



# Policy Paper

---

Document Stage: Working Paper  
June 2021

## Revised Emergency Assistance Loan Policy

Distribution of this document is restricted until it has been approved by the Board of Directors. Following such approval, ADB will disclose the document to the public in accordance with ADB's Access to Information Policy.

**Asian Development Bank**



## ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
Cat DDO	–	Catastrophe Deferred Draw-Down Option
CDF	–	contingent disaster financing
COL	–	concessional ordinary capital resources
COVID-19	–	coronavirus disease
DEAP	–	Disaster and Emergency Assistance Policy
DMC	–	developing member country
EAL	–	emergency assistance loan
IPF	–	investment project financing
OCR	–	ordinary capital resources
PBL	–	policy-based loan
RDEAP	–	Revised Disaster and Emergency Assistance Policy
RRP	–	report and recommendation of the President
SEFF	–	small expenditure financing facility

## NOTE

In this report, “\$” refers to United States dollars.

<b>Director General</b>	Tomoyuki Kimura, Strategy, Policy and Partnerships Department (SPD)
<b>Deputy Director General</b>	Xinning Jia, SPD
<b>Director</b>	Jiro Tominaga, Strategy, Policy and Business Process Division (SPBP), SPD
<b>Team leader</b>	Ashish Bhateja, Principal Planning and Policy Economist, SPBP, SPD
<b>Team members</b>	<p>Angelique Dawn A. Badelles, Strategy and Policy Officer, SPBP, SPD</p> <p>Aaron Batten, Principal Planning and Policy Economist, Operations Planning and Coordination Division, SPD</p> <p>Allison Woodruff, Senior Urban Specialist, Urban Development and Water Division, Southeast Asia Department</p> <p>Charlotte Benson, Principal Disaster Risk Management Specialist, Climate Change &amp; Disaster Risk Management Division (SDCD), Sustainable Development and Climate Change Department (SDCC)</p> <p>Marilyn Fecara, Senior Strategy and Policy Assistant, SPBP, SPD</p> <p>Steven Goldfinch, Disaster Risk Management Specialist, SDCC, SDCC</p> <p>Alexander Julian, Planning and Policy Specialist, SPBP, SPD</p> <p>Christian Oliver Mercado, Senior Strategy and Policy Officer, Project Management Unit, SPD</p> <p>Lucille Ocenar, Senior Strategy and Policy Officer, SPBP, SPD</p> <p>Douglas Perkins, Principal Counsel, Office of the General Counsel</p>

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

## CONTENTS

	<b>Page</b>
EXECUTIVE SUMMARY	i
I. INTRODUCTION	1
II. BACKGROUND	2
A. Evolution of ADB's Disaster and Emergency Assistance	2
B. Emergency Assistance Loan Introduced by the 2004 Disaster and Emergency Assistance Policy	2
C. Strengthening ADB's Capacity for Disaster and Emergency Response	3
III. ISSUES, GAPS, AND CHANGES	4
A. Scope, Size, and Duration of Emergency Assistance Loans	4
B. Disbursement and Quick-Disbursing Component	6
C. Changes in the Emergency Assistance Loan Policy	7
IV. ADB'S REVISED EMERGENCY ASSISTANCE LOAN POLICY	8
A. Key Features	8
B. Processing and Implementing Emergency Assistance Loans	9
V. REQUEST FOR BOARD GUIDANCE	11
APPENDIXES	
1. Approved Emergency Assistance Loans, 2004–2020	12
2. Summary of Disaster Lending Assistance of Other Multilateral Development Banks	23



## EXECUTIVE SUMMARY

The emergency assistance loan (EAL) modality was introduced by the 2004 Disaster and Emergency Assistance Policy (DEAP) of the Asian Development Bank (ADB). The EAL provides post-disaster assistance to ADB's developing member countries (DMCs) that is used to rebuild critical infrastructure and restore essential services. EALs have helped DMCs respond to extreme weather, geophysical events, and pandemics, as well as recovering from situations of conflict and food insecurity.

ADB's overall approach to emergency assistance continues to evolve. A shift has taken place since the 2004 DEAP was approved, and ADB now places greater emphasis on ex-ante support for disaster and emergency risk reduction and preparedness. Since 2004, ADB has taken more steps to enhance its capacity for disaster and emergency response. This has included (i) establishing new lending instruments that enable additional financing for ongoing emergency or non-emergency projects following an emergency and enhance financial preparedness for disaster events; (ii) introducing further procedural flexibilities for procurement and financial management in emergency situations; and (iii) establishing financing sources for emergency response.

A review of the DEAP in 2019 highlighted the need for a revised EAL mechanism that incorporates lessons learned from past implementation experience, and addresses developments in disaster and emergency response.

This paper presents ADB's stand-alone revised EAL policy, which establishes the EAL modality as a policy separate from the DEAP and incorporates ADB's Strategy 2030 operational priorities related to post-disaster and emergency assistance. It also incorporates the findings from the 2019 DEAP review and builds on ADB's experience in delivering EALs. The Revised Disaster and Emergency Assistance Policy (RDEAP) is covered in a separate policy paper, providing an updated policy framework to enhance strategic guidance for ADB disaster and emergency assistance, covering risk reduction, preparedness, and response. The RDEAP, together with this policy, supersedes the 2004 DEAP.

The revised EAL policy emphasizes rapid approval of loans to help rebuild high-priority physical assets and restore economic, social, and governance activities after disasters and emergencies. Key changes to the EAL include (i) allowing flexibility to ensure a realistic processing time frame and providing additional resources for project preparation, (ii) supporting reconstruction under EALs, (iii) defining clear implementation timelines, and (iv) retiring the quick-disbursing component.

The focus of the revised EAL policy is on immediate short-term requirements that can be completed within a fixed implementation period. This includes early recovery activities such as rehabilitating critical infrastructure and meeting basic needs, as identified by a post-disaster needs assessment. ADB may also be required to support long-term reconstruction following a disaster that may not necessarily be completed within the fixed EAL implementation period. In such cases, additional financing to the EAL can be considered. The revised EAL also aims to support DMCs' efforts to build back better, enhancing resilience to future emergencies.



## I. INTRODUCTION

1. The emergency assistance loan (EAL) modality was introduced by the 2004 Disaster and Emergency Assistance Policy (DEAP) of the Asian Development Bank (ADB).<sup>1</sup> EALs provide post-disaster assistance to ADB developing member countries (DMCs) that is used to rebuild critical infrastructure and restore essential services. Since the modality was introduced, ADB has approved 49 EALs (until April 2021) and has provided \$7.8 billion in assistance for 22 countries (Appendix 1). EALs have helped DMCs respond to natural hazard events as well as recovering from situations of conflict and food insecurity.

2. Since the approval of the 2004 DEAP, ADB and other multilateral development banks have substantially expanded the nature of their support for disaster and emergency assistance. This includes placing greater emphasis on ex ante support for disaster risk reduction and preparedness rather than simply reacting to disasters after they occur. In line with this expanded support, Strategy 2030 states that ADB will take a comprehensive approach to build climate and disaster resilience, while continuing to provide assistance after the disaster response, including support to build back better.<sup>2</sup> Further, recent global agreements reflect support for building resilience for future disasters and climate change impacts—helping to provide the foundation for sustainable development.<sup>3</sup>

3. In 2019, a comprehensive review of the DEAP was conducted to address issues identified through the implementation of the 2004 DEAP, including those specific to EALs.<sup>4</sup> Among the proposals made under the review was the creation of a stand-alone policy for the EAL modality, to be presented in a separate policy paper—including revisions to the EAL to ensure it can be used quickly and effectively to address DMCs' disaster and emergency situations. The Revised Disaster and Emergency Assistance Policy (RDEAP) is covered in a separate policy paper which, together with this paper, supersedes the 2004 DEAP.<sup>5</sup> The RDEAP is being submitted for approval by ADB's Board of Directors together with this paper and a third paper on the Establishment of a Second Window of Assistance under the Asia Pacific Disaster Response Fund.

4. This paper presents ADB's stand-alone revised EAL policy, which incorporates ADB's Strategy 2030 operational priorities related to post-disaster and emergency assistance. It also incorporates the findings from the 2019 DEAP review and builds on ADB's experience in delivering EALs. Key changes include (i) allowing flexibility to ensure a realistic processing time frame and providing additional resources for project preparation, (ii) supporting reconstruction under EALs, (iii) defining clear implementation timelines, and (iv) retiring the quick-disbursing component.

