PROJECT INFORMATION DOCUMENT (PID)

APPRAISAL STAGE

Report No.: PIDA692

Project Name	Second Phase Disaster Vulnerability Reduction APL for St. Lucia (P127226)
Region	LATIN AMERICA AND CARIBBEAN
Country	OECS Countries
Sector(s)	Public administration- Water, sanitation and flood protection (20%), Other social services (5%), Rural and Inter-Urban Roads and Highways (25%), Flood protection (50%)
Theme(s)	Natural disaster management (50%), Climate change (50%)
Lending Instrument	Investment Project Financing
Project ID	P127226
Borrower(s)	Government of St. Lucia
Implementing Agency	Ministry of Finance (PCU)
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	21-Mar-2014
Estimated Date of Board Approval	30-Apr-14
Decision	
Other Decision	

I. Project Context

Country Context

With a gross national income per capita of US$9,190, Saint Lucia (SLU) is an upper-middle-income small island state, with an estimated population of 169,000 (2012). After growing 4.5 percent annually on average during 2003–2006, Saint Lucia's economic activity slowed sharply in recent years as the country was hit by multiple exogenous shocks: Hurricane Dean in August 2007, an earthquake in November 2007, the global food and energy price hikes in 2007–2008, and severe droughts in 2009 and 2010. Between 2008 and 2009, the growth rate fell by 5.2 percentage points, a decrease of 98 percent, largely resulting from the 2008 global financial crisis. The construction, manufacturing and agriculture sectors were significantly affected as a result, along with the tourism sector which accounts for 65 percent of Saint Lucia's GDP and represents the main source of foreign exchange earnings and the second largest employer after the public sector (CIA 2013). Nevertheless, Saint Lucia's economy is beginning to recover, with a growth rate of 1.3 percent in 2011 driven by minor growth in the tourism and construction sectors, and supported by developments in the distributive trade services and real estate sectors.

Despite relatively strong social indicators — the 2013 United Nations Development Program Human Development Index ranked Saint Lucia as 88th of 187 countries — poverty and inequality remain high

in Saint Lucia. According to the latest Country Poverty Assessment (2005/6), 28.8 percent of the population is estimated to live below the locally defined poverty line (2005/06), an increase from 25.1 percent in 1995, while 6 percent of the population is considered to be indigent and 40.3 percent is estimated to be consuming at a level under the vulnerability line. In addition, approximately 20.5 percent of the population is unemployed (2010), an increase of 11 percent since 2005. In 2006, the Gini coefficient of Saint Lucia was 0.42, with sharp regional differences evident in rates of poverty, ranging from a high of 44.9 percent and 42.4 percent in the Anse La Raye and Soufriere Districts, respectively, compared to 13.1 percent in the capital city, Castries. Recent disaster trends also demonstrated that areas with the highest rates of poverty also tend to suffer the most from flooding and landslide.

While Saint Lucia aims to improve its citizens' social conditions through investments in infrastructure, economic diversification and employment generation, its population, economy and national assets remain highly exposed to natural catastrophic risk, which jeopardizes efforts at ending extreme poverty and boosting shared prosperity. Over the years, disasters stemming from weather-related natural hazards, such as winds, floods, landslides (often related to hurricane events) as well as droughts, have increasingly impacted livelihoods, destroyed infrastructure, and disrupted provision of essential services – committing a growing share of the national budget for recovery and reconstruction efforts, thereby imposing large costs on the country's fragile economy and setting back hard won development gains.

Tropical Storm Debbie in 1994 and the Tropical Wave in 1996, for example, resulted in cumulative damages of US$93.1 million to property and infrastructure across the island. Hurricane Tomas in 2010 affected major sectors of the economy and diminished growth, with the total impact estimated at US$336 million or roughly 34 percent of Saint Lucia's GDP. Most recently, the passage of a tropical weather trough in December 2013 resulted in combined damage and losses of US$99.8 million, equivalent to 8.3 percent of the island's GDP. In addition to devastating large-scale disasters, small-scale flooding is endemic in low-lying areas and coastal villages already suffering from socio-economic vulnerabilities. As global climate change continues to increase the frequency and intensity of climactic events, many of Saint Lucia's most vulnerable – particularly the rural poor and agriculturalists – are expected to be impacted disproportionately.

