



# Program Information Document (PID)

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Concept Stage | Date Prepared/Updated: 18-Jun-2019 | Report No: PIDC27039



**BASIC INFORMATION**

**A. Basic Project Data**

Country Benin	Project ID P168987	Project Name Benin Disaster Risk Management Development Policy Credit with Cat DDO (P168987)	Parent Project ID (if any)
Region AFRICA	Estimated Board Date Oct 31, 2019	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice	Financing Instrument Development Policy Financing
Borrower(s) The Republic of Benin (Through its Ministry of Economy and Finance)	Implementing Agency The Ministry of Planning and Development, The Ministry of Economy and Finance, The Ministry of Interior and Public Security, Ministry of Living Environment and Sustainable Development, National Agency for Territorial Planning, Agency for the Construction of Education Infrastructure, Ministry of Health		

**Proposed Development Objective(s)**

The Program Development Objective of the proposed operation is to support the Government of the Republic of Benin in: (a) strengthening the legal and institutional framework for the management of natural catastrophes; (b) improving territorial planning and construction standards for increased climate and disaster resilience; and (c) enhancing the financial and social protection systems to manage impacts associated with disaster and climate-related shocks.

**Financing (in US\$, Millions)**

**SUMMARY**

<b>Total Financing</b>	30.00
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**DETAILS**

<b>Total World Bank Group Financing</b>	30.00
World Bank Lending	30.00

**Decision**

The review did authorize the preparation to continue



## B. Introduction and Context

1. **The proposed operation is a stand-alone single-tranche US\$30 million Disaster Risk Management Development Policy Credit (DPC) with a Catastrophe Deferred Drawdown Option (Cat DDO) for the Republic of Benin.** It has been designed to support the efforts of the Government of Benin (GoB) to quickly mobilize resources in the aftermath of a natural catastrophe and to strengthen the disaster and climate-related risk management systems in the country.

### Country Context

2. **Benin is highly exposed to extreme weather and climate-related events, which pose major challenges for sustainability of growth and resilient development of the country.** The 2017 World Risk Report ranked Benin 25<sup>th</sup> out of 171 countries in terms of risk to natural disasters, and 11<sup>th</sup> in terms of lack of adaptive capacities<sup>1</sup>. This elevated level of risk is evidenced in frequent adverse natural events that effect the population, disrupt livelihoods and economic production, destroy physical infrastructure, and impose high public and private costs for reconstruction and rehabilitation. In the last four decades, Benin was hit by at least fifty adverse natural events that affected over 5.4 million people<sup>2</sup>. Localized, recurrent floods have affected the most people, causing the largest losses in Benin with over 1.2 million inhabitants impacted by floods just in the last decade. Drought is the second disaster threat to Benin's sustainable development, with fifty percent of the population engaged in the agriculture sector, whereby the majority are rural poor, smallhold farmers involved in rain-fed farming, and therefore directly exposed to droughts. In the long-term, the country could suffer annual losses of about 0.23 percent of GDP<sup>3</sup> (relative to 2018 GDP). The country has also been experiencing increased incidence of public health-related shocks, which also represent a threat to Benin and pose additional strain on the country's public finances. Between 1970 and 2017 alone, at least 16 major epidemics occurred, affecting more than 25,000 people<sup>4</sup>.

3. **Multiple factors contribute to Benin's high vulnerability to disasters and climate-related shocks.** A rapid urbanization with increased informal settlement, unplanned development in disaster-prone areas, and a concentration of a large percentage of the population in coastal areas<sup>5</sup> have exacerbated the country's vulnerability to natural catastrophes, while an incomplete regulatory framework and weak enforcement capacity of building codes, land use and development control have resulted in infrastructure and building stocks prone to damage by natural disasters, floods in particular. With an increasing rate of urbanization (5 percent a year), expected to surpass 65 percent by 2050, the growing concentration of assets and populations in Benin's cities and towns and the current unplanned expansion and settlement patterns (over 60 percent of city dwellers presently live in slums) will result in further increased exposure and vulnerability to disaster impacts, in the absence of adequate policies and institutions to regulate the built environment. At the same time, the lack of adequate social protection (SP) whereby the coverage of social safety nets remains far below the needs of the poor and vulnerable, has left households vulnerable to the impact of natural shocks. Moreover, climate change is expected to further increase disaster risk in the country, with projected more frequent occurrence of torrential rains and floods in the South, rising sea level and increased coastal erosion expected to lead to intensified coastal flooding and storm waves, and

