

EMERGENCY PROGRAM FOR TORRENTIAL RAINS, FLOODING AND LANDSLIDES

(VE-0122)

EXECUTIVE SUMMARY

Borrower:	The Bolivarian Republic of Venezuela	
Executing agency:	The Ministry for Planning and Development	
Amount and source:	IDB (OC):	US\$20 million
	Local:	US\$20 million
	Total:	US\$40 million
Financial terms and conditions:	Amortization period:	25 years
	Disbursement period:	1 year
	Grace period:	5 years
	Commitment:	9 months
	Interest rate:	Variable
	Inspection and supervision:	1%
	Credit fee:	0.75%
	Currency:	US dollars from the Single Currency Facility
Objectives:	The purpose of the project is to restore basic services and to take urgent measures to avert additional losses to persons and property from torrential rains, floods and landslides mainly in the central littoral of the country.	
Description:	This project is designed to provide resources for urgent operations including the clearing of debris, demolition of buildings, the inspection and stabilization of buildings and bridges and, in general, the repair of infrastructures for such services as drinking water supply, sanitation, flood control systems (repairs and additions that can be carried out quickly to protect, strengthen and restore dikes, containing walls and drainage works) and roads. In addition, studies will be done for the drawing up of plans of action for rehabilitation and construction, and institutional support will be provided to the Program Coordinating Unit and for the development of the disaster prevention system.	

The Bank's country and sector strategy:

When natural disasters occur with exceptional consequences, the Bank supports its member countries in their responses to alleviate unforeseen effects on the population and mitigate the socioeconomic and environmental impact. The proposed program is consistent with the policy on emergencies created by natural disasters (GP-92-15) and with the emergency reconstruction facility for support in natural disasters (GN-2038-2).

Environmental and social review:

The policy followed is that set forth in document GN-2038-2, emergency reconstruction facility for support in unforeseen natural disasters.

Benefits:

Resumption as soon as possible of basic services to the victim population and a beginning on restoration of the basic economic infrastructure in the region stricken by the disaster, reduction of the damage to sources of employment, and the prevention of additional losses to persons and property.

Risks:

The complexity arising out of the large number of institutions involved in execution. To mitigate this risk the Ministry for Planning and Development has been designated the executing agency, responsible for monitoring the program, and will be supported by other government institutions responsible for sectors involved in the disaster, and by the existing executing units of other programs financed by the Bank.

Inadequate debris removal. The large volume of debris produced by the torrential rains and landslides needs to be removed to dumps where it will not be a source of problems later on. The topography of the stricken areas offers few locations suitable as dump sites. The Ministry of the Environment and Natural Resources (MARN) will make a specific study of locations for temporary dumps (see paragraph 4.11), including a safe sanitary landfill for special wastes. The structural management of those dumps will be considered in the context of future actions.

Special contractual clauses:**Contractual conditions for execution:**

- a. Establishment of a revolving fund of up to the equivalent of 20% of the loan proceeds (see paragraph 5.3).
- b. Recognition of up to US\$10 million in expenditures as part of the local counterpart contribution (see paragraph 5.2).
- c. Retroactive financing of up to US\$10 million from the loan proceeds. To this end, contracts for up to US\$500,000 involving direct contracting may be recognized. (see paragraph 5.2).

- d. Accounting and financial auditing on quarterly basis as from the date of signature of the loan contract (see paragraph 4.14).

**Social equity
and poverty
reduction
classification:**

Though the program is not intended to reduce poverty levels, the greatest suffering has been inflicted on the low-income sector owing to its limited ability to recover from the losses of its housing and household effects and of its sources of employment. As this project has no specific targeting mechanisms and focuses more on action in immediate response to the disaster and on the planning of the reconstruction phase, it does not meet the Bank's criteria for operations directed at social equity enhancing or poverty reduction.

**Exceptions to
Bank policy:**

None.

Procurement:

Procurement procedures for emergency projects (GP-92-15).

The use of international competitive bidding procedures will be required for the procurement of goods in amounts over US\$350,000 and for the contracting of works in amounts over US\$5 million. In addition, international competitive bidding will be employed for the contracting of consultancies in amounts over US\$200,000. Procurements not requiring international public bids will be reviewed ex post by the Bank's country office.

