

APENDICE A

DOCUMENTO DEL BANCO INTERAMERICANO DE DESARROLLO
NO AUTORIZADO PARA USO PUBLICO

Departamento de Planes y Programas

POLITICA PARA DESASTRES NATURALES

Reseña de la de política para desastres naturales (DN)

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DESASTRES NATURALES

I. Introducción

- 1.01 Un desastre natural es una emergencia derivada de la acción de las fuerzas naturales que tiene consecuencias excepcionales, tales como pérdida de vidas, perjuicios en la infraestructura física y de servicios de un país miembro, así como pérdida de bienes materiales en grado tal que se vea afectado el proceso de desarrollo económico, social y ambiental.
- 1.02 Los tipos de desastres naturales incluyen, entre otros, terremotos y maremotos, tormentas y huracanes, erupciones volcánicas, inundaciones, sequías, epidemia, incendios, heladas, aludes o una combinación de ellos.
- 1.03 Los países prestatarios miembros del Banco pueden tornarse en cualquier momento vulnerables frente a emergencias derivadas de desastres naturales. La asistencia del Banco en este campo aborda los efectos imprevistos de esos desastres naturales y su repercusión socioeconómica y ecológica en los países miembros.

II. Objetivos

- 2.01 El propósito fundamental de la participación del Banco en el campo de los desastres naturales es ayudar a los países miembros afectados a protegerse y reanudar su desarrollo socioeconómico en forma efectiva. El Banco también procura asistir a los países miembros en la adopción de medidas apropiadas para evitar o reducir pérdidas ocasionadas por desastres naturales. A solicitud de ellos, el Banco contribuirá a aumentar la capacidad de los países miembros para tomar en cuenta en sus proyectos y programas su vulnerabilidad frente a los desastres y para reaccionar frente a situaciones de emergencia ocasionadas por desastres naturales. Los objetivos específicos son precaver, y evitar y/o disminuir los desastres que ocasionan pérdida de vida humana y de propiedad y de daño a la infraestructura económica y al medio ambiente. En el proceso de ayuda a los países prestatarios afectados por desastres naturales se distinguen tres etapas: antes, durante y después del hecho.
 1. La asistencia del Banco antes que se produzca un desastre natural, se centralizará en: a) medidas de preparación; y b) medidas de prevención y/o mitigación.

- a) La meta de las medidas de preparación es mitigar los efectos de un desastre natural mediante el establecimiento adelantado de un mecanismo que permita al país reaccionar con celeridad y eficiencia al verse confrontado por una emergencia.
 - b) Las medidas de prevención y/o mitigación procuran evitar los efectos dañinos de un fenómeno natural o de un peligro en potencia sobre las personas, la infraestructura económica o el medio ambiente.
2. Durante la emergencia, la meta fundamental es minimizar las pérdidas humanas y materiales. El Banco colaborará con el país solicitante en los esfuerzos que realice para lograr sus objetivos más urgentes teniendo en cuenta el tipo de desastre y las medidas de previsión que se haya puesto en vigor.
3. Después de la emergencia, el escenario de rehabilitación comprende:
- a) la reparación lo más rápidamente posible, de los daños sufridos por la infraestructura de servicios;
 - b) el ofrecimiento de los servicios necesarios y de medidas de seguridad para proteger la población;
 - c) la garantía de que se normalizará la actividad económica.
- 2.02 La rehabilitación puede ser temporal o permanente. Será temporal cuando se rehabilite por un periodo breve la zona dañada para cubrir únicamente las necesidades primarias y vitales de la población. Será permanente cuando se rehabilite la infraestructura dañada de manera de lograr el pleno funcionamiento de la zona afectada. El proceso de rehabilitación puede incluir medidas de previsión y de prevención y/o alivio para evitar los efectos negativos de desastres naturales similares que puedan repetirse en el futuro y para afrontar la repercusión que tienen sobre el medio ambiente.

III. Campos de actividad

- 3.01 El Banco alentará a los gobiernos a que, al planificar su desarrollo, consideren el impacto de los desastres naturales y sus consecuencias sociales, económicas y ambientales nocivas e incorporen a sus programas de desarrollo medidas de preparación eficaces para su prevención y/o mitigación.
- 3.02 A solicitud de los países miembros, la participación del Banco en el campo de los desastres naturales puede ser mediante cooperación técnica y/o préstamos para proyectos. La política de desastres naturales del Banco abarca actividades que tienen lugar antes, durante, o con posterioridad a un desastre natural.

1. Antes de la emergencia:

- a) Medidas de preparación - actividades de planificación y programación a fin de aumentar la capacidad de los países para tratar los aspectos donde exista mayor vulnerabilidad. Asignando una prioridad más alta a los riesgos que se consideran elevados para el desarrollo económico, estas actividades incluyen, por ejemplo, i) el establecimiento de sistemas de información, advertencia y alerta que permitan, en el caso de una emergencia, la ejecución rápida de medidas que estaban preparadas; y ii) el equipamiento y capacitación de recursos humanos especializados.
- b) Prevención y/o mitigación de los desastres - una amplia variedad de actividades diseñadas para situaciones de riesgo concretas identificadas en la etapa de previsión. Como ejemplos se pueden citar: el levantamiento de barreras para desviar la lava lejos de los centros de población, la construcción de represas o diques para prevenir las inundaciones, el uso de técnicas de construcción antisísmica, la instalación de barras de sostén especiales en los techos para disminuir los daños ocasionados por los vientos huracanados; y la construcción de escolleras en puertos y en zonas bajas de las costas para evitar la erosión marítima, etc.