<sup>1</sup> The World Risk Index is calculated based on exposure to five types of natural hazards (Earthquakes, cyclones, floods, droughts, and sea-level rise); vulnerability on the basis of infrastructure/food supply/economic conditions as well as coping and adaptive capacities, which depend on governance, preparedness/early warnings, healthcare, social and material security.  
[http://weltrisikobericht.de/wp-content/uploads/2017/11/WRR\\_2017\\_E2.pdf](http://weltrisikobericht.de/wp-content/uploads/2017/11/WRR_2017_E2.pdf)

<sup>2</sup> EM-DAT: The Emergency Events Database – Université Catholique de Louvain (UCL) - CRED, D. Guha-Sapir - [www.emdat.be](http://www.emdat.be), Brussels, Belgium

<sup>3</sup> The estimate is based on a probabilistic evaluation of disaster risks in Benin led by the World Bank, in 2019.

<sup>4</sup> *ibid*

<sup>5</sup> Benin's economic activity is concentrated in the coastal zone, with Cotonou, Abomey-Calavi and Seme-Podji making up 57 percent of urban GDP and 33 percent of national GDP. (2018 Benin Country Partnership Framework).



accelerated desertification in the North. The combination of a rising sea level and increased coastal erosion with a concentration of population in coastal areas is expected to lead to more frequent natural catastrophes, population migration, and contribute to food and water shortages.

#### Relationship to CPF

4. **The proposed operation is aligned with the World Bank Group's Country Partnership Framework (CPF)<sup>6</sup>, in which disaster risk management (DRM) and climate change are key priorities.** The CPF, which is anchored in the country's National Development Program 2016-2021 and highlights the importance of managing risks (including from natural hazards) that can threaten overall poverty reduction prospects. This operation helps mitigate that risk and supports policy reforms which contribute to each of the three priority areas of engagement of the CPF. First, this DPC fully supports the 3<sup>rd</sup> core priority objective of the CPF, "*Increasing Resilience and Reducing Disaster and Climate-Related Risks*". Secondly, policy reforms proposed under the DPC's pillar B (Improving territorial planning and construction standards for increased climate and disaster resilience) supports the 1<sup>st</sup> priority area of the CPF, "*Structural Transformation for Strengthened Competitiveness and Productivity*", and in particular strengthening infrastructure resilience to natural hazards. Lastly, policies under Pillar C (Enhancing financial and social protection systems to manage impacts associated with disaster and climate-related shocks) directly support the objective of the CPF's second priority area, "*Investing in Human Capital*", including the need to expand the coverage of SP for households that are vulnerable to the impact of natural shocks.

5. **Likewise, the proposed operation is well-aligned with the World Bank Group's (WBG) twin goals of poverty reduction and shared prosperity, the Africa Regional Strategy (related to Human Capital and Climate Resilience) and the WBG Climate Change Action Plan (2016-2020).** The policy reforms included in this operation are aimed at reducing vulnerability to disaster and climate risk and build the fiscal resilience of the country against natural catastrophes, while contributing indirectly to building human capital, by i) reducing the poverty impacts of disasters at the household level by reduced losses following a disaster, ii) ensuring continuity of service delivery, including reducing school closure due to disasters and continued access to health services, iii) minimizing disruptions in jobs and productivity of enterprises, iv) reducing the economic and fiscal volatility from disasters and iv) saving lives. The Project will have a significant climate adaptation co-benefit, thereby contributing to the Climate Action Plan and the Corporate Scorecard targets for climate adaptation.

6. **The proposed Cat DDO complements a number of World Bank supported activities in the country.** The policy reforms included in the proposed operation include inputs from different sectors (Health, Education, Social Protection, Urban, Macro and Financial Services) and complement the overall World Bank lending and technical assistance (TA) program in Benin. Specifically, the proposed Cat DDO is aligned with the proposed First Fiscal Management and Structural Transformation Development Policy Operation (P168668), in particular as it relates to improving the Government's fiscal management (pillar 3) as the Cat DDO aims to improve the management of fiscal risks associated with natural shocks. The following ongoing and planned operations have contributed to the design of this DPC: (i) the *Regional Disease Surveillance Systems Enhancement/REDISSE III* (P161163), which supports the Government's efforts to strengthen the health surveillance, preparedness and response systems for public health crisis; (ii) the proposed *Global Partnership for Education Project - Phase 3* (P167432), which will assist the Government in the operationalization of its National Education Sector Plan (2018 - 2030), including improving the management of school infrastructure; (iii) the *Community and Local Government Basic Social Services Project* (P163560), which supports the Government's efforts in building a robust SP system that promotes social and productive inclusion under the Government's SP program; (iv) the *Stormwater and Resilience Project* (P161248), which aims to support the Government's investment, planning and maintenance efforts to

