



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

Appraisal Stage | Date Prepared/Updated: 28-Jun-2018 | Report No: PIDISDSA24765



BASIC INFORMATION

A. Basic Project Data

Country St Maarten	Project ID P167532	Project Name Sint Maarten Hospital Resiliency & Preparedness Project	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 04-Jun-2018	Estimated Board Date 31-Jul-2018	Practice Area (Lead) Health, Nutrition & Population
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Public Health, Social Development and Labour (VSA)	Implementing Agency Sint Maarten Medical Center (SMMC)	

Proposed Development Objective(s)

Improve the preparedness and capacity of hospital services

Components

Building and launching of the new Sint Maarten General Hospital Transition and Contingency Plan for Sint Maarten Medical Center 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

Total Project Cost	100.50
Total Financing	100.50
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS



Non-World Bank Group Financing

Counterpart Funding	75.50
Borrower	75.50
Trust Funds	25.00
Free-standing Single Purpose Trust Fund	25.00

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

- Sint Maarten is a high-income constituent country¹ 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 \$25,381.² Sint Maarten is currently rebuilding from damage of Hurricane Irma that has claimed lives and deteriorated the socio-economic environment on the island.
- 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 plus). 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.
- 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

¹ Sint Maarten is one of the four constituent countries of the Kingdom of the Netherlands, along with Netherlands, Aruba, and Curacao

² From Central Bank of Curacao and Sint Maarten, based on 2018 estimates.



foreign exchange income in 2016. Sint Maarten's harbor 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.

Urgent Need of Assistance

4. **Sint Maarten is in need of urgent assistance after Hurricane Irma, a category 5 plus hurricane, hit the island on September 6, 2017.** The winds of more than 185 mph (296km/h) left a trail of devastation in 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.

5. **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.

6. **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 Sint 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. Women in poor households particularly suffer the most impacts of natural disasters such as water and electricity shortages, as they are intrinsically tied to domestic chores like cooking, cleaning and caring for children and elderly. Women head nearly 40 percent of households in Sint Maarten which shows the magnitude of households' dependence on women's income and their struggle to head households in the post hurricane context.

7. **Sint Maarten had a low unemployment rate of 6.2 percent, and youth unemployment rate of 25 percent in 2017, but it has significantly risen because of the hurricane and closing 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.

8. **Sint Maarten has made substantial efforts to address the most urgent needs following Hurricane Irma** (e.g. initial debris removal, sheltering roofless populations, resumption of government and business services). Nevertheless, recovery needs are massive and the country has limited capacities to manage this scale of resilient reconstruction. To support a fast and sustainable recovery, the Government of Netherlands has established a €470 million Euro 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 representative of each the World Bank, the Government of Sint Maarten and the Government of the Netherlands will decide, on a consensus basis, on short, medium, and long-term recovery projects and required capacity building activities. The Steering Committee will meet biannually and on an 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 before 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 (a) Sint Maarten Emergency Recovery Project I (P167339); (b) Sint Maarten Emergency Debris Removal and Cash for Works Project (P167347); (c) Sint Maarten Skills and Training and Strengthening of the Social Projection System Project (P167368); and (d) Sint Maarten Hospital Resiliency & Preparedness Project (P167532).

9. **As early as 2015, the Ministry of Public Health, Social Development and Labor (VSA), the Health and Social Insurance Fund (SZV) and the SMMC agreed on the pressing need to strengthen hospital services in Sint Maarten.** Given that the only existing hospital in the country was unsuitable for a complete re-design over the long-term, it was decided that a new general hospital would be built. A new business model of care was developed, private financing was secured, a firm was selected and the initial structural design for the new hospital were all completed just before Hurricane Irma. By the time the complete design for the new hospital was ready, damages caused by Hurricane Irma underlined the critical need for the new hospital to be designed with a structure and features that will increase the hospital's ability to withstand category 5 plus hurricane level winds (200mph+).

