

**PROJECT INFORMATION DOCUMENT (PID)
ADDITIONAL FINANCING**

Report No.: PIDA46369

Project Name	SLU Disaster Vulnerability Reduction Project (Additional Finance) (P155324)
Parent Project Name	Saint Lucia Disaster Vulnerability Reduction Project (P127226)
Region	LATIN AMERICA AND CARIBBEAN
Country	St. Lucia
Sector(s)	Rural and Inter-Urban Roads and Highways (50%), Flood protection (50%)
Theme(s)	Natural disaster management (50%), Climate change (50%)
Lending Instrument	Investment Project Financing
Project ID	P155324
Parent Project ID	P127226
Borrower(s)	Ministry of Finance, National Development Department
Implementing Agency	Project Coordination Unit
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	22-Mar-2016
Date PID Approved/Disclosed	02-Jun-2016
Estimated Date of Appraisal Completion	21-Mar-2016
Estimated Date of Board Approval	27-Oct-2016
Appraisal Review Decision (from Decision Note)	The review did authorize the team to appraise and negotiate

I. Project Context

Country Context

While considered an upper middle income country with a GNI per capita of USD 7090 (2014) , poverty is nevertheless a major challenge in Saint Lucia – particularly in recent years. According to recent World Bank estimates, socio-economic disparities have increased since 2008, with the total number of unemployed and under-employed Saint Lucians together accounting for over 40% of the working-age employable population. Given its geographic location, small land mass and topography, the entire nation of Saint Lucia is highly vulnerable to all anticipated impacts of global climate change. From 1994 to 2013, Saint Lucia ranked 14th globally, in terms of average annual weather-related losses (as percentage of GDP) . Climate vulnerabilities are further exacerbated by the country’s limited human and financial resources as well as highly exposed social and economic infrastructures – much of which are located in low-lying, coastal areas. The considerable economic dependence on primary production and the service industry further contributes to such vulnerabilities as the success of both sectors is heavily influenced by climate.

Of the disasters regularly affecting Saint Lucia, hydrometeorological events such as hurricanes, floods, excess rainfall, drought and strong winds occur most frequently and represent a significant source of average annual losses. More recently, Hurricane Tomas (2010) and the Christmas Trough (2013) have caused estimated total damages and losses in the amount of USD 336.2 Million (43.4% of GDP) and USD 99.88 Million (8.3% of GDP) respectively. Importantly, household perceptions of their respective vulnerabilities to disaster correspond with the hazard profile of Saint Lucia. Hydrometeorological events such as hurricane, strong winds, and heavy rains were considered some of the most significant events. And while seismic activity occurs with less frequency, a sizeable number of households also identified earthquakes as a source of concern.

Sectoral and institutional Context

Climate-related hazards are a significant threat to economic and social development in Saint Lucia. Accordingly, Saint Lucia has undertaken a number of initiatives to reduce the potential impacts of adverse natural events and climate change in order to protect development gains.

Disaster Risk Management (DRM). Saint Lucia has made considerable efforts to improve national DRM capacity by: (i) strengthening risk monitoring and early warning systems; (ii) enhancing emergency preparedness and planning; and (iii) increasing public awareness and capacity of public officials. With support from the World Bank, Saint Lucia has implemented disaster response and emergency rehabilitation programs, starting in 1998, including the Emergency Recovery and Disaster Management Program (ERDMP – P070430), which supported physical and institutional efforts for disaster recovery and emergency preparedness and the Second Disaster Management Project (DMP II - P086469). This was a follow-up to the ERDMP which included structural and nonstructural risk reduction measures, such as retrofits of public facilities, construction of coastal protection works, an emergency operation center and community-level risk reduction interventions and capacity building 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 a reactionary 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 coverage at better terms. Payouts are immediate and better enable governments to continue public and social service delivery in the wake of a disaster.

Climate Change Adaptation (CCA). Integral to its work on DRM, Saint Lucia has undertaken a number of climate change-related initiatives at the national and community levels over the last two decades. In recent years, Saint Lucia (along with five other Caribbean countries) has 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),¹¹ 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.

Notwithstanding Saint Lucia's progress achieved in nationwide disaster vulnerability reduction and climate change adaptation over the past two decades, the island still faces challenges in adequately and comprehensively managing natural hazard risk. This is particularly the case in the context of a changing climatic environment that threatens to reverse hard won development gains as well as poverty reduction efforts.

