

February 10, 2014

**Response from IBRD—Approval by mail: Endorsement of concept note: Grenada: Additional financing to the Regional Disaster Vulnerability Reduction Program**

**GRENADA REGIONAL DISASTER VULNERABILITY REDUCTION PROJECT ADDITIONAL FINANCE (P149259)**

**PPCR Sub-Committee Concept Note Approval, Review & Team Responses**

**Summary Matrix**

**February 7, 2014**

Comments were received from the UK [UK] on January 31, Germany and Spain [G/S] on January 21, 2014.

	<b>Comments</b>	<b>Team's Response</b>
1	<p><b>Conclusion/Decision from the Country Members:</b></p> <p>[G/S] There are no objections to the proposed project concept note. We understand that the former “Investment Project 2: Forest Rehabilitation” (as outlined in the SPCR) will now become part of the “Regional Disaster Vulnerability Reduction Project (RDVRP)”, which was approved in May 2011 by the PPCR Sub-Committee under the name “Disaster Vulnerability and Climate Risk Reduction Project in Grenada”, and which had been proposed in the SPCR as “Investment Project 1”.</p> <p>[UK] We (the UK) will review and endorse the project as soon as possible once these clarifications are received.</p>	<p>Thank you for the comments provided. We have provided responses below and will continue to address these concerns during implementation.</p>
2	<p><b>Additional Financing to the Grenada Regional Disaster Vulnerability Reduction Program (formerly known as the Forest Rehabilitation Project) – Investment 2 of the endorsed Grenada SPCR:</b></p> <p>[UK] Can the team clarify if this is a request for approval of this project,</p>	<p>This is a request for Sub-Committee endorsement of the concept note for</p>

Comments	Team's Response
<p>rather than just allocation of extra resources to it (for which further project documentation will follow for approval)?</p> <p><b>[UK]</b> This proposal to allocate these additional resources along with the Forest Rehabilitation project resources to the RDVP, seems to mean that the entire SPCR is now effectively co-financing the RDVP (with the exception of a few TA studies). As the previously approved (in May 2011) DVRP project was also a contribution to the wider RDVP project. Can the team confirm if this is the case?</p> <p><b>[UK]</b> If this is the case can the team provide a full breakdown of RDVP financing including IDA resources, previously approved PPCR resources and this new allocation and how this is being used for the RDVP overall.</p>	<p>the allocation of additional US\$ 5 million to the project entitled, Additional Financing to the Regional Disaster Vulnerability Reduction Program. This concept note is for Investment Project 2: Forest Rehabilitation as outlined in the Grenada's SPCR, which is proposed to be integrated into Investment Project 1: Regional Disaster Vulnerability Reduction Project (RDVRP), which was approved in May 2011 by the PPCR Sub-Committee under the name "Disaster Vulnerability and Climate Risk Reduction Project in Grenada".</p> <p>Once the concept is endorsed, an Additional Financing Project Paper will be prepared in accordance with World Bank policy and submitted to the PPCR Sub-Committee for approval. Project Paper submission to the PPCR Sub-Committee is expected in October 2014.</p> <p>RDVRP is being used as an important vehicle in order to deliver on Grenada's overall resilience goals, including those underlined in the SPCR. The key activities of the Forest Rehabilitation project outlined in the Grenada SPCR are fully captured under the proposed Additional Financing to RDVRP project concept in Component 1. In order to mitigate transaction costs on the government, reduce supervision and project management costs, and address climate resilience in a comprehensive and integrated manner in Grenada, PPCR financing will be channeled through RDVRP. This approach is wholly consistent with the approved Grenada SPCR, and forms the basis for coordinating all donor climate related activities and government entities towards the specific indicators outlined in the endorsed Grenada SPCR.</p> <p>The full breakdown of RDVRP IDA and PPCR Resources are as follows:</p> <p>Original allocation: PPCR Grant: US\$8 million</p>