10. **Based on the urgent need of assistance, the proposed Hospital Resiliency and Preparedness Project is being prepared under the requirements of paragraph 12 of the Investment Project Financing Policy (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 response efforts prior to the start of the next hurricane season in June 2018 and agreed to prepare the proposed project 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, the Government of Sint Maarten 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 on the 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. **Due to the increasing life expectancy of its population, Sint Maarten is faced with an aging adult population and a steady rise of chronic non-communicable diseases (NCDs), coupled with prevalent vector-borne diseases.** Sint Maarten, like many developed countries and other countries in the Caribbean, is faced with an increase in chronic NCDs. Ischemic heart disease was the leading cause of death in both 2010 and 2012, while diabetes mellitus was the second leading cause over the same period.³ Cancer deaths have also increased significantly over the past decade. A 2015 Health Survey⁴ of the adult population (18 years of age or older) showed a high prevalence of hypertension (31.4%) and diabetes mellitus (13.5%). The study also showed that 18% of the people with diabetes already had diabetes-related complications denoting poor control and secondary prevention of this disease. For the first time, the 2011 census included data on such diseases as Alzheimer’s, cancer and sickle cell anemia. A 2009 study of children 0-4 years old showed that one third were overweight, and among that group, nearly half were obese.⁵ In 2010, 40% of youth ages 12–18 years old were overweight and around 54% were obese.⁶

³ PAHO Health in the Americas Brief on Sint Maarten. 2017; Ministry of Public Health, Social Development and Labor, Collective Preventive Services (Sint Maarten). Leading causes of death on Sint Maarten, year 2010 and 2012. Phillipsburg: VSA; 2014.

⁴ Observatoire Sint Maarten and Saint Martin. 2015 Crossborder Health Study. University of the Virgin Islands, University of St. Martin

⁵ Weight that is higher than what is considered a healthy weight for a given height is described as overweight or obese, and determined by an individual’s body mass index (BMI)

⁶ Youth Obesity Research, Students Hanze Hogeschool, Groningen, 2009 and 2010.



14. **In terms of health service delivery, only primary and secondary care is provided in Sint Maarten** by a mix of non-profit and private providers, as follows: the Sint Maarten Medical Center (SMMC), a non-profit foundation endorsed by the Government as the sole provider of hospital services in the country,⁷ 23 general practitioners (private), dental care providers, the White and Yellow Cross Foundation (primary care, nursing home and specialized ambulatory care), the Turning Point Foundation (drugs and rehabilitation), the AIDS Foundation, the Diabetes Foundation and 15 pharmacies, of which one is situated within SMMC (Cay Hill Pharmacy).

15. **SMMC is the only hospital and the only source of secondary health services on the Dutch side of the island**, and is the primary source of care for the nearby islands of Saba and St. Eustatius.⁸ SMMC provides outpatient (emergency, radiology, dialysis and other special clinics) and inpatient care (medical pediatric and surgical wards, intensive care, labor and delivery, and an operating theater). No tertiary services are provided on the island and patients needing such services are referred to neighboring countries (Colombia, Dominican Republic, Puerto Rico, etc.). In addition to the permanent population, SMMC provides services to approximately 2.6 million tourists per year (2 million cruise ship tourists and 0.6 million stay-over tourists).

16. **The Ministry of Public Health, Social Development and Labor (VSA) is responsible for the legal, policy and quality framework for healthcare in Sint Maarten.** In addition, VSA is responsible for setting the legally binding tariffs and tariff structure for healthcare, and the medical inspection and the approval of admittance of new healthcare institutions, medical appliances and licenses for doctors at SMMC. In addition, VSA includes a few public programs such as ambulance services and vaccination programs.

