

June 1, 2012

**Response of the Government of Dominica and World Bank Task Team on the
Strategic Program for Climate Resilience for Dominica**

**COMMONWEALTH OF DOMINICA
Ministry of the Environment, Natural Resources, Physical Planning & Fisheries**

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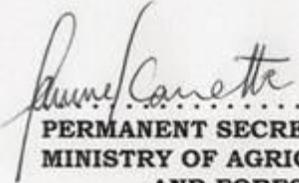
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Dear Sir/Madam,

Please find attached the Commonwealth of Dominica's response to questions raised by the Climate Investment Funds (CIF) Trust Fund Committee members following the country's presentation to the Committee on April 30, 2012 in Washington.

The Commonwealth of Dominica wishes to thank members of the committee for their understanding and support during the presentation and remains available to provide further information as appropriate. Thanking you in anticipation.

Yours faithfully



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**PERMANENT SECRETARY
MINISTRY OF AGRICULTURE
AND FORESTRY**

SC/nv

June 1 2012

Reply of the Joint Government of Dominica and World Bank Task Team to the Sub-Committee on Dominica's *Strategic Programme for Climate Resilience*

Dear PPCR Sub-Committee,

In response to follow-up comments raised by the PPCR Sub-Committee regarding Dominica's *Strategic Program for Climate Resilience* (SPCR), which was presented to the PPCR Sub-Committee on the 30th April 2012 at the meeting in Washington, D.C., USA for approval and subsequently endorsed for a total amount of US\$9-16 million (US\$5-7 million in PPCR grants; US\$4-9 million in PPCR concessional financing), we would like to provide the following additional information:

In general, there is dual agreement with the Government of Dominica and the World Bank Task Team that comments made by the PPCR Sub-Committee will be adequately addressed during upcoming stages of project preparation and SPCR implementation.

Specific responses to Sub-Committee comments are addressed below:

Germany

Cooperation and coordination with the regional SPCR – upcoming project preparation activities for both Dominica's SPCR and the regional SPCR will be closely coordinated with a view to clarifying the cooperation and coordination between the two programs, both with regard to specific activities as well as with regard to mechanisms of cooperation (e.g. forms and frequency of exchange, scheduling and timing of inputs);

Governance and management – The SPCR will be managed and coordinated as a collaborative initiative between the Environmental Coordinating Unit (ECU) of the Ministry of Environment, Physical Planning, Natural Resources and Fisheries and the Ministry of Finance, with technical coordination being provided by the ECU under the fiduciary management of the Ministry of Finance. Technical working groups will be maintained and new ones deemed appropriate will convened by the ECU to manage and coordinate the day-to-day implementation of individual component activities, under the overall guidance of the multi-stakeholder SPCR Coordinating Committee which has broad-based representation from government agencies, the private sector, non-governmental organisations (NGOs), women's groups, Kalinago peoples and youth. This governance and management framework has guided and coordinated the successful implementation of a number of complex multi-disciplinary and multi-stakeholder projects and programs in Dominica, and has established a sound working structure that will be embodied in the proposed environmental legislation that is under development.

Stakeholder roles and responsibilities within the different components - individual stakeholder roles and responsibilities under each component and the overall SPCR program will be defined during upcoming stages of preparatory work within the overall governance and management structure outlined above;

Benefits for local communities – It is recognised that within the amount of PPCR funding that is being made available to Dominica that there are limited opportunities to providing benefits to local communities. However, vulnerable communities will be the direct beneficiaries of key component activities, including through:

- improved land use planning which will prevent the location of houses and critical community infrastructure in vulnerable areas under Component 1;
- improved access to water resources for agricultural production for remote communities under Component 1;
- improved food security through the community-level participation in the demonstration and replication of pilot community-based climate-resilient agricultural programs and community coral reef restocking programs under Component 1;
- training to undertake the development of community-based vulnerability maps and community adaptation plans under Component 2;
- access to micro-finance and micro-insurance to address risks from climate change under Component 2;
- establishment of community early warning and preparedness systems based on real-time data from hydro-met and coastal monitoring stations under Component 3;
- construction of community emergency shelters under Component 3;
- identification and climate proofing of vulnerable community infrastructure under Component 3.
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We strongly support the recommendations from Germany, and should additional PPCR resources be made available, the Government of Dominica will increase the resources in the *Climate Change Trust Fund* (now 1 million US\$) to directly provide resources for adaptation measures for vulnerable communities;

