

## **Annex 2**

### **Hurricane Georges Emergency Recovery Project**

#### **Project Description**

##### **A. QUICK-DISBURSING COMPONENT - US\$60 million to be financed under the Loan**

###### ***OBJECTIVE & SCOPE***

The objective of the component is to provide US\$60 million in quick-disbursing funds to finance critically needed imports for the recovery program, including food for processing and/or for productive industries, medicine, housing construction materials and chemical products. US\$38 million of this amount would be used to finance imports purchased after loan effectiveness, while US\$22 million would be used as retroactive financing for eligible imports purchased between September 22, 1998 and the estimated date of loan agreement signing.

###### ***IMPLEMENTATION***

The component will be implemented by the Central Bank, which has the required ability and experience to ensure compliance with agreed procurement and disbursement arrangements. It will open a Special Account in US dollars for the component. The Loan would finance 100 percent of the foreign exchange costs of eligible imports that are part of a positive list agreed with GODR. The Central Bank would provide quarterly audit reports prepared by a private, independent auditor to monitor the transparency and efficient operation of the component.

In keeping with the emergency nature of this proposed assistance, implementation arrangements would be kept simple. To ensure due diligence and sound governance in the use of IBRD funds, the arrangements would:

- Ensure that loan proceeds are managed responsibly and only used to finance original imports of items contained on the positive list;
- Ensure proper procedures in procurement and accounting, and the complete documentation of transactions;
- Provide frequent management information using suitable monitoring and audit tools.

The Central Bank would release foreign exchange for private sector imports to commercial banks upon receiving proof that the import transaction is eligible, i.e. (i) the item is on the positive list, and (ii) stipulated procurement procedures have been followed. All releases of foreign exchange to commercial banks for private sector imports would be made against equivalent Dominican peso deposits by the commercial bank into the Government's counterpart fund account.

###### **Positive List**

The positive list of eligible goods to be financed, as agreed with the Central Bank, includes only goods that are imported by the private sector. Crude oil and petroleum derivatives were not included in the list because their procurement is restricted to the countries that are part of the San Jose Agreement, and it is uncertain whether their prices and conditions would be in fact the most favorable if the competition were open to all countries.

###### ***Food***

- Butter oil
- Sunflower oil
- Soy oil
- Soy flour
- Corn
- Non-fat powdered milk
- Whole powdered milk

Wheat  
Oats  
Degummed crude oil (Aceite crudo desgomado)  
Garlic

*Medicine*

Ethyl Alcohol  
Medications for human use  
Veterinary Medications

*Construction Materials*

Clinkers to make cement  
Steel wire  
Steel reels/coils  
Copper electric cables  
Cement  
Iron  
Tin  
Pine boards  
Steel rods  
"Panel (Bare Galvalun) Lamina Tipo R"  
Construction rods  
Fiber optic cables  
"Planchuelas, angulares y barras de hierro"  
Plywood  
Copper wire

*Chemical Products*

Carbon electrodes  
Electrolytic manganese  
Pentaerythritol  
PolyVinyl Chloride and resin  
Polyol  
PVC resin  
Liquid caustic soda  
Toluene  
Titanium dioxide  
Sodium sulphate  
Dodecyl benzene  
Acarin Diurex

*Primary Materials for Industry*

Kraft cardboard without stucco  
Kraft paper  
Corrugated cardboard

**Goods to be financed retroactively**

<i>Goods</i>	<i>Value (US\$)</i>
Corn	1,774,500
Soy flour	1,202,340
Diamonium Phosphate	1,074,150
Soy oil	4,681,008
Laminated steel	1,306,243
Steel rods	4,071,029
Soy oil	1,291,473
Tin	1,035,170
Corn	599,250
Clinker	676,009

## **B. RECONSTRUCTION & MITIGATION COMPONENT - US\$50 million to be financed under the Loan**

### **1. Roads/ Bridges (US\$22.5 million)**

#### ***OBJECTIVE & SCOPE***

The objective of the component is to improve the transport sector's contribution to the development of major sources of growth, and improve access to markets. This will be achieved by reconstructing 23 bridges and 8 highway sections that were severely damaged by Hurricane Georges. The component will be implemented in three phases, in accordance with the urgency of the works to be reconstructed.

***Phase I (US\$5 million):*** This phase includes the reconstruction of 16 reinforced concrete bridges, with a total estimated cost of approximately US\$ 7.2 million, US\$5 million of which will be financed by the Emergency Loan and US\$2.2 million by local counterpart funds. The structures and accesses of these bridges, located on principal highways in La Altagracia, Hato Mayor, Azua, Monte Plata and San Juan de la Maguana, were severely affected by the rains and subsequent flooding caused by the hurricane. The works are being contracted directly with construction companies that have ongoing contracts under Loan 4127-DO, as an extension of these contracts, for no more than 20% of the original contract amount.

***Phase II (US\$2.5 million):*** This phase consists of the reconstruction of seven reinforced concrete bridges with a total estimated cost of US\$3.6 million, including civil works and supervision, US\$2.5 million of which will be financed by the Emergency Loan and US\$ 1.1 million from local counterpart funds. The structures and accesses of these bridges, located on principal highways in Barahona, San Juan de la Maguana, Sanchez Ramirez and Santiago, were also severely affected by the rains and flooding due to the hurricane. However, their reconstruction is less urgent than that of the bridges included in Phase I. The works will be contracted out through bidding by invitation to twelve construction companies that specialize in this type of work. None of the companies would be awarded more than two contracts out of the total of nine.

***Phase III (US\$15 million):*** This phase comprises the reconstruction of eight highway sections with a total length of 273 kilometers, with a total estimated cost of US\$ 21.6 million, including civil works and supervision. It will be financed by US\$15 million from the Emergency Loan and local counterpart funds of US\$6.6 million. These works are less urgent than those in Phases I and II, and can be postponed until the Emergency Loan becomes effective. The highway sections were damaged by the torrential rains and flooding, which caused pavement erosion, misalignment of ramps, erosion of gutters and waterways, destruction of concrete works (sewer systems, stone coverings, retention walls) and the collapse of traffic signals. The structural damages of the bridge are so severe that a new bridge will have to be constructed. The highway sections are in San Cristobal, La Altagracia, La Vega, Independencia, Azua, Hato Mayor, and Pedernales, and the bridge is in La Vega. This phase will be financed by the Emergency Loan, which should become effective by the end of January, 1999. However, GODR may request retroactive financing of up to 10% of the US\$15 million allocated for this phase, or US\$1.5 million, for works initiated after Sept. 23, 1998, if the Bank's bidding procedures have been followed to contract the works.