Comments	Team's Response
<p>[G/S] As part of or accompanying the project proposal for the use of the additional financing, we would appreciate a rationale being provided for combining the previously separate investment projects 1 and 2 into one overall project.</p> <p>[G/S] Already at the time of approval of the latter project ["Investment Project 1" in the SPCR], some of its key results (and indicators) were related to the forestry sector, without there being a component or activities, however, explicitly designed to deliver these results. (We had commented on this at the time of project approval in May 2011.)</p>	<p>PPCR Concessional: US\$8.2 million  IDA Credits: US\$10 million  Original Project Closing Date: December 31, 2016</p> <p>New allocation:  PPCR Grant: US\$5 million  PPCR Concessional (already approved at time of Grenada SPCR approval): US\$3.8 million</p> <p>New Total allocation:  PPCR Grant: US\$13 million  PPCR Concessional: US\$12 million  IDA Credits: US\$10 million  New Project Closing Date: December 31, 2018</p> <p>Please see below the full budget breakdown by component for the original RDVRP and the proposed Additional Financing to the RDVRP project referenced in the Annex.</p> <p>Please see above</p> <p>This is true – as it was always the intention to integrate Investment Project 2: Forest Rehabilitation as part of Grenada's SPCR into the RDVRP for the reasons outlines above. As the project concept note outlines, with the additional financing, the proposed project will take a more comprehensive approach to integrated forestry and watershed management. Once the project is integrated into the RDVRP – under the same development objective – namely, to reduce vulnerability to natural disasters and climate change, the RDVRP will be able to deliver on the</p>

	Comments	Team's Response
	<p>[G/S] The project concept note mentions that the largest part of the additional financing (USD 8.2 million) would “would support reforestation activities that would reduce vulnerability to climate change through the restoration and preservation of valuable forest resource”, that parts of this amount would however “also support the development of hydrological assessments, design and construction of improved drainage and flood infrastructure in urban areas and river defense works”. The project concept note makes no statement about the relative proportions allocated to forest-related and construction works respectively. Since the project concept note submitted outlines a forest rehabilitation project, we would expect the major share of the budget being allocated for forest-related investments.</p>	<p>results related to the forestry sector.</p> <p>It is anticipated that a major sub-component of the proposed project will focus on reforestation and the rehabilitation of a forest access road required to plant and cultivate seedlings in target areas. However, the project will also include a comprehensive ridge to reef approach in close collaboration with the GIZ-supported Integrated Climate Change Adaptation Strategies” (ICCAS) Project. A comprehensive approach is required in order to ensure upper watershed reforestation activities are complemented with downstream flood mitigation measures – both to reduce vulnerability and promote aquifer generation. More details will be added in the Project Paper.</p>
3	<p><b>RDVRP Financing:</b></p> <p>[UK] We would also like reassurances on the appropriate use of PPCR finance for the RDVP overall – that it is being used to supplement and not substitute for IDA resources (UK comments on original SPCR submission referred to – see attached).</p>	<p>Grenada is highly vulnerable to the impacts of natural hazards - including sea level rise, storm surges and extreme weather events as well as the increasing threats to forests and water resources due to climate change impacts. In addition, Grenada has limited capacity to respond to the short and long term impacts of disaster and climate risks, and despite recent improvements in the understanding of these risks, still lacks the appropriate knowledge and awareness of the problem. In response, the RDVRP is directly aligned with the resilience goals of the Grenada SPCR and directly addresses Grenada's climate vulnerabilities.</p> <p>Furthermore, through leveraging additional IDA financing, PPCR resources are able maximize the scale of impact, and provide the optimal instrument that both reduces transactions costs on the government and ensures close coordination of Grenada's SPCR activities. Additionally,</p>

	Comments	Team's Response
4	<p><b>RDVRP Documentation:</b></p> <p>[UK] Can the team also compile in one place the relevant project documentation for the RDVP inclusive of all these resources, with all the information on safeguards etc, as it is not currently possible to tell from this submission what exactly is being requested for approval in terms of project implementation. Not new documentation necessarily just a clear and comprehensive compilation that covers the RDVP in its entirety.</p>	<p>In accordance with all World Bank projects, all relevant project documentation (i.e. project appraisal documents, safeguard documents, etc) is publically accessible on InfoShop: <a href="http://search.worldbank.org/all?qterm=P117871&amp;Top/project=P117871">http://search.worldbank.org/all?qterm=P117871&amp;Top/project=P117871</a>. In addition, a publically available Implementation Status Report (ISR), which includes progress on results indicators is made publically available and updated at minimum every six months and can be accessed at the following site: <a href="http://documents.worldbank.org/curated/en/docsearch?query=P117871isr">http://documents.worldbank.org/curated/en/docsearch?query=P117871isr</a></p> <p>In addition, we have compiled an extensive repository of project documentation and information, which we shared with the DfID Office in Barbados as part of the Country Office Feedback on the Climate Investment Funds (CIFs) exercise conducted last October.</p> <p>This included:</p> <ul style="list-style-type: none"> <li>• Caribbean Open Data Management Community (<a href="https://collaboration.worldbank.org/groups/caribbean-open-data-management">https://collaboration.worldbank.org/groups/caribbean-open-data-management</a>) - request entry to join – open to all</li> <li>• <u>Regional and national data management workshops and trainings:</u> <ol style="list-style-type: none"> <li>1. Grenada - October 2011 (<a href="#">Eastern Caribbean Open-source Geospatial Data Management and Sharing Workshop</a>)<sup>1</sup></li> <li>2. Trinidad &amp; Tobago - February 2012 (<a href="#">Caribbean Risk Assessment &amp; Open GIS Data Management Workshop</a>)<sup>2</sup></li> <li>3. Trinidad &amp; Tobago - February 2013 (<a href="#">Advanced Training on Spatial Data Management</a>)<sup>3</sup></li> </ol> </li> </ul>
5	<p><b>Grenada Fiscal Situation:</b></p>	

