



# Project Information Document (PID)

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Concept Stage | Date Prepared/Updated: 17-Dec-2019 | Report No: PIDC27941

**BASIC INFORMATION****A. Basic Project Data**

Country St Maarten	Project ID P172339	Parent Project ID (if any)	Project Name St Maarten Civil Society Partnership Facility for Resilience (CSPFRP) (P172339)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date Feb 17, 2020	Estimated Board Date Mar 31, 2020	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) VNG International	Implementing Agency VNG Internationa	

**Proposed Development Objective(s)**

The Project Development Objective (PDO) is to improve civil society organizations' capacity to support reconstruction and resilience activities and contribute to service delivery.

**PROJECT FINANCING DATA (US\$, Millions)****SUMMARY**

<b>Total Project Cost</b>	7.00
<b>Total Financing</b>	7.00
<b>of which IBRD/IDA</b>	0.00
<b>Financing Gap</b>	0.00

**DETAILS****Non-World Bank Group Financing**

Trust Funds	7.00
Free-standing Single Purpose Trust Fund	7.00

Environmental and Social Risk Classification

Concept Review Decision



Moderate

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

## B. Introduction and Context

### Country Context

1. **Sint Maarten is a high-income constituent country<sup>1</sup> of the Kingdom of the Netherlands in the Caribbean.** It occupies the southern half of an island shared with the French overseas collectivity of Saint Martin. It is the most densely populated country in the Caribbean, with a population of roughly 40,000 and a per capita Gross Domestic Product (GDP) of US\$26,163 as of 2016.<sup>2</sup> Sint Maarten is still rebuilding from damage caused by Hurricane Irma, a Category 5 hurricane, that ravaged the island in September 2017. Irma struck a drastic blow to the island's economy, with adverse consequences to the people's livelihoods and their service delivery systems.
2. **Sint Maarten is highly vulnerable to adverse climatic events due to its location within the hurricane belt and has been exposed to high winds and numerous hurricanes.** For the past few decades, the country has been exposed to hurricane Donna in 1960 (Category 3), Luis in 1995 (Category 4), and Irma 2017 (Category 5). Due to the size of the country, a single storm has the potential to directly impact the entire population. High winds, rainfall and floods are the principal risk factors, while the country is also vulnerable to earthquakes. Coastal areas are exposed to floods and risk from storm surge, and tsunamis. Increased urbanization along with climate change and limited country capacity to rebuild with resilience adds to its vulnerability to natural hazards. These hazards have had catastrophic impacts on the economy, which relies on tourism.
3. **Sint Maarten's economy relies on tourism which accounted for 45 percent of its GDP and 73 percent of its foreign exchange in 2016.** The economy is driven by retail and wholesale trade, hotels and restaurants, real estate, transport and communication, yacht repair, and harbor services. Prior to Hurricane Irma, Sint Maarten's capital, Philipsburg, was the second most visited port in the Caribbean, and its airport served as a hub for several nearby smaller islands. In addition, activities in the transport, storage and communication sectors related to tourism contributed 11 percent of GDP. Between 2012 and 2016, Sint Maarten received a yearly average of 1.8 million cruise passengers and 500,000 visitors arriving by air, who together spent about US\$820 million a year.<sup>3</sup> Sint Maarten's nominal GDP was estimated at about US\$1.07 billion in 2016.
4. **The impact of Hurricane Irma was significant.** While the loss of life was limited, Hurricane Irma caused damages and losses estimated at US\$1.38 billion and US\$1.35 billion (129 percent of GDP respectively) affecting 90 percent of all infrastructure and large parts of the natural environment. Losses (foregone production and decline in economic flows between 2017 and 2019) were estimated at about 90 percent of GDP, mostly in the tourism sector.<sup>4</sup> The economy contracted by a cumulative 12.5 percent in the aftermath of Hurricane Irma during 2017-18. Growth is projected to rebound in 2019 and the economy is expected to return to its pre-Hurricane Irma real GDP level by 2025. However, a

<sup>1</sup> Sint Maarten is one of the four constituent countries of the Kingdom of the Netherlands, along with Netherlands, Aruba, and Curacao.

<sup>2</sup> Based on UNDP benchmark for poverty based on minimum wage (approximately \$ 850)

<sup>3</sup> Data from the International Monetary Fund (IMF) and Statistical Yearbook, 2017, Department of Statistics Sint Maarten.

<sup>4</sup> National Recovery and Resilience Plan (2018).



sharp decline in tax revenue has cut public resource availability, while the need for public expenditure to rebuild public infrastructure and assist the affected population has risen sharply.

