

CONFORMED COPY

CREDIT NUMBER 4986-VC

Financing Agreement

(Regional Disaster Vulnerability Reduction Project)

between

SAINT VINCENT AND THE GRENADINES

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 9, 2011

CREDIT NUMBER 4986-VC

FINANCING AGREEMENT

AGREEMENT dated September 9, 2011, entered into between SAINT VINCENT AND THE GRENADINES (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”).

WHEREAS: (A) the Recipient and the International Bank for Reconstruction and Development, acting as an implementing entity of the Pilot Program for Climate Resilience (Pilot Program for Climate Resilience (PPCR)) under the Strategic Climate Fund, intend to enter into a grant agreement (PPCR Grant Agreement) for the purpose of making a grant to the Recipient to assist in financing Parts A, B and D of the Project on the terms and conditions set forth in the PPCR Grant Agreement; and

(B) the Recipient and the International Bank for Reconstruction and Development, acting as an implementing entity of the Strategic Climate Fund (SCF), intend to enter into a loan agreement (SCF Loan Agreement) for the purpose of providing a loan to the Recipient to assist in financing Parts A, B and D of the Project on the terms and conditions set forth in the SCF Loan Agreement.

NOW THEREFORE, the Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to six million nine hundred thousand Special Drawing Rights (SDR 6,900,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are March 15 and September 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association 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 IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Condition of Effectiveness consists of the following, namely that, the PPCR Grant Agreement and the SCF Loan Agreement have been executed and delivered and all conditions precedent to the effectiveness or to the right of the Recipient to make withdrawals under said PPCR Grant Agreement or SCF Loan Agreement (other than the effectiveness of this Agreement) has been fulfilled.
- 4.02. Without prejudice to the provisions of the General 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 Credit.
- 4.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is the Recipient's Minister responsible for finance.

5.02. The Recipient's Address is:

Office of the Prime Minister
Administrative Centre
Kingstown
Saint Vincent and The Grenadines

Facsimile:
(784) 457 2152

5.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at the District of Columbia, United States of America, as of the day and year first above written.

SAINT VINCENT AND THE GRENADINES

By /s/ Omari Seitu Williams

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Françoise Clottes

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 Recipient'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) retrofitting and rehabilitation of selected public buildings and emergency shelters and construction of selected satellite warehouses; (b) rehabilitation of selected transportation infrastructure; and (c) carrying out feasibility studies, design and pre-construction activities for a new public hospital, all through the provision of works, technical advisory services, operating costs and acquisition of goods.
2. (a) Carrying out of the rehabilitation of selected bridges, slope stabilization, and related supporting studies; (b) improvement of selected roads and coastal defense infrastructure; and (c) carrying out analysis and evaluation of defense mechanism performance on expected hazards, 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 around integrated watershed management, through the provision of technical advisory services, training and acquisition of goods.
3. Facilitating regional collaboration, including knowledge sharing and learning process to develop coastal defenses, including the construction of coastal protection, designation and delineation of drainage channels and buffer zones, testing and monitoring the enforcement of the Recipient's new building code, conservation of the ecosystem, reduction of downstream impacts and the

assessment of climate change impacts on coastal and marine ecosystems and commercial fisheries.

4. Carrying out a geology assessment of Union Island as a single drainage basin inclusive of soil testing, ground water assessment and monitoring, including: (a) testing the application of Union Island's integrated coastal zone management plan and the community awareness strategy; (b) implementing numerical and physical modeling techniques for Union Island on climate change adaptation; (c) implementing forestry management activities and other soil and water conservation measures; and (d) designing and delineating drainage channels and buffer zones on Union Island, all 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 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 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. 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 Association.
- (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 Central Planning Division under the Project.

2. Central Planning Division

- (a) The Recipient shall maintain, at all times during the implementation of the Project, the Central Planning Division (CPD) within the Recipient's Ministry of Finance and Economic Planning, with functions, staffing and resources satisfactory to the Association.
- (b) Without limitation to the provisions of Section I.A.1 of this Schedule, the CPD 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 not later than one month of the Effective Date, adopt the Project Operational Manual in form and substance satisfactory to the Association, 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 Recipient 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 Operations Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the Association shall otherwise agree, the Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Project Operations Manual without the prior written agreement of the Association.