17. **The Health and Social Insurance Fund (SZV) is mandated by law to administer and manage the National Health and Social Insurance Schemes.** Established in 2010 under VSA's oversight, SZV is an autonomous, and in principle self-sustained, administrative body responsible for implementing several social insurance schemes (illness, accident, general old-age, widow/widower and orphan, severance, and exceptional medical expenses). SZV is the main provider of healthcare insurance to civil servants and covers the healthcare costs of approximately two-thirds of the population.⁹ It is estimated that 15 percent of the population has private health insurance, and another 12.3 percent do not have health insurance.¹⁰ While the Government is providing medical aid programs to the uninsured, there is an ongoing effort for a health reform which aims to reduce out-of-pocket health expenditures, and create a guarantee fund to cover the uninsured. The health reform package was submitted for Parliament approval in late 2017, and is moving through the review processes, which have been somewhat delayed by Hurricane Irma.

18. **Built in 1991 for a population of 23,000, the SMMC has surpassed its lifetime capacity and has weathered several hurricanes.** The current hospital design is not functional. It has an open structure with five internal open-air patios that expose the hospital to severe weather and increase the risks to deal with hurricanes. After Hurricane Irma in September 2017, the SMMC suffered substantial damage and services were disrupted for several units, for example, intensive care and dialysis. Although the

⁷ SMMC is a non-profit foundation, and owner of the hospital itself. However, the hospital is located on Government owned land.

⁸ After Sint Maarten became a constituent country within the Kingdom of the Netherlands in October 2010, the surrounding smaller islands of Sint Eustatius and Saba became special municipalities of the Netherlands.

⁹ STAT, Census 2011

¹⁰ SMMC Strategic Business Plan Version 5.0: November 2017. Market Analysis



SMMC resumed operations immediately after the hurricane, due in part to provisional repairs carried out by the Dutch Marine engineering support unit, it is not expected to withstand another hurricane higher than Category 2.¹¹ In addition, the hospital capacity and design (including 4 to 6 persons per room) do not provide options to rehabilitate or redesign the hospital to improve quality, reduce risk of the admitted patients and increase efficiency of health services. As a result of the limited quality and lack of services post-Irma, a substantial number of patients have been sent abroad for overseas medical treatment. Estimated total costs related to medical transfers to other countries were US\$16.3 million in 2014, compared to US \$4.3 million in 2012.^{12, 13} This data not include those that fall under a private insurance structure, which amounts to 15% of the total population.

19. **To strengthen the healthcare sector on Sint Maarten, a Tripartite protocol (Tripartite) was established in March 2015** consisting of: (i) the VSA, (ii) the SZV and (iii) the SMMC. With its focus on achieving affordable and sustainable quality healthcare, the Tripartite declared that the existing hospital building was unsuitable for a complete re-design over the long-term. At that time, SMMC was in a poor financial situation because the hospital service fees (tariffs) were not increased between 2004 and 2016, which resulted in underinvestment. This has had negative impacts on maintenance, technology, quality care and expansion of services in line with the increased demand for care. As a result of the limited services, a substantial number of patients have been sent overseas for medical treatment, thus increasing the cost of health care to an unsustainable level. This situation has been exacerbated by post-Irma conditions.

20. **Given the Tripartite is focused on achieving affordable and sustainable quality healthcare based on the concept of ‘care close to home,’ it decided on the need to build a new general hospital.** The new hospital will be able to provide approximately 84% of the basic specialties, increase the number of beds from 66 to 110 and expand specific areas to provide more outpatient surgeries and other ambulatory services. Despite the increase, the ratio of beds per 1,000 people would still be relatively low when benchmarked with the Netherlands and other countries in the Caribbean. The existing hospital is located on the same land as the planned new hospital and will be gradually phased out once the new hospital construction is complete. The existing hospital will remain open during construction of the new hospital, but requires repairs of damage caused by hurricane Irma, especially given that it is the only provider of hospital services in the country. SMMC has developed a two-phase transition and contingency plan to maintain the provision of health services during the construction of the new hospital. Works on the first phase will use an open space, near the current parking area. Once the first phase is completed, health services will be moved to the new building and the old building will be demolished to complete the second phase of the new hospital.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

Improve the preparedness and continuity of hospital services

¹¹ Technical Inspection Report, Royal Haskoning DHV 26 October 2017.

