

PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: PIDA22033

Project Name	Pacific Resilience Program (P147839)
Region	EAST ASIA AND PACIFIC
Country	Pacific Islands
Sector(s)	Flood protection (60%), Public administration- Financial Sector (40%)
Theme(s)	Natural disaster management (60%), Climate change (40%)
Lending Instrument	Investment Project Financing
Project ID	P147839
Borrower(s)	Pacific Island's Ministries of Finance
Implementing Agency	SECRETARIAT PACIFIC COMMUNITY
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	19-Mar-2015
Estimated Date of Board Approval	19-Jun-2015
Decision	

I. Project Context

Country Context

The Pacific Island Countries (PICs) lie in the midst of the world's largest ocean and include some of the world's smallest nations. There are three sub-regions, Melanesia, Micronesia and Polynesia. Melanesia is the most populous and consists mainly of high islands which generally have fertile soils. Micronesia and Polynesia, which consist mainly of reefs or atolls, are relatively small with predominantly infertile soils (although this does vary – for example, Tonga is known to be quite fertile) and some high islands. Many PICs are dispersed over a large area, with small and remote populations. Economic growth in PICs is low; the small and scattered island “sea-locked” countries have small domestic markets and are characterized by low economic density as a result of their extreme remoteness, high transportation and transaction costs of linking to international markets. Although absolute poverty in the region is limited, real per capita income has remained virtually unchanged since the mid-1990s and economic progress tends to be volatile and vulnerable to external shocks. Most economies are largely reliant on remittances, fishing licenses, agriculture, some limited natural resources, tourism and foreign aid flows.

PICs are also among the most physically vulnerable nations in the world. They are highly exposed to adverse effects from climate change and natural hazards (including floods, droughts, tropical cyclones, storm surges, earthquakes, volcanic eruptions, and tsunamis), which can result in disasters that affect their entire economies, human and physical capital, and impact their long-term development agenda. Since 1950, natural disasters have affected approximately 9.2 million people in the Pacific region, causing 9,811 reported deaths. This has cost the PICs around US\$3.2 billion (in nominal terms) in

associated damage costs (EM-DAT, 2010).

Disasters, climate and weather extremes and projected changes in climate, are increasingly recognized as a core development challenge, as they adversely impact social and economic development. Poor populations tend to live on low value land, in higher-risk areas such as close to flood prone waterways and the coastline, making them vulnerable and more likely to be affected by adverse natural events. More importantly, the vulnerability of the poor to natural disasters and the effects of climate change are expected to increase due to pressures including increased population, and constrained land availability, which will force larger numbers of the poor to live in more hazard prone areas. Hence, there is widespread acceptance of the need to strengthen disaster early warning and preparedness, and to mainstream disaster risk and climate change into development planning and financing.

The Pacific Resilience Program (PREP) is a ‘Series of Projects’ articulated in two Phases at this stage, with the potential of a third and/or fourth phase in the future. The initial participants for Phase I are Samoa, Tonga, the Republic of Marshall Islands (RMI), Vanuatu, the Pacific Islands Forum Secretariat (PIFS) and the Secretariat of the Pacific Community (SPC). There has been previous World Bank engagement within the Phase I countries of Samoa, Tonga and Vanuatu in the areas of disaster risk management (DRM) and climate resilience. Potential participants in Phase II include the Federated States of Micronesia (FSM), Fiji, and the Solomon Islands. The participating Phase I countries and potential Phase II countries all have a high risk profile and are subject to frequent rapid onset disasters, and all (apart from FSM & Fiji) have been part of the Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) scheme, on which the PREP will build.

