

### Background

In 2007, the World Bank Executive Directors approved a new policy and set of procedures on emergency lending set out in Operational Policies and Bank Procedures (OP/BP) 8.00, Rapid Response to Crises and Emergencies (replacing the previous policy OP/BP 8.50, Emergency Recovery Assistance). OP/BP 8.00 attempts to align the Bank's outdated prior emergency policy with its evolving role in responding to crises and emergencies, and to improve the speed, effectiveness, and impact of the Bank's support to emergency recovery efforts.

The key policy features introduced in OP/BP 8.00 include:

- a broader definition of an "emergency" that allows the Bank to address the economic and social impacts resulting from an actual, or imminent, natural or man-made crises or disaster;
- application to a broader set of objectives, including support to the preservation of human, institutional, and social capital, and facilitation of peace building;
- emphasis on coordination with development partners in the delivery of integrated response efforts; and
- a call for a more strategic approach to disaster management and crisis prevention.

Under the policy, the Bank may provide a rapid response to a borrower's request for urgent assistance to address an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact associated with natural or man-made crises or disasters.

### Forms of Bank Rapid Response

OP/BP 8.00 is premised on principles that include (1) the need to focus Bank assistance on its core development and economic competencies while remaining within its mandate; (2) establishment of appropriate partnership arrangements with other development partners, including the United Nations (UN); and (3) adoption of adequate oversight arrangements.

**Objectives.** The Bank may provide rapid response in support of one or more of the following objectives:

- Rebuilding and restoring physical assets
- Restoring the means of production and economic activities
- Preserving or restoring essential services
- Establishing and/or preserving human, institutional, and/or social capital, including economic reintegration of vulnerable groups
- Facilitating peace building
- Assisting with the crucial initial stages of building capacity for longer-term reconstruction, disaster management, and risk reduction
- Supporting measures to mitigate or avert the potential effects of imminent emergencies or future emergencies or crises in countries at high risk

**Selection of instruments.** The assistance strategy is developed by the Country Director (CD) in consultation with borrower and may include one or more of the following:

- Non-lending support, such as:
  - Provision of assistance for damage/needs assessment, and other technical assistance
  - Mobilization of donor assistance including establishment of multi-donor trust funds
  - Accessing grants from the Bank's programmatic post-conflict, low-income countries under stress (LICUS), and other trust funds

### This Chapter Is Especially Useful For:

- Policy makers
- Lead disaster agency

- Lending/financial support through a combination of:
  - New lending via an Emergency Recovery Loan (ERL) or credit (ERC)
  - Restructuring or reallocation within existing projects with or without additional financing, including provision of additional financing for such activities under OP/BP13.20, Additional Financing for Investment Lending
  - Redesigning investment projects not yet approved to include recovery activities
  - Supplemental development policy loans or credits
  - Contingent emergency loan to countries at high risk of natural disasters (see paragraph 13 of the policy)
  - Transfers from the surplus, in exceptional cases

The form and scope of the response can be adapted to the emergency's particular circumstances, taking into account the Bank's assistance strategy for the country. The country lending program may be adjusted to accommodate emergency operations, normally within the country's general lending allocation, taking credit risk and International Development Association (IDA) lending policies into account.

**Recipient.** The Bank's assistance should be focused in its core development and economic competencies, and may include

- assistance to borrower agencies and institutions involved in the emergency recovery effort and/or
- support, in partnership with other donors, of an integrated emergency recovery program that includes activities outside the Bank's traditional areas, such as relief, security, and specialized peace-building.

The Bank recognizes the lead of other international institutions, in particular the UN, in such activities, and forms partnership arrangements with other donors for the preparation, appraisal, and supervision of activities outside its core competencies.

## Features of Bank Response

The Bank recognizes the risks involved in emergency situations, including the risks and lost opportunities associated with a delayed response, and the critical importance of speed, flexibility, and simplicity to an effective rapid response. As a result, emergency operations may have the following features.

