERL. Only 17 of the 106 drought projects are ERLs and only 2 of 95 projects with some fire-related activity are ERLs. In contrast, just below half of all earthquake projects (23 of 59) are ERLs. The largest grouping, flood projects, includes 42 ERLs within a subportfolio of 243 projects. The policy spotlight on ERLs, and especially the emphasis on the three-year timeframe, has led to problems and delays in project implementation because projects that benefit from attention to social and economic details have been prepared too quickly (see Chapter 4).

What is needed is a highly flexible approach to disaster response and prevention that is built on the activities required and the adjustments to the financing mechanisms used. A first step for a policy focused only on natural disasters would be to establish parameters such as those outlined in Chapter 3 for the conduct of operations, such that all Bank-financed operations responding to disasters, *and even normal lending in the most disaster-prone borrowers*, take disaster systematically into account.

### Emergency Recovery Lending Timeframe

OP 8.50 stipulates a three-year timeframe for implementation of Emergency Recovery Loans.

Analysis of the full range of activities conducted through these loans has shown that only one activity, balance of payment support, was regularly completed in this timeframe.

However, even that activity has not been completed rapidly enough (see figure 4.2). That is, on average, disbursements have taken place much later than anticipated, and often too late to achieve the original purpose—providing macroeconomic stability in the short term. Notwithstanding, many activities that would normally benefit from more systematic and detailed preparation have been rushed during the preparation of ERLs.

Given that ERLs have averaged almost as long as other lending instruments to begin disbursements, the Bank has no true emergency lending mechanism other than reallocations, though alternatives are being developed. Moreover, even at the appraisal stage, an analysis of the original closing dates showed that the implementation of more than half of the ERLs was projected at over three years.

Faced with this, the Bank could either extend or eliminate the implementation time of ERLs to allow for more realistic project planning, or reduce the implementation time, limit the scope, and simultaneously process a regular investment loan for reconstruction. Of course, a third alternative would be to keep the three-year time limit and find ways to make it work as originally anticipated by the policy. But if after having implemented 89 ERLs over the course of 20 years the Bank has still not comfortably made the three-year goal, it is doubtful that it will ever happen.

The Bank needs an instrument that enables

*Too much reliance is placed on the ERL instrument.*

*Natural disasters should be part of a country's risk profile, but country strategy and project approaches should be nuanced by the country context.*

*Given the time it has taken to begin disbursement from an ERL, the Bank has had no true emergency lending mechanism other than reallocation.*

it to respond quickly when a fast response is critical, whether it is an ERL executed in a shorter timeframe or a fund such as the Inter-American Development Bank (IDB) uses. However, the Bank also needs to ensure that activities can be properly sequenced and that those requiring more time to implement can be completed within a single lending package. The latter is imperative because borrower demand for addressing vulnerability almost always declines once the immediate needs following a disaster have been met. Thus, the next policy revision needs to position ERLs within a broader array of lending instruments that can fill all of these needs. The flexibility that has characterized the Bank's response to disasters needs to be further enhanced to allow the creation of customized lending packages based on disaster type, country needs, and long-term vulnerability concerns.

### Relief and Consumption Expenditures

The current policy rules out the purchase of consumables and actions that benefit individuals, and lists those not to be financed by the Bank. While such prohibitions are sensible for smaller-scale disasters where relief expenditures can be covered by the government on its own or with nongovernmental organization (NGO) assistance, it is too constraining on the Bank when countries are nearly paralyzed by truly cataclysmic events.

In any event, current practice has not followed these provisions very closely, and some projects have financed such prohibited activities. For example, the 2002 Zambia Emergency Drought Recovery Project provided \$20 million for food distribution. Evacuation, restoration of access to transport, and temporary shelters are other items proscribed by Bank policy, yet

*Though the policy prohibits it, the Bank has financed both relief and consumption.*

during the policy period the Bank has financed temporary shelter programs in Colombia, El Salvador, Honduras, India, and Turkey.