While all of these countries have expressed an interest in participating in the PREP, Tonga and Samoa will participate in Component 1 (Strengthening Early Warning and Preparedness), Component 2 (Mainstreaming Risk Reduction and Resilient Investments) and Component 3 (Disaster Risk Financing) during the first phase because they have demonstrated strong commitment to: (i) continue to participate in the PCRAFI catastrophe risk insurance scheme beyond 2015; (ii) have developed and/or will develop a prioritized climate and disaster resilient investment plan as set out under Sub-component 2.1.2; and (iii) mobilize International Development Association (IDA) funds for disaster risk financing, insurance, and resilient investment. RMI and Vanuatu will join Phase I of the Program for Sub-component 3.1.2 only, in order to finance the yearly premium for the catastrophe risk insurance. This would ensure there is no gap in catastrophe risk insurance coverage for RMI and Vanuatu, allow at least 4 countries to join the regional insurance pool, result in significant cost savings in insurance premium, and provide scope for their involvement in other components during Phase II. Given the capacity constraints in the participating Phase I countries and the need to improve tools and data that can be used by all PICs in coming years, PREP will also provide support to regional organizations that have a critical role in policy and information areas, namely Pacific Islands Forum Secretariat (PIFS) and the Secretariat of the Pacific Community (SPC).

Sectoral and Institutional Context

The participating countries, including Samoa, Tonga, RMI and Vanuatu are exposed to a range of hydro-meteorological and geo-hazards, including tropical cyclones and associated storm surges and flooding, earthquakes and tsunamis, the impacts of which are summarized in the risk profile table below. Climate change is exacerbating the vulnerabilities of PICs through increased frequency and possibly the increased intensity of climate-related events. Apart from changing extreme weather events, climate change is adding pressure on fragile island systems, for instance, through sea level rise, coastal erosion and saline intrusion into limited freshwater lenses (particularly for atoll islands).

Existing technical knowledge and financial capacity in participating countries is insufficient in many

cases to fully address these vulnerabilities and reduce risks. The key challenges include limited: (i) capabilities for early warning and major gaps in preparedness; (ii) human resources and capacity to engage across multiple sectors; (iii) access to end-user-friendly data and risk assessment tools for disaster risk reduction and resilient investments; (iv) access to fiscal cash flows to better respond to disasters; (v) access to affordable market based insurance solutions for key-public assets due to the small size of the portfolio and frequency of events; and (vi) institutional capacity and limited coordination between national and regional DRM and climate change agencies. Most of the countries have low implementation and absorptive capacities, which is a common constraint for the small island countries. In most countries, the effectiveness of early warning and response is also influenced by the expansive geographical spread of the country and the limitations and high costs of communication systems.

Despite recent progress in terms of national level plans or policy to respond to disaster and climate risks, translating national climate and disaster resilient policies into sector policies and investments has been a significant challenge due to limited technical and fiduciary capacity and institutional coordination with support/oversight from the highest level of government. DRM, early warning and preparedness activities in the four Phase I countries are weakened by limits to technical and institutional capacity, as highlighted by the National Progress Report on the Implementation of the Hyogo Framework for Action (2011-2013). Responsible designated agencies, institutions and offices at the local level in the four countries often do not have the resources, capacity and higher level political support to enforce risk reduction regulations (e.g., building codes). In addition, local institutions, civil society groups, village communities, community volunteers and urban resident welfare associations, are not properly trained in DRM and climate resilience.

Over the past decade, most of the donors, including the World Bank, have operated on a country by country and project by project basis in DRM and climate resilient development. In recent years the World Bank has supported various projects which combine policy support, improved preparedness and response, and investments for risk reduction in various sectors (e.g., transport, agriculture, water and coastal management) and has gained important experience in tackling natural hazards and climate change in the Pacific region, particularly in Samoa, Vanuatu, Tonga, Kiribati and Solomon Islands. In Samoa, for example, the World Bank, with support from the Pilot Program for Climate Resilience (PPCR) has helped set up the Climate Resilience Investment Coordination Unit (CRICU) under the Ministry of Finance to oversee various climate and disaster resilience efforts. At the regional level, PCRAFI has developed a region-wide disaster risk information system and has launched a risk insurance pilot to increase financial resilience against natural hazards and provide immediate liquidity when a major disaster hits a country.