This component would complement the reconstruction works financed by the reallocation of US\$7.5 million from the Bank's ongoing National Highways Project (Ln. 4127-DO), IDB financing of US\$5 million, EU financing, and self-financing from SEOPC, which together would fully cover the reconstruction costs of the principal transport network in the country.

#### ***IMPLEMENTATION***

This component would be implemented by SEOPC, specifically by the PCU of the ongoing National Highways Project. No environmental assessment will be required since the works will entail the reconstruction of existing structures. SEOPC will prepare monthly reports on project implementation progress, to be submitted to the PCU of the Emergency Project.

## **2. Irrigation (US\$12.0 million)**

### ***OBJECTIVE & SCOPE***

The objective of the component is to rehabilitate the principal irrigation schemes damaged by Hurricane Georges would also support a series of studies of the main river basins prone to flooding as well as specific investments aimed at mitigating flooding in the future (subcomponent II).

The rehabilitation of the 10 major irrigation schemes in the country would include, in particular: (a) the reconstruction and rehabilitation of damaged existing irrigation structures, including (i) the headworks and main water diversion and conveyance structures; (ii) the water distribution and control, and drainage structures in the secondary and tertiary networks; (b) the rehabilitation of canal ditch protection, and (c) the cleaning of silted canals. This component, with a total estimated cost of US\$ 8.8 million, including civil works and supervision, will be financed by US\$7.0 million from the Emergency Loan and local counterpart funds of US\$1.8 million.

This component would complement the rehabilitation works to be financed with US\$2 million reallocated from the Bank's ongoing Irrigated Land & Watershed Management project (Ln. 3875-DO) and US\$7.1 million reallocated from the IDB's ongoing PROMACIR project. Together with about US\$2.3 million of counterpart financing from INDRHI, these amounts will fully cover the rehabilitation costs in the sector.

The component would also include key investments for structural flood control measures like river bank protection in critical areas, and for the safety of hydraulic structures (estimated total cost of US\$5.0 million to be financed by US\$8.0 million from the Emergency Loan and local counterpart funds of US\$2.0 million). This component, with a total estimated cost of US\$6.3 million, will be financed by US\$5.0 million from the Emergency Loan and local counterpart funds of US\$0.8 million.

### ***IMPLEMENTATION***

This component would be implemented by INDRHI, which is responsible nationwide for irrigation and has proven capability for the rehabilitation of irrigation works. INDRHI will be responsible for contracting private firms to execute the reconstruction and rehabilitation works. The Water User Associations will be contracted in each irrigation district to clean the irrigation canals. No environmental assessment will be required since the works will entail reconstruction/rehabilitation of existing irrigation structures. INDRHI will prepare monthly reports on project implementation progress to be submitted to the PCU of the Emergency Project during the reconstruction/rehabilitation phase, estimated at a period of one year.

## **3. Electricity (US\$7.4 million)**

### ***OBJECTIVE & SCOPE***

The objective of the project component is to contribute to the full restoration of electricity service through (i) the rehabilitation and upgrade of part of the 69 KV transmission system; and (ii) the rehabilitation of an 8 MW hydropower plant and access road.

The scope of the power component will include, for a total cost of US\$9.0 million:

- (a) rehabilitation and upgrade of about 66 km of 69 KV transmission lines (including about 500 posts) in the Northern and Southern areas; the lines design will be upgraded to support wind velocity of 120 km/h with a safety factor of 2.5 (tested at maximum speed of 230 km/h); the cost of this subcomponent is estimated at US\$6.9million (US\$5.6 million of Bank financing);
- (b) rehabilitation of the 8 MW Jimenoa power plant, including replacement of electrical equipment and plant overhaul (repair of access road and bridges to be carried out separately by Ministry of Civil Works); the cost of this subcomponent is estimated at US\$1.5 million (US\$1.2 million of Bank financing);
- (c) consulting services for design and supervision of the above subcomponents; the cost of this subcomponent is estimated at US\$0.6 million (100% financed by Bank).

The component would complement rehabilitation works financed by other donors (including IDB for US\$12 million and EIB for US\$9 million), that together with counterpart financing from CDE of about US\$ 1 million, would fully cover the cost of rehabilitation of transmission facilities as estimated by CDE and its consultant (report of 10/20/98). The cost of rehabilitating distribution facilities (mainly in the Eastern and Southern regions) has been estimated at US\$17 million; it will be mostly financed by the capitalized utilities. Similarly, the repairs to damaged buildings in generation facilities would be financed by the two capitalized generation companies.

The component will help to provide a reliable supply of electricity to privatized distribution utilities, in areas that include about 570,000 customers. It will also result in the least-cost restoration of 8 MW of generation capacity for a system that still presents a capacity deficit estimated at about 45 MW in 1998. The investment for the rehabilitation of the Jimenoa hydropower plant will be recovered in about two years (with a yearly production of 40 GWh, valued at a low US3.0 cents/kwh).

### **IMPLEMENTATION**

The component will be implemented by CDE with support by an engineer for design and supervision. CDE has a proven capability for the implementation of this type of works, which will reduce the risks of delays in project implementation. CDE will prepare monthly reports on project implementation progress to be submitted to the PCU of the Emergency Project. No environmental assessment will be required since the works will entail replacement/rehabilitation of existing equipment. Contracts for all civil works will include guidelines for strict adherence to environmental standards.