Project experience shows that the Bank also financed consumption. Even during the OPN-governed period, the

Bank financed components in the Chile Public Sector Housing Project (1985) that provided cash transfers to the earthquake-affected population. The funds made available to victims provided them with the means to meet "immediate consumption needs" and to pay for their interim shelter, helping to revive the local economy. A cash transfer program was also successfully implemented following the 1999 Turkey earthquake.

Bank documents identify other cases where relief and consumption activities have been financed directly or indirectly through the provision of cash. These include:

- Tsunami relief in Sri Lanka<sup>1</sup> and Maldives.<sup>2</sup>
- Potable water provision to victims in Honduras<sup>3</sup> and Zambia.<sup>4</sup>
- Food provision in Bangladesh (indirectly through a microcredit program),<sup>5</sup> Honduras,<sup>6</sup> and St. Kitts and Nevis.<sup>7</sup>
- Emergency search, rescue, and medicine were provided in 11 projects.

The study Literature Review shows that thinking on the support for relief and consumption has evolved since the 1980s—so should policy (IEG 2003). Events such as the recent Indian Ocean tsunami and Hurricane Mitch incapacitate urban infrastructure in vast regions and capital cities. Extreme events such as Hurricane Katrina in the United States show how policies that are sensible in most cases can lead to breakdowns in extreme cases. When humanitarian considerations temporarily overwhelm the capacities of all the involved agencies, cash-strapped governments need assistance with critical aspects of relief in order to proceed expeditiously with reconstruction and economic recovery. In Bangladesh, following the 1998 floods, the extent of the damage to agricultural production was such that the government could not restore production to pre-disaster capacity without help.

A Harvard University study found that when relief is handled in a developmental manner (that is, it builds on local capacities), it has a significant positive impact on the reconstruction process that follows (Anderson and Woodrow

1989). When existing social networks are strengthened and new ones are established, they can continue even after relief efforts end, providing important social and institutional links for the developmental processes that follow.

### Forms of Disaster Assistance

The current policy describes five forms of Bank emergency assistance: ERLs, reallocation, redesign of pipeline projects, free-standing mitigation projects, and assessments. The study finds that the options provided by this policy provision grant considerable flexibility for countries affected by natural disasters. What it does not do especially well is to provide urgent lending for relief in a manner that does not involve opportunity costs, especially over the medium term. Regional or global solutions may also be appropriate, and the Bank policy may

need to take account of this.<sup>8</sup> While such funds may help fill important needs during disasters, they also may detract from the need to focus attention on prevention and mitigation.

Recognizing that some disaster-prone countries need immediate access to recovery and reconstruction financing following a disaster event, the Bank supported the creation of contingency mechanisms under three recent projects.<sup>9</sup>

This form of emergency lending was designed to provide flexibility for the immediate rehabilitation of critical public services and the rapid restoration of physical and social public infrastructure, as

*Policy on critical inputs for relief and shelter has not evolved in line with specialist thinking on these issues.*

*With some modification, the forms of assistance currently available are adequate to the task.*

#### Box 6.1: Contingency Financing—A Learning Process

While contingency financing seems to be a logical form of disaster risk management to support, Bank attempts have met with some difficulty.

First, initial attempts in the Caribbean and Mexico had narrow parameters that limited the accessibility of the funds. In the Caribbean, the floating phase 4 of an Adaptable Program Loan provides for contingency financing to Grenada, St. Kitts and Nevis, St. Lucia, Dominica, and St. Vincent and the Grenadines. In the beginning, to be able to use the funds, a country had to declare a national disaster. Not only did this not allow countries to address smaller disasters, but there was reluctance to declare a national disaster, because doing so would clearly hurt one of the Caribbean's main industries—tourism.

The parameters have since been relaxed, and, in the meantime, Grenada has made use of the facility to respond to a hurricane that was declared a national disaster. In the case of Mexico, it was difficult to justify paying the commitment fee for the contingency fund, because the country had not had a major disaster to put the funds to use, and already had a fund to deal with smaller disasters. The loan was cancelled.

Second, countries lacked the capacity to engage in this form of emergency borrowing, even if they expressed interest

in the funds. The Bank recognized in hindsight that few countries were prepared to implement such a lending facility, and that it needed to support the training of Bank staff and government agencies.