---

<sup>1</sup> ADB. 2004. [Disaster and Emergency Assistance Policy](#). Manila.

<sup>2</sup> ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

<sup>3</sup> United Nations. 2015. [Sendai Framework for Disaster Risk Reduction, 2015–2030](#). Geneva: United Nations Office for Disaster Risk Reduction; United Nations. 2015. [Transforming Our World: The 2030 Agenda for Sustainable Development](#). New York; United Nations. 2015. [The Paris Agreement](#). New York: United Nations Framework Convention on Climate Change.

<sup>4</sup> ADB. 2019. [Review of the 2004 Disaster and Emergency Assistance Policy](#). Manila.

<sup>5</sup> ADB. Forthcoming. [Revised Disaster and Emergency Assistance Policy](#). Manila.

## II. BACKGROUND

### A. Evolution of ADB's Disaster and Emergency Assistance

5. ADB's overall approach to emergency assistance continues to evolve. A shift has taken place since the 2004 DEAP was approved, and like other multilateral development banks (Appendix 2), ADB now places greater emphasis on ex ante support for disaster risk reduction and preparedness. This reflects a more systematic and integrated approach to disaster risk management. The 2019 DEAP review found a significant increase in the number of approved projects embedding disaster risk reduction components or design features, and to a lesser extent, stand-alone disaster risk reduction projects.<sup>6</sup>

6. While enhancing ADB's focus on disaster risk reduction and preparedness is aligned with recognized good practice, ensuring ADB's capacity to provide rapid, well-designed, and impactful assistance following a disaster also remains critical. The 2019 DEAP review identified several critical issues related to the EAL modality, which are considered in more detail below in paras. 18–36.

### B. Emergency Assistance Loan Introduced by the 2004 Disaster and Emergency Assistance Policy

7. The 2004 DEAP introduced EALs as ADB's primary instrument for post-disaster support through rapid approval of short-term and small loans (footnote 1). They were intended to help rebuild high-priority physical assets and restore economic, social, and governance activities after emergencies on a timely basis. The 2004 DEAP encouraged portfolio restructuring to free up resources to finance EALs and quickly help DMCs respond to disasters. Before committing new resources, ADB regional departments were expected to identify savings that could be used to finance EALs. They could also process a change in scope to an ongoing project to deliver emergency assistance.<sup>7</sup> In addition, the 2004 DEAP allowed up to 30% of the loan proceeds (compared with 20% for regular project loans) to be used for retroactive financing of expenditures incurred.

8. The 2004 DEAP and business processes also provided procedural flexibility to facilitate rapid processing.<sup>8</sup> Emphasis was placed on least-cost solutions for adequate quality rehabilitation and reconstruction, paying special attention to expedited procurement procedures and the need for flexible interpretation of procurement policies. While EALs had to comply with ADB safeguard requirements on the environment, involuntary resettlement, and indigenous peoples,<sup>9</sup> procedural flexibility for EALs facilitated expeditious processing. Instead of preparing detailed environmental and social safeguard due diligence documents, the environmental assessment review framework, resettlement framework, and indigenous peoples planning framework could be prepared before Board approval.

---

<sup>6</sup> At a more strategic level, only two country partnership strategies in place in 2008 (referred to as country strategies and programs until August 2006) included strategic or thematic priorities or sub-priorities covering disaster risk, compared with 18 country partnership strategies in place in 2018.

<sup>7</sup> Additional financing for an ongoing project could be provided in the form of an EAL. ADB. 2010. [Additional Financing: Enhancing Development Effectiveness](#). Manila.

<sup>8</sup> EALs aim to seek Board approval within 12 weeks of receiving the official request for assistance.

<sup>9</sup> ADB's Safeguard Policy Statement (2009).

9. The 2004 DEAP defined the events under which EAL financing could be delivered. These included disasters triggered by natural hazards, health emergencies and epidemics, food insecurity, technological and industrial accidents, and post-conflict situations. It intended EALs to be smaller than regular project loans, given their focus on immediate short-term financing, while ADB's regular lending operations would address the need for higher levels of investment for medium- to longer-term reconstruction activities. To reflect the focus on early recovery, the implementation period for EALs was capped at 2 years for disasters triggered by natural hazards and 3 years for post-conflict situations. In both cases, the implementation period of an EAL could be extended for up to two extra years for an extreme level of destruction and dislocation, taking into consideration the weakened in-country capacity following a disaster.

10. The 2004 DEAP also allowed EALs to include a flexible quick-disbursing component to ensure immediate financing for imports considered necessary for an effective recovery program. Disbursements were permitted to cover up to 100% of eligible project costs. The 2004 DEAP stated that quick-disbursing components of EALs should not be considered program loans (i.e., loans through which ADB provides general budget support conditioned on the completion of a program of policy and other reforms).<sup>10</sup> In practice, where EALs have included quick-disbursing components, a Board waiver has been sought in two-thirds of the cases to allow the use of the funds to finance general government spending directly, rather than only financing positive lists of recovery-related imports.

### **C. Strengthening ADB's Capacity for Disaster and Emergency Response**

11. Since 2004, ADB has taken further steps to enhance its capacity for disaster and emergency response. This has included (i) establishing new lending instruments that (a) enable additional financing for ongoing emergency and non-emergency projects after an emergency event, and (b) enhance financial preparedness for disaster events; and (ii) introducing further procedural flexibilities for procurement and financial management in emergency situations.

12. **Instruments for disaster and emergency response.** Four instruments were established to enhance ADB's capacity for disaster and emergency response since the approval of the DEAP in 2004. First, the additional financing policy allows ongoing projects to be provided with additional financial resources.<sup>11</sup> Additional financing may be utilized to expand the scope of ongoing projects to address the impacts of a disaster or emergency; and to support the rehabilitation and reconstruction of previously completed project components affected by a disaster event.

13. Second, the small expenditure financing facility (SEFF) introduced in 2018 can also be used to respond to finance needs for small, low-risk activities. SEFF can support rehabilitation of damage to critical infrastructure caused by natural hazards. It can provide immediate expenses to restore life-saving services. DMCs prone to frequent disasters triggered by natural hazards may process a facility under SEFF in anticipation of unexpected financing needs. ADB can approve proposed eligible activities under a simplified business process.

14. Third, in 2019, ADB introduced contingent disaster financing (CDF) as a financing option under ADB's policy-based lending policy.<sup>12</sup> CDF provides immediate liquidity for DMCs impacted

<sup>10</sup> Program loans are now called policy-based loans (PBLs).

<sup>11</sup> "Project" refers to any stand-alone investment projects, sector loans, investment components of sector development programs, financial intermediation, equity investments, guarantees, multitranches financing facilities, disaster and emergency assistance, and technical assistance loans (replaced by project readiness financing and the small expenditure financing facility [SEFF]). "Ongoing project" refers to such a project, together with its past additional financing (if any). Policy-based lending is excluded from additional financing.

<sup>12</sup> ADB. 2019. [Contingent Disaster Financing under Policy-Based Lending in Response to Natural Hazards](#). Manila.

by disasters triggered by natural hazards, including extreme weather and geophysical events.<sup>13</sup> It provides a quick-disbursing and flexible source of financing. This can be provided until funds from other sources (such as EALs and additional financing) become available. CDF is accompanied by actions focusing on measures to enhance long-term disaster resilience, which helps address the underlying disaster risk. CDF enables the completion of loan processing before a disaster triggered by a natural hazard occurs. Through this lending instrument, ADB can engage in up-front and in-depth policy dialogue on disaster resilience and preparedness, and provide the necessary budgetary resources as a post-disaster response shortly after the disaster takes place. Disbursements are made when pre-agreed disbursement conditions are met.

15. Finally, in April 2020, as part of its response to the coronavirus disease (COVID-19) pandemic, ADB implemented a policy variation to include health-related emergencies in the scope of CDF operations.<sup>14</sup> If requested by DMCs, these changes could be retroactively applied to approved CDF operations and contingent disaster-linked policy-based lending operations so that they could be immediately used for the COVID-19 response.<sup>15</sup>

16. **Procedural flexibility in emergency situations.** The ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time) permit differentiated procurement approaches according to country conditions. Under this policy, ADB facilitates more responsive mobilization in emergency situations through a fit-for-purpose approach. In the case of emergency situations, where efficient procurement is critical, ADB provides increased flexibility in the design and implementation of procurement arrangements and in the processing of the underlying procurement transactions.<sup>16</sup> ADB also adopted an action plan in 2018 to enhance DMCs' financial management practices as well as ADB's monitoring and oversight.<sup>17</sup>

### III. ISSUES, GAPS, AND CHANGES

17. As noted in paras. 18–36, the 2019 DEAP review highlighted the need for a revised EAL mechanism that incorporates lessons from past implementation experience. This section discusses the various issues and gaps of the existing EAL modality identified in the 2019 DEAP review, as well as changes in the Revised EAL Policy.

