



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 10-Jul-2018 | Report No: PIDISDSA25039



BASIC INFORMATION

A. Basic Project Data

Country St Maarten	Project ID P167339	Project Name Sint Maarten Emergency Recovery Project I	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 10-May-2018	Estimated Board Date 10-Jul-2018	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Financing Instrument Investment Project Financing	Borrower(s) Government of Sint Maarten	Implementing Agency National Recovery Program Bureau	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to contribute to Sint Maarten’s immediate emergency recovery needs and strengthen institutional capacity to manage resilient recovery and reconstruction.

Components

Emergency measures for the recovery of disaster first responders and preparedness facilities
Restore Utilities Services after Hurricane Irma
Housing Repair and Public Buildings Repair and Reconstruction
Institutional Support for Reconstruction

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.

Yes

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	55.20
Total Financing	55.20
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing



Trust Funds	55.20
Free-standing Single Purpose Trust Fund	55.20

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. Sint Maarten is a high-income constituent country 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 \$25,381 . Sint Maarten is currently rebuilding from damage of hurricane Irma that has claimed lives and deteriorated the socio-economic environment in the island.
2. Sint Maarten is highly vulnerable to natural disasters and adverse climatic events due to its location within the hurricane belt. For the past decades, the country has been exposed to numerous high winds and hurricanes, including notably intense storms; Donna in 1960 (Category 3), Luis in 1995 (Category 4), and Irma 2017 (Category 5 on Saffir-Simpson scale). Due to the size of the country, a single storm has the potential to directly impact the entire population. High winds, rainfall and flooding are the principal risk factors while the country is also vulnerable to earthquakes. Coastal areas are exposed to flood risk from storm surge and tsunamis. Increased urbanization along with climate change and limited country capacity to build with resilience adds vulnerability towards natural hazards.
3. Natural hazards have catastrophic impacts on the country’s economy as it is essentially tourism-based. The restaurants, hotels, and other tourism-related sectors, including the wholesale and retail trade, the real estate, renting and business activities sectors account for approximately 45 percent of Sint Maarten’s GDP. Activities in the transport, storage and communication sector, 11 percent of GDP, are also related to the tourism sector. The tourism sector contributed 73 percent to the country’s total foreign exchange income in 2016. The harbor of Sint Maarten is a significant port for cruise tourism in the Caribbean, with 1.7 million cruise passengers visiting per year. The airport is an important hub for regional travel with a large network of connecting flights across the Caribbean. However, the tourism industry has not led to high growth in recent years and the economy remains exposed to tourism trends and weather shocks.
4. Urgent Need of Assistance



