



Conclusions and Recommendations

Nature creates hazards, but the actions of people, societies, and governments create disasters. When disasters occur, international development institutions now routinely experience intense public pressure to act quickly to relieve the devastation and ease the government's macro-economic burdens.

As the World Bank strives to be agile, and to meet the expectations of its shareholders, it needs to become more strategic, responding with advice and resources, as well as lending and nonlending activities that contribute not only to recovery but also to long-term development and disaster prevention. In doing so, it would be well to remember that there is no period when disaster risks can be safely ignored or set aside, especially for the subgroup of countries that is highly vulnerable to disasters.

Several disaster-related challenges face the Bank as it attempts to provide better services to its borrowers:

- First is to ensure that the poor do not miss out on the recovery or, worse, lose the little they have left.
- Second, and even more challenging, is to work against complacency during those periods when disasters are not on the nightly news and in the headlines. In its role as development advisor, the Bank needs to be a steadfast advocate for the small additional investments in disaster prevention that over

time will lower the cost of the inevitable next event.

- Third, borrowers need regular reminders that all actions that take place in development projects—financed by any donor or by the country itself—affect peoples' motivation and psychology, as well as the physical, social, economic, cultural, and political factors that can either increase societies' capacity to respond to extreme events or reduce it. Rebuilding what existed before is never enough. Policies and actions intended to reduce the impact of the next disaster must be an integral part of a strategy of both the recovery from disaster and pre-disaster planning.
- Fourth, maintenance helps ensure that what is rebuilt will have an extended life span. The durability of infrastructure rebuilt after disaster is always in doubt when measures to increase the capacity to conduct routine maintenance are absent.

Of course, the longer the return period, the more difficult it can be for governments to justify investments in prevention. The problem

often comes down to making difficult development choices from among the many competing demands. Disaster prevention, because it is wrongly perceived to be a periodic need rather than a constant one, tends to lose out to other priorities—especially once the immediate relief needs of the most recent disaster have been met. It is easy to forget that natural hazards become disasters only when we fail to take account of the risks and plan for them.

What Works in Developed Countries May Not Work Elsewhere

Many strategies that work for recovery efforts in developed countries should never be attempted in developing societies—especially when marginalized groups are affected. For example, following a disaster that destroys infrastructure in a developed country, time is money. Rubble clearance takes place quickly, as does reconstruction; the cost of money and labor are the only major constraints to completing these tasks.

In lower-income developing countries, taking the time to ensure that all usable building materials are recovered and recycled is often the only way to ensure that the poor will be able to afford to rebuild. Once work opportunities associated with rubble clearance and materials recycling diminish, cash assistance targeted to affected families as they wait for more permanent shelter is very important. Under strictly specified circumstances, direct cash payments to individual victims can be one of the best available options to keep the situation of the poor viable until the recovery takes off.

Some strategies that do work in both developed and developing countries are the use of building codes to improve the quality of the built environment and salvage of objects that created the sense of place in the original environment. The problem with emphasizing building codes in developing countries is that squatter settlements and other informal neighborhoods will not comply with code requirements, and safer building practices will therefore need to be disseminated in other ways. Simplicity of message is essential to the widespread adoption of disaster-resilient technologies.

When to Engage and How to Stay Engaged

The Bank's policy prohibitions on relief have not been respected for good reasons. Staff have seen that other agencies cannot always fill the immediate needs of the affected people and regions following a large disaster. The Bank can mobilize the large-scale resources necessary for cash transfer and the rapid restoration of import/export-related infrastructure.

The Bank, like its borrowers and other donors, has found it difficult to stay engaged with mitigation and prevention efforts. Rather than promoting long-term solutions that address the interaction between environmental degradation and natural disaster, highly vulnerable countries—with the cooperation of the Bank and other donors—too often have been willing to borrow repeatedly without addressing the root causes of disaster impacts.

Particularly when it comes to prevention and response measures, project objectives and activities need to become more relevant. The very high outcome and sustainability ratings that have been achieved over the past 20 years show that Bank financing can deliver the outputs needed for a disaster response, but the high ratings conceal shortcomings on the achievement of durable outcomes and relevant impacts.

