



# Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 23-Sep-2021 | Report No: PIDA32169



**BASIC INFORMATION**

**A. Basic Project Data**

Country St. Vincent and the Grenadines	Project ID P176943	Project Name Saint Vincent and the Grenadines Volcanic Eruption Emergency Project	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 20-Sep-2021	Estimated Board Date 01-Nov-2021	Practice Area (Lead) Urban, Resilience and Land
Financing Instrument Investment Project Financing	Borrower(s) The Government of St. Vincent and the Grenadines	Implementing Agency Minister of Finance, Economic Planning, and Information Technology	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to support Saint Vincent and the Grenadines to (i) provide short-term income support, (ii) improve the capacity of the government to prepare for and respond to emergencies, and (iii) build back better critical services in the wake of the La Soufriere volcano eruption.

Components

- Component 1: Early recovery income support
- Component 2: Restoration and “Building Back Better” of critical services, and strengthening of emergency preparedness and response capacity
- Component 3: Project Management

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**

<b>Total Project Cost</b>	42.00
<b>Total Financing</b>	42.00
<b>of which IBRD/IDA</b>	40.00
<b>Financing Gap</b>	0.00



**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	40.00
IDA Credit	40.00

**Non-World Bank Group Financing**

Trust Funds	2.00
Global Facility for Disaster Reduction and Recovery	2.00

Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

**B. Introduction and Context**

**A. Country Context**

1. **St. Vincent and the Grenadines is highly vulnerable to geophysical and hydrometeorological events, including volcanic eruptions, earthquakes, and climate change-related events such as hurricanes, floods, drought, and landslides, which threaten its economic stability and the safety and well-being of its population.** Accounting for its vulnerability to geophysical hazards, the most common threat to St. Vincent and the Grenadines is the potential for hurricanes, tropical storms, and weather-induced floods due to its location in the path of the Atlantic hurricane belt. In addition to the climate change impacts, the COVID-19 pandemic also had long-term impacts on productivity, income growth, and social cohesion in the country.

2. **Between December 28, 2020, and April 8, 2021, the La Soufrière Volcano in St. Vincent and the Grenadines experienced effusive eruptions which culminated in explosive eruptions on April 9, 12, and 13.** Although there was no loss of life, due to an effective monitoring system and successful evacuations, the eruptions have directly affected the entire population, further compounding the effects of COVID-19 and generating estimated gross financing needs of US\$175 million (23 percent of gross domestic product [GDP])<sup>1</sup> in 2021. Over 20,000 people were evacuated from the red and orange zones, and as of July 21,

---

<sup>1</sup> International Monetary Fund: IMF Country Report No. 21/157.



2021, an estimated 10,712 people remained displaced, with 1,981 people in 44 public shelters and 8,731 people in private residences.<sup>2</sup>

3. **Early response measures taken by the GoSVG, including the timely activation of government institutions, allowed for a rapid response to the volcanic eruptions and prevented the loss of lives due to the explosive eruptions.** However, this has nearly depleted sectoral institutional resources and severely strained emergency preparedness and response (EP&R) systems. On April 8, 2021 declared a state of emergency as a result of the imminent explosive eruption of the volcano. The GoSVG also triggered the drawdown of US\$20 million from the World Bank's Development Policy Loan with a Catastrophe Deferred Drawdown Option to be used as budget support.

4. Furthermore, the GoSVG mobilized US\$50 million through the Supplemental Financing to the Fiscal Reform and Resilience DPC Series (P176822), which will provide financial liquidity for large and unanticipated expenditure needs and to respond to immediate humanitarian needs in the wake of the volcano. However, significant resources were already consumed to support some 22,400<sup>3</sup> evacuees displaced in shelters and private homes and to implement public works interventions to clean up ash and debris and protect infrastructure. Financial resources and technical support are still needed to address the damages caused to critical sectors across the country and support the GoSVG in building back in a more resilient manner.