Sectoral and institutional Context

Despite the evident risks posed by catastrophe events, Saint Lucia lacks a comprehensive disaster risk management (DRM) framework for planning and investment decision-making. Development decisions often do not take into account disaster risks and expected climate change impacts. Such deficiencies largely derive from a lack of sufficient information on hazards, risks, and climate change impacts as well as limited capacity and weak data sharing among agencies. Additionally, underdeveloped and dilapidated infrastructure challenge disaster vulnerability reduction efforts. Critical public infrastructure such as roads, bridges and water supply systems as well as health and education facilities remain vulnerable to climate change related impacts, including flooding and landslides. Oftentimes, designs and construction were carried out without due consideration to disaster hazard and risk, and maintenance has been deferred over multiple years. Nevertheless, significant sectoral and institutional developments in the fields of DRM and climate change adaptation have been achieved as summarized below.

Disaster Risk Management. Demonstrating its commitment to improve national DRM capacity, Saint Lucia has made considerable efforts to reduce its climate vulnerability by: (i) strengthening risk monitoring and early warning systems; (ii) improving emergency preparedness and planning; and (iii) increasing public awareness and capacity of public officials. Since 1998, Saint Lucia has implemented

disaster response and emergency rehabilitation programs, in partnership with the World Bank. The Emergency Recovery and Disaster Management Program (ERDMP) supported physical and institutional efforts for disaster recovery and emergency preparedness and management. Following successful implementation of the ERDMP, Saint Lucia launched a follow-up project in 2004, the Second Disaster Management Project (DMP II - P086469), which instituted structural and nonstructural risk mitigation measures, including retrofits of public facilities doubling as emergency shelters; construction of coastal protection works, an emergency operation center and community-level mitigation projects; and institutional strengthening activities.

From a policy perspective, Saint Lucia has advanced significantly by introducing the National Hazard Mitigation Policy (2003), establishing the National Emergency Management Organization (NEMO) (2006), and enacting the National Disaster Management Plan (2007) to better guide assessment, prevention and post-disaster response activities. Together, these policies represent a shift from reaction to a more proactive and comprehensive DRM framework. Part of this framework includes the use of financial instruments to safeguard against fiscal shocks associated with disaster. In 2007, Saint Lucia, along with 16 other Caribbean Community (CARICOM) countries, established the Caribbean Catastrophe Risk Insurance Facility (CCRIF) – the world's first regional catastrophe risk pooling mechanism which allows countries to pool their hurricane and earthquake risk and collectively approach the international reinsurance market to purchase cheaper coverage. Payouts are immediate and better ensure governments can continue public and social service delivery in the wake of a disaster.

Climate Change Adaptation. Given its full awareness of imminent climate change related threats, Saint Lucia has undertaken a number of initiatives at the national and community levels over the last two decades. A full summary of actions taken by Saint Lucia towards greater nationwide climate resilience is included in Box 1 of Annex 2. In recent years, Saint Lucia (along with five other Caribbean countries) have participated in the regional Pilot Program for Climate Resilience (PPCR) for the Caribbean, one of the targeted programs of the Climate Investment Funds (CIF). As a participant, Saint Lucia developed its national Strategic Program for Climate Resilience (SPCR), a five year strategy to build the country's resilience to climate change impacts, through the following priority areas: (i) human welfare and livelihood protection; (ii) integrated natural resource protection, conservation, and management to promote sustainable development; (iii) building of resilience through business development, innovation, and productivity enhancement; (iv) capacity building and institutional strengthening; and (v) reduction of risk to climate-related disasters.

II. Project Development Objective(s)

The proposed Project Development Objective (PDO) is to reduce vulnerability to natural hazards and climate change impacts in Saint Lucia.

