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IMPLEMENTATION COMPLETION REPORT

EL SALVADOR

**EARTHQUAKE RECONSTRUCTION PROJECT
(LOAN 2873-ES)**

December 17, 1996

**Infrastructure Leadership Group
Central America Department
Latin America and the Caribbean Region**

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ABBREVIATIONS

ANDA	Administración Nacional de Acueductos y Alcantarillados (National Water and Sewerage Authority)
ANTEL	Administración Nacional de Telecomunicaciones (National Telecommunications Administration)
BAC	Banco Agrícola Comercial (Agricultural and Commercial Bank)
BCR	Banco Central de Reserva (Central Bank)
BMI	Banco Multisectorial de Inversiones (Multisectoral Investment Bank)
DUA	Dirección de Urbanismo y Arquitectura - MOP (Directorate of Urban Affairs and Architecture)
DGC	Dirección General de Caminos - MOP (Directorate of Roads)
FNV	Financiera Nacional de la Vivienda (National Housing Finance Agency)
FONAVIPO	Fondo Nacional de Vivienda (National Housing Fund)
FUNDASAL	Fundación Salvadoreña de Desarrollo y Vivienda Mínima (Salvadoran Foundation for Development and Low-Cost Housing)
IDB	Inter-American Development Bank
MINED	Ministerio de Educación (Ministry of Education)
MINTRABAJO	Ministerio del Trabajo (Ministry of Labor)
MIPLAN	Ministerio de Planificación (Ministry of Planning)
MOP	Ministerio de Obras Públicas (Ministry of Public Works)
PROCINCO	Programa de Capacitación en la Industria de la Construcción (Program for Training in Construction Trades)
PRONAVIPO	Programa Nacional de Vivienda Popular (National Program for Low-Cost Housing)
RU	Reconstruction Unit originally with MIPLAN, since 1995 merged with MOP
USAID	United States Agency for International Development
VMVDU	Vice Ministro de Vivienda y Desarrollo Urbano (Vice-Ministry of Housing and Urban Development)

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CONTENTS

Page No.

PREFACE

EVALUATION SUMMARY i-v

PART I: PROJECT IMPLEMENTATION ASSESSMENT

A. Introduction.....	1
Project Objectives	2
Evaluation of Objectives.....	4
B. Achievement of Objectives.....	5
Physical Objectives	5
Capacity Strengthening Objectives	6
Cost Effectiveness	7
C. Major Factors Affecting the Project.....	7
D. Project Sustainability	9
E. Bank Performance.....	10
Identification	10
Preparation and Appraisal.....	10
Supervision.....	11
F. Borrower Performance.....	11
Preparation	11
Implementation	11
G. Assessment of Outcome.....	12
H. Future Operation	12
I. Key Lessons Learned.....	13

	<u>Page No.</u>
PART II - STATISTICAL TABLES	
Table 1: Summary of Assessments.....	14
Table 2: Related Bank Loans	15
Table 3: Project Timetable	16
Table 4a: Loan/Disbursements: Cumulative Estimated and Actual Loan Disbursements.....	16
Table 4b: Grant Disbursements Cumulative Estimated and Actual Grant Disbursements	17
Table 5: Key Indicator for Project Implementation.....	18
Table 6: Key Indicator for Project Operations	19
Table 7: Studies Included in the Project.....	20
Table 8a: Project Costs.....	21
Table 8b: Project Financing	22
Table 9: Cost Effectiveness of the Project.....	23
Table 10: Status of Legal Covenants.....	24
Table 11: Compliance with Operational Manual Statement	35
Table 12: Bank Resources: Staff Inputs	35
Table 13: Bank Resources: Missions	36
List of Implementing Agencies.....	38

APPENDIXES

- A. Mission's Aide Memoire. Original in Spanish was translated into English, available in the Project files.
- B. Borrower's Final Implementation Report. Original in Spanish was translated into English, available in the Project files.

MAP

EL SALVADOR: Metropolitan El Salvador - Earthquake Reconstruction
Project (IBRD 20374)

IMPLEMENTATION COMPLETION REPORT**EL SALVADOR****EARTHQUAKE RECONSTRUCTION PROJECT
(LOAN 2873-ES)****PREFACE**

This is the Implementation Completion Report (ICR) for the Earthquake Reconstruction Project in El Salvador for which Loan 2873-ES in the amount of US\$65.0 million was approved on October 16, 1987 and made effective on June 17, 1988.

The loan was closed on June 30, 1996 compared with the original closing date of December 31, 1993. The applications for final disbursement have been received and will be disbursed in November, 1996.

The ICR has been prepared by Messrs. Joseph Perrone and Manzoor Rehman, consultants, under the supervision of Mr. Fernando Montenegro, the task manager for the project.

Preparation of this ICR began at the time of the Bank's completion mission during July, 1996. It is based on materials in the project file. The borrower contributed to the ICR by preparing its own evaluation of the project's execution. (Appendix B).

IMPLEMENTATION COMPLETION REPORT**EL SALVADOR****EARTHQUAKE RECONSTRUCTION PROJECT
(LOAN 2873-ES)****Evaluation Summary****Project Objectives**

1. In the wake of the earthquake of October, 1986, in San Salvador, the Bank responded by assisting the Government in its efforts to reconstruct and restore the affected areas. The emergency program included: (i) rehabilitation and reconstruction of the San Salvador metropolitan area through the provision of low-cost housing, public office, school buildings, and essential public services including telephone exchanges; (ii) support for the expansion of the capital city towards the north (Apopa) which is less vulnerable to earthquakes; (iii) rehabilitation of the micro-enterprise sector to restore its production and income generating capacity; and (iv) strengthening the Government's capacity to plan and manage the reconstruction efforts and enhance its preparedness to deal with national emergencies in the future (para. 6).
2. The project consisted of: (a) housing credits for 4,000 families; (b) reconstruction, furnishing and equipping of 395 schools; (c) demolition and on-site reconstruction of four government office buildings and the construction of one new government building; (d) upgrading of approximately 16.5 kilometers of road linking San Salvador-Apopa-San Jose Las Flores; (e) provision of water supply to 2,500 families; (f) acquisition and installation of three mobile telephone exchanges; (g) credit to micro-enterprises; (h) training of 6,000 workers; and (i) studies and necessary technical assistance (para. 8).
3. The emergency status of this project was diminished to some extent due to various delays during implementation: (i) the Government was unable to acquire land for the construction of the road; (ii) housing activities were stalled due to financial sector reforms and problems with credit agencies; and (iii) additional residential areas were discovered requiring more families to be relocated from the high risk zones, which required additional planning and time. The emergency nature of the operation was further diminished with the restructuring of the school component early during project implementation. Due to delays under the project, the earthquake-damaged schools originally included in the project were rehabilitated with USAID finance. To utilize remaining resources under this component the loan was amended to include the rehabilitation of schools outside of the damaged area.

Implementation Experience and Results

4. The project met and in many cases exceeded its physical targets: 5,277 housing units were constructed as compared to the appraisal estimate of 4,000 units; 2,512 classrooms were constructed against an originally estimated total of 2,000 (the original scope was modified during implementation); 26 government office buildings were constructed with a total construction area of 74,095 square meters, as compared to the original plan of reconstructing four existing buildings and one new building with a total construction area of 23,276 square meters; the upgrading of 8 kilometers of road linking San Salvador and Apopa was completed; and the second road segment, Apopa-San Jose Las Flores, was completed in October, 1996. The water component was accomplished by the water utility entity using its own resources. As for the telephones, the original target was surpassed with the acquisition and installation of three mobile telephone exchanges with a capacity of 13,000 lines. The original target of three exchanges had an estimated capacity of 4,500 lines. For the micro-enterprise credit component, 1,344 loans have been granted, as against 1,500 loans originally estimated. The training of 15,568 workers in the building trades greatly surpassed the original estimate of the training of 6,000 workers. Four out of six planned studies were completed (paras. 13-23).

5. The sustainability of the project appears likely provided there is compliance with the Government's new seismic codes and building law and local agencies carry out regular maintenance in accordance with the training provided under the project. The technical assistance was helpful in inculcating institutional capabilities in areas such as: project management; planning; supervision; procurement; and financial information systems (paras. 39-42).

6. The final project costs amounted to US\$107.85 million or about 5% greater than the estimated US\$102.4 million. The financial disbursements were negligible during the first 2 years of project implementation. Most of the Bank's proceeds were disbursed during 1991 to 1995. The loan was closed on June 30, 1996, two and one half years later than the estimated date (para. 30).

7. Project implementation was estimated to begin in early 1988 and was scheduled to be completed by December 31, 1993. Project implementation was stalled during the years 1988-1989 due to several reasons: civil war; the absorptive capacity of the institutions; the lack of managerial capacity in the newly created Reconstruction Unit (RU), the lack of experience of key personnel, and the lack of coordination between the RU and the implementing agencies. As the civil war ended and other problems were resolved, implementation began to progress at a modest pace during the period from 1990 to 1992. Beginning in 1993, implementation progress picked up considerably (paras. 26-29).

8. The Bank's performance during preparation is judged to be marginally satisfactory. While the Bank responded quickly as was required, this inevitably resulted in some details being overlooked. The Bank's performance during appraisal, however, is judged to be deficient since the project's focus on urgent works was partially diluted

at this stage by the inclusion of some less urgent rehabilitation work. Project supervision was weak initially but then greatly improved over most of the implementation period. Consequently the Bank's overall supervision performance is judged to be satisfactory. The Borrower's performance during preparation was also marginally satisfactory. Implementation performance was weak during the first two years due to the lack of knowledge of Bank's procedures, civil strife and the reasons stated above. The Borrower's implementation performance improved during the period 1990-1992, and then made steady progress after 1992 (paras. 44-48).

Summary of Findings, Future Operations, and Key Lessons Learned

9. The physical objectives were substantially achieved and, in some cases surpassed (for housing, schools, public buildings, telecommunications and training). The project only had a few institutional objectives, which were partially accomplished (paras. 49-50).

10. The implementing agencies have taken appropriate steps to ensure continuity and effective project operations in the future. Necessary resources have been allocated to the various implementing agencies for the maintenance of completed facilities. The Ministry of Education has an on-going operation financed by the Bank which will ensure continuity of the project's objectives (para. 52).

11. Upon reviewing the project's financial statements the auditors have issued unqualified opinions on all the statements. They also reviewed compliance of the implementing entities with applicable laws and regulations and the adequacy of the Internal Control Structure (ICS). Regarding the ICS, the auditors identified two deficiencies: differences between disbursement records kept by DGR-UR and several implementing entities; and one institution (the Ministry of Education), which had a serious backlog in its review of disbursement applications. These problems were addressed.

12. The following lessons emerged from the project (paras. 53-61):

- (a) **Project Design.** An emergency operation should only focus on reconstruction activities, attending immediate needs in a disaster area. More long term support activities, such as financing schools and housing not immediately affected by the earthquake should form part of a separate investment operation, proposed under the framework of the country's CAS.
- (b) **Project Implementation.** More attention should be placed upon the institutional capacity of the implementing agencies to administer and manage the project. An attempt must be made to minimize delays and lack of actions arising from coordination problems between different agencies. For example, the housing component was halted due to problems in the housing finance institutions: FSV; Fondo Nacional de

Vivienda (FONAVIPO); and the Cooperative Housing Foundation (CHF), an NGO group.

- (c) **Roads.** The implementing agency should undertake a more critical review of completed designs, cost estimates and bidding documents before initiating bidding processes. In addition, prior to awarding civil works contracts, the implementing agency should undertake a complete review of the selected contractor to determine the firm's capacity and ability to perform the work.
 - Also, all necessary rights of way for the construction of works should be obtained prior to awarding civil works contracts.
- (d) **Housing.** The beneficiaries of housing credit may also benefit from technical assistance in areas such as: energy saving designs and equipment; leakage and wastage control; maintenance; etc.
 - There are advantages in working with financial intermediaries from the non-governmental sector in order to reduce political pressures and arrears in credit account.
- (e) **Schools.** During the procurement process, implementing agencies should take into account the scope and complexity of work, and the capacity of the local contractors in estimating construction periods for project execution.
 - In order to avoid long delays in processing payments to contractors, disbursements should be made directly from a special account to the respective contractors.

IMPLEMENTATION COMPLETION REPORT

EL SALVADOR

EARTHQUAKE RECONSTRUCTION PROJECT (LOAN 2873-ES)

PART I - PROJECT IMPLEMENTATION ASSESSMENT

A. INTRODUCTION

1. A major earthquake struck the metropolitan area of San Salvador on October 10, 1986, leaving over 1,500 persons dead, 10,000 injured and 300,000 homeless. Over one-third of San Salvador's population of 1.5 million was directly affected by the earthquake. The epicenter of the earthquake was located 3 km south of the city at a depth of 8 km. While the earthquake registered only 5.4 (Ms) on the Richter Scale, it had an explosive effect, especially along the West-Northwest fault through the middle of the city, with the highest incremental velocity and displacement recorded in the history of earthquakes with comparable magnitudes.
2. The most serious damage occurred in the areas of: (i) housing; (ii) commercial and banking buildings; and (iii) public sector administration and services. Basic urban infrastructure--water and sewerage, road and drainage, electricity, and telephone systems--also sustained heavy damage. Most of the small shops and business as comprising the informal sector, which are concentrated in downtown San Salvador, were hit heavily while medium- and large-size enterprises suffered only minor damage.
3. Total earthquake damage was estimated at about US\$1,030 million. The housing sector was most severely hit with about 24,000 units completely destroyed, another 36,000 heavily damaged and total damage estimated at US\$273 million. Damage to hospitals, schools and historical and religious buildings was estimated at US\$185 million. Physical infrastructure--water supply and sewerage, telecommunications, electricity and transport--also suffered heavy damage, estimated at US\$106 million. In addition, about 80% of Central Government buildings were left unusable, including the Ministries of Justice, Finance, Public Works, Agriculture and Planning (MIPLAN), with damage estimated at US\$56 million. The damage to commercial buildings (including banks) was estimated at US\$247 million. Most of the small shops and businesses in downtown San Salvador, where much of the informal sector was located, were also heavily hit. Total physical damage to the informal sector was estimated at US\$17 million. Finally, emergency needs, demolition, rubble removal and indirect costs, such as loss of income, were estimated at US\$146 million. In addition to heavy physical damage, unemployment in San Salvador rose from 26% to 35%, as 38,000 people lost their jobs. The estimated loss of output in 1986 was equivalent to between 1% and 2% of GDP.
4. The Government's reconstruction strategy consisted of three phases: (i) a first phase that provided immediate relief operations; (ii) a second, transitional phase that provided temporary arrangements for housing and public administration and restored essential public services; and (iii) a third phase, that planned and implemented the long term reconstruction efforts.

