

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA2757

Project Name	Third Phase Disaster Vuln.Reduction APL for Dominica (P129992)
Region	LATIN AMERICA AND CARIBBEAN
Country	Dominica
Sector(s)	Flood protection (40%), Central government administration (10%), Water supply (15%), General transportation sector (35%)
Theme(s)	Natural disaster management (50%), Climate change (50%)
Lending Instrument	Investment Project Financing
Project ID	P129992
Borrower(s)	Ministry of Finance
Implementing Agency	Ministry of Environment
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	04-Mar-2014
Date PID Approved/Disclosed	06-Mar-2014
Estimated Date of Appraisal Completion	06-Mar-2014
Estimated Date of Board Approval	01-May-2014
Decision	

I. Project Context

Country Context

Dominica is a small island state with an area of 750 square km, 148 km of coastline, and an estimated population of 71,680. An upper-middle income small island state, Dominica had a GNI per capita of US\$ 6,828 in 2011. Despite relatively strong social indicators –UNDP’s 2011 Human Development index ranked Dominica as 81st out of 187 countries – nationwide, the poverty rate was estimated at 28.8 percent (2008/09), and approximately 13.9 percent of the population is unemployed (2009). While poverty is found in both urban and rural areas, three quarters of Dominica’s poor households live in rural areas – where half of all households live in poverty.

Dominica’s economy reflects many of the classic features of a small island economy. High dependence on agriculture and agricultural exports, primarily bananas, as a proportion of GDP and source of foreign reserves make the country economically vulnerable to international commodity price fluctuations. Coupled with high levels of under-employment and unemployment as well as heavy dependence on foreign capital and aid for investment into productive sectors and for infrastructure development further exacerbate the country’s macroeconomic vulnerability. Attempts to diversify have been slow, however recent trends indicate that the island is making

progress in its move towards developing “ecotourism” and the tourism sector, more generally. Through this effort, Dominica has become more acutely aware of the need to protect the environment and of the growing threat climate change presents to its valuable natural resources and biodiversity.

Dominica has unsustainable debt levels, which have largely resulted from inadequate fiscal management and the nation’s economic exposure to external shocks. Both the International Monetary Fund (IMF) and the World Bank have implemented programs in an effort to promote economic stabilization. Through the Poverty Reduction and Growth Facility (PRGF), key policy measures and structural reforms aimed at poverty reduction and pro-poor growth were identified and prioritized, while fiscal targets were modified to allow for more pro-poor spending in response to a crisis. Through the Dominica Economic Recovery Support Operation, the World Bank supported Dominica’s efforts to regain fiscal sustainability and to restart growth (while protecting social gains) through a medium-term reform program and a single-tranche structural adjustment credit, whereby (a) public expenditure management was improved, (b) financial and debt management was reformed and (c) the public sector investment program was restructured.

A key development challenge facing Dominica is its vulnerability to geographic and climactic factors. As the island is located within the Atlantic hurricane belt, higher-intensity weather events can have very serious impacts on the productive sectors of the economy (i.e. tourism and agriculture), with particularly severe effects on vulnerable communities and households. In this context of high vulnerability, natural hazards often become disasters with large associated costs imposed on the country’s fragile economy exacerbating poverty. The economy’s susceptibility to a variety of natural hazards is underscored by its rank as 12th on the list of 111 countries on the composite vulnerability index of the Commonwealth Secretariat and the World Bank.

With regards to physical vulnerability, steep topographic conditions and rugged interior have led to human settlements and physical development being highly concentrated along narrow coastal areas (particularly in the south and west). Approximately 44,000 persons (62% of the total population) live along the coast, with 21% of the total population (14,850) living in the coastal capital city, Roseau. A significant proportion of Dominica’s population as well as assets are therefore highly vulnerable to hurricanes as well as high-intensity rainfall, wind and storm surge events.

Disasters in Dominica have had deleterious impacts on livelihoods, destroyed infrastructure and disrupted the provision of essential services and have absorbed a growing share of the national budget to cover recovery and reconstruction efforts. In 2011, for example, record level flooding and landslides associated with heavy rain caused in excess of US\$100 million in damage. In April 2013, heavy rains caused landslides, flooding and a 40-foot deep split in a section of the East Coast main road resulting in two deaths. 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 Dominica’s development processes.

Sectoral and institutional Context

Given its vulnerability to climate variability and natural hazards, Dominica has undertaken a number of initiatives to respond to the threats posed by climate change as well as to mitigate the potential impacts of natural disasters in order to protect development gains.

