

WBG Response to the Haiti Earthquake: Evaluative Lessons

As Haiti faces the daunting task of recovery after the devastating earthquake, past experiences provide some lessons. Factors making a crucial difference to the effectiveness of actions include the nature of the immediate response, diagnosis, project design and supervision, use of local capacity, private sector links, and coordination among partners, including within the World Bank Group. Many of the lessons from previous episodes are relevant now; yet Haiti's distinct country conditions must also be kept in mind.

Indeed, several factors make the response in Haiti especially overwhelming: the breakdown of social order and a fragile security situation, the near-complete loss of governance structures, and the failure to impose even minimum quality standards on the construction industry. Complicating matters will be the unprecedented scale of the charitable donations earmarked for emergency relief, and the arrival of many agencies new to the country, tending to prioritize unilateral action over coordination.

1. Immediate Considerations

The World Bank Group should be involved in natural disaster response from the outset.

The Marmara earthquake experience in Turkey shows the merit of an early WBG involvement. Consultative groups have been effective in mobilizing aid resources and facilitating coordination in post conflict situations. A disaster-experienced Country Director suggests that consultative groups could also be useful to coordinate aid disaster operations, which proved successful in Sudan in putting together a multi-donor famine effort.

Front-end preparation, including joint damage and needs assessments before consultative group meetings, should be agreed before operations are put in place. Identifying local leadership and project management offices is particularly important. When credible physical, economic and social assessments are available, countries ultimately mobilize more assistance than otherwise.

Because capacity to use aid effectively in fragile states is low and governance is often poor, the focus from the beginning also needs to be on the development of capacity and improvement of governance, not merely the reconstruction of physical infrastructure.

There is no emergency period where anything goes. Every response is either developmental or counter-developmental; every decision affects everything else.

Early actions have a major impact on the recovery. How relief distributions are managed either enhances reconstruction or constrains it. It is far harder to stop the use of force, looting, rioting and the firing of weapons than it is to prevent them in the first place. The tendency of people after an earthquake is to band together to recover survivors from fallen buildings, ensuring that mutual trust can be maintained is important for effective reconstruction efforts. The rebuilding of homes and communities requires the safe transportation and storage of building materials, and often, the formation of community groups that work together in rebuilding homes and infrastructure. Since early actions influence project success, staff need to realize the importance of early actions and advise development partners accordingly.

Temporary shelters need to preserve existing social relationships.

If possible, avoid expensive temporary shelter under a Bank project. People are able to find adequate temporary shelter using materials from damaged buildings, and families that did not lose their dwellings

take friends and relatives in (as in Colombia after the Armero eruption and Grenada and St. Lucia after hurricane Ivan). If people are moved out of the main cities and shelters are really called for, efforts need to be made to keep families and neighborhood groupings intact. Relief efforts usually spend more on tents and temporary shelter than what is ultimately made available for permanent housing.

The layout of temporary shelter structures can reduce crime and violence against women if care is taken during the relocation process to ensure that as many doors as possible face a common and well-lit area—thus avoiding the creation of passages and alleyways which are dark and not well observed. Large shared multi-family spaces have led to social breakdown in Colombia (Armero), Mexico City, and Turkey.

Providing survivors with employment and cash transfers early on has had good results.

Taking the time to ensure that all usable building materials are recovered and recycled is a way to ensure that the poor will be able to afford to rebuild. The general population can be helped to recover emotionally through this process with paid work (Gujarat). Once work opportunities associated with rubble clearance and materials recycling diminish, cash assistance targeted to families is important (as with the Marmara earthquake) – more than providing food, blankets and clothing. In Bangladesh following a major cyclone, imported food aid destroyed the local rice market. Indeed, in most disasters sending in canned food and used clothing from overseas is counterproductive. Distribution of emergency supplies needs to be orderly, involve local leadership, and help enhance social cohesion.

II. Damage Assessment

Damage assessments need to be simple and tailored to local construction types, with damage awards closely tied to actual costs.

Post-earthquake safety evaluations should determine if buildings are habitable and include a solution for the occupants of those that are not. In Haiti project design will need to take into account that the country at the local, national and community levels will have a diminished capacity to function. Alternative networks, such as nongovernmental organizations and UN agencies, can fill gaps, but their participation should be coupled with a plan to rebuild government administrative capacity.

