I. Introduction and Context

Country Context

Saint Lucia is a small island state with an area of 620 square km, 158 km of coastline, and an estimated population of 175,000 (2009). Despite relatively strong social indicators – UNDP Human Development index ranked Saint Lucia as 68th out of 182 countries - 28 percent of the population is estimated to live below the locally defined poverty line (2005/06) and approximately 16.8 percent of the population is unemployed (2008).

A middle-income country within the CARIFORUM region, Saint Lucia has a GNI per capita of US $6,560 in 2010, above that of the CARIFORUM region (US$5,550) but below that of the Latin American and Caribbean region (US$7,735). After growing 3.6 percent annually on average during 2003-2006, economic activity slowed sharply as the country was hit by multiple external shocks in recent years. Starting with hurricane Dean in August 2007, the external shocks continued with an earthquake in November 2007, the food and energy price hikes in 2007-2008, and severe droughts in 2009 and 2010. The growth rate fell to 0.7 percent in 2008, and the real GDP is estimated to have contracted by 5.2 percent in 2009, due to the adverse impact of the global crisis. The downturn has affected the tourism sector, the largest employer after the public sector, and all
other sectors connected with it. Investment and construction have also slowed considerably. Despite the lagged effects of the global economic crisis, the real GDP grew by 4.4 percent in 2010, influenced by minor growth in the tourism and construction sectors, and supported by developments in the distributive trade services and real estate sectors.

An important issue confronting Saint Lucia’s development is the vulnerability of its population and economy to adverse natural events. The island is exposed to a range of natural hazards, the most important of which stem from weather-related phenomena, such as heavy rainfall, hurricane, winds and droughts. Global climate changes are expected to exacerbate many of these hazards both by changing the frequency and intensity of extreme events that may alter the underlying vulnerability of the Saint Lucian population to hazards.

Disasters caused by these climatic hazards impose large costs on the country’s fragile economy and exacerbate poverty levels. Over the years, disasters in Saint Lucia have had impacts on livelihood, destroyed infrastructure and disrupted provision of essential services and have absorbed a growing share of the national budget to cover for recovery and reconstruction efforts. Most recently, Hurricane Tomas in 2010 affected major sectors of the economy and diminished growth. According to the United Nations’ Commission for Latin America and the Caribbean Macro Socio-Economic Damage Assessment Report (December 2010), the total impact from Hurricane Tomas represented 43.4% of Saint Lucia’s GDP.

Overall, with climate change threatening to heighten the impacts of hydro-meteorological hazards, the result in the decades to come may be an increase in the burden of weather-related disasters that can threaten the sustainability of Saint Lucia’s development processes.

Sectoral and Institutional Context
Saint Lucia has made impressive advances in disaster risk management over the past decade. In 2006, the country enacted the Disaster Management Act that led to the establishment of the National Emergency Management Organization (NEMO), charged with handling disaster preparedness, planning and response, and risk assessment and mitigation activities. NEMO operates under the direction of the Prime Minister who chairs the National Emergency Management Advisory Committee (NEMAC), composed of the Permanent Secretaries of key-line Ministries, as well as chairs of the national committees and heads of key agencies such as police, fire, Red Cross, ports authorities and others.

The National Disaster Management Plan was adopted in 2007 to guide prevention, mitigation and response, post-disaster. As a result of the events of Hurricane Tomas, and subsequent response, this Plan is currently being reviewed in an attempt to incorporate further lessons learned from the event, response and ongoing recovery.

Regionally, Saint Lucia is a signatory to the Caribbean Disaster Management Response Agency Agreement, which provides disaster management related institutional strengthening, capacity building and technical assistance support to member states.

Additionally, in keeping with the Hyogo Framework for Action 2005-2015, which identifies the need to “promote the development of financial risk sharing mechanisms, particularly insurance and reinsurance against disasters,” Saint Lucia, along with 16 CARICOM countries established in 2007 a multi-country risk pooling facility, the Caribbean Catastrophe Risk Insurance Facility (CCRIF),
which is owned, operated, and registered in the Caribbean for Caribbean governments. The Facility allows participating countries to purchase insurance coverage to finance immediate post-disaster recovery needs and to finance their risks through risk pooling, risk retention, and risk transfer. Following Hurricane Tomas in 2010, the Facility paid out US$3.2 million to Saint Lucia, allowing the government immediate access to liquidity, hence facilitating a rapid and effective response to the initial needs immediately following the disaster.

Regarding climate change, in 2002, Saint Lucia developed its National Climate Change Policy and Plan (NCCPAP). Since then, climate change elements have been incorporated in several national policy documents, including the National Land Policy and the National Water Policy. However, despite legislation currently in place, national-level action and enforcement appear to be inadequate with regard to undertaking climate change adaptation. A review of Policy and Legislative and Fiscal Regimes that was carried out in 2011 revealed that while climate change adaptation is possible through the use of existing legislation, there are legal instruments which must be further reviewed to ensure that adaptation is effectively pursued. For example, the Natural Hazard Mitigation Plan (NHMP), which defines substantial links with climate change adaptation, particularly with regard to similarities in hazard mitigation measures and climate change adaptation measures for sea level rise and severe hurricane events, has yet to adequately elaborate an implementation mechanism.

