PROJECT INFORMATION DOCUMENT (PID)
ADDITIONAL FINANCING

Report No.: PIDA5305

Project Name	Regional Disaster Vulnerability Reduction Project (Additional Finance) (P146768)
Parent Project Name	Regional Disaster Vulnerability Reduction APL1 - Grenada and St. Vincent and the Grenadines (P117871)
Region	LATIN AMERICA AND CARIBBEAN
Country	St. Vincent and the Grenadines
Sector(s)	Irrigation and drainage (40%), Flood protection (20%), Urban Transport (20%), Aviation (20%)
Theme(s)	Climate change (65%), Natural disaster management (15%), Other urban development (15%), Land administration and management (5%)
Lending Instrument	Investment Project Financing
Project ID	P146768
Parent Project ID	P117871
Borrower(s)	Government of St. Vincent and the Grenadines
Implementing Agency	Ministry of Finance and Economic Planning
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	01-Apr-2014
Date PID Approved/Disclosed	20-Feb-2014, 07-Apr-2014
Estimated Date of Appraisal Completion	25-Feb-2014
Estimated Date of Board Approval	09-May-2014
Decision	

I. Project Context

Country Context

Saint Vincent and the Grenadines (SVG) is located in the Caribbean between Grenada, to the south, and Saint Lucia, to the north, and is one of the states comprising the Windward Island group. SVG consists of 32 islands with Saint Vincent, the northernmost island, accounting for 90 percent of the total land area and population of the country. The total population of SVG is 109,373 (2012)*. GDP per capita is US$6,515 (2012) and has a poverty headcount index of about 30 percent** as of 2007/08 , with an estimated unemployment rate of about 21 percent. SVG's economic performance was negatively impacted by the global financial crisis and its economy contracted from 2009 to 2011.

* WB Development Indicators 2013, **SVG Country poverty assessment 2007/08.

Sectoral and institutional Context

SVG is exposed to high levels of risk to meteorological and geophysical hazards, which have significant negative impacts on SVG's economic and fiscal stability. These natural hazards are being exacerbated by the adverse impacts of climate change, which are putting increased stress on water availability, coastal investments, national infrastructure and livelihoods, especially of the poor and vulnerable groups in SVG. The combined long-term impacts of Sea Level Rise and 1 in 100 year Storm Surge in SVG include: (i) over 50 percent of major tourism resorts at risk to damage, and (ii) potentially severe flooding risk at the SVG airport. In the past decade, damage from major natural disasters in SVG were approximately US$41 million, which was more than the accumulative sum of damage from 1961 – 2000 (EM-DAT database). The GoSVG's gross debt relative to GDP was 70 percent in 2012 (IMF WEO, 2012) - giving the country limited capacity to manage the fiscal impacts of exogenous shocks.

With support from the World Bank and the PPCR, the GoSVG is working to increase gender-informed climate resilience, and reduce physical and fiscal vulnerability derived from natural disasters. The proposed AF would support the implementation of GoSVG's endorsed Strategic Program for Climate Resilience (SPCR) – more specifically, Component 1: Climate Vulnerability, Risk Assessments and Risk Reduction and Component 4: Design and Implementation of a Public Education and Capacity Building Program of the SPCR. By increasing the financing available under the RDVRP, the GoSVG can further reduce its vulnerability to climate and disaster risk; and in turn, improve its physical and fiscal resilience to the economic impacts of disaster events in the short and long term. Reducing vulnerability to risk from natural hazards and climate change is also a core element of the Organization of Eastern Caribbean States (OECS) Regional Partnership Strategy (RPS) FY10-FY14. Finally, SVG will continue to benefit from the knowledge sharing and capacity building through the PPCR.

Emergency Challenge

On December 24, 2013, a tropical weather trough passed over SVG producing extraordinarily intense rainfall at a time well outside of the traditional hurricane season. Over a 3-hour period, SVG received 278 millimeters of rain, which expert analysis strongly suggest was in excess of a 1 in 100 year event. The ensuing flash floods and landslides resulted in severe damages and 9 confirmed deaths with 2 persons still missing and presumed dead. An estimated 225 persons sought refuge in public shelters, 662 homes were damaged or destroyed, and 17,000 persons (15 percent of the population) directly impacted by the disaster. In addition, 70 percent of the population lost access to pipe-borne during the storm with 30 percent of the population still without water 2 weeks after the event. The GoSVG declared a National Level 2 Disaster on December 26, 2013 and formally requested assistance and resources from the World Bank on December 31, 2013.

A rapid Damage and Loss Assessment (DaLA), carried out by a World Bank team from January 6 – 15, 2014, estimated that the combined physical damage and economic losses were approximately US$108.4 million (15 percent of GDP). The vast majority of damages were in the transport and infrastructure sector – including housing – amounting to total damages and losses of approximately US$104 million. Over 38 bridges (21 percent of SVG's bridge infrastructure) were affected, of which 24 were damaged and 14 were completely destroyed. Numerous landslides blocked key transportation routes throughout the country and substantial interventions would be required to

stabilize affected slopes. Rehabilitation and reconstruction will require an estimated 1 – 2 years to complete.