The PREP will consolidate the results of these on-going national and regional initiatives. The regional approach aims to help PICs to: (i) strengthen early warning and preparedness; (ii) create a framework for stronger and prioritized investments in resilience and retrofitting of key-public assets to meet international standards; and (iii) improve the post-disaster response capacity of the countries through strengthened financial resilience to disaster events. These objectives are critical, given the increasing frequency and severity of disasters in the region. Furthermore, the need to address these objectives has been reflected in the national and regional climate change and DRM policies of most PICs and regional organizations as a high priority. Importantly, the regional approach will allow for economies of scale, standardized approaches to save costs, improved coordination of climate resilience and DRM efforts, and spreading risk across the region. The regional approach would promote a more integrated and comprehensive strategy to address the acknowledged existing fragmentation and poor coordination of climate resilience projects and initiatives and leverage additional resources, including IDA and various global climate funds including the Green Climate Fund. The PREP will reinforce

and scale up on-going efforts by participating PICs to maintain strong levels of cooperation in relation to regional disaster monitoring and early warning, and promote a regional framework for the collection, analysis and dissemination of data to support more effective risk reduction and early warnings.

II. Project Development Objective(s)

The objective of the Program is to strengthen early warning, resilient investment planning and financial protection capacity of participating countries.

III. Project Description

Component Name

Component 1: Strengthening Early Warning and Preparedness

Comments (optional)

The objective of this component is to increase the resilience of the participating Phase I countries and the Pacific region as a whole to natural hazards such as cyclones, coastal/riverine flooding, volcanic eruptions, tsunamis and earthquakes by improving the quality of forecasting and warning services as well as disaster preparedness. This component has two sub-components: (i) Sub-component 1.1 - Investments in Early Warning and Preparedness in Phase I countries. Activities under this sub-component will be implemented at a national level; and (ii) Sub-component 1.2 - Regional TA to Support Impact Forecasting and Preparedness for Response. This sub-component will be regionally implemented by SPC.

Component Name

Component 2: Mainstreaming Risk Reduction and Resilient Investments

Comments (optional)

The objective of this Component is to support a multi-sectoral planning process for integrating climate and disaster risk and resilience into development. This component is divided into two sub-components: (i) Sub-component 2.1 - Risk reduction and resilient investment planning and preparation. Activities under this sub-component will be nationally implemented; and (ii) Sub-component 2.2 - Regional tools and advisory services to support planning and investment. This sub-component will be regionally implemented by SPC.

Component Name

Component 3: Disaster Risk Financing

Comments (optional)

The objective of this component is to strengthen the financial resilience of the participating PICs to disaster events by enabling them to secure access to immediate liquidity post disaster for low, medium and high risk events. This component is divided into two sub-components as follows: (i) Sub-component 3.1 - Disaster risk financing tools. Activities under this sub-component will be nationally implemented; and (ii) Sub-component 3.2 - Development of Mutual Insurance Fund. This sub-component will be regionally implemented by PIFS.

Component Name

Component 4: Project and Program Management

Comments (optional)

The objective of this component is to provide efficient and effective implementation support to the Projects in each country, including staff, operating costs, monitoring and evaluation, and the cost of audits. It will also provide regional coordination of the country Projects and activities that will be executed at the regional level, as well as high level coordination of climate and disaster resilient projects and initiatives in the Pacific. This component includes the following sub-components: (i) Sub-component 4.1 - Project Management. Activities under this sub-component will be nationally implemented; and (ii) Sub-component 4.2 - Regional Program Management and Coordination. Activities under this sub-component will be implemented at a regional level by PIFS and SPC.

IV. Financing (in USD Million)

Total Project Cost:	43.5665	Total Bank Financing:	43.5665
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			32.293
Special Climate Change Fund			5.480
PPCR			5.794
Total			43.567

V. Implementation

Although both the approach and coordination of the PREP are regional, most of the implementation will take place on the ground at the national level via relevant implementing agencies, with support and coordination from the SPC and PIFS. As such, the PREP aims to demonstrate concrete results early in implementation in each country, in order to encourage further local ownership, in addition to taking advantage of economies of scale at the regional level where possible.

The proposed Program will directly support current Pacific regional efforts which are aimed at ensuring that climate change and disaster risk issues are given prominence in the sustainable development agenda. Among other things, the PREP will directly support the establishment of the Pacific Resilience Partnership (PRP), as proposed in the draft Strategy for Climate and Disaster Resilient Development in the Pacific (SRDP).