¹² Sint Maarten Country Cooperation Strategy 2015-2019. Pan American Health Organization (PAHO)/World Health Organization (WHO). 2005.

¹³ SMMC Strategic Business Plan Version 5.0: November 2017. Market Analysis



Key Results

1. Ability of the hospital to provide services during and after extreme weather conditions ¹⁴
2. Emergency Disaster Preparedness Plan and Evacuation Plan implemented according to procedures¹⁵
3. Technical audits to evaluate quality and preparedness of service delivery rated satisfactory

D. Project Description

Component 1. Building and launching of the new Sint Maarten General Hospital (US \$21 million Trust Fund (TF); US\$75 million counterpart funds)

21. **This component will support the construction, supervision of works and launching of the new Sint Maarten General Hospital (SMGH).** Specifically, the component will co-finance the construction of the entire hospital. This component is leveraging counterpart funds to increase the resiliency of the new hospital, so that the required upgrades to the original hospital design can be made to ensure that the new facility is resilient to category 5 plus hurricanes.

22. **With the support of the Tripartite, SMMC identified the need to replace the existing hospital prior to Hurricane Irma, and agreed on the construction of a new building on the same land of the existing hospital.** The pre-design of the new hospital considered not only additional capacity in terms of beds and ambulatory services, but also the need to incorporate new services, adding new diagnostic and treatment procedures, and new medical specialties. In September 2016, the selection process to hire a firm to design, construct and implement the new hospital was completed. This turn-key contract includes full design of the new hospital, construction and equipment (medical and non-medical equipment), training (for equipment) and maintenance services for a 10-year period (with an option to extend the maintenance period for two additional periods of 5 years). By the time the complete design of the hospital was ready, damages caused by Hurricane Irma underlined the critical need for the new hospital to be designed with a structure and features that will increase the hospital's ability to withstand category 5 plus hurricane level winds (200mph+). These changes will require an amendment to the existing turn-key contract (variation order) and the component will co-finance the total cost of the contract to allow for the required additional works, features and protections. The amendment will be processed after Bank approval of the project and will be reviewed according to the relevant WB safeguards policies. Finally, the existing contract with the construction supervision firm hired to oversee works at the new hospital will also require an amendment to adjust the time table and cost. The additional cost of the construction supervision will be financed with this component, and the contract amendment will be reviewed according to WB procurement procedures.

23. **In addition to the expansion in the scope of services, the new hospital will:** (i) increase capacity from 66 to 110 beds; (ii) have 4 operating theaters and larger areas for ambulatory care, including a new flow of patients for ambulatory surgery; (iii) include critical characteristics to increase the resiliency of the hospital (external protection to withstand category 5 plus hurricanes, installation of modern and safe medical gas, greater storage capacity for having supplies for longer periods, underground communication through fiber optic capability, and a landing platform for helicopters for the transport of trauma patients,

¹⁴ This indicator will measure the percent change of services provided 60 days before and 60 days after an extreme weather event to gauge the impact of the event on the hospital's capacity to remain operational. The specific services tracked will include the number admissions, surgeries and referrals.

¹⁵ This indicator will measure how well the updated Emergency Disaster Preparedness Plan and Evacuation Plan are implemented through the application of a scorecard which will grade the performance of each area of the plan.



etc.).