For example, the equipment intended to help reduce vulnerability needs to be used effectively to achieve its purpose; acquisition alone is not enough. Prevention and mitigation measures need to be bold enough to make a difference. Distribution of educational materials about disasters in classrooms has more meaning when the schools have been built to resist the prevailing hazards. Perhaps most important, those facilities that are essential for an effective response need to be tied to networks that will not fail them. Hospitals not only need to be sited and built so that they are disaster resilient, but they also need to be assured of an uninterrupted power supply, a network of secure access routes, and secure provision of safe water and sanitation.

The Challenges Ahead: A Review of the Evidence

What disaster-related *challenges* does the Bank face? While the number of natural disaster-

related loans per year has gone up in each decade and the scale of those operations has grown, the economic losses due to natural disasters have risen even faster—they currently exceed in one year the Bank’s contribution to reconstruction over 20 years. The cost of successive reconstruction in many countries constrains subsequent development and puts at risk agreed development goals. Far more attention to prevention, mitigation, and risk management is needed (Chapter 4), but client demand for such services is easily displaced by other development concerns.

The Bank has organized itself in a manner that handles emergencies unevenly. The three-person Hazard Risk Management (HRM) Team has done a commendable job of training Bank and borrower staff, organizing awareness-building events, analyzing vulnerability, and establishing partnerships with the international and scientific communities and the private sector to promote hazard reduction.

When a disaster strikes, however, it is the country teams who are the Bank’s interface with the borrowers. Yet country team staff are unlikely to have confronted a disaster before and must call on others in the Bank (recently including IEG). Because of its small size, the HRM Team calls on colleagues in the Hazard Management Thematic Group for technical assistance.

The quality of the result is partly a function of who is around to answer the calls. But it is also the case that an important reserve capacity has been lost. Soon after it was founded, what was then the Disaster Management Facility became the secretariat for the ProVention program—making the team far more visible internationally. But when that program left the Bank, the team lost staff that could help in emergencies.

Three people are too few to spread across the natural disasters that occur every year, and they are too few to be both the face of the Bank to the donor community and serve the needs of countries affected by disaster, while also ensuring attention to long-term reduction of hazard risks in client countries and lending programs. While it could be argued that the core team remained the same, and only the name has

changed, the evaluation finds that the Bank has been effectively deprived of a focal point that is visible to donors and borrowers and once was internationally known.

The high number of damage assessments that result in ERLs suggests that Bank staff too often try to respond to disaster by asking what activities can be accommodated in a three-year ERL, rather than asking what needs to be done so that reconstruction and recovery can be handled most effectively and in a way that permanently reduces vulnerability. The Bank needs to be able to identify when urgency is counterproductive, lest funding mechanisms rather than development needs drive its response. The funding mechanisms themselves need to be rethought: balance of payment lending has been a relatively quick-disbursing mechanism, but it is nowhere near as fast as it was supposed to be, and it has only helped in very limited circumstances. Contingency finance has not yet lived up to its early promise, and reallocations have been too concentrated in highly vulnerable countries (Chapter 4).

The Bank has done better at reconstructing infrastructure than at reducing vulnerabilities and addressing their root causes. It has yet to discover the best ways to respond when gender or the locations and “informality” of neighborhoods within settlements make vulnerability irregular.

Strategies and projects in disaster-prone countries do not routinely consider disaster risks. Even disaster response projects themselves can be compromised by the rapid occurrence of the next unexpected event. Thus, reconstruction projects have sometimes built infrastructure that is insufficiently resilient to disaster.

Many project activities with long-term development impact (such as creating a capacity for infrastructure maintenance or creating sustainable disaster management institutions) take more than three years to implement—in many cases much longer. And many of the fastest-implemented and best-performing projects are not as impressive with hindsight—especially when considering the important priorities and vulnerable groups that ultimately went unattended (Chapter 4).

