



DOCUMENT OF THE WORLD BANK  
RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF THE  
DISASTER VULNERABILITY REDUCTION PROJECT  
APPROVED ON MAY 1, 2014  
TO THE  
COMMONWEALTH OF DOMINICA  
(April XX, 2023)

URBAN, RESILIENCE AND LAND

LATIN AMERICA AND CARIBBEAN

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**ABBREVIATIONS AND ACRONYMS**

AF	Additional Financing
APL	Adaptable Program Loan
CERC	Contingent Emergency Response Component
CREAD	Climate Resilience Execution Agency for Dominica
DVRP	Disaster Vulnerability Reduction Project
ECR	East Coast Road
ESHS	Environment, Social, Health and Safety
GoCD	Government of Dominica
IDA	International Development Association
MoEKU	Ministry of Environment and Kalinago Upliftment
MoPWPUDE	Ministry of Public Works, Public Utilities and Digital Economy
MTR	Mid-term Review
MS	Moderately Satisfactory
MU	Moderately Unsatisfactory
PCU	Project Coordinating Unit
PDO	Project Development Objective
SCF PPCR	Strategic Climate Fund Pilot Program for Climate Resilience



**Note to Task Teams:** The following sections are system generated and can only be edited online in the Portal.

**BASIC DATA**

**Product Information**

Project ID P129992	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 01-May-2014	Current Closing Date 30-Jun-2023

**Organizations**

Borrower Ministry of Finance	Responsible Agency Ministry of Public Works and the Digital Economy
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**Project Development Objective (PDO)**

Original PDO

The objective of the Project is to reduce vulnerability to natural hazards and climate change impacts in Dominica through: (i) investment in resilient infrastructure, and (ii) improved hazard data collection and monitoring systems.

**Summary Status of Financing (US\$, Millions)**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Commitment	Net Disbursed	Undisbursed
IDA-67170	30-Jun-2020	05-Aug-2020	25-Jan-2021	30-Jun-2023	12.80	7.65	5.16
IDA-63140	28-Sep-2018	27-Nov-2018	21-Feb-2019	30-Jun-2023	31.00	17.03	13.16
IDA-54950	01-May-2014	10-Jun-2014	08-Sep-2014	30-Jun-2023	17.00	15.50	0
TF-16955	10-Jun-2014	10-Jun-2014	08-Sep-2014	30-Jun-2023	12.00	10.69	1.31
TF-16912	01-May-2014	10-Jun-2014	08-Sep-2014	30-Jun-2023	9.00	7.23	1.77



### Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

## I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. **This Project Paper seeks the approval of the Regional Vice President for a Level 2 restructuring of the Disaster Vulnerability Reduction Project (P129992) (DVRP).** This restructuring is proposed to: (i) extend the closing date of the IDA financing (IDA-67170, IDA-63140, IDA-54950), and trust funds (TF-16955, TF-16912) by 12 months from June 30, 2023 to June 30, 2024<sup>1</sup> and update the implementation schedule accordingly; (ii) move the Project Coordination Unit (PCU) to the Ministry of Public Works, Public Utilities and Digital Economy (MoPWPUDE), rather than the Ministry of Environment and Kalinago Upliftment (MoEKU); and (iii) amend the results framework to introduce a Citizen Engagement indicator, and adjust the target of one intermediate outcome indicator to align with activities dropped by the government due to cost overruns. This is the Project's third restructuring. The 2018 restructuring entailed an IDA additional financing (AF) and a 3-year extension, while the 2020 restructuring only entailed an IDA AF.

### Project Status

2. The DVRP, an Adaptable Program Loan (APL) in the amount of US\$17 million IDA credit was approved in May 2014 and became effective on September 8, 2014, with an original closing date of June 30, 2020. The project was co-financed by a Strategic Climate Fund Pilot Program for Climate Resilience (SCF PPCR) grant (US\$12 million) and an SCF PPCR loan (US\$9 million).<sup>2</sup> The Project Development Objective (PDO) is to reduce vulnerability to natural hazards and climate change impacts in Dominica through: (i) investment in resilient infrastructure, and (ii) improved hazard data collection and monitoring systems. The Project has four Components: (i) Prevention and Adaptation Investments (US\$62.93 million), (ii) Capacity Building and Data Development, Hazard Risk Management and Evaluation (US\$7.37 million), (iii) Natural Disaster Response Investments (US\$8.00 million), and (iv) Project Management and Implementation Support (US\$5.00 million).