5. Sint Maarten is in need of urgent assistance after the Hurricane Irma, a category 5 hurricane that hit the island on September 6, 2017. The winds of more than 185 mph (296km/h) left a trail of devastation on the country. During the landfall, the storm's eye passed directly through Sint Maarten exposing it to the highest wind velocities in the storm. It was shortly followed by another small-scale hurricane Maria on 19th of September further damaging the country's infrastructure. The World Bank estimates damages and losses related to Hurricane Irma at US\$ 1.38 billion (129.5 percent of GDP) and US\$ 976.5 million (91.8 percent of GDP), respectively, affecting 90 percent of all infrastructure and large parts of the natural environment.
6. Reconstruction and recovery needs are greater than currently identified public and private resources. Sint Maarten's economy is expected to contract 8.5 percent in 2018, following an estimated 4.5 percent contraction in 2017. Growth is projected to rebound in 2019 and the country is expected to return to its pre-Hurricane Irma real GDP level by 2025. Private external finance from direct investment, loans, pay-out of insurance claims and funds held abroad will be needed to finance reconstruction of private properties and businesses. Public finances face a sharp decline in tax revenue due to the economic contraction and, at the same time, increased expenditure needs to reconstruct public infrastructure and to assist the affected population.
7. The social and economic effects of Hurricane Irma on poverty levels will be worrisome if no action is immediately taken. In the absence of a poverty line in St. Maarten, in 2015 UNDP estimated a benchmark for poverty based on the minimum income wage. Currently the minimum wage is Naf 1,530.53 (approximately US\$ 850) per month. For 2017, 26.87 percent of households (approximately 3,762 households) have income at or below the minimum wage income level, and thus are classified as poor households. Natural disasters disproportionately affect the poorest and most vulnerable groups. As Sint Maarten is a new client to the World Bank, the amount of gender information available is very limited. Typically, in countries in the region, women in poor households particularly suffer the most the impacts of natural disasters such as water and electricity shortages. Women head 38.7 percent of households in Sint Maarten, which shows the magnitude of households' dependence on women income and women's struggle to lead households post hurricane impacts.
8. Sint Maarten had a low unemployment rate of 6.2 percent, and youth unemployment rate at 25 percent in 2017, but rates have significantly risen because of the hurricane and shut down of tourism businesses. The tourism sector suffered from significant damages to the airport, accommodations, and tour operator equipment, dramatically reducing the number of tourist arrivals. Micro, small, and medium-sized enterprises (MSMEs) have experienced significant loss of capital due to the impacts of the hurricane. Households need access to finance to rebuild homes and to fully reengage in economic activities. Fast economic recovery and reconstruction are critically needed to generate revenues and avoid further job loss, and support to stimulate access to finance and business recovery are needed to enable the private sector to grow and contribute to Sint Maarten's overall economic recovery.
9. Sint Maarten has made substantial efforts to address the most urgent needs following Hurricane Irma (e.g. initial debris removal, sheltering roofless populations, government and business services resumption); nevertheless, recovery needs are massive and the country has limited capacities to manage this scale of resilient reconstruction. To support fast and sustainable recovery, the Government of Netherlands has established a EUR 470 million Single Donor Trust Fund (SDTF) that the World Bank will manage as Trustee. This SDTF will finance activities for the recovery, reconstruction and resilience building of Sint Maarten. The SDTF will support selected activities from the Government of Sint Maarten's National Recovery and Resilience Plan (NRRP), which outlines the recovery needs of Sint Maarten. The SDTF steering committee composed of one representatives of each the World Bank, the Government of Sint Maarten and the Government of the



Netherlands, will decide on a consensus basis about short, medium, and long-term recovery projects and required capacity building activities. The Steering Committee will meet biannually and on ad-hoc basis to approve recipient-executed projects and monitor progress of the agreed activities. The SDTF was established on April 16, 2018. However, given the urgent need to start recovery activities prior to the upcoming hurricane season, the Government of Sint Maarten, the Government of the Netherlands, and the Bank pre-endorsed four recipient-executed projects prior to the establishment of the SDTF. These projects are (1) Sint Maarten Emergency Recovery Project I (P167339), (2) Sint Maarten Emergency Debris Removal and Cash for Works Project (P167347), (3) Sint Maarten Skills and Training and Strengthening of the Social Projection System Project (P167368) and (4) Sint Maarten Hospital Resiliency & Preparedness Project (P167532).

10. Based on the urgent need of assistance, the Sint Maarten Emergency Recovery Project is being prepared under the requirements of paragraph 12 of the World Bank's Operational Policy (OP) on Investment Project Financing (IPF) - on "Projects in Situations of Urgent Need of Assistance or Capacity Constraints". This is because Sint Maarten is facing a natural disaster which under the policy is defined as "an event that has caused, or is likely imminently to cause a major adverse economic and/or social impact". The World Bank and Sint Maarten recognize the urgency of initiating emergency reconstruction efforts prior to the start of the next hurricane season in June 2018 and agreed to prepare the proposed operation in an expedited manner. While Sint Maarten has not previously been a client of the World Bank, the Bank is well positioned to support risk assessments, risk reduction, preparedness, financial protection, and resilient recovery and reconstruction.
11. Despite the availability of external grant finance to support the public-sector reconstruction and recovery efforts, Sint Maarten's government will have to borrow to finance its remaining budgetary shortfalls projected for 2018 to 2020. The government is working to adopt a medium-term fiscal framework that should set revised targets to the fiscal rule in view of the current exceptional circumstances. An initial scenario in which public sector reconstruction and recovery needs are financed through grants, while remaining budgetary shortfalls are financed through loans, would increase the debt-to-GDP ratio from 34 percent of GDP in 2016 to peak at nearly 50 percent by 2019 before resuming a downward path.
12. Sint Maarten is subject to a rules-based fiscal framework, monitored by a Board for Financial Supervision, which is accompanied by a low-cost "standing subscription" borrowing arrangement with the Netherlands. The framework currently comprises a cap on the interest-to-revenue ratio and a golden rule of borrowing limited to capital expenditures. In view of Sint Maarten's current low public debt ratios and a low international interest rate environment, interest payments on public debt given a projected path of additional borrowing needs for 2018-2020 will not surpass the cap on the interest-to-revenue ratio. However, additional borrowing to finance budgetary shortfalls for 2018-2020 will not be for capital spending and will therefore not be compliant with the golden rule. Appeal to exceptional circumstances to relax the fiscal rule will still require agreement on the size of the deficits to be financed through borrowing over the next few years. A medium-term fiscal framework, including multi-annual revenue and expenditure projections and operational targets, should provide an outline of borrowing requirements over the next few years, as well as how to deal with the accumulated debt and debt service in the longer term. Strengthening fiscal management, including budget preparation, implementation and accountability capabilities, is needed to assure adequate implementation of reconstruction and recovery activities as well as fiscal sustainability.