National Arrangements

Each country will be responsible for implementing its respective Project. For each of the participating countries, the guiding implementation principles will be that the PREP's activities and investments, wherever possible, will: (i) build on the already existing institutional arrangements; and (ii) use existing implementation arrangements (without impairing their efficiency). The implementation arrangements for the PREP will strengthen coherence; create synergies and mainstream coordination between the relevant agencies and donors that are providing funding resources for projects on climate resilience.

Implementation arrangements will be built around existing Government structures and processes, and will provide opportunities for additional institutional strengthening and capacity building as well as streamlining of procedures. Any capacity constraints of implementing agencies will be specifically

addressed through both short-term arrangements, and the provision of longer-term capacity building. The regional activities within the PREP could specifically support this approach.

The institutional framework for Samoa and Tonga, who are participating in Components 1, 2, 3 and 4 during Phase I of the PREP, will include a National Steering Committee (NSC), headed by a Chairperson. The NSC will provide Project oversight and guidance at the national level. A NSC will not be required for RMI or Vanuatu during Phase I, due to the abridged nature of their Phase I Project design (i.e., incorporating only Component 3.1.2).

Projects for Samoa and Tonga will be implemented and coordinated through Project Management Units (PMUs). PMUs will be headed by a National Coordinator (NC) who will act as the secretariat of the NSC and will coordinate with the regional level through the RCU and PSU. The PMUs will be staffed with fiduciary specialists acceptable to the Bank, and supported by the regional fiduciary team from the PSU, and short term international technical expertise as required. The main functions of the PMUs will be: (i) implementation of the national components; (ii) supporting the work of the focal points in each entity and agency involved in the national activities; and (iii) reporting to the NSC on implementation of national activities. A PMU and NC will not be required for RMI or Vanuatu during Phase I, due to the abridged nature of their Phase I Project design (i.e., incorporating only Component 3.1.2).

Regional Arrangements

The overall regional program oversight will be ensured by a Regional Steering Committee (RSC). The role of the RSC will be to provide oversight and advice, as well as guidance towards achieving Project and Program objectives and a better regional integration. It will also allow the “resilience agenda” to be dealt with at the highest level of the decision making process. The role of the RSC will become essential in identifying the appropriate short, medium and long term strategy for strengthening resilience in the region. It will also be essential to coordinate issues and activities that are relevant to the Program at the regional level. The RSC will include representatives from the highest level of decision making both at the country and regional level. The chairs of the National Steering Committees (NSCs) will be member of the RSC.

PIFS will be responsible the overall regional coordination of the Program under Sub-component 4.2.1 and implementation of Component 3.2. PIFS is the prime regional political and policy body on economic development in the Pacific and is responsible for the organization of the annual Forum Leader’s, Forum Economic Minister’s and related meetings. PIFS engages in, and monitors, the region’s efforts to combat climate change and its impacts. This work has largely involved advocacy of the region’s needs for increased support from the international community to assist in efforts to overcome the challenges posed by climate change. A Regional Coordination Unit (RCU) will be created and housed in PIFS. This will ensure strategic alignment between the PREP and the preeminent organization for Pacific leaders and will provide PIFS with ownership of the PREP. The RCU will act as the Secretariat of the RSC.

SPC will be responsible for the implementation of regional activities under Sub-components 1.2 and 2.2. It will also provide technical, fiduciary, monitoring and evaluation support to countries under Sub-component 4.2.2. SPC is a technical regional organization in the Pacific and is a key player in the resilience space, with the aim to: (i) develop the technical, professional, scientific, research, planning and management capability of Pacific Island people; and (ii) directly provide information and advice, to enable them to make informed decisions about their future development and well-being. SPC has been mandated to develop capacity of PICs in disaster risk management and approaches

climate change as a broad-based development issue cutting across all sectors, from food and water security, health, economic development, and coastal zone management. A Program Support Unit (PSU) will be established within SPC and will provide technical and fiduciary support for the implementation and monitoring and evaluation of regional activities as well as support for the implementation and monitoring and evaluation of country Projects. The PSU will undertake the procurement process on behalf of participating countries for joint procurement processes, as well as support the day to day implementation and financial reporting and support the capacity of recipient countries fiduciary roles where required.

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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