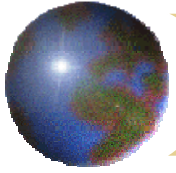


Building Community-Based Risk Management Responses to Natural Disasters



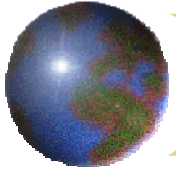
Limiting Governance Risks: Fiduciary Requirements in Disaster Management – CDD Projects

**Prepared by
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Presented by
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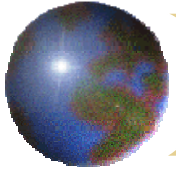
Content

- Options for Rapid Disaster Response
 - ✓ Using an Existing Project
 - ✓ Using an Emergency Project
 - ✓ Using a Recipient Executed Trust Fund
- A CDD Approach
 - Risks
 - Risk Mitigation measures
 - Results and Issues Encountered



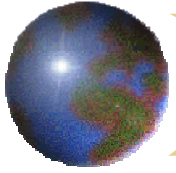
Options for Rapid Disaster Response

1. Change use of funds in an existing project or get Additional financing – simplified procedures, but presupposes existence of a related project.
 2. Emergency Response project under OP/BP 8.0 – with simplified procedures.
 3. Trust fund – FM requires full compliance with OP/BP 10.02, but over an extended time frame.
- Combinations of the above.



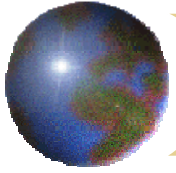
Using an existing project (1)

- Divert funds in an existing project to respond to disaster – relatively simple procedures only require agreement of client country and Bank management
- Obtain additional financing under OP/BP 13.20. Refer to “Processing Additional Financing, Guidance to Staff,” May 2005.



Using an emergency project (2)

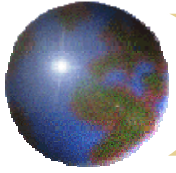
- OP/BP 8.0 has simplified procedures – see Guidelines, FM aspects of emergency operations processed under OP/BP 8.0 (OP/BP 10.02 applied & simplified)
- Undertake only essential ex-ante arrangements and strengthen ex-post arrangements.



Using an emergency project

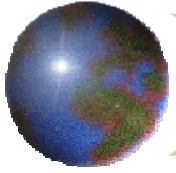
II

- Ex-Ante V. Ex-Post
 - ❑ Detailed budgets can be prepared later
 - ❑ Use existing systems and reporting frameworks
 - ❑ Use independent facilitators to ensure adherence to fiduciary principles
 - ❑ Increase frequency of audits
 - ❑ Use performance audits



Using a recipient executed TF (3)

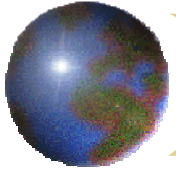
- Requires full compliance with OP/BP 10.02, but mitigating measures can be implemented over an extended time frame with simplified procedures – a work in progress.



A CDD Approach

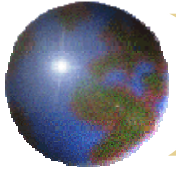
Tsunami, December 26, 2004

- Multi-Donor Trust Fund for Aceh and Northern Sumatra (MDTFANS) Grant, total \$480 mil. of which 200 mil. uses CDD approach.
- KDP, UPP, SPADA, Housing Project
- Main component is block grants to affected communities. Except housing, Open Menu
- High risk environment – anti-corruption strategy: makes greater use of social controls and transparency.



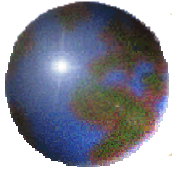
Risks

- Capacity of the community to manage the block grants (elite, mark up, ineligible expend)
- Capacity of the consultant, esp. field facilitators
- Poor coordination among government agencies
- Weak capacity at the local government level may delay implementation.
- Delays in central budget documentation may delay flow of funds for parts of the project, including TA.



Risk Mitigation Measures

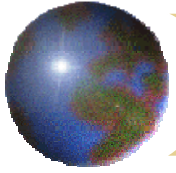
- Community control & transparency (socialization, web, public board, sms)
- Providing TA to national & local mang team
- Channeling funds direct to comm accounts & disbursing in tranches against progress reports & 3 signatures (head of CG, com rep, facilitator)
- Independent reporting & monitoring (train consultant, NGO, Press) & Complaint Handling
- Audit TOR inc. audit of community sub-projects. Auditor presentation in front of community & report available to the public



Village Meetings

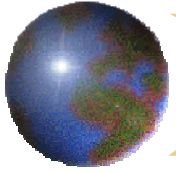


community work to build their own road in Tiro, Pidie, Aceh



Results and Issues Encountered

- Did funds disburse on a timely basis?
- Slow funding from the central government delayed recruitment of trained facilitators.
- Poor facilitators' performance
- Lessons learned?



Lesson Learned:

- Public control and transparency (Process)
- Block vs detail budget (non CDD) – govt non allowed
- Open Menu
- Provided advance to start
- Single disbursement category (non CDD)
- Designated Account (BRI)
- Direct Payment VS DS (SA)



Irrigation Dam



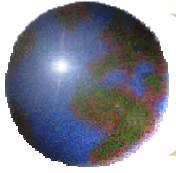
A bridge



A bridge



Women can access seed capital for productive economic activities



THANK YOU