#### **Procurement plan (based on Loan effectiveness in January 1999):**

Recruitment of consulting firm:	November 1998 - February 1999
Bidding documents for equipment:	March 1999
Bidding Documents for trans.lines:	March 1999
Bidding Documents for Jimenoa plant:	March-April 1999
Contracting of equipment supplier:	April 1999
Supply of equipment:	May-September 1999
Contracting of firms for transm. turnkey:	April-May 1999
Rehab/Reconstr. of transmission lines:	June 1999 - March 2000
Contracting for Jimenoa rehabilitation:	May-June 1999
Jimenoa rehabilitation:	July 1999 - June 2000
Repairs Jimenoa access road/bridge:	April-July 1999

#### **4. Strengthening Emergency Preparedness and Response (US\$7.1 million)**

##### **OBJECTIVE & SCOPE**

In the area of emergency preparedness and disaster management, this component will support the Government's Action Plan (Annex 12) to restructure and modernize key national institutions responsible for emergency preparedness and disaster management. The component would also support other vulnerability reduction measures that would include (a) the development of a comprehensive hazard and vulnerability map for the Dominican Republic; (b) adoption and effective enforcement of a national building code to enhance the resilience of both public and private buildings to natural disasters such as hurricanes; and (c) adoption of insurance codes to mitigate risk from recurring natural disasters such as hurricanes and floods.

A critical factor in a well-managed disaster preparedness and response system is whether the national disaster management agency is alerted in advance of an impending disaster and whether, in turn, the national agency is able to communicate accurate information on a timely and continual basis to local communities. The program will therefore support the establishment of an effective National Early Warning System by enhancing the capacity of the National Meteorological Office Services (OSNM) as well as of the National Water Resources Institute (INDRHI) through the provision of appropriate equipment and training.

The proposed plan of action for the Development of a National Alerting and Warning System would be as follows:

- *At the national level*, the program will strengthen the institutions responsible for disaster preparedness and response (in particular the Civil Defense, INDRHI, INAPA, CDE, Seismologic Institute). It will also aim to enhance the operational links, including communications, between the national agency and other stakeholders in government ministries, private businesses, NGOs (the Red Cross in particular), and most importantly, local communities.

A National Hazard Prevention and Mitigation Council will be set up to serve as a steering committee to coordinate policy issues such as building codes or disaster-resistant construction practices, improved land use planning, et., approve the selection of priority investments, and help ensure compliance of government recommendations. The committee will consist of representatives of relevant public institutions as well as representatives from the private sector, NGOs and civil society.

The proposed component would provide financing for: (i) specialized equipment needed to provide an effective early warning system in ONM and INDRHI; (ii) technical consultants and logistical support required by institutions responsible for emergency preparedness and response (in particular the Civil Defense); (iii) public information and training of staff in the ONM and INDRHI, at the national level in disaster preparedness, and at the community level, of local governments and rural communities to be prepared for and be able to respond to emergencies arising from recurring natural disasters; and (iv) Technical Assistance for the overall management of the emergency project.

It would also provide financing of US\$2.5 million (towards a total of US\$7.7 million for the strengthening of the Emergency Preparedness and Response Component to support disaster mitigation activities, in particular:

- (i) an analysis of the hydrology and hydrogeology of the main river basins, *Yaque del Norte, Yaque del Sur* and *Ozama*;
  - (ii) a simulation study and impact assessment of flooding in selected flood risk prone areas;
  - (iii) a study for the development of a River Basin Water Management Strategy (US\$1.0 million), including an analysis and balancing of basin water resources (surface and groundwater) and demands, and emergency plan for large flood/drought;
  - (iv) Hazard Analysis / Vulnerability Mapping (US\$250,000). This component would support the development of a comprehensive hazard and vulnerability map for the DR: the carrying out of a population vulnerability analysis; and training for government, private sector and communities to identify strategies to use the results of this analysis for disaster mitigation measures.
  - (v) a program for Vulnerability Reduction of Public and Private Buildings (US\$100,000). This program would aim to strengthen the resilience of public and private structures to recurring disasters through the adoption of a national building code and its effective enforcement through proper building inspection measures.
  - (iii) a study for Insurance / Reinsurance Schemes (US\$150,000). This activity would examine measures needed in the development of a more effective insurance strategy to minimize the cost of insurance for a given level of risk. It would examine existing regulatory requirements covering building codes, land use planning, and recommend improvements to current practices; it would also consider the development of special financial instruments.
- *At the community level*, it will support Local Disaster Committees and strengthen their capacity to prepare community disaster plans and respond to and manage disasters and emergencies. The likelihood of repeat disasters such as Hurricane Georges remains high. Also, the Dominican Republic is subject to other natural disasters involving seismic activities. International experience indicates that true natural hazard vulnerability reduction occurs only if the government and the people jointly take appropriate action to minimize the risks of

future losses. At the regional and local levels, the communities and villages are in the best position to identify community needs and offer assistance in attaining them. A program of training and technical assistance is proposed under the project to identify and propose community awareness activities and the development of early warning system and hazard reduction plans.

### **C. PROJECT IMPLEMENTATION SUPPORT - US\$1 million to be financed under the loan**

#### **Project Management and Coordination**

Project coordination, monitoring and implementation will be centralized in the Project Coordination Unit (CC), which will be located in the Technical Secretariat of the Presidency (STP). The CC will be supported in all aspects of project management by a specialized firm which will be responsible for coordinating and supervising day-to-day implementation of the project. The CC will include full-time professional personnel – a Project Manager, Procurement Officer, and Financial Manager with adequate support staff.

In implementing the project, the CC and other entities involved in project execution would be guided by a Project Operational Manual (POM). The POM, the final content of which will be agreed with the Bank, will include the following main items: (a) organizational arrangements, including specific relationships and responsibilities for project execution; (b) the content of all components and sub-components of the project; (c) operational procedures (both Government- and Bank-appropriate) for the procurement of goods, works and services to be followed in project implementation; (d) a timetable delineating targeted completion dates for the project components; (e) disbursement and procurement arrangements, including reference to the standard bidding documents to be used for works and goods, and standard consultant contracts; (f) financial management and control arrangements, including Terms of Reference (TORs) for the coordination of internal and external project audits and project monitoring and evaluation; (g) agreed project monitoring and evaluation indicators, to guide assessment of project implementation performance during project reviews; (h) TORs for the staff of the CC and all experts to be employed under the project, and (i) other such matters agreed upon between the Government and the Bank.

#### **Monitoring, Reporting and Implementation Completion Report**

The CC will present to the Bank, no later than 30 days after the end of each quarter of each calendar year, beginning March 31, 1999, a Project Implementation Report covering project implementation activities during the previous three-month period. This report will include, among other things, the following information: (i) compliance with the Project Operational Manual; (ii) the Project Operational Plan for the quarter under review; and (iii) the Project Monitoring and Impact Evaluation indicators. The quarterly project implementation progress reports will be discussed during the Annual and Midterm Project Reviews. The CC will also be responsible for the preparation of the Project Implementation Completion Report (ICR), within six months of the closing date.

