

**The Emergency Reconstruction Facility
for Natural and Unexpected Disaster Support (ERF)
Summary**

The Emergency Reconstruction Facility (ERF) was created in November 1998 as a complement to the Bank's Operational Policy for Emergencies Arising from Natural and Unexpected Disasters. The ERF is a *financing window* designed to shorten the Bank's time response for designing and approving financial operations in the case of catastrophic disasters, in which severe dislocation of normal life occurs, affecting the security and well-being of the country's population.

The *Facility's resources* originate from the Bank's Ordinary Capital and FSO lending resources and operates' under a *streamlined set of procedures* for eligibility and approval. With the Board of Executive Directors' consent, the President of the Bank has an initial approval authority of up to **\$100 million** for loans that meet the eligibility criteria outlined below. The maximum amount of an individual ERF loan approved under this delegation should not exceed \$20 million dollars for the Ordinary Capital and \$10 million dollars for the FSO. The *ERF authority can be replenished* if the demand reaches an approval level in excess of the granted authority.

All borrowing member countries are eligible for ERF financing when the following *conditions of eligibility* are met:

- i. An official state of emergency has been declared;
- ii. The emergency is within the scope set forth in the Bank's Operational Policy for Emergencies Arising from Natural and Unexpected Disasters;
- iii. The country provides solid assurance of its commitment to strengthen in-country capacity in the areas of preparedness, prevention and organizational set up to manage disaster mitigation and relief efforts.

Resources of the ERF can be used to purchase goods and services required to address the temporary reconstruction, stabilization and repair of physical entities damaged by the disasters as defined below:

- i. Removal of rubble;
- ii. Clean up and restoration of damages caused to the environment;
- iii. Control and stabilization of buildings, terrain or physical structures such as bridges, embankments, roads, telecommunication towers, dams, etc;
- iv. Repairs to restore the supply of electrical power;
- v. Repairs to restore the supply of potable water;
- vi. Repairs to restore sanitation services including solid and liquid waste;
- vii. Repair, erection and purchase of equipment and facilities to restore human and health services to the population;
- viii. Communications equipment and facilities;
- ix. Temporary housing;
- x. Studies and surveys to inventory damage and to set up plans for reconstruction and rehabilitation.

A set of *simplified procurement procedures* has been developed, which permits procurement of works, goods, and consulting services in the first few days or weeks following the disaster. Generally, resources from an approved ERF operation should have a maximum disbursement period of twelve months.

Reference document: IDB policy document GN-2038-1 approved on November 10, 1998.