3. **Summary of previous restructurings.** The project has received two IDA AF and been extended once. On September 28, 2018, the Bank approved IDA AF of US\$31 million and a three-year extension of the project closing date, from June 30, 2020, to June 30, 2023. This restructuring scaled up activities initiated under the original credit following Tropical Storm Erika in August 2015 and Hurricane Maria in September 2017, while restructuring the DVRP to support activities prioritized by the Government of the Commonwealth of Dominica (GoCD) as part of its recovery and reconstruction strategy post-Hurricane Maria.

4. On June 8, 2020, a second IDA AF of US\$12.8 million was approved to cover a cost overrun under Component 1: Prevention and Adaptation Investments, specifically, the increased contract amount for Phase 1 of the East Coast Road (ECR), which entails the full rehabilitation, widening, and resurfacing of 30km of the ECR to resilient standards. Additionally, the DVRP was also restructured to increase the financing percentages in the original credit and the other financing sources to facilitate financial accounting.

<sup>1</sup> TF managers have agreed to the extensions.

<sup>2</sup> SCF PPCR grant: US\$12 million (TF16955 signed May 2014); SCF PPCR loan: US\$9 million (TF16912 signed May 2014).



5. **Project Status.** Progress towards achievement of the PDO is rated Moderately Unsatisfactory (MU)<sup>3</sup> and overall Implementation Progress (IP) is rated Moderately Satisfactory (MS). It is expected that the PDO will be achievable upon the extension of the project closing date to June 30, 2024, and the team proposes to upgrade the PDO rating to MS upon approval of this restructuring. Two of the four PDO-level indicators have been achieved and surpassed.<sup>4</sup> The two remaining PDO-level indicators<sup>5</sup> are related to the rehabilitation of the ECR, and both are expected to be met within the additional 12-month implementation period. The overall Safeguards rating is MU, while financial management is rated Satisfactory. Procurement and Project Management are both rated MS.

6. **Status of Audit Reports and Compliance with Legal Covenants.** There are no outstanding audit reports and all the audit reports received are considered acceptable to the Bank. The Project is in compliance with all legal covenants.

7. **Implementation Progress.** The project has disbursed 71% of the total net commitment (IDA credits and TFs), 100% of funds are allocated, and all major contracts have been signed. Of US\$60.8 million in IDA funds, US\$40.2 million (66%) has been disbursed. Of US\$21 million in trust funds, US\$17.9 million (85%) has been disbursed. The Project has achieved a number of intermediate outcome indicators. Under Component 1, the PDO indicator of number of households with access to improved water distribution has been met, 40% of the ECR is resilient to climate events, and direct project beneficiaries have reached 40,000 of a projected 71,860 target. Under Component 2, 11 agencies, exceeding the 10 projected, are better enabled to make climate risk informed decisions thanks to a national hydrometeorological monitoring system, complete LiDAR and bathymetry mapping, a new Meteorological Services Building with 24-hour monitoring services, a nation-wide seismic monitoring system, a forestry nursery to support sustainable forestry, and a spatial data-sharing platform to underpin resilient investment strategies. Under Component 3, the CERC was triggered in September 2017 following Hurricane Maria allowing cash transfers for US\$7 million to be made to farmers to accelerate agricultural recovery.

8. **Mid-term review (MTR).** An MTR conducted in December 2017 concluded there were no unmitigated impediments towards achieving the PDO. It found that subprojects under Components 1 and 2 remained relevant and were advancing satisfactorily, and that project management and implementation arrangements were adequate. It also assessed the outcomes set forth in the results framework as achievable. The MTR recognized that delays in implementation caused by two disasters (Tropical Storm Erika in 2015 and Hurricane Maria in 2017), and unfamiliarity with Bank procedures during early implementation warranted a significant time extension, which was provided in the 2018 AF.

9. **Performance shortcomings.** Project performance has been affected by: (i) delays caused by exogenous shocks, including the COVID-19 pandemic, international border closures, and global supply chain disruptions; (ii) implementation capacity challenges; and (iii) severe weather events.

- i. COVID-19 border closures and global supply chain disruptions, such as extended shipping timelines and global bitumen and steel shortages, significantly impacted implementation and disbursements in 2021 and 2022. Border closings led to: (i) an 18-month period in which no international consultants were on-island to support project implementation, and (ii) delayed deployment of the in-person construction supervision personnel for the ECR

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<sup>3</sup> ISR of December 12, 2022.

<sup>4</sup> Number of households with access to improved water distribution and supply in project area, and Number of relevant agencies enabled to make climate risk informed decision-making to reduce vulnerability to climate change

<sup>5</sup> Percentage of East Coast Roads with a condition rating of good/excellent that is resilient to climate events, and Direct project beneficiaries



works by the selected international supervision firm. This absence of supplemental capacity led to delays and quality shortfalls in construction works.