<sup>6</sup> World Bank. 2018. *Benin - Country Partnership Framework* for the period FY19-23. Washington, DC: World Bank.



manage flooding in Cotonou; and to some extent (v) the *West Africa Coastal Areas Resilience Investment Project/WACA* (P162337), which supports the protection of coastal zone areas from erosion and restoration of fragile coastal ecosystems.

### C. Proposed Development Objective(s)

7. **The Program Development Objective of the proposed operation is to support the Government of the Republic of Benin in: (a) strengthening the legal and institutional framework for the management of natural catastrophes; (b) improving territorial planning and construction standards for increased climate and disaster resilience; and (c) enhancing the financial and social protection systems to manage impacts associated with disaster and climate-related shocks.** The policy reforms included in this proposed Cat DDO are aimed at preventing and reducing disaster and climate-related risks, increasing long-term resilience and ability to recover from the adverse impacts of natural catastrophes, thereby helping support the sustainability of the country's development program and efforts to reduce extreme poverty and boost shared prosperity. Cognizant of the high impact of disasters on Benin's social welfare and economic development, the Government is shifting towards a more robust and pre-emptive approach to manage disaster and climate related risks. Building on the existing institutional and policy framework, these recent policy reforms and actions fill the gaps and address the key challenges in the Government's current DRM and CCA systems, therefore making a critical contribution to strengthened climate and disaster resilience of assets and livelihoods and improving business continuity of essential public services as well as the sustainability of public spending and investments. The Bank is supporting this agenda through a technical assistance (TA) program with the Government.

#### Key Results

8. **The following results indicators will be used to measure the effectiveness, impact and sustainability of the Cat DDO program:**

#### **Pillar A: Strengthening the legal and institutional framework for the management of natural catastrophes**

- a. Share of Municipal/Local Contingency Plans developed/updated in line with the new DRM Law.
- b. Disaster risk profiles produced for select municipalities to inform Local Development Plan and/or Annual Investment.
- c. Annual report on natural disaster damages and losses submitted to the National Platform for DRR and CCA.
- d. The Commission for the Economic modeling of climate impacts submits annual report on climate impacts to inform the Ministry of Planning and Development's General Budget.
- e. Standardized operating Protocols established for the management of priority health risks.
- f. Number of national and local health emergency drills and exercises conducted using the new Protocols.

#### **Pillar B: Improving territorial planning and construction standards for increased climate and disaster resilience**

- g. Share of municipalities with local development plans audited using the new Compliance Audit Guide.
- h. Share of municipalities that have developed their planning tools/planning strategies/spatial plans/development plans integrating hazard and risk considerations, in accordance with the Urban Planning and Development Code.
- i. Share of construction works with a building permit approved since the new Code has been established.
- j. Share of school facilities built or maintained in compliance with the technical guidelines/criteria since its adoption.

#### **Pillar C: Enhancing financial and social protection systems to manage impacts associated with disaster and climate-related shocks**



- k. Report on contingent liabilities including those associated with disaster and climate-related shocks published with the medium-term fiscal framework and submitted to the Budget department.
- l. A Disaster Risk Financing Strategy is adopted by the Government.
- m. Allocation to the National Disaster Fund included annually in national budget.
- n. Annual activity and accounting report for the National Disaster Fund published.
- o. Number of households with data populated in the National Social Registry to enable horizontal and vertical expansion of shock-sensitive social protection.

#### D. Concept Description

9. **The proposed operation will support the Government's ongoing reforms to disaster and climate-related risk management system to mainstream and incorporate disaster risk reduction and climate resilience as a cross-cutting requirement through the sector and development planning.** The Program has three operational pillars and 10 prior actions that represent a substantial commitment of the Government to a comprehensive approach to disaster and climate-related risk management.