2. Durante la etapa de emergencia:

- 3.03 El Banco movilizará los recursos adecuados para ofrecer asistencia oportuna al país solicitante en campos de actividad urgentes tales como descombro y limpieza de la zona afectada por el desastre; activación de servicios de emergencia; abastecimiento de los elementos vitales que la población usualmente obtiene por sus propios medios; y aplicación de medidas de salud pública y de tratamiento médico. Al mismo tiempo, el Banco recopilará información sobre el desastre para usarla de base en la acción futura.

a) Función del Representante del Banco

Cuando ocurra un desastre en un país miembro, el Representante informará a la Administración en detalle y forma expedita sobre el curso que siga la emergencia, sus probables repercusiones socioeconómicas, su impacto sobre la situación financiera y el comercio exterior del país; sobre el efecto que ha tenido o que tendrá sobre los planes de desarrollo y sobre los programas en marcha que estén financiados en parte o en su totalidad por el Banco; y hará una evaluación de las necesidades provocadas por la emergencia y presentará un resumen de la ayuda ofrecida por la comunidad internacional a través de organizaciones especializadas como la Cruz Roja, el FONDEM y UNDRO y por

países directamente, como por ejemplo por intermedio de agencias gubernamentales.

b) Acción de la Administración

Cuando la Administración reciba una solicitud oficial de asistencia y compruebe la ocurrencia de un desastre natural en uno de los países miembros, se tomarán las medidas siguientes:

- i) Con la máxima celeridad y flexibilidad, el Presidente ordenará que se otorgue al país afectado, conforme a lo estipulado en el documento AT-719, asistencia técnica que le permita reducir o controlar los daños ocasionados por un desastre natural en la infraestructura física y de servicios y el efecto negativo sobre la ejecución de los planes de desarrollo;
- ii) Después que ocurra un desastre natural, la Administración enviará misiones especiales al país afectado para obtener información que permita determinar la necesidad de financiamiento y cooperación técnica durante la etapa de rehabilitación, para decidir la naturaleza y la magnitud de la participación del Banco y para presentar al Directorio Ejecutivo un informe global de la situación. Siempre que sea posible, dichos planes de acción del Banco incluirán la coordinación con otros donantes y con las autoridades locales.

3. Después de la emergencia - La etapa de rehabilitación.

- 3.04 El Banco establecerá las prioridades de financiamiento de sus actividades de rehabilitación sobre la base de las conclusiones y recomendaciones de las evaluaciones de la catástrofe que preparen las misiones especiales, los expertos calificados y otros funcionarios del Banco.
- 3.05 El esfuerzo de rehabilitación está orientado a prestar asistencia para la reparación de la infraestructura de servicios para poder ofrecer los servicios esenciales y garantizar la seguridad de la población y para asegurar el retorno a una actividad económica normal. Con este fin, el Banco podrá participar en actividades como las siguientes:
 - a) Ayuda crediticia que permita rehabilitar las fuentes de trabajo de los campesinos, agricultores, pequeños fabricantes, artesanos, etc. ya sea en forma directa o a través de cooperativas u otras formas de asociación, así como operaciones crediticias que tengan por objeto la rápida rehabilitación de la infraestructura y de la economía de la zona afectada, y

- b) Programas diseñados para ayudar a absorber las conmociones ocasionadas por la catástrofe en los sectores sociales más afectados que generalmente son los grupos económicos más débiles. De esta manera, de acuerdo con la política del Banco de otorgar prioridad a las necesidades de los grupos de población menos favorecidos, estos programas ayudarán a atender los efectos inmediatos y de más largo plazo del desastre natural sobre la población.

3.06 Como parte de sus actividades de rehabilitación, la cooperación técnica del Banco tendrá en cuenta la necesidad de una respuesta rápida, apropiada y eficaz al pedido de asistencia formulado por el país. La cooperación técnica para asistencia en el caso de un desastre natural es de corta, mediana y larga duración.

3.07 La cooperación técnica para las necesidades inmediatas derivadas de una situación de emergencia incluye la provisión de expertos y personal operativo para evaluar los daños y ayudar a restablecer inmediatamente los servicios públicos esenciales y para colaborar con el fortalecimiento institucional de los organismos locales y nacionales encargados de dichos servicios. La cooperación técnica para las necesidades de mediano plazo incluye estudios sectoriales, identificación de proyectos y preparación de programas de rehabilitación y capacitación para satisfacer nuevas necesidades de recursos humanos. La cooperación técnica de largo plazo incluye asistencia para elaborar medidas de preparación, prevención y/o mitigación de desastres.

IV. Criterios

1. Criterios de elegibilidad

- a) Será necesario seguir los pasos siguientes para prestar asistencia en medidas de preparación para prevenir y/o mitigar la pérdida de vida humana y el daño a las infraestructuras física y socioeconómica de las zonas más vulnerables a los desastres naturales: i) asistencia técnica para llevar a cabo una evaluación de los riesgos naturales a fin de determinar cuáles son las zonas más vulnerables del país; y ii) sobre la base de dicha evaluación, establecer prioridades para proyectos de previsión de riesgos naturales para que el país disponga de una política de manejo del riesgo y de su reducción altamente eficaz;
- b) Para obtener asistencia inmediata, el país prestatario debe declarar un estado de emergencia y solicitar la asistencia del Banco sobre la base de las consecuencias desastrosas de la catástrofe. Luego, el Presidente en consulta con la Administración, verifica el hecho e informa al Directorio

Ejecutivo, en la primera oportunidad posible, incluyendo información sobre la coordinación con otras organizaciones cuya participación en el suministro de auxilio en situaciones de emergencia también sea previsible;

- c) La asistencia para la rehabilitación está supeditada al establecimiento de las prioridades para la rehabilitación. Aunque el Banco podrá cooperar con el país solicitante en la determinación de sus prioridades, tendrá en cuenta lo siguiente: i) la magnitud del daño a obras en ejecución financiadas por el Banco; ii) la evaluación global del daño a mediano y largo plazo ocasionado a la infraestructura socioeconómica y al medio ambiente; y iii) un análisis de los efectos del proyecto de rehabilitación sobre los grupos menos favorecidos económicamente afectados por el desastre natural.

