EX POST EVALUATION OF NATURAL DISASTER PROJECTS

One project in response to floods; two projects in response to earthquakes
December 2005
Abstract

Background
- Project "A" aimed at the construction of flood prevention works in various regions of a CEB member state, following heavy flooding that occurred in the first half of the 1990s. Because of slow project progress and because Borrower interest in further drawing from the loan was lacking, CEB disbursements were interrupted at 25% of total loan approved, four years after the start of the project, date at which normally the project should have been completed.
- Projects "B" and "C" were designed in response to earthquakes and aimed at the construction, reconstruction and repair of housing, as well as at repair of infrastructure.

Evaluation Findings
- **Project A**. Only 25% of the operational objectives were reached. The Government continued implementing the project with its own funds, possibly complemented with other international financing, and completed it six years after the initially defined end date. As no major rains hit the country during that time, this delay did not entail losses to the economy, and the project can be considered to have been effective from the Government's point of view. The efficiency of the – only partially disbursed – CEB loan is however questionable. Furthermore, a current lack of budgetary resources to finance the maintenance of project works raises serious worries as to their sustainability. The poor preparation of the project, the long delay in its completion, a lack of adequate communication between the Bank and the Borrower and the risk of failing sustainability justify a poor rating of the project.
- **Projects B and C** were relevant and effective, especially as concerns their housing components, even if the quality of preparation documents was quite poor. As a result of fierce competition among contractors that had not been anticipated during preparation or appraisal, the housing components of both projects ended up costing much less than originally estimated. The infrastructure components of the projects were not achieved due to a shift in responsibilities from national to local authorities without a corresponding transfer of budgetary resources or technical know-how. Both earthquake projects took longer to be completed than first estimated, demonstrating the complexity of such "emergency" operations. However the impact of the housing components of both projects proved to be high. The long time that elapsed between the occurrence of the earthquakes, the loan requests and their approval implies that neither the Borrower, who had been financing investments in the area from the very moment the disasters occurred, nor the Bank treated these loans as emergency needs. As with Project A described above, CEB did not seek coordination with other donors involved in the regions concerned.

Ratings. Project A was rated **poor**. Projects B and C were both rated **satisfactory**.

Lessons and recommendations:
- Projects should be better prepared by the Borrower, and be better appraised (ex ante) by CEB. Past experience in Natural Disaster programmes should be taken into account in project appraisal.
- Progress reports provided to the Bank by the Borrower were very limited in scope; they should have been made more relevant and more in line with project monitoring requirements.
- The Bank should act more forcefully on technical mission reports.
- In none of the three cases can the Bank's loan be said to have been timely with regard to the natural disaster. The Bank should make a better distinction between emergency and non-emergency projects, and adapt project preparation and implementation to each of these categories.
- More attention should be paid to post-investment maintenance needs in order to sustain the effects of Bank financed projects.
- There should be a closer coordination with other potential or actual donors in order to take advantage of complementarities and create synergies.