Sectoral and Institutional Context

13. The Government of Sint Maarten has prepared a National Recovery and Resilience Plan (NRRP) outlining the recovery needs across the socio-economic sectors of the country. The NRRP outlines the Government's vision, principles and a proposed approach for rebuilding a "better and stronger Sint Maarten" following Hurricane Irma. It aims at accelerating the restoration of the social and economic infrastructure, based on a consensus of all stakeholders, and following the "Build Back Better" principle. The NRRP vision emphasizes the need to restore business activities as a priority while acknowledging the need to address the significant social disruption generated by the disaster.
14. The NRRP clearly highlights that immediate priority activities would focus on restoring first responders' full operational capacity and the emergency repair of critical public buildings, shelters, and housing, solid waste management/debris removal and a large-scale skills and training program targeting economically critical sectors, including the hospitality, construction, and maritime sectors. These priority sectors would support the early recovery and will help prepare Sint Maarten for the next hurricane season and beyond.
15. Full operational capacity of First Responders, including the police, firefighters, and the ambulance service, was considerably hindered as their own facilities and specialized equipment were severely damaged or destroyed by the storm. In the aftermath of Hurricane Irma, First Responders' reduced operational capacity to support the affected populations worsened the evolving crisis, evidencing serious technical capacity and coordination gaps to effectively prepare for and respond to major emergencies.
16. With the start of the 2018 Atlantic Hurricane Season on June 1, Sint Maarten needs to take urgent action to restore and improve its DRM and emergency response capacity to ensure it is ready to respond to the next, potentially catastrophic, extreme meteorological event. In the short term, it is critical to bring the Fire Brigade, which plays a leading role in the country's DRM structure, back to full operational capacity. Furthermore, reestablishing and strengthening the weather monitoring and forecasting capacity of the Meteorological Department of St. Maarten (MDS) is crucial to ensuring that DRM interventions, aimed at preparing the country for the next hurricane season, can be well-informed with accurate and timely hydro-meteorological forecasts.
17. Repairs of several public buildings, considered critical for government operations, the provision of lifeline services and education services, as well as the carrying out of urgent housing repairs, particularly to fix damaged roofs, are extremely urgent. These repairs are needed urgently to ensure the people of Sint Maarten are ready to face the next hurricane season. Low income, senior, female-headed, and undocumented households, who are already experiencing chronic high levels of vulnerability, have the least ability to cope with the damages caused by external shocks. Hurricane Irma exacerbated these groups' fragile socio-economic conditions, thus their needs for immediate assistance are urgent, and such assistance will help them be better prepared for the next hurricane season.
18. Despite the efforts to restore public services after Hurricane Irma, the distribution of electricity and water services provided by the Water and Electricity Utility, Gemeenschappelijk Elektriciteitsbedrijf Bovenwindse Eilanden (GEBE), continues to be highly vulnerable to climate variability. In addition to the vulnerability, the situation is exacerbated by the economic shocks post Hurricane Irma that are adversely impacting the utility's revenues, with average peak load dropping significantly from 57 MW to 35 MW. Although most of the low-voltage cables are located underground (86 percent), the remaining electricity networks above-ground are vulnerable to wind and blowing debris. For water services, the situation is more critical as the total average storage capacity of GEBE has been reduced dramatically after Hurricane Irma, falling from a 2.25-day storage



capacity to the current level of 0.7 days of average daily demand. After Irma, GEBE started implementing a program to increase its water storage capacity up to 2 days, although Sint Maarten's requirement to cover the average daily demand is a 4-day storage capacity.