Governance and management structure plus a fall back option for the Climate Change Trust Fund – the structure, scope, operational modalities, and sustainable financing options (including fall back position) for the Climate Change Trust Fund will be defined during upcoming stages of preparatory work and will be guided by support provided by UNDP in establishing such Trust Funds. The Government of Dominica would also seek to benefit from best practices established through German support of the *Indonesia Climate Change Trust Fund* (ICCTF), under which GIZ and KfW Development Bank advised the Indonesian *Ministry of National Development Planning* and the *Ministry of Finance* in key areas including establishing: (a) the legal basis of a nationally-managed trust fund, (b) the standard operating procedures for the selection of adaptation measures to be supported under the Trust Fund, (c) the establishment of a technical counselling centre for project applicants under the Trust Fund, and (d) the establishment of a fund tranche for the private sector.

Sustainability issues in the context of the SPCR financing staff positions - It is intended that the funding under Component 2 be for SPCR technical support positions to ensure the timely and efficient technical coordination and implementation of the 5-year SPCR program which will be the legal mandate of the newly established DECCD (currently ECU). Managing climate change programming is an additional responsibility of the ECU (DECCD), the incremental cost of which – in keeping with agreements under the UNFCCC - should not be a cost borne by resource-stretched developing countries but rather by those industrialized nations that have been principally responsible for global climate change. However, it is anticipated that the Government of Dominica - once the value of improved climate change programming/coordination has been demonstrated during SPCR implementation - will mobilize the necessary resources to ensure continued funding for these positions. The Government of Dominica commits, that within 3 years of SPCR commencement and by mid-term review, the Government will have identified and established funding sources (including possible support from the Climate Change Trust Fund established under Component 2) to sustain the operations of the climate change staffing positions once SPCR program has been completed.

Indicators - Under World Bank guidelines and operational requirements, project development objectives, project development indicators, activity indicators and yearly targets will be articulated in a project results framework with the Project Appraisal Document (PAD). The development of these indicators and targets are an integral part of the project identification, preparation and appraisal process. Given the focus on vulnerability reduction of the identified investment project, indicators and targets will comprise a combination of climate change adaptation and disaster risk management indicators. Indicators will be quantitative and qualitative in nature and be designed to be easily measured over the lifespan of the project.

Existing plans, strategies and policies – The governance and management framework that has guided and coordinated the successful implementation of a number of Dominica's plans, strategies and policies is to be utilised for SPCR implementation, while the success or limitations experienced in implementing such plans guided the development of Dominica's SPCR. Lessons learned from these experiences will continue to guide upcoming stages of preparatory work and SPCR implementation.

Micro-insurance and micro-finance – A demand for micro-finance and micro-insurance has been voiced by Dominica's private sector, farming and fishing communities after each extreme event that has struck the island in recent years, but access to resources has prevented the Government from establishing any such program in a meaningful manner. A detailed evaluation and consultation with the banking and insurance sector will be undertaken during the next stage of SPCR preparation to determine the scope of such financing regime, sustainable funding options, the most viable operational structures, and the mechanisms for establishment and effective operation. This evaluation will be guided by:

- (a) the study on the *Demand for Weather-related Insurance and Risk Management Approaches in the Caribbean* conducted by GIZ/MCII in four Caribbean countries

(Belize, Grenada Jamaica, and St. Lucia) with funding from the German *Federal Ministry for Economic Cooperation and Development* (BMZ), and
(b) the *Climate Risk Adaptation and Insurance in the Caribbean (Jamaica, St. Lucia, Grenada, Belize and Guyana)* program implemented by the *Munich Climate Insurance Initiative* (MCII) and hosted at the *United Nations University Institute for Environment and Human Security* (UNU-EHS) financed by the *Federal Ministry for the Environment, Nature Conservation and Nuclear Safety* (BMU).