#### A. Scope, Size, and Duration of Emergency Assistance Loans

##### 1. Processing Time Frame and Project Start-up

18. The 2019 DEAP review found that abbreviated processing steps under EALs had supported faster approval timelines, although not all EALs were processed within the specified processing time. The 2004 DEAP required that the processing of an EAL should not exceed 12 weeks.<sup>18</sup> Fourteen of the 28 EALs reporting the date of receipt of the formal request for assistance met this timeline, while the actual processing time for the 28 EALs averaged almost

<sup>13</sup> As approved in 2019, the CDF policy does not cover health-related emergencies such as the COVID-19 pandemic.

<sup>14</sup> The scope of a DMC's declaration of a state of emergency, or its equivalent, was expanded to include national health-related emergencies.

<sup>15</sup> ADB. 2020. [ADB's Comprehensive Response to the COVID-19 Pandemic](#). Manila. This paper states that the validity of the policy variation allowing CDF operations to support health-related emergencies was limited to 15 months from Board approval, unless otherwise extended by the Board.

<sup>16</sup> ADB. 2018. [Fragile, Conflict-Affected, and Emergency Situations: Guidance Note on Procurement](#). Manila.

<sup>17</sup> ADB (Procurement, Portfolio and Financial Management Department). 2018. Strengthening ADB's Financial Management in Sovereign Operations. 29 November (internal).

<sup>18</sup> The 12-week period is measured from the date of receipt of the formal request for emergency assistance from a government to the date of Board consideration of the EAL.

16 weeks.<sup>19</sup> The 2019 DEAP review found that setting rigid time limitations for processing EALs has no particular merit.

19. The 2019 DEAP review also noted delays in project start-up of EALs. The review included all 40 EALs approved from 2004 to 2018. These projects took an average of 5 months from loan effectiveness to the award of the first contract.<sup>20</sup> Delays occurred in the mobilization of consultants, which delayed preparatory and design studies. Frequent changes also occurred in the project design after approval. The 2019 DEAP review noted that, while speed in EAL project preparation is key, it should not sacrifice project quality at entry, which requires sufficiently robust information on the nature of the damage and related needs in the supported sector(s), confirmation of projects' institutional arrangements, and other key parameters to be in place.

## 2. Emergency Assistance Loan Project Scope

20. The 2019 DEAP review found that EALs are often larger than the average size of operations in a given DMC, even though the 2004 DEAP envisaged them to be relatively small interventions. According to the 2019 DEAP review, 27 out of 40 (68%) EALs approved from 2004 to 2018 exceeded the average project size in the respective DMCs. In 15 cases, EALs were more than double the average size of regular projects in the DMCs.

21. A key driver for the increase in EAL size is the expanded EAL scope. Of the 40 approved EALs, 32 included support for activities beyond the early recovery intended by the 2004 DEAP, to finance reconstruction, in response to government requests.<sup>21</sup>

22. The 2004 DEAP envisioned that the provision of an EAL would be succeeded by a regular loan, focusing on large-scale, longer-term reconstruction in response to the same disaster. In practice, this has rarely happened. Only two EALs resulted in substantive follow-on project loans,<sup>22</sup> and four EALs received additional financing.<sup>23</sup> In the case of the two EAL operations in Cambodia, additional financing was used specifically to include medium-term activities.<sup>24</sup> Overall, the expansion of the EAL scope to include reconstruction activities reduced the need for follow-on support for longer-term reconstruction activities through regular operations.

---

<sup>19</sup> The average actual processing time of 15.74 weeks is based on available data for 28 of the 40 EALs approved from 2004 to 2018 as reported in the 2019 DEAP Review.

<sup>20</sup> This is based on ADB's Strategy, Policy and Partnerships Department estimates for 34 EALs, which had data on first contract awards in the Sustainable Development and Climate Change Department database of EALs and information from regional departments. The average is 5.3 months (excluding data when the first contract award date coincides with the loan/grant signing and when advance contracting is allowed).

<sup>21</sup> EALs have supported the upgrading or retrofitting of infrastructure, the construction of permanent housing, investments in increased agriculture production, investments in community development, and disaster risk management capacity building initiatives.

<sup>22</sup> ADB. [Sri Lanka: Tsunami-Affected Areas Rebuilding Project and the North East Community Restoration and Development Project II](#). ADB's experience in this area is consistent with the World Bank. The regular investment loans for reconstruction never materialized in the World Bank's case.

<sup>23</sup> Additionally, and in response to the COVID-19 pandemic, seven emergency assistance projects were approved involving six DMCs (as of 30 November 2020), of which five are EALs and two are additional financing loans provided for non-EALs to deliver emergency assistance. For 2019–2020, no additional financing loans were processed for any EALs (as of 30 November 2020).

<sup>24</sup> ADB. 2008. [Report and Recommendation of the President to the Board of Directors: Proposed Loan and Asian Development Fund Grant to the Kingdom of Cambodia for the Emergency Food Assistance Project](#). Manila; and ADB. 2012. [Report and Recommendation of the President to the Board of Directors: Proposed Loan and Administration of Grant to the Kingdom of Cambodia for the Flood Damage Emergency Reconstruction Project](#). Manila.

### 3. Implementation Period

23. The actual EAL implementation often took longer than what was originally planned. This was partly driven by the expanded size and scope of EALs (paras. 20–21); and limited time during the design phase and implementation start-up delays (para. 19), which led to extensions.

24. Of the 27 EALs closed by December 2018, five were completed before the original closing date. Others required extensions averaging 1.6 years (ranging from 3.7 months to 4.5 years), and in some cases two or three extensions were applied.

#### B. Disbursement and Quick-Disbursing Component

25. The 2004 DEAP specifies that EALs may include quick-disbursing components. It also states that the quick-disbursing components are not considered policy-based loans (PBLs) (para. 10). To ensure funds were not used for general budget support, the use of quick-disbursing components is limited to the financing of a list of imports identified as necessary for an effective recovery program.

26. According to the 2019 DEAP review, 12 of 40 (30%) EALs approved from 2004 to 2018 included a quick-disbursing component.<sup>25</sup> These have ranged from 26%–100% of the total loan amount. Of the 12 EALs with quick-disbursing components, four EALs applied positive lists of imports. The remaining eight EALs have used the mechanism to finance government spending directly through such means as financing a government recovery program or an agreed list of government expenditure items, in most cases requiring Board waivers.<sup>26</sup>

27. Government recovery programs can often take several months to prepare. Given that only indicative outputs can be defined at the time of loan processing, EALs have had to identify somewhat generic outputs to assign against quick-disbursing components.<sup>27</sup> Quick disbursement has taken place in the form of a single payment into a central government account. The 2019 DEAP review noted the resemblance between the quick-disbursing component in these EALs and PBL but without accompanying policy actions.<sup>28</sup>

28. The recent establishment of the CDF instrument has broadened ADB's capacity to provide rapid post-disaster support. ADB established the CDF instrument in 2019, which allows for loan processing to be completed before a disaster strikes and encourages DMC reforms to strengthen long-term resilience and preparedness (para. 14). The CDF disbursement is triggered in the event of disasters satisfying pre-agreed criteria, facilitating the rapid provision of budgetary resources for a post-disaster response. It provides budget support within ADB's established framework for policy-based lending. This includes requirements for International Monetary Fund coordination, debt sustainability analysis, and assessment of the adequacy of public financial management systems. These features provide a more robust framework for rapid post-disaster financial support in comparison to the EAL quick-disbursing component.

---

<sup>25</sup> The 2019–2020 period had no EALs with a quick-disbursing component (as of 31 October 2020).

<sup>26</sup> Five of the eight EALs have used the quick-disbursing component to help finance government recovery programs, while another three have included an agreed list of government expenditure items.

<sup>27</sup> These include “action plans for rehabilitation and reconstruction implemented,” “reconstruction programs adequately financed within fiscal constraints,” and “funding of the national government expenditure program met.” Footnote 4, para. 169.