19. Since the passage of Hurricane Irma, the GEBE has focused on emergency restoration of water and electrical infrastructure. During the recovery, GEBE's investments are also designed to mitigate the utility's vulnerability to extreme events by strengthening water and electrical power infrastructure. Although some progress has been made, the GEBE's cash flow and revenue stream have suffered significantly because of the disaster. Cash reserves have been consumed by emergency activities and revenues are down significantly. Power sales are off by more than 30 percent as many hotels are damaged and off line. Restoration of demand is not expected until the first quarter of 2019. The utility's limitations represent a pressing constraint to completing the rehabilitation of vulnerable and damaged infrastructure and indeed GEBE's operational capacity until revenues are restored.

C. Proposed Development Objective(s)

20. The Project Development Objective (PDO) is to contribute to Sint Maarten's immediate emergency recovery needs and strengthen institutional capacity to manage resilient recovery and reconstruction.

Key Results

D. Project Description

Component 1: Emergency measures for the recovery of disaster first responders and preparedness facilities (USD 14.75 million).

Sub component 1.1 Critical disasters first responder infrastructure repairs and improvements (USD 5.90 million)

21. This subcomponent will support improvements to the national emergency response and disaster preparedness system. It includes repair of critical public facilities and repair and purchase of equipment at four national agencies (namely the police, the fire service, the ambulance service and the meteorological service), and repairs of designated emergency shelters and schools.

Subcomponent 1.2: First responders' emergency equipment (USD 8.10 million)

22. Under this sub-component the project will purchase vehicles (including fire trucks, ambulances, support vehicles, and an evacuation bus) and related equipment, and repairs to damaged equipment, that are necessary to support fire and ambulance services and improve response and operational readiness. Additionally, communication equipment, including satellite phones, to improve the Recipient's emergency communications network is foreseen. Apart from supporting emergency services, priority vehicles will be provided to the Ministry of Tourism, Economic Affairs, Transport and Telecoms (TEATT), and replacement support vehicles will be purchased for the Ministry of Public Health, Social Development and Labor (VSA) and the Ministry of Spatial Planning, Environment and Infrastructure, Volkshuisvesting Ruimtelijke ordening, Milieu and Infrastructuur



(VROMI). Finally, this subcomponent includes funding to support Sint Maarten in a Lidar terrain and bathymetric modeling program.

23. Execution of activities under this component will be carried out by the Sint Maarten Interim Recovery Committee (IRC) and then the National Recovery Program Bureau (NRPB) once set up, with the technical oversight from specialized recipient agencies namely the Ambulance Department (Ministry of Health), the Fire Department (Ministry of General Affairs - MGA), the Meteorological Department of Sint Maarten (within TEATT), the Ministry of Education, Youth and Sports (MECYS), and the National Police Service (Ministry of Justice).

Subcomponent 1.3: Training and Institutional Strengthening (USD 750,000)

24. Training and technical assistance will be conducted under this program, which will include incident command, shelter management training, specialized training of emergency medical responders, assistance with the establishment of community-based emergency management committees – with active participation of women – and other activities to be determined. Also included is a provision for conducting workshops and training, for government officials, as well as other relevant stakeholders (e.g. civil society) as needed, to promote a greater understanding of the national disaster response plan and its implementation.

Component 2: Restore and Increase Resilience of Utilities Services after Hurricane Irma (USD 11.60 million)

25. This component finances the most urgent and prioritized activities identified in the draft National Recovery and Resilience Plan (NRRP), focusing on restoring management of infrastructure and strengthening water and electricity systems to improve their performance in future disaster events, including: a) restoration and reconstruction expenses incurred that are eligible for retroactive financing under the WB guidelines and operational principles; b) goods and services that are ready to be purchased for emergency related activities to restore water and electricity services; and c) investments that can help increase resilience to future hurricanes.

Subcomponent 2.1. Restoring Electricity Services (USD 3.10 million)

26. Through this subcomponent the Project will restore electrical services and improve their performance in future disaster events, financing goods, services and works, including retroactive financing to, inter alia: (i) accelerate the trenching program to move remaining utilities underground; (ii) upgrade and construct resilient substations; (iii) repair and upgrade transformers including transformer station houses; (iv) replace and repair street lighting; (v) repair and replace current electrical meters damaged by Hurricane Irma; and (vi) update, expand and increase resilience of the utility's substations to improve the power system performance under diverse disturbance situations.