5. There was an almost immediate response from the international community, multilateral groups and international financing agencies to assist the Salvadoran Government in its national emergency needs and reconstruction efforts.

Project Objectives

6. The project's main objective was to assist the borrower in its Reconstruction Program: (i) rehabilitate and reconstruct the San Salvador metropolitan area, through the provision of low-cost housing, public office and school buildings, and the restoration of essential public services; (ii) support the expansion of the capital city towards the north (Apopa), which is less vulnerable to earthquakes; (iii) rehabilitate the micro-enterprise sector to restore its production and income generating capacity; and (iv) strengthen the Government's capacity to plan and manage the reconstruction efforts and enhance its readiness to deal with national emergencies in the future.

7. Ten days after the earthquake, a Bank mission assessed the earthquake damage in San Salvador. Following recommendations from this mission, the Bank acted to: (a) reallocate US\$4.1 million of an existing education loan (the only ongoing operation) to facilitate urgent reconstruction of primary and secondary schools; (b) recruit a short-term consultant (a seismic engineer) to help the Government prepare an emergency building code; and (c) began preparation of the earthquake reconstruction project.

8. The project comprised the following components:

(a) Provision of Lines of Credit for Housing

- (i) reconstructing 3,000 units of low-cost apartments in situ; and
- (ii) constructing 1,000 embryo units (a wet utility core and one unfinished room), for families being relocated to Apopa's District 7.

(b) Schools and Public Buildings

- (i) Schools: (a) Demolition of about 295 classrooms; (b) reconstruction, furnishing, and equipping of about 340 classrooms in 29 schools; and (c) new construction and furnishing of about 54 classrooms in two schools in Apopa;
- (ii) Public Buildings: (a) Demolition and on-site reconstruction of four government office buildings; and (b) construction of a Government office building at a new site.

(c) Roads and Public Services

- (i) Road Improvements: (a) Upgrading of approximately 10 kilometers of road between San Salvador and Apopa; and (b) Upgrading of

approximately 6.5 kilometers of road between Apopa and San Jose de Las Flores (District 7).

- (ii) **Water Supply.** Provision of water complementary to new dwelling construction in District 7, Apopa, by drilling two wells and construction of a storage tank with a chlorinating plant.
- (iii) **Telecommunications.** Acquisition, installation and utilization of three mobile telephone exchanges, one with 2,000 telephone lines and two with 1,000 telephone lines each.

(d) **Informal Sector Enterprises**

Provision of lines of credit for raw materials, equipment, facilities, spare parts and other production inputs for Informal Sector Enterprises.

(e) **Training**

Short-term, intensive training of about 2,000 persons per year over three years, on construction skills and training of about 40 social workers in methods of organizing and assisting families in carrying out housing reconstruction and relocation.

(f) **Studies, Technical Assistance and Project Management**

The studies were aimed at:

- (i) revising the existing building code to incorporate seismic-resistant design standards, and finalize the micro-zoning of San Salvador based on available seismological data;
- (ii) updating the National Emergency Plan to mitigate damage and reduce catastrophic losses in the future;
- (iii) developing a cost recovery mechanism for the housing credits;
- (iv) preparing detailed urban designs for proposed improvement in District 7 (Apopa);
- (v) developing detailed sub-project plans, including engineering designs, cost estimates and implementation schedules;
- (vi) evaluating structural conditions of damaged buildings for the purpose of determining whether to demolish or salvage them.

The technical assistance components was aimed at:

- (i) developing financial models, contracts and architectural designs for carrying out housing sub-projects through lines of credits;
- (ii) organizing local communities during reconstruction and relocation efforts;
- (iii) strengthening FIGAPE, PRONAVIPO and other PFIs
- (iv) training informal enterprises in organization, production management, marketing and quality control;
- (v) improving earthquake monitoring stations of the Geotechnical Research Center; and
- (vi) providing project management and support during the reconstruction effort.

9. In addition to loan 2873-ES, the Earthquake Reconstruction Project was supported by a development grant awarded by the Government of Japan and administered by the Bank, which co-financed the housing, studies and technical assistance components.

Evaluation of Objectives

10. The project's objectives were consistent with the overall Bank lending strategy, given the need for: (i) restoring essential public services, economic activity, and public administration; (ii) providing essential technical assistance to strengthen the Government's capacity to plan, manage and coordinate the reconstruction program; (iii) strengthening the Government's capacity to deal with similar emergencies in the future; and (iv) providing housing and employment to affected low income families. Though the stated objectives appeared to be mostly of an immediate nature, departure from the original emergency focus occurred when the scope of school rehabilitation was enlarged to include parts of the country outside of the earthquake affected area. Also, the scope of the public buildings component was augmented.

11. Within the Ministry of Planning, a Reconstruction Unit (RU), the Directorate of Reconstruction (DGR), was created with the responsibility for coordinating, managing and supervising the reconstruction efforts. Consulting services and technical assistance were utilized to provide engineering, supervision, administrative and technical support to the RU as well as to the Implementing Agencies in charge of each component of the project. Procurement of goods and construction services was handled by the RU with the assistance of each Implementing Agency. This arrangement was workable during the first phase of project implementation. However, delays were experienced as the implementation progressed. To address this, procurement was decentralized to the implementing agencies and role of the RU was reduced to overall supervision and coordination. A listing of the implementing agencies is shown in Table 13.

12. At appraisal, total project cost was estimated at US\$102.4 million (including about US\$5.1 million of taxes and duties), with a foreign exchange cost of US\$41.7 million (representing 41% of total project cost). Included in this cost were physical and price contingencies estimated at 29% of base cost. The Bank loan of US\$65.0 million was to finance about 67% of project costs excluding taxes. A Japanese Grant of Y1,500 million (estimated to be equivalent to US\$13.5 million) was to finance 42% of amounts disbursed under the housing component, and 100% of foreign and 78% of local expenditures for some of the consultants services and studies planned under the project.

B. ACHIEVEMENT OF OBJECTIVES

Physical Objectives

13. The project had mainly physical objectives, which were substantially achieved. They are summarized as follows:

Housing: The target was surpassed by 31%.

14. Project financing was expected to provide for the reconstruction of 3,000 units of low cost apartments in situ, and the construction of 1,000 embryo units (a wet utility core and one unfurnished room) for families being relocated to Apopa. The physical targets were more than achieved, as 5,277 new housing units were constructed and an additional 1,436 were rehabilitated and improved.

Schools: This component's target was surpassed by 25% .

15. The original objectives of this component were to demolish 295 classrooms, to reconstruct, furnish and equip 340 classrooms in 29 schools and to construct, furnish and equip 54 new classrooms in 2 schools in Apopa.

16. These objectives were modified during the initial stages of project implementation to include the rehabilitation of an additional 2,000 classrooms throughout the country. These objectives were met and surpassed with the reconstruction of 2,512 classrooms and the acquisition of school furniture for 350 schools.

Public Buildings: Its target was surpassed by 200%.

17. Project funding supported the reconstruction of 26 government buildings, with a total area of 74,095 square meters. The original component objectives included the demolishing and reconstruction of four government buildings and the construction of a new building, with an estimated area of only 23,276 square meters.

Roads & Public Services:

18. Project financing provided for the upgrading of approximately 16.5 kilometers of road connecting San Salvador-Apopa-San Jose Las Flores, including paving, drainage structures and street illumination. Implementation of this component was accomplished by contracting its

construction into two sections. The first segment, San Salvador-Apopa (10 kilometers) was satisfactorily completed in 1994. The implementation of the second segment Apopa-San Jose Las Flores (6.5 Kilometers) was 90% complete as of June 30, 1996 (loan closing date). Remaining civil works were completed with Government funding in October, 1996.

Water:

19. The original objective of this component was to provide water supply to 2,500 families in District 7 (Apopa). Although this objective was met, no Bank loan funds were used, since ANDA, the local public water utility company, undertook this work utilizing its own funds.

Telecommunications: The original budget was surpassed by 200%.

20. Bank funds were expected to provide for the acquisition and installation of three mobile telephone exchanges with a total capacity of 4,000 lines. This objective was surpassed with the purchase and installation of three exchanges with a total capacity of 13,000 telephone lines.

Micro-Enterprise Credit:

21. The original objective was to provide US\$9 million for 1,500 loans to the micro-enterprise sector in San Salvador and Apopa for fixed assets and operating capital. The objective was substantially met by granting 1,344 loans in the amount of approximately US\$4.5 million. Additionally, Government funds were utilized to create pool loans to micro-enterprises and individual entrepreneurs in the Apopa-Torocotepeque area.

Training: The original target for this component was surpassed by 160%.

22. Bank loan funds provided for the short term training of 2,000 persons per year over three years in building trades skills. This objective was greatly surpassed with the training of 15,568 persons.

Studies and Technical Assistance:

23. This component included the preparation of six studies and technical assistance for project management and sub-project supervision. Five of the studies (the most important being the study to improve seismic construction standards, planning and regulation, including the improvement of the existing building code) were carried out with the help of local and foreign consultants. The study pertaining to the detailed urban design of the District 7 (Apopa) was partly completed without Bank financing with the support of bilateral agencies that provided housing for low income families.

Capacity Strengthening Objectives

24. The objective of strengthening the Government's capacity to plan and manage reconstruction efforts was achieved. Consultants were hired to train professional, technical and administrative personnel in charge of project implementation. Government staff received valuable training and upgraded their skills and capacities in: project planning and preparation;

project management and administration; procurement procedures; contract preparation; construction supervision; financial planning; information systems; and auditing. The seismic and building code developed under the project will serve as the backbone of the modified building law.

Cost Effectiveness

25. A cost effectiveness analysis was performed on each of the project components by comparing the estimated objectives and costs with the actual objectives and costs. It was found that the overall project was cost effective. A comparison of appraised and actual construction costs for the road component indicates significant cost overruns. Early in the design period of this road, it was found that the original cost estimates were underestimated (Table 9).

C. MAJOR FACTORS AFFECTING THE PROJECT

26. The project was scheduled to begin in early 1988 and be completed by December, 31, 1993. Project implementation was delayed by two and a half years and, with the exception of the road component, the project was completed on June 30, 1996.

27. During 1988-1989, very little progress was made in project implementation. The main causes of this delay were related to: lack of absorptive capacity of the implementing agencies compounded by the political situation of the country; large number of donor agencies involved; and lack of awareness of Bank procedures (procurement, auditing), resulting from a gap in Bank financing since the beginning of the decade. During that initial period, the establishment and staffing of the Reconstruction Unit was slow and faced institutional, administrative and technical problems, such as: cumbersome administrative procedures within the implementing agencies; delays in obtaining Government approval of RU staff due to an overall freeze on hiring; lack of experience of the personnel assigned to main management positions; and lack of coordination between the RU and the implementing agencies.

28. In that early period of project implementation (especially from 1988 to 1989), progress was very slow. Of the nine project components, the most noteworthy activity was in the telecommunication component, under which procurement of telephone equipment had been awarded early on. Limited activity in other components included the demolition of some government buildings and some micro-enterprises. Other problems observed during this period included: the need for preparing new design and cost estimates for the road component, including the removal of utilities from the right of way; delays in the acquisition of the necessary road rights of way; lack of project preparation and designs for the education component; lack of institutional capacity and cumbersome implementation procedures in the micro-enterprise credit, housing, education, and public buildings components; and lack of clear definition of the scope of the housing component.

29. By 1990, many of the early problems in project implementation had been resolved. Internal hostilities had substantially ceased, the RU was firmly established and began performing its managerial and administrative responsibilities in a satisfactory manner, key personnel were being trained, and project implementation started to make modest progress.

Factors that subsequently affected project implementation are listed in the following paragraphs.

30. The final cost of the project amounted to US\$107.85 million, or about 5% greater than the original estimate. From 1988 to late 1990 there were no significant disbursements under the loan. Only US\$265,194 of loan funds had been disbursed by October, 1990, mainly under the telecommunications component. Almost 80% of loan funds were disbursed during FY91-FY95.

Housing:

31. The housing component presented two implementation phases. In the first phase, implementation of the housing component required that VMVDU sign an agreement with the Financiadora Social de Vivienda, which in turn signed contracts with Savings & Loan Associations to provide long-term mortgages to home buyers (Program Nuevo Amanecer). After a good start, the housing component activities stalled as a result of overall financial sector reforms that caused the closing of Financiadora Social de Vivienda. VMVDU signed a subsidiary agreement with the newly created FONAVIPO, which took over and completed the utilization of project funds under Program Nuevo Amanecer.

32. In the second phase, two action plans were agreed upon to fully utilize funds under this component. Cooperative Housing Foundation (CHF), a non-governmental agency, carried out an action plan for granting credits to low-income families for housing improvements. Another action plan was implemented by the Social Housing Fund (FSV), an agency that granted credits for housing development (to employees under the social security system).