<sup>28</sup> Footnote 4, para. 168.

### **C. Changes in the Emergency Assistance Loan Policy**

29. The 2019 DEAP review suggested that the EAL modality be introduced as a separate policy, independent of the RDEAP, to bring it in line with other ADB modalities. In addition, based on the findings of the review, it is proposed to revise the current EAL policy in four areas.

#### **1. Allowing Flexibility to Ensure Realistic Processing Time Frames and Providing Additional Resources for Project Preparation**

30. Based on experience, shorter processing timelines are appropriate for operations that support simple small-scale investments. However, if the scope includes an objective to adopt improved design standards to make infrastructure more resilient, longer preparation periods may be needed. The relocation of critical assets damaged by the disaster, such as schools, hospitals, or roads outside hazard zones, can also take time because of challenges in identifying new sites and acquiring land.

31. Given that the needs differ across disaster events, the 12-week processing time frame for EALs should be applied more flexibly. The processing time frame can be determined depending on the scale and nature of investments to be supported, while still setting a rapid processing time frame commensurate with the emergency nature of the assistance. This would allow more time and allocation of resources for proper design and appraisal. The proposal to establish a second window under the Asia Pacific Disaster Response Fund to provide additional resources for time sensitive EAL preparation activities is being submitted for Board approval together with this paper. Once approved, this could help improve the readiness of EAL projects.<sup>29</sup>

#### **2. Support Reconstruction under Emergency Assistance Loans**

32. The experience in EAL implementation has shown that it is often difficult to separate early recovery and reconstruction. Many EALs that were processed included both early recovery and longer-term reconstruction. The revised EAL policy should provide mechanisms to support both early recovery and reconstruction, while considering the inherent challenges posed by the need for rapid processing in the post-disaster environment with institutional and other constraints. Because of the short processing time for EALs, it may not be possible to perform adequate due diligence for longer-term reconstruction activities.

33. This paper proposes to make further use of the additional financing modality to support reconstruction activities. Additional financing will be used for ADB to provide greater support for long-term reconstruction, potentially transitioning to longer-term resilience projects, and to enhance its focus on the build-back-better agenda. Any activity beyond the maximum permissible EAL implementation period, discussed in para. 34, will be funded using additional financing.

#### **3. Defining Clear Implementation Timelines**

34. While it is recognized that the nature of EALs requires a shorter implementation period than regular investment projects, current EAL implementation periods of up to 2 years from approval for disasters triggered by natural hazards, and 3 years for post-conflict EALs, have proven to be mostly inadequate. It is therefore proposed to extend the EAL implementation period, as a fixed but longer period of up to 4 years for disasters triggered by natural hazards and up to 5 years for post-conflict EALs, incorporating the previously allowable extension period of 2 years.

---

<sup>29</sup> ADB. Forthcoming. *Establishment of a Second Window of Assistance under the Asia Pacific Disaster Response Fund*. Manila.

This will also avoid the need to seek subsequent extensions to the EAL, thereby improving administrative efficiency.

#### 4. Retiring the Quick-Disbursing Component

35. Quick disbursement as part of an EAL has provided ADB with an effective instrument to ensure rapid financing support post-disaster. However, the 2019 DEAP review has identified several challenges, including its similarity to general budget support, particularly when a waiver is granted for the positive list of import items.

36. In view of the above, the quick-disbursing component under EALs is being retired. The use of the advance fund procedure, following relevant ADB policies and guidelines, will be encouraged to help address liquidity constraints in the aftermath of disasters and emergencies. In addition, DMCs can explore the use of CDF before disasters occur. The CDF instrument provides an effective mechanism to support governments, with quick-disbursing budget support, following a disaster.

### IV. ADB'S REVISED EMERGENCY ASSISTANCE LOAN POLICY

#### A. Key Features

37. **Scope.** The EAL policy emphasizes rapid approval of loans to help rebuild high-priority physical assets and restore economic, social, and governance activities after emergencies. It is an instrument for emergency support approved in the aftermath of disasters triggered by natural hazards, health emergencies, food insecurity, technological and industrial accidents, and post-conflict situations. Along with the RDEAP, it aims to support DMCs' efforts to build back better, enhancing resilience to future emergencies.

38. The focus of the EAL is on immediate short-term requirements that can be completed within a fixed implementation period. This includes early recovery activities such as rehabilitating critical infrastructure and meeting basic needs, as identified by a post-disaster needs assessment. ADB may also be requested to support long-term reconstruction activities that may not necessarily be completed within the fixed implementation period. In such cases, additional financing to the EAL shall be used (para. 54). EALs may involve policy dialogue, particularly in post-conflict situations.

39. **Eligibility.** A DMC is eligible to receive an EAL if the following five conditions are met: (i) the government has made an official request for assistance;<sup>30</sup> (ii) the potential impact on economic, social, and governance needs and priorities have been identified in a post-disaster needs assessment, as appropriate;<sup>31</sup> (iii) the event involves significant economic dislocation, and the EAL is intended to address immediate needs and/or expedite the preparation of a regular project;<sup>32</sup> (iv) the security of ADB staff undertaking operations in conflict-affected areas is guided by United Nations (UN) security norms and clearances, including establishment of formal arrangements between ADB and concerned UN agencies regarding such matters as sharing security-related information, monitoring staff movements, and providing emergency evacuation when necessary and ensuring that the security risks to ADB staff are at the acceptable level for

---

<sup>30</sup> The request may also be made by an internationally legitimate governing authority where a DMC is in a transitional situation and does not have a permanent government.

<sup>31</sup> ADB does not necessarily have to be involved in the post-disaster needs assessment.

<sup>32</sup> In the case of chronic natural hazards (e.g., flooding or drought), normal reconstruction and development investments should be used if possible.

engagement; and (v) the level of burden and risk-sharing among partners, especially shareholders and other key local and international actors, is appropriate.<sup>33</sup>

40. **Financing terms.** An EAL financed by concessional ordinary capital resources (OCR) lending (COL) will carry interest of 1% per year and a maturity of 40 years, including a grace period of 10 years, with repayment of the principal at 2% per year for the first 10 years after the grace period and 4% per year thereafter.<sup>34</sup> For EALs financed by regular OCR, a grace period of up to 8 years and a maturity of up to 32 years may, at the option of the DMC, be applied, if all other loan terms (including commitment charges, maturity premiums, interest rates, and effective contractual spread) applicable to regular investment projects will continue to apply. Under an EAL, ADB financing may exceed the country's cost-sharing limit because of exceptional circumstances.<sup>35</sup>

41. **Resources.** An EAL should be linked with and complement efforts by other development partners, consistent with the objective of easing the transition from relief to normal development. To mobilize resources for emergency assistance, regional departments may review their ongoing portfolio to identify any surplus loan proceeds from projects and discuss possible cancellations and utilization for emergency needs, as provided in the RDEAP. Further, additional financing for an ongoing project can be provided in the form of an EAL.<sup>36</sup>

42. **Loan amount and duration.** Given that disasters leading to unpredictable emergencies place substantial pressure on planned development resources, there should be a clear relationship established between the cost and the proposed EAL amount, along with the specified time frame for implementation (as specified in para. 50).

## B. Processing and Implementing Emergency Assistance Loans

43. **Procedural flexibilities.** Various flexibilities are provided under EALs to help deliver rapid assistance in supporting early recovery and reconstruction. Financial and economic internal rates of return are flexibly used, with the emphasis on least life cycle cost solutions not prejudicial to quality assurance in early recovery and reconstruction work. Given that the post-disaster response activities are generally nonrevenue generating, ADB does not insist on cost recovery practices.

44. Standard ADB procedures, including those on procurement, financial management, and disbursement, apply to EALs. These shall be liberally interpreted where possible to ensure speedy and effective early recovery and reconstruction in the case of emergency assistance, while maintaining the integrity,<sup>37</sup> quality, effectiveness, and sustainability of ADB projects.<sup>38</sup>

---

<sup>33</sup> Eligibility conditions (i), (iv) and (v) are criteria for ADB's involvement in emergency assistance, as defined in the Revised DEAP. Conditions (ii) and (iii) are specific to EAL.

<sup>34</sup> For EALs financed by COL, the same financing terms apply to both group A and B DMCs.

