

COURSE : DISASTER MANAGEMENT (MA/ MSc PART I)

Paper : V

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Topic : Post-disaster Role of World Bank

THE WORLD BANK'S POST-DISASTER ROLE TO DATE

The Bank's Operational Manual covers emergency recovery assistance under operational policy (OP) 8.5. This states that: A country may request assistance from the Bank when:

- It is struck by an emergency.
- This emergency seriously dislocates its economy.
- The emergency calls for a quick response from the government and the bank (The World Bank, 1995).

An emergency is defined under the manual as 'an extraordinary event of limited duration, such as war, civil disturbance, or natural disaster' (World Bank, 1995). The policy affirms that the Bank finances investment and productive assets rather than relief and consumption. Relief is defined in the manual to include 'search and rescue, evacuation, food and water distribution, temporary sanitation and health care, temporary shelter, and restoration of access to transport' (The World Bank, 1995). Thus, the Bank is far more aligned with the insurance industry in its natural disaster-related activities than with non-government relief organisations (NGOs) or emergency management agencies. However, the policy does specify that: Collaboration with the United Nations Development Programme and other international agencies, local NGOs, and donors is often helpful in devising the recovery assistance strategy under an emergency recovery loan (ERL) and in designing specific prevention and mitigation programs (The World Bank, 1995). The insurance industry is not mentioned, largely because of its limited role, to date, in client countries of the Bank.

The Bank's financial support can be in four different forms:

- Immediate support in assessing the emergency's impact and developing a recovery strategy.
- Restructuring of the Bank's existing portfolio for the country to support recovery activities.
- Redesigning of projects not yet approved to include recovery activities.

- Provision of an emergency recovery loan.

Emergency recovery loans (ERLs) are the Bank's product that comes closest to a substitute for insurance. The loans are '... designed to rebuild physical assets and restore economic and social activities after emergencies' (The World Bank, 1995). ERLs are normally funded from within a country's general lending allocation and for some disaster-prone countries this can limit the scope for long-term development funding.

The criteria used by the Bank to decide whether to provide an ERL includes:

- Impact on economic priorities and investment programs.
- Frequency of impacts: For recurring events, such as annual flooding, a regular investment loan is more appropriate.
- Urgency of impact consequences: For a slow onset disaster, such as drought, the more thorough preparation of a regular investment project may be preferable.
- Sustainable hazard management: Prospects for reducing hazards from similar natural disasters in the future.
- Economic resilience: Expected economic benefits.

ERL projects are required to use disaster resilient reconstruction standards, including emergency preparedness and technical assistance on prevention and mitigation measures to '... strengthen the country's resilience to natural hazards or lessen their impact' (The World Bank, 1995). The list of possible deliverables under a mitigation and prevention project does not include developing risk transfer mechanisms, although neither is precluded. One of the two largest ERLs (Turkey's Flood and Earthquake Emergency Recovery Project) currently has a study of risk transfer mechanisms underway as a conditionality of the loan. Dr Kreimer (an architect) and Dr Roy Gilbert (an economist) have recently researched the Bank's commitments with regard to natural disasters. Their work shows that since 1980 the Bank has made 101 identifiable loans for reconstruction, amounting to \$US7.4 billion; of which \$US5.1 billion was for ERLs, spread over 69 projects. In addition to the amounts shown above, disasterrelated loans have been created by diverting funds approved for other purposes.