2. Criterios de financiamiento

- 4.01 Cuando sea económicamente viable y no se contradiga con las prioridades de desarrollo revisadas resultantes de los efectos ocasionados por el desastre natural, el financiamiento de las operaciones de rehabilitación podrá sufragarse mediante a) la reorientación de los saldos no desembolsados dentro del mismo sector o de otros sectores; o b) nuevas operaciones de emergencia cuando no sea posible la reorientación de fondos.
- 4.02 El informe de evaluación del daño debe estar acompañado por recomendaciones que permitan poner a la disposición del país afectado para atender en forma expedita las necesidades de la emergencia los recursos financieros que habían sido previamente autorizados y facilitar la ejecución de proyectos y/o programas de rehabilitación.
- 4.03 Cuando corresponda, el Banco podrá considerar la aplicación de las siguientes medidas especiales:
 - a) prórroga de las fechas de desembolso
 - b) ampliación y reorientación de las operaciones en marcha
 - c) períodos de reembolso más prolongados y tipos de interés inferiores para préstamos nuevos, conforme a las pautas de la reposición
 - d) un sistema de licitaciones públicas más flexible en el caso de algunas operaciones, incluyendo la ejecución de contratos de construcción por administración directa
 - e) aumento en el adelanto de fondos (diez a quince por ciento)
 - f) aceleración del proceso actual para poder tramitar con urgencia los nuevos préstamos
- 4.04 Cuando sea apropiado, el Banco dará preferencia a los préstamos multisectoriales y globales a organismos de coordinación nacionales

que puedan represtar los fondos sin demora a las organizaciones públicas que estén directamente envueltas en el esfuerzo de rehabilitación y también a las organizaciones y empresas correspondientes del sector privado, especialmente a aquéllas de índole productiva.

V. Incorporación de la evaluación de los riesgos naturales y su mitigación en la preparación de proyectos

5.01 En el análisis de todos los proyectos financiados por el Banco, la Administración incluirá una evaluación del riesgo de que se produzcan desastres naturales y su repercusión en el medio ambiente para:

1. Reducir a un mínimo el daño y las pérdidas físicas en proyectos financiados por el Banco que están ubicados en zonas potencialmente expuestas a desastres naturales; y,
2. Adoptar medidas apropiadas para la salvaguardía de cada uno de los proyectos y la zona respectiva en que están ubicados.

APENDICE B

Operational Directive

Operational Directive 8.50: Emergency Recovery Assistance

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Operational Directive

Emergency Recovery Assistance

Purpose and Scope

1. This directive outlines (a) Bank¹ policies on emergency recovery assistance; (b) special considerations for designing Emergency Recovery Loans (ERLs); (c) brief procedures for processing ERLs, including compact documentation, simplified processing, and early involvement of the President; and (d) steps for promoting disaster prevention, mitigation, and preparedness.

2. For purposes of this directive, an emergency is defined as an extraordinary event of limited duration, such as war, civil disturbance, or a natural disaster (e.g., earthquake, flood, hurricane), which causes serious dislocation to a country's economy,² and calls for a quick response from the government and the Bank. Judgment is needed to decide whether slow-onset disasters, such as drought, war, or civil disturbance, require the quick response of an ERL, or the more thorough preparation of one or more normal investment projects. For example, an ERL may be appropriate to ensure rapid recovery of agricultural production following a drought, or to get the economy functioning quickly again after the cessation of hostilities.

3. Immediate relief activities such as search and rescue, evacuation, food and water distribution, and emergency health care are best carried out by local groups, the government concerned, bilateral relief programs, nongovernmental organizations (NGOs)³ and such specialized organizations as the Red Cross and Red Crescent, and the United Nations Disaster Relief Co-ordinator (UNDRO). The Bank is not equipped to undertake emergency relief, and should focus instead on broad economic recovery activities, reconstruction of assets, and strengthening resilience to

natural hazards through prevention, preparedness, and mitigation measures (paras. 24-28).

Bank Policy

Overview

4. Since its earliest days, the Bank has responded to emergencies by providing advice and financial support, mostly through reconstruction loans and/or modifications of the existing portfolio and the lending program. The Bank has financed a wide variety of economic and social recovery programs after disasters, to restore productivity, particularly by rebuilding physical structures, providing working capital and, in some instances, financing urgently needed imports. Though the Bank's approach to emergency assistance has evolved over many years, it has always been governed by the principles that the Bank (a) finances productive activities and investment, rather than relief or consumption; and (b) focuses on areas of its comparative advantage.