<sup>35</sup> ADB. 2002. *Review of Cost-Sharing Limits for Project Financing as an Element of ADB's 1998 Graduation Policy*. Manila.

<sup>36</sup> Footnote 11.

<sup>37</sup> ADB has zero tolerance for integrity violations, to ensure that development funds are used for intended purposes. Thus, ADB's Anticorruption Policy (1998, as amended to date) must be adhered to in the processing and delivery of emergency assistance.

<sup>38</sup> ADB. 2017. [Sovereign Operations. Operations Manual. OM D11](#). Manila. See also the ADB Procurement Policy; Procurement Regulations for ADB Borrowers; ADB. 2018. [Domestic Preference: Guidance Note on Procurement](#); and ADB (Procurement, Portfolio and Financial Management Department). 2020. [Guidance Note on Applying ADB's Financial Due Diligence \(FDD\) Requirements in Response to COVID-19 Pandemic](#). 20 April (internal).

45. The ADB Procurement Policy and Procurement Regulations for ADB Borrowers (para. 16) allow flexibility in project procurement design and implementation arrangements to expedite the procurement process in emergency situations.

46. For EALs, the completion of standard environmental assessments, environmental management plans, resettlement plans, and indigenous peoples plans may not be possible before Board approval. In such cases, an environmental assessment and review framework, a resettlement framework, and an indigenous peoples planning framework will be prepared, following ADB's Safeguard Policy Statement (2009).

47. **Retroactive and advance disbursement.** For immediate emergency responses, ADB may support retroactive financing as part of the EAL. No more than 30% of loan proceeds can be used for retroactive financing of expenditures. In exceptional cases, a higher ceiling may be approved by the Board for a particular EAL if this limit is inadequate. Expenditures must have been incurred after the emergency occurred. Where existing loans are reallocated, expenditures will have to be incurred between the occurrence of the emergency and the effective date of the reallocation to be eligible for financing by ADB. Following standard ADB disbursement practice for regular investment projects, ADB may also allow advance disbursement using advance fund procedures.<sup>39</sup>

48. **Board document preparation and processing.** The post-disaster needs assessment will be followed by the preparation of a report and recommendation of the President (RRP). EALs should generally be processed on an expedited time frame commensurate with the emergency nature of the assistance (para. 31). Loan negotiations will follow the quality assurance meeting for the proposed EAL. The RRP, along with loan documents, will be submitted to the Board for consideration. A special abbreviated Board consideration period of 1 week after circulation of the RRP will apply. The One ADB approach will be applied in processing EALs, helping to ensure that ADB acts rapidly and effectively to process high-quality projects, delivering strong results.

49. **Emergency assistance loan implementation.** Project implementation readiness will be assessed as part of the initial fact-finding mission. Appropriate actions for improving readiness may include (i) establishing appropriate project implementation bodies, (ii) developing a project communications strategy,<sup>40</sup> (iii) supporting the implementation of agreed procurement action plans and financial management systems, (iv) specifying monitoring and evaluation indicators, and (v) providing for the timely release of funds to ensure accelerated implementation.

50. The EAL implementation periods will be limited to 4 years from the approval of the loan, except in the case of EALs supporting post-conflict emergencies where the implementation period can be up to 5 years from loan approval. Extensions of the EAL implementation period beyond this maximum period will generally not be considered. However, if it is determined that an extension is warranted because of exceptional circumstances, the proposal will be submitted to the Board for approval.

51. If any activity beyond the implementation periods noted above (including any extensions approved by the Board) needs to be financed by ADB, it will be done through additional financing to the EAL (para. 54). This will retain the focus of the EAL on early recovery and reconstruction during the fast-tracked processing and avoid strain on concessional resources.

---

<sup>39</sup> *Loan Disbursement Handbook* (2017, as amended from time to time).

<sup>40</sup> ADB. 2018. [Access to Information Policy. Operations Manual. OM L3](#). Manila.

52. **Supervision and monitoring.** An EAL will require more resources to prepare, appraise, and supervise than ordinary loans because of the need for a speedy and transparent response. In addition, because EALs are generally processed in an expedited manner, the supervision and monitoring of EALs must be enhanced to accommodate conditions of urgency and flexibility to ensure project effectiveness. This will require paying special attention to expedited procurement arrangements, flexible financial management and disbursement arrangements, and implementation of the safeguard policy.

53. **Performance evaluation and audit.** Emergency assistance activities should adhere to standard ADB performance evaluation requirements. Standard ADB financial reporting and auditing requirements for investment projects should be applied to EALs, but a “special” independent audit focusing on governance, financial accountability, and transparency should, if requested by ADB, be carried out soon after the completion of emergency projects.

54. **Additional financing to emergency assistance loans.** Financing required beyond the maximum implementation period for EALs, and for expansion in scale or changes in scope for EALs, will be financed through additional financing. Financing terms for additional financing will be the same as those for regular investment projects. Consistent with the additional financing policy, due diligence will involve technical, economic, procurement, financial, safeguard, capacity, social, and poverty aspects for the added and/or changed components. The applicable integrity due diligence requirements should likewise be complied with.

55. **Transition.** The revised EAL policy described in this paper will become effective on the date of Board approval and will apply to new EAL proposals considered by the Board after such date. Any new EAL that has not yet been considered by the Board should be reviewed for compliance with the revised EAL policy.

## V. REQUEST FOR BOARD GUIDANCE

56. The Board’s guidance is sought on the proposed Revised Emergency Assistance Loan Policy as described in paras. 37–55 of this paper.

## APPROVED EMERGENCY ASSISTANCE LOANS, 2004–2020

Approval Year	DMC	Project Name	Project Implementation Period				Financing Details			Total Project Amount <sup>a</sup> (\$'000)
			Effectivity	Target Physical Completion	Original Closing	Revised/ Actual Closing	Modality/ Approval No.	Fund Source	Amount (\$'000)	
2005	BAN	Emergency Flood Damage Rehabilitation	2 May 05	31 Jan 07	31 Jul 07	13 Dec 07	<b>Primary approvals</b> Loan 2156	COL	152,300	<b>180,400</b>
							<b>Attached TA and new/additional financing</b>			
							TA 4561	TASF	150	
							TA 4562	Netherlands	250	
							Grant 0038	Netherlands Sweden	13,000 14,700	
2005	MLD	Tsunami Emergency Assistance	23 May 05	31 Mar 07	30 Sep 07	31 Aug 08	<b>Primary approvals</b> Loan 2156	ADF	1,800	<b>21,800</b>
							Grant 0001	ATF	20,000	
2005	INO	Earthquake and Tsunami Emergency Support	21 Jun 05	30 Jun 08	30 Dec 08	30 Dec 10	<b>Primary approvals</b> Grant 0002	ATF Netherlands	290,000 3,500	<b>321,000</b>
							<b>Attached TA and new/additional financing</b>			
							Grant 0003	UK	7,500	
								Netherlands Canada	5,000 4,000	
							Grant 0014	ATF	10,000	
							Grant 0002	ATF	1,000	
2005	IND	Tsunami Emergency Assistance (Sector)	1 Jun 05	30 Apr 08	31 Oct 08	31 Oct 09	<b>Primary approvals</b> Loan 2166	OCR	100,000	<b>200,000</b>
							Grant 0005	ATF	100,000	
2005	SRI	Tsunami-Affected Areas	28 Jul 05	30 Jun 09	30 Jun 09	31 Jan 11	<b>Primary approvals</b> Loan 2167	ADF	7,000	<b>248,435</b>

Approval Year	DMC	Project Name	Project Implementation Period				Financing Details			Total Project Amount <sup>a</sup> (\$'000)
			Effectivity	Target Physical Completion	Original Closing	Revised/ Actual Closing	Modality/ Approval No.	Fund Source	Amount (\$'000)	
		Rebuilding					Grant 0006	ATF	150,000	
							Grant 0011	EC	53,200	
							<b>Attached TA and new/additional financing</b>			
							Loan 8221	AFD	13,500	
							Grant 0045	Netherlands	8,735	
							Grant 0011	EU	16,000	
2005	SRI	North East Community Restoration and Development II	28 Jul 05	30 Jun 09	30 Jun 09	30 Sep 12	<b>Primary approvals</b>			
							Loan 2168	COL	26,000	<b>65,950</b>
							Grant 0007	ADF	14,000	
							Grant 0013	Sweden	5,900	
							<b>Attached TA and new/additional financing</b>			
							Grant 0193	Australia	7,280	
							Loan 2618	COL	12,770	
2005	COO	Cyclone Emergency Assistance	14 Jul 05	30 Apr 07	31 Oct 07	30 Jun 09	<b>Primary approvals</b>			
							Loan 2174	ADF	2,830	<b>3,430</b>
							<b>Attached TA and new/additional financing</b>			
							TA 4605	TASF	600	
2005	PAK	Earthquake Emergency	14 Feb 06	31 Dec 08	30 Jun 09	30 Jun 11	<b>Primary approvals</b>			