Taking these experiences into account, a slightly different approach has been taken in Vietnam and Colombia. In the case of Vietnam (Vietnam Natural Disasters Mitigation Project [P073361]), because a contingency funding facility would incur interest or commitment charges and only cover low-frequency hazards not likely to occur during the project timeframe, a rapid disbursement facility was created instead. This facility was designed to have the capacity to also provide funding to smaller, more localized disasters, using the existing country disaster response system. Likewise, the Colombia Disaster Vulnerability Reduction Project involves the creation of a \$150 million contingent financing facility to act as a bridging facility until resources from other multilateral financial institutions (MFIs) and international agencies become available. This financing would be available within one month of the declaration of a national disaster emergency. Though these more recent projects have made steps to correct for the previous problem of limited accessibility, they have not yet been put to the test with a disaster.

*Source:* Background report on small island nations (IEG 2005f).

*The Bank needs a way to get funds to borrowers more quickly than it has in the past.*

well as to incorporate prevention measures into Bank-financed emergency projects. The mechanisms provided were to assist the rehabilitation and reconstruction of public infrastructure and the purchase of capital goods, but not the provision of relief supplies.

The Bank might consider the development of an emergency facility like that of the IDB. Doing so could solve the urgent needs of those borrowers for whom reallocations are impossible or undesirable and for whom new borrowing would be too large a burden. Of course, the bigger borrowers do not need small amounts, because they are usually capable of financing immediate actions on their own.

### **Rebuilding Physical Assets and Restoring Economic and Social Activities**

The Bank has a long and positive experience with the execution of physical components of projects, and their physical design (when it is sufficiently disaster resilient) has generally been appropriate and of good quality. Addressing the social and economic recovery aspects of emergency projects has been more difficult. Yet project experience examined by this evaluation shows that this aspect is critical for the sustainability of the reconstruction investments.

*Creating user organizations to manage facilities occupied by multiple families or used by numerous businesses remains a challenge.*

The failure to create the social organizations necessary for upkeep and decision making in housing and commercial areas caused problems in many reconstruction projects.<sup>10</sup> Creating the sustainable user organizations needed to manage infrastructure remains an unsolved challenge. Additional policy emphasis on this point would be desirable. Creating a capacity for maintenance is often as critical to long-term vulnerability reduction as the quality of the initial construction. This too could be reflected in policy.

### **Recurring Disaster Events**

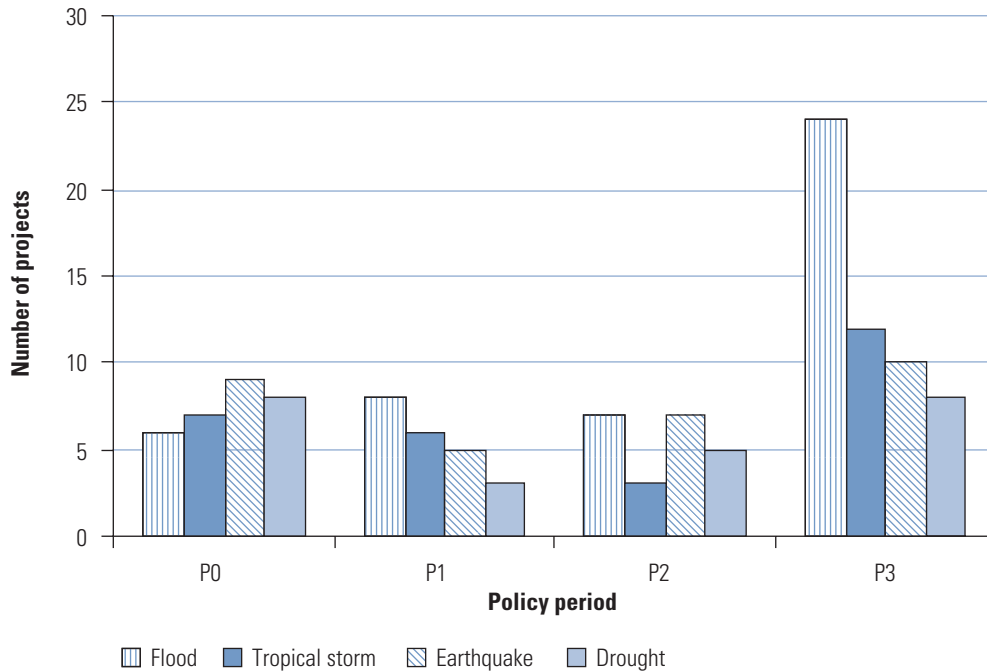
The OP considers ERLs less appropriate for recurring events and suggests that for annual flooding and slow-onset disasters such as drought, a regular investment loan is likely to be more effective. In practice, ERLs *have been* used to respond to droughts and recurrent events. Generally, ERLs tend to focus on more prominent and large-scale events. Figure 6.2 shows the relationship between disaster types and ERLs over the three policy periods. During the current policy period (P3), the number of drought projects almost equaled the number of earthquake projects, and 44 percent of the ERLs responded to recurrent flood phenomena such as those caused by El Niño. So rather than exclude recurrent events from emergency projects, Bank policy could recognize the likely recurrence of disaster and give more attention to identifying vulnerability and to mitigating the effects of future disasters in regular investment lending.