5. The Bank has developed special policies and procedures to enable it to respond effectively to emergencies. In the immediate aftermath of a major emergency, the country department (CD) director should (a) normally convene an ad hoc advisory group (paras. 6-7); (b) see that technical and other kinds of immediate Bank support are made available as soon as practicable to assist in the transition between the relief and recovery phases (para. 8); (c) consider modifications of existing projects and of the design of projects under preparation (paras. 9-10), before proposing a freestanding ERL; and (d) involve the President and the Senior Vice President, Operations (OPNSV) at the earliest stage, normally before the first mission (para. 19).

1. "Bank" includes IDA, and "loans" include credits.

2. For the purposes of this directive, minor dislocation to an economy caused by external economic shocks or other situations justifying adjustment leading are not considered emergencies.

3. See OD 14.70, *Involving Nongovernmental Organizations in Bank-Supported Activities*.

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Ad Hoc Advisory Group

6. To mobilize Bank-wide expertise in emergency operations, the CD director, in consultation with the Regional vice president (RVP), should normally convene a small, ad hoc advisory group to facilitate decisions on whether and how the Bank should respond to the emergency. The advisory group, which would participate in all relevant review meetings, would

- (a) advise on the rationale for Bank assistance and the types of Bank response (if any) which may be appropriate;
- (b) advise on policy issues that need to be addressed and brought to the attention of senior management if portfolio modifications and/or an ERL is to be considered;
- (c) bring in relevant Bank experience in recovery assistance and act as a referral service to quickly identify outside expertise;
- (d) assist in liaising with key agencies experienced in emergencies, such as UNDRO, the United Nations Development Programme (UNDP), World Health Organization, Food and Agriculture Organization, United Nations Children's Fund, and international NGOs;
- (e) advise subsequently on project design and implementation; and
- (f) help maintain institutional memory and continuity in emergency operations.

7. The ad hoc advisory group's composition should reflect the nature of the disaster. The group would normally consist of experienced staff from the relevant sector and country operations divisions, the technical department, the sector department

in Policy, Planning and Research (PPR),⁴ the resident mission, and the Legal and Central Operations Departments.

Immediate Support

8. The main objective of recovery assistance by the Bank is to restore assets and productivity. Immediately after a disaster, the Bank can assist countries in (a) assessing the overall economic impact and sectoral damage and needs, (b) making the transition between relief and reconstruction, (c) identifying an efficient recovery strategy and overall reconstruction program, (d) strengthening institutional capacity for managing relief and recovery, and (e) attracting and coordinating reconstruction support by other donors. Annex A provides details on each of the above.

Portfolio Modifications

9. A major recovery program usually requires adjustment in the government's investment programs and often a substantive review of the Bank's existing portfolio to identify resources which could be reallocated to recovery activities. Modifications of specific projects would be processed in accordance with OD 13.05, *Project Supervision* (paras. 23, 34, and 35).

Redesign of Projects Not Yet Approved

10. In addition to portfolio modifications, another approach is to reconsider the country's lending program, particularly the design of projects under preparation in sectors with large-scale disaster damage. Major changes, such as adding reconstruction components to projects after the final executive project summary (EPS) approval, the yellow cover review meeting, or negotiations, require the same clearances/approvals as other major changes in investment operations.⁵

4 The group would include staff of the Environment Department of PPR involved in natural disaster mitigation research, maintaining institutional memory, and liaison with specialized disaster agencies, NGOs, and international experts (see para. 28).

5 See paras. 21, 25, and 32 of Circular Op 87/03, filed at OMS 2.00, *Procedure for Processing Investment Loans and Credits*, to be retained as OD 9.9C, *Processing and Documentation for Investment Lending*.

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Emergency Recovery Loans

11. If adjusting either the existing portfolio or projects under preparation is not feasible or adequate to cover the needs identified for Bank assistance in the recovery, the country lending program may be adjusted to accommodate a new ERL, normally within the general country lending allocation. This will usually be the case for major emergencies.

Preparation and Execution of ERLs

12. ERLs⁶ are designed to help rebuild economic, social, and physical systems after emergencies, and should be framed within a country's overall and sectoral development strategies. They should be identified, prepared, approved, and completed within a limited period, normally three years.

Criteria

13. The main criteria for an ERL are:

- (a) It must address recovery (restoration of assets or productivity), not relief.
- (b) While cost-benefit calculations may not be practicable, *prima facie* the expected economic benefits should be substantial.
- (c) The emergency's impact must be significant and cause the government to modify its economic priorities and investment programs.
- (d) The causal event should be infrequent. For recurring events (e.g., annual flood-

ing), other lending approaches are more appropriate.

- (e) An urgent response must be vital. There is no need for processing a loan as an ERL unless speed is essential to the operation's success.
- (f) There must normally be prospects of and commitment to the reduction of hazards from similar natural disasters in the future.

Design Considerations

14. While standard Bank operational policies, including those on procurement,⁷ consultants,⁸ and disbursement,⁹ apply to ERLs, each ERL should be adapted in form and scope to the emergency's particular circumstances and retain flexibility. The following special considerations (detailed in Annex B) are important in designing ERLs:

- (a) early involvement of Bank staff;
- (b) prior working relationship with the country and sector agencies;
- (c) strong government commitment to recovery, and access by the emergency coordination unit to the highest levels of government;
- (d) limited objectives and realistic time schedule;
- (e) rapid agreement with the government on the strategy and scope of the overall recovery program;

6. For transparency and ease of monitoring, all ERLs should be titled as such. The title may emphasize the dominant component (as in the Ecuador—Emergency Petroleum Reconstruction Project), the nature of the event (e.g., the Sudan—Emergency Flood Reconstruction Project), or the approach to recovery (such as the Jamaica—Emergency Reconstruction Import Loan). To avoid confusion, it would be best not to use the terms "reconstruction," "recovery," or "emergency" in the title of investment operations which do not meet the criteria in para. 13.