**Simplified, streamlined procedures** are processed under accelerated and consolidated procedures and are subject to streamlined ex ante requirements (including in fiduciary and safeguards areas).

**Risk management** involves a different balance between ex ante and ex post controls and risk mitigation measures compared to regular operations, including on issues of fraud and corruption, requiring intensified supervision support to address such risks.

**Financing percentage.** Unless the country director determines otherwise, include Bank financing of up to 100 percent of the expenditures needed to meet the development objectives of such operations, including recurrent expenditures, local costs, and taxes.

**Retroactive financing** may include up to 40 percent of the loan amount for payments made by the borrower not more than 12 months prior to the expected date of signing the legal documents.

**Larger Project Preparation Advance (PPA) limit** may benefit from a PPA of up to US\$5 million to cover start-up emergency response activities.

**Quick disbursement and streamlined procedures** may include a quick-disbursing component designed to finance a positive list of goods, (1) required for the borrower's emergency recovery program and (2) procured following procedures, that satisfy the requirements of economy and efficiency (normally the national emergency procurement procedures of the borrower). Streamlined financial management, procurement, and disbursement procedures may include:



- rapid processing of withdrawal applications and additional flexibility on financing eligibility, direct payments, and use of letters of credit;
- higher prior review thresholds;
- simplified procurement methods;
- pre-qualified procurement and project management agents through sole-source or qualification-based selection; and
- expedited procedures for establishing and activating trust funds.

## Initiation and Management of Bank Response

OP/BP 8.00 identifies the steps involved once the policy has been triggered. These include the following.

**Internal Communications.** The Regional Vice President (RVP) communicates with the Managing Director (MD) of the affected region, the Chief Financial Officer (CFO) and VP (OPCS); and, depending on the nature of the emergency, the Conflict Prevention and Reconstruction Unit (CPR), the Fragile States Unit (OPCFS) and the Hazard Management Unit.

**Establishment of a Rapid Response Committee (RRC).** An RRC is immediately convened by the responsible MD in the case of corporate emergencies.<sup>1</sup> Otherwise, an RRC is convened under the chairmanship of the RVP or the CD, depending on the nature of the emergency and/or the extent to which interdepartmental resource transfers are necessary. The RRC may assist in identifying and supplementing staff to prepare and implement the Bank's response, including from the callable roster.

**Processing Timelines.** For emergency projects of a simple design, task teams should aim to seek Board approval within 10 weeks of initiation of project discussion with government. For simple project restructuring, task teams should aim to seek approval within 4 weeks. (Detailed processing steps and turnaround times are found in the annex to this chapter.)

## Staff and Consultant Rosters

In an effort to improve the availability and readiness of experienced staff and consultants to deploy on short notice, a Staff Roster has been established with staff registered from 20 sectors or units of the Bank, as of late 2009. This can be accessed through a Bank staff member to identify expertise in response to requests from country units or governments.

A Consultant Roster is also being developed, to improve the sharing of expertise with bilateral and multilateral agencies.

## Emerging Implementation Issues under OP/BP 8.00

An analysis of the experience to date with OP/BP 8.00 shows the limitations of policy and procedural reforms in overcoming the challenges of working and delivering assistance in high-risk, insecure, low-capacity environments.<sup>2</sup> These findings point out risk factors for project teams.

1. Rapid response operations are processed within shorter time frames, but the actual delivery of assistance was still slow. Time saved from flexible procedures is lost in weak-capacity environments, including in delays negotiating UN-World Bank fiduciary agreements and contracting out fiduciary arrangements, or in setting up project implementation units.
2. Exogenous factors in the operating environment of rapid-response operations are difficult for the Bank to control. These include insecurity, rapid turnover in government, constrained capacity of the private sector, restricted access to project sites, and a limited market for goods and technical staff. In addition, the Bank's client governments must commit to overcoming their own internal constraints.
3. Bypassing government may set back state-building, creating long-term aid dependency and decreasing the legitimacy of the state in the eyes of its citizens. The Bank needs to engage with governments and development partners to design early interventions that support the legitimacy of the state, rather than undermine it. Simplifying project design is useful. It is also critical that country-based staff have the right skills and experience.
4. Significant resources—both technical and financial—and management attention are needed to support implementation and monitoring.
5. Collaboration with the UN has been an operational challenge, although the agreements are now in place to facilitate these arrangements.<sup>3</sup>