C. Action Plans for Emergency Recovery and Reconstruction Subprojects under Part C of the Project

1. In an event of an Emergency, the Recipient shall: (a) clearly establish a causal relationship between the relevant Emergency and the need to withdraw the proceeds of the Credit allocated to Category (2); and (b) prepare and furnish to the Association a program of activities proposed for financing ("Proposed Action Plan of Activities").
2. The Recipient shall exchange views with the Association on the Proposed Action Plan of Activities, and shall thereafter adopt, and carry out such plan of activities as shall have been agreed with the Association, as such plan may be subsequently revised with the agreement of the Association ("Agreed Action Plan of Activities").
3. Subject to Section I.C.5 of this Schedule 2, an investment activity shall qualify as an Emergency Recovery and Reconstruction Subproject only if:
 - (a) it is initiated in response to an Emergency, and the Recipient has not rescinded the Natural Disaster Declaration;
 - (b) it aims to repair or reconstruct streets, roads, bridges, transportation and other infrastructure damaged by the event of Emergency in question, re-establish telecommunications infrastructure, re-establish urban or rural solid waste, water supply and sanitation (including urban drainage) infrastructure damaged by the event of Emergency in question; repair, re-equip, construct or reconstruct homes, schools, clinics, hospitals or works of cultural significance or other communal structures damaged by the event of Emergency in question; remove and dispose debris resulting from the event of Emergency in question (but only if such removal and

disposal is not an end in itself but constitute an integral part of an infrastructure repair, reconstruction or re-establishment activity itemized herein); restore the productive assets damaged by the event of Emergency in question of uninsured low-income producers; replace, vegetation destroyed by the event of Emergency in question, or repair or mitigate damage caused by the event of Emergency to a national natural protected area or buffer zone thereof (all the above in such a way as to take into account the reasons for the damage suffered in the disaster and to ensure that the infrastructure re-establishment through the Emergency Recovery and Reconstruction Subproject is environmentally sound in a way that reduces its vulnerability to possible social disasters);

- (c) the Association has reviewed and approved the Emergency Recovery and Reconstruction Subproject prior to such a Subproject's initiation if the Subproject: (i) is estimated to cost in excess of \$500,000 million equivalent; (ii) would affect or take place in a national or municipal protected area or buffer zone thereof that has no official management plan in place; (iii) is estimated to cost in excess of \$300,000 equivalent and involves re-establishment or reconstruction of infrastructure before it was damaged by the event of Emergency in question; or (iv) is estimated to cost in excess of \$300,000 equivalent and involves repair, re-establishment or reconstruction of infrastructure in such a way that the resulting infrastructure would have greater production output capacity (by ten percent or more; such as in the case of a water treatment plant, using a measurement of treated water volume per unit of time) and/or greater service capacity (by ten percent or more; such as in the case of a school or clinic, using the measurement of classrooms and beds) than the original pre-damage infrastructure;
- (d) without limitation to the provisions of Section I.E of this Schedule 2, the implementation of the Emergency Recovery and Reconstruction Subproject and/or the terms of reference for any consultancy in respect of any such activity shall be satisfactory to the Association following its review thereof and, to that end, the implementation of such an activity and/or any such terms of reference shall duly comply with the requirements of the Bank Safeguard Policies then in force; and
- (e) the requirements set forth in subparagraphs (a) to (d) of this paragraph have been met with respect to the Emergency Recovery and Reconstruction Subproject, and contracts for the execution thereof have been awarded and signed (and on-site work under such contracts has commenced) after forty-five (45) calendar days (but no more than one hundred and eighty (180) calendar days, have passed since the issuance of the Natural Disaster Declaration referred to in subparagraph (a) of this paragraph.

4. On an exceptional basis, the 45 calendar day limit set forth in paragraph 3(e) of this Section, as well as the 180 calendar day limit set forth in said paragraph, may, before the relevant limit expires, be extended in writing by the Association for a particular commencement of any Emergency Recovery and Reconstruction Subproject if the nature of the disaster is such as to justify, in the Association's opinion, delays in the commencement of such Emergency Recovery and Reconstruction Subproject on-site work (such as when disaster conditions, for example non-receding flood waters, persist on-site long after the issuance of the Natural Disaster Declaration.
5. No Emergency Recovery and Reconstruction Subproject or component thereof may involve any of the activities set forth in Schedule 4 to this Agreement.

D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. 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 Association:
 - (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 Association 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 Association; and
 - (b) 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 Association 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 Association; and (B) the Recipient has furnished to the Association a report in form and substance satisfactory to the Association, 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 Parts B.1 and B.4 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 under Part B.1 of the Project, or any activity for the design and delineation of drainage channels and buffer zones on Union Island under Part B.4 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

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of six calendar months, and shall be furnished to the Association not later than forty five days after the end of the period covered by such report.