**Concurrent Project Reviews.** Concurrent Project Reviews will begin in February 1999 and take place throughout the life of the project, under the coordination of the CC and the professional audit firm. Such reviews shall focus primarily on (a) the Project Implementation Report, and (b) the Project Implementation Plan proposed for the following calendar year. These reviews will foster transparency in the use and accounting of funds managed by each implementing agency, not only for the funds obtained from external sources, but also from internal sources.

#### **Financial Management, Accounts and Audits**

An evaluation of existing financial management procedures and the accounting systems and administrative controls of the Government was carried out during preparation of the emergency recovery loan. It was noted that the country's financial management system is highly centralized, with the Government Treasury responsible for general control of the executive branch. Financial activities are limited to providing information in accounting formats to the MOF, for payment and accounting purposes. The existing governmental financial management procedures, as well as the areas of accounting, budgeting, financial planning and analysis, have been identified as

areas for improvement. To this end, the project supports the function of financial management to be carried out by the project management firm contracted for project implementation and coordination.

The CC will maintain records and separate accounts adequate to reflect, in accordance with sound accounting practices, the operations, resources and expenditures of the project, and will prepare a monthly statement of expenditures. This procedure will facilitate the preparation of withdrawal applications and expedite the disbursement process. IBRD would require annual financial audit reports from external auditors (independent and suitably qualified) for project accounts with a separate opinion on the Special Account and Statement of Expenditures. The Financial Audit Reports would be submitted to the Bank no later than six months after the end of the financial year. The first audit report would be submitted by June 30, 1999, covering expenditures incurred (and financed retroactively) in CY 1998.



## Annex 3

## HURRICANE GEORGES EMERGENCY RECOVERY PROJECT

## Estimated Project Costs

Project Component	Procurement Category	Base Costs			Physical Conting.	Price Conting.	TOTAL COSTS	Loan Financing
		Local	Foreign	Total				
A. Imports	GOODS	0.0	60.0	60.0	0.0	0.0	60.0	60.0
B. Reconstruction and Mitigation								
1. Transport	CW	11.5	17.2	28.7	2.9	0.6	32.1	22.5
2. Irrigation	CW-GOODS	5.4	8.0	13.4	1.3	0.3	15.0	12.0
3. Electricity	CW-GOODS-CON	3.3	5.0	8.3	0.8	0.2	9.3	7.4
4. Strengthening Emergency Preparedness & Response								
A. National Level								
Studies	CON	0.0	2.5	2.5	0.3	0.1	2.8	2.8
Technical Assistance	CON	0.0	1.3	1.3	0.1	0.0	1.5	1.5
Equipment/Infrastructure	GOODS	0.3	2.5	2.8	0.3	0.1	3.1	2.5
B. Regional/ Local Level								
Training and Technical Assistance	CON	0.1	0.2	0.3	0.0	0.0	0.3	0.3
C. Implementation Support								
Management Firm	CON	0.0	0.7	0.7	0.1	0.0	0.8	0.8
Audits	CON	0.0	0.2	0.2	0.0	0.0	0.2	0.2
<b>TOTAL PROJECT COSTS =</b>		<b>20.5</b>	<b>97.7</b>	<b>118.2</b>	<b>5.8</b>	<b>1.2</b>	<b>125.2</b>	<b>110.0</b>

CW = Civil Works, CON = Consultancies/Training; GOODS = Goods & Equipment; MISC - Miscellaneous

Physical Contingencies = 10%; Price Contingencies = 2%

## Annex 4

### Hurricane Georges Emergency Recovery Project

#### Economic Analysis of Roads & Bridges Component

An economic analysis was performed for the road and bridge component of the project, to be implemented in three phases. The sub-components of each phase are: a) construction of 763 meters of high priority bridges (16 in total) replacing those severely damaged or destroyed by the hurricane and river floods (phase 1); b) reconstruction of 409 meters of bridges (7 in total), equally severely damaged or destroyed (phase 2); and c) about 273 km of road reconstruction (8 road sections) (phase 3).

The economic analysis was undertaken with the application of the Highway Design and Maintenance Model (HDM) for the highway sections, and the VOC (vehicle operating costs subroutine of the HDM model) for the bridges. The results of the economic analysis show an overall economic internal rate of return (EIRR) of 19.3%, well above the minimum required of 12%. Table 0.1 summarizes the costs and economic return of the components.

*Table D1. Summary of Economic Evaluation*

<u>Components</u>	<u>Estimated Cost (US\$ million)</u>	<u>Economic Rate of Return (%)</u>	<u>Net Present Value (US\$ million)</u>
PHASE I: Highest Priority Bridges	7.177	15.24%	1.180
PHASE II: 2nd Highest Priority Bridges	3.565	15.16%	0.557
PHASE III Road Reconstruction	21.558	21.39%	19.800
<b>Combined Total</b>	<b>32.300</b>	<b>19.33%</b>	<b>21.537</b>

The economic feasibility of bridges, although very dependent on the annual maintenance cost of the temporary diversions, also depends on vehicle operating costs. To minimize the effect of time delays without the project, a factor that can be very subjective in developing countries, the increase in travel time affecting passengers, crew and cargo loads was taken into account in a conservative way: for passengers, the cost of time was estimated from US\$ 0.60 per hour for car passengers to and extremely low of US\$ 0.14 per hour for bus and microbus passengers, (the country minimum wage is US\$ 0.53 the hour).

The results of the economic analysis of the project, including the sensitivity analysis of the economic indicators for each of the three phases, strongly support the financing for each of the works included in the three phases of the component as a high priority in the emergency circumstances of the country.

The economic analysis was carried out based exclusively on maintenance, traffic and investment costs. The EIRR of the project components reach almost 20.0% on weighted average, the EIRR of the bridge sub-component ranges from 12.0% to more than 28.0%, with a weighted value of about 15.0%, and the EIRR of the road sub-component ranges from almost 15.0% to more than 28%, averaging a robust 21.0% for the whole road sub-program.

