Strategic Climate Fund
Pilot Program for Climate Resilience
Loan Agreement

(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 September 20, 2011
AGREEMENT dated September 20, 2011, entered into between:

GRENADA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting not in its individual capacity but solely in its capacity as an implementing entity of the Pilot Program for Climate Resilience ("PPCR") under the Strategic Climate Fund ("SCF").

The Borrower and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions, in the Appendix to this Agreement, or in the Financing Agreement in respect of Part C of the Project.

Article II
Loan

2.01. The World Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of eight million two hundred thousand United States Dollars ($8,200,000) ("Loan"), to assist in financing Part A, B and D of the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Loan is funded out of the resources made available to the World Bank as an implementing entity of the SCF. In accordance with Section 3.02 of the Standard Conditions, the Borrower may withdraw the Loan proceeds subject to the availability of such funds.

2.04. The Service Charge payable by the Borrower on the Withdrawn Loan Balance shall be equal to one-tenth of one percent (1/10 of 1%) per annum.

2.06. The Payment Dates are May 15 and November 15 in each year.
2.07. The principal amount of the Loan shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is USD.

Article III
The Project

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the World Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article IV
Effectiveness; Termination

4.01. The Additional Condition of Effectiveness consists of the following, namely that, the Financing Agreement and the PPCR Grant Agreement have been executed and delivered and all conditions precedent to the effectiveness of said Financing Agreement and PPCR Grant Agreement or to the right of the Borrower to make withdrawals under any said Agreement (other than the effectiveness of this Agreement) have been fulfilled.

4.02. Without prejudice to the provisions of the Standard Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than eighteen (18) months after the Association’s approval of the Loan.

Article V
Borrower’s Representative; Addresses

5.01. The Borrower’s Representative referred to in Section 10.02 of the Standard Conditions is the Minister responsible for Finance.
5.02. The Borrower’s Address referred to in Section 10.01 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 10.01 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 the District of Columbia, United States of America, as of the day and year first above written.

GRENADA

By

Authorized 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
SCHEDULE 1

Project Description

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

The Project constitutes the first phase of the Program, and consists of the following parts:

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; and (c) improving resilience to climate risks in water supply system, all through the provision of works, technical advisory services, operating costs and acquisition of goods.

2. Design and retrofitting of selected public buildings to improve disaster resilience, and supporting studies, including: (a) rehabilitation of selected schools’ buildings; and (b) rehabilitation of selected public accommodation for the elderly, all through the provision of works, technical advisory services, operating costs 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, 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, through the provision of works, technical advisory services, training and acquisition of goods.
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 Borrower’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 National Framework Convention on Climate Change (UNFCCC) Climate Adaptation Fund; and (h) related activities on Project management and implementation, all through the provision of technical advisory services, training, operating costs and acquisition of goods.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. Project Steering Committee

(a) The Borrower 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 Borrower 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 Borrower shall maintain, at all times during the implementation of the Project, a project coordination unit (the Project Coordination Unit or PCU) within the Borrower’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 Borrower shall not later than one month of the Effective Date, adopt the Project Operational Manual in form and substance satisfactory to the World Bank, containing 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. The Borrower shall carry out the Project in accordance with the provisions of the Project Operational Manual (provided, however, that 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) and, except as the World Bank shall otherwise agree, the Borrower 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. Action Plans for Emergency Recovery and Reconstruction Subprojects under Part C of the Project

The Borrower shall carry out Part C of the Project in accordance with the provisions of Section I.C of Schedule 2 of the Financing Agreement.

D. Anti-Corruption

The Borrower 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”).

E. Environmental and Social Safeguards

1. The Borrower 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 Borrower shall, specifically take the following actions in a manner acceptable to the World Bank:

   (a) if an environmental management plan or similar safeguard instrument would be 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
if a resettlement action plan would be 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 Borrower 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 Borrower 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 Borrower 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.1 of the Project**

The Borrower shall ensure that the terms of reference for any consultancy in respect of any Project activity for assessment of natural risks under Part B.1 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 Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Borrower 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 days after the end of the period covered by such report.

2. Without limitation to Section 2.06 of the Standard Conditions, the Borrower 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 Borrower 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 before the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Borrower shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Borrower shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Borrower 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 Borrower. 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. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the 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

1. 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 Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan 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 Borrower (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 Loan (“Category”), the allocations of the amounts of the Loan 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 Loan 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 and</td>
<td>8,200,200</td>
<td>34%</td>
</tr>
<tr>
<td>Training under Parts A, B and D of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>8,200,000</td>
<td></td>
</tr>
</tbody>
</table>
For the purpose of the table set forth immediately above, the term “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.

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 is December 31, 2016.
### SCHEDULE 3
Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Loan repayable (expressed as a percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15:</td>
<td></td>
</tr>
<tr>
<td>commencing November 15, 2021 to and including May 15, 2031</td>
<td>1%</td>
</tr>
<tr>
<td>commencing November 15, 2031 to and including May 15, 2051</td>
<td>2%</td>
</tr>
</tbody>
</table>
APPENDIX

Definitions


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


4. “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.

5. “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 Borrower.

6. “Environmental Management Framework” or “EMF” means the Borrower’s framework, acceptable to the World Bank, dated November 2010, and published on March 18, 2011 and March 21, 2011, respectively, 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.

7. “Financing Agreement” means the financing agreement for the Project between the Borrower and the International Development Association dated the same date as this Agreement, as such agreement may be amended from time to time. “Financing Agreement” includes all appendices, schedules and agreements supplemental to the Financing Agreement.

9. “National Disaster Management Agency” means the Borrower’s agency established in 1985, in charge of coordinating all disaster-related activities in the Borrower’s territory, and operating as a department of the Office of the Borrower’s Prime Minister.

10. “Non-consulting Services” means services which will be bid and contracted on the basis of performance or measurable physical outputs, such as logistical service expenses for capacity building events, printing or training materials (not otherwise covered as Training expenses) and media campaigns.

11. “Pilot Program for Climate Resilience (PPCR) Grant Agreement” means the grant agreement for the Project between the Borrower and the World Bank, acting as an implementing entity of the Pilot Program for Climate Resilience under the Strategic Climate Fund, dated the same date as this Agreement, as such grant agreement may be amended from time to time. “PPCR Grant Agreement” includes all appendices, schedules and agreements supplemental to the PPCR Grant Agreement.


13. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated May 3, 2011, 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.

14. “Program” means the program designed to support the participating Eastern Caribbean Sub-region countries to implement measures for the reduction of vulnerability to hazards and climate change impacts in their respective territories.

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

16. “Project Operational Manual” means the Borrower’s manual referred to in Section I.B.1 of Schedule 2 to this Agreement.

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

19. "Resettlement Policy Framework" or "RPF" means the Borrower’s framework dated April 2011 and published on April 28, 2011, acceptable to the World Bank, setting forth the modalities for resettlement and compensation of Dislocated 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.

20. "United National 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.