Following the Maharashtra earthquake, the damage assessment was based on a complicated compensation system. The use of criteria of the International Association of Earthquake Engineering for damage assessment of individual housing units proved painful, as the same assessment criteria do not work for modern, engineered housing and mud-bonded or stacked stone structures. When people are compensated for the actual damage to their homes, they argue endlessly and may even inflict more damage. In Gujarat, people were paid set amounts for easily distinguished levels of damage and there was no negotiation.

Donor coordination has always proved to be vital.

Ways must be found for involved donors to work together or in parallel – in the short term – on a clearly defined set of activities with the same eligibility requirements and benefits.

III. Project Design and Supervision

Reallocating resources from existing projects is less effective than specific reconstruction lending.

While shifting resources from existing programs to reconstruction with high rates of return can be justified, new financing that is well designed and managed by special disaster units authorized to respond quickly tends to be used more effectively. Restructuring old projects is often politically easier than new lending and allows the Bank to support government entities that are already accustomed to working with it – but delivery by staff committed to the goals just abandoned is often not effective and eventually tends to lead to negative consequences for the programs from which the money was pulled out.

In general, Bank emergency loans and credits have tended to be slow to disburse after Board approval. Early and continued involvement should support actions leading to expeditious post-approval disbursements. A common problem constraining slowing implementation is land.

In the absence of a resident Country Director, a Bank in-country should have authority to make decisions.

There can be major unanticipated developments such as price changes for critical inputs, competition for building professionals, and shortages of tools and materials. While experienced staff are likely to foresee such developments, there has historically not been a clear procedure for ensuring that the right staff are assigned to lead such operations. In the Asian tsunami, the subject of a multi-donor evaluation, the use of experienced staff was cited. The Bank has recently begun to develop a cadre of experienced disaster professionals. It remains to be seen whether the institution has been able to ensure their rapid deployment.

Project design should be simple, based on local participation and taking into account local capacity.

Disaster responses resemble military operations in their heavy reliance on command and controls. The sense of urgency when lives are at stake works against participatory processes. In particular, the perceived need for haste makes it easy to bypass local power structures. People and institutions that might help rebuild affected communities are left out of the relief response, often because the responding institutions have limited knowledge of the communities affected by the disaster. And, conversely, groups with strong incentives to impede implementation are also overlooked.

Design should limit the number of implementing agencies and the number of sectors involved, and reduces the conditions placed on the lending. Implementation should be flexible to ensure responsiveness to community needs and rapidly changing conditions on the ground.

Intensive supervision is important.

Emergency projects require special attention to the design and implementation of disbursement arrangements: bottlenecks to cash flow should be minimized before project approval through provision of guidelines, sample bidding documents, technical assistance to first-time borrowers, training in procurement procedures, and simple local disbursement procedures. If certain technical studies are considered crucial to provide updated plans and infrastructure designs, they need to be identified and agreed upon during appraisal, including a timetable for the preparation of terms of reference, recruitment of consultants, commissioning and completion of the studies and submission of draft reports.

IV. Institutions and financing

Streamlined decision-making and procedures for contracting civil works will help avoid delays.

Either a high-powered unit developed for the purpose or existing institutions can provide continuity in planning, coordination, and monitoring. In countries with a decentralized implementation structure in place, such as Bolivia, Argentina, and Pakistan among others, demand-driven projects implemented by multiple agencies seemed to work. Earthquakes provide opportunities to solve major infrastructure bottlenecks (widening or rerouting streets, setting aside parkland) but these decisions need to be made and announced early, and actions need to be taken on the ground to make them an observable reality before any private investments in repairs and rebuilding are made that follow the old usage pattern.

Post-disaster operations need to include measures to reduce long term vulnerability.

The Bank's Operational Policies have long called for natural disaster projects to reduce long-term vulnerability. In Haiti, the long period between earthquakes and the perceived urgency of emergency and reconstruction tasks can be expected to lead to a loss of focus on mitigation/disaster risk reduction as difficult development choices are made in the face of many competing demands. Disaster mitigation, because it is a periodic need rather than a constant one, tends to lose out to other priorities – especially once the disaster has fallen out of the international media and the immediate relief needs have been met.

Reaching agreement on mitigation measures with the government within the first three months is important, because it becomes harder to get politicians to focus on disaster once the memory of the emergency recedes. Outcomes are usually better if a financing mechanism for the agreed mitigation measures is defined and locked in. Options to be considered include financial incentives, land use and management practices, a review of land tenure patterns, upgraded building codes, training for construction craftsmen, and other nonstructural measures to lessen vulnerability.