5. As a result of the devastation caused by Hurricane Irma in Sint Maarten, the Sint Maarten Recovery, Reconstruction and Resilience Trust Fund (SXM TF) was set up in September 2017, with financing from the Netherlands. The Trust Fund is administered by the World Bank. The SXM TF provides support for the recovery and reconstruction of Sint Maarten and longer-term development priorities to strengthen the country's resilience to disasters, using the principles of building back better and sustainability. This project has been endorsed by the SXM TF Steering Committee. The project responds to the SXM TF Steering Committee request to support community driven initiatives and work through civil society to support reconstruction and resilience activities.
6. **In 2018, the National Recovery and Resilience Plan (NRRP) was prepared by the World Bank in collaboration with the Governments of Sint Maarten and Netherlands, based on the Government's Damage and Loss Assessment (DaLA) that prioritized the reconstruction of critical infrastructure including the airport.** The NRRP set the following priorities: (a) meeting the basic needs of the people of Sint Maarten—such as food, shelter, health and psychosocial care, education, and livelihoods, (b) the urgent preparation for the hurricane season; and (c) the multisectoral approach to restarting and revitalizing the economy. The NRRP emphasizes that partnerships with Civil Society Organizations (CSOs) are an important factor in achieving implementation of the priorities.
7. **To achieve continued economic recovery and reconstruction, and build lasting resilience among communities and households, development partnership drawing on the experience and networks of non-government organizations will be critical.** CSOs in Sint Maarten are already involved in several initiatives spanning social service delivery, rehabilitation of basic service facilities, training and skills development and education, information and communication, to mention only a few. Supporting the CSOs to enhance their engagement with beneficiaries and boost the quality of their services to them, is a great opportunity to improve CSOs-Government partnerships, which would in turn have a positive impact on short, medium and long-term efforts to improve the resilience. This would have benefits for the people, country's institutions and the CSOs sector as well.

#### Sectoral and Institutional Context

8. **Although Sint Maarten is a high-income country, large pockets of poverty and vulnerability are persistent in the face of disasters and shocks.** Twenty-seven percent of households lived on revenues at or below the minimum wage in 2017.<sup>5</sup> Unemployment is about 2 percentage points higher for women than men, and women represent 58 percent of the unemployed. Female headed households are 38.7 percent of total households in the country, which shows the magnitude of households' dependence on women's ability to earn adequate income.<sup>6</sup> Young people under the age of 20 in Sint Maarten make up 27 percent of the population, and they face relatively high unemployment recorded at 24 percent in 2017. This significantly affects their livelihoods and well-being. In addition, the elderly face poor nutrition and health, and substandard housing. The CSOs are already providing services to these populations and improving their service delivery will strengthen their impact.
9. **The full effects of Hurricane Irma and the disaster's impact on poverty are likely significant.** Although little is known about the distribution of disaster impacts and their effect on vulnerable groups in Sint Maarten, international experience indicates that the poorest and most vulnerable groups are disproportionately affected by natural disasters.

<sup>5</sup> UNDP benchmark for poverty based on minimum wage (approximately US \$850).

<sup>6</sup> UNDP 2015



In the case of Sint Maarten, this would include the large number of female-headed households as well as those who relied on casual labor in various services sectors including tourism, and basic services.

10. **The impact of hurricane Irma also affected the delivery of basic services, and this requires reconstruction and rehabilitation to restore full functionality.** Health, education, community and recreation centers were all affected with different levels of severity. In education sector alone, the direct damage to the education, culture, youth and sports public facilities was estimated at US\$60.228.000 and losses at US\$1.711.000.<sup>7</sup> Both hardware and soft skills investments are thus required to restore the facilities and assure their full functionality.
11. **There is an existing government relationship with CSOs through the Ministry of Public Health, Social Development and Labor (VSA) which provides some of the more established CSOs with subsidies.** However, these subsidies are mainly intended to cover the operational costs and are not for investment in service delivery for the communities. The project would complement these government subsidies by providing grants and technical assistance to build capacities of CSOs to provide better service delivery and contribute to communities improved resilience in the face of natural and other disasters.
12. **CSOs are already involved in the recovery and reconstruction efforts in Sint Maarten but their involvement can be strategically enhanced to maximize their potential to contribute more effectively and support Government's efforts to achieve lasting resilience.** Although there are roughly 300 CSOs involved in the country, only a few (about 100) have the capacity to fully engage in significant resilience activities in a meaningful way. Other CSOs have strong community networks but need training, mentoring and coaching to be able to meaningfully partake in recovery and reconstruction efforts for lasting resilience. The proposed project would channel funds both to qualified CSOs, as well as to CSOs who may not be as qualified but that have high potential to contribute to the project objectives, if capacitated.
13. **An international management agency will support local CSOs in contributing to reconstruction and resilience activities.** Sint Maarten's institutions are generally at nascent stage - they are weak and fragile, including the civil society sector which is fragmented, poorly funded and not well organized. None of the local CSOs have the technical and fiduciary capacity to manage a nation-wide grant making mechanism and to provide the desired capacity development for the rest of the local CSOs/NGOs. Therefore, the VNG International which is envisaged to be the Management Agency (MA) will be contracted by the World Bank to coordinate implementation to provide sub grants to the CSOs and in parallel, build their capacity to implement projects and undertake basic financial management and monitoring activities. The MA will undertake fiduciary and safeguards responsibilities and collaborate with local partners to implement the project.