Component 2. Transition and Contingency Plan for Sint Maarten Medical Center (US\$3.7 million TF)

24. **The structure of the existing hospital was seriously damaged and weakened by Hurricane Irma.** As a result, priority has been given to select essential upgrades to allow for the continuity of services while improving the existing hospital's resiliency and preparedness for future extreme weather conditions, particularly while the new hospital is being built. The transition from the current weak and, in some cases, unsafe structural conditions (wiring, plumbing, roofing) of the existing hospital to the full operation of the new hospital requires significant planning and critical investments. Moving the current SMMC to the new SMGH will create the opportunity to modernize the current service delivery model, expand the scope of services, increase non-invasive procedures and ambulatory care, and adopt/better implement quality standards to improve the outcomes and reduce avoidable complications. This ability to expand the scope of provision of care will also reduce the high costs of overseas referrals and reinforce the Tripartite's goal of "care close to home". Since 2014, SMMC started the development and implementation of a Quality Management System. The hospital made good progress in developing and institutionalizing a wide variety of quality management system components. For example, most departments develop annual quality plans and subsequent action plans for quality and safety improvement within their department. Nevertheless, clinical guidelines will need to be revised to update care pathways and algorithms to the new service delivery models and more systematic quality control mechanisms including technical audit need to be implemented.

25. **Some of the main steps and investments included in this transition process include:**

- (i) Essential upgrades to the current hospital to: (a) repair damage from Hurricane Irma and bolster the aging building's ability to face future hurricanes; and (b) enable the hospital to manage the increasing demand of services in the short term and allow it to continue providing services over the next 3 to 4 years; and (c) connect the hospital to a reliable source of communication (fiber optic) to improve its link to the Emergency Operation Center (EOC), expand options for telemedicine to increase access to services not available on the island, and avoid medical referrals when possible.
- (ii) Update the emergency plan to deal with disasters in the context of weak situation of the current hospital
- (iii) Changes in the service delivery model and scope of services to be provided in the new hospital. The new hospital will increase the capacity and expand the scope of services and increase the range of medical specialties.
- (iv) Strengthen the standardization of procedures and the use of clinical guidelines to improve the clinical decision-making process and quality standards. The implementation of these tools will require the strengthening of human resources capacity (short-term training; formation of strategic partnerships for knowledge transfer) and implementation of continuous quality improvement (updating, development and application of protocols, clinical guidelines and quality checklists).
- (v) Given that the new hospital will be built on the same land as the existing hospital, the progress of the works will require a contingency plan to allow for the provision of services while the different phases of the new works are implemented



26. **This component will finance:** (i) works and equipment needed for the critical rehabilitation and upgrades of the existing hospital during the transition period (some of these investments include: electric generator and generator care complex, fire detection system, additional beds for patients with acute conditions, expansion of dialysis capacity, expansion and new storage rooms for medical supplies, link to fiber optic cables; (ii) technical assistance to support the updating and implementation of clinical guidelines and quality control mechanisms and internal technical audits; (iii) arrangements with strategic partners (well recognized academic centers) for training of human resources; and (iv) support the SMMC's accreditation process with the Joint Commission International (JCI).¹⁶

Component 3. Project management (US\$ 300,000 TF; US\$500,000 counterpart funds)

27. **The project will be implemented by the SMMC.** This component will finance the related operating expenses, equipment, and personnel necessary for the execution of the project, in the areas of contract management, procurement, financial management, technical and monitoring and evaluation, including project audits. The SMMC will allocate budget to cover the project's recurrent costs.

E. Implementation

Institutional and Implementation Arrangements

The project will be implemented by the Sint Maarten Medical Center (SMMC), a non-profit organization.¹⁷ SMMC will have the overall responsibility for technical supervision and fiduciary activities for the execution of all three components. The Government (VSA) has entered into an agreement with SMMC in which it delegates implementing responsibility to SMMC and names it as the primary Recipient of the grant. SMMC will coordinate with the VSA on specific technical aspects related to norms, regulations and monitoring of results through this agreement. Further details will be outlined in the Project Operational Manual (POM).