<sup>1</sup><http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/LACEXT/EXTLACREGTOPURBDEV/0,,contentMDK:23062069~pagePK:34004173~piPK:34003707~theSitePK:841043,00.html>

<sup>2</sup><http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/LACEXT/EXTLACREGTOPURBDEV/0,,contentMDK:23096122~pagePK:34004173~piPK:34003707~theSitePK:841043,00.html>

<sup>3</sup><http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/LACEXT/EXTLACREGTOPURBDEV/0,,contentMDK:23346610~pagePK:34004173~piPK:34003707~theSitePK:841043,00.html>

	Comments	Team's Response
	<p>[UK] Lastly the letter of support from the Government of Grenada includes reference to their intention to co-finance the RDVP with further IBRD loans, given that Grenada has a high debt burden can the team confirm that if this is taken forward the principles in the 'use of concessional finance in the PPCR' document will be followed?</p>	<p>Grenada may choose to co-finance PPCR resources with WB IDA resources (.75% interest with a 40 year maturity period), which is nearly as concessionary as PPCR loans. Currently, Grenada's entire IDA 17 envelope is allocated to budgetary support in order to address the current fiscal situation together with the IMF. In this vein, if Grenada does choose to allocate some of its IDA 17 envelope, it will be a modest amount (less than US\$4 million) and will follow the principles of the PPCR document that lays out the use of concessional finance.</p>
6	<p><b>Gender:</b></p> <p>[G/S] In our comments on the SPCR (of March 2011) as well as on the "Disaster Vulnerability and Climate Risk Reduction Project" (of May 2011) we pointed towards the importance of addressing gender issues in a results-oriented manner. In the project proposal for the use of the additional financing, gender aspects should not only be discussed in the narrative, but should be explicitly addressed in the results framework and its indicators.</p>	<p>Mandatory PPCR indicators were only approved in January 2013 and adjusted in May 2013. Baselines for these indicators are currently being formulated. Grenada has shared its PPCR results framework with the PPCR Sub-Committee, which include indicators that measure the extent to which gender is addressed during the implementation of Grenada's SPCR. In order to improve the baseline information required to analyze gender impact, the Government of Grenada (with support from the PPCR) is undertaking a process at the country level (supported by the CIF) to align the project indicators with the PPCR core indicators, including gender indicators. These indicators will be updated semi-annually and made public by the World Bank.</p>
7	<p><b>Coordination with the Integrated Climate Change Adaptation Strategies" (ICCAS) Project:</b></p> <p>[G/S] Regarding synergies with climate change related engagement of Germany and other donors in the country, we would like to highlight that the German <i>Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety</i> (BMUB) is supporting Grenada with the development and implementation of a comprehensive climate change adaptation strategy through the "Integrated Climate Change Adaptation Strategies" (ICCAS) project, which is jointly implemented by the <i>Environment Unit of the Grenadian Ministry of Agriculture, Lands, Forestry, Fisheries and the Environment</i>, GIZ and UNDP. The project</p>	<p>This is a very important point, and one that the team has implemented, to a large extent, already. In fact, the WB team met with the GIZ representative from the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) twice during ICCAS preparation (1 time in Washington, DC and 1 time in Grenada), which was prepared quite quickly. Since then, the WB team has met twice with the newly arrived GIZ team in Grenada together with the Permanent Secretary, and has coordinated closely with the GIZ team on the development of the PPCR concept note. In fact, the original design of</p>