Post-disaster operations need to deal early and forcefully with land ownership issues.

Where possible land titles should be regularized or a functional proxy for land titles should be provided (Gujarat earthquake). Where such measures are not possible, alternative means need to be found to ensure that land is not seized outright or that fraudulent claims are not honored. The local government must help control profiteering on land that is urgently needed for the reconstruction process.

Avoid permanently relocating neighborhoods for reasons related to less than fully credible claims regarding disaster vulnerability.

There is frequently pressure to relocate communities after a disaster. Relocation of settlements that consist mostly of one and two story buildings during post-earthquake reconstruction is usually a mistake—it is not that difficult for local builders to make small buildings earthquake resistant. In India it was believed that villages built on “cotton soil” needed to be relocated, which ultimately turned out to be wrong. Particularly when moving people away from coastal zones, the tendency for them to return is almost irresistible because of the economic and amenity advantages associated with living by the sea.

In-situ reconstruction should be promoted after earthquakes to take advantage of existing infrastructure and community facilities, while minimizing resettlement and social dislocation. In-situ reconstruction has stimulated self-help in low-cost reconstruction. It is common for outsiders and victims to clamor for relocation during the early days after disaster, but with time the importance of preserving social

relationships institutionalized in the current neighborhood structures reasserts itself. Problems can be created by uneven incentives for rehabilitation as compared to reconstruction. In India villages litigated for the right to relocate even when it was technically contraindicated, because the benefits given to families that only rehabilitated compared so unfavorably with what relocated groups obtained.

Beneficiaries entitled to new housing need to make a limited contribution.

Bank emergency reconstruction lending used to expect cost recovery at levels that could not feasibly take place, given all the disaster victims had lost and needed to replace. Following the El Salvador earthquake the project targeted low-income families and expected full cost recovery, but an IEG evaluation found that over half the original beneficiaries had been unable to pay and had given up their homes. The Maharashtra emergency project provided finished houses for free, but led to escalating expectations among beneficiaries. Beneficiaries became unwilling to pay user charges for urban services. One group was making demands that the government paint and maintain their gift houses in perpetuity. In the Argentina Flood Reconstruction, beneficiaries of housing had materials and labor contributions to make.

Owner-driven housing construction can be more effective than the use of contractors.

During project design, staff often believe that the only way to produce the huge number of new dwellings is to bring in large contractors. In India, where people were given funds to repair their units, most families actually economized enough to build new ones. In the event, a much larger number of (quite comparable) new houses were built by families that were given funds just for repairs, and contractors were generally not involved. In those villages it was possible to use local people in construction, so employment was created for people from the disaster-affected region. Contractors generally used imported labor willing to work 12-14 hours a day in response to piecework incentives.

Also, when homeowners were put in charge of the process, houses were more adapted to each family's requirements – there was no one-size-fits-all approach necessary. The reliance on owner-managed construction was even more widely used following a subsequent earthquake in Gujarat, with equally positive results. Supervisory personnel did not always need higher education. Projects working with postdisaster housing were effectively and economically supervised by builders and masons rather than engineers, at least as regards owner-built structures.

Rebuilding after a disaster must also ensure that social structures are knit together.

The impacts of disasters on people vary, depending on the levels of social vulnerability and risk. The recovery process is potentially even more uneven, and it tends to be less visible. When the pressure of the immediate response carries over to the later stages, too little may be done to ensure that the social needs of the affected populations are considered. Natural disasters rip apart social cohesiveness. Rebuilding social structures is a large challenge and one that is rarely done well by any of the institutions, in large part because the character of the initial response makes doing so more difficult.

Earthquake disasters often strike informal or squatter settlements particularly hard. Responses need to take the plight of the renters and squatters into account so as not to increase social inequities. While earthquake resistant building codes helps those in the formal sector, the code will never be applied in informal settlements and special measures are called for.

Grievance procedures need to be in place from the outset.

Post-disaster projects have involved strikes, protests, and litigation at least partly as a result of not having efficient and effective processes to redress grievance in place. The Gujarat project processed over 40,000 grievances. An ability to make decisions and communicate them speedily to the involved parties is important. A dissemination capacity is helpful, especially if decisions have implications for other beneficiaries. Not taking photographs of damage during the assessment process can lead to repeated visits by project staff and beneficiaries to argue over the nature of damages to each house.