## Annex 5

### HURRICANE GEORGES EMERGENCY RECOVERY PROJECT

#### Procurement and Disbursement Arrangements

#### I. Project Part A. Imports Component

##### **Procurement**

##### A1. Summary of Procurement Arrangements

Goods for contracts valued at or more than US\$5 million	Simplified International Competitive Bidding procedures under Clauses 2.63 and 2.64 of the Bank's Procurement Guidelines
Goods for contracts valued at less than US\$5 million	Based on established commercial practices
Private sector import contracts costing less than US\$500,000	Ineligible for financing under the Loan

A positive list of items for import financing has been agreed with the Government (Attachment). All goods included in the positive list correspond to imports made by the private sector. Procurement would be limited to goods from countries that are eligible under the Bank's Procurement Guidelines (*Guidelines: Procurement under IBRD Loans and IDA Credits of January 1995, revised January and August 1996, and revised September 1997*) and are also participating countries under current IBRD and IDA guidelines. No more than 50 percent of the Loan would be used in the aggregate for the import of any single item of the positive list.

Goods and commodities with a contract value of or more than US\$5 million to be procured under the loan, would follow simplified international competitive bidding in accordance with the Bank's *Procurement Guidelines* (Clauses 2.63 and 2.64). Goods and commodities with a contract valued of less than US\$5 million would be procured through established commercial practices. Import contracts of less than US\$500,000 would not be eligible for financing under the Loan to avoid excessive overhead costs.

##### **Disbursement**

##### B1. Summary of Disbursement Arrangements

Disbursement Category	Amount of Loan Allocated (US\$ million)	Percent of expenditures to be financed
Commodities and goods	60.0	100 per cent
Total	60.0	100 per cent

A Special Account with an authorized allocation of US\$20 million would be established at the Central Bank. Disbursements would be made into the Special Account on the basis of fully documented withdrawal applications prepared by the Central Bank. This component is expected to disburse in about six months. The completion date for this component would therefore be June 30, 1999, with six months thereafter for the finalization of accounts and submission of final withdrawal applications and other reports.

## **II. Part B and Part C. Reconstruction and Mitigation**

### **Procurement**

**Civil Works:** The civil works under this component consist of reconstruction of roads, bridges, irrigation canals, rehabilitation and upgrade of electric transmission lines, rehabilitation of a power plant, river control and flood damage reduction, construction of houses. For these works, no ICB procedures are proposed given the type of works and size of the contracts.

- NCB procedures acceptable to the Bank will be used for contracts estimated to cost more than US\$500,000 and less than US\$3 million up to an aggregate amount of US\$30.2 million. The following principles will govern procurement under NCB: (i) foreign contractors will be allowed to bid on all contracts and will not be required to associate with local contractors or suppliers; (ii) there will be no restriction on sources of labor or materials, except for use of unskilled labor; (iii) invitation to bid will be advertised for at least three days in a newspaper with wide circulation in the Dominican Republic; (iv) no reference to minimum or maximum prices will be used for purposes of evaluation of bids for works or supply of goods; (v) bids will be opened in public; and (vi) contracts must be awarded to the lowest evaluated bidder in accordance with criteria clearly set forth in the bidding documents.
- Price Quotations. Works estimated to cost US\$500,000 or less equivalent per contract up to an aggregate amount of US\$14.5 million will be proceed on the basis of price quotations obtained from three qualified contractors (with experience and resources to successfully complete the contract) in response to a written invitation. The invitation will include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank and relevant drawings when necessary. The award will be made to the lowest evaluated bidder.
- Direct Contracting. Civil works estimated to cost less than US\$600,000 equivalent per contract for the First Phase of the Roads and Bridges emergency program (including 16 bridges, the reconstruction of which is considered very urgent) and the cleaning of the irrigation canals with an aggregate cost of US\$10.0 million, will be (are being) directly awarded respectively, to the contractors already working in similar works in nearby localities under the NHP, and to the Water User Associations or the beneficiary communities, under the supervision of INDRHI using procedures acceptable to the Bank.

**Goods and Equipment:** International shopping will be used for the procurement of goods and equipment in packages estimated to cost less than US\$100,000 individually up to an aggregate amount of US\$1.3 million for the rehabilitation of the Jimenoa hydropower plant, and up to an aggregate amount of US\$2.7 million for the equipment of a National Alert and Prevention Disaster Management System. Price quotations will be used for the procurement of goods and equipment in packages estimated to cost less than US\$60,000 individually up to an aggregate amount of US\$300,000 for the rehabilitation of electric pumps in the irrigation districts.

**Consulting Services.** Consultants for civil work supervision and studies will be selected and engaged following the January, revised September 1997 Bank Group consultant guidelines. The hiring of consultants will be made using QBCS, and hiring of individuals will be made on Selection Based on Qualifications.

**Table A2. Costs by Procurement Arrangements**

Expenditure Category	Procurement Method					Total Cost (including contingencies)
	NCB	Internat. Shopping	Price Quotations	Direct Contracting	Other	
Works	30.2 (22.1)		14.5 (11.1)	10 (7.3)		54.7 (40.5)
Goods		4.0 (3.1)	0.3 (0.2)			4.3 (3.3)
Consulting Services					6.2 (6.2)	6.2 (6.2)
<b>Total</b>	30.2 (22.1)	4.0 (3.1)	14.8 (11.3)	10 (7.3)	6.2 (6.2)	65.2 (50.0)

**Prior review thresholds**

The Bank will review ex-ante procurement documentation (advertising, bidding documents, bid evaluation and contract award) for the first two contracts under NCB, direct contracting and quotations for civil works and procurement of goods other than electricity goods. Contracts for electricity goods to be awarded through shopping procedures would require prior review of the specifications, evaluation report and recommendation of award in each case. The documents for the remaining contracts under NBC will be subject to ex-post review by the Bank. All other procurement documentation will be retained by the executing agencies and subject to selective ex-post review by the Bank's supervision missions. The provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitations, proposals, evaluation reports and contracts shall not apply to: (a) contracts for the employment of consulting firms estimated to cost US\$50,000 equivalent or less each; or (b) contracts for the employment of individual consultants estimated to cost \$20,000 equivalent or less each. However, this exemption to prior Bank review will not apply to: (a) terms of reference for such contracts; (b) single source selection of firms; (c) assignments of a critical nature as reasonably determined by the Bank; (d) amendments to contracts for the employment of consulting firms raising the contract value to \$50,000 equivalent or more; or (e) amendments to contracts for the employment of individual consultants raising the contract value to \$20,000 equivalent or more.