1. A "corporate emergency" is one that requires the mobilization of technical, financial, or institutional resources that are beyond what the RVP can provide and/or involve a degree of reputational risk that argues for a corporate review or response.

2. World Bank, 2009, "Rapid Response to Crises and Emergencies (OP/BP 8.00): Progress Report (Draft)," World Bank internal report.

3. See Chapter 14, International, National, and Local Partnerships in Reconstruction.



## Resources

Brook, Penelope J. and Suzanne M. Smith, eds. 2001. *Contracting for Public Services: Output-Based Aid and Its Applications*. Washington, DC: World Bank. <http://rru.worldbank.org/Documents/OBAbook/04foreword.pdf>.

World Bank. "Guidelines: Financial Management Aspects of Emergency Operations Processed under OP/BP 8.00."

World Bank. 2007. Operational Manual, "OP 8.00 – Rapid Response to Crises and Emergencies." <http://go.worldbank.org/54R3G3UES0>.

World Bank. 2007. Operational Manual, "BP 8.00 – Rapid Response to Crises and Emergencies." <http://go.worldbank.org/ILPIIVUFN0>.

World Bank. 2007. "Processing Projects under OP/BP 8.00. Additional Guidance Note #1."

World Bank. 2009. "Processing Projects under OP/BP 8.00: A Review of Early Experience and Lessons Learned." Note of Discussion.

World Bank. 2008. "Rapid Response to Crises and Emergencies: Application of Bank Safeguard and Disclosure Policies." Note.

World Bank. "Rapid Response to Crises and Emergencies: Procedural Guidelines."



### A. Emergency Recovery Loan—Identification to Effectiveness

*Note: The processing steps in this annex apply not only to emergency operations financed through grants and loans, but also to those financed in part or in full through trust funds. Unless borrower actions are required for completion of transactions, service standards are here provided for final clearance, including resolution of any outstanding issues with the task teams. In the vast majority of cases, these targets should be adhered to and not be subject to regional variations.*

Step	Guidelines	Primary responsibility	Turnaround (working days)
Identification/ approval of proposal	Team Leader (TL) obtains the agreement of the CD on the project's outline and budget and informs OPCS of the team's intention to launch a new emergency operation. At the same time, the TL alerts regional designated emergency staff (FM, Procurement [PR], Legal, Loan Department [LOA], and Safeguards).	CD/TL	
Project Information Document (PID), Integrated Safeguards Data Sheet (ISDS)	TL prepares a draft PID and a draft ISDS, both of which are updated throughout the process.	TL	
Combined preparation/ appraisal mission	During a combined preparation-appraisal mission, the task team (TT) assists the borrower in preparing the new project.	TL/TT	
Drafting of Emergency Project Paper (EPP) and Simplified Procurement Plan (SPP)	The TT prepares the EPP <sup>1</sup> with the relevant annexes on procurement (including a SPP), financial management, and safeguards.	TL/TT	
Drafting of legal agreement Review by safeguards coordinator	The TL provides the designated lawyer with a copy of the EPP for drafting the legal agreement and the safeguards coordinator with a copy of the draft ISDS for confirming environmental assessment (EA) category review, comment, and clearance authority.  Input from the safeguards coordinator may include, for example, key safeguard issues to consider, other safeguard policies triggered (e.g. cultural properties, natural habitats) and the form of EA document (framework, Cat A environmental impact assessment, environmental management plan (EMP), etc.).	Lawyer Safeguards Coordinator	2
Review of draft legal agreement and EPP by PR, FM, and LOA.	The TL shares a copy of the EPP and the draft legal agreement with assigned staff from PR, FM, and LOA for their inputs and preparation of necessary documentation, including the disbursement letter and procurement provisions of legal agreement.	PR FM LOA	2
Finalization of review package	The lawyer finalizes the package based on inputs from PR, FM, and LOA.	Lawyer	1
Submission of review package to CD	When TL determines that the information reflected in project documents (draft EPP, draft legal agreement, SPP, and draft disbursement letter) forms a sufficient basis to enter into negotiations, the TL submits the entire package to the CD for a formal decision meeting.	TL	
Decision meeting	The RVP or designee convenes a decision meeting to review the package. Unless the meeting concludes that the project is not ready for further processing, the decision meeting authorizes the TL to proceed with negotiations with the borrower.  Minutes of the meeting record clearances provided by FM, PR, and LOA, and any conditions for agreement with borrower.	CD	Within 3 days of circulation of documents
Circulation of minutes of meeting	TL clears with the chair and circulates minutes of meeting on a no-objection basis.	TL	Objections submitted within 1 day