*Pillar/Objective A - Strengthening the legal and institutional framework for the management of natural catastrophes.*

10. **Reforms in this policy area focuses on actions that will allow the GoB to strengthen the legal and policy framework for DRM, CCA and public health emergency management.** In particular, the Government is committed to improving and updating its DRM and CC legal framework to ensure clarity on roles and responsibilities among Government institutions and strengthen capacities for public health crisis management and response in Benin. Under this pillar, the proposed operation will support i) the development of a new DRM law and the adoption of a National Disaster Risk Reduction Strategy (NDRRS), ii) the adoption of the Climate Change Law, and iii) the establishment of a Public Health Emergency Operations Center to strengthen the public health preparedness and response systems.

*Pillar/Objective B - Improving territorial planning and construction standards for increased climate and disaster resilience.*

11. **Through the reforms included in Pillar B, the Government is establishing the necessary institutional structures and policy framework to mainstream DRM and CCA in territorial planning and critical sectors.** To mainstream DRM and climate resilience in the design of public policies, it is critical to set up the right institutional structures that have the mandates, competences, resources and accountabilities to oversee risk assessments and coordinate the different entities within and outside each sector. Similarly, to reduce the long-term human and economic impact of disasters, it is crucial to reduce disaster and climate-related risk in public and private infrastructure. The costs of investing in disaster-resilient infrastructure are much lower than repairing, retrofitting, and reconstructing buildings and infrastructure in the aftermath of a disaster, and disaster-resilient infrastructure is also key to ensure business and services continuity and enable a quick recovery in the aftermath of a disaster. Under this pillar, the proposed operation will support i) a reform of the territorial planning institutional framework that facilitates integrating disaster and climate-related risk management considerations and compliance with the existing law for land use planning, ii) reforms for the Urban Planning and Development Code and the Building and Housing Code; and iii) improvement of school infrastructure safety and resilience standards, by establishing an adequate institutional structure and strengthening the technical norms for effective integration of disaster and climate-related risk management considerations.

*Pillar/Objective C - Enhancing financial and social protection systems to manage impacts associated with disaster and climate-related shocks.*



12. **Under Pillar C, the GoB is putting in place key institutional structures and taking actions towards incorporating a disaster risk finance strategy as part of the overall management of fiscal risks to increase its preparedness, response capacity, and fiscal resilience to natural shocks, as well as establishing a shock-responsive and scalable SP program for post disaster assistance of vulnerable households.** A proactive management of fiscal impacts of disasters will help Benin to: (a) quantify Government and private sector disaster liabilities; (b) improve disaster relief, recovery and reconstruction speed; (c) improve Government emergency budget execution; and (d) help the Government better strategize its available disaster risk financing mechanisms. The proposed operation will support i) the establishment of an inter-ministerial committee to manage fiscal risks associated with disaster and climate-related shocks, led by the Economic Affairs department of the MoEF; ii) the establishment and efficient management of a National Disaster Fund to finance emergency response and recovery in the aftermath of a natural catastrophe; and iii) the improvement of the SP systems to be shock-sensitive, scalable and able to reach all vulnerable households.

### E. Poverty and Social Impacts and Environmental Aspects

#### Poverty and Social Impacts

13. **The prior actions included in this DPL with Cat DDO are expected to have overall positive poverty and social impacts over the medium and long term.** The series of reforms supported by this operation are expected to contribute in building resilience to disaster and climate-related events of the most vulnerable by natural hazards by (i) setting up the adequate institutional and legal framework for managing disaster and climate-related risks and avoid the creation of future risks, (ii) increasing the resilience of buildings through increased safety construction standards and appropriate location of assets, reducing disaster-related human, assets and welfare losses, and (iii) providing timely and sufficient financial resources to effectively implement post-disaster interventions. The policies under this operation are not expected to reduce poverty directly but rather contribute to preventing increased poverty in the event of new extreme natural events and mitigating the long-term effects of disasters. In Benin, disasters and climate-related shocks can increase poverty directly by damaging productive assets and increasing unemployment, or indirectly through higher inflation, lower economic growth, and the disruption of public services and utilities. Prior actions under Pillar A focus on a clear definition and organization of DRM roles and priorities of the Government to enable a rapid and effective response to disasters – and the poor, who are the most vulnerable to natural hazards, are likely to benefit most from improved DRM capacity. Under Pillar B of the operation, key reforms seeking to strengthen the institutional and legal framework to ensure risk-informed territorial planning and sectoral public investments, are expected to have positive social impacts, as improvement in land use planning and building standards will reduce the exposure of human settlements and assets to natural hazards, thereby reducing the potential damages and losses following a disaster. Under Pillar C, measures taken to enhance the financial capacity and social assistance to manage the impacts of disaster and climate-related risks are expected to bring positive social impacts. The adoption of mechanisms to enhance the ability of the Government to provide timely assistance and start reconstruction shortly after a disaster hits would shorten the transition back to the pre-disaster livelihoods and infrastructure levels. Incorporating actions to enhance the social safety nets that can be scaled up rapidly after a shock and with inclusive and flexible targeting systems able to redirect support and transfers toward affected households provides an effective means to support the poor and vulnerable population.