Schools:

33. Since there were delays in initiating this component, the originally envisioned rehabilitation of about 400 classrooms damaged by the 1986 earthquake was financed by USAID. As a result, the loan was restructured in April, 1990 to provide financing for the reconstruction/rehabilitation and equipping of 2,000 classrooms in 900 elementary schools nationwide, which had the effect of detracting from the emergency nature of the operation.

Public Buildings:

34. During the construction phase of the new Government Center (Centro de Gobierno), it was discovered that 69 families were living in a high-risk zone on the construction site, under precarious living conditions. This situation went undetected during project preparation and design. During the initial stages of construction, the affected families were relocated by the Government with assistance from the Italian Government. The 69 families were relocated into a single new community, Distrito Italia, close to Apopa (Distrito Italia is about 12 kilometers from Centro de Gobierno in San Salvador). Comfortable homes were provided with access to electricity, water supply and sanitation. The Government also created four micro loan pools for developing self-employment opportunities in the new community.

Roads:

35. As stated, there were two road reconstruction segments included in the Roads sub-component: (i) San Salvador-Apopa with about 9.9 kilometers; and (ii) Apopa-San Jose de Las Flores, about 6.5 kilometers. Both segments suffered delays during implementation. In the first case, the Government failed to acquire the necessary land, resulting in a two year delay (para. 36). In the case of the second segment, the original contractor and its guarantor defaulted causing about 18 months delay (para. 37).

36. San Salvador-Apopa Road segment. According to the Loan Agreement, the Government was to acquire all land required for rights of way by December 31, 1987. The Ministry of Public Works was unable to comply. One of the reasons was lack of funds. The two year delay in not obtaining the required land caused the contractor to continually fall behind schedule, which in turn increased project costs due to price adjustments. Further, the San Salvador-Apopa segment was delayed by an additional six months as a result of incomplete designs, plans and cost estimates. A consulting firm had to re-design the project to include the removal of utilities from the right of way.

37. Apopa-San Jose Las Flores Road segment. This section also suffered serious delays. Since the contractor could not execute the work on schedule, the Ministry of Public Works suspended the contractor's operations and asked the bonding company to complete the works. A firm contracted by the bonding company abandoned the works, which were then halted for about 16 months. During this time, the project was re-bid and work resumed in June, 1995. Construction was 90% complete at project closing (June 30, 1996). Civil works continued at full speed and the Government completed the works, with its own funds, in October, 1996.

Micro-Enterprise credit:

38. The Central Bank (BCR) was the original implementing agency for the micro-enterprise credit component. The component was subsequently assigned for a short time to a new sister organization, the Multisectoral Investment Bank (BMI). Due to a lack of interest in BMI, this component did not make much progress. As a result, the remainder of this component was canceled (the amount utilized in the component was reduced from the appraisal estimate of US\$9.0 million to US\$4.5 million) and the funds were utilized to support the public buildings and road components.

D. PROJECT SUSTAINABILITY

39. The project achieved almost all of its stated physical objectives and the likelihood of its sustainability is favorable, given the established plans for continued maintenance of the restored facilities, the additionally trained staff and the development of seismic and building codes which should help to minimize the extent of damages during future earthquakes. A satisfactory plan for operating and maintaining facilities has been received from the Government which is included in the Government's contribution to the ICR. Throughout project implementation (which spanned over three administrations), the Government showed a positive attitude and supported the project, which bodes well for the future.

40. Under the project, the technical assistance component was effective in strengthening project implementation capacity in the executing agencies. This assistance was instrumental in getting the project to a successful completion. Key personnel were trained in modern methods of project management; administration; contracting of goods and services; project planning, programming and preparation; and financial management and auditing.

41. The National Assembly modified the existing building law to allow the issuance of the seismic and building codes developed under the project. The law was modified to allow the regulation by decree of construction standards safety and materials. The seismic and building codes developed under the project constitute the nucleus of the proposed draft regulatory decree, which is in the final stages of approval by the executive branch.

42. Project sustainability is expected to be further supported by Bank Loan 3945-ES for the Basic Education Modernization Project and possible Bank follow-up projects for infrastructure privatization.

E. BANK PERFORMANCE

43. The Bank spent nearly 161 staff-weeks on identifying, preparing and appraising the project, including 317 staff-days in the field. A total of 171 staff weeks was spent on supervision, including 333 staff-days in the field.

Identification

44. It is judged satisfactory--the Bank responded immediately after the 1986 earthquake. The Bank dispatched a reconnaissance mission to collaborate and coordinate with the Government authorities in assessing the damages to houses, commercial and public buildings, services and infrastructure. Also, the Bank coordinated and mobilized efforts to solicit funds from other international financing agencies as well as multilateral and bilateral entities.

Preparation and Appraisal

45. Preparation is judged to be marginally satisfactory, given the emergency nature of the operation. However, the rapid speed at which the project was prepared did cause some corners to be cut. For example, project preparation did not assess the degree of difficulty and steps required to complete the required acquisition of land and right of way to construct the road component. During preparation the Bank sent seven missions to identify the emergency requirements and the constraints posed by the weak institutional capacity. The missions involved specialists with various expertise (seismic, education, housing, water supply, telecommunications, urban planning, architecture, vocational training and micro-enterprise credit). To assist the Government in its immediate reconstruction needs, the Bank reallocated funds from an on-going education project (Loan 1738-ES). The Bank collaborated with the Salvadoran authorities in preparing the project, in defining its scope and financing, and in establishing the Reconstruction Unit to coordinate and manage the program. Project Appraisal however, is judged to be deficient. It was not completely focused on immediate emergency

needs, since it allowed the project to include rehabilitation components outside of the earthquake affected areas.

Supervision

46. Overall, supervision is judged to be satisfactory. Supervision started out weak, but then steadily improved throughout project implementation. The Bank collaborated with the Reconstruction Unit, the implementing agencies and other key entities involved with the project in the resolution of problems arising during the early implementation stage. The status and progress of implementation improved and was satisfactory after 1990. The problems were identified in a timely manner and actions were taken on the proposed recommendations. During implementation, the Bank sent 30 supervision missions to review the project, as well as to discuss and resolve outstanding issues and problems. In addition, the Bank contracted consultants in specialized fields, such as a road engineer, a vocational training expert and a telecommunications engineer, to collaborate with the implementing agencies in the resolution of issues and problems. The Bank provided professional and timely advice to the Reconstruction Unit and the implementing agencies, contributing to the eventual success of project implementation.

F. BORROWER PERFORMANCE

Preparation

47. The Borrower's preparation performance is rated marginally satisfactory. Due to the emergency nature of the project and the need to move quickly, some corners were cut, with the result that some studies, designs, plans, cost estimates and bidding documents had to be prepared during actual project implementation. Nevertheless, the Ministry of Works did prepare a comprehensive preparation plan which focused on the following key areas: institutional framework for reconstruction; sectoral organization and coordination; housing arrangements including land tenure; resettlement of the affected population; and commitment of funding.

Implementation

48. The Borrower's implementation performance is rated satisfactory overall. During the period from mid-1988 to early 1990, practically no progress was made on project implementation. Although US\$8 million was transferred in 1988 to an advance account, only US\$265,194 were disbursed (for the telecommunications component) up to October, 1990. The reasons for the delay in project implementation were essentially due to: difficulties in obtaining field data in the midst of an ongoing civil strife and hostilities; lack of coordination between the RU and the implementing agencies, especially with regard to scope and definition of some of the project components; lack of knowledge of Bank's implementation procedures; and lack of capacity of key staff within the RU and implementing agencies to handle a complex reconstruction project. In addition to this, serious delays occurred as a result of MOP's failure to obtain the necessary right of way for road construction. During the period from 1990 to late

1992, project implementation progressed at a modest but steady pace. Project implementation progressed remarkably well beginning in 1993 to the completion of the project in June, 1996. The RU had satisfactorily fulfilled its managerial role, staff were well trained and there was excellent coordination between the RU and the implementation agencies. Procurement procedures for the contracting of goods and services were correctly followed. Progress reports were submitted to the Bank. Project components were satisfactorily monitored and supervised, both by staff and contracted consultants.

G. ASSESSMENT OF OUTCOME

49. Overall the project is rated satisfactory. The project substantially achieved all of its physical objectives. In many of the project components (housing, public buildings, schools, telecommunications and training) the physical objectives were surpassed. In the road component the physical objectives were partially met. As of the June 30, 1996 loan closing date, the second section of the 4.5 kilometer road was 90% complete. Road work was successfully completed with Government funding in October, 1996.

50. The project partially fulfilled its institutional objectives. A new seismic code was developed and it is about to become the new law of the land. Through the Study and Technical Assistance component, the contracting of consultants and specialists contributed to the development and strengthening of the institutional capacity of the RU and implementing agencies in: project planning, programming and preparation; project management and administration; procurement of goods and services; and project supervision.

51. The project also achieved its objectives in the development and strengthening of the private sector through the granting of credits to micro-enterprises for operating capital and for the acquisition of necessary equipment and machinery.

H. FUTURE OPERATION

52. During the closing mission, the Government prepared a satisfactory maintenance and operations plan (Plan Operacional y de Mantenimiento--see Back-to-Office Report and Aide Memoire dated July 19, 1996). Resources have been allocated by the various executing agencies for maintenance of completed works. In the National Budget, MOP (DGC and DUA do not exist any more) has allocated sufficient funds for the maintenance operations of the road and public buildings components. Similarly, the Ministry of Education has allocated sufficient funds for school maintenance. With regard to the telecommunications component, ANTEL has adequate funds allocated in its Maintenance and Operations plan. To further ensure effective project operation, the Ministry of Education has an on-going project for the Modernization of Basic Education financed under Bank Loan 3945-ES. Table 6 contains a list of key indicators for project operations by which the project can be monitored and evaluated in the future.

I. KEY LESSONS LEARNED

The following lessons emerge from the project:

An emergency operation should only focus on reconstruction activities attending immediate needs in a disaster area. More long-term support activities, such as financing schools and housing not immediately affected by the earthquake, should form part of a separate investment operation proposed under the framework of a country's CAS.

54. More attention should be placed on the institutional appraisal of the implementing agency, both with regard to awareness of Bank's procurement procedures and of its capacity to administer and manage the contracting of goods and services. In the event that there are institutional weaknesses within the implementing agency with regard to procurement procedures, specific technical assistance should be included in the project to correct this deficiency at an early stage in order to avoid delays in project implementation.

55. Prior to initiating bidding procedures, the implementing agency should undertake an intensive review of completed designs, plans, cost estimates and bidding documents. In the event that the implementing agency lacks the in-house capacity to make this review, short-term consultants should be contracted for this purpose.

56. Prior to awarding civil works contracts, the necessary right of way should be legally acquired in order to avoid delays in the execution of works and corresponding increases in project costs and possible claims. Any resettlement activity should follow a properly designed resettlement plan, whose implementation should be supervised by specialists in this field.

57. Prior to awarding construction contracts, the implementing agency should make an in-depth review of the qualifications of the selected construction firm to determine its capacity to satisfactorily execute the works. The suggested review should include details of: technical capacity; qualifications and previous experience of key personnel; availability of the required type and amount of equipment and machinery; financial liquidity of the firm; and previous experience on projects of similar nature and size.

58. Beneficiaries of housing credits also benefit from technical assistance in areas such as energy saving technology, maintenance schedules, etc.

59. There are advantages in working with financial intermediaries from the non-governmental sector. The entities tend to be more efficient in loan marketing, processing and management, presenting less non-performing loans.

60. During procurement, an implementing agency should take into account the scope of work, the project's complexity and the capacity of local contractors in estimating the construction period for project execution.

61. In order to avoid long delays in processing payments to contractors, disbursements should be made from the project's special account directly to the contractor.

**IMPLEMENTATION COMPLETION REPORT
EL SALVADOR
EARTHQUAKE RECONSTRUCTION PROJECT
(LOAN 2873-ES)**

PART II - STATISTICAL TABLES

Table 1: Summary of Assessments

A. Achievement of Objectives	Substantial	Partial	Negligible	Not Applicable
Macroeconomics Policies				X
Sector Policies		X		
Financial Objectives		X		
Institutional Development		X		
Physical Objectives	X			
Poverty Reduction				X
Gender Concerns				X
Other Social Objectives				X
Environmental Objectives		X		
Public Sector Management				X
Private Sector Development	X			

B. Project Sustainability	Likely	Unlikely	Uncertain
	X		

C. Bank Performance	Highly satisfactory	Satisfactory	Deficient
Identification		X	
Preparation Assistance		X	
Appraisal			X
Supervision		X	

D. Borrower Performance	Highly satisfactory	Satisfactory	Deficient
Preparation		X	
Implementation		X	
Covenant Compliance		X	
Operation (if applicable)			

E. Assessment of Outcome	Highly Satisfactory	Satisfactory	Unsatisfactory	Highly Unsatisfactory
		X		

Table 2: Related Bank Loans

Loan No.	Purpose	Year of Approval	Status
<u>Preceding Operations</u>			
<u>Housing:</u>			
1050-ES	Sites and Services	1974	Completed
1465-ES	Sites and Services	1974	Completed
CR 0031	Sites and Services	1974	Completed
<u>Roads:</u>			
0104-ES	Coastal Highway Project	1954	Completed
0216-ES	Feeder Roads	1959	Completed
0521-ES	Highway Project	1967	Completed
0031-ES	Highway Project	1962	Completed
<u>Telecommunications:</u>			
0358-ES	Telecommunications Project	1963	Completed
0811-ES	Second Telecommunications Project	1972	Completed
1570-ES	Third Telecommunications Project	1978	Completed
<u>Training:</u>			
1571-ES	Vocational Training Project	1978	Completed
<u>Education:</u>			
0609-ES	Education Project	1969	Completed
1007-ES	Second Education Project	1974	Completed
1738-ES	Third Education Project	1979	Completed
<u>Following Operations</u>			
3945-ES	Basic Education Modernization Project	1995	Ongoing

Table 3: Project Timetable

Step in Project Cycle	Date Planned	Date Actual
Reconnaissance	October 20, 1986	October 20, 1986
First Appraisal	November 24, 1986	November 24, 1986
Second Appraisal	May 4, 1987	May 4, 1987
Negotiations	July 10, 1987	August, 1987
Board presentation	September 15, 1987	September, 1987
Signing	August, 1987	October 16, 1987
Effectiveness	December 31, 1987	June 17, 1988
Project completion	December 31, 1993	June 30, 1996 ^{1/}
Loan closing	December 31, 1993	June 30, 1996

1/ The project was completed on June 30, 1996 for all of the components with the exception of the road component. Physical completion of the remaining section of the road (APOPA-San Jose de Las Flores) was completed in October, 1996, utilizing Government funds.