Subcomponent 2.2. Increasing Resilience of the Water System (USD 7.90 million)

27. This Subcomponent provides the utility with the necessary investments to increase its water storage capacity to between 2 and 4 days, strengthening the water system's resilience to hurricane and other climate shocks. It will finance goods, services and works, including retroactive financing to, inter alia: (i) repair, upgrade, and increase water storage capacity; (ii) repair and replace pump units including pump houses; and (iii) replace



and/or improve resilience of installed micrometers. This component will be executed under the technical oversight of GEBE, but all the fiduciary processes will be carried out by the IRC (and NRPB afterwards).

Subcomponent 2.3. Updating GEBE Business Plan (USD 0.60 million)

28. This Subcomponent provides the utility with the technical assistance to improve GEBE performance and accountability to the users, including, among others: (i) provision of institutional support; (ii) revision of the planning mechanisms; (iii) provision of technical assistance on the financial, operational, and commercial management; (iv) updating of GEBE's business plan; and (v) feasibility studies and technical designs of key identified investments to be supported.

Component 3: Housing and Public Buildings Repair and Reconstruction (USD 22.85 million)

Sub component 3.1. Roof repair program (USD 7.00 million)

29. This sub-component will support quick repairs to roofs of damaged houses prior to the peak of the next hurricane season. The program targets repairs of the homes of the most vulnerable households selected based on administrative, socio-economic and economic criteria and procedures acceptable to the World Bank, which will be determined at the implementation stage, and included in the Operations Manual.

Sub component 3.2. Support to the Sint Maarten Housing Development Foundation (USD 5.00 million)

30. The St. Maarten Housing Development Foundation (SMHDF), the main social housing agency serving predominantly vulnerable families, requires financial support to repair severely damaged housing stock used by low-income families. This sub-component will support the SMHDF with a direct grant of USD 5.0 million. The amount in this sub-component will focus on a grant of USD 3.6 million to urgently repair the Foundation's damaged housing stock, finance the construction of a hurricane shelter in the Belvedere housing complex for an estimated USD 1.0 million and provide technical assistance of USD 400,000 to support the redesign of a proposed housing complex.

Sub component 3.3 Public Building repairs (USD10.85 million)

31. A significant number of public buildings were damaged, including some 20 schools as well as sports and community centers, national monuments and some 24 public buildings. This component will support the urgent repairs of high priority facilities, the cost of temporary relocation, and survey and design for some of those buildings that require major renovation or new construction. In some cases, demolition will be required to both clear the way for reconstruction and urgently remove debris hazards, particularly in advance of the coming hurricane season. The execution of this sub component is expected to be under the responsibility of VROMI, the ministry managing physical infrastructure on behalf of client ministries such as MECYS, VSA, MGA and others. As reconstruction needs far exceed the budget available under this subcomponent, the government of St. Maarten will provide a prioritized list of those buildings to be addressed under this activity.

Component 4: Institutional Support for Reconstruction (USD 6.0 million).

32. This component will support the institutional arrangements made by the Government to implement and coordinate the projects to be financed by the Single Donor Trust Fund (SDTF). It will support the operational and administrative costs of the institutions in charge of the SDTF and the projects. It will also include capacity



building and a sustainable framework to ensure that the accumulated experience also benefits the Government in the long run and after such institutional arrangements are discontinued.

33. The approach on the institutional arrangements for the implementation of the Trust Fund and the projects has two phases:
 - a. Phase 1: A National Interim Recovery Committee (IRC) made up of a task group which will coordinate the early priority projects, and assist the ministries with the implementation of projects, with regards to the fiduciary and safeguards requirements.
 - b. Phase 2: A National Recovery Program Bureau (NRPB) will be established. In close coordination with the Ministries, the Bureau will be responsible for the preparation, coordination, execution and evaluation of the projects that will be financed through the SDTF. Once the NRPB is set up, the IRC may continue to support it when necessary, before being phased out.
34. The NRPB will report directly to the Prime Minister. It will be headed by a director and will recruit its own staff (about 20 staff according to the draft staffing plan, including senior management, technical and administrative staff).
35. This component will support the costs of the IRC, and subsequently the NRPB fulfilling its mandate and responsibilities, including: (i) the costs of the staff, including the pension and social benefits, as per its Staffing Plan , e.g. Director, Senior Program Managers, Project Managers, specialists in financial management, procurement, and monitoring and evaluation; (ii) technical temporary staff needed during the Program implementation; (iii) the carrying out of Project audits; (iv) the financing of the necessary goods and equipment; (v) lease of office premises; (vi) trips and transportation; and (vii) communication and reporting.