- ii. The MoEKU, DVRP's original implementing agency, faced capacity challenges in the management of civil works after the project had been restructured to augment the scope of roadwork activity under Component 1. While MoEKU performed well in implementing hazard risk information activities under Component 2, it lacked the engineering capacity to manage civil works and construction supervision contracts under Component 1, thus affecting the pace and quality of rehabilitation on the ECR.
- iii. Dominica experienced several severe weather events during implementation. These impacted the rehabilitation of the ECR and resulted in project design adjustments and implementation delays. Most recently, Tropical Storm Fiona impacted the island in September 2022, and then in November 2022, 144mm of rain fell in a 12-hour period causing numerous significant landslides. The worst landslide on the island occurred along the ECR, spanning 70m. The event caused weeks of implementation delays due to debris removal and deliberation with the engineering design firm to determine the best way to rehabilitate this site.

10. However, recent developments have mitigated the risks associated with the items (i) and (ii) above, and preparedness and response measures are being put in place by the MoPWPUDE for the coming hurricane season. Specifically: (i) all goods and materials for bridge construction and paving for the ECR arrived in Dominica in February 2023 and have been mobilized to respective sites for assembly/construction, and (ii) in August 2022, Project implementation was transferred by the GoCD from MoEKU to MOPWPUDE, which appointed a skilled internal construction supervision team with high contract management capacity, to replace the non-performing international firm whose contract was terminated. Systemic improvements in contract management have already been observed. The GOCD has established a Central Services Unit (CSU) for all World Bank Projects, which reports to the Ministry of Finance. The CSU provides shared fiduciary, safeguards, monitoring and evaluation and communications services to the World Bank project units. The PCU is responsible for project management, technical implementation, and reporting. An assessment of the CSU and PCU arrangement has been carried out by FM, Procurement and E&S teams and found acceptable by the World Bank. Lastly, while the potential for future weather-related delays during the 2023 Atlantic Hurricane season remains, critical flood and landslide mitigation works such as drainage infrastructure have been prioritized for completion prior to the 2023 Hurricane season.

11. **Safeguards.** The overall safeguards rating is MU. Despite improvements over the last nine months, the February 2023 implementation support mission underlined key safeguards issues which need to be addressed by the ECR contractor. These included unauthorized dumping of excavated material, poor traffic management, lack of adequate signage and barriers along the road, and inadequate documentation to show closure of grievances (e.g., accidents and a fatality). A short-term action plan to rectify these issues has been completed to the satisfaction of the World Bank, overseen by a recently hired dedicated staff of the GoCD-led construction supervision team. This completed plan is intended to lead to the upgrading of the safeguards rating at the next mission and ISR. Key actions under this plan that have been completed include: (i) priority ESHS measures implemented on construction sites, as identified and agreed with the PCU Environmental and Social Specialists and based on the overall ESHS audit performed in October 2022 and a targeted audit conducted February 2023; (ii) contractor acknowledgement of audit results; (iii) evidence of contractor's continued cooperation towards resolution of project-related fatality in accordance with Dominica labor laws; (iv) partial resolution of known accidents in the DVRP, with remaining accidents not resolved due to legal proceedings; (v) construction debris removed and unauthorized dumping stopped; (vi) presentation of dumping agreements with private landowners and progress on documenting closure of the 24 private dumping sites; (vii) evidence of past traffic management and safety courses for ECR workers and scheduled future courses; (viii) restarting the practice of regular community consultation meetings; (ix) finalization of land and crop compensation payments; and (x) confirmation from the Supervision team that unauthorized dumping has stopped and dumped materials have been removed where there



was an issue. In many cases, soil was left on the roadside as part of the government's clean-up efforts after the November 6 rainfall event. This soil is not causing environmental or social issues or grievances and will be removed by the end of the project. In addition, an action plan of ESHS actions to be completed in the mid and long-term has been agreed to between the Contractor and the PIU.

#### Readiness.

12. **M&E framework.** There is currently no M&E staff in place in the PCU. The position has been vacant for a year and a half, due to a national effort to consolidate implementation units that has slowed new hiring. The CSU is currently in the process of recruiting a M&E Specialist with a goal of onboarding by mid-May. Nevertheless, the DVRP M&E framework and systems have functioned since inception with other PCU staff carrying out M&E functions in the interim.