**Table 4a: Loan Cumulative Disbursements: Estimated and Actual Loan Disbursements
(US\$ Millions)**

	FY88	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97
Appraisal Estimate Cumulative	15.0	21.0	21.0	4.0	4.0	-	-			
Actual	15.0	36.0	57.0	61.0	65.0					
Cumulative Actual as % of estimate		8.097	0.129	6.37	6.52	7.35	16.54	9.06	7.13	2.49
		8.097	8.226	14.596	21.048	28.396	44.938	53.997	61.131	63.62
		4.46	0.14	0.24	0.325					^{1/2/}

1/ As of November 8, 1996 (according to Disbursements office) a total amount of US\$63,537,623.15 of loan funds have been disbursed and US\$83,943 are in pipeline for disbursement for a total of US\$63,621,566.15. Final disbursements of loan funds are expected to be made during November, 1996.

2/ Any unpaid balance of loan fund will be canceled after under review applications are finalized in November, 1996.

- Date of First Disbursement: October, 1988
 Initial Loan Closing Date: December 31, 1993
 Actual Loan Closing Date: June 30, 1996
 Date of Final Disbursement: Expected in November, 1996.

**Table 4b : Grant Cumulative Disbursements Estimated and
Actual Grant Disbursements
(US\$ Millions)**

	FY88	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97
Appraisal Estimate	4.5	4.5	2.5	2.0	-	-	-	-	-	
Cumulative	4.5	9.0	11.5	13.5						
Actual	-	-	1.24	1.52	1.32	2.52	2.15	1.30	2.56	0.152/
Cumulative Actual as % of estimate	-	-	1.24 50	2.76 45	4.08	6.60	8.75	10.05	12.61	12.76

1/ As of November 8, 1996, a total amount of US\$12.76 million (eq JPY 1,453,502,058) of Grant Funds have been disbursed.

2/ After final disbursements have been made towards applications received by October 31, 1996, any undisbursed balance amount from the grant fund will have to be canceled by the Bank.

Date of First Disbursement: October, 1988
 Initial Loan Closing Date: December 31, 1993
 Actual Loan Closing Date: June 30, 1996
 Date of Final Disbursement: October 30, 1996.

Table 5: Key Indicators for Project Implementation

Key Indicators	Estimated	Actual
Housing Lines of Credits	Lines of credit for reconstruction of 3,000 dwelling units and the relocation of 1,000 displaced families.	Line of credit for the construction of 5,277 housing units and the improvement of 1,436 units.
Schools	Rehabilitate 339 classrooms in San Salvador and Apopa area, was modified to 2000 classrooms nationwide.	Rehabilitated a total of 2,512 classrooms and the furnishing of equipment for 350 schools.
Public Buildings	Demolition and relocation of office buildings of four Ministries and the construction of a new site for another Ministry. Total area = 23,276 square meters.	Reconstruction/construction of 26 buildings with a total constructed area of 74,095 square meters.
Roads	Rehabilitation and upgrading of 16.4 Kilometers. of road linking San Salvador-Apopa-San Jose de Las Flores.	Rehabilitation and upgrading of 16.4 Kilometers. of road linking San Salvador-Apopa-San Jose de Las Flores.
Water	Water supply for 2,500 families.	Undertaken by ANDA utilizing its own resources and funds.
Telecommunications	Procurement and installation of three mobile telephone exchanges with a total capacity of 4,000 lines.	Three mobile telephone exchanges were acquired and installed with a total capacity of 13,000 lines, including transmission equipment.
Micro-Enterprise Credits	Credit for equipment, machinery and operating capital to micro-enterprises in San Salvador. Estimated to about 1500 credits (@ \$8,000/credit).	1669 (1344+40+285) credits have been awarded for equipment, machinery and operating capital to micro-enterprises in San Salvador.
Training	Intensive training of 6,000 workers in building trades.	Intensive training of 15,568 workers in the building trades.
Studies and Technical Assistance	Studies for: the improvement and application of seismic resistant building code; updating of the national emergency plan; cost recovery mechanism for housing credit; evaluation of high risk seismic zones; evaluation of credit plans for housing; evaluation of the structural condition of public building cost recovery mechanism for housing credits.	Studies prepared for: improvement and application of seismic resistant building code; evaluation of high risk seismic zones; evaluation of structural condition of public buildings; and the evaluation of credit plans for housing.

Table 6: Key Indicators for Project Operation

Key Implementation	Estimated	Actual
Housing	Arrears less than 8%	Arrears less than 2.5%
Schools	Increase in student body 80%	Increase in student body 18%
Public Buildings	Occupancy 80%	Occupancy 100%
Roads and Public Services	Relocation to northern and safer suburbs	Relocation has begun
Telecommunications	3 mobile telephone exchanges with 4,000 telephone lines	3 mobile telephone lines exchanges with 13,000 telephone lines
Micro-Enterprise Credit	nearly 50% lost business- 1500 loans @ \$9 million	for fixed assets awarded 1669 credits at \$4.5 million
Training	6,040 workers trained	15,568 workers trained

Table 7: Studies Included in the Project

Study	Purpose as defined at appraisal	Status	Impact of Study
i) Revision of the existing building code to incorporate seismic-resistant design standards and the conclusion of the micro-zoning and the study of the seismological data;	To improve seismic construction standards, planning and regulations and the improvement of the existing building codes; Evaluate seismological data to demarcate high risk zones in the project area;	Completed	After reviewing the study, the National Assembly of El Salvador modified the Building Law, permitting the seismic and building codes included in the study to be incorporated in the loan through a regulatory decree. The proposed regulatory decree is expected to be issued by Executive order in the near future.
ii) Updating the National Emergency Plan.	To better prepare the country for similar future disasters in order to mitigate the damage and loss of life;	Not Done	
iii) To develop a mechanism of cost recovery for the housing credits;	To evaluate the impact of the housing credit component of the Project;	Partly Completed	Improvement of the operations in the granting of the housing loans to low income groups
iv) Detailed urban design for district 7 of Apopa;	For efficient urban investments;	Completed	Helped to restore production, economical and efficient designs;
v) Studies to prepare sub-project plans, including detailed engineering, cost estimates and implementation schedules;	For better assessment, budget and time evaluation and control;	Completed	Helped strengthening the institutional capacity, and training of local personnel;
vi) Evaluate structural conditions of damaged buildings.	For the purpose of determining whether to demolish or salvage them.	Carried out informally	On this basis, decisions were taken, buildings were either rehabilitated or demolished.

Table 8a: Project Costs

	Appraisal Estimate (US\$M)			Actual Estimate (US\$M) 2/		
	Local Costs	Foreign Costs	Total	Local Costs	Foreign Costs	Total
1/ Housing - Lines of Credit	13.3	6.9	20.2	19.23	9.90	29.13
Schools and Public Buildings						
- Schools Reconstruction	8.3	3.5	11.8	8.46	3.63	12.09
- Reconstruction of Office Buildings	8.4	5.6	14.0	19.55	13.03	32.58
Roads and Public Services						
Roads	5.7	3.1	8.8	11.79	6.35	18.14
Water	0.3	0.2	0.5	-	-	-
Telecommunications	0.7	3.3	4.0	0.77	3.51	4.28
Micro-Enterprise Credit	3.0	9.0	12.0	1.08	3.24	4.32
Training	2.4	0.6	3.0	1.62	0.41	2.03
Studies and Technical Assistance						
Studies and Technical Assistance	3.4	0.8	4.2	3.61	0.90	4.51
Project Management	0.7	0.1	0.8	0.18	0.02	0.20
1/ Unallocated/Advanced	14.5	8.6	23.1	0.36	0.21	0.57
TOTAL	60.7	41.7	102.4	66.65	41.20	107.85
						3/4/

- 1/ Include US\$188,450 and US\$380,720 in disbursements in advance accounts for the Grant and Loan, respectively, as indicated in the breakdown sheets sent by the implementation agency dated October 15, 1996.
- 2/ Status as of November 8, 1996. It is based on the information received from the Bank's disbursement unit and based on the information sheets received from the borrower's implementation agency, dated October 15, 1996.
- 3/ Final disbursement applications received as of October 31, 1996 are in the pipeline-to be disbursed in November, 1996.
- 4/ The Government's contributions for Value Added Tax (IVA) has been included in the total cost of the project, imposed at the rate of 10% after September, 1992 and at 13% after April 1995.

Table 8b: Project Financing

	Appraisal Estimate (US\$M)			Actual Estimate (US\$M)		
	Local Costs	Foreign Costs	Total	Local Costs	Foreign Costs	Total
IBRD	28.80	36.20	65.00	27.99	35.63	63.62 <u>1/</u>
Government Contribution	23.90	0	23.90	31.72	0	31.72 <u>2/</u>
Co-Financing	8.00	5.50	13.50	7.40	5.36	12.76 <u>3/</u>
TOTAL	60.70	41.70	102.40	67.11	40.99	108.10

- 1/ Amounts disbursed as of November 8, 1996 include US \$380,720 in advances. The breakdown is shown on the sheets sent by the implementation agency dated October 15, 1996.
- 2/ Amounts disbursed as of June 30, 1996 do not include equivalent of US\$1,012,045 for amounts paid in Government Contributions for Value Added Tax (IVA) imposed at the rate of 10% after September, 1992 and 13% after April, 1995.
- 3/ Amounts disbursed as of October 30, 1996, include US\$188,450 in advances.

Table 9: Cost Effectiveness of the Project

Project Component	Estimated		Appraisal	Actual Costs	
	Physical Objectives	Cost (US\$M)	Physical Objectives	Cost (US\$M)	
Housing	Lines of credit for reconstruction of 3,000 dwelling units and the relocation of 1,000 displaced families.		20.2	Line of credit for the construction of 4,000 housing units and rehabilitation of 1,436 nuts.	
Schools	Rehabilitate 393 classrooms in San Salvador and Apopa which was modified during project implementation to include an additional 2,000 nationally		11.8	Rehabilitate a total of 2,512 classrooms and the furnishing of equipment for 350 schools.	
Public Buildings	Reconstruction of four office buildings and the construction of a new building. Total constructed area = 23,276 square meters.		14.0	Reconstruction/construction of 26 buildings, with a total constructed area of 74,095 square meters.	
Road	Rehabilitation and upgrading of 16.4 Kilometers of road linking San Salvador-Apopa-San Jose de Las Flores.		8.8	Rehabilitation and upgrading of 16.4 Kilometers of road linking San Salvador-Apopa-San Jose de Las Flores.	
Water	Water supply for 2,500 families.		0.5	Undertaken by ANDA utilizing its own resources and funds.	
Tele-communications	Procurement and installation of three mobile telephone exchanges with a total capacity of 4,000 lines		4.0	Three mobile telephone exchanges were acquired and installed with a total capacity of 13,000 lines, including transmission equipment	
Micro-Enterprise Credits	Credit for equipment, machinery and operating capital to micro-enterprises in San Salvador. As per original estimate about 1500 (@ \$8,000/credit).		12.0	1669- Credit was given for equipment, machinery and operating capital to micro-enterprises in San Salvador	
Training	Intensive training of 5,000 workers in building trades.		3.0	Intensive training of 15,568 workers in the building trades.	
Studies and Technical Assistance	Studies for the improvement and application of seismic resistant building code; updating of the national emergency plan; cost recovery mechanism for housing credit; evaluation of high risk seismic zones; evaluation of credit plans for housing; evaluation of the structural condition of public building cost recovery mechanism for housing credits.		4.2	Studies prepared for: improvement and application of seismic resistant building code; evaluation of high risk seismic zones; evaluation of structural condition of public buildings; and the evaluation of credit plans for housing.	