Comments	Team's Response
<p>operates from 2013 to 2016. The activities a., e., g. and h. proposed for support by the additional finance under “Component 2: Regional Platforms for Hazard and Risk Evaluation...” at least partially overlap with activities planned under the ICCAS project, as follows:</p> <p><i>a. Identification of all potential water sources in Grenada:</i> The ICCAS project is already in the process of mapping all non-NAWASA (<i>National Water and Sewerage Authority</i>) water sources jointly with communities to ensure access to clean water in case of disasters.</p> <p><i>e. Public education program on the importance of protecting and maintaining healthy watersheds:</i> The ICCAS project is planning community education (particularly schools, youth) and public awareness programs etc., e.g. on water conservation and water resource use.</p> <p><i>g. Select two watersheds for completing state of the environment (SOE) reports ...:</i> The ICCAS project aims to develop drought and flooding plans for two to-be-selected key watersheds.</p> <p><i>h. Review of water policy, recommendations and state of implementation:</i> the ICCAS-Project provides specific support to the water sector in Grenada, with the review of the water policy according to climate change adaptation considerations being an important and integral part.</p> <p>This short list very clearly demonstrates the need for close coordination with the ICCAS project, and we would expect such coordination to take place during the upcoming project preparation for the additional finance. For instance, the selection of priority watersheds needs to be complementary. In the absence of close coordination on the points listed above, duplication would be unavoidable, at a high cost to the small island nation of Grenada.</p>	<p>the project was augmented to address upper and middle watershed areas – as both TNC and GIZ-supported projects focused on the lower watershed and coastal zone.</p> <p>With the establishment of the cross-sectoral working group, which includes representatives from GIZ, TNC, the Ministry of Forestry, Environment, the Water Utility and the Ministry of Works, the preparation of the proposed project will take into account all donor-supported activities and also utilize the in-country presence of the GIZ team, which will be an important asset during project preparation and execution.</p>





**ANNEX 1: Grenada RDVRP and AF Budget Breakdown by Component**

<b>Grenada RDVRP and AF Budget Breakdown by Component:</b>			
	<i>IDA resources</i>	<i>PPCR funding</i>	
		<i>Original Request for RDVRP:</i>	<i>New Request for AF:</i>
<b>Component 1: Prevention and Adaptation Investments.</b>	<b>US\$3,800,000</b>	<b>US\$8,000,000</b>	<b>US\$8,200,000</b>
<b>Component 2: Regional Platforms for Hazard and Risk Evaluation, and Applications for Improved Decision Making.</b>	<b>US\$3,200,000</b>	<b>US\$8,200,000</b>	<b>US\$500,000</b>
<b>Component 3: Natural Disaster Response Investments</b>	<b>US\$1,000,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Component 4: Project Management and Implementation Support.</b>	<b>US\$2,000,000</b>	<b>\$0</b>	<b>USD\$100,000</b>
<b>PPCR Sub-Total</b>		<b>US\$16,200,000</b>	<b>USD\$8,800,000</b>
<b>Sub-Total by Funding Sources (IDA; PPCR):</b>	<b>US\$10,000,000</b>	<b>US\$25,000,000</b>	
<b>Grant Total (RDVRP + AF)</b>	<b>US\$35,000,000</b>		

## **ANNEX 2: PPCR Sub-Committee Written Comments Received**

### **Comments from the UK—Approval by mail: Endorsement of concept note: Grenada: Additional financing to the Regional Disaster Vulnerability Reduction Program (RDVRP) PPCR/IBRD**

January 31, 2014

Dear Andrea Thanks for sending this approval request. Having been through the documentation I'm afraid we need to request some clarifications about this approval before we can proceed with endorsing it, specifically:

- Can the team clarify if this is a request for approval of this project, rather than just allocation of extra resources to it (for which further project documentation will follow for approval)?
- This proposal to allocate these additional resources along with the Forest Rehabilitation project resources to the RDVP, seems to mean that the entire SPCR is now effectively co-financing the RDVP (with the exception of a few TA studies). As the previously approved (in May 2011) DVRP project was also a contribution to the wider RDVP project. Can the team confirm if this is the case?
- If this is the case can the team provide a full breakdown of RDVP financing including IDA resources, previously approved PPCR resources and this new allocation and how this is being used for the RDVP overall.
- We would also like reassurances on the appropriate use of PPCR finance for the RDVP overall – that it is being used to supplement and not substitute for IDA resources (UK comments on original SPCR submission referred to – see attached).
- Can the team also compile in one place the relevant project documentation for the RDVP inclusive of all these resources, with all the information on safeguards etc, as it is not currently possible to tell from this submission what exactly is being requested for approval in terms of project implementation. Not new documentation necessarily just a clear and comprehensive compilation that covers the RDVP in its entirety.
- Lastly the letter of support from the Government of Grenada includes reference to their intention to co-finance the RDVP with further IBRD loans, given that Grenada has a high debt burden can the team confirm that if this is taken forward the principles in the 'use of concessional finance in the PPCR' document will be followed?