13. **Government Commitment.** The GoCD's extension request includes: (i) a request to modify the project implementing agency, (ii) a detailed and costed revised implementation schedule until the proposed new project closing date, (iii) how cost increases will be addressed if they exceed available project funds; and (iv) key construction milestones for the remainder of the project implementation period. The GoCD has put in place resources and a results-oriented team at the MOPWPUDE for this project and has requested that the change in implementing agency be formalized through this restructuring.

14. **Counterpart Financing.** While counterpart financing of US\$1.5 million has contributed to earlier implementation in construction of water storage tanks, budgetary planning by the PCU has indicated a potential cost overrun of US\$3.9 million due to increased program management costs and ECR contract variations. The GoCD has committed to financing all additional costs associated with the extension, including the estimated overrun. The Task Team will continue to provide technical support to help reduce costs and minimize ECR contract variations but is also confident in the commitment of the GoCD to mobilize additional funds if needed to finish the project and finance the ECR contract in full.

15. **Rationale for Proposed Restructuring.** Closing the Project on the current closing date of June 30, 2023 would likely result in a moderately satisfactory overall rating, as the PDO indicators under Component 1 would be only partially achieved, reaching approximately one-third of the end target. Achieving partial results would affect the Project's legacy of improving climate resilience, but more importantly it would leave about 30 kilometers of a currently excavated and exposed critical roadway unpaved, contributing to community grievances, E&S safeguard issues, and reputational risk to the World Bank.

16. On the other hand, it is projected that by the extended closing date all PDO-level and intermediate outcome indicators will be achieved, and 100% of project funds will be disbursed. A 12-month extension of the Project would allow for the completion of the soil survey under Component 2, and most importantly the ECR rehabilitation (based on an updated implementation schedule approved by the GoCD and agreed with the Bank). All other remaining activities under Components 1 and 2 are on track to be completed within the current project period.

17. Rehabilitation of the ECR is critical to Dominica's physical and socio-economic resilience because it provides: (i) an alternate route to the airport, (ii) access to tourist sites, and (iii) transportation routes for agricultural products and the indigenous Kalinago tribe. It is important to note that in support of the PDO to improve Dominica's resilience to disasters, the ECR serves as a key vehicle for GoCD's response to the many severe weather events which have occurred over the project implementation period, and will remain to be so. The GoCD and the Task Team have assessed that the timeline places the right amount of pressure on the contractor to maintain a strict implementation schedule. The contractor has provided a detailed schedule of works that shows predecessor and successor actions and timely coordination with relevant public utilities counterparts that are undertaking works that may affect the critical path activities.



## II. DESCRIPTION OF PROPOSED CHANGES

18. **Loan Closing dates.** A 12-month extension of the Credit and Trust Fund closing dates is proposed to allow for the completion of ECR works and of the soil survey under Component 2. Specifically, the extension would allow for the completion of the planned 30 km of the ECR, a significant contribution to the improvement of Dominica’s climate resilience and achievement of the PDO. The disbursement estimates and implementation schedule (Annex 1) will be realigned with the proposed new closing date of June 30, 2024.

19. **Results Framework (RF).** The following changes will align the RF with the Project’s emerging results and with corporate guidance: (i) revision of the target for the intermediate indicator “Roads rehabilitated, Non-rural” from 43 kilometers to 30 kilometers, due to previously identified cost overruns, (ii) addition of a Citizen Engagement indicator (*Number of consultation meetings held and documented to discuss and respond to beneficiary feedback to improve project implementation and monitoring*), and (iii) extension of the end dates for the indicators.

20. **Project Coordination Unit (PCU).** As discussed in paragraph 10, the PCU has changed from the MOEKU to the MoPWPUDE, given that the final major activity requires high infrastructure implementation capacity. The fiduciary (financial management and procurement), safeguards (environment and social), and M&E functions were transferred to the CSU and assigned to the DVRP. The PCU will retain project management, technical implementation and reporting responsibilities. The change will allow technical specialists in the CSU to cover more than one World Bank Project to build capacity, provide greater flexibility and reduce costs. The WB Procurement, FM and safeguards teams have reviewed the proposed changes in project management and found them to be acceptable.