Step	Guidelines	Primary responsibility	Turnaround (working days)
Finalization of negotiations package	Based on the decision meeting's recommendations, the TL works closely with the lawyer, Finance Officer, and fiduciary staff to finalize the negotiations package, including a revised EPP, draft legal documents and the disbursement letter, ISDS, and PID.	TL and lawyer	Within 3 days of meeting, unless additional work with borrower is required
Submission of PID and ISDS to World Bank Infoshop	TL submits PID and finalized ISDS to Infoshop	TL	
Invitation to negotiate	TL sends the negotiations package to the borrower with an invitation to negotiate and informs the Secretary of the Board in writing of the schedule.	TL	
Negotiations	Draft legal agreements are agreed to and minutes of negotiations are signed.  At negotiations, the TL also tries to (1) obtain from the borrower the authorization of signature, (2) arrange for signature of Statutory Committee Report/Recommendation, and (3) discuss with the borrower the format of the legal opinion. TL also obtains from borrower information about the Designated Account information.	TL	
Finalize Board package	TL and lawyer finalize the Board package based on minutes of negotiations.	TL/lawyer	2
Board approval	RVP (or CD, where delegated) submits Board package to the Secretary of the Board (SECBO) for Board approval on a streamlined basis.  TL requests Trust Funds Division of Accounting Department (ACTTF) to generate information on status of borrower's services payments.	RVP's (or CD's) office	Documents to SECBO 10 days before Board
Notification of approval	TL prepares a notification of approval and sends it to the borrower.	TL	1 day after Board date
Signing	TL arranges for CD/borrower signature of legal documents, including the legal opinion.  If there are no additional conditions of effectiveness, a notice of effectiveness is prepared and signed by the CD.	TL/CD CD's office	Same day as signature of legal documents
Notification of effectiveness	If there are additional conditions for effectiveness, the TL monitors progress toward them and submits to the designated lawyer the effectiveness package, including evidence of compliance with conditions.  Once the lawyer clears the effectiveness package, the TL prepares for the CD's signature a letter confirming acceptance of the required evidence of compliance and declares the legal agreement effective. The notice is copied to the FM.	Lawyer TL/CD	Lawyer clearance of compliance evidence within 2 days of submission by TL



For access to additional resources and information on this topic, please visit the handbook Web site at [www.housingreconstruction.org](http://www.housingreconstruction.org).



## B. Project Restructuring—Identification to Board

Note: These processing steps are based on the revised guidelines for project restructuring and additional financing as outlined in (1) “BP 13.05, Project Supervision,” and (2) “BP 13.20, Additional Financing for Investment Lending,” and their accompanying guidance to staff: (1) “Processing Restructuring for Investment Projects: Guidelines for Staff” and (2) “Processing Additional Financing: Guidance to Staff.”