#### Environmental Impacts

14. **The policy actions supported by the proposed operation are unlikely to have any negative impacts on the country's natural assets.** All the actions supported by the operation are policy-oriented; they do not directly support environmentally impactful investments or involve policy actions with significant environmental consequences. Through the proposed operation, the GoB addresses institutional, technical and financial barriers to enable the adoption of a risk-



informed approach to development. Pillar A of this operation contains prior actions that are expected to directly contribute to enhancing natural resource and environmental management. Prior actions under Pillar A will strengthen the policy and institutional framework for DRM and CCA and seeks to mainstream DRM and climate change adaptation policies and practices at the national level, including incorporating climate risk considerations in social and environmental impact assessments, contributing to environment-friendly planning of essential infrastructure and development projects. Under Pillar B, efforts to improve territorial planning and technical standards and regulations for climate and disaster risk reduction in public investment and construction works are expected to have positive effects on the environment. Specifically, the adoption and the enforcement of the Urban Planning and Development Code will unquestionably induce benefits on environment, forests and other natural resources, as the Code has been designed to strengthen zoning regulations and sustainable spatial planning, therefore reducing environmental degradation. The design and operationalization of sectoral and municipal spatial/development plans/strategies following the adoption of the Urban Planning Code will contribute to strengthen the institutional framework for planning, including a better understanding of the environmental impact of poor planning; this will help inform environmental protection policies that aim to achieve increased climate and disaster resilience. Prior actions on Building Codes and safer school construction standards will contribute to ensure greater enforcement of the different regulations governing building construction and might result in greater compliance with the applicable national environmental regulations, which would have positive effects on the environment and population. Under Pillar C, the proposed reforms aim at increasing the financial capacity to manage the impacts of disaster and climate-related risks will not induce—directly or indirectly—negative environmental effects.

15. **In addition, any potential environmental and social adverse impacts associated with activities supported by the current DPF will rely on the existing national legal and regulatory framework and will subsequently be monitored and addressed through the national procedures in place in Benin.** Benin has well-established institutional and legal frameworks in place to protect and manage the environment. Over the last 20 years, the GoB has made significant strides in mainstreaming environmental sustainability in projects. Environmental and Social Impact Assessment (ESIA) is a legal requirement and it is widely applied to all developmental projects. Environmental assessment is a necessary condition to obtain the approval to implement any development project. It has been set up in Law N° 98-30 relating to the environmental framework and in Decree N° 2001-235 relating to the environmental assessment procedures. A new ESIA decree<sup>7</sup> was adopted in July 2015 covering environmental assessments, public consultation and environmental inspection. The national Environmental Protection Agency is institutionally empowered to review and clear all the environmental and social safeguards instruments (among which the ESIA, Audits, and Resettlement Action Plans) and to provide certificates of environmental conformity. It is also one of the reference environmental protection agencies in the West and Central Africa region. Furthermore, the GoB is committed to improve environmental management as reflected in their current NDP. The World Bank is presently supporting the national environmental protection agency through the WACA operation to strengthen its operational capacities with the aim of improving delivery of services countrywide.

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### Borrower/Client/Recipient

<sup>7</sup> Decree 2015-382 of July 9, 2015





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### **Implementing Agencies**

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**APPROVAL**

Task Team Leader(s):	Tiguist Fisseha
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**Approved By**

Country Director:	Katrina M. Sharkey	11-Jul-2019
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