Table 10: Status of Legal Covenants

Agreement	Local Credit Number	Text Reference	Covenant Class(es)	Status	Original Fulfill Date	Revised Fulfill Date	Description of Covenant	Comments
G22870	L2873	Section 2.02 (b)	3	C			The recipient shall open and maintain in dollars a revolving account in BCR.	In full compliance
		Section 2.03	5	C			Good and services shall be procured in accordance with the IBRD Loan Agreement.	In full compliance
		Section 2.04	10	C	12/31/93	12/31/95	The closing date shall be December 31,1993 or such later date as the Administration shall establish.	Most EIAs still reviewed at INE
		Section 4.01	5	CD	1/19/88	6/17/88	This Agreement shall become effective upon the Effective Date of the Loan Agreement.	The project became effective June 17 1988
		Section 2 Para 2	3,5	C			Payments out of the Revolving Account made exclusively for eligible expenditures in.	In full compliance
		Section 2. Para. 3(b)	3	C			The Recipient shall furnish to the Administrator requests for replenishment of the Revolving Account.	In full compliance

Table 10: Status of Legal Covenants

Agreement	Local Credit Number	Text Reference	Covenant Class(es)	Status	Original Fulfill Date	Revised Fulfill Date	Description of Covenant	Comments
L2873	L28730	Schedule 2. Para. 4	3,5	C			For each payment made by the recipient out of the revolving account, the recipient shall furnish to the Administrator such documents showing that such payment was made of eligible expenditures.	In full compliance
L2873	L2873	Section 2.02 (b)	3	C			The borrower shall open and maintain in dollars a Special Account in BCR.	In full compliance
		Section 2.03	10	C	12/31/93	6/30/96	The Closing Date shall be December 31,1993 or a later date as the Bank shall establish.	In full compliance
		Section 3.01 (a)	3,4,5,10	C			The Borrower shall carry out the project through the Implementation Agencies.	In full compliance
		Section 3.01 (b)	5,10	C			The Borrower, through MIPLAN, shall enter into a CONVENIO with each IA (I) to carry out part(s) of the Project, and (ii) to transfer the necessary loan proceeds and counterpart funds required.	In full compliance
		Section 3.02	10	C			Procurement of goods, works, and consultant's services.	In full compliance

Table 10: Status of Legal Covenants

Agreement	Local Credit Number	Text Reference	Covenant Class(es)	Status	Original Fulfill Date	Revised Fulfill Date	Description of Covenant	Comments
L2873	L28730	Section 3.03 (a)	5	C			The borrower shall establish and maintain an adequately staffed reconstruction unit and appoint and retain a Director General, a Technical Advisor and professional staff for the Reconstruction Unit.	In full compliance
		Section 3.03 (c)	3.4	C			The borrower shall ensure that the Reconstruction Unit has sufficient funds to carry out its responsibilities.	
		Section 3.04 (i)	10	NC			The borrower shall within one year of the Effective Date of the Loan, adopt and put on full force and effect, and anti-seismic building code.	The National Assembly modified its Building Law permitting that the seismic code and construction regulations be incorporated as a regulation to that law, which is expected to be decreed by Executive Power.

Table 10: Status of Legal Covenants

Agreement	Local Credit Number	Text Reference	Covenant Class(es)	Status	Original Fulfill Date	Revised Fulfill Date	Description of Covenant	Comments
L2873	L28730	Section 3.04 (ii)	10	C			The borrower shall ensure that all Housing Sub-Projects financed from the proceeds of the Loan comply with the Provisions of the Emergency Code, or when effective with the anti-seismic building code.	In full compliance
		Section 3.05 (a)	4,5,10	C			The borrower shall furnish the implementation schedule and financing plan for the first year of the Reconstruction program to the Bank by October 31, 1987	In full compliance
		Section 3.05 (b)	10	C	12/31/87		The borrower shall acquire or provide, by December 31, 1987, all land required to carry out the Project.	Not complied
		Section 3.05 (d) and (e)	10	C			The borrower, semi-annually, shall discuss with the Bank the progress of the Reconstruction Program.	In full compliance
		Section 3.06 (a)	9	CP			The borrower shall furnish to the Bank bimonthly progress reports.	The Bank has received only sporadic reports on project progress.

Table 10: Status of Legal Covenants

Agreement	Local Credit Number	Text Reference	Covenant Class(es)	Status	Original Fulfill Date	Revised Fulfill Date	Description of Covenant	Comments
L2873	L28730	Section 3.06 (b)	5,10	C			The Borrower shall inform the Bank of any condition which interferes with the operations of the Reconstruction Unit.	In full compliance
		Section 3.07	5	C			The borrower shall, through VMVDU enter with each Housing Intermediary.	In full compliance
		Section 3.08	5	C			the Borrower shall furnish to the Bank by October 31,1987, the architectural designs and standardized construction and financing contracts.	In full compliance
		Section 3.10	2	C			The Borrower shall cause BCR to enter into Agreement wit each PFI.	Full compliance until end of '94. At that point the Government transferred BCR's responsibilities to BMI, which in turn did not sign satisfactory agreements with BACC, the only PFFI remaining under the project & Government, causing cancellation of remaining funds.

Table 10: Status of Legal Covenants

Agreement	Local Credit Number	Text Reference	Covenant Class(es)	Status	Original Fulfill Date	Revised Fulfill Date	Description of Covenant	Comments
L2873	L28730	Section 4.01 (a)	1	C			The Borrower shall maintain separate accounting records of the operations, resources and expenditures in respect of the Implementation Agencies.	In full compliance
		Section 4.01 (b)	1	C			The Borrower shall have the Accounts for each fiscal year to be audited by independent auditors.	In full compliance
		Section 4.01 (c)	1	C			For all withdrawals from the Loan Account made on the basis of SOEs, the borrower shall (i) maintain accurate records; (ii) retain full records for one year after last withdrawal from Accounts.	In full compliance
		Section 6.01	2,5,11	CD			Additional conditions to the effectiveness of the Loan Agreement.	Completed after delay
		Section 6.02 (a)	13	C			That each CONVENIO has been duly authorized, executed and is legally binding	In full compliance
		Section 6.02 (b)	3,4,5	C			The Extraordinary budget procedures are valid and legally binding	In full compliance

Table 10: Status of Legal Covenants

Agreement	Local Credit Number	Text Reference	Covenant Class(es)	Status	Original Fulfill Date	Revised Fulfill Date	Description of Covenant	Comments
L2873	L28730	Schedule 5, Para 2	3	C			Payments out of the Special Account shall be made exclusively for Eligible Expenditures in accordance with the provision	In full compliance
		Schedule 5, Para. 3(b)	3	C			The Borrower shall furnish to the Bank requests for replenishment of the Special Account.	In full compliance
		Schedule 5, Para. 4	3	C			The Borrower shall furnish to the Bank documents showing that payment loan was made for Eligible Expenditures.	In full compliance
		Schedule 6, Para 2	1,3,5	C			Each CONVENIO and HI participating Agreement shall establish that loan proceeds shall be utilized for purpose of carrying out the project.	In full compliance
		Schedule 6, Part.II.1	2,3	C			VMVDU shall re-lend such funds from the proceeds of the loan as are required by each Housing Intermediary to carry out the project.	In full compliance

Table 10: Status of Legal Covenants

Agreement	Local Credit Number	Text Reference	Covenant Class(es)	Status	Original Fulfill Date	Revised Fulfill Date	Description of Covenant	Comments
L2873	L28730	Schedule 6, Part.II.2	2,5	C			VMVDU shall ensure that each Housing Intermediary shall comply with the provisions for making Housing Credits.	In full compliance
		Schedule 6, Part.II.3	2,3,5,6	C			HI Participating Agreements shall establish the Housing Intermediary's obligation.	In full compliance
		Schedule 6, Part. IV	2,3,5	C			MIPLAN shall retain such funds from the proceeds of the loan as are required by ANTEL to carry out the project.	In full compliance
		Schedule 6, Part.V.1	2,3,5	C			MIPLAN shall retain such funds from the proceeds of the loan as are required by BCR to carry out the project.	Full compliance until end of 1994. At that point the Government transferred BCR's responsibilities to HMI, which in turn did not sign satisfactory agreements with BAC, the only PPFI remaining under the project & government, causing cancellation of remaining funds.

Table 10: Status of Legal Covenants

Agreement	Local Credit Number	Text Reference	Covenant Class(es)	Status	Original Fulfill Date	Revised Fulfill Date	Description of Covenant	Comments
L2873	L28730	Schedule 6, Part.V.2	2,3,5	C			BCR shall make funds available to each PFI for purposes of carrying out the Project	Full compliance until end of 1994. At that point the Government transferred BCR's responsibilities to HMI, which in turn did not sign satisfactory agreements with BAC, the only PPFI remaining under the project and government, causing cancellation of remaining funds.
		Schedule 6, Part.V.3	2,5,9	CP			BCR shall determine the financial condition of each PFI, on the basis of criteria acceptable to the Bank	Reports have been received only periodically.
		Schedule 6, Part.V.4	3	C			Repayments to BCR of funds relent by BCR to PFIs under the project shall be used to finance similar activities for similar purposes.	In full compliance.

Table 10: Status of Legal Covenants

Agreement	Local Credit Number	Text Reference	Covenant Class(es)	Status	Original Fulfill Date	Revised Fulfill Date	Description of Covenant	Comments
L2873	L28730	Schedule 7, Para 1	3,5	C			Each Housing Credit shall: (i) be processed in accordance with the Housing Intermediary Lending Policies Manual (HILPM); (ii) finance housing sub-projects acceptable to the Bank.	In full compliance.
		Schedule 7, Para 2	2,3	C			Terms and conditions of Housing Credit.	In full compliance.
		Schedule 8, Para.(a) & (b)	2,3	C			Credit received by the PFI from BCR for ISE sub-loans shall be denominated and repaid in Colones	In full compliance.
		Schedule 8. ©	2,3,5	C			The PFI shall make each ISE sub-loan to be financed from the proceeds of the loan pursuant to written ISE Sub-loan Contract.	In full compliance.
		Schedule 8, Para.1	1	C			The PFI shall comply with the auditing and record keeping requirements.	In full compliance.

Table 10: Status of Legal Covenants

Agreement	Local Credit Number	Text Reference	Covenant Class(es)	Status	Original Fulfill Date	Revised Fulfill Date	Description of Covenant	Comments
L2873	L28730	Schedule 9, Para 1	2,3,5	C			Each ISE Sub-loan shall be processed in accordance with the PFI Lending Policies Manual.	In full compliance.
		Schedule 9, Para 2	2,3	C			The terms and conditions of each ISE Sub-loan shall acceptable to the Bank.	In full compliance.
		Schedule 9, Para 3 (i)	5	C			Each ISE Sub-loan contract, between a PFI and each ISE beneficiary shall establish the ISE beneficiary's obligation.	In full compliance.

Codes for level of compliance

- 1- Fully complied
- 2- Partially complied- not affecting implementation
- 3- Non compliance
- 4- Not yet due
- 5- Covenant no longer applicable- should be deleted/ modified

GA= Guarantee Agreement LA= Loan
Agreement

Codes for Type of Covenant

ADT= Audit

CRY= Cost Recovery

FIN= Financial

MAN= Management and Staffing

ORG= Organizational

RPT= Reporting

STD= Studies

TCH= Technical

Status: C- Complied with
 CD- Compliance after Delay
 NC- Not Complied with
 SOON- Compliance Expected in Reasonably Short Time
 CP- Complied with Partially

Table 11: Compliance with Operational Manual Statements

Indicate any significant lack of compliance with an applicable Bank Operational Manual Statement (OD or OP/BP).

All the statements of operation manual have been complied with.

Table 12: Bank Resources: Staff Inputs

Staff of Project Cycle	Planned		Actual	
	Weeks	US\$	Weeks	US\$
Through appraisal	N/A	N/A	103.0	210,600
Appraisal - Board	N/A	N/A	13.1	28,400
Board - Effectiveness	N/A	N/A	--	--
Supervision	N/A	N/A	207.5	570,400
Completion	N/A	N/A	5.9	14,000
TOTAL			329.5	823,400

Table 13: Bank Resources: Missions

Stage of Project Cycle	Month/year	Number of persons	Days in field	Specialized staff skills 2/ represented	Performance rating 1/		
					Implemen-tation status	Development impact	Types of problems 3/
Identification	10/86	6	5	LO,H,A,U,ED	N/A	N/A	N/A
First-Appraisal	11/86	7	14	LO,H,A,U,ED,S,L	N/A	N/A	N/A
Post-Appraisal	01/87	3	5	LO,A,H	N/A	N/A	N/A
Post-Appraisals	03/87	7	5	LO,H,A,U,ED,S,E	N/A	N/A	N/A
Post-Appraisal	04/87	2	10	L,O,U	N/A	N/A	N/A
Post-Appraisal	04/87	4	9	LO,E,W,H	N/A	N/A	N/A
Second-Appraisal	05/87	3	12	LO,H,E	N/A	N/A	N/A
Post-Appraisal	10/87	7	3	LO,A,L,ED,H,W,P	N/A	N/A	N/A
Supervision	10/87	6	5	TM	2	1	M,T
Supervision	11/87	2	5	TM	2	1	M,T
Post-Appraisal	12/87	2	13	LO,H	N/A	N/A	N/A
Supervision	04/88	4	3	TM	2	1	M,T
Supervision	06/88	3	5	TM, H,E	2	1	M,T
Supervision	11/88	1	10	F	2	1	M,T
Supervision	01/89	2	5	TM, H	2	1	M,T
Supervision	02/89	1	7	F	2	1	M,T
Supervision	06/89	1	5	TM	2	1	M,T
Supervision	08/89	1	3	TM	2	1	M
Supervision	09/89	1	6	TM	2	1	M
Supervision	10/89	1	6	TM	2	1	M
Supervision	03/90	2	6	TM, H	2	1	M,F
Supervision	10/90	1	4	TM	2	1	M,F
Supervision	01/91	2	5	TM	2	1	M,F
Supervision	03/91	1	5	TM	2	1	M,F
Supervision	03/91	1	5	TM	2	1	M,F

Stage of Project Cycle	Month/year	Number of persons	Days in field	Specialized staff skills 2/ represented	Performance rating 1/		
					Implementation status	Development impact	Types of problems 3/
Supervision	08/91	1	5	TM	2	1	M,F
Supervision	11/91	2	5	TM, H	2	1	M,F
Supervision	03/92	2	5	TM, H	2	1	M
Supervision	07/92	2	5	TM, H	2	1	M
Supervision	11/92	2	12	TM, H	2	1	M
Supervision	02/93	2	5	TM, H	2	1	M
Supervision	07/93	3	11	TM, H, E	2	1	M
Supervision	08/93	1	5	TM	2	1	M
Supervision	03/94	3	12	TM, E, H	2	1	M
Supervision	10/94	1	7	TM	S	1	M
Supervision	03/95	1	5	TM	S	1	M
Supervision	07/95	1	5	TM	S	1	M
Supervision	02/96	1	4	TM	S	1	M
Supervision	05/96	1	4	TM	S	1	M
Supervision	07/96	2	5	TM, E	S	1	-

1/ 1 - Problem free; 2 - Moderate problems; S - Satisfactory

2/ L.O. - Loan Officer; L - Legal; P - Procurement Specialist; W - Water Supply Specialist; S - Seismic Specialist; A - Architecture;

ED - Education Specialist; U - Urban Planner; H - Housing Specialist; E - Engineer; F - Financial Specialist; TM - Task Manager.