The impact was concentrated in zones with the highest levels of poverty such as Georgetown and Sandy Bay (55.6 percent poverty headcount, SVG Country Poverty Assessment 2007/08), where the focus of economic activity is on agriculture, fishing and services. An estimated 44% of the people affected are classified as living in poverty. Agricultural losses are estimated at US$1.4 million and while the losses represent only 1 percent of the GDP, the impact is disproportionately felt by low-income families whose agricultural production is primarily for personal consumption and local sales (i.e. farmers markets). Although a more detailed social analysis is required, preliminary observations indicate that vulnerable families, dependent on agricultural production, may be at risk of falling below poverty line as a result of the disaster.

Prior to the disaster, modest economic growth was expected in SVG over the next two years due to increases in the agriculture sector, large-scale public sector investment into construction, growth in the tourism industry, in particular growth in the construction of new hotels and the new airport. Due to the disaster, the likelihood of economic growth has drasticall y decreased, as due to the infrastructure damages, tourism and agriculture are two of the most devastated sectors in the country. According to the World Bank database, on average 74,000 tourists come to SVG annually, especially during peak season from November to April, and tourism expenditures account for 48 percent of total exports. While the financial impact of tourism is still unknown, it is expected that the number of tourists going to the key tourism sites would decrease due to the poor road conditions because of the disaster.

While the current event is estimated to represent a combined damage and loss total of approximately 15 percent of GDP, the flash flooding event comes at a time of a global recession, a significant downturn in worldwide tourism and high fuel prices which further constrain national growth. The GoSVG does not retain sufficient resources to deal with the fiscal shock from the disaster. With SVG's public external debt relative to GDP ratio estimated at 70 percent in 2012 (IMF WEO, 2013), the GoSVG has limited capacity to manage the fiscal impact of any exogenous shocks. SVG's debt-to-GDP ratio was projected to level off at 66.2 percent by 2017 (IMF 2014); however, due to the disaster, public debt levels are now expected to continue to increase.

Emergency Response

The AF would be used to finance emergency response and reconstruction activities, project scale-up activities and cost overruns . Proposed emergency response activities include river trainings, bridge rehabilitation, road realignment, coastal defenses and replenishment of the emergency component. The activities would strengthen the infrastructure that were damaged in the floods to be more resilient to similar events. All the activities of the AF have the potential to significantly build resilience in the transportation network and safety of public buildings thereby improving the access and the economic livelihoods of poor and vulnerable communities.

*Damage and loss statistics come from the SVG Damage and Loss Assessment, 2014.

II. Proposed Development Objectives

A. Current Project Development Objectives – Parent

The Program aims at measurably reducing vulnerability to natural hazards and climate change impacts in the Eastern Caribbean Sub-region. The objective of the Project in Grenada is to measurably reduce vulnerability to natural hazards and climate change impacts in Grenada and in the Eastern Caribbean Sub-region. The objective of the Project in Saint Vincent and the Grenadines is to measurably reduce vulnerability to natural hazards and climate change impacts in Saint Vincent and the Grenadines and in the Eastern Caribbean Sub-region. The achievement of the Program Development Objectives of the Regional Disaster Vulnerability Reduction Program (RDVRP) would be measured using the following key indicators: (a) Reduced risk of OECS population to failure of public buildings and infrastructure due to natural hazards or climate change impacts; and (b) Increased capacity of OECS Governments to identify and monitor climate risk and impacts.

B. Proposed Project Development Objectives – Additional Financing (AF)

III. Project Description

Component Name

Prevention and Adaptation Investments

Comments (optional)

The AF would support emergency rehabilitation and reconstruction activities - including river trainings as well as the rehabilitation of transportation infrastructure and public buildings.

Component Name

Regional Platforms for Hazard and Risk Evaluation, and Applications for Improved decision making

Comments (optional)

The AF would support emergency response activities including river defense works and coastal defense works.

Component Name

Natural disaster response investment

Comments (optional)

The AF would replenish the emergency component, which was depleted in response to the December 2013 disaster.

Component Name

Project Management and Implementation Support

Comments (optional)

The AF would support improved capacity for disaster risk management and climate change monitoring to support the integration of risk management principles into national development planning.

IV. Financing *(in USD Million)*

Total Project Cost:	40.60	Total Bank Financing:	35.60
Financing Gap:	0.00		

For Loans/Credits/Others	**Amount**
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	35.60
Strategic Climate Fund Grant	5.00

Total	40.60

V. Implementation

The AF implementation, institutional and internal quality control arrangements would remain the same as the arrangements established under the parent project. The proposed AF can be easily absorbed within the parent project and is within the capacity of GoSVG to execute.

The PSIPMU is sufficiently staffed, and targeted training has facilitated capacity development to manage Bank-supported projects. The WB funded Hurricane Tomas Emergency Recovery Project (HTERP) closed successfully on December 31, 2013. With the closing of the HTERP, the PSIPMU will have increased capacity to implement the proposed AF. In addition, the proposed AF would support additional project staff – including an additional Procurement and Contract Management Specialist and Senior Quantity Surveyor in order to increase the implementation capacity of the PSIPMU. The proposed AF would also scale up technical assistance provided under the parent project to support improved project management and the successful use of country financial management systems.

The procurement capacity in the PSIPMU is steadily improving under the guidance of the WB procurement specialist and experience gained under the HTERP. The parent project Operations Manual will be updated by PSIPMU and will continue to provide quarterly progress reports and financial statements.

VI. Safeguard Policies (including public consultation)

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

Comments (optional)

VII. Contact point

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