Climate Change Adaptation and Mitigation. Dominica ratified the UN Framework Convention on Climate Change (UNFCCC) in 1993, and given its commitment to reducing the impacts of climate change, it was among the 3 countries in the region (along with Saint Lucia and Saint Vincent and the Grenadines) to adopt a comprehensive adaptation framework, which allowed the island to be chosen to pilot adaptation investments under the GEF Caribbean Planning for Adaptation to Climate Change (CPACC) Project (1998 – 2001). The CPACC Project supported Dominica in developing a National Climate Change Adaptation Policy, adopted by the Cabinet in 2002. In 2003, a follow on GEF-funded Mainstreaming Adaptation to Climate Change (MACC) regional Project supported the development of an enabling environment for climate change adaptation in Dominica. The third phase Project, the Special Program on Adaptation to Climate Change (SPACC), approved in 2007, supported efforts by Dominica to implement specific pilot adaptation measures addressing primarily the impacts of climate change on the island's natural resources base, focused on biodiversity and land degradation along coastal and near coastal areas. Having established a strong track record on climate change adaptation, Dominica is now one of six countries selected in the Caribbean to participate in the Pilot Program for Climate Resilience (PPCR), one of the targeted programs of the Climate Investment Funds (CIF).

Within the context of the PPCR, Dominica developed its country-driven Strategic Program for Climate Resilience (SPCR) based on a comprehensive and consultative planning process. The SPCR, a five year strategy to build the country's resilience to climate change impacts, was endorsed by the PPCR sub-committee in November 2012. The SPCR positions Dominica on a climate resilient development path, consistent with national poverty reduction and sustainable development goals. Based on stakeholder consultations, assessments and studies that informed the development of the SPCR, the following priority areas for support were identified: (a) Promotion of food security through climate resilient agriculture/fisheries development; (b) Comprehensive Risk Management Framework and Sustainable Climate change financing; and, (c) Enhancing infrastructure resilience and promotion of sustainable human settlements. These three priority action areas are reflected in the development of this DVRP Project and set a strong foundation for the achievement of PPCR goals and objectives as well strongly positioning Dominica to respond to the upcoming challenges faced by climate variability.

Disaster Risk Management. In parallel to its work on climate adaptation, the country is also focused on enhancing its disaster preparedness and emergency response. Disaster risk management (DRM) efforts in Dominica are implemented under the authority of the Emergency Powers Act of 1951 (amended in 1973 and 1990). A National Disaster Plan (NDP) was initially developed in 1988 and subsequently revised, most recently in 2006. The NDP includes policy documents to guide prevention, mitigation and response. Together with the National Climate Change Adaptation Policy and the National Hurricane Disaster Management Plan and Disaster Preparedness Plan for the Agriculture Sector, these documents guide disaster mitigation, management and response by assigning specific responsibilities and procedures under a policy framework for disaster risk management and reduction. The Office of Disaster Management (ODM), which operates under the auspices of the National Emergency Planning Organization (NEPO) chaired by the Prime Minister, is charged with handling disaster preparedness, planning and response, and risk mitigation activities.

Dominica has developed and approved a number of policies, plans and standard operating procedures relevant to disaster risk reduction. These include:

- a. 2010 National Integration Water Resources Management Policy (Draft)
- b. 2009 Disaster Management Plan
- c. 2009 National Emergency Management Policy
- d. 2009 National Shelter Policy
- e. 2004 National Environment Policy/National Environment Management Strategy
- f. 2002 Dominica's Policy on Planning for Adaptation to Climate Change
- g. 2002 Physical Planning Act
- h. 1998 Plan to Reduce the Vulnerability of School Buildings to Natural Disasters

Regionally, Dominica 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. In addition, Dominica is part of a multi-country risk pooling facility, the Caribbean Catastrophe Risk Insurance Facility (CCRIF), which was established in 2007 and 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.

With support from the World Bank, Dominica implemented an emergency recovery and disaster risk management program in the early 2000s. The Dominica Emergency Recovery & Disaster Management Project's objectives were to: (a) strengthen key economic and social infrastructure and facilities with the aim of minimizing damage caused by future natural disasters and reducing the disruption of economic activity in the event of disaster emergencies (pre-disaster works); (b) to reconstruct and rehabilitate key social and economic infrastructure following disasters; and (c) to strengthen the country's institutional capacities to prepare for and respond to disaster emergencies in an efficient and effective manner.