### **Disaster-Resistant Construction Standards**

Sixty percent of the completed projects in the disaster portfolio were either struck by a subsequent disaster during implementation or had their implementation process interrupted by disaster, and 40 percent of those found that project-constructed infrastructure or project activities had been compromised to some degree. In 121 of 197 completed projects with a strong focus on mitigation, which were supposed to use disaster-resilient reconstruction standards, evaluations of 31 projects (26 percent) acknowledged flaws in the design, leading in 13 cases to severe damage by a subsequent event, and in 6 cases to partial damage. In most cases the damage was minor and restricted to one or two structures. More recent projects are showing considerable improvement in this area, and later projects are more frequently attempting to increase resiliency and prevent destruction through mitigation measures. Still, this is a disturbing finding, and more needs to be done.

Failure to plan for disasters at the project level also underlies losses in highly vulnerable

Figure 6.2: ERLs by Natural Disaster Type



Source: IEG project database.

countries. Of 65 projects in the transportation, urban, and water and sanitation sectors (approved between 2000 and 2004 in countries identified as hotspots by the *Natural Disaster Hotspots* study [World Bank 2005]), the documents for only 3 include any detailed description of how a natural disaster might affect the project and any cautionary actions to be taken. Nine mention disaster risk in passing. ERLs and other disaster reconstruction projects were not included in the review.

Staff seem to agree on the importance of emphasizing disaster-resilient construction. In the survey of experienced task managers, almost all of the respondents to the open-ended question, “What new directions should the Bank’s efforts in natural disaster response take?” answered that the Bank should strengthen prevention activities. However, where they are attempted, results have not always been good: 58 percent of respondents said that prevention and mitigation objectives often are not achieved in Bank-financed projects.

### Emergency Preparedness Studies

Disaster projects often have a studies component (flood-related studies predominate) related to the achievement of an important project objective. IEG has found that when studies were intended to be used in disaster prevention, about half of the time they were completed but not taken into account. Of 197 projects that prioritized disaster mitigation or prevention and related technical assistance, 142 (72 percent) included studies. In 54 projects (38 percent), findings were taken into account, and in 23 additional projects (16 percent), study findings were partially taken into account. In 37 projects (26 percent), however,

*More than half the projects were disrupted by subsequent disasters: in many, Bank-financed infrastructure was damaged.*

*Disaster-resilient construction needs strong, consistent attention by borrowers and the Bank.*

*Emergency preparedness studies are typically completed too late and used too little.* studies were not undertaken or findings were not taken into account. For the rest, project documents did not provide information.

Ten project evaluations mentioned lessons learned about preparedness studies. General experience is that studies tend to be left until late in a project, and it is therefore important to carefully prepare the groundwork for studies much earlier—before project approval if possible, in order to avoid the long delays that are known to be common. While a new policy could continue to emphasize these studies, without conditionality tied to them, a full treatment in a good practice handbook would be sufficient.