We will review and endorse the project as soon as possible once these clarifications are received.

Many thanks Juliet

**Spanish- German Comments on proposed project concept: Grenada  
Additional Financing to the Regional Disaster Vulnerability Reduction Program (formerly known as the Forest Rehabilitation Project)**

There are **no** objections to the proposed project concept note from our point of view.

We have a few comments, however, which we would like to see considered during project preparation for the additional finance (see **bold** highlights below).

We understand that the former “Investment Project 2: Forest Rehabilitation” (as outlined in the SPCR) will now become part of the “Regional Disaster Vulnerability Reduction Project (RDVRP)”, which was approved in May 2011 by the PPCR Sub-Committee under the name “Disaster Vulnerability and Climate Risk Reduction Project in Grenada”, and which had been proposed in the SPCR as “Investment Project 1”. Already at the time of approval of the latter project, some of its key results (and indicators) were related to the forestry sector, without there being a component or activities, however, explicitly designed to deliver these results. (We had commented on this at the time of project approval in May 2011.) **As part of or accompanying the project proposal for the use of the additional financing, we would appreciate a rationale being provided for combining the previously separate investment projects 1 and 2 into one overall project.**

The project concept note mentions that the largest part of the additional financing (USD 8.2 million) would “would support reforestation activities that would reduce vulnerability to climate change through the restoration and preservation of valuable forest resource”, that parts of this amount would however “also support the development of hydrological assessments, design and construction of improved drainage and flood infrastructure in urban areas and river defense works”. The project concept note makes no statement about the relative proportions allocated to forest-related and construction works respectively. **Since the project concept note submitted outlines a forest rehabilitation project, we would expect the major share of the budget being allocated for forest-related investments.**

In our comments on the SPCR (of March 2011) as well as on the “Disaster Vulnerability and Climate Risk Reduction Project” (of May 2011) we pointed towards the importance of addressing gender issues in a results-oriented manner. **In the project proposal for the use of the additional financing, gender aspects should not only be discussed in the narrative, but should be explicitly addressed in the results framework and its indicators.**

Regarding synergies with climate change related engagement of Germany and other donors in the country, we would like to highlight that the German *Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety* (BMUB) is supporting Grenada with the development and implementation of a comprehensive climate change adaptation strategy through the “Integrated Climate Change Adaptation Strategies” (ICCAS) project, which is jointly implemented by the *Environment Unit* of the *Grenadian Ministry of Agriculture, Lands, Forestry, Fisheries and the Environment*, GIZ and UNDP. The project operates from 2013 to 2016. The activities a., e., g. and h. proposed for support by the additional finance under “Component 2: Regional Platforms for Hazard and Risk Evaluation...” at least partially overlap with activities planned under the ICCAS project, as follows:

*a. Identification of all potential water sources in Grenada:* The ICCAS project is already in the process of mapping all non-NAWASA (*National Water and Sewerage Authority*) water sources jointly with communities to ensure access to clean water in case of disasters.

*e. Public education program on the importance of protecting and maintaining healthy watersheds:* The ICCAS project is planning community education (particularly schools, youth) and public awareness programs etc., e.g. on water conservation and water resource use.

*g. Select two watersheds for completing state of the environment (SOE) reports ...:* The ICCAS project aims to develop drought and flooding plans for two to-be-selected key watersheds.

*h. Review of water policy, recommendations and state of implementation:* the ICCAS-Project provides specific support to the water sector in Grenada, with the review of the water policy according to climate change adaptation considerations being an important and integral part.

**This short list very clearly demonstrates the need for close coordination with the ICCAS project, and we would expect such coordination to take place during the upcoming project preparation for the additional finance.** For instance, the selection of priority watersheds needs to be complementary. In the absence of close coordination on the points listed above, duplication would be unavoidable, at a high cost to the small island nation of Grenada.