7. See OD 11.00, *Procurement*.

8. See OMS 2.18, *The Development of Local Capabilities and the Use of Local Consultants*, and OMS 2.50, *Services of Consulting Firms for Bank Group Projects and UNDP Studies*, to be combined and reissued as OD 11.10, *Use of Consultants*.

9. See OMS 3.50, *Disbursement*, to be reissued as OD 12.00.

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- (f) conditionalities linked directly to the emergency, rather than to long-term macroeconomic policies;
- (g) commitment to restoration of standard cost recovery practices;
- (h) simple implementation arrangements and full use of existing institutions, including sector agencies, NGOs, and community groups;
- (i) use of disaster-resilient reconstruction design standards; and
- (j) inclusion of measures for preventing and mitigating the impact of future disasters.

Quick-Disbursing Components

15. ERLs may sometimes include quick-disbursing components. However, a distinction should be maintained between ERLs and adjustment lending: ERLs will be designed to finance only a "positive list" of imports identified as necessary to a well-defined recovery program. When designing quick-disbursing components under ERLs, staff should coordinate with the International Monetary Fund regarding the country's plans to use the Fund's Compensatory Financing Facility.

Retroactive Financing

16. For ERLs, Bank policy provides for special flexibility, and permits up to 20% retroactive financing, normally for expenditures incurred within four months of the expected date of loan signing, if justified on a case-by-case basis.¹⁰ With the approval of the OPNSV, the date of the first major mission, or in very exceptional circumstances the date of the emergency event may be used as the earliest date for retroactivity.

Implementation and Supervision

17. Quick preparation of an ERL may require the subsequent modification of the operation's scope after Board presentation to respond to unforeseen implementation developments. Decisions which would have been made at the design stage in normal investment projects often may have to be made after loan approval in an ERL. The work load implications for ERL supervision must be recognized, and provision made for the necessary staff time in the supervision plan¹¹ and in the managing division's budget. An Action Plan (Annex C, para. 9) specifies the expected outputs and serves as a monitoring device for project implementation, supervision, and the completion report.

Processing and Documentation of ERLs

18. Besides the establishment of an emergency ad hoc advisory group (paras. 6-7), the processing of ERLs differs from that of other investment operations¹² to the extent that ERLs provide for (a) the involvement of the President and the OPNSV at an early stage, (b) flexibility in the preparation and review of the EPS, and (c) compact yellow cover and Board documentation.

Involvement of President and OPNSV

19. Because major natural disasters attract world-wide attention, and the Bank's response is likely to have a much higher profile than normal operations, it is essential that the OPNSV and, through him, the President, be kept informed of staff proposals for ERLs. When an emergency operation is identified, normally before the first mission, the CD director should send a memorandum, preferably the initial EPS if sufficient information is available, describing the rationale, strategy, timing, and broad scope of proposed operation, to the President, for his comment.

10. See OD 12.10, *Emergency Financing*, paras. 11-12.

11. See OD 13.05, *Project Supervision*, para. 44.

12. See Circular Op 87/09, filed as OMS 2.00, *Procedures for Processing Investment Loans and Credits*, to be retained as OD 9.00, *Processing and Documentation for Investment Lending*.

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through the RVP and the OPNSV.¹³ The memorandum should mention what arrangements, if any, the Region contemplates with regard to the establishment of an ad hoc advisory group (paras. 6-7). Thereafter, the RVP should keep the President informed, through the OPNSV, of significant developments.

Options for EPS Preparation and Review

20. Abbreviated processing may be used for preparing and reviewing an ERL if speed is essential, depending on the nature of the disaster, the existence of a resident mission, the involvement of other donors, and the status of the country and sector dialogue. One option is to send a combined identification, preparation, and preappraisal mission, based on an initial EPS, followed by a full appraisal mission based on a final EPS. A second option is to prepare and appraise the operation in one mission, based on a combined initial/final EPS.

21. In all cases, the EPS should cover key aspects of the operation: (a) the emergency event, economic impact, assessment of damages by sector, government response, and recovery strategy; (b) the rationale for the proposed ERL and other Bank emergency assistance; (c) objectives of the ERL; (d) description of the overall recovery program and project components, including technical assistance and emergency preparedness studies; (e) implementation arrangements, including temporary in-country and donor coordination mechanisms; (f) project issues and actions; and (g) major benefits and risks.¹⁴

Compact Yellow Cover and Board Documentation

22. Normally within a month after the return of the principal mission, the task manager (TM) prepares the draft Memorandum and Recommendation of the President (MOP) accompanied by

a Technical Annex, in place of a draft Staff Appraisal Report, for approval by the sector or country operations division chief. Guidelines for a Technical Annex to an MOP are attached as Annex C to this directive. Within two weeks after the yellow cover review meeting, the lawyer prepares the draft legal agreements and the TM finalizes the MOP and Technical Annex. The members of the ad hoc advisory group would normally participate in the yellow cover review meeting.

23. The remaining steps for finalizing documents would normally be in accordance with the procedures for normal investment lending. In very exceptional circumstances and with the approval of the RVP, negotiations may be conducted in the field immediately following appraisal. The yellow cover documentation would then be prepared and reviewed before appraisal, with the negotiations package. Any changes to the yellow cover/negotiations package would be communicated by telex/fax/electronic mail to headquarters, and the RVP would likewise authorize negotiations (see para. 29 of Circular Op 87/03, filed as OMS 2.00, *Procedures for Processing Investment Loans and Credits*, to be reissued as OD 9.00, *Processing and Documentation for Investment Lending*).