I. DESCRIPTION OF THE EVENT – COVERAGE OF THE DISASTER

- 1.1 The weather system that struck the country in late November and the first half of December 1999 triggered a chain of calamities that began with a rising and unusual volume of rainfall (more than twice the average annual rainfall —400-900 mm— fell in a span of 72 hours). This exceptional precipitation streamed down the steep slopes, causing soil slips, landslides and fluvial torrents that descended like lava, with great destructive power, on the densely populated areas below. The high concentration of housing both on the steeply sloped hillsides and on the flat ground in use for urban, industrial, recreational and touristic purposes, in some places without regard for the physical and natural suitability of the ground for such uses, joined with problems of erosion along the coastal belt and in the basins to compound the disaster. It may be noted that at this writing the country continues to suffer from these torrential rains, which have caused fresh landslides and nullified efforts already made to restore roads and basic public services in the stricken areas.
- 1.2 These events brought about a collapse of the infrastructure (bridges and drains were undermined, and urban and extraurban thoroughfares collapsed) over a distance of about 86 km in the littoral region from Caracas to La Salina, altering the dynamics of the slopes and generating torrential accumulations that changed the topography in the eastern part of the country and gave rise to the current emergency, in which the salient features are landslides on slopes, overflowing creeks, collapsed hospital facilities, and the flooding and destruction of homes and population centers. Another effect was a rise in the level of water in impoundments, which overflowed and caused the failure of their containing dikes, and the fall of electric power and telephone lines.
- 1.3 The Caracas-La Guaira highway, the main route of communication between Caracas and the country's principal air and marine terminals, suffered damage along stretches of its length, collapses and earthflows, which have greatly reduced vehicular traffic and communication between those terminals, the state of Vargas, and the city of Caracas. The maritime infrastructure in the port of La Guaira did not suffer much, but great damage was done in the storage area and to the land access routes. However, the government is deeply concerned about the presence of toxic and inflammable materials stored in the port.
- 1.4 This situation created an emergency in the states of Vargas, Miranda, Falcón, the Federal District, Yaracuy, Táchira, Nueva Esparta, Zulia and Trujillo. As the events progressed the National Executive branch was prompted to declare a state of emergency and to take appropriate steps and measures to mitigate the effects and provide for the needs of the stricken population. According to the government's figures, there are more than 200,000 victims, of which 95,000 were rescued by air, more than 50,000 have disappeared (of which it is estimated that 20,000 are dead), more than 96,000 housing units have been damaged and an additional 23,000 destroyed. Moreover, large numbers of the victims have been sheltered in sports

facilities, schools, churches and military installations. 491 centers have been set up to care for the victims. Many remain whom it has not yet been possible to evacuate because some areas, especially in the states of Vargas and Miranda, have become isolated from the rest of the country and rescue can be effected only by air or sea.

- 1.5 The most heavily stricken area is the west-central coastal area of the states of Vargas, Miranda, Falcón, Yaracuy and the western coastal zone of the state of Zulia. In Vargas the population centers affected were the tourist area of Macuto, Caraballeda and Los Corales, and the port of La Guaira (the principal port in the central region of the country, which includes the capital), Naiguatá, Carmen de Uria, and Anare; in this area the public services of water supply, electric power, telephone and roads have been lost, and about 150,000 persons are affected.
- 1.6 In the state of Miranda the disaster burst the El Guapo dam, which resulted in destruction of the main highway to the eastern part of the country and the flooding of thousands of hectares of farmland; in addition, about 10 population centers in the Miranda littoral have been isolated. In the state of Falcón, the major tourist area, from Tucacas to Coro, the state capital, is isolated. In Zulia and Yaracuy extensive areas worked by small farmers, and their homes, have been stricken. The principal urban areas affected are the barrios of San Bernardino, Galipan and Blandín in the Federal District, where public water supply and electric power services were affected and housing was destroyed. It must be noted that heavy rain is still causing damage throughout the country, though no longer of the magnitude described above.