III. Project Description

Component Name

Risk Reduction and Adaptation Measures

Comments (optional)

Structural and non-structural flood and landslide risk reduction interventions and climate adaptation measures to improve Saint Lucia's resilience against current and future climatic shocks

Component Name

Technical Assistance for Improved Assessment and Application of Disaster and Climate Risk

Information in Decision-Making

Comments (optional)

Creation of core data and data collection systems for improved decision making and engineering design for risk reduction and climate change adaptation

Component Name

Climate Adaptation Financing Facility

Comments (optional)

Provision of concessional loans to private entities, through a financial intermediary institution, for investments & activities aimed at building resilience of assets and livelihood diversification

Component Name

Contingent Emergency Response

Comments (optional)

Rapid reallocation of IDA funds during an emergency, under streamlined procurement and disbursement procedures

Component Name

Project Management and Implementation Support

Comments (optional)

Strengthening the institutional capacity for Project management

IV. Financing (in USD Million)

Total Project Cost:	68.00	Total Bank Financing:	41.00
Financing Gap:	0.00		

Financing Source	**Amount**
BORROWER/RECIPIENT	0.00
International Bank for Reconstruction and Development	0.00
International Development Association (IDA)	41.00
Climate Investment Funds	27.00
Total	68.00

V. Implementation

The Ministry of Finance, Economic Affairs, Planning and Social Security (MoF) will be the primary GoSL counterpart and serve as the overarching institution responsible for project execution. The MoF is experienced in executing Bank-financed projects as well as coordinating various line ministries and technical implementing agencies (IAs) – a critical ability given the DVRP's cross-sectoral nature and broad range of stakeholders involved in implementation. The existing Project Coordination Unit (PCU) within the MoF Department of Planning and National Development would be responsible for overall project management, coordinate project implementation for all components and serve as the intermediary between the Bank and IAs. The PCU would be singularly responsible for fiduciary and safeguards compliance as well as reporting to the Bank on procurement, financial management,

safeguards, audit and disbursement aspects, and on overall project progress with inputs from the IAs.

Relevant line ministries would be the IAs responsible for the overall design and implementation of their respective activities. Refer to Annex 3, where specific activities and responsibilities of the IAs are detailed. Generally, the MIPS&T would be the technical IA responsible for coordinating and managing all civil works activities. A Civil Works Coordinator would be hired to be based at MIPS&T to support with implementation of works. The MoSDEST, through its Sustainable Development and Environment Division (SDED), would be the technical IA responsible for ensuring project activities remain aligned with the SPCR goals. As the country's focal point on climate change issues, SDED would also be responsible for reporting on PPCR activities within the Project and on the overall Program. SLDB would be the intermediating financial institution that would manage financing activities under Component 3.

To foster communication and coordination between concerned stakeholder agencies, the MoF will convene a Project Coordination Committee (PCC), chaired by its Permanent Secretary (or a designate) and with membership from the National Development Unit, Economic Affairs Unit, PCU, SDED as well as representatives from the relevant IAs. The Committee would be responsible for ensuring that the Project is in line with national development priorities. The Terms of Reference (TORs) for the Committee, including the membership and meeting frequency, would be included in the OM, to be adopted prior to Project Effectiveness.

Based on implementation needs, the Project would also engage relevant regional agencies, such as the University of the West Indies (UWI) and the Caribbean Community Climate Change Center (CCCCC), for regional capacity-building and knowledge sharing.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	**Yes**	**No**
Environmental Assessment OP/BP 4.01	**X**	
Natural Habitats OP/BP 4.04	**X**	
Forests OP/BP 4.36		**X**
Pest Management OP 4.09		**X**
Physical Cultural Resources OP/BP 4.11	**X**	
Indigenous Peoples OP/BP 4.10		**X**
Involuntary Resettlement OP/BP 4.12	**X**	
Safety of Dams OP/BP 4.37		**X**
Projects on International Waterways OP/BP 7.50		**X**
Projects in Disputed Areas OP/BP 7.60		**X**

Comments (optional)

VII. Contact point

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Borrower/Client/Recipient

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VIII. For more information contact:

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