Mitigating the Impact of Future Emergencies

24. The aftermath of a disaster often provides a good opportunity for reducing vulnerability to future disasters. Specific factors affecting risk or vulnerability such as seismic characteristics, topography, and weather conditions, should be identified. Because prevention/mitigation issues tend to be multidimensional (involving, for example, multisectoral and environmental concerns, and both short- and long-term considerations), Bank prevention and mitigation assistance in disaster-prone countries may take a variety of forms: (a) dissemination and adoption of hazard-resistant

13. See paras. 6-9 of Circular Op 87/03, filed as OMS 2.00, *Procedures for Processing Investment Loans and Credits*, to be reissued as OD 9.00, *Processing and Documentation for Investment Lending*.

14. See sample EPS in Annex D of Circular Op 87/03, filed as OMS 2.00, *Procedures for Processing Investment Loans and Credits*, to be reissued as OD 9.00, *Processing and Documentation for Investment Lending*.

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technology, (b) inclusion of mitigation components in normal investment operations and ERLs, (c) preparation of free-standing preparedness and mitigation projects, and (d) establishment of close ties to the international and NGO community involved in disaster prevention and mitigation.

Technologies for Reducing the Impact of Hazards

25. Technologies and approaches for reducing hazards are developing rapidly, and the Bank, as part of its follow-up activities or ongoing country dialogue, can disseminate up-to-date information on disaster prevention and mitigation. Attention should be given to early warning systems and other technologies for emergency preparedness, in sector work and regular investment projects in disaster-prone countries.

Mitigation Components in Investment Loans and ERLs

26. All ERLs and, when appropriate, other investment operations in disaster-prone countries should include such hazard prevention and reduction components as (a) the design of resilient structures and the improvement of building codes, (b) installation of early warning systems, (c) training for the construction trade, (d) technical assistance for civil protection systems to minimize loss of life and property following a disaster, or (e) studies to prepare a disaster prevention strategy and develop the institutional framework best suited to implement it.

Prevention and Mitigation Projects

27. In countries prone to specific types of emergencies, free-standing projects for prevention and mitigation may also be appropriate. Such operations could assist in (a) developing a national strategy, (b) establishing an adequate institutional and regulatory framework, (c) carrying out studies of vulnerability and risk assessment, (d) reinforcing vulnerable structures and adjusting building and zoning codes, and (e) acquiring hazard reduction technology. Because a quick Bank response is not vital, free-standing projects for emergency preparedness are *not* processed with the briefer procedures allowed for ERLs, but as normal investment loans.¹⁵

Role of International Agencies and Local NGOs

28. Collaboration with UNDP and relevant international agencies, local NGOs, and donors is often helpful in designing specific prevention and mitigation programs. Under the aegis of the Environment Department of PPR, the Bank has developed ties to international and bilateral agencies and NGOs working on disaster prevention, mitigation, and reconstruction (e.g., participating in a disaster management information system, UNTINET; maintaining data files on past emergencies and bank-supported recovery efforts; and updating information on disaster management training). TMs should make use of such resources.

15. See OPN 3.02, *Use of Technical Assistance Loans in Government Development Projects and to Strengthen Local Project Design Capabilities*, to be reviewed as OD 8.40, *Technical Assistance*.

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Types of Immediate Bank Support

1. *Economic Impact, and Assessment of Sectoral Damages and Needs.* The timely evaluation of an emergency's economic impact, overall damage, and specific sectoral needs is crucial in defining the scope and priorities for recovery. Because the tendency is to overestimate damage and, as a consequence, to propose large and unrealistic reconstruction programs, the Bank and the donor community can play a critical role in quickly putting together a realistic damage assessment so that efforts can then be focussed on the recovery process. Damage assessment entails an evaluation of the direct, indirect, and cumulative impacts of the disaster on the economy and the public sector investment program. This requires information on (a) conditions in the stricken area before the disaster; (b) the material and institutional resources available locally for reconstruction, including insurance coverage; and (c) existing long-term development plans, if any, to provide guidance for reconstruction. Prior experience in similar situations may prove helpful when data are insufficient or difficult to obtain.

2. *Transition Between Relief and Reconstruction.* Even while relief efforts are underway, immediate decisions are often needed on activities involving both recovery and reconstruction, e.g., demolition and debris clearance, prevention of health hazards and traffic disruption, involuntary resettlement, significant changes in land tenure, scarcity of construction materials, and disaster-resistant construction techniques. The Bank can help to ensure that decisions made at the relief stage are consistent with the recovery program and long-term development.

3. *Efficient Recovery Strategy and Overall Reconstruction Program.* Comprehensive recovery programs prepared soon after a disaster are important in matching needs and resources, rationalizing efforts, and ensuring the adoption of consistent intersectoral policies. While the recovery pro-

gram should reflect the multisectoral nature of the emergency and help ensure that no sector is ignored, it should also realistically reflect the country's implementation capacity. When a disaster affects several sectors, the Bank can assist the government in preparing a broad recovery strategy and reconstruction program, which is often the basis for financing a multisectoral time-slice ERL operation. This approach has been used following earthquakes, cyclones, and floods, where there has been widespread damage in densely populated areas. When insufficient information is available, flexibility is required during design. Rather than specifying all components in advance, the criteria for the selection of subprojects to be financed by an ERL need to be determined at appraisal (Annex B, para. 5).

