Strategic Climate Fund
Pilot Program for Climate Resilience

Grant Agreement
(Additional Financing for Regional Disaster Vulnerability Reduction Project)

between

GRENADA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Entity of the Pilot Program for Climate Resilience under the Strategic Climate Fund

Dated August 17, 2015
GRANT AGREEMENT

AGREEMENT dated August 12, 2015, entered into between:

GRENADA ("Recipient"); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an implementing entity of the Pilot Program for Climate Resilience ("PPCR") under the Strategic Climate Fund ("SCF") for the purpose of providing an additional grant for activities related to Parts A, B and D of the Original Project (as defined in the Appendix to this Agreement). The Project is co-financed by a SCF Loan.

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to five million United States Dollars ($5,000,000) ("Grant") to assist in financing the Project.
3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned PPCR under the SCF for which the World Bank receives periodic contributions from the donors to the SCF. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the following conditions have been satisfied:

(a) The SCF Loan Agreement has been executed and delivered and all conditions precedent to the effectiveness of said SCF Loan Agreement or to the right of the Recipient to make withdrawals under said SCF Loan Agreement (other than the effectiveness of this Agreement) have been fulfilled.

(b) The Recipient has updated the Project Operational Manual, in form and substance satisfactory to the World Bank.

4.02. As part of the evidence to be furnished pursuant to Section 4.01, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing that on behalf of the Recipient, this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

4.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
4.04. *Termination for Failure to Become Effective.* This Agreement and all obligations of
the parties under it shall terminate if it has not entered into effect by the date ninety
(90) days after the date of this Agreement (the “Effectiveness Deadline”), unless the
World Bank, after consideration of the reasons for the delay, establishes a later date
for the purpose of this Section. The World Bank shall promptly notify the Recipient
of such later date.

**Article V**

**Recipient's Representative; Addresses**

5.01. The Recipient’s Representative referred to in Section 7.02 of the Standard
Conditions is the Minister of Finance.

5.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
Financial Complex
The Carenage
St. George’s
GRENADA

Facsimile:
1-473-440-4115

5.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at District of Columbia, U.S.A., as of the day and year first above written.

GRENADA

By

Authorized Representative
Name: Angus Friday
Title: Ambassador/Permanent Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an implementing entity of the Pilot Program for Climate Resilience under the Strategic Climate Fund

By

Authorized Representative
Name: Sophie Schreiner
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to measurably reduce vulnerability to natural hazards and climate change impacts in the Recipient’s territory and in the Eastern Caribbean Sub-region.

The Project consists of the Original Project as amended below:

Part A: Prevention and Adaptation Investments

1. Carrying out of selected infrastructure investments, and related supporting studies, including: (a) identified community infrastructure; (b) rehabilitation and construction of bridges; (c) improving resilience to climate risks in water supply systems; (d) pre-engineering studies and design for a flood mitigation system; (e) fiber optic upgrades; and (f) river defense systems such as improvement of river banks, concrete retaining walls, realignment of river beds, and installation of gabions, all through the provision of works, technical advisory services, and acquisition of goods.

2. Pre-engineering studies, design and retrofitting of selected public buildings to improve disaster resilience, and supporting studies, including: (a) rehabilitation of selected school buildings; and (b) rehabilitation of selected public accommodation for the elderly, all through the provision of works, technical advisory services, and acquisition of goods.

Part B: Regional Platforms for Hazard and Risk Evaluation and Applications for Improved Decision Making

1. Building the regional capacity for assessment of natural risks and integration of such assessment into policy and decision making process for the development of investments, disaster risk mitigation and disaster response across sectors, through the provision of technical advisory services, Training and acquisition of goods.

2. Facilitating regional collaboration including knowledge sharing and learning process to develop and apply construction standards and methods for critical public infrastructure and urban flood mitigation and strengthen regional collaboration for urban and flood risk reduction and forestry management, all through the provision of technical advisory services, Training and acquisition of goods.

3. Reducing the risk for regional interconnectivity and carrying out related supporting studies, including improving the international airport to maintain an adequate emergency response capability and to comply with the international operational standards, all through the provision of works, technical advisory services, Training and acquisition of goods.
4. Carrying out activities relating to data collection, data management, and capacity building, including: (a) collecting baseline data in relation to the Recipient’s physical environment; (b) improving the Recipient’s hydro-meteorological data collection network and data management system; (c) analyzing data and providing training in data modeling; and (d) capacity building in forest management, including rehabilitating nurseries and purchasing equipment for improvement of forestry management.

Part C: Natural Disaster Response Investments

Carrying out of Emergency Recovery and Reconstruction Subprojects under an agreed action plan of activities (Agreed Action Plan of Activities) designed as a mechanism to implement the Recipient’s rapid response to an Emergency.