### Technical Assistance on Prevention and Mitigation Measures

*Attention to mitigation efforts is improving, but too often lacks borrower ownership.* Since the mid-1990s, prevention and mitigation have been high priorities, and in the most recent projects have become the primary project objective.<sup>11</sup> The emphasis has also shifted from structural measures, which are still important, to nonstructural measures such as institution building for hazard management, policy changes, the preparation of hazard management plans, land use planning, enforcement of building codes, and insurance.

Turkey, for example, has invested more resources in such activities with each successive project (figure 6.3). In Central America, the Bank is implementing two innovative projects dedicated fully to developing disaster mitigation and prevention capacity in Honduras and Nicaragua; and preparation of a grant-funded regional disaster mitigation and response project, along with four individual country mitigation projects, is under way.

Prevention and mitigation are areas where much remains to be done, and a new policy should retain a strong provision to this effect, though, as noted earlier, prevention approaches may require more research and closer evaluation.

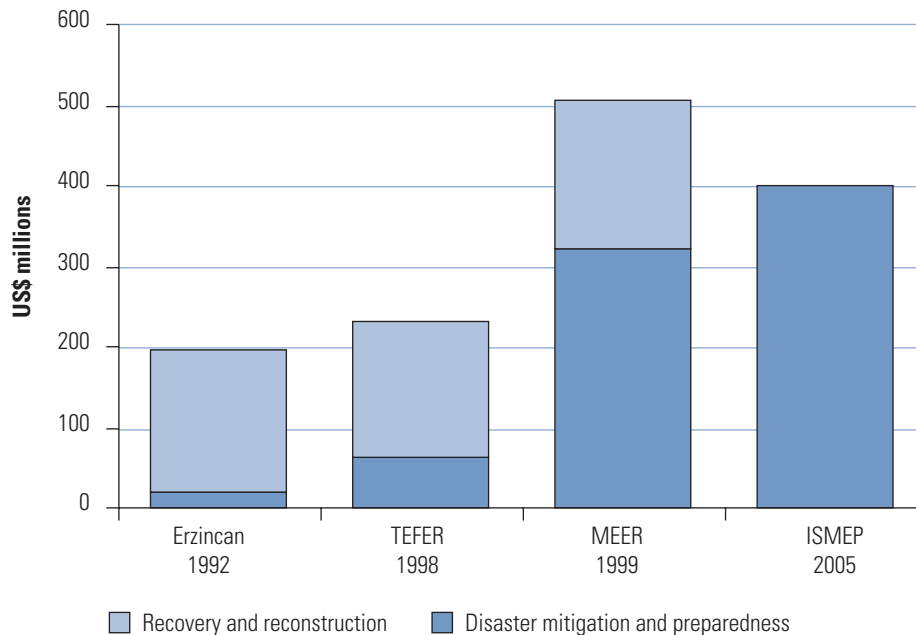
During the first policy period (1984–89, OPN 10.07), an average of three prevention or mitigation measures per project were identified; during the second period (1989–96, OD 8.50), four, and during the third period (1996–2004, OP 8.50), five. More rigor is still required, however. Out of all 197 projects with clearly identifiable technical assistance for mitigation or prevention activities, 80 (40 percent) did not complete one or more mitigation or prevention components (see Appendix F, table F.2).

The evaluation found that strong borrower ownership is essential for successful mitigation or prevention, and that many borrowers still do not see the importance of such measures. High borrower ownership was observed in about half of the projects (51 percent) that had mitigation or prevention components, partial ownership in 30 percent, and lack of ownership in 16 percent.<sup>12</sup> The lack of ownership often expressed itself in high staff turnover or lack of staff (failure to appoint individuals for key positions), and in a failure in the timely provision of counterpart funds. High staff turnover or understaffing was observed in 32 percent of the 197 projects with mitigation or prevention activities, and problems associated with counterpart funds in 39 percent.