2. Without limitation to the provisions of Section 4.08 (b) of the General Conditions, the Recipient shall: (a) on or about the date twenty four (24) months after the Effective Date, submit to the Association a mid-term report, in such detail as the Association 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 objectives thereof during the period following such date; and (b) review with the Association 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 objective, based on the conclusions and recommendations of the mid-term report and the Association's views on the matter.
3. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association not later than forty five days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the calendar quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have the Project's Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each 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 Association not later than six months after the end of such period.

4. Specific Financial Covenant

The Recipient shall, not later than three months after the Effective Date recruit key financial staff to the CPD with qualifications, experience and terms of reference satisfactory to the Association, to ensure adequate capacity for the financial monitoring and management under the Project.

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 Financing 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 Financing 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 Association 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 Association of Procurement Decisions

1. The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.
2. All terms of reference for consultants' services, regardless of contract value, shall be subject to the Association's prior review.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association 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 Financing ("Category"), the allocations of the amounts of the Credit to each Category and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<u>Category</u>	<u>Amount of the Credit Allocated (expressed in SDR)</u>	<u>Percentage of Expenditures to be Financed (inclusive of Taxes)</u>
(1) Goods, works, Non-consulting Services, Consultants' Services, Training and Operating Costs for Parts A, B and D of the Project	6,250,000	50%

(2) Goods, Works, Non-consulting Services and Consultants' Services for Emergency Recovery and Reconstruction Subprojects under Part C of the Project	650,000	100%
TOTAL AMOUNT	6,900,000	

- (a) the term "Training" means the cost associated with the training and workshops approved by the Association, 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; and
- (b) the term "Operating Costs" means the incremental expenses incurred on account of Project management, including office 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.

B. Withdrawal Conditions; Withdrawal Period

- 1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement; or
 - (b) under Category (2) in respect of any given Emergency Recovery and Reconstruction Subproject unless the Recipient has: (i) met the requirement referred to in Section I.C.1 of this Schedule 2; and (ii) the relevant Emergency Recovery and Reconstruction Subproject is included in the Agreed Action Plan of Activities, together with a budget and a financing plan for said subproject, all in form and substance satisfactory to the Association.
- 2. Without limitation to the provisions of Section B.1 (b) immediately above, if no Emergency has occurred for a period of forty-eight months after the Effective Date, or such later date as the Association shall establish, the Association may, upon request of the Recipient and as the Association may deem appropriate, reallocate the proceeds of the Credit allocated to Category (2) to Category (1).
- 3. The Closing Date is December 31, 2016.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each March 15 and September 15	
commencing September 15, 2021 to and including March 15, 2031	1.25%
commencing September 15, 2031 to and including March 15, 2046	2.5%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

SCHEDULE 4

Emergency Recovery and Reconstruction Subprojects Negative List

1. Dam construction, reconstruction, rehabilitation or strengthening.
2. Activities affecting natural protected areas recognized as national or municipal protected areas (or buffer zones thereof), other than as required to mitigate damage caused by the Emergency.
3. Land clearance and leveling (when affecting critical natural habitats and natural land contours, natural habitats for this purpose being those water or land areas where most of the original plant and animal species are present), except for clearing of debris resulting from the Emergency.
4. Land reclamation (*i.e.*, drainage of wetlands or filling of water bodies to create land).
5. Hazardous waste management and disposal, as well as manufacture, transport and use of pesticides and other hazardous and/or toxic materials (except small amounts of solvents, degreasing materials, paints, fuels and the like used during construction).
6. River training (*i.e.*, realignment, contraction or deepening of an existing river channel, or excavation of a new river channel).
7. Activities involving industrial plants (large-scale) and industrial estates.
8. New road construction or major upgrading or realignment of roads (major means: changing the road category, such as from seasonal to all-weather or secondary to primary; adding new lanes; or changing road surface).
9. New irrigation, drainage and flood control works.
10. (a) Activities which involve:
 - (i) (A) any river, canal, lake or similar body of water that forms a boundary between, or any river or body of surface water that flows through, two or more states, whether Association members or not; (B) any tributary or other body of surface water that is a component of any waterway described in (A) immediately above; and (C) any bay, gulf, strait or channel bounded by two or more states or, if within one state, recognized as a necessary channel of communication between the open sea and other states and any river flowing into such waters;