## III. SUMMARY OF CHANGES

	Changed	Not Changed
Implementing Agency	✓	
Results Framework	✓	
Loan Closing Date(s)	✓	
Disbursement Estimates	✓	
Institutional Arrangements	✓	
Implementation Schedule	✓	
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Components and Cost		✓
Cancellations Proposed		✓





Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

**IV. DETAILED CHANGE(S)****IMPLEMENTING AGENCY**

Implementing Agency Name	Type	Action
Ministry of Public Works and the Digital Economy	Implementing Agency	New

**LOAN CLOSING DATE(S)**

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-54950	Effective	01-Jul-2020	30-Jun-2023	30-Jun-2024	30-Oct-2024
IDA-63140	Effective	30-Jun-2023		30-Jun-2024	30-Oct-2024
IDA-67170	Effective	30-Jun-2023		30-Jun-2024	30-Oct-2024
TF-16912	Effective	01-Jul-2020	30-Jun-2023	30-Jun-2024	30-Oct-2024
TF-16955	Effective	01-Jul-2020	30-Jun-2023	30-Jun-2024	30-Oct-2024



**DISBURSEMENT ESTIMATES**

Change in Disbursement Estimates

Yes

<b>Year</b>	<b>Current</b>	<b>Proposed</b>
2014	0.00	0.00
2015	300,000.00	753,544.33
2016	3,000,000.00	3,856,029.81
2017	7,000,000.00	2,532,378.08
2018	14,500,000.00	10,000,000.00
2019	13,000,000.00	4,735,756.00
2020	200,000.00	6,450,563.48
2021	0.00	6,662,920.84
2022	0.00	8,215,592.15
2023	0.00	14,903,710.31
2024	0.00	23,689,505.00



**Results framework**

COUNTRY: Dominica

Third Phase Disaster Vuln.Reduction APL for Dominica

**Project Development Objectives(s)**

The objective of the Project is to reduce vulnerability to natural hazards and climate change impacts in Dominica through: (i) investment in resilient infrastructure, and (ii) improved hazard data collection and monitoring systems.

**Project Development Objective Indicators by Objectives/ Outcomes**

Indicator Name	PBC	Baseline	Intermediate Targets									End Target
			1	2	3	4	5	6	7	8	9	
<b>Reduce vulnerability to natural hazards and CC impacts through resilient infrastructure investment</b>												
Direct project beneficiaries (Number)		0.00	0.00	1,000.00	6,000.00	19,690.00	30,000.00	40,000.00	50,000.00	60,000.00		71,860.00
<i>Action: This indicator has been Revised</i>												
Female beneficiaries (Percentage)		0.00	0.00	49.00	49.00	49.00	49.00	49.00	49.00	49.00	49.00	49.00
Indigenous Beneficiaries (Number)		0.00	0.00	0.00	0.00	20.00	45.00	500.00	1,000.00	1,500.00	2,145.00	2,145.00
Number of households with access to improved water distribution and supply in		0.00	0.00	0.00	0.00	0.00	1,500.00	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00



Indicator Name	PBC	Baseline	Intermediate Targets									End Target
			1	2	3	4	5	6	7	8	9	
project area (Number)												
Percentage of East Coast Roads with a condition rating of good/excellent that is resilient to climate events (Percentage)		30.00	15.00	25.00	30.00	35.00	35.00	60.00	75.00	85.00		100.00
<b>Action: This indicator has been Revised</b>												
<b>Reduce vulnerability to natural hazards and CC impacts through data collection/monitoring systems</b>												
Number of relevant agencies enabled to make climate risk informed decision-making to reduce vulnerability to climate change (Number)		0.00	0.00	0.00	5.00	8.00	8.00	10.00	10.00	10.00	10.00	10.00
<b>Intermediate Results Indicators by Components</b>												
Indicator Name	PBC	Baseline	Intermediate Targets									End Target
			1	2	3	4	5	6	7	8	9	
<b>Prevention and Adaptation Investments</b>												



Indicator Name	PBC	Baseline	Intermediate Targets									End Target	
			1	2	3	4	5	6	7	8	9		
Roads rehabilitated, Non-rural (Kilometers)		0.00	5.00	10.00	15.00	20.00							30.00
<b>Action: This indicator has been Revised</b>	<b>Rationale: Reducing target amount to 30km. This change was made after the government dropped the final two lots of the road (the last 13km) due to significant cost overruns.</b>												
Increased water storage capacity in project areas (Liter)		0.00	0.00	0.00	0.00	0.00	1,100,000.00	1,600,000.00	1,600,000.00	1,600,000.00	1,600,000.00	1,600,000.00	1,600,000.00
Number of consultation meetings held and documented to discuss and respond to beneficiary feedback to improve project implementation and monitoring. (Number)		0.00											8.00
<b>Action: This indicator is New</b>													
<b>Capacity Building and Data Development, Hazard Risk Management and Evaluation</b>													
Number of Government officials trained in spatial data management and		0.00	0.00	10.00	15.00	22.00	25.00	28.00	30.00	30.00	30.00	30.00	30.00





Annex 1



1-Construction  
schedule Lot-1 reviser



2-Construction  
schedule Lot-2.pdf