### Addressing Longer-Term Disaster Issues

The current policy implies that long-term issues are better treated in a follow-on project than in an ERL. However, few ERLs have been followed up with normal disaster investment projects. An additional element of the rationale for the policy guidance on avoiding long-term problems was that whatever a country's implementation capacity is under normal circumstances, it is greatly reduced after a major disaster. Thus, activities that were not possible before the disaster are probably even more difficult afterward. Ensuring a flexible approach to financing a natural disaster response would help ensure that longer-term issues get the careful attention that has sometimes been missing.

The failure to maintain infrastructure is an entrenched problem that, while not easily solved, requires attention. Among disaster experts, it has become increasingly apparent

**Figure 6.3: Focus on Mitigation Has Increased with Each Successive Project in Turkey**

Source: Project Performance Assessment Report: Turkey (IEG 2005b).

that much expensive disaster prevention infrastructure fails for lack of maintenance. The 2004 Caribbean Regional Disaster Conference “Managing Hazards in a Changing Environment” concluded that governments’ investments in large-scale structures to reduce disaster vulnerability have been seriously compromised by failure to conduct and fund maintenance. For example, many Bank-financed cyclone shelters in Bangladesh are no longer usable for lack of maintenance. In another case, Bank-financed flood control infrastructure protecting a major South American city was severely compromised by the presence of junked automobiles and refuse blocking the watercourses.

Evaluations of Bank activities have often noted that inadequate budgeting for operations and maintenance reduces the sustainability of project benefits, and it is no different in natural disaster projects. This is a particular problem in the maintenance of protective infrastructure such as river training works,<sup>13</sup> emergency shelters, and emergency evacuation routes.

There is also a lack of human resources available for maintenance tasks generally, a lack

of training in maintenance management, and a lack of beneficiary ownership and accountability. Over the past 20 years, only about half (58

out of the 121) of the projects in the database with clearly identified mitigation activities provided for long-term maintenance of reconstructed infrastructure, while 21 percent provided only partially for long-term maintenance. In 27 percent of the projects no maintenance was provided at all.<sup>14</sup> Without project-financed efforts to improve maintenance, hard-won progress is put at risk.

Twenty-five project evaluations mentioned the maintenance of infrastructure as a concern. Six of them recommended that provisions for maintenance need to be made during preparation. In Bank experience, governments in developing countries tend to borrow in order to rebuild what was lost and to construct to higher design standards—but quite often they do not develop functional mechanisms to maintain the structures. To address attitudes toward mainte-

*Maintenance is critical for many types of protective infrastructure, yet is often overlooked.*

nance of infrastructure, evaluations proposed field-level training in maintenance. To provide a sustainable flow of budgetary resources after project closing, project evaluations identified only two alternatives for funding: the governmental budget and the collection of user fees from beneficiaries.

### Procurement

OP 8.50 stipulates that standard Bank operational policies on procurement, consultants, and disbursement apply to emergency situations. OP 11.00 (2004) on procurement makes a special exception for emergencies—it

*Although procurement guidelines now have provision for disasters, they remain difficult for smaller or infrequent borrowers.*

allows direct contracting without competitive bidding (single source) when this is the most appropriate course of action. In the project evaluations reviewed for this study, the challenges inherent in the Bank's procurement procedures were of great concern. Forty project evaluations mentioned problems associated with the Bank's procurement procedures when borrowers are stressed and implementation capacity is insufficient to the scale of the task at hand.

When training in the Bank's procurement rules has not been given to borrower staff with administrative responsibilities for project accounts, deviations from accepted procedures have caused significant delays in the reconstruction process. The biggest concern of staff that had been involved with projects was that future projects should ensure that procurement procedures are understood and that documentation is ready before start-up. Ten natural disaster project evaluations (of the 40 that deal with procurement) stressed the importance of giving attention to procurement even before loan or credit approval. The policy wording on

*Development of a joint strategy for donors has often worked well.*

this issue could benefit from the advice of a task force convened among procurement specialists in the Bank.