E. Implementation

36. The government is establishing a National Recovery Program Bureau (NRPB) that will be responsible for implementation of this project as well as all other recovery and resilient projects selected by the SDTF's Steering Committee under the NRRP. The Bureau will carry out technical, administrative, legal, financial and procurement responsibilities and be staffed to lead project implementation. It will have overall responsibility for ensuring compliance with fiduciary agreements and procurement guidelines, social and environmental management, and monitoring, reporting and evaluation of processes and results. I will coordinate technical designs of the projects with relevant ministries and conduct consultative and reporting functions. Before the Bureau is in place, the project implementation responsibility will be carried out by the Interim Recovery Committee (IRC), which was established by the government to implement the emergency recovery projects after the hurricane. The IRC will serve as a primary project implementation unit (PIU) for the project until NRPB is established. The IRC includes technical, administrative, legal, financial and procurement staff to handle Project implementation. It acts as an overarching project implementation support unit coordinating with and assisting all co-executing ministries/agencies, and reports directly to the Prime Minister and Minister of General Affairs. The WB will provide support and capacity building during Project implementation to the IRC and the NRPB. Project implementation will be carried out in accordance with all the terms and conditions agreed between the Government of Sint Maarten and the World Bank.



37. The co-executing ministries/agencies will be responsible for the technical inputs and oversight in the preparation and implementation of specific activities. The project focal points for each specific activity benefitting a ministry/agency will sit in the said ministry/agency. Nevertheless, procurement of equipment, goods and services will be conducted by the IRC with technical inputs from MGA (fire station and the police station); TEATT (Hydro-meteorological office); GEBE (utility - water and electricity); Ministry of Public Housing, Environment, Spatial Development and Infrastructure – VROMI (private house roof repairs and public buildings); and SMHDF (social housing repairs). Most of the civil works will be jointly executed by the IRC. VROMI will be responsible for the technical design and supervision aspects of the works while the fiduciary and safeguards requirements will be overseen by the IRC (and the NRPB once set up). As such, VROMI and the IRC will together undertake the repairs of the public buildings including the fire station, police station, shelters and schools. VROMI employs a modest engineering staff and will need the support of a consulting firm (including engineering design and supervision consultants) to implement a project of this magnitude.
38. There will be a significant demand for Bank support to assist with project management and implementation. The agencies within the Government of Sint Maarten are unfamiliar with Bank operations and procedures. Additionally, the demands of the recovery program are diverse and considerably greater than what the pre-hurricane levels government agencies were designed to manage. Early support from the Bank is essential to develop an effective IRC and NRPB.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Sint Maarten is a high-income constituent country of the Kingdom of the Netherlands in the Caribbean, with a population of roughly 38,000. It occupies the southern half of an island shared with the French overseas collectivity of Saint Martin. Sint Maarten's per-capita GDP is among the highest in the Caribbean. However, the country remains vulnerable to extreme natural hazard shocks that harm the economy and social welfare. For the past decade, the country has experienced slow growth. Sint Maarten is a small and open economy that is essentially tourism-based. Sint Maarten is highly vulnerable to natural disasters and adverse climatic events due to its location within the hurricane belt, high-intensity weather events such as high wind and hurricanes have strong negative impacts on living conditions, infrastructure and economic activity. Since 1960, St. Maarten has been exposed to nine hurricanes whose track has passed within 40 kilometers of the country. The social and economic effects of Hurricane Irma on poverty levels will be worrisome if no action is immediately taken. Natural disasters have impacts on income that especially affect these households' ability to meet basic needs. Unemployment has risen as a result of the hurricane, especially among the youth. This Emergency Recovery Project addresses needs for immediate recovery and reconstruction, through restoration of housing, public buildings, and utility infrastructure, as well as strengthening future resilience by building back better, bringing emergency services to improved capacity, and supporting institutions that will be able to handle future disasters competently.