The way problems are defined determines the nature of the proposed solution and affects whether donor coordination can be effective. Post-disaster assessment, done in collaboration with others, has an important role but has not yet been adequately integrated into the Bank's disaster response activities (Chapter 4 and box 4.7). Even if the Bank ultimately does not lend, an early Bank presence with continuity and information on global best practice is highly important and valued by its member countries.

In the 20 years of Bank support for disaster reconstruction, what *achievements* stand out? The majority of borrowers have come to rely on the Bank for advice and financial support each time a major natural occurrence overwhelms their ability to cope. The Bank has lent an estimated \$26 billion in 528 disaster responses that generally have achieved their objectives and exhibit an improving trend. The Bank also frequently works harmoniously with the regional development banks, the UN system, and other donors, ensuring that all parties' actions can be coordinated.

For more than 20 years the Bank has captured its best thinking in a succession of policy statements to guide its actions in countries overcome by catastrophe. Each restatement of policy has had a clear impact on the nature of Bank lending and contributed to reducing the vulnerability of human settlements. The policy statements have provided many ways for Bank staff to put together assistance tailored to each borrower's needs and circumstances. The policy statements have provided guidance, yet have not been too prescriptive, permitting an essential amount of flexibility.

Bank staff have long been able to select from an extensive menu of options when responding to disaster—this study has identified 60 different types of disaster-related activities supported by Bank-financed projects—and staff have not been pressured into a single approach for all disaster situations or all countries. Disaster as a thematic area has gradually been mainstreamed in Bank activities. Almost 250 ongoing projects conduct disaster-prevention activities, even though they have no specific disaster objectives. More than half the CASs in countries that have

received Bank support for disaster discuss the countries' commitment to prevention and reduction. However, while Bank lending for disaster assistance has been influenced by the inclusion of this topic in the strategy documents, much more needs to be done.

Lessons

Pre-Disaster Risk Reduction

Natural hazard risks are highly concentrated, so special attention needs to be given to planning ahead for disaster and to reducing long-term vulnerability in countries at highest risk.

Research has shown the concentration of disaster risks and Bank lending patterns confirm that concentration. Yet, though disasters are foreseeable for many countries, they are infrequently considered in country lending programs. Furthermore, a surprisingly large number of projects in countries highly vulnerable to disaster have been adversely affected during implementation by unanticipated natural events. Yet projects, too, typically have not included disaster in their risk assessments. When formulating country lending programs and project lending, the Bank needs to elevate the importance of natural hazards, especially for highly vulnerable countries. To do this efficiently, borrowing countries need to be categorized by vulnerability levels.

In general, disaster responses have tended toward the reactive and tactical rather than the proactive and strategic.

A relatively short history of data collection together with a static view of disaster damages in highly vulnerable countries has led to project objectives that provided for short-term fixes. Projects rarely address the root causes of disaster. Natural disaster activities would benefit from the development of a strategy or action plan and related guidance that would: help staff to respond to emergencies with quick relief and well-planned reconstruction, and to do so more effectively in a much shorter period; ensure that contingent loan facilities (be it on a country, regional, or global scale) result in all borrowing

countries receiving a timely and adequate financial response to major events; and help bring natural hazard risk management to the most vulnerable countries.

Immediate Post-Disaster Actions

The development community should engage with disaster-stricken borrowers earlier and stay engaged longer.

International experience on the impacts of successful and unsuccessful relief management and on the ability of key stakeholders to participate effectively in the recovery process needs to be brought clearly to governments' attention. The Bank specifically needs to be present during the emergency stage to ensure the success of the reconstruction projects it finances. Low-income community groups need support until they develop the capacity to manage the infrastructure that has been placed in their care.

The Bank has a wide array of tools it can use when it responds to disaster, but it has increasingly relied on the Emergency Recovery Loan (ERL) to meet borrower needs following a disaster.

The ERL offers accelerated processing and a short implementation period of three years, and therefore has desirable qualities valued by both borrower and Bank staff who respond to disasters. ERLs generally have worked well and have high outcome ratings.