**Table B2. Thresholds for Procurement Methods and Prior Review**

<b>Expenditure Category</b>	<b>Contract Value (Threshold) US\$</b>	<b>Procurement Method</b>	<b>Review</b>	<b>Estimated Total Value Subject to Prior Review (US\$ million)</b>
<b>1. <u>Works</u></b>	<b>&gt;500,000 and &lt;3,000,000</b>	NCB	First two each year	8.4
- a. Roads & Bridges first phase - b. Irrigation Canal Cleaning - Other than a and b	< 600,000	Direct contracting	First two each year	1.1
	< 500,000	Quotations	First two each year	1.6
<b>2. <u>Goods</u></b>				
• Other than Electricity	<100,000	Price Quotations	First two each year	0.3
• Electricity	> 100,000	International Shopping	All	1.3
<b>3. <u>Services</u></b>				
	>50,000	QCBS	All	5.6
	> 25,000	Individuals	All	0.6
<b>Total value of contracts subject to prior review:</b>				<b>US\$18.9 (30%)</b>

**Disbursement****Table C2. Allocation of Loan proceeds**

<b>Category</b>	<b>Amount of Loan Allocated (US\$ millions)</b>	<b>Percentage of Expenditures to be financed</b>
<b>Part A. Imports Goods</b>	60.0	100% of eligible goods
<b>Parts B and C. Reconstruction and Mitigation</b>		
- Goods (other than Part A)	3.0	100% of foreign expenditures 100% of local expenditures (ex-factory) 85% of local expenditures for other items procured locally
- Works under:		
• B1. Roads & Bridges	19.8	70%
• Other than B1	16.0	80%
- Consultants	5.5	100%
- Unallocated	5.7	
- Fee	1.1	
<b>TOTAL</b>	<b>111.1</b>	

**Use of Statement of Expenses (SOEs):**

SOEs will be submitted for (a) all civil works contracts less than US\$1.0 million each; (b) all goods' contracts less than US\$150,000; (c) all consulting firm contracts less than US\$50,000, and; (d) all individual contracts less than US\$25,000.

**Special Account**

The Government will establish a Special Account (SA) in the Central Bank. Up to US\$5.0 million can be advanced from the Loan into the SA to facilitate disbursements for the purpose of the project. The SA will be replenished by submitting withdrawal applications to the Bank on a monthly basis.

**Retroactive Financing**

To facilitate the financing of expenses that have already been made as a result of the emergency, the Loan would allow retroactive financing up to a ceiling of US\$22 million. This would apply for expenditures incurred within the four months prior to the date of the Loan Agreement but after September 22, 1998.

## Annex 6

### Hurricane Georges Emergency Recovery Project

#### Project Processing Budget and Schedule

<b>A. Project Budget (US\$000)</b>	<u>Planned</u>	<u>Actual</u>
	\$129,600	\$85,000
<b>B. Project Schedule</b>	<u>Planned</u>	<u>Actual</u>
Time taken to prepare the project (months)	2 months	2 months
First Bank mission (identification)	10/01/1998	10/01/1998
Appraisal mission departure	10/22/1998	10/22/1998
Negotiations	12/01/1998	12/01/1998
Planned Date of Effectiveness	01/31/1999	

Prepared by: Technical Secretariat of the Presidency

Preparation assistance: Bank Budget

Bank staff who worked on the project included:

Name	Specialty
Eugene D. McCarthy	Task Manager
Elizabeth Waters	Country Officer
Daniel Moreau	Agriculture Specialist
Jose Alonso-Biarge	Highway Engineer
Philippe Durand	Energy Specialist
Robert Panfil	Municipal Specialist
Ferenc Molnar	Country Lawyer
Efraim Jimenez	Procurement Officer
Michael Fowler	Disbursement Officer
Marisela Montoliu Muñoz	Resident Representative



## Annex 7

## Key Performance Indicators

A. **Input Indicators** measure the quantity of resources provided for the project activities.

1. Project Resources (US\$).

Project Components	IBRD	SEOPC	Others	Total
Civil Works and Supervision	22.5	9.9	-	32.4

2. Maintenance budget (see Annex 11 of National Highway Project-Loan 41270 DO).

3. Disbursements (US\$).

Bank's FY	1999		2000		2001	
	IBRD	SEOPC	IBRD	SEOPC	IBRD	SEOPC
Estimate US\$ million	6.3	2.7	8.4	3.6	7.8	3.4
Actual US\$ Million						

4. Average Supervision Cost as percentage of civil works contracts.

Bank's FY	1999	2000	2001
Supervision cost/civil works cost (%)			

Estimate: 10% (including technical auditing).

5. Average percentage of physical contingencies in civil works .

Bank's FY	1999	2000	2001
Physical Contingencies in Civil Works (%)			

Estimate: 10%.

6. Average percentage of contingencies in consulting contracts.

Bank's FY	1999	2000	2001
Contingencies in Consulting Contracts (%)			

Estimate: 10%.

7. Percentage of contracts completed on time

Bank's FY	1999	2000	2001
Contracts Completed on time (%)			

More than 80%: very satisfactory

60-80%: satisfactory

40-60%: unsatisfactory

Less than 40%: very unsatisfactory

8. Percentage of contracts completed on budget

Bank's FY	1999	2000	2001
-----------	------	------	------



3. Objective: improve road safety. Indicator: accidents (injuries and fatalities - see annex 11 of National Highway Project – Loan 4127 DO).
4. Objective: improve maintenance efficiency. Indicator: cost per lane-km (see annex 11 of National Highway Project – Loan 4127 DO).
5. Objective: ensure adequate financing of maintenance. Indicator: planned, allocated and spent resources for maintenance (see annex 11 of National Highway Project Loan 4127 DO).