- (ii) hydroelectric, irrigation, flood control, navigation, drainage, water and sewerage, industrial and similar projects that involve the use or potential pollution of international waterways as described in paragraph (i) immediately above; and
 - (iii) detailed design and engineering studies of projects under paragraph (ii) immediately above, including those to be carried out by the Association as an executing agency or in any other capacity.
 - (b) The activities set forth in subparagraph 10 (a) of this Schedule 4, shall not be prohibited under the Project:
 - (i) if a bordering state formally expressed in writing to the Association and the Recipient its no-objection to such activities; or
 - (ii) if: (A) for any ongoing scheme, projects involving additions or alterations that require rehabilitation, or other changes that in the judgment of the Association: (I) will not adversely change the quality or quantity of water flows to the other riparians; and (II) will not be adversely affected by the other riparians' possible water use. The exception in (ii) herein shall apply only to minor additions or alterations to the ongoing scheme; it does not cover works and activities that would exceed the original scheme, change its nature, or so alter or expand its scope and extent as to make it appear a new or different scheme; (B) water resource surveys and feasibility studies on or involving international waterways. However, if the Recipient decides to finance the activities mentioned in (B) herein as part of any Emergency Recovery and Reconstruction Subproject, then such activities shall include in the terms of reference for the activities, an examination of any potential riparian issues; or (C) any project that relates to a tributary of an international waterway where the tributary runs exclusively in one state and the state is the lowest downstream riparian, unless there is concern that the project could cause appreciable harm to other states.
11. Activities of any type classifiable as category A for environmental purposes pursuant to Bank Safeguard Policy relating to Environmental Assessment (OP 4.01).
12. Conversion or degradation of critical natural habitats as defined in Annex A of the Bank Safeguard Policy relating to Natural Habitats (OP 4.04).

13. Mere consumption or transfer of ownership.
14. Financing of debts and liabilities.
15. Purchase or rental of land.
16. Purchase of equipment for disaster preparedness.
17. Financing of any operating expenses.
18. Provision of welfare or other social assistance.
19. Cash compensation to parties affected by the Emergency or other direct assistance to parties affected by the Emergency (except for repair or reconstruction of homes referred to under Section I.C.3 (b) of Schedule 2 to this Agreement).
20. Containment or extinguishment of existing fires.

APPENDIX

Definitions

1. “Agreed Action Plan of Activities” means the plan of activities referred to in Section I.C.2 of Schedule 2 to this Agreement.
2. “Anti-Corruption Guidelines” means 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.
3. “Bank Safeguard Policies” means the Bank/Association’s operational policies and procedures set forth in the Bank’s Operational manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.36, 4.37, 7.50 and 7.60 as said manual is published under www.WorldBank.org/opmanual.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Central Planning Division” or “CPD” means a department within the Ministry of Finance and Economic Planning, and referred to in Section I.A.2 of Schedule 2 to this Agreement or any successor thereto.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
7. “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.
8. “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, Grenada, Saint Lucia and the Recipient.
9. “Emergency” means the occurrence of a natural disaster or an event of emergency within the Recipient’s territory for which the Recipient has issued a National Disaster Declaration.

10. “Emergency Recovery and Reconstruction Subproject” means an investment activity under Part C of the Project, consisting of a combination of works, goods or technical advisory services, aimed at responding to damage caused by an Emergency and meeting the criteria set forth Section I.C.3 through 5 of Schedule 2 to this Agreement.
11. “Environmental Management Framework” or “EMF” means the Recipient’s framework, acceptable to the Association, dated December 2010, and published on February 9, 2011 and February 25, 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.
12. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
13. “National Emergency and Disaster Management Act” means the National Emergency and Disaster Management Act, 2006 (Act 15 of 2006) of the laws of the Recipient.
14. “National Emergency Management Organization” means the organization established and operating pursuant to the National Emergency and Disaster Management Act, 2006 of the laws of the Recipient, or any successor thereto.
15. “Natural Disaster Declaration” means the declaration of an Emergency by the Recipient pursuant to Section 32 (1) of the National Emergency and Disaster Management Act.
16. “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.
17. “Pilot Program for Climate Resilience (PPCR) Grant Agreement” means the grant agreement of even date herewith referred to in Clause (A) of the Preamble to 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.
18. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.

19. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 29, 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.
20. “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.
21. “Project Operational Manual” means the Recipient’s manual referred to in Section I.B.1 of Schedule 2 to this Agreement.
22. “Project Steering Committee” means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement.
23. “Proposed Action Plan of Activities” means the plan of activities referred to in Section I.C.1 of Schedule 2 to this Agreement.
24. “Resettlement Policy Framework” or “RPF” means the Recipient’s framework dated April 2011, and published on April 28, 2011, acceptable to the Association, 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 Association.
25. “Strategic Climate Fund (SCF) Loan Agreement” means the loan agreement of even date herewith referred to in clause (B) of the Preamble to this Agreement, 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.
26. “Union Island” means the Recipient’s coastal island zone known as Union Island.
27. “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.