3/ M - Managerial; T - Technical; F - Financial

List of Implementing Agencies

PROJECT COMPONENT	AGENCY
Housing	VMVDU, through Housing Intermediaries (Fonavipo, CHF, and FSV)
Public Buildings	MOP, through DUA
Schools	Ministry of Education
Roads	MOP, through DGC
Water	ANDA
Telecommunications	ANTEL
Micro-Enterprises	Central Bank, Multisectoral Investment Bank, and Financial Intermediaries (BAC, Banco Salvadoreño and FIGAPE)
Training	Ministry of Labor

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APPENDIX A

**EL SALVADOR - EARTHQUAKE RECONSTRUCTION PROJECT
(LOAN 2873-ES)**

**AIDE-MEMOIRE
PROJECT COMPLETION MISSION
July 8-12, 1996**

I. THE MISSION

- 1.1 A Mission from the World Bank (the Bank) traveled to El Salvador to supervise the Earthquake Reconstruction Project (Loan 2873-ES) during July 8-12, 1996. The mission comprised Messrs. Fernando Montenegro and Joseph Perrone.
- 1.2 The main purpose of the Mission was to undertake a global evaluation of the project, whose implementation was completed on June 30, 1996, to prepare the Project's Implementation Completion Report. This Aide-Memoire describes the progress observed, the agreements reached and the actions to be taken to proceed with Project execution.
- 1.3 The Mission acknowledges the support and cooperation received from the following: Dirección General de Reconstrucción – DGR (General Reconstruction Directorate); Ministerio de Obras Públicas – MOP (Ministry of Public Works); Vice Ministerio de Vivienda y Desarrollo Urbano – VMVDU (Assistant Ministry of Housing and Urban Development); FONAVIPO (National Fund for Affordable Housing); Housing Social Fund (FSV); Ministerio de Educación – MINED (Ministry of Education); Ministerio de Trabajo (Labor Ministry); Secretaría General de la Familia (Family General Secretariat); Banco Multisectorial de Inversiones (Multisectoral Investment Bank); and National Telecommunications Agency (ANTEL). The list of officials contacted during this Mission is shown in Annex I.

II. PROGRESS AND ACHIEVEMENT OF PROJECT IMPLEMENTATION OBJECTIVES

- 2.1 The Mission considers that most Project objectives have been achieved. A listing of the objectives achieved by component, along with some of comments/lessons learned by the Mission and the Government appears in the next section. Annex II provides more details of several specific components.
- 2.3 The Mission stated its concern for the unfinished Apopa-San José Las Flores highway (see Section III). Although the highway indicates that considerable progress has been made since the previous supervision Mission, long periods of rain have obstructed its full completion. The Government has committed itself to complete the highway with its own funds within the next two months. To that end, it will send to the Bank for its review and comments, a proposed plan of action, before August 1, 1996, showing the extended period of works and the financing required, to be provided by the Government, with the possible exception of materials bought and maintained at the works site before June 30, 1996, whose financing will be requested from the Bank. The Mission supports this request.

III. PROJECT COMPONENTS

Housing and Construction

- 3.1 This component has been satisfactorily completed. From an estimated total of 4,000 houses to be built or rebuilt, 5,277 new houses were built and 1,436 others were renovated.
- 3.2 As to the FONAVIPO/CHF subcomponent, 1,436 households with incomes lower than three minimum wages (96% with incomes lower than two minimum wages) qualified for loans and subsidies for housing renovation in the area of San Salvador; all the resources allocated under this component were used. Most beneficiary families have already completed the approved expansions to their houses. The percentage of borrowers in arrears in the portfolio is less than two percent. We can derive the following lessons learned from this subcomponent: (1) that it is convenient to clearly differentiate the subsidy component from the loan component when supporting housing remedies for low income families; (2) to control arrears in the loan component, it is convenient to establish liability clauses to reimburse the subsidy component in case of loan default; and (3) it is important to provide technical assistance to beneficiaries along with the credit. Based on the experience with this line of credit, FONAVIPO has recently created a similar line of credit/subsidy, with its own funds, for families with incomes lower than 2 minimum wages.
- 3.3 As to the Fondo Social de la Vivienda (FSV) component, which was also completed satisfactorily, 1,690 mortgage loans were awarded to families with incomes lower than three minimum wages (85% with incomes lower than two minimum wages) for an average value of ELS\$46,617.43. All the proceeds allocated (ELS\$12,270,000 from the loan and ELS\$33,060,000 from the Japanese grant), were used.
- 3.4 With respect to the Nuevo Amanecer subcomponent, carried out by FNV until its dissolution and then by FONAVIPO, 3,587 houses were provided to families with incomes lower than two minimum wages affected by the earthquake (as prequalified by the NGO Habitat). This program suffered delays in its execution and arrears in the portfolio during the privatization process of the four financial intermediaries (first floor organizations) that worked with FNV and FONAVIPO. The problem was solved when the privatized financial intermediaries bought, at a discounted value, the portfolio in arrears controlled by a Government trustee. We have the following lessons learned: (1) the convenience of working with financial intermediaries from the non-governmental sector to reduce political pressures and arrears in the portfolio; and (2) the convenience of separate in a transparent manner the market and subsidy components in loans for affordable housing (see para. 3.2).

Highways

- 3.5 The objectives of this subcomponent were to rebuild and improve the San Salvador-Apopa and Apopa-San José de las Flores highways. The widening of the first section to four lanes

was completed more than two years ago. Recently, horizontal signaling was provided to this section and a 60-meter segment was completed, where there were only two lanes due to a house located on the right of way. The Mission reiterated once again the comments made during previous missions regarding the need to consider additional road safety measures for the highway (more warning signals and/or installation of median strips or "islands" in the median), given the heavy traffic and the high number of pedestrians.

- 3.6 The Mission visited the civil works of the reconstruction/enhancement of the Apopa-San José Las Flores highway section. The works on this highway were began by a contractor that went bankrupt, then were taken up by the financier who was unable to complete them and, finally, new bids were called to complete them. Considerable progress has been made in the works since the mission of January/February 1996, even though they have not been completed. The delays are mainly due to the prolonged rainy season during 1995 and 1996. The Government confirmed its intention to complete the works during the next two months, with its own funds. The Mission considers that works can be completed within this time framework, as all the terracing works have been completed and the only thing left is the pavement of some segments of the highway. The Mission noted that the Bank may finance works or services provided and materials purchased before 6/30/96.
- 3.7 Among the lessons learned in this component, we note that in road works: (1) the lack of good engineering designs lead to delays and cost overruns; (2) full right of way should be available before the start of civil works; and (3) the company qualification requirements should be appropriate to the volumes of work involved.

Schools and Public Buildings

Schools

- 3.8 The original objectives of this component were to rehabilitate 393 classrooms in San Salvador and Apopa. The legal documents were subsequently modified to include the rehabilitation/reconstruction of 2,000 classrooms throughout the country as a project objective. These objectives were largely exceeded with the reconstruction of 2,512 classrooms. Additionally, school furniture was purchased for 350 schools. Among the lessons learned in this component are: (1) the use of reasonable construction plans; (2) the use of appropriate qualifying criteria (not too "flexible") to avoid problems during the construction phase; and (3) cause payments to contractors from the special account so as to reduce the payment cycle.

Public Buildings

- 3.9 This component was satisfactorily completed in October 1995. The objectives of this component included demolishing and reconstruction of buildings in four sites and construction of a new building. These objectives were largely exceeded with the reconstruction/construction of 26 Government buildings. The Mission visited the completed works and ascertained their quality. The buildings in Judicial Center (completed on 12/10/96) and at the Government Center (completed in 10/96) are already occupied.

- 3.10 Distrito Italia, a housing development where 60 families that lived in a slum as squatters in the Government Center (Comunidad Guadalupe) were relocated, has been inaugurated and is fully occupied. It includes a school, a community center, and all necessary services, including electricity, drinking water and a wastewater treatment plant. The Mission visited the District and talked to ADEL staff who commented on the social development status of the community. Even though the Secretaría Nacional de la Familia (SNF) through the Banks for Progress, did not sign the Action Plan not objected by the Bank to create microenterprises to benefit Distrito Italia, and especially the seven families from Comunidad Guadalupe who were identified as being adversely affected economically by the relocation, the related works were carried out. Four community banks were created in Distrito Italia, where these seven identified families were helped. On its part, ADEL has also worked in Distrito Italia, delivering training courses and promoting the creation of microenterprises. Four families from Comunidad Guadalupe benefitted from ADEL's loans for microenterprises and 20 families attended training courses on the handling of productive and labor units. The final resettlement report is expected shortly. See Section V of this Aide-Memoire.

Microenterprises

- 3.11 The objective of this component was to grant loans for equipment, machinery and operational capital to microenterprises in the San Salvador Area. Originally, the equivalent of US\$9 million was assigned to this component. The implementation of the component was carried out by the Central Bank and by Banco Multisectorial de Inversiones – BMI, as second floor institutions, and by Banco Agrícola Comercial – BAC, Banco Salvadoreño, and FIGAPE as first floor institutions. Of the latter, the BAC portfolio was the most important. The loans amounted to approximately US\$6 million equivalent. When BMI became a second floor institution, by national Law, no agreement was reached quickly enough to recognize its costs in the management of the portfolio, and the decision was made to close the line. The component shows positive results: the Bank's line of credit helped to develop a loan market to microenterprises in the satellite towns of San Salvador. It enjoyed a certain degree of importance until 1991-1992 when privatization of the banks made more funds available to the microenterprise sector. Among the lessons learned are: lines of credit should offer attractive intermediation spreads to first floor institutions, otherwise the latter will tend to want to place their own funds first.

Training

- 3.12 This component has been completed, exceeding largely all objectives established in the Loan Agreement. The original objective of the component was to train 6,000 persons in construction techniques. During the first phase of the component, 3,776 individuals were trained through FEPADE. In the second phase, PROCINCO, through specialized institutions delivered 713 courses to 11,792 individuals for an overall total of 15,568 individuals trained. An analysis of the qualitative impact of training in terms of employment possibilities for the people trained verify the success of the program.

Telecommunications

- 3.13 The objective of this component was to purchase three mobile telephone exchanges for 4,000 telephone lines. This objective was largely exceeded as three telephone exchanges were acquired for a total of 13,000 lines, including transmission equipment.

ANDA

- 3.14 During Project evaluation, financial support to ANDA for the rehabilitation of drinking water connections to 2,500 low income families in the Apopa area was discussed. However, ANDA carried out this activity with its own funds, without requesting loan resources.

Studies and Technical Assistance

- 3.15 The following studies were carried out under the framework of the Project: development of the seismic code, evaluation of high seismic risk areas in the country (by the UNAM), evaluation of lending plans for housing and evaluation of the structural condition of public buildings (with Government funds). The following studies planned in the loan evaluation were not carried out: update of the national emergency plan and the development of a housing loan repayment system. Among the most important achievements of the component is the development of the national seismic code. The Legislative Assembly amended the Construction Law, allowing the seismic code and the construction regulations developed within the framework of the Project, to be incorporated as regulations of that Law. The draft regulations have already been discussed with the Executive Branch and are expected to be issued within the next two months.
- 3.16 Technical assistance was provided to all the executing agencies as well as training to microenterprises. With the help of technical assistance, financial models applied in the housing component were improved. The Geotechnical Research Center received equipment and technical assistance for its monitoring stations.

IV. DISBURSEMENTS

- 4.1 Annex III shows the status of disbursements of Loan 2873-ES and of the Japanese Grant related to the same at June 30, 1996. The Mission reiterated that any remaining request for disbursements must be received in the Bank before October 31, 1996.

V. IMPLEMENTATION COMPLETION REPORT (ICR) - OPERATIONAL AND MAINTENANCE PLAN (O&MP)

- 5.1 The Mission provided support in the preparation and submitted its comments to the Government on its contribution to the ICR, to the proposed operational and maintenance plan (O&MP) for the use of the works and services implemented under the Project and the final report on the resettlement (FRR) of Comunidad Guadalupe. The summary of the Government's contribution to the ICR, including the proposed O&MP, appears in Annex IV. The Bank will receive the ICR and FRR before July 17, 1996.

San Salvador, July 11, 1996

Eng. Enrique Vega González
Dirección General de Reconstrucción

Eng. Raúl Godoy
Ministerio de Obras Públicas

Fernando Montenegro
World Bank

Joseph Perrone
World Bank

APPENDIX B

SUMMARY

BORROWER'S SUPPLEMENTARY IMPLEMENTATION REPORT

EL SALVADOR

EARTHQUAKE RECONSTRUCTION PROJECT

LOAN 2873-ES

JULY 11, 1996

Management: Dirección General de Reconstrucción
Division: Infrastructure
Department: Technical/Supervision/Monitoring of Civil Works
Region: Central America

CURRENCY EQUIVALENTS

January 1988	US\$1 = ELS\$6.80
August 1992	US\$1 = ELS\$7.26
February 1996	US\$1 = ELS\$8.77

WEIGHTS AND MEASUREMENTS EQUIVALENCIES

Lineal meter	3.33 feet
Foot	9.0 inches
Square meter	1.4308 square rods
Block	10,000 square meters
Task	0.25 square
Hectare	10,000 square rods
Kilogram	2.25 pounds
Pound	16 ounces
Liter	4 bottles
Bottle	0.32 gallons
Gallons	4.25 liters

OTHER UNITS:

Electrical Unit	Dice, plate and jack or switch
Living Space	Static type living space for human use
Educational Space	Classroom, lab or academic, not administrative

BORROWER'S FISCAL YEAR

January 1 - December 31

Comments on the Project: Closing of books is made as provided for by the Ministry of Finance for public agencies. DGR as such does not require nor monitors audited books of its contractors. Therefore, individual fiscal closures may vary, including those of NGOs.