II. DECLARATION OF THE STATE OF EMERGENCY

- 2.1 The gravity of the situation prompted the National Government to issue Decree 577 of December 15, 1999, declaring a state of national emergency in all the federal subdivisions immediately affected by the weather event. This measure is based on paragraph 6, article 190 of the Constitution, which allows the President of the Republic to declare an emergency in consequence of unusual rainfall that causes material damage such as that described.
- 2.2 The National Government has stated its resolve to make a rapid response to relieve human suffering in the stricken areas. It has confirmed the availability of resources to begin the work of rescue and of shelter in provisional quarters, medical care and feeding for all victims of the event, especially in the isolated areas. It has also announced donations from several friendly countries and the presentation of requests for emergency resources to the World Bank, the Andean Development Corporation (CAF) and the Bank, which at the highest level have all promised support. Additional external indebtedness has also been authorized, and the Ministry of Planning and Development has been designated coordinator of the third phase of rehabilitation and reconstruction in the areas affected by the emergency (the first two phases were the rescue and temporary shelter of the victims, respectively).

III. INITIAL DAMAGE ASSESSMENT

- 3.1 The National Government has tentatively estimated the resources needed for rehabilitation of the stricken areas at least US\$1,000 million, including a substantial part for housing (30,000) and infrastructures in urban areas and rural areas of agricultural production. It is estimated that the cost of the reconstruction phase in these areas will exceed US\$9,000 million.¹
- 3.2 In the state of Vargas it is estimated that about 20 km of coastal roads will have to be rehabilitated and more than 4,000,000 cubic meters of material removed, including large stones, sand, mud and plant material, including large tree trunks. In addition, about 10,000 housing units must be rebuilt. In the sector of drinking water and sanitation, the damage caused is concentrated in the water offtakes from rivers, breaks in conduits, access roads and distribution systems, all estimated at US\$30 million. Finally, 46 schools were damaged. Military installations have been prepared as shelters for displaced people and encampments have been built as temporary housing until final solutions are decided upon.
- 3.3 In Caracas and the state of Miranda earth replacement and the repair of the Caracas-La Guaira highway is estimated at US\$5 million. An estimated 10,000 additional housing units will have to be built. The drinking water system in the Barlovento (Windward) area was disrupted by breakage of the dam wall, destruction of the access road and the main water conduit. The cost of these works is estimated at US\$40 million. The state of Yaracuy suffered massive losses of rural roads, irrigation and drainage work, and banana plantations.
- 3.4 Officers of CEPAL visited Venezuela in early January 2000 to commence evaluation of the damage caused by the disaster and identified the sectors most severely stricken. The assessment work has started, including an estimation of the direct and indirect cost of the damage. In early February CEPAL presented to the Government of Venezuela a draft of the damage assessment report.

¹ This estimate is based on the January 2000 report of the National Housing Council (CONAVI).

IV. ACTION BY THE GOVERNMENT

A. The Government's response to the emergency

- 4.1 The response to the disaster is being led by the supreme civil defense authority, which is the President of the Republic, advised by the National Council on Security and Defense. The Ministry of the Interior and Justice is coordinating, through the National Civil Defense Directorate, the operations of the ministries, autonomous institutes, and government and private enterprises. In the initial rescue phase the Ministry of Defense, supported by the Armed Forces, coordinated the efforts for aid and rescue in stricken areas. In this opening phase about 95,000 persons were rescued, and were then moved to military and sports installations, schools and other public buildings as temporary shelters.
- 4.2 In the second phase the National Emergency Committee (CONASEM) was set up under the Ministry of Health and Social Development in the chair to consolidate the stricken areas, provide humanitarian assistance to the population and move them from the temporary shelters to more comfortable accommodations. The Armed Forces are assisting about 180,000 persons who were left isolated by the disaster, mainly in the state of Vargas, with food supplies and are providing for other basic needs of the population. The State Committee was formed, and is chaired by the governor of that state.
- 4.3 The third phase, rehabilitation and reconstruction, is being coordinated by the Ministry of Planning and Development, which is focusing on setting the priorities for rehabilitation and reconstruction and on the channeling of external aid, operations for permanent resettlement of the disaster victims in conditions that will permit their comprehensive, sustainable development in the middle and long run, and the provision of permanent works of physical and social infrastructure. The designation of the Ministry of Planning as coordinator reflects an effort by the national government to set up a proper structure for the planning and centralized management of the resources allocated to meet the emergency, one that would ensure the efficient, effective and transparent use of those resources. To this end the National Government, through the Ministries of Finance and of Planning and Development, have set up in the Fondo de Inversiones de Venezuela (FIV) a rehabilitation, administration and investment trust, styled the Fondo Fiduciario Inicial, for the reconstruction, reestablishment and development of the areas stricken by the disaster.
- 4.4 One of the measures in the third phase is the framing of a strategy for proper coordination of the different sectors that will be participating in the rehabilitation and reconstruction of the stricken areas. For each state in which disaster-related measures must be taken, the government will designate a Single Authority who will have full charge of drafting and implementing the plans for rehabilitation and