But accelerated project processing is not always desirable. For some projects, rushed appraisal has led to long pauses between loan approval and first disbursement, poorly designed interventions, and diminished poverty impacts. Furthermore, by relying on a three-year lending period the Bank may end up emphasizing activities that are expected to have short implementation times and not attending to other activities that address the needs and vulnerabilities more fully. It often happens that activities that might contribute greatly to the recovery effort (and to the borrower's subsequent long-term development) are not included in the ERL projects because they cannot be completed in the three years allotted—and then the project runs long in any event.

Reallocating resources from existing projects, a common Bank approach following natural disasters, affects the ability to attain long-term development goals and may be less effective than specific reconstruction lending.

Reallocation is most useful when the project being reallocated has been made irrelevant. While restructuring old projects may be politically easier than new lending, and allows the Bank to support government entities that are already accustomed to working with the Bank, for the most vulnerable countries, reallocation of resources is a partial solution, at best.

Reallocations fill an important niche in the Bank's ability to respond to natural disasters, and they will undoubtedly remain an important tool in the Bank's response package. However, reallocation can be impractical (for countries with few Bank loans) and can be overused (in countries hit by frequent disasters). Because they currently offer a more rapid response than the processing of an ERL, they may be used more often and more heavily than they should. The impact of loan restructuring using the additional funding mechanism is too recent to be evaluated but offers a promising alternative.

Planning for Long-Term Recovery

Actions taken during the first weeks and months after a disaster have a major impact on the recovery process that is to follow, and they need to be planned and implemented accordingly.

Choices made immediately following a disaster—regarding shelter, resettlement, debris clearance, distribution of relief, and the like—affect the later choices for longer-term solutions and vulnerability reduction and can have severe consequences for the ability of the poor to recover. Immediate post-disaster actions also need to include the development of the capacities, knowledge, and skills that will be required for the recovery process. If studies are going to produce knowledge that is critical to fully informed project actions, they need a strong advocate, such as the Bank. Capacity building for procurement and preparation of bidding documents should happen very early. Procurement is among the project activities

most cited in project-level evaluations as needing improvement.

A lack of maintenance has often been the main constraint on the sustainability of a natural disaster project.

There has also been 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 for upkeep.

Bank Organization and Processes

Though natural disaster has no natural sectoral home in the Bank, staff in numerous sectors need specialized services to enable them to respond to disasters and to mitigate vulnerability to natural hazards.

While transport and urban development has recently been the sectoral home of disaster work, there is no compelling reason why this should be so: more work has been done in the rural sector, though that would not necessarily be a better place for a disaster team.

The general complexity of natural disaster response has led the Bank to draw from a broad array of activities, but this would happen more effectively in the presence of guidance at the institutional, country, and project levels.

Experience shows that custom-fitting a response to the disaster and to the country does work, and it often works best when artificial time limits are not imposed. Disasters hit all sectors, but not equally or even every time. Investments need to create disaster-resilient systems. After large disasters where the Bank has opted exclusively to provide budget support, infrastructure reconstruction and rehabilitation has often been partial, with serious consequences for economic recovery.

The current OP's strong focus on the ERL instrument is too narrow for natural disasters, which are not just emergencies but ongoing risk factors, especially in highly vulnerable countries.

Most of the Bank's natural disaster work is done by regular investment lending. The

previous OPN and the OD laid out options for more effective and less instrument-focused responses to natural disasters.

The Bank has consistently underestimated the time needed to carry out emergency-related lending.

The vast majority of (natural disaster) emergency recovery activities have not (and probably cannot) be achieved within the three-year timeframe established by OP 8.50 for ERLs. And the Bank has consistently underestimated the time required for projects, which on average have taken approximately 20 percent longer than initially planned. Two-thirds of natural disaster projects have not met their original completion dates. While disaster projects are not unique in this regard, it often happens that activities that might contribute greatly to the recovery effort (and to the borrower's subsequent long-term development) are not included in the ERL projects because they cannot be completed in the time allotted—and then the project runs long in any event.

Recommendations

Chapter 6 of the report makes a number of specific suggestions about revisions to the Bank's policy for emergency lending—these are not repeated here in their entirety.