Step	Guidelines	Primary responsibility	Turnaround (working days)
Identification	TL prepares a proposal for restructuring/additional financing in a concept memorandum and sends it to the CD. <sup>2</sup>	TL	
Approval of proposal: the CD obtains the agreement of the regional management on the level of approval likely to be required for the project’s restructuring and on the amount of additional resources necessary for the restructuring work (including for appraisal)	At this point, OPCS is informed of the team’s intention to launch a new emergency operation and regional designated emergency staff (FM, PR, Legal, LOA, and Safeguards) are alerted.	CD/TL	2
Drafting of Restructured Project Paper (PP)/Additional Financing Project Paper (APP), ISDS, and Procurement Plan	The TT <sup>3</sup> completes detailed discussions and field work with the borrower and prepares (1) a PP or APP, <sup>4</sup> (2) a revised ISDS, and (3) a revised Procurement Plan.	TT	
Drafting of legal amendment Drafting of Procurement Plan Review by safeguards coordinator	The TL provides the designated lawyer with a copy of the appropriate project paper for drafting the necessary amendments and the designated procurement specialist with a revised Procurement Plan for clearance.  If the ISDS is revised, a copy of it is shared with the safeguards coordinator for review and comment, confirmation of EA category, and a decision regarding delegation of authority.	Lawyer PAS Safeguards Coordinator	2 <sup>5</sup>
Review of draft amendment by PR, FM, and LOA	The TL shares a copy of the project paper and the draft amendments with assigned staff from PR, FM, and LOA for their inputs and preparation of necessary documentation, including the disbursement letter and procurement provisions of legal amendment.	PR FM LOA	1
Finalization of review package	When amendments to the legal documents are required, the lawyer finalizes the amendments to the legal agreement.	Lawyer	1
Submission of review package to CD	When TL determines that the information reflected in project documents (draft APP, draft legal amendment, revised procurement plan, and revised Disbursement Letter) forms a sufficient basis to enter into negotiations, the TL submits the entire package to the CD for a formal decision meeting.	TL	
Decision meeting	The RVP or designee convenes a decision meeting to review the package and authorize agreement with the borrower. Minutes of the meeting record clearances provided by FM, PR, and LOA and any conditions for agreement with borrower.	CD	Within 3 days of circulation of documents
Circulation of minutes of meeting	TL clears with the chair and circulates minutes of meeting on a no-objection basis.	TL	Objections submitted within 1 day
Finalization of negotiations package	The lawyer finalizes the draft agreement, taking into account the minutes of the decision meeting.	Lawyer	1
Agreement with borrower on PP/APP and legal agreement	Agreement is reached with the borrower on the legal amendment/ PP and APP.	TL	

Step	Guidelines	Primary responsibility	Turnaround (working days)
Submission of PID and ISDS to Infoshop	As necessary, TL submits the revised PID and ISDS to Infoshop.		
Finalize Board package	TL prepares the PP package, consisting of the Memorandum and Recommendation of the President (MOP), data sheet, and PP.	TL	1
Board approval	RVP (or CD, where delegated) submits Board package to SECBO for Board approval on a streamlined basis.	RVP's (or CD's) office	For additional financing projects, documents sent to SECBO 10 days before Board
Signing	Upon approval, the CD signs amendment letter. Signed amendment letter sent to borrower for countersigning.	CD CD's office	1
PID	If necessary, TL revises (and CD clears) the PID, and TL sends revised PID to Infoshop.	TL	2

#### Annex Endnotes

1. A format for the EPP is available in Bank files.
2. The memo includes an outline of the restructuring, a proposed budget, and a definition for additional staffing for discussion/preparation.
3. Designated emergency staff from FM, PR, Legal, Loan, and Safeguards should be copied on all correspondence related to project documentation.
4. For a template and guidelines on documentation used for restructuring and additional financing, staff may refer to (1) "Processing Restructuring for Investment Projects: Guidelines for Staff" and (2) "Processing Additional Financing: Guidance to Staff."
5. If more than one amendment is necessary, additional time may be needed.