Approval Year	DMC	Project Name	Project Implementation Period				Financing Details			Total Project Amount <sup>a</sup> (\$'000)
			Effectivity	Target Physical Completion	Original Closing	Revised/ Actual Closing	Modality/ Approval No.	Fund Source	Amount (\$'000)	
		Assistance					Loan 2213	ADF	220,000	<b>397,000</b>
						Grant 0029	PEF	80,000		
						Grant 0037	EC	37,500		
						<b>Attached TA and new/additional financing</b>				
						TA 4730	TASF	2,000		
						Grant 0029	PEF	57,500		
						<b>Primary approvals</b>				
2006	VIE	Emergency Rehabilitation of Calamity Damage	23 Apr 07	30 Jun 09	31 Dec 09	31 Dec 11	Loan 2273	COL	50,970	<b>76,470</b>
							<b>Attached TA and new/additional financing</b>			
						Loan 2273	COL	25,500		
2007	PAK	Earthquake Assistance Project II: Earthquake-Displaced People Livelihood Restoration Program	16 Jul 07	30 Jun 08	31 Dec 08	5 May 08	<b>Primary approvals</b>			
							Loan 2335	COL	400,000	<b>402,000</b>
							<b>Attached TA and new/additional financing</b>			
						TA 4943	PEF	2,000		
2007	SOL	Emergency Assistance	1 Oct 07	30 Jun 09	31 Dec 09	13 Oct 11	<b>Primary approvals</b>			
							Grant 0078	ADF	4,950	<b>13,790</b>
								EC	4,000	
							<b>Attached TA and new/additional financing</b>			

Approval Year	DMC	Project Name	Project Implementation Period				Financing Details			Total Project Amount <sup>a</sup> (\$'000)
			Effectivity	Target Physical Completion	Original Closing	Revised/ Actual Closing	Modality/ Approval No.	Fund Source	Amount (\$'000)	
							TA 4944 Grant 0078	TASF EC	800 4,040	
2008	BAN	Emergency Disaster Damage Rehabilitation (Sector)	19 Feb 08	30 Jun 10	31 Dec 10	20 Apr 11	<b>Primary approvals</b>			
							Loan 2409	ADF	120,000	<b>234,200</b>
							<b>Attached TA and new/additional financing</b>			
							TA 7057 Loan 8233 <sup>b</sup>	TASF JBIC	200 60,000	
							Loan 8239 <sup>b</sup>	OFID	20,000	
							Grant 0110	Canada	10,000	
							Grant 0146	Netherlands	24,000	
2008	BAN	Emergency Assistance for Food Security	11 Aug 08	30 Jun 09	31 Dec 09	31 Dec 09	<b>Primary approvals</b>			
							Loan 2430	ADF	170,000	<b>170,600</b>
							<b>Attached TA and new/additional financing</b>			
							TA 7101	TASF	600	
2008	CAM	Emergency Food Assistance	14 Oct 08	31 Mar 11	30 Sep 11	31 Mar 16	<b>Primary approvals</b>			
							Loan 2455 Grant 0116	COL ADF	17,500 17,500	<b>61,000</b>
							<b>Attached TA and new/additional financing</b>			
							TA 7145	TASF	1,500	

Approval Year	DMC	Project Name	Project Implementation Period				Financing Details			Total Project Amount <sup>a</sup> (\$'000)
			Effectivity	Target Physical Completion	Original Closing	Revised/ Actual Closing	Modality/ Approval No.	Fund Source	Amount (\$'000)	
							Grant 0302	GAFSP	24,500	
2008	GEO	Emergency Assistance for Post-Conflict Recovery	8 Dec 08	31 Mar 09	30 Sep 09	22 Jan 09	Loan 2469	ADF	70,000	<b>70,000</b>
2009	PRC	Emergency Assistance for Wenchuan Earthquake Reconstruction	24 Jun 09	31 Dec 11	30 Jun 12	30 Jun 13	<b>Primary approvals</b>			
							Loan 2508	OCR	400,000	<b>400,700</b>
							<b>Attached TA and new/additional financing</b>			
							TA 7238	TASF	700	
2009	NEP	Emergency Flood Damage Rehabilitation	25 Aug 09	30 Jun 12	31 Dec 12	30 Jun 15	Grant 0150	ADF	25,600	<b>25,600</b>
2009	FIJ	Emergency Flood Recovery (Sector)	25 Nov 09	31 Aug 11	29 Feb 12	28 Oct 14	Loan 2541	OCR	17,560	<b>17,560</b>
2010	SRI	Conflict-Affected Region Emergency Assistance	2 Sep 10	30 Jun 13	30 Sep 13	30 Sep 14	<b>Primary approvals</b>			
							Loan 2626	OCR	150,000	<b>151,500</b>
							<b>Attached TA and new/additional financing</b>			
							Grant 0246	IFRC	1,500	
2010	KGZ	Emergency Assistance for Recovery	14 Feb 11	30 Sep 13	31 Mar 14	30 Jun 16	Loan 2668	ADF	48,500	<b>100,000</b>
							Grant 0217	ADF	51,500	

Approval Year	DMC	Project Name	Project Implementation Period				Financing Details			Total Project Amount <sup>a</sup> (\$'000)
			Effectivity	Target Physical Completion	Original Closing	Revised/ Actual Closing	Modality/ Approval No.	Fund Source	Amount (\$'000)	
		and Reconstruction								
2011	PAK	Flood Emergency Reconstruction	26 May 11	28 Feb 14	30 Sep 14	25 May 15	<b>Primary approvals</b> Loan 2742 Loan 2743	OCR COL	600,000 50,000	<b>654,000</b>
							<b>Attached TA and new/additional financing</b> TA 7795	TASF	4,000	
2012	CAM	Flood Damage Emergency Reconstruction	14 May 12	31 Mar 15	30 Sep 15	30 Jun 18	<b>Primary approvals</b> Loan 2852 Grant 0285	COL Australia	55,000 5,250	<b>141,933</b>
							<b>Attached TA and new/additional financing</b> Loan 3125 Grant 0285	COL Australia	75,000 6,683	
2013	IND	Uttarakhand Emergency Assistance	31 Mar 14	30 Sep 16	31 Mar 17	27 Oct 17	Loan 3055	OCR	200,000	<b>200,000</b>
2013	PHI	Emergency Assistance for Relief and Recovery from Typhoon Yolanda	28 Feb 14	31 Dec 14	31 Dec 14	30 Jun 15	Loan 3080	OCR	500,000	<b>500,000</b>
2013	PHI	Emergency Assistance and Early Recovery for Poor Municipalities Affected by	12 Mar 14	31 Dec 15	30 Jun 16	30 Jun 21 (Active)	Grant 9175	JFPR	20,000	<b>20,000</b>

Approval Year	DMC	Project Name	Project Implementation Period				Financing Details			Total Project Amount <sup>a</sup> (\$'000)
			Effectivity	Target Physical Completion	Original Closing	Revised/ Actual Closing	Modality/ Approval No.	Fund Source	Amount (\$'000)	
Typhoon Yolanda										
2013	PHI	Kalahi-CIDSS National Community-Driven Development Project	10 Jun 14	31 Dec 17	30 Jun 18	30 Jun 18	<b>Primary approvals</b> Loan 3100	OCR	372,104	<b>377,104</b>
							<b>Attached TA and new/additional financing</b> Grant 0472	TYMTF	5,000	
2014	TON	Cyclone Ian Recovery	17 Sep 14	31 Dec 17	30 Jun 18	Active	Grant 0389	ADF-DRF	4,520	<b>8,786</b>
							Grant 0390	New Zealand	4,266	
2014	SOL	Transport Sector Flood Recovery	9 Oct 14	30 Jun 17	31 Dec 17	30 Sep 18 (Active)	Loan 3152 Grant 0403	COL ADF	6,610 6,610	<b>13,220</b>
2014	AFG	Northern Flood-Damaged Infrastructure Emergency Rehabilitation	9 Dec 14	31 Oct 17	30 Apr 18	Active	Grant 0411 Grant 0412	ADF AITF	40,000 16,660	<b>56,660</b>
2015	NEP	Earthquake Emergency Assistance Project	10 Sep 15	30 Sep 18	31 Mar 19	31 Dec 19 (Active)	<b>Primary approvals</b> Loan 3260	COL	200,000	<b>213,400</b>
							<b>Attached TA and new/additional financing</b> Grant 0529 TA 8910	USAID TASF	10,000 2,800	