The Bank, like many other international institutions, has been supporting disaster risk management in Saint Lucia since the late 1990s, through several credits and loans that financed hazard-response, emergency rehabilitation and more recently mitigation programs and risk transfer and insurance. While overall progress have been made in reducing the country’s vulnerability to disasters, Saint Lucia still faces challenges in strategically and comprehensively managing natural hazard risk, particularly in the context of a changing climatic environment that threaten to bring increased disaster risk, further expose existing vulnerability and complicate the search for efficient long-term solutions.

Currently, development decisions often do not integrate disaster risk management (DRM) and expected climate change impacts in decision-making processes, for one due to lack of available information on hazards, risks and climate change impacts. Secondly, data sharing among agencies, both regionally and nationally is weak, largely due to limited capacity and lack of an overall mechanism to share information with low transaction costs. Additionally, DRM responsibilities are dispersed among various Government agencies, and, lacking an overall structure for analyzing and integrating risks in the development process, agencies operate in a relative information vacuum with limited resources, particularly in their capacity to analyze and integrate risk and climate change management in the development process.

To overcome several of these challenges, there is a need to improve the overall information base to allow national policy makers to better plan physical development, vulnerability reduction and climate change adaptation measures. Moreover, a mechanism for data sharing is required to make information available to all agencies involved in the DRM process.

Relationship to CAS

The World Bank Group’s assistance to the Organization of Eastern Caribbean States (OECS) for FY2010-2014, under the Bank’s Regional Partnership Strategy (RPS) 2010-2014 (Report No. 53762-LAC), discussed by the Executive Directors on June 8, 2010, focuses on two strategic
objectives: i) building resilience; and ii) enhancing competitiveness and stimulating growth over the medium term. The RPS notes that reducing vulnerability to adverse natural events is among the key challenges facing the sub-region. To help build resilience, the World Bank Group supports interventions aimed at promoting fiscal and debt sustainability, protecting and improving human capital and strengthening disaster and climate resilience.

In line with the RPS objectives, this project would focus on activities contributing to vulnerability and climate risk reduction through a combination of civil works, capacity building, and institutional development activities. These activities would directly address one of the core objectives of the RPS for the OECS, and contribute to the strengthening of fiscal sustainability through improved risk reduction and increased resilience to natural hazards and longer-term impacts resulting from climate change.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

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

Key Results (From PCN)

The achievement of the PDO of the DVRP would be measured using the following key indicators:

a) Reduced risk of Saint Lucia’s population to failure of public buildings and infrastructure due to natural hazards or climate change impacts; and
b) Increased capacity of the GoSL to identify and monitor climate risk and impacts.

III. Preliminary Description

Concept Description

Component One: Prevention and Adaptation Investments (US$14 million)

This component would be designed to reduce physical vulnerability and pilot adaptive measures to build resilience to current and future climatic changes both at the national and regional levels. Activities to be financed would include a suite of civil works activities that would have national and regional benefits, such as the following:

a) Rehabilitation of Critical Bridges: The GoSL has identified four bridges (Grand Riviere Bridge, Thomazo Bridge, Bonne Terre Bridge and Ravine Poisson Bridge) as priority bridges based on the principle of greatest loss avoidance and a focus on rehabilitating damaged assets before they fall to a level beyond repair;

b) Riverbank Stabilization: The Marchand River flows through a highly urbanized area and requires approximately 700 meters of riverbank stabilization and 300 meters of new riverbank construction;

c) Construction of Retaining Walls along the National Highway: Following Hurricane Tomas, road embankments were cut off due to landslides along the national highways; Ten areas remain highly vulnerable and given that the main National Highway is the primary road network, the proposed slope stabilization works are a priority for the GoSL;

d) Retrofitting of selected schools and community centers/emergency shelters;

e) Small community-based disaster risk mitigation investments in highly vulnerable areas;
f) Flood mitigation interventions at the international and regional airports and the Castries and Vieux Fort sea ports. These investments would have regional benefits as the ports function as regional infrastructure critical in the region’s emergency response capacity.

In addition to the urgent repair and retrofitting investments identified above, a prioritization of further vulnerability reduction and adaptation investments based on a multi-criteria evaluation would be carried out. Baseline information on critical facilities and lifeline infrastructure in health, education, transport and social safety sectors (including their characteristics and current condition) as well as information on hazards and potential climate change impacts along with geospatial information (i.e. data sets that include information of specific at-risk areas) would be collected. By combining these sets of information and under integration of further criteria [ex: the importance of the specific infrastructure in the respective sectors/system such as the health system or transportation network], number of affected/beneficiary population, etc.), an additional set of mitigation investments would be identified.