28. **During appraisal, the WB and SMMC will review the potential composition of a dedicated project management team (PMT)** tasked with overall coordination and implementation support to project activities, procurement selection processes and contract management, financial management and results monitoring. With the ongoing support of technical assistance from one KPMG consultant (mainly for Component 1), SMMC will manage the implementation of the turn-key contract for the new hospital (Component 1), while the implementation of activities under Component 2 will involve the existing structures and staff of SMMC potentially through the PMT.

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

Project investments are taking place on Government owned land leased to the Sint Maarten Medical Center. The construction of the new hospital and rehabilitation of the existing hospital, financed by the project, will take place on public land free of occupants and not in use for any type of activities. It is part of

¹⁶ JCI is the oldest and largest standards-setting and accrediting body in health care in the United States.

<https://www.jointcommissioninternational.org>

¹⁷ SMMC is a non-profit organization which is not allowed to benefit from any funds and uses of any extra funds are used to re-invest back into the organization



the land of the existing hospital and its public ownership is not contested. All civil works supported by the project will take place at this location. The existing hospital is located on the same land as the planned new hospital and will be gradually phased out once the new hospital construction is complete. The existing hospital will remain open during construction of the new hospital, but requires repairs of damage caused by hurricane Irma, especially given that it is the only provider of hospital services in the country. SMMC has developed a two-phase transition and contingency plan to maintain the provision of health services during the construction of the new hospital. Works on the first phase will use an open space, near the current parking area. Once the first phase is completed, health services will be moved to the new building and the old building will be demolished to complete the second phase of the new hospital.

G. Environmental and Social Safeguards Specialists on the Team

Gibwa A. Kajubi, Social Safeguards Specialist

Gunars H. Platais, Environmental Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	This policy is triggered and the proposed Category B classification is based on the proposed investments that will finance construction of the new hospital and rehabilitation of the existing damaged hospital. These works are expected to be of moderate impact generating localized environmental impacts due to the project-financed activities. These impacts will include debris management, soil stabilization and erosion control, noise and traffic management and worker’s health and safety, and the management of hospital/hazardous waste that can be identified, mitigated, and managed by following the Government Requirements and the General World Bank Group Environmental, Health, and Safety (WB EHS) Guidelines and the Specific Industry WB EHS Guidelines for Health Care Facilities. The project will prepare an Environmental and Social Management Plan (ESMP) to be consulted and disclosed before the start of works as considered by the Safeguards Action Plan of the PAD. Given the lack of client experience with WB safeguards, the ESMP will



		include provisions for training and capacity-building early-on to avoid delays related to screening and environmental and social management planning as necessary.
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. Given the project’s focus on rehabilitating existing infrastructure and building a new hospital on the same site, no impacts on natural habitats are expected and no significant conversion or degradation of critical natural habitats will occur. In continuation of current practices, there will be no discharge of untreated wastewater into freshwater or coastal waters, and hospital waste, particularly medical/hazardous waste, will be disposed of appropriately. The new hospital includes an autoclave with grinder technology package for managing health care waste. This is considered the most appropriate solution for the island given the complexity involved with the alternative incineration technology.
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	Yes	While the project does not expect to utilize or purchase pesticides, this policy is triggered on a precautionary basis since existing or new structures may need rodent/pest control.
Physical Cultural Resources OP/BP 4.11	No	This policy is not triggered as the potential for chance finds are considered quite low. The ESMP should include a procedure to manage any chance finds in line with the policy provisions and national legislation.
Indigenous Peoples OP/BP 4.10	No	Given the characteristics of Sint Maarten’s population, OP 4.10 Indigenous Peoples Policy is not triggered as there are no groups that meet the criteria in Sint Maarten.
Involuntary Resettlement OP/BP 4.12	No	The project activities do not trigger OP 4.12 Involuntary Resettlement. The construction of the new hospital, financed by the project, will take place on public land free of occupants and not in use for any type of activities, and does not involve any involuntary resettlement. It is part of the land of the existing hospital and its public ownership is not contested. The works needed to repair the damages



on the existing hospital building will not require acquisition of land. The existing hospital has been built on public land and the damage repair construction works will not require expanding the existing hospital footprint. The damage repairs on the existing hospital building will not disrupt livelihood activities. There are, however, potential adverse socio-environmental impacts associated with rehabilitation and construction of the existing hospital and with a new hospital, including: (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.

