



<b>1. Project Data:</b>		<b>Date Posted :</b> 04/30/2003	
<b>PROJ ID:</b> P070432		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Flood Emergency Recovery Project	<b>Project Costs (US\$M)</b>	30.00	28.54
<b>Country:</b> Mozambique	<b>Loan/Credit (US\$M)</b>	30.00	28.54
<b>Sector(s):</b> Board: PSD - General agriculture fishing and forestry sector (20%), General education sector (20%), Power (20%), Health (20%), General transportation sector (20%)	<b>Cofinancing (US\$M)</b>	0	0
<b>L/C Number:</b> C3336			
	<b>Board Approval (FY)</b>		00
<b>Partners involved :</b> UNDP, UNICEF	<b>Closing Date</b>	12/31/2001	12/31/2001
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
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<b>2. Project Objectives and Components</b>			
<b>a. Objectives</b>			
<p>From February 4 to 7, 2000, due to the effects of cyclone Connie, Maputo City received nearly half its average annual rainfall. From February 20 to 22, heavy rains associated with cyclone Eline triggered more extensive flooding . The project objective is to assist the Government of Mozambique (GOM) (in implementing its program in response to the damage caused by the floods [and cyclones Connie and Eline]) to maintain macroeconomic stability through financing the import costs associated with rebuilding social and economic infrastructure, and re -establishing production levels.</p>			
<b>b. Components</b>			
<p>The Flood Emergency Recovery Project (FERP) provided immediate, quick-disbursing support to finance a positive list of imports needed for the reconstruction program while supporting macroeconomic objectives . An Emergency Recovery Loan (ERL) was chosen as the instrument because it could include balance of payment support to help achieve stabilization of foreign exchange, money and commodity markets . Since the key was to make the disbursement procedures as simple as possible, the project team encouraged the GOM to consider requesting IDA to make direct payments for bulk items such as petroleum products .</p>			
<b>c. Comments on Project Cost, Financing and Dates</b>			
<p>The credit was for US\$30 million equivalent which would finance 100 percent of the costs of imports on the positive list, excluding import duties and taxes . The credit also financed 80 percent of the local cost of consultant services . Retroactive financing of 20 percent of the credit covered expenditures incurred prior to credit approval but after the date of the disaster. Debt relief of additional US\$ 10 million was facilitated on April 6, when the World Bank Board approved accelerated debt relief to Mozambique (Enhanced HIPC Framework) to cover 100 percent of IDA debt service due over the following twelve months . This was intended to prevent IDA debt service obligations from becoming an obstacle to Mozambique's ability to respond to its emergency rehabilitation needs .</p>			
<b>3. Achievement of Relevant Objectives:</b>			
<p>In the end the credit was almost fully disbursed in about four months against petroleum products imported in bulk by Mozambique. The external position of the current account improved compared to the previous year, measured after grants, and while the overall budget deficit increased for reasons independent of flood -related costs (the increase was planned in the budget for 2000), the FERP credit had a positive impact on the primary budget deficit, due to its nature as a credit to the Government.</p>			
<b>4. Significant Outcomes/Impacts:</b>			
<p>A QAE review was carried out by a QAG panel of reviewers in 2001, with an overall assessment rating of "satisfactory". Six aspects were rated "satisfactory:" (a) technical, financial and economic aspects; (b) poverty and social aspects; (c) fiduciary aspects; (d) policy and institutional aspects; (e) implementation arrangements and (f) risk assessment and management. The concept, objectives and approach were deemed by QAG to be "highly</p>			

satisfactory".

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

Mozambique is highly exposed to natural hazards . From 1965 to 1998, twelve floods, nine droughts, and four typhoon landfalls occurred in this long coastal country . The FERP credit itself did not contain a specific plan of action to address issues of disaster mitigation at national and regional levels . There was no management capacity building whatsoever. The ICR notes that this was by design : The Bank decided that capacity building and disaster management aspects should be left to other agencies and donors, such as the United Nations . Although this is clearly not a case of noncompliance, OP 8.50 stresses that an ERL normally includes emergency-preparedness studies and technical assistance on prevention and mitigation measures, to strengthen the country's resilience to natural hazards or lessen their impact . While these aspects can always be left for other donors to handle, given the country's disaster-prone nature such a course of action is not consistent with the spirit of the OP .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome :</b>	Satisfactory	Satisfactory	
<b>Institutional Dev .:</b>	Modest	Negligible	The credit for the institutional development work of other donors, the result of which is not yet known, does not redound to the Bank.
<b>Sustainability :</b>	Likely	Non-evaluable	The resilience to risk of the macroeconomic stability achievements of this project cannot be fully known, and the degree of commitment and future decisions of the authorities are uncertain
<b>Bank Performance :</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		Satisfactory	

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

#### 7. Lessons of Broad Applicability:

1. Since the country is bound to be subject to other natural disasters of cyclical nature, the strengthening of the institutional capacity for disaster prevention, forecasting, and preparedness in general need to be addressed by the Bank as well as by other donors .
2. In the immediate post-disaster context, the Bank can play an important catalytic role in sharing analytical documents, such as the damage assessment and the macroeconomic evaluation with other concerned parties, donors and Governments. This sharing contributes not only to a common understanding of the dimensions involved but also maximizes the complementarities among the responses of the resource providers .
3. Promoting partnerships in an open and transparent manner, including the United Nations, and other multilateral and bilateral donors helps to leverage external assistance from the international community, and its facilitates coordination for reconstruction .
4. When significant team leadership remains in-country, it contributes to flexibility and permits quick access to appropriate information, knowledge and coordination networks . While this project used co-TTLs (one in HQ, the other in Mozambique), it may be advisable for clear responsibility and accountability that one of them be the TTL and the other be the deputy (or vice) TTL.
5. There is a need to increase countries' capabilities to closely monitor the activities agencies or donors taking the lead in the reconstruction process .
6. In countries that are highly prone to natural disasters, contingency funds to cover emergency repairs in road projects would contribute to a more speedy recovery by providing financing for crisis situations with a high probability of occurrence. Such funds in road, drainage, and other sectors loans (depending upon the risks to which the country is subject), could be disbursed under special procurement procedures .

#### 8. Assessment Recommended? ☒ Yes ☐ No

**Why?** The ICR calls for an expert assessment at a later stage to review the appropriateness of the Bank's decision to relegate disaster management and related capacity upgrading to others . The forthcoming OED review of Natural Disaster lending should evaluate the project experience in this regard, and compare balance of payments support with other approaches, with a particular focus on the plight of the poor during the emergency and recovery phases.

#### 9. Comments on Quality of ICR:

The ICR gives a detailed account of the project experience .

