ICR Review

Operations Evaluation Department

Report Number : ICRR11699

1. Project Data:		Date Posted : 02/12/2004		
PROJ ID :	P063201		Appraisal	Actual
Project Name :	Do Hurricane Georges Emergency Recovery	Project Costs (US$M)	125.20	126.66
Country :	Dominican Republic	Loan/Credit (US$M)	111.11	110.85
Sector(s):	Board: PSD - General industry and trade sector (55%), Roads and highways (20%), Irrigation and drainage (11%), Central government administration (7%), Power (7%)	Cofinancing (US$M)		
L/C Number :	L4420			
		Board Approval (FY)		99
Partners involved :		Closing Date	01/31/2002	06/30/2003

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2. Project Objectives and Components

a. Objectives

On September 22, 1998 Hurricane Georges hit the Dominican Republic killing 300 people, affecting 70 percent of the country and causing US$1.3 billion in direct losses (about 8 percent of GDP). The Hurricane Georges Emergency Recovery Project was a response to that event. Its objectives were to (a) help restore, or maintain, growth in key sectors of the economy; (b) support the reconstruction and rehabilitation of key social and economic infrastructure; (c) reinforce vulnerable infrastructure facilities in order to reduce losses and interruption of critical public services from future natural disasters; and (d) strengthen the country's institutional capacity to prepare for and respond to future natural disaster emergencies.

b. Components

The project consisted of three components:

1) A quick-disbursing component (appraisal and actual: US$60 million) included financing critically needed imports such as food, medicine, housing construction materials, and chemical products. 2) A reconstruction and mitigation component (appraisal US$57.3 million, actual US$64.49 million) included supporting reconstruction efforts in three sectors, namely, roads and bridges, irrigation, and electricity. Another sub-component was to strengthen disaster risk management capacity. 3) There was also a project implementation support component (appraisal US$0.9 million, actual US$2.17 million) included in the project.

c. Comments on Project Cost, Financing and Dates

Only two and a half months after the storm the loan was approved. It then took the Congress of the Dominican Republic five additional months to approve the project. Because of the long delay, funds to repair 12 bridges were reallocated from the ongoing National Highway Project (Loan 4127-DO). The loan was closed on June 30, 2003 following four extensions of a total of 17 months. At the end of the project an amount of US$262,214 remained undisbursed.

3. Achievement of Relevant Objectives:

1) *Quick-disbursing component:* Restoring or maintaining growth in key economic sectors was achieved. Since 2001 however, project implementation has been affected by the deteriorating economic and fiscal outlook of the country. At the same time, the Dominican peso has lost more than half of its value vis-à-vis the dollar. Recently, a banking crisis has strained the government's treasury and created inflationary

pressure.
2) *Reconstruction and mitigation component* : 209 kilometers of roads were constructed as well as 17 bridges, 29 kilometers of canals, 6.4 kilometers of flood protection structures, and 11 dikes; construction materials were purchased for the 69 kv transmission line of Jimenoa Power Plant. Reconstruction and rehabilitation works were carried out under close technical supervision, utilizing improved hazard-resistant design and construction standards. The National Institute for Water Resource (INDHRI) was provided with new telemetry and seismic networks as well as bathymetry and communications equipment. The National Meteorological Office (ONAMET) received funding to repair its manual meteorological stations, install nine new automatic stations, and acquire new communication equipment. The project also developed new national building codes and helped to increase knowledge of disaster vulnerability in the country.
3) *Project implementation support* was provided to finance consultants, auditors, and equipment.

4. Significant Outcomes/Impacts:

The project was prepared in record time and effectively contributed to restoring growth. Despite the significant disaster losses, the country experienced GDP growth of 7.3 percent in 1998, and 8.3 percent in 1999 (the highest growth rate of the decade). Flood mitigation works benefited over 2,500 people directly and helped to make over 15,000 hectares of key agricultural land safer. Rebuilding roads and bridges to greater widths and higher quality standards resulted in an improved road network and an associated reduction in transport costs.

5. Significant Shortcomings (including non-compliance with safeguard policies):

Even though parallel implementation of the Bank and IDB emergency loans was ensured by processing the loan in record time, due to the short processing period, insufficient attention was paid to critical issues. Project arrangements were not completely responsive to the country's institutional context, which was characterized by weak inter-institutional cooperation and implementation. Therefore, developing a consolidated financial management system across government agencies became a complex, time-consuming task. Meeting overly stringent fiduciary requirements (given the emergency nature of the project) particularly affected the start of project implementation, as it prevented the Borrower and Bank teams from giving their attention to urgent implementation problems. The Government did not take the necessary steps to ensure that counterpart funds would be available when needed. The reconstruction of a transmission line could not be financed by the loan due in part to initial implementation delays. Some roads and bridges not completed under the loan need to be completed with local funds. Though building codes were established, a key issue not addressed by the project was the need to ensure that the codes were actually applied on the ground. In addition, O&M remains a major challenge for the responsible agencies.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	
Institutional Dev .:	Modest	Modest	
Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with ' * ' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

1. More time than the OP 8.50-stipulated 3 years is needed to successfully implement an emergency project. This is especially true for institutional capacity building in disaster mitigation and preparedness.
2. Reducing disaster vulnerability should not be confined to reconstruction projects. Building to hazard-resistant standards should be integral to operations in all relevant sectors. Similarly, opportunities to raise consciousness levels regarding the relationship between disaster and development need to be identified in all ongoing Bank-financed operations in disaster-prone countries.
3. After every emergency, the appraisal team should first assess possibility of implementing the ERL by relying on existing government staff and agencies. If government institutions are unable to implement a project, however, experienced staff need to be identified, and placed in project implementation units (PIUs) that have real decision-making power so that they can respond effectively to the rapidly changing post-disaster context.
4. Excessive conditionality in the post-disaster context may delay project start-up and strain institutional

capacities when efforts are made to meet deadlines that have become unrealistic.
5. Extending a project for insufficiently long periods demoralizes conscientious implementers (when they are required to deliver what is beyond their capacity).
6. Provision for adequate O&M should be a major concern from the beginning of project implementation.

8. Assessment Recommended? ● Yes ○ No

Why? The project experience generated interesting lessons that should inform the ongoing OED review of Bank experience in the post-disaster context.

9. Comments on Quality of ICR:

The ICR provides a thorough analysis of project implementation. However, it could have devoted more effort to lesson learning, given the richness of the project experience.