Approval Year	DMC	Project Name	Project Implementation Period				Financing Details			Total Project Amount <sup>a</sup> (\$'000)
			Effectivity	Target Physical Completion	Original Closing	Revised/ Actual Closing	Modality/ Approval No.	Fund Source	Amount (\$'000)	
2015	PAK	Flood Emergency Reconstruction and Resilience Project	4 Aug 15	30 Jun 18	31 Dec 18	30 Apr 19 (Active)	<b>Primary approvals</b> Loan 3264	PRCF OCR	600 218,040	<b>220,040</b>
2015	NEP	Disaster Risk Reduction and Livelihood Restoration for Earthquake-Affected Communities	8 Jan 16	30 Sep 18	31 Mar 19	30 Nov 19 (Active)	<b>Attached TA and new/additional financing</b> TA 8912	TASF JFPR	2,000 15,000	<b>15,000</b>
2015	VAN	Cyclone Pam School Reconstruction Project	3 Mar 16	31 Dec 17	30 Jun 18	30 Jun 20 (Active)	Grant 9181	JFPR	5,000	<b>5,000</b>
2015	VAN	Cyclone Pam Road Reconstruction Project	3 Mar 16	31 Dec 17	30 Jun 18	31 May 20	<b>Primary approvals</b> Loan 3331 Loan 3332 Grant 0459 Grant 0460 Grant 0461	COL ADF-DRF ADF ADF-DRF GEF-LDCF	1,000 2,805 7,000 2,805 2,680	<b>24,490</b>
							<b>Attached TA and new/additional financing</b> Loan 3552	COL	4,100	

Approval Year	DMC	Project Name	Project Implementation Period				Financing Details			Total Project Amount <sup>a</sup> (\$'000)
			Effectivity	Target Physical Completion	Original Closing	Revised/ Actual Closing	Modality/ Approval No.	Fund Source	Amount (\$'000)	
							Grant 0540	ADF	4,100	
2016	MYA	Emergency Support for Chin State Livelihoods Restoration Project	21 Oct 16	30 Apr 19	31 Oct 19	30 Apr 20	Grant 9185	JFPR	10,000	<b>10,000</b>
2016	FIJ	Emergency Assistance for Recovery from Tropical Cyclone Winston	4 Aug 16	31 Jul 17	31 Jan 18	31 Jan 18	Loan 3403	OCR	50,000	<b>50,000</b>
2018	TON	Cyclone Gita Recovery Project	1 Aug 18	30 Jun 20	31 Dec 20	Active	Grant 0575	ADF	6,800	<b>6,800</b>
2018	BAN	Emergency Assistance Project	1 Oct 18	31 Dec 20	30 Jun 21	Active	<b>Primary approvals</b>			
							Grant 0582	ADF	100,000	<b>103,000</b>
							<b>Attached TA and new/additional financing</b>			
							TA 9546	TASF	3,000	
2018	PHI	Emergency Assistance for Reconstruction and Recovery of Marawi	27 Dec 18	31 Dec 23	30 Jun 24	Active	Loan 3768	OCR	300,000	<b>408,000</b>
							Loan 3769	OCR	100,000	
							Grant 0635	UCCRTF	5,000	
							Grant 9201	JFPR	3,000	
2018	INO	Emergency Assistance for	28 Jan 19	31 Dec 20	31 Dec 19	31 Mar 19	Loan 3741	OCR	500,000	<b>500,000</b>

Approval Year	DMC	Project Name	Project Implementation Period				Financing Details			Total Project Amount <sup>a</sup> (\$'000)
			Effectivity	Target Physical Completion	Original Closing	Revised/ Actual Closing	Modality/ Approval No.	Fund Source	Amount (\$'000)	
		Recovery and Rehabilitation from Recent Disasters								
2019	INO	Emergency Assistance for Rehabilitation and Reconstruction								
2019	INO	Emergency Assistance for Rehabilitation and Reconstruction	4 Nov 19	31 Mar 23	30 Sep 23		Loan 37 Loan 37	OCR OCR	188,000 109,750	<b>297,750</b>
2020	AFG	Emergency Assistance Grant for COVID-19 Pandemic Response	15 Jun 20	30 Nov 21	31 May 22		Grant 0700	ADF	40,000	<b>40,000</b>
2020	BAN	COVID-19 Response Emergency Assistance Project	16 May 20	30 Apr 23	31 Oct 23		Loan 3918	COL	100,000	<b>100,000</b>
2020	KGZ	COVID-19 Pandemic Emergency Project		31 Dec 21	30 Jun 22		Loan 3934 Grant 0705	COL ADF	10,000 10,000	<b>20,000</b>
2020	MON	Fifth Health Sector Development Project (Emergency Assistance for COVID-19)		31 Oct 21	30 Apr 22		Loan 3921	COL	30,000	<b>30,000</b>
2020	MON	Shock-Responsive Social Protection Project		31 Oct 20	30 Apr 22		Loan 3937	COL	26,400	<b>26,400</b>
2020	PAK	Emergency Assistance for	23 Jun 20	31 May 22	30 Nov 22		Loan 3923	OCR Norway	300,000 5,281	<b>305,281</b>

Approval Year	DMC	Project Name	Project Implementation Period				Financing Details			Total Project Amount <sup>a</sup> (\$'000)
			Effectivity	Target Physical Completion	Original Closing	Revised/ Actual Closing	Modality/ Approval No.	Fund Source	Amount (\$'000)	
2020	PHI	Fighting Against COVID-19 Pandemic Social Protection Support Project (Second Additional Financing) (Emergency Assistance Loan)	5 May 20	30 Apr 21	31 Oct 21	Grant 0701 Loan 3912	OCR	200,000	<b>200,000</b>	
2020	UZB	COVID-19 Emergency Response Project	31 Jul 22	31 Jan 23		Loan 3956 Loan 8383	COL AIIB	100,000 100,000	<b>200,000</b>	
<b>Total (\$'000)</b>									<b>7,908,299</b>	

ADB = Asian Development Bank; ADF = Asian Development Fund; ADF-DRF = Asian Development Fund Disaster Response Facility; AFD = Agence Française de Développement; AFG = Afghanistan; AIIB = Asian Infrastructure Investment Bank; AITF = Afghanistan Infrastructure Trust Fund; ATF = Asian Tsunami Fund; BAN = Bangladesh; CAM = Cambodia; COL = concessional OCR lending; COO = Cook Islands; COVID-19 = coronavirus disease; DMC = developing member country; EC = European Commission; EU = European Union; FIJ = Fiji; GAFSP = Global Agriculture and Food Security Program; GEF = Global Environment Facility; GEO = Georgia; IFRC = International Federation of Red Cross and Red Crescent Societies; IND = India; INO = Indonesia; JBIC = Japan Bank for International Cooperation; JFPR = Japan Fund for Poverty Reduction; KGZ = Kyrgyz Republic; LDCF = Least Developed Countries Fund; MLD = Maldives; MON = Mongolia; MYA = Myanmar; NEP = Nepal; OCR = ordinary capital resources; OFID = OPEC Fund for International Development; PAK = Pakistan; PEF = Pakistan Earthquake Fund; PHI = Philippines; PRC = People's Republic of China; PRCF = PRC Poverty Reduction and Regional Cooperation Fund; SOL = Solomon Islands; SRI = Sri Lanka; TA = technical assistance; TASF = Technical Assistance Special Fund; TON = Tonga; TYMTF = Typhoon Yolanda (Haiyan) Multi-Donor Trust Funds; UCCRTF = Urban Climate Change Resilience Trust Fund; UK = United Kingdom; USAID = United States Agency for International Development; UZB = Uzbekistan; VAN = Vanuatu; VIE = Viet Nam.

<sup>a</sup> ADB-administered approvals, including partially administered.

<sup>b</sup> Partially administered by ADB.

Source: Asian Development Bank.