<b>ACTIVITY</b>	<b>UNIT</b>	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>	<b>TOTAL</b>
<b><u>I. Rehabilitation Works</u></b>					
• Canal Rehabilitation	km	100%			100%
• Canal ditch protection	km	60%	40%		100%
• Canal cleaning	km	100%			100%
<i>Disbursement I.</i>	<i>(US\$ million)</i>	<i>6.3</i>	<i>0.7</i>		<i>7.0</i>
<b><u>II. Prevention/Mitigation</u></b>					
• Hydrogeology study		100%			100%
• Flood simulation	-	-	100%		100%
• Water Management Strategy	-	-	70%	30%	100%
• Flood/Drought Emergency plan	-	-	-	100%	100%
• Prevention works	-		50%	50%	100%
			40%	60%	100%
<i>Disbursement II</i>	<i>(US\$ million)</i>	<i>1.0</i>	<i>3.5</i>	<i>3.5</i>	<i>8.0</i>
Component Disbursement Per Project Year	(US\$ million)	7.3	.2	3.5	15.0
% of Total Loan		49%	28%	23%	100%

### III. Power Component (implemented over 2 years)

#### CY1999

- (i) Engineering firm recruited (March 1999)
- (ii) Contracts signed by July 1999 for (a) transmission lines reconstruction; (b) supply of transmission equipment; and (c) rehabilitation of hydropower plant
- (iii) GODR/CDE contribution to subcomponent cost is mobilized on a timely basis (total US\$2.5 million over 2 years)

#### CY2000

- (i) 60 km of 69 KV transmission lines are satisfactorily completed by contractor
- (iii) repairs works are satisfactorily completed by CDE
- (iii) rehabilitation of 8 MW Jimeno hydropower plant is satisfactorily completed by contractor
- (iv) final report on subcomponent implementation is produced by CDE/engineer

#### CY2001

- (i) Facilities financed under the project subcomponent are properly operated and maintained

# Annex 8

## Statement of Loans and Credits

### Status of Bank Group Operations in Dominican Republic

#### IBRD Loans and IDA Credits in the Operations Portfolio

Project ID	Loan or Credit No	Fiscal Year	Borrower	Purpose	Original Amount in US\$ Millions			Difference Between expected and actual disbursements a/			Last APP Supervision Rating b/		
					IBRD	IDA	Cancellations	Undisbursed	Orig	Frm Rev'd		Dev Obj	
Number of Closed Loans/credits: 33													
Active Loans													
DO-PE-35722	IBRD 41270	1997	GOV'T. OF DOM REP. GOVERNMENT	NATIONAL HWY. PROJ. ENVIRONMENT POLICY	75.00	0.00	0.00	72.00	22.67	2.34	S	S	
DO-PE-35733	IBRD 42930	1998			3.00	0.00	0.00	3.00	0.00	0.00	S	S	
DO-PE-7015	IBRD 42720	1998		PROV. HEALTH SERV. PRJ	30.00	0.00	0.00	30.00	.92	0.00	S	S	
DO-PE-35494	IBRD 3951A		GOV'T OF DOMINICAN R	BASIC EDUCATION	36.40	0.00	0.00	36.13	18.33	7.80	S	S	
DO-PE-7020	IBRD 3875A		GOVERNMENT OF DR	IRRIG LAND & WATERSH	27.63	0.00	0.00	27.61	9.14	0.00	S	S	
Total					172.03	0.00	0.00	170.01	52.28	11.36			
Total Disbursed (IBRD and IDA):					Total								
of which has been repaid:					550.26								
Total now held by IBRD and IDA:					323.68								
Amount sold:					223.28								
Of which repaid					0.00								
Total Undisbursed					170.01								
					0.00								
					0.00								
					170.01								

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.  
b. Following the FY94 Annual Review of Portfolio Performance (ARPP), a letter based system was introduced (HS = highly satisfactory, S = satisfactory, U = unsatisfactory, HU = highly unsatisfactory): see proposed improvements in Project and Portfolio Performance Rating Methodology (Sect94-901), August 23, 1994.

Note:  
Disbursement data is updated at the end of the first week of the month.

## Dominican Republic at a glance

### POVERTY and SOCIAL

#### 1997

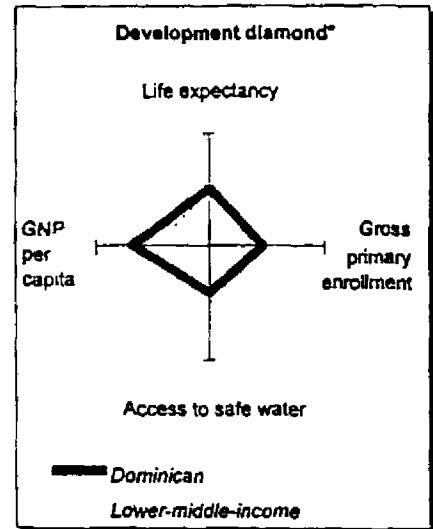
	Dominican Republic	Latin America & Carib.	Lower-middle-income
Population, mid-year (millions)	8.1	494	2,285
GNP per capita (Atlas method, US\$)	1,870	3,880	1,230
GNP (Atlas method, US\$)	13.5	1,917	2,818

#### Average annual growth, 1991-

Population (%)	1.8	1.7	1.2
Labor force (%)	2.7	2.3	1.3

#### Most recent estimate (latest year available, 1991-

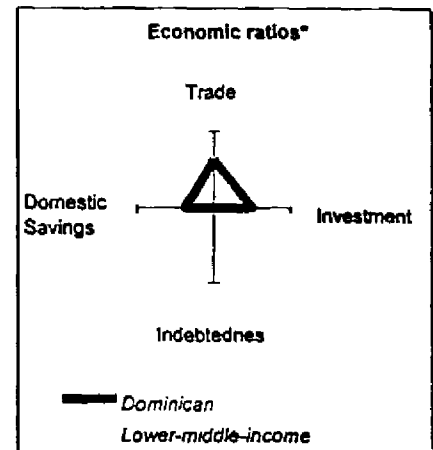
Poverty (% of population below national poverty)	..	..	..
Urban (% of total)	63	74	42
Life expectancy at birth (years)	71	70	69
Infant mortality (per 1,000 live)	38	32	36
Child malnutrition (% of children under	6	..	..
Access to safe water (% of	71	73	84
Illiteracy (% of population age	18	13	19
Gross primary enrollment (% of school-age	103	111	111
Male	103	..	116
Female	104	..	113



### KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1976	1986	1996	1997
GDP (US\$)	4.0	6.1	13.2	14.7
Gross domestic	22.5	21.1	27.5	28.8
Exports of goods and	20.9	23.0	29.1	30.4
Gross domestic	15.2	17.3	19.0	20.8
Gross national	18.3	17.8	25.7	27.3
Current account	-3.3	-3.4	-1.8	-1.5
Interest payments/GDP	0.9	3.0	1.2	1.2
Total debt/GDP	20.6	60.2	32.7	28.4
Total debt	11.2	24.7	11.2	..
Present value of	..	..	..	..
Present value of	..	..	..	..