Overall, while some progress has been made in reducing the country's vulnerability to disasters and in implementing climate change adaptation programs – primarily with a strong focus on biodiversity protection, Dominica still faces challenges in strategically and comprehensively managing natural hazard risk, particularly in the context of a changing climatic environment that threatens to increase disaster risk, further expose existing vulnerabilities, and complicating the search for efficient long-term solutions. Similar to other Eastern Caribbean countries, an overall structure for analyzing and integrating disaster risk information in the development process is lacking. Development decisions in Dominica commonly do not account for disaster risk and expected climate change impacts due to a lack of available information on hazards, vulnerability, exposure, and expected climate change impacts. Secondly, information sharing among agencies is weak, largely due to limited capacity and lack of an overall mechanism to share information with low transaction costs. Finally, disaster risk management (DRM) responsibilities are dispersed among various government agencies, with limited collaboration between entities.

To overcome these challenges, there is an urgent need to improve the overall information base upon which national policymakers can better plan physical development and design more effective climate change adaptation measures. This would also facilitate the move from primarily response and recovery after natural disasters to a more proactive approach of making systematic and strategic DRM decisions. Moreover, a mechanism for data sharing (both nationally and regionally) is required to make information available to all agencies involved in carrying out disaster risk reduction and climate change adaptation measures.

II. Proposed Development Objectives

The proposed Project Development Objective (PDO) is to reduce vulnerability to natural hazards and climate change impacts in Dominica through investment in resilient infrastructure, as well as improved hazard data collection and monitoring systems

III. Project Description

Component Name

Prevention and Adaptation Investments

Comments (optional)

This component would be designed to reduce physical vulnerability and pilot adaptive measures to build resilience to current and future hydro-meteorological shocks.

Component Name

Capacity Building and Data Development, Hazard Risk Management and Evaluation

Comments (optional)

Creation of core data and data collection systems and integration of analytical tools to permit improved decision making and engineering design for risk reduction and climate change adaptation

Component Name

Natural Disaster Response Investments

Comments (optional)

Rapid reallocation of IDA funds during an emergency, under streamlined procurement and disbursement procedures.

Component Name

Project Management and Implementation Support

Comments (optional)

Strengthening and developing the institutional capacity for Project management

IV. Financing (*in USD Million*)

Total Project Cost:	39.50	Total Bank Financing:	17.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			1.50
International Development Association (IDA)			17.00
Strategic Climate Fund Credit			9.00
Strategic Climate Fund Grant			12.00
Total			39.50

V. Implementation

The Project will be implemented by a Project Coordination Unit (PCU) to be housed within the Ministry of Environment with oversight from the Ministry of Finance. The PCU is yet to be established, but to expedite Project preparation efforts and to facilitate the hiring of key PCU staff, the GoCD has requested a US\$2 million Project Preparation Advance (PPA) from its IDA allocation. The PPA became effective in December 2013.

The Ministry of Environment would be the technical lead for coordination amongst agencies in the Project, responsible for overseeing the PCU and day-to-day execution of activities and Project development. The Ministry of Finance would be directly involved in the management of the Project, with the Ministry of Environment reporting on fiduciary matters and overall project progress to the Ministry of Finance. The Ministry of Finance would be responsible for coordinating financial management, contract management and monitoring of the Project, in coordination with the relevant PCU staff. The Ministry of Environment is also the PPCR Focal Point for Dominica, and is responsible for reporting to the Sub-Committee on implementation of the PPCR and the monitoring and evaluation framework for the PPCR.

For the preparation and implementation of Project activities, the Project Coordination Unit would rely on technical support provided by the line agencies involved. Line agencies will be responsible for the preparation of technical specifications, bills of quantities and terms of reference relating to Project activities. The PCU will prepare appropriate bidding documentation and carry out the procurement process under the supervision of the Ministry of Finance. Line agencies, such as the Ministries, including the Ministry of Public Works, Dominica Water and Sewerage Authority (DOWASCO), and the Office of Disaster Management among others, will also provide technical supervision for Project implementation within their respective areas of expertise. More complex civil works would rely on the services of an independently contracted engineer to carry out supervision of works. The PCU would also manage environment and social safeguards aspects of the Project, as well as the Project reporting, monitoring and evaluation.

To ensure communication and ownership among participating ministries, the Ministry of Environment will convene a Project Steering Committee, comprising Director level staff or above of the relevant Project line ministries. The Terms of Reference (TORs) for the Committee, including the membership and meeting frequency, will be included in the Operations Manual (OM), to be adopted prior to Project effectiveness.

VI. Safeguard Policies (including public consultation)

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

Comments (optional)

VII. Contact point

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