### Donor Coordination

Disasters typically attract numerous donors. About 34 percent of completed and ongoing disaster projects involve donors other than the Bank. The documents for 170 of the 528 disaster-related projects mention coordination with other donors.<sup>15</sup> NGOs are involved in 38 percent of the disaster projects financed by the Bank. The documents mention working with donors on many different levels—co-financing Bank-supported projects, the Bank co-financing others' projects, donors working on related projects of their own, or doing joint damage assessments.

The successive policy statements require that following a disaster, the Bank should facilitate collaboration between the government, the Bank, multilateral and bilateral donors, and NGOs to develop a common recovery strategy. Project experience suggests that the development of such a strategy requires an immediate and prolonged Bank presence in the disaster-affected area.

Project documents show that the development of a joint strategy has often been done well—in Bangladesh (1999), Gujarat (2002), Honduras (1999), Mozambique (2000), Nicaragua (1999), Sudan (1989), and Turkey (2000), and in Sudan serves as a best practice example. However, sometimes such development has been done poorly (box 6.2).

For the 1989 Sudan Emergency Flood Reconstruction Program (EFRP), the Bank, together with the UNDP, fielded a 52-member multi-donor mission to conduct a damage and needs assessment. The Bank members of the team were selected for their technical expertise in relevant sectors (agriculture, education, telecommunications, health, rural water, power, transport, telecommunication, and urban) and previous experience in Sudan. Over a two-week period, the mission produced a document that was then presented at a donor conference in Paris.

At the Paris conference, the members of the mission helped broker the various donor interests. The Bank followed up the agreements made in these meetings with separate meetings with each donor to make more specific arrangements. The Bank negotiators worked with the donors to ensure that their interests were met

### Box 6.2: What Happens When the Bank Does Not Stay Engaged?

As early as 10 days after the 1994 Maharashtra earthquake, a World Bank delegation arrived to assess the damage and develop a plan for reconstruction and mitigation. After an initial assessment, the team flew back to Washington in order to get the Maharashtra Emergency Earthquake Reconstruction Project (MEERP) approved quickly. In the meantime, a few international NGOs started reconstruction.

These NGOs set the standards for reconstruction quality and created expectations among beneficiaries that were difficult for

the government to meet. Since international NGOs provided large, steel-reinforced concrete buildings, the government eventually had to do the same; when the NGOs provided flooring for the housing, the government had to do the same. Had the World Bank team remained on site it could have facilitated discussions between donors, NGOs, the government, and beneficiaries to develop standards and a shared reconstruction strategy that was amenable to all parties. In the end, the Bank's strategy was finished five months after the earthquake, too late to influence other donors.

Source: IEG project evaluation.

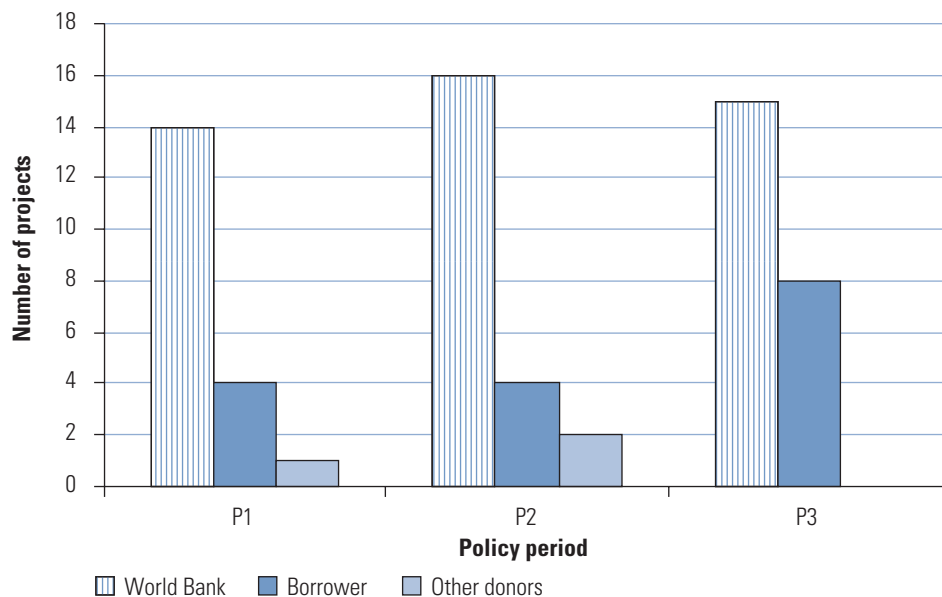
but that there were no unnecessary overlaps in coverage. By keeping the composition of the Bank's contribution flexible, the other donors were helped to make adjustments in their programs. The Bank then financed what was left to complete a comprehensive Emergency Flood Reconstruction Program.