## SUMMARY OF DISASTER LENDING ASSISTANCE OF OTHER MULTILATERAL DEVELOPMENT BANKS

### A. World Bank

1. The focus of the World Bank's assistance has also shifted from financing post-disaster reconstruction projects to mainstreaming resilience into its regular operations. The World Bank introduced its Emergency Recovery Loan (ERL) modality in 1984, on which Asian Development Bank's (ADB) emergency assistance loan modality was modeled. The ERL had a similar scope and implementation time frame as the emergency assistance loan, in targeting assistance for short-term recovery efforts. The ERL also included a quick-disbursing component to finance essential import items needed for recovery, which was later expanded to cover locally produced goods.<sup>1</sup>

2. A 2006 Independent Evaluation Group evaluation of World Bank assistance for natural disasters played a key role in guiding reforms to the World Bank's disaster lending assistance.<sup>2</sup> The evaluation emphasized the need for greater support for ex-ante investments' disaster risk reduction, and highlighted several ERL shortcomings:

- (i) **Limited preparation time.** Accelerating project processing is not always desirable, and having a disaster policy that emphasizes time limits may lead staff to rush certain activities unnecessarily, resulting in poorly designed interventions that do not reduce vulnerability to future disaster events. The identification of root causes that lead to durable solutions can only be properly addressed through careful appraisal.
- (ii) **Lack of true emergency lending mechanisms.** The World Bank has no true emergency lending mechanisms, other than the reallocation of undisbursed loan proceeds under ongoing loans. Despite the emergency nature of ERLs, disbursement is slow. Fast ERL processing is often followed by a long lag between project approval and the first disbursement.
- (iii) **Short-term transitional assistance.** Quick response does not always lead to the most relevant response. Too often, activities selected for financing under an ERL are those that can be implemented within the maximum allowable 3-year implementation period, which are not necessarily the highest priority investments.
- (iv) **Short implementation period.** In general, a sustainable and significant reduction in vulnerability cannot be realistically attained in the 3 years allotted to the ERL. Almost no projects were implemented within the allowable 3-year time frame. Many project activities with long-term development impacts take more than 3 years to implement.
- (v) **Absence of follow-on projects to support long-term reconstruction.** ERLs are intended to be followed up with investment loans to provide longer-term reconstruction assistance, but this has rarely happened. Borrower demand for addressing vulnerability to future disaster events almost always declines once

<sup>1</sup> World Bank. 1995. *Emergency Recovery Assistance OP Section 8.5 (retired)*. Washington, DC.

<sup>2</sup> Independent Evaluation Group. 2006. *Hazards of Nature, Risks to Development: An IEG Evaluation of World Bank's Assistance for Natural Disasters*. Washington, DC: World Bank.

immediate needs have been met following a disaster. If long-term support is excluded from the ERL scope, this support may never be undertaken.

3. With the increased focus on ex ante risk resilience and the provision of immediate support following a disaster event, the World Bank introduced the Catastrophe Deferred Draw-Down Option (Cat DDO) in 2008 under its Development Policy Financing operations. The Cat DDO provides immediate liquidity following an eligible disaster event, contingent on the achievement of pre-agreed disaster risk reduction measures. Initially, only International Bank for Reconstruction and Development countries were eligible for Cat DDO operations, but eligibility was since expanded to cover International Development Association countries in 2017.

4. In 2012, the World Bank consolidated numerous expenditure-based lending modalities under the Investment Project Financing (IPF) modality,<sup>3</sup> resulting in the retirement of the ERL modality. All emergency project assistance is now delivered under the IPF modality.<sup>4</sup>

5. Condensed procedures may be applied to processing IPF operations in situations of urgent need, to facilitate the rapid delivery of assistance.<sup>5</sup> Additional safeguard, procurement, and financial management flexibilities may also be applied. A retroactive financing limit of 40% of the loan amount is also applied, compared with a limit of 20% for regular operations. With the introduction of the World Bank's new Environmental and Social Framework, exceptional approval for the deferral of social and environmental requirements until after project approval is no longer required. Where capacity constraints exist, policy also allows for direct World Bank execution of grant-financed projects during the start-up phase. World Bank procurement staff may also be embedded in executing agencies to provide "hands-on" procurement support.

6. Under IPF, the World Bank also provides for the option of including a contingent emergency response component under existing projects through restructuring, or in new projects during project preparation. In the event of an eligible crisis or emergency, funds may be reallocated from other components of the project to deliver rapid emergency assistance. There is no limit on the proportion of loan proceeds that can be reallocated for post-disaster response under a project.

7. The World Bank also provides post-disaster support through new Development Policy Financing operations (equivalent to ADB's policy-based lending) or supplementary financing to ongoing Development Policy Financing operations.

## **B. Inter-American Development Bank**

8. The Inter-American Development Bank (IDB) established the Emergency Reconstruction Facility (ERF) in 1998 (renamed the Immediate Response Mechanism in 2003) as a rapid response instrument to address the period during an emergency, by providing immediate liquidity to initiate the disaster recovery process in the days and weeks following a disaster event. Eligible activities include clearing of debris, temporary reconstruction, and restoration of services. This facility can use up to \$20 million of the IDB's Ordinary Capital resources, or up to \$10 million of the Fund for Special Operations, to restore basic services following a natural disaster. The IDB president has delegated the authority to approve loans under the ERF under an initial approval

---

<sup>3</sup> This is equivalent to ADB's project lending modality.

<sup>4</sup> World Bank. 2012. [Investment Lending Reform: Modernizing and Consolidating Operational Policies and Procedures](#). Washington, DC.

<sup>5</sup> World Bank. 2013. [Operational Policy 10.0. Investment Project Financing](#). Washington, DC.

authority of \$100 million (later extended to additional \$100 million). The ERF includes provisions to speed up preparation, approval, and execution to achieve full disbursement within 12 months. Loan funds under the ERF are required to be spent on a predetermined menu of eligible items. Loans under the ERF are projects that disburse against evidence of services purchased or physical works performed. Flexible procurement arrangements are applied.

9. The Disaster Prevention Sector Facility was set up in 2001 to strengthen disaster prevention and risk management systems through vulnerability reduction and improved preparedness for natural disasters. In addition, the IDB can approve reconstruction loans under its regular lending operations or conduct a loan reformulation, to divert loan resources within a project or to another existing project. In the case of reformulations for reconstruction, part of the resources must be allocated to prevention and mitigation activities.

10. In 2002, the IDB's Office of Evaluation and Oversight (OEV) conducted an evaluation of the ERF. The key findings included:

- (i) **Expanded actual scope of activities.** Most ERF loans financed reconstruction activities outside the intended emergency phase. This is in part because of the difficulty in defining an "emergency," as there is no universally agreed definition, and the length of this period and specific financing needs differ by disaster type. The IDB's OVE suggested 3–6 months as a reasonable proxy for the emergency phase.
- (ii) **Delayed financing during emergency phase.** The IDB's OEV concluded that the ERF scope was too restrictive, and that assistance under the ERF came too late to help authorities pay for the costs that arise during the emergency phase. It was also noted that most financing needs are often during the reconstruction phase.
- (iii) **Consideration of budget support to deliver immediate liquidity.** The IDB's OEV recommended exploring alternatives to the "project" approach to provide liquidity in the aftermath of a disaster. While the project approach provides assurance that money will not be misallocated, and a portion will be used to support disaster preparedness and prevention as required by the policy, the project approach erodes ERF's immediacy and undermines its relevance.

11. The IDB introduced its first contingent lending instrument in 2009, the Contingent Credit Facility (CCF), for natural disaster emergencies. CCF operations are treated as investment loans. Only expenditures that are caused directly and indirectly by a pre-agreed eligible disaster event and are incurred and paid within 180 days following the onset of the disaster, are eligible for financing. The CCF is envisaged as a temporary solution to meet client demands with a per-country limit of \$100 million. The approval and disbursement of loan proceeds is conditional on a country having an integrated disaster risk management program in place. The country's own procurement processes (rather than the IDB's) apply. Further, unlike investment loans and policy-based support, approval and signing of the CCF operation does not immediately commit IDB resources.

12. In 2012, the IDB introduced additional contingent disaster financing modalities. However, the IDB's contingent disaster financing modalities have had a relatively low uptake. A 2016 OEV evaluation attributes low demand for these modalities of assistance to the unwillingness of borrowers to pay a significant premium over regular lending terms for contingent instruments.