4. *Institutional Structure for Managing Relief and Recovery.* Emergencies often involve politically sensitive issues, complex logistical problems, new and differing sources of funds, and highly visible actions. Decisions on crisis management, with long-range implications, are usually taken immediately as government, local groups, and the affected community react rapidly in the wake of a disaster to provide immediate relief. In some cases, inappropriate decisions may be adopted (e.g., the creation of entirely new organizations or the relocation of population to sites far from employment and services). Thus, a rapid and realistic identification of institutional capacity and the design of a management structure are critical decisions at both the relief and recovery stages. Direct access to the highest decision-making levels by a small central unit that oversees and coordinates recovery assistance, often ensures efficient adoption and rapid implementation of relief and recovery measures. (Annex B, para. 3.) Bank support for the strengthening of specific sector institutions, with in-house, local, or specialized international skills, has to be designed early to ensure efficient coordination and implementation of recovery.

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NGOs, informal organizations, and community groups often play an important role, and their participation may deserve special support.

5. *Involvement of Other Donors.* Often, disasters, particularly large-scale ones, not only galvanize the country's efforts, but also attract the attention

of many donors. The Bank can serve as a catalyst to encourage the participation of donors and assist in the coordination of multidonor efforts, where donors provide assistance according to their comparative advantage. (See OD 14.30, *Aid Coordination Groups*.)

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Special Considerations in Designing Emergency Recovery Loans

1. *Early Involvement of Bank Staff.* Most governments have limited experience in dealing with infrequent or large-scale emergencies. The Bank's main contributions often lie in (a) responding rapidly to the request for assistance at the early post-disaster stage when initial decisions are taken; (b) quickly assessing government's response to the situation; (c) estimating damage and reconstruction needs; (d) identifying the skills required in post-disaster situations, and assembling staff and consultants; (e) assisting in the design of an expeditious recovery program; and (f) reviewing the existing Bank portfolio to identify resources which could be reallocated to recovery activities.

2. *Country and Sector Relationships.* Where Bank staff are knowledgeable, and have well-established contacts and credibility with local authorities, the Bank can play a major role. A prior working relationship with the country and the sector agencies involved in recovery is advantageous since it allows Bank staff to start project preparation on short notice.

3. *Government Commitment and Access to the Highest Levels of Government.* Even more critical than in normal investment operations, is a strong commitment to the recovery program at the highest levels of decision-making, such as the chief executive, ensuring prompt decisions and implementation of emergency recovery loans (ERLs). Confusion of mandates, overlapping jurisdictions, and the complex politics of recovery efforts make it essential that the project's key manager has direct access to the country's or a region's decision makers.

4. *Limited Objectives and Realistic Time Schedule.* Multiple objectives and the introduction of major innovations are inappropriate in a country facing a severe crisis. ERLs should focus on key emergency problems and be limited normally to a disbursement period of two to three years. If time schedules are unrealistic and implementation stalls for a long period, the rationale for the ERL dis-

appears and normal investment operations become more appropriate.

5. *Recovery Strategy and Program Scope.* The disaster's impact and the Bank's comparative advantage should determine whether a sectoral, multisectoral, or time-slice approach is taken. ERLs focusing on a single sector are appropriate when the task is the rapid restoration of a specific economic asset, such as road infrastructure. Multi-sector ERLs require a rapid agreement with the government on a broad recovery strategy and the timely preparation of a comprehensive recovery program. They are more appropriate when damage is widespread in a densely populated area, or affects the entire economy. A time-slice approach finances an initial phase of a longer-term comprehensive recovery program involving multiple sectors and requires definition of criteria for sub-projects to be eligible for Bank financing, so that investments across sectors can proceed as soon as they are ready.

6. *Policy Conditionalities.* ERLs are not intended to address long-term economic problems requiring macroeconomic policy adjustment. The loan conditions of ERLs should be linked directly to the cause of the emergency or the appropriateness of the recovery program, where policy change is likely to ensure effective implementation of recovery or to reduce the probability of a recurrence. This does not mean that broader policy conditionalities should be ignored or that the Bank should abandon macroeconomic policy positions taken before, but that these can be addressed more effectively by other lending instruments. Deviations from sound long-term policies should be evaluated and, if considered necessary, limited in time and scope to match the specific requirements of the emergency operations. They should not compromise longer-term objectives such as the financial viability of an intermediary.

7. *Cost Recovery.* Subsidized services or free distribution of goods may be appropriate for immediate relief in the aftermath of a major dis-

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aster; the recovery period should be viewed, however, as a transition from relief to the normal functioning of the economy, and standard cost recovery practices should be restored quickly. Where extreme distortions in cost recovery policies exist, the Bank may decline to finance specific elements of the recovery program unless there is a long-term commitment to improving cost recovery. (See OMS 2.25, *Cost Recovery Policies for Public Sector Projects: General Aspects*, to be reissued as OD 6.00, *Cost Recovery and the Pricing of Public Goods*.)

