

# COMMUNITY-BASED DISASTER RESPONSE

## The case of Honduras

Workshop for Building Resilient Communities:  
Risk Management and Responses to Natural Disasters  
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## Setting the scene

# Overview of Fondo Hondureño de Inversión Social (FHIS)

- Established in 1990 by Government of Honduras (GOH) to respond to critical poverty situation
  - Small-scale Infrastructure
  - Local Institutional Strengthening
  - Community and Rural Water Systems
  - Transitional safety net programs
  - Basic Needs Program
  
- FHIS principal government instrument for financing small scale civil works
  
- Deeply embedded in country institutional structures and communities due to good performance and lack of alternative Government agencies
  
- Total Cost of Reconstruction Project totaled 167 million USD
  - FHIS Operating Costs were 11% of total project



## *Setting the scene*

# Impact of Hurrrican Mitch (Oct 1998)

- ▣ **Magnitude of Storm**
  - Deadliest Storm to ever hit the Caribbean Shore (Category 5)
  - Winds of 180 mph, slow motion and rainfalls of 4 inches per hour
- ▣ **Impact**
  - 5,757 dead, 12,272 injured
  - 2.5 million displaced and 4,2 million lost access to running water
  - Loss of 80% of GDP and 50% of Agricultural Production
  - Total damage: 3,638 USD, Replacement 4,987 USD
- ▣ **Vulnerability Factors:**
  - Densely populated and High social inequality
  - Inadequate infrastructure, poorly existent flood schemes and weak institutions
  - Deforestation caused by slash and burn agriculture prevented forests to absorb moisture



# FHIS Response & Reconstruction

## Response

- ▣ Focus on responding to communities urgent needs
  - Focal point for coordinating between line ministries, sector agencies and local government
  - Immediate supply of food, blankets and medical supplies
  - Mud and debris removal through Public Works Programs (creation of 100,000 jobs)
  
- ▣ FHIS targeting facilitated prioritizing communities



## Reconstruction

- ▣ Main agency for rehabilitation and reconstruction
- ▣ Rebuilding of critical local infrastructure

**FHIS was able to adopt this role since it build on existing strength, institutional embedment and community outreach**

# FHIS Post-Disaster changes

## Policy changes

- ▣ FHIS role in emergency/ reconstruction was consistent with the original objective: No formal restructuring of agency's objective
- ▣ Funds were reallocated to emergency subproject financing
  - Remainder of Institutional strengthening and Rural Water Systems programs were allocated to hurricane recovery efforts
  - Reallocation of funds was formalized in the Supplemental Credit (67.5 million USD)
- ▣ Rapid transformation to emergency/ reconstruction agency was facilitated by well-defined and appraised Project Appraisal document (PAD)
  - However: End of Project Assessment proved to be challenging since original objective still applied for new conditions and some of the project's most significant accomplishments related to disaster response were not foreseen in the PAD



# FHIS Post-Disaster changes continued...

## Implementation and Institutional Changes

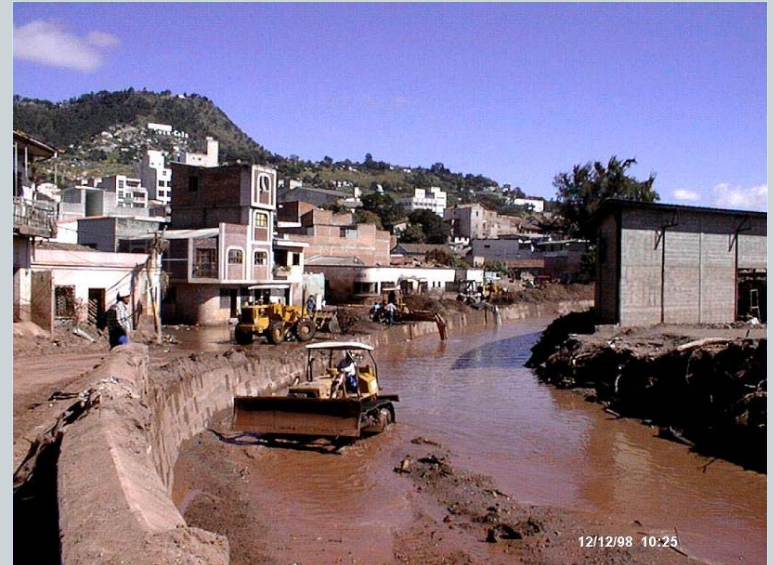
- ▣ Simplified project cycle from 50 to 8 steps and introduced standardized subprojects and procurement procedures
- ▣ GOH enacted Art. 27 with no objection of the Bank and two donors to waive competitive bidding
  - Almost all emergency projects were procured through direct contracting
- ▣ Adopted more flexible disbursement procedure (LACI) to move away from voucher-by-voucher disbursement to quarterly disbursement to the project special accounts
- ▣ Nine municipalities were converted into decentralized FHIS offices
  - ▣ Regional offices approved projects of up to 100,000 USD
- ▣ Changes to pre-disaster project cycle
  - ▣ Minimal municipal and community participation
  - ▣ Approval of 40% of planned municipal allocation before determining the magnitude of damage



- ▣ Within 100 days FHIS approved and processed 2100 projects totaling 40 million USD

# Monitoring and Evaluation

- ▣ FHIS decentralization affected highly-centralized Management Information System (MIS)
  - ▣ MIS was not designed for decentralized activities: baseline target no longer applied
  - ▣ Emergency operating manual lacked standardized subproject formats and procedures
  - ▣ Result: Each region prepared and supervised subprojects in their own way
  
- ▣ Breakdown of telecommunication led to manual input of non-standardized data
  - ▣ Data not up-to-date
  - ▣ Ex-post entering of data affected the quality
  - ▣ MIS managers were not present to manage the situation but were working as regional managers
  
- ▣ MIS director had to enter a backlog of “nonessential data”



# Problems with revised procedures

- ▣ FHIS was not prepared organizationally to respond to the emergency
  - ▣ Operating, administrative, accounting and legal and information systems were not designed to handle disaster response
- ▣ The most technically and socially complex projects were not always appraised by experts
- ▣ There was no standard menu for the formulation, appraisal, monitoring and auditing of new projects
- ▣ Project cycle information was not updated due to lack of system connection
- ▣ Project supervision was inadequate
- ▣ Communities should have been involved in the social management of projects
- ▣ Routine auditing procedures were applied to the emergency process
- ▣ Regional offices were restricted to dealing only with the replacement of damaged infrastructure which sometimes led to a duplication of efforts



**Quality vs. Speed**

# Lessons Learned

## **Procurement**

- ▣ Regional procurement advisor (RPA) in the field ensures rapid implementation
- ▣ Comfort Letter with Contractor to begin immediate procurement of goods/ services
- ▣ Sole Source Contracting, Direct Contracting or Shopping also ensures rapid implementation

## **General**

- ▣ Balance of Payment support is a good disbursing tool for Immediate Assistance
- ▣ OED rated project based on original project development objectives not on impact of restructured project on speedy implementation of Hurricane Mitch Reconstruction program
- ▣ Mapping Assisted in Prioritizing & Targeting
- ▣ Timeline needed to revert back to “normal” bank processing procedures