G. Environmental and Social Safeguards Specialists on the Team

Gibwa A. Kajubi, Social Specialist

Gunars H. Platais, Environmental Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	This policy is triggered to ensure adequate environmental management of the reconstruction works that will be undertaken. Project activities are in general expected to be relatively minor, and no negative large, significant or irreversible environmental impacts are anticipated. Overall, the proposed Project promotes environmental sustainability in the DRM sector by establishing appropriate practices within existing institutions, assures that risk reduction works are implemented in a sustainable manner, contemplates potential works on environmental restoration and prevents further environmental degradation. Since the locations and specific list of works are known site specific EMPs will be prepared as the proper safeguard instrument. The EMPs will lay out the procedures and responsibilities for screening the activities proposed under Components 1, 2, and 3 in order to (i) identify impacts, develop mitigation measures and ensure that the proposed actions are taken.
Performance Standards for Private Sector Activities OP/BP 4.03	No	This is a government led program and therefore will not trigger OP 4.03 on Performance Standards for Private Sector Activities.
Natural Habitats OP/BP 4.04	No	This policy is not triggered as the activities are focused on existing infrastructure and do not involve natural habitats.
Forests OP/BP 4.36	No	This policy is not triggered because Project activities will not be conducted in forest areas.
Pest Management OP 4.09	No	This policy is not triggered because Project activities will not involve purchase, use or storage of



		pesticides and will not support the procurement or use of, or lead to the increased use of, other agricultural chemicals.
Physical Cultural Resources OP/BP 4.11	Yes	This policy is triggered since the Project involves small structural works. These works might take place in locations that have not already been screened for physical cultural resources. The country's laws and procedures regarding physical cultural resources will be applied for addressing potential "chance finds" encountered during construction, and related procedures to be followed will be reflected in the ESMF and the Operational Manual. Finally, the negative list will include screening procedures to ensure that no works will affect known cultural sites.
Indigenous Peoples OP/BP 4.10	No	This policy is not triggered as there are no groups that meet the criteria of the OP/BP 4.11 Indigenous peoples on the island.
Involuntary Resettlement OP/BP 4.12	Yes	OP 4.12 Involuntary Resettlement: OP 4.12 will be triggered. The project investments for civil works in Sint Maarten focus on rehabilitating and/or strengthening institutions providing critical public services, including: (a) provision of emergency vehicles for fire, ambulance and police; (b) rehabilitating critical buildings to restore critical services (police, fire, schools, community centers, clinics); (c) restoring public (restoring electrical cables and power lines); and (d) improving responses to immediate and future emergencies (hydro met). In some cases, the sites are yet to be identified The project investments are not expected to result in impacts that result in temporary involuntary resettlement and/or land acquisition. However, some buildings may be torn down and temporary facilities constructed to allow for the continuation of Government services while new structures are built on the same site. In addition, under component 3.2 a new emergency shelter will be constructed as well as repairs made to the damaged housing stock owned by the Sint Maarten Housing Foundation. Should it be determined that some families need to be temporarily relocated as a result of the works, an Abbreviated Resettlement Action Plan (ARAP) will be prepared with the details of the relocation plan and related costs. OP 4.12 Involuntary Resettlement will be triggered. As a



result, site specific Environmental Management Plans (EMP) and if required, Abbreviated Resettlement Action Plans (ARAPs) will be prepared, consulted upon and disclosed before the start of works. In the case of ARAPs compensation will be paid before any works can commence.. To ensure implementation of social and environmental safeguards, the Government has hired technical experts to prepare the required instruments (EMP, ARAP) and has designated an Environment Specialist and a Social Development Specialist to oversee the application of safeguards. The World Bank will provide training to the IRC/NRPB and co-executing ministries/agencies on the Bank’s social and environmental safeguard requirements as well as on the draft safeguard instruments. All safeguards documents will be consulted upon and disclosed and implemented prior to the start of works. The World Bank will provide Training to the PIMU on the Bank social safeguard requirements as well as on the draft safeguard instruments.

Safety of Dams OP/BP 4.37	No	This policy is not triggered because Project activities will not involve construction of dams or depend on existing dams.
Projects on International Waterways OP/BP 7.50	No	This policy is not triggered because Project activities will not be conducted in or influence international waterways.
Projects in Disputed Areas OP/BP 7.60	No	This policy is not triggered because Project activities will not be conducted in disputed areas.

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The project will address reconstruction of key infrastructure (emergency response buildings, shelters, water storage) and roof reconstruction of the poorest and most vulnerable population. These activities are not expected to cause large, irreversible environmental impacts.