8. *Implementation Arrangements.* In normal investment operations, the Bank is reluctant to make special arrangements outside the borrower's normal administrative structure, since investment lending should aim at strengthening implementation capacity in the long-term. In an ERL, the Bank's perspective is somewhat different, with immediate recovery as the first objective, and not long-term development of institutional capacity. ERLs may provide financing for temporary units which coordinate the recovery program and for the incremental recurrent costs of implementation, including procurement management and subproject supervision. (See OMS 1.21, *Bank Financing of Recurrent Costs*, to be reissued as OD 6.20, *Recurrent Cost Financing*.) However, efforts should be made to make full use of existing institutions, and to keep implementation arrangements as simple

as possible. The private sector, NGOs, and community groups may deserve a wider role in an ERL because of their knowledge of the local situation, flexibility, action-oriented staff, effectiveness in enlisting local volunteers, and ability to mobilize funds for disaster relief and reconstruction.

9. *Design Standards.* In most situations, ERLs aim at restoring infrastructure or services to their pre-emergency conditions. However, if these were below minimal acceptable standards or not disaster-resilient, it may be appropriate to fund reconstruction beyond pre-emergency conditions to prevent recurrence. However, investments that do not require an accelerated Bank response should more appropriately be implemented through normal investment operations in specific sectors.

10. *Measures for Preventing or Mitigating the Impact of Future Disasters.* Even if it seems likely that a similar disaster will not recur for some years, steps should be taken to prevent a recurrence, or where this cannot be done as in an earthquake-prone area, to mitigate the impact of future disasters. An ERL may not be the only instrument for this, but experience shows that it provides an appropriate opportunity, since commitment to longer-term prevention or mitigation is heightened just after an emergency.

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Guidelines for the Technical Annex to the Memorandum and Recommendation of the President for Emergency Recovery Loans

1. When speed is essential, staff may replace the Staff Appraisal Report with a Technical Annex attached to the Memorandum and Recommendation of the President (MOP).¹ For emergency recovery loans (ERLs), the MOP and the Technical Annex are normally the basis for the yellow cover review meeting, preparation of legal documents, project implementation and supervision, and the project completion report. The text of the Technical Annex should not exceed twenty pages, excluding tables. In some cases it may be desirable to prepare a separate document for the project files on the comprehensive recovery program, to provide more detailed sectoral information for implementation and supervision, and to mobilize donor support. In such cases, the Technical Annex should explain the relationship between the scope and time frame of the ERL and the overall recovery program document.

2. The Technical Annex should be structured as follows:

3. Section A, *Background and Strategy*, expands on the description in para. 2 of the MOP (Circular Op 87/03, Annex E), on the relief effort, overall economic impact, damage assessment, cross-sectoral needs and sectoral priorities, government's response, strategy for recovery, mobilization of external resources, and coordination mechanisms in place. Any previous emergency assistance to the country should be highlighted.

4. Section B, *Bank Response and Strategy*, adds to paras. 3 and 4 of the MOP, providing the objectives, rationale, and strategy for the proposed Bank assistance, including a summary of the proposed modifications of ongoing operations or reallocation of loans with undischursed amounts, to address the emergency; reassessment of the

lending program and the macroeconomic dialogue, and the use of a project preparation facility or trust funds.

5. Section C, *Detailed Project Description*, expands on para. 5 of the MOP by describing (within the context of the overall recovery program and the framework of existing sectoral development plans) cross-sectoral recovery needs and requirements for rehabilitation, reconstruction, or new construction. Cross-references should be provided to the document, if any, mentioned in para. 1 above, on the overall recovery program.

6. Section D, *Studies and Technical Assistance*, summarizes studies and technical assistance (TA) required for short-term recovery, reduction of potential loss in case of a future disaster, or the development of a disaster mitigation strategy. In the case of an earthquake, studies and TA may entail improving the existing seismic-resistance building code or developing a new one; developing microzoning ordinances; reviewing building materials and construction quality; and training professionals and technical personnel (e.g., engineers, architects, geologists, builders) in seismic-resistant construction. In the case of a flood, studies and TA would evaluate the flood hazard of the affected river basins; prepare plans for flood plain management at the regional or municipal levels; and develop a strategy to reduce the vulnerability of the population at risk. Detailed descriptions of the studies or assistance required, length of preparation, duration of assistance (number of staff months of consulting services), and terms of reference for consultants would be placed in the project file or the separate recovery program document.

7. Section E, *Institutional Arrangements and Project Implementation*, describes (a) the manage-

1. See Circular Op 87/03, filed as OMS 2.00, *Procedures for Processing Investment Loans and Credits*, to be reissued as OD 9.00, *Processing and Commitment for Investment Lending*.

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ment structure for project implementation and, if appropriate, for the coordination of the comprehensive recovery program; (b) the capacity of the coordinating agency and, if institutional support is required, its scope and timing; (c) for multisectoral ERLs, how each sector will fit within the overall management and coordination program; (d) implementation arrangements for each damaged sector, and responsibility for day-to-day subproject management and administration, including procurement, disbursement, and accounts and audits; (e) technical assistance needs; and (f) mechanisms for donor coordination.

8. Section F, *Financial and Economic Justification*, describes the expected financial and economic returns by components. Because emergency lending operations quickly restore assets to productive use, the expected return should be

higher than normal. If data cannot be obtained within a reasonable period of time, cost-benefit calculations are not required.

9. Section G, *Action Plan*, expands on para. 7 of the MOP, tabulating and summarizing the principal agreements reached during negotiations, and the key implementation actions which are to serve as a monitoring device for the borrower and the Bank. The table lists, against each identified activity, which entity (government, consultant, donors, others) is responsible for the task and the expected, bench mark outputs according to the timetable and implementation dates specified.

10. *Maps and Photographs*. A map showing the intensity or type of destruction is normally included. In addition, illustrative photographs of the aftermath of the disaster may be added.