reconstruction in the given state. This Single Authority will define the system for coordination with the sectors and the support required from the different institutions having responsibilities in each sector. Implementation of this strategy began with the appointment of the Minister of Science and Technology as the Single Authority for Vargas, one of the states most severely hit by the disaster.

- 4.5 At the local level the regional and municipal governments will be participating. The magnitude of the disaster has tested the response capacity of the national and local governments, especially in the provision of temporary shelter and food to victims. The government has been supported by natural disaster experts from several countries and by the provision of removal equipment to help in the search for bodies. Different countries have delivered temporary supplies such as tents, foods, drugs and desalinization plants to produce drinking water. It may be noted that the clearing of urban and interurban thoroughfares in areas like La Guaira, Salinas, Catia la Mar and Macuto, all in Vargas, is being done with heavy equipment provided by autonomous government agencies and the private sector.

B. The Executing Unit

- 4.6 The Ministry of Planning and Development (MPD) will be in charge of the coordination, use and supervision of the proposed program, with the support of the ministries and of the public agencies as program executing units, for the sectoral operations envisaged to meet the emergency. In the MPD, a specialized staff, the Program Coordinating Unit (UCP), will coordinate the execution of the program. This staff will consist of one coordinator, one programming specialist, one specialist in procurement, one in project control, and approximately four technical specialists for each sector.

C. Structure for execution

- 4.7 Requests for financing will originate in the agencies of the central administration and the regional and local governments and be presented to the MPD for consideration and prioritization. The MPD will consult with the ministries concerned on the technical aspects of the projects. The works will be carried out through the appropriate executing units in those ministries.
- 4.8 The program resources intended to finance eligible activities will be deposited in separate accounts in the FIV's Fondo Fiduciario Inicial, in which the accounts of the program will be carried. This fund will operate as a trust charged with the administration and investment of the resources allocated to deal with the emergency. The FIV's principal functions will be (a) to establish and maintain an appropriate system of accounting and financial records that will permit identification of the resources received and the investments and expenditures made against the requests for financing approved by the UCP for each subproject, in each investment category and from each source of financing; (b) to establish an

appropriate filing system for all documentation in support of payments made against approved requests for financing and keep it available to the UCP, the Bank's officers, and the program's external auditors; and (c) to prepare and present all reports that the UCP may request on the execution of the subprojects.

- 4.9 The Ministry for Planning and Development, acting through the Program Coordinating Unit, will be responsible for the following functions: (a) channeling, prioritizing and targeting the requests for financing; (b) preparing and presenting, to the Bank's satisfaction, disbursement requests and justifications for the use of resources, and semiannual reports on the use of the revolving fund, consolidating the information supplied by the FIV; (c) maintaining files on the documentation in support of disbursements; (d) presenting to the Bank quarterly financial statements duly audited by a firm of independent auditors, and (e) entering into contracts for works and the procurement of goods and consulting services for the program.
- 4.10 The principal functions of the executing units in the ministries will be as follows: (a) to make the selections of contractors; (b) to ask the UCP to contract for the procurements required by the program; (c) to supervise the execution of the works and services under the program, and (d) to take receipt of the reports on inspection and assessment of works.

D. Environmental considerations

- 4.11 The activities envisaged in the program are directed at alleviating the adverse effects of the weather event by restoring basic services, reopening communications, partially removing debris, evacuating high-risk areas, stabilizing structures at risk, providing temporary housing and general support to the stricken population, which will have favorable environmental impacts. Because of the nature of the operation and of the operations envisaged for the emergency phase, no environmental evaluations will be made during that stage. However, some operations, such as debris removal, could produce undesirable effects on the environment. Hence it is recommended that temporary dumps be sited for the disposal of inert materials. The structural management of these dumps will be considered in the context of future actions.
- 4.12 The MARN will ensure the program's environmental quality and see to it that the environmental standards and criteria are applied and complied with. Properly applied, the extensive environmental laws and regulations of Venezuela would ensure that no negative environmental or social impacts were generated. The MARN will appoint a technical staff under the direction of the Environmental Quality Directorate to monitor continuously compliance with environmental procedures during the emergency.