This policy is not triggered because project activities will not involve construction of dams or depend on existing dams.

This policy is not triggered because project activities will not be conducted in or influence international waterways.

This policy is not triggered because project activities will not be conducted in disputed areas.

Safety of Dams OP/BP 4.37

No

Projects on International Waterways OP/BP 7.50

No

Projects in Disputed Areas OP/BP 7.60

No

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 finance construction of a new hospital and rehabilitation of the existing damaged hospital. These rehabilitation works are expected to be moderate, generating localized environmental impacts such as debris management, soil stabilization and erosion control, noise and traffic management and worker’s health and safety. 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. Labor Influx impacts associated with the project financed activities will be assessed in the Environmental and Social Management Plan (ESMP) 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 Health Sector by building better and more resilient health facilities.



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

The existing hospital will be rehabilitated on the same site. The construction of the new hospital, financed by the project, will take place on public land free of occupants and not in use for any type of activities and adjacent to the existing hospital. No further alternatives were assessed for the new hospital as the site had been identified prior to the Bank's involvement.

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 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 Sint Maarten Medical Center will prepare an Environmental and Social Management Plan (ESMP) for repairs to the existing hospital and construction of the new one. The ESMP will provide guidelines for the development of project specific safeguards instruments and other safeguard plans as required. The risk for institutional capacity for implementation and sustainability is moderate given that knowledge of World Bank requirements is new; and the need to implement the project rapidly. The SMMC will set up a PIU reporting to its Supervisory Board. The Bank will provide the necessary implementation support, including by bringing in international expertise where relevant, providing hands on guidance and training to ensure: (i) SMMC's knowledge and understanding of Bank safeguards instruments; (ii) that counterparts have the capacity to undertake environmental and social analyses and develop mitigation approaches; and (iii) regular and close supervision of progress and implementation of the plans. The implementation support will be provided through regular interactions, half yearly implementation support missions, and thematic review missions if required.

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

The Sint Maarten Medical Center is a private foundation which is the grantee and tasked with overall project implementation. The primary beneficiaries of the project are the residents of St Maarten, Saba and St. Eustatius as well as the estimated 2.6 million tourists that visit Sint Maarten each year. The SMMC will report to the SMMC Supervisory Board which reflects membership of the Tripartite (Ministry of Public Health, Social Development and Labor, Health and Insurance Fund and the SMMC).

The deferral of safeguards is granted for the postponement of the disclosure of safeguards instruments to after Bank approval, and before project effectiveness. Safeguards instruments must be prepared by the SMMC, cleared by the Bank and disclosed as early as possible and before the start of civil works. The ESMP will be prepared by the client, consulted upon and disclosed before the start of public works. Site specific safeguards instruments are required for all investments financed under the project, including those financed under retroactive financing.

B. Disclosure Requirements

The review of this Safeguards has been Deferred.

Comments



A Safeguards Action Plan has been prepared indicating the way forward. The safeguards actions plan requires that an ESMP will be prepared prior to implementation and will include: (a) a screening methodology to identify relevant environmental and social issues and risks related to environment (OP/BP 4.01, 4.04 and 4.09, and (b) a template for site specific Environmental and Social Management Plans (ESMPs) and other plans.

The review of this Safeguards has been Deferred.

Comments

An Integrated Pest Management Plan will be included in the ESMP. This policy was triggered on a precautionary basis since existing or new structures may need rodent/pest control (e.g. termites).

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 4.09 - Pest Management

Does the EA adequately address the pest management issues?

NA

Is a separate PMP required?

Yes

If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?

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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