#### Relationship to CPF

14. **The proposed project contributes to the four areas of focus enshrined in the World Bank Strategic Framework (2019-2025) for Sint Maarten.** It will contribute to (i) promoting sustainable economic recovery, (ii) supporting citizens and resilient communities, and (iii) building the foundations to improve long-term resilience and good governance. Capacitating CSOs to enhance their ability to contribute to reconstruction and resilience and promoting constructive engagement among CSOs and with citizens will contribute to the sustainable economic recovery. The subproject cycle and related community reconstruction will contribute to building resilient communities. The consolidated

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<sup>7</sup> MECYS based on site assessments by experts from VROMI (2017/18)



interventions and efforts supported by the project is expected to contribute to building foundations for improving long term resilience and related good governance.

### **C. Proposed Development Objective(s)**

15. The Project Development Objective (PDO) is to improve civil society organizations' capacity to support community driven reconstruction and resilience in Sint Maarten.

#### Key Results (From PCN)

16. The following key results are expected to be achieved:

- Increased community driven services - through financing activities that will be identified by communities with facilitation and guidance by the CSO implementing partners
- Improved CSO capacity to provide recovery and reconstruction services
- Improved systems for CSOs to respond to disasters

17. The above results will be measured through the following proposed indicators:

- Percentage of subprojects proposals that are approved for funding
- Percentage of subprojects approved that are fully implemented and are functional
- Number of people (cumulative) being served by subprojects supported by the project
- Percentage of people in project areas that express satisfaction with grantee subprojects
- Number of CSO grantees supported by the project

### **D. Concept Description**

18. The primary beneficiaries of the project are community members and CSOs. CSOs will benefit from the training, mentoring and financing provided to them, so that they can implement subprojects that will be consistent with their mandates. These CSOs will include Non-Governmental Organizations (NGOs), Community Based Organizations (CBOs), Faith Based Organizations (FBOs), youth Organizations (YOs) or any other foundations or undertakings falling into the definition of CSOs in Sint Maarten.

19. Community members will benefit as users of increased quality services and users of facilities that will be reconstructed or rehabilitated. In addition, the Project will more particularly benefit vulnerable segments of the population, such as the poor and vulnerable that have been affected by the hurricane, the unemployed and underemployed or those who live on less than the living wage rate. These vulnerable groups will benefit from the Project by using the facilities created or renovated, and/or by becoming employed by the subprojects.

20. The design and implementation of the proposed project will seek to be guided by several principles that will help promote transparency and accountability and promote beneficiary engagement to assure that the financing responds to the community and CSOs needs on the ground, and that implementation seeks to achieve efficiency and effectiveness toward attainment of the project development objectives. The guiding principles will include promotion of social cohesion, inclusiveness in participation of CSOs, innovations in the subprojects, building of synergies with other operations, simplicity and flexibility in design and implementation to enable learning and adaptation, and



encouraging neutrality and accountability.