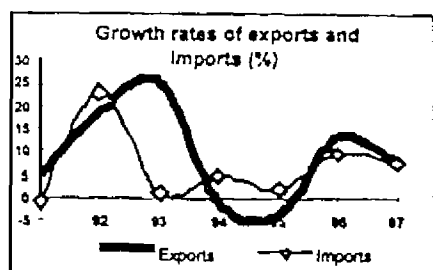
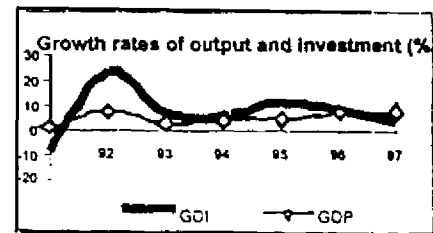
	1976-86	1987-97	1996	1997	1998-02
(average annual					
GDP	3.3	3.4	7.3	8.2	5.2
GNP per capita	0.3	1.7	5.7	3.6	3.8
Exports of goods and	9.2	7.6	13.3	8.6	5.9



### STRUCTURE of the ECONOMY

(% of GDP)	1976	1986	1996	1997
Agriculture	19.0	17.4	12.9	13.0
Industry	31.3	23.7	31.6	32.4
Manufacturing	20.6	12.7	17.0	17.0
Services	49.6	59.0	55.4	54.5
Private	80.9	72.4	74.8	67.3
General government	3.8	10.2	6.2	11.9
Imports of goods and	28.2	26.7	37.8	38.1

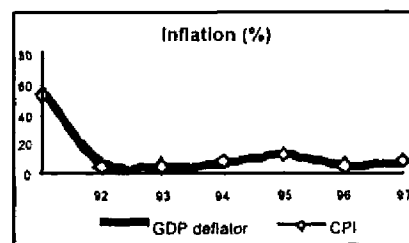
(average annual	1976-86	1987-97	1996	1997
Agriculture	2.8	1.9	9.5	3.4
Industry	2.2	3.6	7.0	10.6
Manufacturing	2.3	3.0	4.1	7.9
Services	4.1	3.7	7.0	7.9
Private	2.8	4.0	6.8	5.9
General government	14.3	0.0	3.2	19.1
Gross domestic	0.9	2.4	6.5	4.3
Imports of goods and	7.5	4.8	9.8	7.8
Gross national	2.8	3.7	7.6	5.5



## Dominican Republic

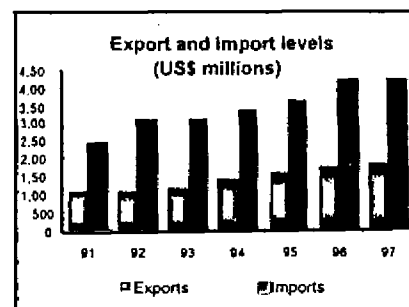
## PRICES and GOVERNMENT FINANCE

	1976	1986	1996	1997
<b>Domestic prices</b>				
(% change)				
Consumer	7.8	9.7	5.4	8.3
Implicit GDP deflator	2.9	9.3	5.4	6.8
<b>Government finance</b>				
(% of GDP, includes current)				
Current	..	..	19.9	20.8
Current budget	..	..	6.6	4.5
Overall	..	..	-1.0	0.0



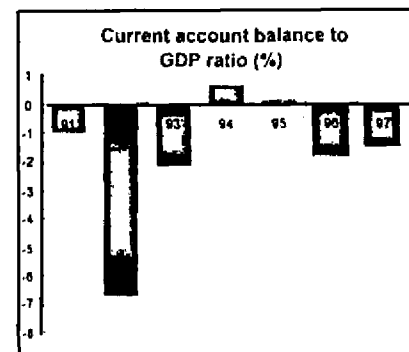
## TRADE

	1976	1986	1996	1997
<b>(US\$)</b>				
Total exports (fob)	..	897	1,804	1,873
Sugar	..	114	142	141
Gold	..	105	46	40
Manufactures	..	58	128	126
Total imports (cif)	..	1,879	4,215	4,260
Food	..	45	373	396
Fuel and energy	..	507	863	921
Capital goods	..	303	815	853
Export price index (1995=100)	..	69	96	94
Import price index (1995=100)	..	54	106	99
Terms of trade (1995=100)	..	128	91	94



## BALANCE of PAYMENTS

	1976	1986	1996	1997
<b>(US\$)</b>				
Exports of goods and	844	1,499	3,895	4,050
Imports of goods and	990	2,059	4,218	4,427
Resource	-146	-560	-323	-377
Net income	-109	-245	-1,063	-1,193
Net current transfers	126	596	1,147	1,345
Current account	-129	-209	-239	-225
Financing items	107	227	278	331
Changes in net	23	-18	-39	-106
<b>Memo:</b>				
Reserves including (US\$)	..	359	375	475
Conversion rate (DEC, local/US\$)	1.0	2.9	13.8	14.3



## EXTERNAL DEBT and RESOURCE FLOWS

	1976	1986	1996	1997
<b>(US\$)</b>				
Total debt outstanding and	814	3,687	4,310	4,171
IBRD	20	180	244	217
IDA	11	21	17	16
Total debt service	108	374	445	..
IBRD	4	33	56	42
IDA	0	1	1	1
<b>Composition of net resource</b>				
Official grants	..	..	..	..
Official creditors	54	102	-20	..
Private creditors	61	-8	-28	..
Foreign direct	..	..	358	405
Portfolio equity	..	..	..	..
<b>World Bank</b>				
Commitments	10	0	37	75
Disbursements	6	13	18	13
Principal	2	18	38	27
Net flows	4	-6	-20	-14
Interest payments	2	15	19	16
Net transfers	2	-21	-39	-29