Despite the evident risks posed by catastrophe events, Saint Lucia lacks a comprehensive 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 (at both national and regional levels). Additionally, present hydro-meteorological forecasting and emergency management capacities limit the country's preparedness in the face of adverse natural events. Furthermore, underdeveloped and dilapidated infrastructure challenges 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. Beyond its physical vulnerability and need for an improved understanding of risks, Saint Lucia is also fiscally threatened by natural catastrophes, given the significant recovery and reconstruction costs associated with such events. Lack of access to immediate capital for post-disaster recovery and reconstruction represents a major challenge. The fiscal impacts of disasters have thus resulted in unsustainable budgetary deficits and dependence on unreliable funding streams.

II. Proposed Development Objectives

A. Current Project Development Objectives – Parent

The 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)

AF and EDF grant activities under Component 1 (USD 7.6 million equivalent) would further reduce climate change vulnerability by potentially financing: (i) construction of a new Piaye Bridge (22 meters); (ii) reconstruction of the Venus – Anse La Raye Road (8.2 km); (iii) rehabilitation and reconstruction of prioritized schools and health centers; and (iv) technical assessments and supervision of works.

Component Name

Project Management and Implementation Support

Comments (optional)

AF activities under Component 5 (USD 0.4 million equivalent) will scale-up overall project management.

IV. Financing (in USD Million)

Total Project Cost:	7.56	Total Bank Financing:	1.16
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			1.16
EC European Development Fund (EDF)			6.40
Total			7.56

V. Implementation

The proposed AF and EDF grant would be implemented using the institutional framework, and procurement, financial management, disbursement as well as social and environmental safeguards arrangements in place under the original DVRP – all of which are working. Technical assistance (i. e. consultants, training) in contract management, supervision of works and other areas will be required to increase capacity of the implementing agencies to absorb additional funds as well as execute and monitor new activities, for which AF resources have been allocated. In addition, environmental and social safeguards capacity will be strengthened with continued support from World Bank safeguards specialists.

In line with the objectives of the original DVRP, sub-activities to be financed with AF and EDF grant resources will directly address Saint Lucia’s Strategic Program for Climate Resilience (SPCR) goals and their aim to achieve transformative impact by improving the climate resilience to adverse natural events and the longer-term impacts of climate change. Investments to build back the Piaye Bridge and Venus-Anse la Raye Road as well as the rehabilitation of select education and health facilities will enable these structures to withstand more frequent and intense climate events. To this end, 100% of AF and EDF Grant finance (USD 8 million) will have climate change co-benefits.

Implementation of the DVRP is proceeding reasonably well, with both Implementation Progress (IP) and Progress towards the achievement of the PDO rated Moderately Satisfactory. The Project has disbursed a total of USD 3.3 million (or 4.9 percent) as of the most recent ISR (December 2015). Disbursement trends are within expectations given the sequence and nature of activities that must be executed before construction activities can commence, which comprise a majority of project proceeds. Commencement of works are expected to increase disbursement trends considerably as a number of contracts are currently under negotiation. The Government of Saint Lucia (GoSL) – with support from the World Bank – has made significant progress in developing required outputs to meet disbursement conditions related to Components 3 and 4 and are expected to be finalized in the near term. The AF, however, will not finance activities under Components 3 and 4, and are therefore not impacted by these delays.

The Project has complied with all fiduciary and environmental safeguard requirements, and both financial management and procurement have been carried out in accordance with the Bank's Financial Management and Procurement Guidelines, respectively. Social safeguards management capacity, however, remains to be strengthened with the recruitment of a project senior social safeguards specialist currently ongoing.

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

World Bank

Contact: Tiguist Fisseha
 Title: Senior Disaster Risk Management
 Tel: 202-458-9427
 Email: tfisseha@worldbank.org

Borrower/Client/Recipient

Name: Ministry of Finance, National Development Department
 Contact: Tracy Polius
 Title: Permanent Secretary
 Tel: 1-758-453-2164
 Email: tpolius@gosl.gov.lc

Implementing Agencies

Name: Project Coordination Unit
 Contact: Cheryl Mathurin
 Title: Project Coordinator
 Tel: 1-758-468-2413
 Email: chmathurin@gosl.gov.lc

VIII. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>