## B. Sectoral and Institutional Context

5. **A preliminary damage assessment suggests that the estimated direct damage to infrastructure, buildings, and crops totals US\$82 million (10.4 percent of 2020 GDP).**<sup>4</sup> Potential continued eruption activity under a more prolonged volcanic scenario could bring damages to a total as high as US\$210 million (26.6 percent of 2020 GDP). On top of the damage estimates, economic losses are yet to be fully identified but are expected to be significant given the loss of jobs and livelihoods. It is also expected that there will be health impacts, especially on the most vulnerable, as a result of extended exposure to ash, as well as persons who were/are congregated in shelters during the COVID-19 pandemic, and psychological impacts of the eruptions and displacement. Through DDSA, coordinated by CDEMA, preliminary findings in the social sector indicate that a minimum of 22,440 persons (of which 49.4 percent are poor based on the 2007/08 CPA) were registered and placed in public shelters, hotel accommodation, or private homes, as of April 29, 2021. The costs for delivering temporary to long-term support to these displaced persons are estimated at over US\$26 million, while projected costs for the development of a vulnerability program, including emergency cash grants, amount to over US\$6 million.<sup>5</sup>

6. **The agriculture and fishery sectors have reported disproportionate damages amounting to approximately US\$64 million and total losses for agriculture in the red and orange zones affecting**

---

<sup>2</sup> Caribbean Disaster Emergency Management Agency (CDEMA) Situation Report, May 18, 2021. <https://www.cdema.org/>.

<sup>3</sup> Detailed Damage Sectoral Analysis (DDSA).

<sup>4</sup> Based on the World Bank Global Rapid Post-Disaster Damage Estimation (GRADE).

<sup>5</sup> Supplementary Estimates 2021.



**approximately 3,151 farmers and fisherfolk from these areas.**<sup>6</sup> The volcano also generated negative impacts and the ensuing destruction and damage of critical public infrastructure that may push back the economic recovery of key economic sectors (tourism and agriculture). Critical sectors such as water, electricity, transport, and housing were greatly affected, and the estimated cost of damage, including the cost of ash cleanup, is approximately US\$27.6 million. The impacts of the volcanic eruption also stretch across St. Vincent and the Grenadines' transport infrastructure network. Based on reports from the GoSVG, in St. Vincent and the Grenadines, there are about 704.2 km of road comprising 128.1 km major roads, 118.1 km secondary roads, and 458.03 km minor roads or footpaths.

7. **The extent of the catastrophe has eclipsed the GoSVG's capacity to mitigate its consequences.** The economic costs of the volcanic eruption and related humanitarian efforts are significant and compounded by the effects of COVID-19. Government resources are insufficient to conduct a systemic ash cleanup, restore basic services, and rehabilitate basic infrastructure, with gross financing needs estimated at US\$175 million (23 percent of 2020 GDP)<sup>7</sup> in 2021. Moreover, on top of the damages estimated, economic losses are yet to be fully quantified but are expected to be significant given the loss of jobs and livelihoods. On May 6, 2021, the GoSVG sent an official letter to the World Bank expressing its interest in accessing IDA 19 funds through (a) a budget support operation and (b) an emergency volcano response project. The proposed Project has the potential to mobilize additional parallel financing to help St. Vincent and the Grenadines build back better by integrating climate adaptation and mitigation elements into the Project activities. This will support a greener economy and deal with the intensifying catastrophes caused by climate change and the worsening consequences of sea level rise, heat waves, and other effects of global warming.

## C. Proposed Development Objective(s)

### PDO Statement

8. The Project Development Objective (PDO) is to support Saint Vincent and the Grenadines to (i) provide short-term income support, (ii) improve the capacity of the government to prepare for and respond to emergencies, and (iii) build back better critical services in the wake of the La Soufrière Volcano eruption.

#### A. Project Components

9. **The PDO will be achieved through two components** which align with the initial findings of the World Bank's GRADE, as well as the DDSA coordinated by CDEMA, and support the Government's overall recovery program. These components include (a) Early recovery income support and (b) Restoration and "Building Back Better" of critical services, and strengthening of emergency preparedness and response capacity.

