



REPORT NO.: RES46921

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

REGIONAL DISASTER VULNERABILITY REDUCTION APL1 - GRENADA AND ST. VINCENT AND THE GRENADINES

APPROVED ON JUNE 23, 2011

TO

GOVERNMENT OF GRENADA, GOVERNMENT OF ST. VINCENT AND THE GRENADINES

URBAN, RESILIENCE AND LAND

LATIN AMERICA AND CARIBBEAN

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I. BASIC DATA

Product Information

Project ID P117871	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 23-Jun-2011	Current Closing Date 30-Jun-2021

Organizations

Borrower Government of Grenada, Government of St. Vincent and the Grenadines	Responsible Agency Ministry of Finance, Economic Planning, and Information Technology, Ministry Infrastructure Development, Public Utilities, Energy, Transport and Implementation
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Project Development Objective (PDO)

Original PDO

The Program aims at measurably reducing vulnerability to natural hazards and climate change impacts in the Eastern Caribbean Sub-region. The objective of the Project in Grenada is to measurably reduce vulnerability to natural hazards and climate change impacts in Grenada and in the Eastern Caribbean Sub-region. The objective of the Project in Saint Vincent and the Grenadines is to measurably reduce vulnerability to natural hazards and climate change impacts in Saint Vincent and the Grenadines and in the Eastern Caribbean Sub-region. The achievement of the Program Development Objectives of the Regional Disaster Vulnerability Reduction Program (RDVRP) would be measured using the following key indicators: (a) Reduced risk of OECS population to failure of public buildings and infrastructure due to natural hazards or climate change impacts; and (b) Increased capacity of OECS Governments to identify and monitor climate risk and impacts.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Net	
				Closing Commitment	Disbursed Undisbursed



IDA-54500	09-May-2014	14-Aug-2014	12-Nov-2014	30-Jun-2021	35.60	25.31	6.71
IDA-49850	23-Jun-2011	20-Sep-2011	01-Nov-2011	30-Jun-2021	10.00	8.87	.05
IDA-49860	23-Jun-2011	09-Sep-2011	18-Oct-2011	30-Jun-2021	10.92	10.02	0
TF-A3698	16-May-2017	16-May-2017	31-Jul-2017	30-Dec-2020	7.37	7.02	0
TF-19232	08-Jun-2015	12-Aug-2015	10-Nov-2015	31-Dec-2018	5.00	5.00	0
TF-19396	08-Jun-2015	12-Aug-2015	10-Nov-2015	30-Jun-2021	3.80	3.80	0
TF-16733	14-Aug-2014	14-Aug-2014	12-Nov-2014	31-Dec-2020	5.00	5.00	0
TF-10204	20-Sep-2011	20-Sep-2011	01-Nov-2011	31-Dec-2018	8.00	8.00	0
TF-10206	09-Sep-2011	09-Sep-2011	18-Oct-2011	31-Dec-2018	7.00	7.00	0
TF-11131	23-Jun-2011	20-Sep-2011	01-Nov-2011	30-Jun-2021	8.20	8.20	0
TF-11132	23-Jun-2011	09-Sep-2011	18-Oct-2011	31-Dec-2020	3.00	3.00	0

Policy Waiver(s)

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

No

II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

1. This restructuring paper seeks to extend the closing date of two IDA credits—IDA credit 4986-VC (US\$10.92 million equivalent) and IDA credit 5450-VC (US\$35.6 million equivalent)—for the Saint Vincent and the Grenadines (SVG) Regional Disaster Vulnerability Reduction Project (RDVRP) by seven months from June 30, 2021 to January 31, 2022 to enable the completion of activities that have suffered delays and damages due to the ongoing explosive volcanic eruption since April 9, 2021, at La Soufrière in Saint Vincent.

2. The RDVRP is a regional project benefiting two countries of the Organisation of the Eastern Caribbean States (OECS): Grenada and SVG. The extension is for the SVG portion of the project to allow for the disbursement of the remaining US\$6.71 million equivalent. The SVG RDVRP was approved on June 23, 2011 and declared effective in October 2011, with an original closing date of December 31, 2016 and a financing of US\$20.9 million equivalent**. The project development objective (PDO) in SVG is to measurably reduce vulnerability to natural hazards and climate change impacts in SVG and in the Eastern Caribbean Sub-region. Two additional financings were approved in May 2014 (US\$40.6 million equivalent) and March 2017 (US\$6.8 million equivalent), increasing the project amount to US\$68.3 million equivalent**. This would be the fourth extension of the closing date for IDA credit 4986-VC for a cumulative 61 months from December 2016 to January 2022, and the third extension of IDA credit 5450 for a cumulative 37 months from December 2018 to January 2022. In total, the project consists of 11 lines of financing for



the two countries, Grenada and SVG. Other than IDA credits 4986-VC and 5450-VC, all other lines of financing have closed or will close by June 30, 2021.