ACRONYMS AND ABBREVIATIONS

DGR	Dirección General de Reconstrucción, now MOP (Ministry of Public Works)
MIPLAN	Ministerio de Planificación (Ministry of Planning)
MOP	Ministry of Public Works. Execution Unit.
DUA	Dirección General de Urbanismo y Arquitectura (Urban Development and Architecture General Directorate)
UR/UE	Unidad de Reconstrucción/Unidad Ejecutora (Reconstruction Unit/Execution Unit)
MINED	Ministry of Education
ANDA	Asociación Nacional de Acueducto y Alcantarilla (National Association of Aqueducts Sewer)
CAESS	Compañía de Alumbrado Eléctrico de El Salvador (Electric Lighting of El Salvador)
ANTEL	Asociación Nacional de Telecomunicaciones (National Telecommunications Association)
DGC	Dirección General de Caminos, MOP (National Roads General Directorate, Ministry of Public Works)
CIG	Centro de Investigaciones Geotécnicas (Geotechnical Research Center)
GOES	Government of El Salvador
UIE	Unidad de Infraestructura Educativa, MINED (Educational Infrastructure Unit, Ministry of Education)
HABITAT	Fundación pro Vivienda, NGO (Pro Housing Foundation)
BCR	Banco Central de Reserva (Central Reserve Bank)
PROCINCO	Programa de Capacitación en la Industria de la Construcción. Ministerio de Trabajo (Construction Industry Training Program, Ministry of Labor)
BAC	Banco Agrícola Comercial (Agricultural Commercial Bank)
CHF	Cooperative Housing Foundation. NGO
PACC	Action Plan
SRN	Secretaría de Reconstrucción Nacional (National Reconstruction Secretariat)

TABLE OF CONTENTS

REPORT PREPARED BY GOES

1. INTRODUCTION
2. EVALUATION SUMMARY
 - 2.1 PART I PROJECT IMPLEMENTATION
 - 2.2 PART II STATISTICAL ANNEXES (TABLES)
3. APPENDICES
 - 3.1 I) TABLE OF MEASURABLE VALUES BY COMPONENT
 - 3.2 II) MAP(S) AND REFERENCE CHARTS
 - 3.3 III) MISCELLANEOUS APPENDICES
 - 3.4 IV) AIDE-MEMOIRES OF MISSIONS

REF. APPENDIX B. BORROWER'S CONTRIBUTION TO THE ICR

SUPPLEMENTARY IMPLEMENTATION COMPLETION REPORT

EL SALVADOR

EARTHQUAKE RECONSTRUCTION PROJECT LOAN 2873-ES

1 - INTRODUCTION

This is the Supplementary Implementation Completion Report (SICR) on the Earthquake Reconstruction Project in El Salvador for which Loan 2873-ES was signed in San Salvador on October 16, 1987, in the amount of ELS\$565 million, or US\$65 million equivalent, became effective on April 22, 1988.

The Loan Agreement was closed on June 30, 1996. It is expected that by October 31, 1996, all pending commitments will be fulfilled and project funds will be fully disbursed. The Government of El Salvador cofinanced the Project, through multiple sources, both from the General National Budget and the Extraordinary Budget as well as from other donors.

This report is the contribution from the Borrower to the ICR which will be prepared by the Infrastructure Division of the World Bank. This report was reviewed by the General Reconstruction Director, a Unit within the Ministry of Public Works on behalf of El Salvador. The Borrower has issued comments from its related agencies and these have been included in the appendices.

Preparation of the ICR began after the Bank's February 1996 supervision mission and is based on information from the Project files. The Borrower participated in the ICR preparation with all the information requested, files, field visits, follow-up and monitoring of works, as well as coordination among the different Execution Units charged with handling the specific subprojects of each component.

2 - EVALUATION SUMMARY

2.1 PART I - PROJECT IMPLEMENTATION

I. INTRODUCTION

As a consequence of the San Salvador earthquake of October 10, 1986, El Salvador sought alternatives with friendly countries and financial institutions to initiate the reconstruction process of its capital city, which was seriously damaged by the earthquake.

The IBRD as an outstanding institution that provides funds for infrastructure reconstruction and the development of qualified countries, was one of the main organizations from which the Ministry of Planning sought assistance in 1986.

The Infrastructure Division of the Bank was assigned the responsibility to undertake this project. Due to good management of funds and the adopted control methods, the original achievement targets were exceeded in several of its components.

II. PROJECT OBJECTIVES

According to the Action Plan submitted by GOES, loan proceeds were to be used to fund several subprojects which included under the components for:

- Roads
- Schools
- Microenterprises
- Telephony
- Supplementary studies and training
- Public Buildings
- Housing/Water
- Loans
- Seismic Studies

Several joint, subsidiary and/or cofinancing agreements were signed for these components with multiple entities such as:

- | | | |
|------------|----------|---------------------|
| – VMVDE | – MOP | – DUA |
| – CHF | – ANDA | – CAESS |
| – ANTEL | – MICDES | – SNF |
| – PROCINCO | – BAC | – FONAVIPO |
| – HABITAT | – FSV | – BCR, among others |

Thus, all of them sought to speed up the processes or provide coverage to the needs arising after the first implementation stage.

Changes which were not exclusively as a result of the earthquake, war and migrations were also included through amendments, agreed by the Bank, had consequences in terms of extensions to the project. Also it caused the rescheduling and restructuring of funds that had to be requested to be able to meet the proposed objectives. Some of the components had to be eliminated (Microenterprises) at the request of GOES, reducing the PACC by up to 20 to 30% (see measurement).

The strategy of having a specialized coordinating and managerial office allowed the maximization of the use of funds. DGR's experience in managing the funds of the USAID Grants 0333 and 0331 was very helpful.

The financial monitoring and control structure executed by SETEFE as Auditor and the monitoring by the Accounts Court, even with the obstacles, has allowed the Reconstruction Project to be singled out as one of the best achievements of the Administration. In qualitative and quantitative terms it has brought many benefits to the Salvadorean population.

III. QUANTIFIABLE ACHIEVEMENTS

Summary of the Measurement

The data presented in Annex I are measurable parameters of the performance by component of the Earthquake Reconstruction Project, with estimated costs quantified at 100% in Colones of the amounts by component.

The data presented derive from the objectives established in the Loan Agreement up to the records maintained on the closing date of the subprojects. (See Part III, Appendix I).

IV. IMPLEMENTATION EXPERIENCE AND RESULTS

The objectives which were set at the beginning were achieved and exceeded in most components. Sustainability of works is more than 90% and subprojects are ensured and committed to continue to generate social benefits. As in the case of infrastructure, training, education, commerce and health care programs have already been planned.

In economic terms, the controlled management of the loan amount coupled with other good practices such as: competitive bidding; superior technical and financial methods; allowed the negative effect of inflation rates to be absorbed in part. Further, the project management made it possible for the subprojects to be kept within acceptable ranges without greatly reducing quality.

However, the lack of adequate consulting and poor project preparation caused some works to be underestimated, which adversely affected other components (see Appendix II). The involvement of too many monitoring agencies also caused undesirable delays. Nevertheless, the amount set aside for contingencies absorbed the cost over-runs to a certain extent, and the rest of the marginal works were paid with funds from GOES (public buildings and roads).

At the benefit level, despite large scope and coverage and the Government's divided attention to other projects, the results achieved largely exceed the expectations. The assistance program was effective, with medium and long term benefits for the population and is considered as highly satisfactory.

V. SUMMARY OF FINDINGS, OPERATIONS OR FUTURE PROJECTS AS WELL AS KEY LESSONS LEARNED.

- Technical: Studies and Consultant services should be carried out with a high sense of responsibility and commitment in order to overcome the hidden defects. The designers should be held responsible for errors and gaps made, which should not be blamed on the technical teams or contractors. Contractual conditions should be strengthened in this regard.
- Administrative: Control of project's indirect and operating costs should be monitored and projected during the Plan's effectiveness, so as valuable time is saved during implementation.

- Financial/economic: The speed of collection, payment, and transfer processes is personalized, causing delays. It is important to delegate greater responsibilities to the Executing Units (EU), to improve efficiency. Prior training would allow the elimination of possible errors.
- Political: At the macro level the program or any project to be executed, should be clearly outlined at the time of its development. Loan 2873 achieved its objectives thanks to this factor, even though there was not a matrix or methodology to gauge it.

Due to their impact, the priorities within the components should be clearly planned. The case of the Microenterprises program, which was greatly reduced, is a practical decision that can and should be previously foreseen.

It should be apparent that the borrower will be able to cover any collateral expenses of a project so that it remains in operation. A "Sustainability Action Plan" should be developed.

- Social: Rarely are the social costs or opportunity costs versus population to benefit are evaluated. This should be included in the evaluation matrix. Mobility studies, impact evaluations, field surveys, risk maps, EX – ANTE and EX – POST are recoverable elements.
- Legal: A "model" cannot be applied to all cases and latitudes, thus it is necessary to study the local market conditions and that of its jurisdictions, to learn its working modalities and the demands of its population. The concepts of requirements such as: guarantees; retention percentages or advances; types of repayment; expropriations; mandatory transfers and other, need not be restricted.
- Bureaucrats in the Bank and in GOES: Too many steps to obtain non-relevant approvals is an unnecessary waste of time and resources. Personalized decision-making at levels that are unfamiliar with the project should be rejected. Execution Units and Coordinators should be made responsible and re-engineering concepts fit within this review.

Future Operation and Maintenance. See Appendix I – A.

INDICATORS BY COMPONENT

Operational plans for the sustainability of investments have been developed according to the different components, both for the type of works carried out as well as for the type of beneficiaries assisted in each case.

Financing resources are not available for follow-up stage of the project (as from Loan 2873 – ES). But the resources from other sources are necessary to maintain and achieve growth of the benefits attained.

- EDUCATION: (See MINED Evaluation, Part II: Statistical Tables.) It establishes that the "Healthy Schools" Program to Modernize the Educational System by the year 2001, financed by the Bank, has benefited from the works of Loan 2873 and will continue improving the facilities, the quality of teachers, and the school equipment.

The increase of the overall enrollment by year of study is an indicator that to date has revealed increases in almost all educational centers. Comparative data is being gathered by MINED.

– HOUSING: Recovery of loans and decrease in defaults to under 2.5% on average (FONAVIPO and CHF) is a factual indicator. Unfortunately this indicator does not allow to see the collateral effects derived from the creation of self-sustaining economic centers, new developments or the supplement of those already created (Nuevo Amanecer and Distrito Italia).

– PUBLIC INFRASTRUCTURE: The 100% occupation rate and the consolidation of all services in a single building, which before were scattered all over the city, are the performance parameters or indicators that have resulted in speeding-up of services and responses.

Annex III shows the actions being performed by MINED (for instance) to maintain the infrastructure in the Master Plan.

The construction of an area exceeding 42,300 square meters (Government Center, Judiciary Center, DUA) and the rehabilitation of at least 18,900 square meters of space in reconstructed buildings (Postal Office, Accounts Court), is an indicator of GOES's commitment to the outcome of the project.

In Government's budget for 1997, a specific amount needs to be earmarked for facilities, maintenance, equipment, painting, cleaning, forestation, etc. Because in many cases the social benefits can not be quantified, but the state is committed to their sustainability as per the operational plan (see Annexes).

– SERVICES: In view of the need, GOES has used its own funds to finance telephone system, drinking water, treatment of wastewater, and supply of electricity. Specialized units within each Ministry are responsible for ensuring that these systems and services do not deteriorate and that the investments made last their lifetime (see Annex III).

In the case of ANDA, during the emergency, it carried out the installation of 2,500 drinking water pipes in D-7, using the State funds for rehabilitation.

– HIGHWAYS AND CIVIL WORKS: The project, divided into 2 sections, was covered almost entirely with IBRD funds, and its completion is expected within 2 months after Project closure. The danger indices are now easily standardized and controlled with GOES involvement in the coverage (signaling/protection) included in the action plans currently being developed and that will be financed with IDB funds (see MOP Survey and Annex III).

Since this is one of the elements of greater concern for the development of the new focus areas, it is being continued with a full comprehensive program which will be funded by the IDB and which is being developed by the MOP (the call for bids is currently being prepared). This will ensure preventive maintenance and improvement of the roads with respect to signaling and pedestrian safety. (See Services and Annex II).

A "Sustainability PACC" should be included in the Outline so that it is not left out.

- TRAINING: A magnifying effect is the best guarantee which has been proven since the indicators were surpassed. Net courses have been planned and individuals are being trained. The logistics for the development and the implementation of courses derived from those organized by the Bank would ensure its operational sustainability. The Emiliani Institute, through its best students, has implemented mini-courses in different urban areas of San Salvador, with promising results (see PROCINCO Survey Data, Annex I).
- TELECOMMUNICATIONS: The achievements obtained by a well managed company did not run into problems. The development of the subproject was in accordance with the needs. The funds had even reprogrammable remnants and currently ANTEL has a broad maintenance program consisting of ELS\$75 million for the operating telephone exchanges. One hundred percent of the three wagons are operating with full technical support.

Other Lessons

- a) In similar reconstruction projects due to emergencies: limit what is actually the emergency work and the response capability. Define real implementation times, to avoid making the PACC another emergency. It should be remembered that DGR already had an experience with AID.
- b) In infrastructure sector projects: consultancies and design responsibilities which are not established in the Bank Guidelines have left to other agencies with the responsibility of solving problems which do not fall under their jurisdiction because of the gap in the Operation Manuals.
- c) It would be convenient that reports, studies, or publications undertaken under the Loan Agreement or any other instrument, be monitored from the beginning and be subject to review by the coordinating agency (in this case, DGR). Unfortunately, the records related to studies such as FONAVIPO's Annual Recovery Plan (interest rates), the Evaluation of Public Buildings Damaged by the Earthquake, and the Impact of Loans for Microenterprises, among others, are unknown at the closing of the project.
- d) As already mentioned, a model may not be replicable everywhere. Familiarity with the characteristics of the host country, local construction methods as well as the existing infrastructure would be of great benefit for the execution of more realistic agreements. During implementation the amendment clause may be used to overcome the deficiencies in the agreements, on any specific conditionality or where a need of additional funds is the issue.