Prepare a Strategy or Action Plan for Natural Disaster Assistance

The Bank's natural disaster assistance would benefit from the development of a strategy or action plan and related guidance that would: help staff to respond to emergencies with quick relief and well-planned reconstruction, and to do so more effectively in a much shorter period; ensure that contingency funds (be it on a country, regional, or global scale) result in all borrowing countries receiving a timely and adequate financial response to major events; and help bring natural hazard risk management to the most vulnerable countries.

The strategy or action plan needs to identify a methodology to assess each country's level of disaster risk. It is suggested that countries be divided into high-, medium-, and low-risk

groups. The action plan then needs to identify how the Bank will assist borrowers in each category to lower their vulnerabilities and to build on local capacities and leadership.

In highly vulnerable countries, the action plan needs to make provisions to give more attention to natural hazards during the appraisal of investment projects generally, and specifically in the preparation of PRSPs, CASs, and other strategic documents. Where appropriate, these documents need to go beyond a description of the risks, and identify monitorable mitigation and institutional development activities.

For the most vulnerable countries, contingency funding needs to be available, whether as part of another loan, a set-aside in the CAS lending program, or a free-standing catastrophe fund (though these may become unnecessary if regional or global funds are eventually established). Another alternative worth consideration is a special “quick start” funding mechanism when disaster occurs.

Countries deemed to be at medium to high risk need to include disaster-resilient design in Bank-financed projects. For all countries, disaster risks need to be considered in standard risk assessment documents.

The strategy or action plan should be submitted to the Board for discussion.

Revise Policy to Better Guide Staff and Enhance Flexibility of Bank Responses to Natural Disasters

Emergencies are of many sorts and, although there is some overlap, most differ from the disasters created by natural events in critical ways. Bank policy needs to reflect these differences by treating conflict and epidemic diseases separately, with provisions that apply only to the relevant topic. There are two ways in which this can be done: natural disasters can either be the subject of a separate Operational Policy (as called for in the 1998 IEG evaluation of the Bank’s experience with post-conflict reconstruction); or OP 8.50 could include specific provisions for natural disasters, for post-conflict situations, and for health and other emergencies, so that each topic is dealt with separately.

In whatever form it takes, Bank policy needs to focus more on disaster prevention and vulnerability reduction in all natural disaster operations. Policy prohibitions on relief and the financing of recurring events need to be relaxed.

Accelerated processing and provisions for quick disbursement for ERLs have partially addressed the need for speed in undertaking short-term activities, though they could be fruitfully complemented by a new mechanism, such as a special central fund managed by the president’s office (akin to the one in place in the IDB) to fund the most urgent needs in the early days of a disaster response.

But the use of ERLs is less appropriate for longer-term activities, such as mitigation, reconstruction, and institution building, which require a longer preparation and appraisal time and need not be exempted from due diligence standards and safeguard compliance.

Similarly, attention to social issues during preparation and implementation generally requires a longer period than has been available under ERLs. Such activities are more suited to standard investment lending but have often been short-changed because of the ERL’s three-year implementation time, and the loss of borrower interest in a second loan following the ERL.

Increase Bank Capacity to Respond to Disasters and Ensure That It Can Be Mobilized Quickly

Whether or not there is a designated unit to deal with natural disasters and hazard risks, the Bank needs the capacity to quickly gather and disseminate international experience to borrowers in an emergency. In addition, task teams need support while conducting post-disaster assessments and designing emergency interventions tailored to the needs and capacities of each borrower.

Responding to disasters requires multisectoral expertise. Including disaster-knowledgeable people on Bank missions following major crises can be crucial. Being selective in staffing identification for missions in post-disaster settings avoids problems of design and scale of response that can occur when people are

sent who are not used to seeing destruction on a massive scale or who lack country knowledge. The Bank has very few such people, and it currently has no consistent mechanism for mobilizing them to respond to natural disasters. Pulling members of the

Hazard Management Thematic Group away from their ongoing responsibilities inevitably has a negative impact on their normal activities. And there are so few knowledgeable staff that the same people tend to be called upon repeatedly.