### **Project components**

21. The Civil Society Partnership Facility for Resilience Project (CSPFRP) will be implemented through three main complementary components namely: (i) Small Grants for Reconstruction, Resilience and Community Driven Service delivery, (ii) Capacity Building and Technical Assistance and (iii) Project Management and Coordination. The project components and key interventions are explained in paragraphs which follow.
22. Component 1 will finance small grants to CSOs that will work with communities to generate project proposals to implement activities focused on reconstruction, resilience and service delivery. Subproject proposals will be called, and grants awarded twice a year. Subproject proposals will be screened against predetermined eligibility criteria described below. Subprojects will be implemented by the CSOs, which will benefit from continuous technical assistance and capacity building from the Management Agency (MA) and its Local Partners (LPs). A subproject cycle, which will meet minimum rigor and yet be simple enough to minimize transaction burden is being developed to guide quality implementation and ensure a credible grant management and learning and knowledge sharing. Subprojects will be demand driven.
23. Subprojects are expected to mainly feature themes that generally reflect community reconstruction and resilience needs for restoration of service delivery. The themes include but are not limited to: indoor and outdoor facilities; service delivery facilities; environmental protection; social care services; and youth skills development and employment. Basic criteria will include (a) registration in Sint Maarten as a nonprofit entity, (b) holding a financial account in a financial institution, (c) recognition as representing community or neighborhood, (d) technical adequacy and feasibility of the proposal, including adequacy within the themes identified in call of proposals, reasonableness of the budget for the proposal and compliance with Social and Environmental Safeguards. In addition, technical, criteria will include: (a) relevance of outcomes to the community as a whole (as opposed to individual community members), (b) strength of development impact of proposed activity, (c) non-overlap with current/other development projects and non-funding for operational costs or substitution/replacement of current subsidies from government or other funding sources (ceiling of 10 percent of operational costs). Subprojects will not finance major civil works nor new constructions. In addition, the project will not include any land acquisition nor displacement of populations.
24. Component 2 will support all the capacity building and technical assistance activities mainly for the CSOs implementers partners but also for all the stakeholders involved in project implementation and in coordination of the project work to achieve its development objectives. This component will therefore support start-up training activities for all implementers in the immediate term of subproject design and implementation; a capacity needs assessment and elaboration of a capacity building plan to ensure effective implementation of the project, and ultimately support implementation of the plan throughout the project economic life. Component 2 will also support technical assistance needs that will be identified to satisfy periodic needs of the project such as undertaking of qualitative and quantitative evaluations and facilitating learning and knowledge sharing events. In addition, component 2 will support elaboration and implementation of an ongoing coaching program for CSOs, coordinated by the MA, that will ensure that low capacity implementers are not left behind and that their capacity development is systematic and is evaluated to assure desired evolution.
25. Component 3 will support all activities related to project management and coordination. These will include daily operations management of the project; fiduciary oversight and management; planning and monitoring; reporting and documentation of good practices; knowledge management and coordination activities within the project and with all other stakeholders. Coordination will also involve processes of the grant mechanism or the subproject cycle and



activities that will aim at awareness creation, education and communication. This component will support all other logistical and operational aspects of the project that will ensure management and oversight for local partners and CSOs functions smoothly. In addition, the component will support activities related to the functionality of the technical committee for the project. The Technical Committee will be a platform for coordination of project activities and its membership will include select stakeholders who are considered relevant to the successful implementation of project activities. Furthermore, given the myriad of small NGOs implementing small subprojects through different initiatives, this component will support mechanisms and systems for fostering harmonization and alignment of activities supported by the proposed project and other initiatives.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

- 26. Sint Maarten is a high-income constituent country of the Kingdom of the Netherlands in the Caribbean. It is the most densely populated country in the Caribbean with a population of roughly 38,000 in an area of 34 square km and a per capita Gross Domestic Product (GDP) of U\$25,381. In addition to the 38,000 registered inhabitants, there is a significant group of unregistered migrants, estimated to be between 10,000 and 15,000 people.
- 27. Hurricane Irma severely damaged the economy of the country. Sint Maarten’s unemployment rate (6.2 percent) and youth unemployment rate (23.8 percent) in 2017 significantly rose following the hurricane due to the shutting down of tourism businesses. Facilities in health and education sectors, community and recreation centers were all affected with different levels of severity. In the education sector alone, the direct damage to the education, culture, youth and sports public facilities were estimated at US\$60.2 million and losses at US\$1.7 million.
- 28. Civil Society Organizations (CSOs) are already involved in the recovery and reconstruction efforts in Sint Maarten. Several CSOs are involved in the rehabilitation of basic service facilities, provision of social services, training and skills development and education, information and communication, to indicate a few. The project is expected to contribute to the objectives of Sint Maarten’s National Recovery and Reconstruction Plan (NRRP) to restore economic, community and governance infrastructure and to restore and enhance service delivery. The primary beneficiaries of the project will be community members and CSOs. CSOs will benefit from the training, mentoring and financing provided to them, so that they can implement subprojects that will be consistent with their mandates. CSOs will include Non-Governmental Organizations (NGOs), Community Based Organizations (CBOs), Faith Based Organizations (FBOs), youth Organizations (YOs) or any other foundations or undertakings falling into the definition of CSOs in Sint Maarten.
- 29. At Concept Note stage, it is envisioned that the project will consist of three components: (i) Small Grants for Reconstruction, Resilience and Service delivery, (ii) Capacity Building and Technical Assistance and (iii) Project Management and Coordination. Component 1 will finance small grants to CSOs that will work with communities to generate project proposals to implement activities focused on reconstruction, resilience and service delivery. The Project will not finance major civil works nor new constructions, only rehabilitation of small works. In addition, the



Project will not include any land acquisition nor involuntary displacement of people. Component 2 will support capacity building and technical assistance activities mainly for the CSOs implementing partners but also for the stakeholders involved in project implementation and in coordination of the project activities. Component 3 will support all activities related to project management and coordination. Participating CSOs, subproject eligibility criteria, duration, estimated subproject costs, and implementation arrangements will be defined during project preparation

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