UNDP approach to capacity development – The UNDP has provided the following response:

“UNDP is prepared and ready to assist Dominica with its capacity development challenges. While we have tremendous in house capacity, including the support of our Regional Technical Team in Panama, we work in collaboration and consultation with regionally and globally experts. The approach in this case would be to use the expertise available to deliver the outputs at the same time we will build the capacity on the ground in Dominica so that the skills and competences are mainstreamed into the development process in Dominica. We have done this successfully with the Sustainable Land Management Project where the Planning Department and community members were trained to collect data and generate community vulnerability maps. Ten communities now have community specific maps and there is a national vulnerability Atlas developed in this participatory manner. For UNDP, Capacity development is therefore about empowering people to manage their development to build resilient communities. To accomplish this, it is critical that the stakeholders on the ground are vested with the requisite skills.”

Confirmation of additional funding – The World Bank confirms that additional funding for Component 3 under IDA, Regional IDA (and IBRD should the Government of Dominica elect to access these funds) are available to the Government of Dominica in the amount indicated in Dominica’s SPCR.

Addressing gender issues – the vulnerability of women and other vulnerable groups was a key determinant in adopting the focus on vulnerable communities, as identified within the Household and Vulnerability Communities Survey; that is the cornerstone of Dominica’s SPCR. As indicated in Dominica’s *Low Carbon Climate Resilient Development Strategy* which is a compendium document to the SPCR, the key measures required to address the vulnerability of women to climate change impacts include the construction of community emergency shelters, training in vulnerability assessment and risk management, and the provision of social safety nets in the form of micro-finance and micro-insurance to assist women in rebuilding their homes, businesses and lives after an extreme event. These recommendations are being addressed as priority investments under SPCR. Additionally, the needs of women have been taken into account in structuring access to the Climate Change Trust Fund (40% to be reserved for women) and will be taken into consideration in establishing micro-financing and micro-insurance programs. Specific indicators concerning gender issues

will be more explicitly developed during upcoming stages of preparatory work prior to SPCR implementation.

Knowledge management – As noted by the representative from the United Kingdom, SPCR investments incorporate a commitment to improved data capture and analysis (in particular geospatial) for improved management of physical planning and water resource management and sharing lessons (e.g. in country and with regional initiatives). This will be critical for the monitoring of progress and results. SPCR implementation activities will be documented – on SPCR websites maintained by Government of Dominica and CCCCC – for dissemination of best practices and lessons learned to other CARICOM countries, participating PPCR countries, and SIDS. The Government of Dominica will provide periodic reports to the CIF, and also sharing lessons learned with other countries through some CIF instruments such as the CIFNet website, through pilot country meetings, and through regular engagement with other CARICOM countries under the regional track SPCR program. Dominica will also share lessons internally learned during SPCR implementation through periodic workshops and focus group meetings with key stakeholders to take stock of progress. Detailed information on specific knowledge management activities will be more explicitly developed during upcoming stages of preparatory work prior to SPCR implementation.

Synergies with German Climate Change Related Engagement in the Country / Region – Close cooperation with projects funded by the Federal Ministry for Economic Cooperation and Development (BMZ) which are currently under development will be established during upcoming stages of preparatory work prior to SPCR implementation.

United Kingdom

The Government of Dominica and the World Bank Task Team welcome the endorsement of Dominica's SPCR by the United Kingdom and confirm that the following areas will be addressed and improved upon during upcoming preparatory work prior to SPCR implementation.

- Baselines, indicators, targets and evaluation criteria will be further defined as projects are developed;
- Strategies for cost effectiveness and maximising the impact of investments will be further developed;
- The complementarities between the PPCR and USAID OECS projects on climate variability, change and adaptation, shall be identified, along with an early identification of sites to be targeted;
- Further work on the Knowledge, Attitude and Practice study shall be undertaken;
- Going forward, long-term trends shall be considered, along with global knowledge;
- Clarification will be provided on mechanisms for cooperation between national and regional track programmes and timing of linked activities
- the economic analysis will be further developed and refined;
- a clearer understanding will be developed of the complementarities between the National Physical Development Plan, PPCR community mapping project and

selection of beneficiaries of the Climate Change Trust Fund to ensure especially vulnerable communities are targeted.

