



1. Project Data:		Date Posted : 06/30/2003	
PROJ ID: P065263		Appraisal	Actual
Project Name: Colombia Earthquake Recovery Project	Project Costs (US\$M)	470	470.05
Country: Colombia	Loan/Credit (US\$M)	225	225
Sector(s): Board: PSD - Housing construction (45%), Other social services (22%), General water sanitation and flood protection sec (12%), Power (11%), Central government administration (10%)	Cofinancing (US\$M)		
L/C Number: L7009			
	Board Approval (FY)		00
Partners involved :	Closing Date	06/30/2003	08/20/2002
Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components

a. Objectives
An earthquake struck the coffee growing region of Colombia on January 25, 1999. The project objective, as per the loan agreement, is to assist the earthquake-affected population to normalize their economic and social activities through the restoration of essential housing and basic infrastructure built to adequate seismic standards .

b. Components
(actual costs in parentheses)
(i) *Shelter Assistance (US\$243.05 million)*. Rebuild 17,550 totally destroyed units and repair about 61,900 damaged units; provide grants of up to US\$6,000 equivalent to owners who met project established criteria; provide subsidized financing to allow renters to acquire new houses .
(ii) *Rehabilitation and Retrofitting of Social Infrastructure (US\$82.4 million)*. Retrofit vulnerable buildings with appropriate reinforcements; and repair schools, health facilities and community centers . Repairs/reinforcements to be made in compliance with building codes .
(iii) *Rehabilitation of Public Infrastructure (US\$107.6 million)*. Repair and rebuild damaged water, sewerage, power and transport systems, including environmental protection investments .
(iv) *Capacity Building for Natural Disaster Management (US\$7 million)*. Preparation of reconstruction plans emphasizing prevention, mitigation and management measures .
(v) *Social Capital Restoration (US\$8 million)*. Restore social cohesiveness through active participation by beneficiaries in project activities, prepare studies for the restoration of the regional economy, and provide training programs for vulnerable groups .
(vi) *Project Management (US\$19.75 million)*. Consulting services, training and equipment .

c. Comments on Project Cost, Financing and Dates
In addition to the US\$225 million loan, US\$93 million was reallocated from four existing Bank loans . The Loan was originally made to the implementing agency, Fondo para la Reconstruccion y Desarrollo Social del Eje Cafetero (FOREC; Fund for the Reconstruction and Social Development of the Coffee Growing Region), and guaranteed by the Government of Colombia (GOC). Just prior to closing, the GOC requested that it be named borrower of record and the Bank agreed. The project was completed 10 months earlier than the estimated closing date at appraisal . The loan was fully disbursed.

3. Achievement of Relevant Objectives:
As intended, the project succeeded in assisting earthquake victims through the implementation of the following components:
(i) About 130,000 subsidized housing loans were disbursed (163 percent of the appraisal estimate). Beneficiaries included 17,000 tenants, from some of the poorest neighborhoods . Families residing in temporary shelters were

reduced from 14,000 at the beginning of the project to only 600 by loan closing.

(ii) Reconstruction of markets, fire stations, cultural buildings and the airport on a scale foreseen at appraisal . There were minor shortfalls in reconstructing jails, rural roads, health centers, schools and recreation /religious/sport facilities.

(iii) Over 70 utilities restoration projects were completed .

(iv) Municipalities, assisted by regional environmental agencies, set environmental standards for reconstruction work, prepared and implemented land use plans and identified high risk areas . This enhanced the capacities of local governments to manage future risks and oversee their environmental responsibilities . Land Use Plans were prepared for all municipalities.

(v) Communities were invited to work with the national government in helping design solutions and reconstruction plans. Local NGOs were given strong leadership responsibilities . Short-term employment provided under the project helped to reduce the unemployment rate in the region (from 52% at the time of the earthquake to 19% at closing).

(vi) Funding for Project Management (US\$19.75 million) initially to be financed by the loan was reallocated to housing and project management costs were paid for by the Government of Colombia .

4. Significant Outcomes/Impacts:

- Housing costs were 30 to 40 percent below pre-earthquake norms due to the innovative methods of the implementing agency (FOREC). Model homes from which beneficiaries could choose were made available, and FOREC was able to contract with suppliers at bulk rates .This increased competition and transparency, and contained costs.
- The decentralized implementation structure introduced under the project was very effective and has since been used as a model for other projects .

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

- The total housing destroyed or damaged by the earthquake was originally estimated at 90,000 units (the region subsequently clarified that up to 9,000 additional units were also damaged), yet the project provided assistance for the reconstruction or repair of 130,000 units. Hence, between 31,000 and 40,000 project subsidies went to beneficiaries whose housing was not damaged (the region clarified that part of this assistance was for relocating households living in high risk areas, which was not in the original appraisal).
- In the Project Appraisal Document (PAD) and ICR, the project objective statement lost its focus upon the earthquake victims; instead it referenced "project beneficiaries" in general as the target group. This PAD/ICR formulation does not specify who makes up that group .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Highly Satisfactory	Satisfactory	This clearly is a very good project which achieved its relevant objectives but with some shortcomings that do not justify a Highly Satisfactory outcome.
Institutional Dev .:	Substantial	Substantial	
Sustainability :	Highly Likely	Highly 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:

- A decentralized structure for disaster management can be effective if the project implementation unit works directly with local implementing entities, such as popular NGOs, which help the project connect with the community. It created strong local ownership which contributes to sustainability, and helped the project to proceed quickly .
- The PIU's direct connection to the President and other high level decision -makers contributed to effective implementation by avoiding delays.
- The technical requirements for NGOs should be clearly specified in TORs, and NGOs' ability to meet those standards should be assessed as part of the selection process .
- Having a single implementing agency, such as FOREC, mediate between home buyers and builders was a cost effective way of providing housing .
- Including renters in the housing subsidy program was an effective way of preventing a homeless /squattling problem and helped to integrate poorer families into the fabric of society .
- Training on procurement and related guidelines should be conducted as soon as possible in the project cycle .

8. Assessment Recommended? ● Yes ○ No

Why? This is an innovative approach to post-disaster reconstruction that was very effective in achieving its goals. The project experience should be taken into account in the forthcoming OED study on Natural Disasters . A PPAR later on would reveal the project's longer-term impacts and indicate whether the approach should be replicated

for other disaster projects.

9. Comments on Quality of ICR:

The coverage of important subjects was satisfactory and detailing of lessons learned was adequate . Some economic analysis, though not required in an emergency project, could have been attempted and further analysis of performance indicators referenced in the PAD would have been helpful .