The OPN and the OD recommended that the Bank coordinate donor efforts, and suggested that Bank staff share their damage assessments and

overall strategy with others. However, an important shift occurred under OP 8.50, which calls for giving more responsibility to the borrower and letting the borrower take the coordinating role when that is appropriate. Figure 6.4 shows that, at least partly in response to policy requirements, borrowers are indeed becoming more involved in coordinating donors.

*Borrowers are now taking more responsibility for coordination.*

Figure 6.4: The Bank Often Leads Coordination, But Borrower Role Is Growing



Source: IEG project database.

Project performance shows an interesting pattern regarding the participation of other donors in Bank-financed projects. It gets steadily better when an increasing number of donors are involved only up to a point (once four donors are involved, performance falls off precipitously, table 6.1).

Donor coordination was a concern in 16 project evaluations. Ten evaluations mentioned that donor coordination is especially important if interventions overlap and/or if the project success of one funding agency depends on the other. While several evaluations suggested that other donors may be better at providing relief and strengthening institutions, five evaluations

*Staff suggest establishing donor cooperation in regular projects so it will be in place when needed for disasters.*

asserted that the Bank was well placed to leverage external assistance after an emergency. Suggestions were offered on how the Bank could coordinate donors.

This seems an issue better suited for a good practice handbook, and the evaluation sees little reason for retaining it in Bank policy.

When task managers were asked to suggest ways the Bank can increase the effectiveness of donor coordination in disaster situations, 8 of 26 respondents recommended mainstreaming cooperation with other donors in regular projects so that these links and working relationships are already in place when a disaster strikes. Other frequent responses were to strengthen the government to better coordinate natural disasters (5 respondents) and to prepare a

common strategy with other donors (5 respondents). Other ideas offered were to create a permanent multidonor task force for disaster response and to coordinate closely with other donors with contacts in agencies that are politically and socially closer to the affected people.

### Institutional Development

Because hazard risk management takes place in a broad sectoral context, institutional development activities need to address the work of line agencies as well as to strengthen disaster-specific units. The evaluation found that the Bank strengthened hazard management institutions on its own in 6 countries and in cooperation with other agencies in 17 countries. It strengthened single-sector line agencies in 14 countries (20 projects). In addition, it strengthened community-based disaster management in 6 countries (India, Indonesia, Kenya, Nepal, St. Lucia, and St. Kitts and Nevis). Forty-nine project evaluations discuss institutional development; 28 of them stress the importance of strengthening a country's institutional capacity for long-term disaster prevention and mitigation.

Along with establishing or strengthening disaster management institutions, for which budgetary allocations need to be made, changes in the national disaster policy are also important. In their response to the survey, a few experienced task managers specifically warned against designing projects with over-ambitious disaster management objectives. Project experience with institutional development could be summarized in a good practice handbook, but there seems to be no compelling reason to retain this provision in a new policy. Hazard management institutions are most effective when they are cross-sectoral and address all potential natural and technological hazards.

Over the past 20 years, the Bank has formulated institutional development components for 160 completed projects. Institutional development encompasses a wide variety of activities, including project management (75 projects), disaster management (40 projects), general research (43 projects), early warning improvements (39 projects), disaster-specific training programs (27 projects), engineering studies (23 projects), and legal and policy reform (13 projects).

**Table 6.1: Project Performance Drops Sharply with More Than Three Partners**

Number of partners	Projects (number)	Satisfactory (percent)
One	41	63
Two	29	66
Three	17	71
Four or more	9	56
Total number with other donors	96	

Source: IEG project database.