E. Monitoring and follow-up system

- 4.13 The program would be monitored and audited in three ways: (i) an accounting and financial audit by an independent auditing firm acceptable to the Bank; (ii) an internal monitoring arrangement set up as part of the Coordinating Unit, to be reviewed as part of the external audit; and (iii) a system for the inspection of works and consulting services in accordance with national law.

V. INTERVENTION BY THE BANK

A. Emergency Reconstruction Mechanism for support in natural and unforeseen disasters (MRE)

1. Budget

- 5.1 On the basis of information on damages obtained from national, regional and local agencies and on the conclusions of by the Project Team after visits to the area, it is considered that the MRE resources should be concentrated in the following uses:

Table V-1
Use of MRE Resources
(in US\$ millions)

Category	Bank	Local counterpart
1. Administrative costs		
1.1 Technical staff of UCP	0.500	--
1.2 Independent audit of accounts and finances	0.250	--
Subtotal	0.750	--
2. Direct costs		
2.1 Debris removal and demolition of unstable buildings and structures	3,000	3.0
2.2 Cleaning and repair of damage to environment, preparation of existing and new dumps for debris and refuse, management of toxic substances	2,000	2.0
2.3 Rehabilitation and repair of infrastructures	10,500	10,000
2.4 Temporary shelters	1,000	3.0
2.5 Preventive measures	1,000	
2.6 Studies and designs and Support to disaster prevention system	1,550	0.950
Subtotal	19,050	18,950
3. Finance charges		
3.1 Fund for inspection and supervision	0.200	
3.2 Interest and fees		1,050
Subtotal	0.200	1,050
Total	20,000	20,000

2. Retroactive recognition of expenditures/financing

- 5.2 The Bank may recognize expenditures effected between the dates of the request for and approval of the present operation in the amount of up to US\$10 million as part

of the local counterpart contribution and may reimburse from the loan proceeds up to the amount of US\$10 million in expenditures effected between those dates, provided that the procurement or contracting complies with the procedures agreed upon with the Bank. To this end, contracts for up to US\$500,000 involving direct contracting may be recognized.

3. Revolving fund

- 5.3 Given the nature of the program, it is recommended that a revolving fund be set up in up to the equivalent of 20% of the loan proceeds. The Program Coordinating Unit will carry separate accounts in the trust and present to the Bank semiannual reports on the status of the revolving fund within 60 days following the close of the six-month periods ending in June and December of each year.

4. Procedures for procurement and contracts

- 5.4 The procurement procedures to be followed in the present operation shall be those jointly delineated by the Bank and the government having regard to the guidelines laid down for the MRE facility. The use of international competitive bidding procedures will be required for the procurement of goods in amounts over US\$350,000 and for the contracting of works in amounts over US\$5 million. In addition, international competitive bidding will be employed for the contracting of consultancies in amounts over US\$200,000. Procurements not requiring international public bids will be reviewed ex post by the Bank's country office. The modalities and limits below those prescribed for international public bids shall be as follows:

Limits (US\$ thousands)

Local public bids Civil works	3,000-5,000
Private bids	
(i) Goods and services	100-350
(ii) Civil works	800-3,000
(iii) Consultancies	100-200
Comparison of prices	
(i) Goods and con. services	50-100
(ii) Civil works	300-800
Direct contracts	
(i) Goods and con. services	0-50
(ii) Civil works	0-300
(iii) Consultancies	0-100

- 5.5 It should be noted that, in addition to the retroactive financing provisions (see paragraph 5.2), under the direct contract arrangement there will be a limit of US\$300,000 per contract and a cumulative ceiling of US\$1 million for each enterprise. Under this mechanism contracts chargeable to the program may be entered into only up to a cumulative total of US\$12 million.
- 5.6 For procurement that does not require international competitive bidding, the Bank's Country Office will conduct ex post reviews. This recommendation is justified on the basis of an analysis of the capacity of the respective executing units to conduct the necessary procurement procedures.