The key social issues that have been identified include: (i) the management of labor (demolition and construction workers, specialists in debris removal) coming from outside Sint Maarten, both from the perspective of health and safety in the workplace, fair practice, accommodation, and community health and safety, (ii) the possibility of some, relatively small-scale involuntary resettlement, and (iii) potential impacts on physical cultural heritage.



Labor Influx impacts associated with the project financed activities will be assessed and appropriate mitigation measures will be included.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: Project activities will most likely be relatively minor and no negative, significant or irreversible environmental impacts are expected. On the contrary, the Project will support environmental sustainability in the DRM sector by strengthening appropriate practices within existing institutions for disaster preparedness and strengthen communities' resilience to natural disasters.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

N/A

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The National Emergency Recovery Program is to be overseen by the Interim Recovery Committee (IRC) which will be superseded by the National Recovery Program Bureau (NRPB) once it is set up. The Interim Recovery Committee (IRC)/NRPB will oversee the development and implementation of all emergency and subsequent projects in Sint Maarten financed by the Bank and other donors. Each sub-project will have a PIU which has implementation responsibility and will include Social and Environment Safeguards specialists responsible for the preparation and implementation of the safeguards. The NRPB will be staffed with international safeguards specialist to advise the PIU social and environmental staff.

The Government of Sint Maarten has hired a consultant to prepare the site specific Environmental Management Plans and where necessary the Abbreviated Resettlement Action Plan under the guidance of the Head of the Interim Recovery Committee/National Recovery Program. The EMP at the activity level will consist of a set of mitigation, monitoring, and institutional measures to be taken during implementation and operation to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels.

The risk for institutional capacity for implementation and sustainability is high. This is because: (a) country capacity has been constrained in general by the hurricane damage; (b) this is the first World Bank engagement in the country so the counterparts know little of Bank requirements the Bank needs to gain familiarity with the government and local systems; and (c) the recovery program needs to be implemented rapidly, initially by an interim agency and subsequently by a new agency. The Bank will provide the necessary implementation support, including by bringing in international expertise where relevant, providing hands on guidance and training and ensuring adequate resources to support project implementation and capacity building.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The government is establishing a National Recovery Program Bureau (NRPB) that will be responsible for implementation of this project as well as all other recovery and resilient projects selected by the SDTF's Steering Committee under the NRRP. The Bureau will carry out technical, administrative, legal, financial and procurement responsibilities and be staffed to lead project implementation. It will have overall responsibility for ensuring



compliance with fiduciary agreements and procurement guidelines, social and environmental management, and monitoring, reporting and evaluation of processes and results. It will coordinate technical designs of the projects with relevant ministries and conduct consultative and reporting functions. Before the Bureau is in place, the project implementation responsibility will be carried out by the Interim Recovery Committee (IRC), which was established by the government to implement the emergency recovery projects after the hurricane. The WB will provide support and capacity building during Project implementation to the IRC and the NRPB. Project implementation will be carried out in accordance with all the terms and conditions agreed between the Government of Sint Maarten and the World Bank as set forth in the Grant Agreement.

The co-executing ministries/agencies will be responsible for the technical inputs and oversight in the preparation and implementation of specific activities. The project focal points for each specific activity benefitting a ministry/agency will sit in the said ministry/agency. Nevertheless, procurement of equipment, goods and services will be conducted by the IRC with technical inputs from MGA (fire station and the police station); TEATT (Hydro-meteorological office); GEBE (utility - water and electricity); Ministry of Public Housing, Environment, Spatial Development and Infrastructure – VROMI (private house roof repairs and public buildings); and SMHDF (social housing repairs). Most of the civil works will be jointly executed by the IRC. VROMI will be responsible for the technical design and supervision aspects of the works while the fiduciary and safeguards requirements will be overseen by the IRC (and the NRPB once set up). As such, VROMI and the IRC will together undertake the repairs of the public buildings including the fire station, police station, shelters and schools. VROMI employs a modest engineering staff and will need the support of a consulting firm (including engineering design and supervision consultants) to implement a project of this magnitude. The consulting firm has been contracted to prepare the site specific EMPs and ARAPs if required and ensure they are consulted upon and disclosed.

B. Disclosure Requirements

The review of this Safeguards has been Deferred.

Comments

A Safeguards Action Plan has been prepared indicating the way forward. An ESMF and RPF will be prepared. TORs have been prepared and a call for expressions of interest has been initiated.

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C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)



OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

NA

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?

NA

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

NA

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

NA

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

NA

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

NA



All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

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APPROVAL

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