---

<sup>6</sup> Food and Agriculture Organization of the UN Regional Office for Latin America and the Caribbean, <http://www.fao.org/americas/noticias/ver/en/c/1397638/>.

<sup>7</sup> International Monetary Fund: *IMF Country Report No. 21/157*.



10. **Component 1. Early recovery income support (US\$7.5 million).** The objective of this component will be to provide temporary cash transfers to help smooth consumption of selected poor and vulnerable populations affected by the volcanic eruptions of La Soufrière and other climate-related events. The activities under Component 1 are embedded within the broader Government social protection strategy, which focuses on shock-responsive social assistance. This component comprises two subcomponents. This component will also support, on an as-needed basis, the implementation of a LITE Program to provide income support and short-term employment to mitigate economic impacts after the occurrence of climate-related disasters (including risks associated with heavy rains mobilizing ashfall and volcanic debris). It will also support the longer-term resilient recovery of community infrastructure. Finally, it will also aim to strengthen the capacity of the line agencies to administer and monitor the existing income support programs.

11. **Component 2: Restoration and “Building Back Better” of critical services, and strengthening of emergency preparedness and response capacity (US\$29 million).** During disasters, continued operation of critical public infrastructure is key to efficient response and recovery. This component will support the rapid restoration and “Building Back Better” of critical infrastructure damaged by the volcanic eruptions and subsequent debris flows and lahars, while also ensuring that investments incorporate transformative measures that increase climate resilience. Investments under this component will focus on three main areas:

- Support for reconstruction planning that incorporates climate change considerations. This will support the integration of necessary climate and disaster considerations into technical studies, feasibility studies, and detailed engineering designs of infrastructure interventions and operations mainly in the areas of public facilities, transport infrastructure, water supply systems, agricultural centers, and slope stabilization.
- Investments in climate- and disaster-resilient reconstruction and rapid restoration of priority infrastructure. Activities will be assessed against the context of changing climate patterns and the integration of mitigation and adaptation interventions in restoration and reconstruction.<sup>8</sup>
- Strengthening the capacity of the Government institutions to systematically prepare for and respond to potential compound emergencies and the impacts of a changing climate, particularly in line with its mandate under the national emergency response plans for multiple hazards (recurrent annual events as well as low-frequency, high-impact disasters).

12. **Complementary financing under the EU-Caribbean Regional Resilience Building Facility managed by the Global Facility for Disaster Reduction and Recovery (GFDRR)** is being arranged to support activities to strengthen the multi-hazard EP&R systems in St. Vincent and the Grenadines. In this regard, US\$2 million is anticipated through the EU-Caribbean Regional Resilience Building Facility trust fund.

---

<sup>8</sup> Climate change concerns will be integrated with the restoration and reconstruction of critical services. This will guide the design of specific interventions associated with restoration and reconstruction activities. These can include considerations for river defense designs incorporating anticipated sea level rise, bridge designs that minimize trapping debris flows from intense rains, agricultural drought response improvements, and similar activities.



Legal Operational Policies

**Triggered?**

Projects on International Waterways OP 7.50

No

Projects in Disputed Areas OP 7.60

No

Summary of Assessment of Environmental and Social Risks and Impacts

**CONTACT POINT**

**World Bank**

Elad Shenfeld  
Senior Disaster Risk Management Specialist

**Borrower/Client/Recipient**

The Government of St. Vincent and the Grenadines  
Camillo Gonsalves  
Minister of Finance  
cgonsalves@gov.vc

**Implementing Agencies**

Minister of Finance, Economic Planning, and Information Technology  
Recardo Frederick  
Director of Planning  
rfrederick@svgcpd.com

**FOR MORE INFORMATION CONTACT**

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  
Web: <http://www.worldbank.org/projects>



**APPROVAL**

Task Team Leader(s):	Elad Shenfeld
----------------------	---------------

**Approved By**

Practice Manager/Manager:		
Country Director:	Kathryn Ann Funk	23-Sep-2021

---