Fostering participation where expressed preferences will not be taken into account creates discontent. Community participation is not a panacea, and more participation is not always better. But participation can be useful in the design of houses, their layout and their allocation. In India having individual owners supervise the construction of their own house proved transaction-intensive, although the use of stakeholder construction supervision committees for the same purpose worked well.

V. Private sector Response

Leveraging existing private sector capacity is critical for effective emergency response.

The private sector can play a key role in infrastructure and logistics, local banking, and provision of physical capacity. In the aftermath of the tsunami disaster, IFC effectively supported the relief efforts of an existing client in Sri Lanka with port and airport facilities allowing for a very quick response to the disaster. It provided a grant to an advisory services client with water purification facilities in South Asia. A banking sector client with a branch network in affected areas was instrumental in delivering small grants to small entrepreneurs to help restore their livelihood. In Pakistan, a private hospital mobilized medical teams and mobile treatment centers in the disaster areas. Partners with assets on the ground have used IFC grants to provide shelter, food and water; clean up affected areas; restore and improve airport and port logistics; provide medical assistance and free telecom services.

Working with IFC clients near affected areas is essential for speed and effectiveness.

Existing partners do not need screening for reputational risks and delivery capacity. Trust and familiarity allow using simple arrangements for payments and reimbursement of expenses. Partners with local presence have the local knowledge necessary to ensure that help reaches intended beneficiaries (e.g. a local bank in Sri Lanka that was effective in directing livelihood restoration grants to local fishermen who had lost their boats during the tsunami). Similarly, an existing IFC partner in Pakistan built pre-fabricated houses prior to the winter. Because they are embedded in the local environment, such partners also have strong incentives and interest to promote speedy recovery of local business activities. The use of existing trust funds and other existing facilities to source grants is also important for speed. This was demonstrated by the matching grant schemes for the tsunami and Pakistan disasters and the emergency technical assistance to SMEs after the Sichuan earthquake.

Matching grant schemes can be powerful instruments for emergency response, but their effectiveness can be limited by the nature of IFC's pre-existing activities.

Matching grant schemes for clients with local presence can provide fast relief and leverage additional delivery capacity. They can also ensure the additionality of IFC's response in partnership with private sector clients. The applicability and scale of the instrument depend on the size and nature of IFC's portfolio and pipeline in the country or the region and the extent to which clients themselves have been

affected by the disaster. The limitations imposed by the size of IFC's client network in the affected country can be somewhat alleviated by leveraging clients' own networks of suppliers and customers. IFC's banking sector clients with their vast networks of private sector customers can be valuable partners for enhancing private sector crisis response.

Design and implementation of reconstruction operations need to balance speed with careful assessment of demand and relevance in rapidly changing post-disaster conditions.

Early board approval of umbrella facilities including initiatives in support of reconstruction efforts can facilitate speedy implementation and provide flexibility. But reconstruction initiatives, especially commercial ones, need to be carefully assessed against effective demand in the context of abundant aid and rapidly changing post-disaster conditions. For example, the IFC's facilities established to support private sector companies in the reconstruction phase of the tsunami disaster were used only to a limited extent because their pricing was not attractive given the abundant liquidity in the market and aid money pouring into the affected countries. Local banks in Thailand and Sri Lanka received cheap long-term funding from their respective governments; the larger companies had adequate insurance cover to repair/reconstruct their damaged properties; and, most companies scaled down their new investments, thereby reducing the need for additional funds.

Field-based advisory capacity helps support SMEs, but it needs to adapt to new conditions.

IFC provided a significant amount of advisory services for reconstruction through field based teams in Aceh-Nias and in Sichuan province following the disasters. Field based presence improved IFC's response time. However, while some PEP Aceh Nias projects had the right design, they lost their relevance by the time of implementation due to changes in local conditions. In Sichuan, the content of some of the advisory services was not a good fit with the real needs of the companies. Support to enhance the involvement of the domestic private sector in reconstruction activities can be particularly valuable.

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Haiti's challenges are all the more daunting because of the horrendous death toll and human suffering and the sheer scale of destruction -- not only of the physical infrastructure but also of the social fabric and the institutional setting. Crucial in the recovery will be not only the size of financing but also its quality and use. There are many useful lessons for effectiveness. Yet, many questions will also be new and special to Haiti -- among them how a multi-donor aid effort plays out, how life returns in the absence of governance, what urban design emerges in reconstruction, how post-disaster social networks are shaped, and how even such an enormous calamity might provide the chance for a new beginning.