Component Two: Regional Collaboration Platforms for Hazard and Risk Evaluation, Geospatial Data Management, and Applications for Improved Decision Making (US$5 million)

This component would finance a series of capacity-building, knowledge-building and technical assistance interventions at the national and regional levels to support disaster risk management and climate change adaptation. There are specific areas that have been identified as high priorities for intervention. At the national level, activities would include, inter alia: i) enhancement of national hydro-meteorological monitoring networks; ii) development of an integrated watershed management plan for flood mitigation; and iii) technical assistance for the establishment of maintenance monitoring systems that would integrate natural hazards and extreme events considerations for bridges and public buildings.

In view of Saint Lucia’s leadership currently in the Eastern Caribbean on several disaster risk management (DRM) related topics such as geospatial data management and sharing (GeoNode) for disaster management and that some of the national priority interventions (e.g.: the establishment of maintenance monitoring systems for bridges and public buildings) would be of strong interest for replication in other countries of the sub-region, the following activities would be performed at the regional level, i) facilitating regional collaboration including, knowledge sharing and learning process to develop and enforce harmonized infrastructure codes, standards and methods for critical public infrastructure and especially bridges; ii) building the regional capacity for assessment of natural risks and integration of such assessment into policy and decision-making process for the development of disaster risk mitigation and disaster response investments across sectors; and iii) creation of a regional backbone technology infrastructure and collaboration mechanisms that would allow countries and regional technical entities to collaborate on sharing of geospatial data for DRM and other purposes – specific activities would include: data collection and establishment of data sharing protocols and capacity building for generating and interpreting risk assessments.

Component Three: Adaptation Financing Facility (US$5 million)

This component would assist in the creation of a Climate Adaptation Loan Facility (CALF) to provide readily accessible concessional loans to private sector entities, including firms, enterprises, community groups and households for investments and/or livelihood activities that support climate adaptation and/or disaster vulnerability reduction. Consultations conducted during the preparatory phase of the PPCR (phase 1 PPCR) with private sector and civil society highlighted the need/
demand for financing options for private businesses, community groups and individuals to build resilience to climate change. A feasibility study will be conducted to assess the market conditions, including a demand and supply side analysis to determine current needs and financing constraints in Saint Lucia. The study will provide the main inputs to decide on the most suitable design of the CALF (i.e. credit line, matching grant).

The Saint Lucia Development Bank (SLDB) has been proposed by the GoSL as the financial intermediary to implement the on-lending component. Preliminary financial management (FM) capacity assessment conducted by the Bank during project identification has confirmed that SLDB possesses adequate FM capacity. In accordance with Bank policy for Financial Intermediary Lending/OP 8.30, a comprehensive institutional assessment would be conducted during preparation to determine SLDB’s eligibility as participating financial institution, and an institutional development plan for SLDB may be developed, as needed, before the project’s Decision Meeting.

Component Four: Emergency Recovery and Rehabilitation Mechanism (US$1 million)

Due to the high risk of a catastrophic event in Saint Lucia, a provisional component would be added under this project designed as a mechanism that would allow for rapid response in the event of an emergency. Following an adverse natural event, and subject to the Bank’s satisfaction that a situation of national emergency exists and the Government’s declaration of emergency in accordance with its national law, the contingent component would be activated and implemented following the rapid response procedures governed by OP/BP 8.00. The component facilitates rapid re-categorization of financing and additional financing request under streamlined procedures during an emergency, should the Government so requests.

Preparatory work would be undertaken for the design of the component, including i) preparation of an agreed preliminary emergency recovery Action Plan of activities; i) compilation of a positive list of eligible critical imports; ii) ToRs and contracts for technical services to support the scoping and design of the emergency recovery and reconstruction subprojects; and iii) a list of firms (national & regional) that have a demonstrable track record in emergency response activities related to the anticipated nature and scope of those required.

Component Five: Project Management and Implementation Support (US$2 million)

This component would finance the provision of support to the Project Coordination Unit (PCU) - overseen by the Permanent Secretary of the Ministry of Finance, Economic Affairs, Planning and Social Security - to conduct overall project coordination, evaluation, supervision and implementation, including: (i) the strengthening of the PCU’s capacity to comply with its responsibilities as will be set forth in the project’s Operational Manual, including the hiring of specialized staff, such as a financial sector specialist and a community/social development specialist; and (ii) the carrying out of project audits and project studies, including performance reviews and impact evaluations. In addition, staffing within the Sustainable Development and Environmental Department, which would be the Project’s technical advisory unit within the Ministry of Public Service, Sustainable Development, Science, Energy and Technology would also be financed under this component, including the hiring of a Climate Change Coordinator and a Civil Society Officer.
IV. Safeguard Policies that might apply

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V. Tentative financing

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VI. Contact point

World Bank
Contact: Tiguist Fisseha
Title: Disaster Risk Management Specialist
Tel: 458-9427
Email: tfisseha@worldbank.org

Borrower/Client/Recipient
Name: Government of St. Lucia
Contact: Mr. Isaac Anthony
Title: Permanent Secretary
Tel: 758-468-5500
Email: ianthony@gosl.gov.lc

Implementing Agencies
Name: Ministry of Finance
Contact: Cheryl Mathurin
Title: Project Coordinator
Tel: 758-453-6892
Email: chmathurin@gosl.gov.lc
VII. 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