5. Force account

- 5.7 The Bank may recognize expenditures effected on force account for up to a total of US\$5 million chargeable to the local counterpart contribution and to the loan proceeds in accordance with the procurement procedures for emergency projects.

6. Local counterpart contribution

- 5.8 In view of the budgetary appropriations made, foreign grants received to address the emergency, and the works already carried out by the Venezuelan government, the local counterpart resources are expected to be available without difficulty.

B. Other possible IDB measures

- 5.9 To carry out the immediate temporary rehabilitation works the Bank, in coordination with the Venezuelan authorities, will reorder the priorities of the activities envisaged under the following programs and target them at the areas most severely affected by the disaster: agricultural sector investment program (696/OC), road rehabilitation program (732/OC), and national urban transportation program (818/OC).
- 5.10 Retargeting these operations in progress will provide an estimated US\$130 million; the original purposes and institutional arrangements of each project will remain unchanged. The Management of the Bank will extend the disbursement periods, make the procurement processes more flexible, and increase the revolving fund for disbursements, in accordance with the guidelines of the policy for emergencies created by natural and unforeseen disasters.
- 5.11 Under the agricultural investment program financing will be provided for the rehabilitation of rural electric power supplies, local roads, drainage, preventive measures, and support to small farmers. Under the road rehabilitation program the Caracas-La Guaira highway and the main highway between the state of Vargas and the eastern region of the country would be rehabilitated. Finally, the national urban transportation program would rehabilitate urban streets in the areas stricken by the disaster.

- 5.12 In addition, the Bank is considering a fresh program to meet other rehabilitation and reconstruction requirements not covered by the proposed loan and the resources of the aforementioned loan contracts. At this writing the Bank is working closely with the national government on the analysis and preparation of that new operation by adjusting the institutional arrangement so as to make it possible to attend immediately to the stricken population, and especially to people of small means, to ensure the performance of essential services and the protection of the population, and to normalize social, economic and environmental activities in the areas stricken by the natural disaster. This operation will also include studies needed to identify structural solutions for debris management as well as to define the measures to be supported in the reconstruction phase, for which the Bank could provide further financing in the sectors involved.

VI. JUSTIFICATION AND INITIAL EVALUATION OF REQUIRED MRE RESOURCES

- 6.1 To meet the most urgent needs in the areas stricken by the disaster, tentatively estimated at US\$1,000 million in the rehabilitation phase, on December 17, 1999, the National Government asked the Bank for a loan in the equivalent of US\$20 million from the Ordinary Capital resources. The magnitude of the disaster fully justifies the request of the Venezuelan authorities for the MRE resources in their entirety. The government has fully complied with the requirements prescribed in the policy on the MRE.

VII. COORDINATION WITH OTHER AGENCIES

- 7.1 Several countries, nongovernmental organizations and multilateral organizations have reiterated their offers of technical and financial contributions for reconstruction in the disaster areas. Also, the Venezuelan authorities have asked the World Bank for support in meeting the needs generated by the emergency by redirecting loans in execution and approving new loans. A World Bank mission that visited the country in early January 2000, with which the Bank coordinated closely, proposes to process quickly the redirecting of about US\$50 million of loans in execution to the sectors affected by the disaster, mainly the rehabilitation of roads, drinking water supplies and sanitation, and social infrastructures (schools). The World Bank mission has also confirmed the possibility of processing a new emergency loan of US\$100-150 million. This new loan would be in parallel with the Bank's, and the Project Team will coordinate with the World Bank and the government for the application of unified operating regulations and similar procurement procedures in each sector.
- 7.2 The Andean Development Corporation (CAF) has granted a nonreimbursable technical cooperation of US\$25,000 for consultants to make an initial assessment of the impact of the natural disaster and for the purchase of medicines. The CAF has also scheduled several operations to support the country in financing the emergency by redirecting about US\$150 million of loans in execution for the rehabilitation of infrastructures, the approval of a fresh emergency loan of US\$25 million, and another operation of an estimated US\$150 million for support in the reconstruction phase. The Project Team has met with representatives of the CAF and IBRD, and they agreed to coordinate in their preparation of the operations for rehabilitation in the areas stricken by the disaster.