



Highlights of [GAO-08-1120](#), a report to the Committee on Homeland Security and Governmental Affairs, U.S. Senate

## Why GAO Did This Study

This month, Hurricanes Ike and Gustav struck the Gulf Coast producing widespread damage and leading to federal major disaster declarations. Earlier this year, heavy flooding resulted in similar declarations in seven Midwest states. In response, federal agencies have provided millions of dollars in assistance to help with short- and long-term recovery. State and local governments bear the primary responsibility for recovery and have a great stake in its success. Experiences from past disasters may help them better prepare for the challenges of managing and implementing the complexities of disaster recovery.

GAO was asked to identify insights from past disasters and share them with state and local officials undertaking recovery activities. GAO reviewed six past disasters—the Loma Prieta earthquake in northern California (1989), Hurricane Andrew in south Florida (1992), the Northridge earthquake in Los Angeles, California (1994), the Kobe earthquake in Japan (1995), the Grand Forks/Red River flood in North Dakota and Minnesota (1997), and Hurricanes Katrina and Rita in the Gulf Coast (2005). GAO interviewed officials involved in the recovery from these disasters and experts on disaster recovery. GAO also reviewed relevant legislation, policies, and its previous work.

## What GAO Recommends

GAO is not making any recommendations in this report.

To view the full product, including the scope and methodology, click on [GAO-08-1120](#). For more information, contact Stanley Czerwinski at (202) 512-6808 or [czerwinkis@gao.gov](mailto:czerwinkis@gao.gov).

## DISASTER RECOVERY

### Past Experiences Offer Insights for Recovering from Hurricanes Ike and Gustav and Other Recent Natural Disasters

#### What GAO Found

While the federal government provides significant financial assistance after major disasters, state and local governments play the lead role in disaster recovery. As affected jurisdictions recover from the recent hurricanes and floods, experiences from past disasters can provide insights into potential good practices. Drawing on experiences from six major disasters that occurred from 1989 to 2005, GAO identified the following selected insights:

- **Create a clear, implementable, and timely recovery plan.** Effective recovery plans provide a road map for recovery. For example, within 6 months of the 1995 earthquake in Japan, the city of Kobe created a recovery plan that identified detailed goals which facilitated coordination among recovery stakeholders. The plan also helped Kobe prioritize and fund recovery projects, in addition to establishing a basis for subsequent governmental evaluations of the recovery's progress.
- **Build state and local capacity for recovery.** State and local governments need certain capacities to effectively make use of federal assistance, including having sufficient financial resources and technical know-how. State and local governments are often required to match a portion of the federal disaster assistance they receive. Loans provided one way for localities to enhance their financial capacity. For example, after the Red River flood, the state-owned Bank of North Dakota extended the city of Grand Forks a \$44 million loan, which the city used to match funding from federal disaster programs and begin recovery projects.
- **Implement strategies for businesses recovery.** Business recovery is a key element of a community's recovery. Small businesses can be especially vulnerable to major disasters because they often lack resources to sustain financial losses. Federal, state, and local governments developed strategies to help businesses remain in the community, adapt to changed market conditions, and borrow funds at lower interest rates. For example, after the Loma Prieta earthquake, the city of Santa Cruz erected large pavilions near the main shopping street. These structures enabled more than 40 local businesses to operate as their storefronts were repaired. As a result, shoppers continued to frequent the downtown area thereby maintaining a customer base for impacted businesses.
- **Adopt a comprehensive approach toward combating fraud, waste, and abuse.** The influx of financial assistance after a major disaster provides increased opportunities for fraud, waste, and abuse. Looking for ways to combat such activities before, during, and after a disaster can help states and localities protect residents from contractor fraud as well as safeguard the financial assistance they allocate to victims. For example, to reduce contractor fraud after the Red River flood, the city of Grand Forks established a credentialing program that issued photo identification to contractors who passed licensing and criminal checks.