Part D: Project Management and Implementation Support

Strengthening and developing the institutional capacity for Project management, including: (a) preparation of designs and tender documents; (b) preparation of Project reports; (c) processing of contracts and tender evaluation; (d) coordination of participating line ministries; (e) supervision of the quality of works; (f) training of staff in Project management and implementation support; (g) capacity building for accreditation to the United Nations Framework Convention on Climate Change (UNFCCC) Climate Adaptation Fund; (h) related activities on Project management and implementation; (i) capacity building of the PCU in relation to monitoring and evaluation; and (j) provision of training to PCU staff and the staff of relevant key agencies in Project management, implementation support, coordination of disaster risk management and climate resilience activities under the Project, all through the provision of technical advisory services, Training, Operating Costs and acquisition of goods.

Part E: Payment of CCRIF Insurance Premiums

Provision of financing for the payment of 100 percent of the Recipient’s annual catastrophe risk insurance premiums for the period May 30, 2013 to May 30, 2015 of its participation in the CCRIF.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Project Steering Committee

(a) The Recipient shall ensure that the Project Steering Committee is maintained at all times during the implementation of the Project, with a composition, mandate, and in form and substance satisfactory to the World Bank.

(b) Without limitation to sub-paragraph (a) immediately above, the Recipient shall ensure that the Project Steering Committee will be responsible for providing policy guidance to ensure prompt and efficient implementation of the Project, including, inter alia: (i) reviewing progress made towards achieving the Project’s objective; (ii) facilitating the coordination of Project activities, and making recommendations for removal of any obstacles to the implementation of the Project; and (iii) providing comments on reports and reviews prepared by the Project Coordination Unit under the Project.

2. Project Coordination Unit

(a) The Recipient shall maintain, at all times during the implementation of the Project, a project coordination unit (the Project Coordination Unit or PCU) within the Recipient’s Ministry of Finance, with functions, staffing and resources satisfactory to the World Bank.

(b) Without limitation to the provisions of Section I.A.1 of this Schedule, the PCU shall be responsible for day-to-day administration of overall planning, coordination, the technical, fiduciary (i.e. procurement and financial management), environmental and social safeguards compliance, coordination, monitoring, evaluation, reporting and communication of the activities under the Project, all in accordance with the provisions of this Agreement and the Project Operational Manual.
B. Project Operational Manual

1. The Recipient shall carry out the Project in accordance with the provisions of the Project Operational Manual, which shall include, inter alia, detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) environmental and social safeguard guidelines; (e) monitoring, evaluation, reporting and communication; and (f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. Notwithstanding paragraph 1 immediately above, in case of any conflict between the arrangements and procedures set out in the Project Operational Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Project Operational Manual without the prior written agreement of the World Bank.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines").

D. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental Management Framework (EMF), and the Resettlement Policy Framework (RPF), respectively, including the guidelines, rules and procedures defined in said EMF and RPF. To this end, the Recipient shall, specifically take the following actions in a manner acceptable to the World Bank:

   (a) if an environmental management plan or similar safeguard instrument is required on the basis of the EMF: (i) such environmental management plan or similar safeguard instrument shall be prepared in accordance with the requirements of the EMF, disclosed locally and furnished to the World Bank for approval; and (ii) if applicable, the rehabilitation, retrofitting or construction activity shall be carried out in accordance with such environmental management plan or similar safeguard instrument as approved by the World Bank; and
(b) if a resettlement action plan is required on the basis of the Resettlement Policy Framework: (i) said resettlement action plan shall be prepared in accordance with the requirements of the Resettlement Policy Framework, disclosed locally and furnished to the World Bank for approval; and (ii) no works for rehabilitation, retrofitting or construction shall commence until: (A) all measures required to be taken under said resettlement action plan have been taken in accordance with the terms of said plan and in a manner acceptable to the World Bank; and (B) the Recipient has furnished to the World Bank a report in form and substance satisfactory to the World Bank, on the status of compliance with the requirements of said resettlement action plan.

2. The Recipient shall ensure that all measures required for carrying out any environmental assessment or similar safeguard instrument, and any resettlement action plan are taken in a timely manner.

3. The Recipient shall include in the Project Reports referred to in Section II.A of this Schedule adequate information on the implementation of the EMF, the RPF, any environmental management plan or similar safeguard instrument, and any resettlement action plan, giving details of:

(a) measures taken in furtherance of the EMF, the RPF, any environmental assessment or similar safeguard instrument, and any resettlement action plan;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the EMF, the RPF, any environmental management plan or similar safeguard instrument, and any resettlement action plan; and

(c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of the EMF, the RPF, any environmental management plan or similar safeguard instrument, and any resettlement action plan.

4. **Specific Environmental Covenant for Part B of the Project**

The Recipient shall ensure that the terms of reference for any consultancy in respect of any Project activity for assessment of natural risks or for capacity building in forest management under Part B of the Project shall be satisfactory to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the Bank’s Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.
E. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the donors’ support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the donor(s) to visit any part of the Recipient’s territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the World Bank. Each Project Report shall cover the period of six calendar months, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

2. Without limitation to Section 2.06 of the Standard Conditions, the Recipient shall:
   (a) on or about the date twenty-four (24) months after the Effective Date, submit to the World Bank a mid-term report, in such detail as the World Bank shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of the mid-term report, taking into account the monitoring and evaluation activities performed pursuant to Section II.A.1 of this Schedule, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and
   (b) review with the World Bank the mid-term report, on or about the date one month after its submission, and thereafter take all measures required to ensure the efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the World Bank’s views on the matter.

3. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

Section III. **Procurement**

A. General

1. **Procurement and Consultant Guidelines.** All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:


   (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.
B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding; (c) Shopping; and (d) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants' Services. The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Quality Based Selection; (b) Selection under a Fixed Budget; (c) Selection based on Consultants' Qualifications; (d) Least-Cost Selection; (e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (f) Sole Source Procedures for selection of firms; and (g) Sole Source Procedures for the Selection of Individual Consultants set forth in paragraph 5.4 of the Consultant Guidelines.

D. Review by the World Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.
Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services, Operating Costs and Training under Parts A, B and D of the Project</td>
<td>5,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>5,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2018.
APPENDIX

Definitions

1. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

2. "CCRIF" means the Caribbean Catastrophe Risk Insurance Facility, an insurance facility established and operating as a limited liability company under the laws of the Cayman Islands for the purpose of providing catastrophe risk insurance to governments in the Caribbean region, including the Recipient’s government.

3. "Displaced Person" means a person who, on account of the execution of the Project had or would have their: (i) standard of living adversely affected; or (ii) access to, or right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) business, occupation, work or place of residence or habitat adversely affected; and "Displaced Persons" means, collectively, all such Displaced Persons.

4. "Eastern Caribbean Sub-region" means, for the purpose of this Project, the following countries participating in the Program, namely, Antigua and Barbuda, Saint Kitts and Nevis, The Commonwealth of Dominica, Saint Lucia, Saint Vincent and the Grenadines and the Recipient.

5. "Emergency" means an Emergency as defined in the Appendix to the Original Financing Agreement.


7. "Environmental Management Framework" or "EMF" means the Recipient’s framework, acceptable to the World Bank, dated November 2010, and published on March 18, 2011 and March 21, 2011, respectively, and updated for the purposes of this Additional Financing in January 30, 2015 and re-disclosed on February 26, 2015, setting forth the modalities for environmental screening and procedures/actions for the preparation and implementation of environmental assessments and management plans under the Project, and such term includes all schedules and annexes to the Environmental Management Framework.
8. “Operating Costs” means the incremental expenses incurred on account of Project management, including office rent, leasehold improvements, office furniture, equipment and supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel and per diem, excluding the salaries of the Recipient’s civil service.


10. “Original Grant Agreement” means the SCF-PPCR Grant Agreement for the Original Project between the Recipient and the World Bank (acting as an implementing entity of the SCF), dated September 20, 2011 (Grant No. TF010204), as amended.

11. “Original Project” means the Project which is financed by: (i) International Development Association (Credit No. 4985-GD); (ii) a SCF loan (Loan No. TF011131, and formerly TF010205); and (iii) a SCF grant (Grant No. TF010204), and as described in Schedule 1 to the Original Grant Agreement.

12. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 3, 2011, as updated on February 5, 2015, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

13. “Project Coordination Unit” means the coordination unit referred to in Section I.A.2 of Schedule 2 to this Agreement.

14. “Project Operational Manual” means the Recipient’s manual as updated in June 2013 and February 26, 2015, and referred to in Section 4.01(b) and Section I.B.1 of Schedule 2 to this Agreement.

15. “Project Steering Committee” means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement.

16. “Resettlement Policy Framework” or “RPF” means the Recipient’s framework, dated April 2011 and published on April 28, 2011, acceptable to the World Bank, as updated on January 30, 2015, and re-disclosed on February 26, 2015, setting forth the modalities for resettlement and compensation of Displaced Persons, including guidelines for the preparation of the resettlement plans, all under the Project, as the same may be amended from time to time with the agreement of the World Bank.

18. "SCF Loan" means the additional loan provided for the Project under the SCF Loan Agreement.

19. "SCF Loan Agreement" means the loan agreement for the Project between the Recipient and the International Bank for Reconstruction and Development, acting as an implementing entity of the Strategic Climate Fund, dated the same date as this Agreement, and providing for an additional loan for the Project, as such loan agreement may be amended from time to time. "SCF Loan Agreement" includes all appendices, schedules and agreements supplemental to the SCF Loan Agreement.

20. "Training" means the cost associated with the training and workshops approved by the World Bank, for reasonable expenditures (other than expenditures for consultants’ services), including: (i) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses.

21. "United Nations Framework Convention on Climate Change (UNFCCC) Climate Adaptation Fund" means the fund established by the Parties to the Kyoto Protocol on the UNFCCC to finance concrete adaptation projects and programs in developing countries that are Parties to the Kyoto Protocol.