In regards to the coordination mechanisms for SPCR implementation, the status of parallel financing, and the financing/operational structure for the Climate Change Trust Fund, the Government of Dominica and the World Bank would reference the above response to the Government of Germany on these issues. In regards to access to the Adaptation Fund, Dominica is in the process of accrediting a national agency, namely the Ministry of Finance; the completed accredited application form has been submitted to the Adaptation Fund Secretariat as a basis for further discussion. Finally, in regards to synergies with *United Kingdom Climate Change Related Engagement in the Country / Region*, close coordination and cooperation with projects funded by the United Kingdom will be established during upcoming stages of preparatory work prior to SPCR implementation, including:

- the program to establish a new Weather Risk Insurance Scheme (index based) for small farmers which is under development in the Caribbean with UK support (starting with OECS banana farmers but expanding to others) as well as for micro finance borrowers (already piloted in Haiti);
- The CARIBSave Climate Change Risk Atlas project for the tourism sector in Dominica - a CARIBSAVE regional programme initiative supported by UKAid and AusAid to better understand impacts of sea level rise and storm surge as well as community livelihood vulnerability. Dominica Final Draft Country Profile Report Phase I (2009 -2011) was produced.

United States of America

In regards to the financing for climate change technical assistance positions and the financing/operational structure for the Climate Change Trust Fund, the Government of Dominica and the World Bank would reference the above response to the Government of Germany on these issues.

In regards to the *Adaptation Management System for the Private Sector*, the Government of Dominica and the World Bank support the position of the United Kingdom that the establishment of a Caribbean Climate Change Adaptation Standards for the private sector that can be integrated into environmental management systems is noteworthy. This initiative is intended to establish, for the first time in Dominica (and the region), a voluntary environmental management standard for climate change adaptation that can be used by the private sector (and other organizations) to identify and manage climate change risks affecting their operations. The standards, once established, can serve as the basis for determining climate change risk for insurance and business financing purposes. The initiative is to be modeled on the process - led by the Canadian Standards Association (CSA), Bureau of Standards and private sector in Asia - to develop the International Standards Organisation's ISO14064 standards for greenhouse gas auditing and management. The initiative is to be led by the Dominica Bureau of Standards working in close association with private sector experts from key sectors

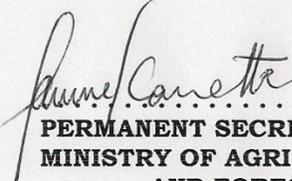
(tourism, agriculture, finance, in order to develop standards relevant to the needs of key sectors, and as such private sector co-investment is to be in the form of expertise.

The Canadian Standards Association (CSA) is the technical lead for this initiative since it is the international technical lead for the development of all ISO 9000 (quality standards) and ISO 14000 (environmental management standards) series standards internationally, and pioneered the development of the International Standards Organisations ISO14064 standards for greenhouse gas auditing in association with Bureau of Standards from Asian developing countries upon which this initiative is modeled. The initiative has been in the early development stage in the Caribbean, and had secured support from the Dominica Bureau of Standards and other regional standards organizations including the Caribbean Regional Organisation for Standards and Quality (CROSQ).

During the SPCR planning process in Dominica, the PPCR private sector technical working group articulated an urgent need for the development of a voluntary standard to inform and guide climate change risk management and strongly endorsed this initiative. The initiative requires that the standard be developed through a collaborative process involving the National Bureau of Standards working in close association with private sector experts. Accordingly, the opportunity to secure financing for this private sector initiative under the SPCR program provided the Government of Dominica with a unique opportunity to support the development of a much-needed adaptation standard for the private sector by mobilizing the resources of the Dominica Bureau of Standards. It is intended that the standard, once developed, be presented to the Caribbean Regional Organisation for Standards and Quality (CROSQ) for adoption as a regional standard, and thereafter, with support from CSA, be presented to the International Standards Organisations (ISO) for consideration as an international standard. PPCR resources are to support the development of this voluntary standard, in the expectation, based on the model of the ISO 9000 and ISO14000 standards, that implementation will be financed by those businesses that seek certification under the standard.

All other comments made by the PPCR Sub-Committee will be directly addressed during the upcoming stages of project preparatory work.

Sincerely,



**PERMANENT SECRETARY
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SC/nv