It is pertinent that the Bank's Board review its own interests as to the flexibility that this represents.

San Salvador, July 11, 1996
 (3rd Revised Version)

Appendix I

COMPARATIVE TABLE OF MEASURABLE DATA BY COMPONENT EARTHQUAKE RECONSTRUCTION PROJECT (LOAN 2873 – ES)

As of July 11, 1996

COMPONENT	AMOUNT (US\$)		Objectives		PERFORMANCE AND/OR OPERATIONAL INDICATORS
	INITIAL AGREEMENT	FINAL OR AMENDED	INITIAL W/O AGREEMENT	FINAL RESCHEDULING	
HOUSING, Loans I, II and III	7,450,000.00	9,171,361.54	4,000,000 houses and apartments, N.A.	3,500.00 Non Dona 1,436 CHF	Portfolio Recovery with less than 2.5x of arrears
EDUCATION Rec. Rehab. furn. and equipment		5,593,127.37	343 classes rescheduled. 2000 domestic classrooms	2,000.00 classrooms with special educat. 2,512	Raising admissions. Decrease massive dropout.
PUBLIC BUILDING Const. Reconst. and equipment	19,500,000.00	19,949,092.17	Tearing down 4 and rebuilding 4	Tearing down 7 and building 6 new buildings	70,000 sq. m public service area used up 100%
HIGHWAYS Tranches Apopa I and II	6,300,000.00	10,344,736.85	16.5 km widened to 2 and 4 lanes	11.5 km. S.S.-AOPA 5 km. to S.José 2 cor	Decreased accidents. Enhanced service level.
DRINKING WATER (ANDA) Emergency Facts		0.00	300 pipes and 2 wells with treatment plant	1,500 (illegible)	Given the requirements and bureaucracy ANDA did not accept funds
TELECOM (ANTEL)	4,000,000.00	4,276,174.42	3 mobile units (3,000 lines ..illegible..)	3 MU applied 2,300 lines	ANTEL brings into equity ELS\$75 million
MICRO-ENTERPRISES (LOANS) BAC/BCR	9,000,000.00	4,318,959.88	ELS\$5 million = US\$600 million loans approx.	1,344 loans	Portfolio recovering and arrears kept under 25%
TRAINING (PROCINCO)	2,400,000.00	1,499,906.52	6,040 individuals in three year programs	11,792 individuals trained in 4 years	Objectives exceeded amply with additional courses
STUDIES, TA AND PROJECT ADMIN		2,673,127.36	6 studies and 5 technical preferences	4 reviews, 6 consultancies, 4 audits	As MANUAL, ..illegible.. Code is made effective
GOODS	1,950,000.00	2,242,177.54	Building equipment	Telephone equipment	Building with ..illegible..working .
JAPAN CONSULTANCIES	1,500 MIL.YEN	16,500,335.21	Other consultants	OGR Adm. Payments	Logistical Support to UE
TOTAL	65,000,000.00		See Appendix II.		

Original Closing Date: December 31, 1993

GOES paid 3/4 of 1% per year of 78%

Initially ELS\$11,250.00 for contingencies were rescheduled for goods and services.

There is a remnant for disbursement committed.

RECONSTRUCTION GENERAL DIRECTORATE
ADMIN. & FINANCIAL CONTROL DEPT.

APPENDIX 1 – A

IBRD LOAN 2873 – ES
DISBURSEMENT CONTROL AND DISBURSEMENTS BY INVESTMENT CATEGORY - AS PER DGR RECORDS
(All amounts expressed in US\$)

INVESTMENT CATEGORY		CURRENT ALLOCATION (1)	TOTAL DISBURSED BY THE WORLD BANK W/O DGR RECORD UP TO SOL.49 (2)	BALANCE TO BE DISBURSED (3) = (1-2)
1	HOUSING PART – A	9,177,455.00	9,171,361.54	6,093.46
2	CIVIL WORKS	40,138,839.00	35,886,956.3	4,251,882.61
3	(i) PART A(2) HOUSING MOD. (ii) PART B(1) SCHOOLS (ii) PART B(2) PUBLIC BUILDINGS (iii) PART C(1) HIGHWAYS (iii) PART C(2) WATER GOODS	0.00 6,450,000.00 21,624,881.00 12,063,958.00 0.00 8,325,986.00	0.00 5,593,127.37 19,949,092.1 7 10,344,736.8 5 0.00 8,077,779.71	0.00 856,872.63 1,675,788.83 1,719,221.15 0.00 248,206.29
4	A(9) PART C(1) HIGHWAY A(ii) PART C (2) WATER A(iii) TELEC. (DIRECT PAYMENTS) B(i) PART (2) HOUSING MOD. B(ii) PART B(1) SCHOOLS B(iii) PART B(2) PUBLIC BUILDINGS B(iv) PART E, TRAINING B(v) PART F, STUDIES & TA PART D, LOANS TO MICROENT.	0.00 0.00 4,335,189.00 0.00 2,298,978.00 243,020.00 107,563.00 1,341,236.00 4,322,650.00	0.00 0.00 4,276,174.42 0.00 2,298,977.56 43,200.98 104,640.82 1,354,785.93 4,318,959.08	0.00 0.00 59,014.58 0.00 0.44 199,819.02 2,922.18 (13,549,93) 3,690.92
5	PART E, TRAINING	1,438,110.00	1,395,265.70	42,844.30
6	PART F(1) & (2) STUDIES & TA	1,370,960.00	1,318,341.40	52,618.60
7	PART F(3) PROJ. MGMT.	226,000.00	199,183.69	26,816.31
	TOTAL	65,000,000.00	60,367,847.5 1	4,632,152.49
	ADVANCE		662,263.11	(662,263.11)
	TOTAL	65,000,000.00	61,030,110.6 2	3,969,889.38

* RESCHEDULING APPROVED ACCORDING TO WORLD BANK TELEX DATED AUGUST 8, 1995

NOTE: The "Balance to be Disbursed" corresponds to commitments acquired up to June 30, 1996 and which are pending payment. Closure of books on 10/31/96 will provide real figure.

RECONSTRUCTION GENERAL DIRECTORATE
ADMIN. & FINANCIAL CONTROL DEPT.

APPENDIX 1 – B

LOAN 2873 – ES AND GOES COUNTERPART FUNDS 22%
ACCORDING TO DGR RECORDS
(EXPRESSED IN US. DOLLARS AND ELS\$)

INVESTMENT CATEGORY		LOAN 2873 – ES (78%) EXPRESSED IN US\$	GOES COUNTERPART FUNDS 22% EXPRESSED IN ELS\$
1	HOUSING PART A – 1	9,177,455.00	46,900,290.84
2	CIVIL WORKS	40,138,839.00	111,077,836.05
3	(i) PART A(2) HOUSING MOD. (ii) PART B(1) SCHOOLS (ii) PART B(2) PUBLIC BUILDINGS (iii) PART C(1) HIGHWAYS (iii) PART C(2) WATER GOODS	0.00 6,450,000.00 21,624,881.00 12,063,958.00 0.00 8,325,986.00	0.00 18,500,000.00 56,924,142.88 35,653,693.17 0.00 0.00
4	A(9) PART C(1) HIGHWAY A(ii) PART C (2) WATER A(iii) TELEC. (DIRECT PAYMENTS) B(i) PART (2) HOUSING MOD. B(ii) PART B(1) SCHOOLS B(iii) PART B(2) PUBLIC BUILDINGS B(iv) PART E TRAINING B(v) PART F STUDIES & TA PART D LOANS TO MICROENTER.	0.00 0.00 4,335,189.00 0.00 2,298,978.00 243,020.00 107,563.00 1,341,236.00 4,322,650.00	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00
5	PART E TRAINING	1,438,110.00	2,633,249.13
6	PART F(1) & (2) STUDIES & TA	1,370,960.00	0.00
7	PART F(3) PROJ. MGMT.	226,000.00	0.00
	TOTAL	65,000,000.00	160,611,376.02
	ADVANCE		0.00
	TOTAL	65,000,000.00	160,611,376.02

* RESCHEDULING APPROVED ACCORDING TO WORLD BANK TELEX DATED AUGUST 8, 1995

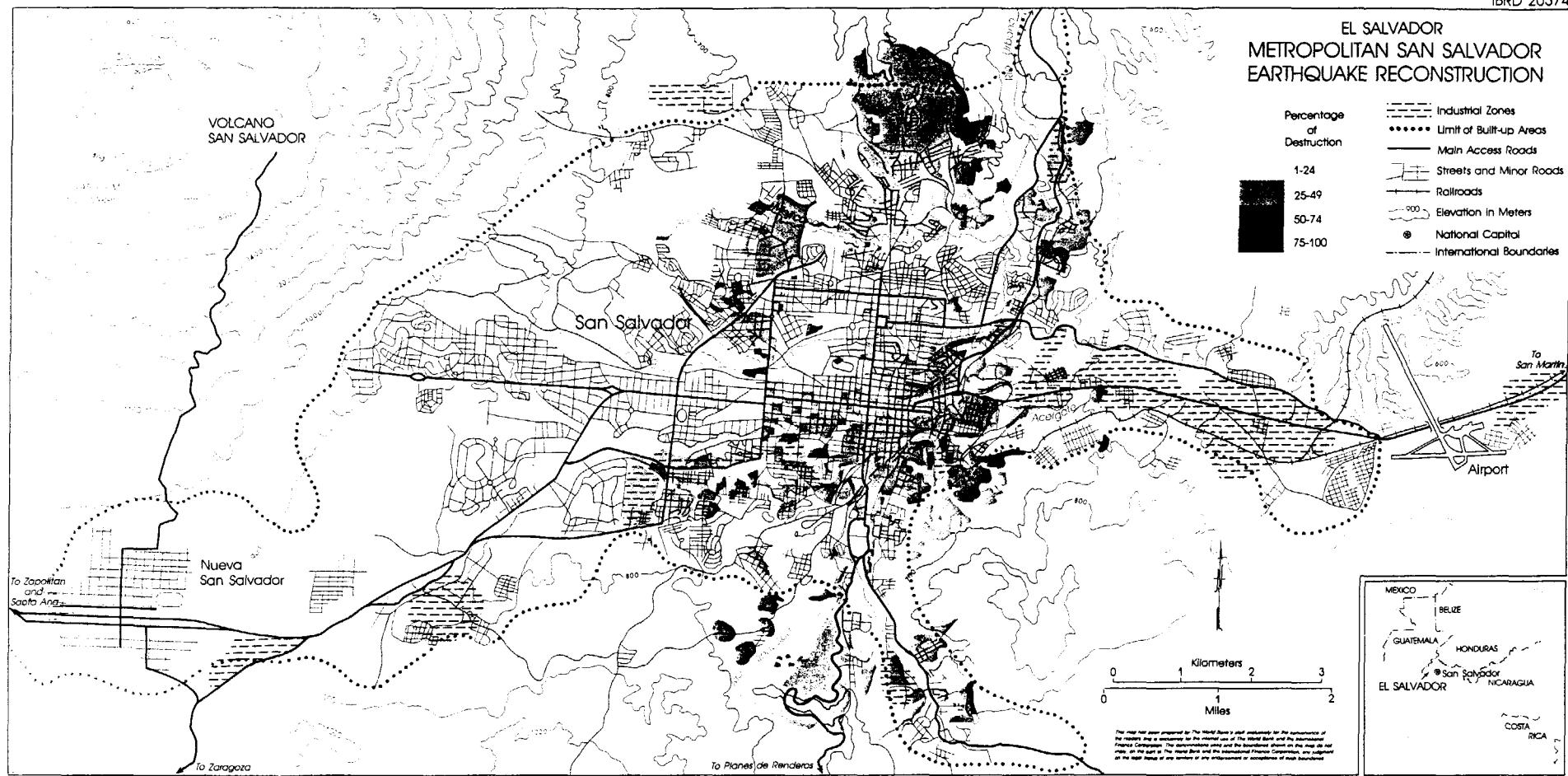
APPENDIX 1-C

**MAINTENANCE AND SUSTAINABILITY PLAN FOR PROJECTS EXECUTED
WITH FUNDS FROM LOAN 2873-ES
(FUTURE OPERATIONS)**

COMPONENT INVESTMENT TO BE COVERED	FINANCING SOURCE	REMARKS/PREFERENCES
– Highway Construction DGC-MOP	Own Resources 1997 IBD Funds	126 million/year Under bidding
– Public Buildings (see Annex III) Master Plan	1996 Current Budget Justice Item 012	ELS\$2.5 million ELS\$1.5 million for 1996 Bidding
– Public Schools (MINED)	IBRD Program to 2001 Healthy Schools, UN	Improvement of Basic Education
– Telecommunications ANTEL	Operations and Maintenance Plan (ANTEL)	Modernization Plan has ELS\$75 million
– Studies and Technical Assistance	GOES/ASIMEI/ASIA	They will be promoted as Manual applicable to construction. Auditing will modify FONAVIPO and MT processes.

NOTE: The rest of components have no record of operational, working or maintenance plans given the unique features of the subprojects. In the remaining cases, loan recovery or arrears reduction is the only viable reference.

EL SALVADOR
METROPOLITAN SAN SALVADOR
EARTHQUAKE RECONSTRUCTION



JANUARY 1987

IMAGING

Report No: 16188
Type: ICR