3. The La Soufrière volcano in Saint Vincent started erupting explosively on April 9, 2021, with ensuing ashfall and pyroclastic flows causing devastation in SVG. The volcanic eruption severely affected the entire Vincentian population due to the heavy ashfall, critical utility interruptions, increased food insecurity, potential health impacts, and subsequent flooding and mudslides. As of June 14 2021, an estimated 22,800 people (over 20 percent of the population) were at some time displaced, with up to 4,400 persons in public shelters.

4. The Government has confirmed that the works ongoing under the project remain a national priority as they will protect critical infrastructure in Georgetown through the coastal works. The works will also strengthen the road network rehabilitating and widening road stretches and reducing flood and landslide risk for key roads that connect the north of the island to the south. These activities would also create temporary employment; over 100 Vincentians are engaged at the Georgetown coastal works alone. If the project is not extended, these critical activities may not be completed.

A. Project Status

5. The RDVRP has built resilience across critical sectors in SVG, including education, health, transport, and planning. As of June 14 2021, the project has disbursed US\$57.4 million, 90 percent of the total financing for SVG, of which US\$35.3 million has been disbursed from IDA (84 percent of the total available IDA financing)***. There were initial delays in project implementation as the national team built capacity to implement large-scale resilience projects. In particular, the team now has a strong technical, procurement, and contract management team which has resulted in improved project performance. Project achievements include supporting response to the volcanic eruption by procuring emergency goods and constructing emergency infrastructure and supporting the response to the COVID-19 pandemic. Progress towards the achievement of the PDO and overall implementation progress is moderately satisfactory. All of the end targets of the PDO-level indicators have been achieved. Prior to the explosive volcanic eruption, all ongoing activities, which include six civil works and three technical assistance (TA) activities, were on track to be completed by the project closing date.

6. In advance of the eruption, on April 8, 2021, the Government declared an emergency, and evacuated persons from the at-risk zones; works were thus stopped, and contractors were demobilized and evacuated from the area. This swift action was partly due to the emergency preparedness and response capacity built in SVG under the RDVRP. Chateaubelair Jetty, reconstructed under the RDVRP in February 2021, was vital in facilitating water evacuations before and during the explosive eruption. The emergency shelters and the satellite warehouse that were either rehabilitated or built under the project were used to house the evacuees. Resources under the RDVRP were used to purchase critical goods for emergency preparedness and response. In addition, personnel from the RDVRP team supported the procurement of goods for the National Emergency Management Office (NEMO) and the Emergency Operations Center.

7. The project is in compliance with the Bank safeguard policies. The RDVRP is an Environmental Category B project with the following policies triggered: (i) Environmental Assessment (OP 4.01); (ii) Natural Habitats (OP 4.04); (iii) Pest Management (OP 4.09); (iv) Physical Cultural Resources (OP 4.11); and (v) Involuntary Resettlement (OP 4.12). The required Social and Environmental safeguards instruments for the project, including an Environmental Assessment/Environmental Management Framework and a Resettlement Policy Framework, as well as numerous



Environmental and Social Management Plans and Resettlement Action Plans, have been prepared by the Governments, approved by the World Bank, and were publicly disclosed in the two countries and at the Bank InfoShop. Compliance with all Bank safeguard instruments is either satisfactory or moderately satisfactory.

8. The project is in compliance with legal covenants as well as Bank fiduciary policies. There are no overdue audit reports and no significant unresolved issues highlighted by the auditors. All audit reports were considered satisfactory to the Bank.

B. Rationale for Restructuring

9. The ongoing civil works were either delayed or suspended, as they were in areas at risk due to the explosive volcanic eruption. There continues to be good technical capacity and performance in construction management with a clear assessment of the activities needed to complete the remaining works. The timeline of a 30 day period for re-mobilizing the contractor and up to six months for the completion of works (once there is official clearance to restart) appears realistic. Below is a summary by activity.

a. Buccament river works (estimated cost: US\$2.5 million). Works at Lot 2 are complete. The additional works requested by the project at Lot 1 are expected to be completed by July 2021.

b. Belle Isle slope stabilization (estimated cost: US\$1.4 million). This activity is in the orange zone and work is expected to re-start in June 2021 and be completed by September 2021.

c. Sans Souci coastal works (estimated cost: US\$3.2 million). Works re-commenced in May 2021 and are expected to be completed by September 2021.

d. Georgetown coastal works

- 1A (estimated cost: US\$4.4 million). Works are expected to be completed by September 2021.

- 1B (estimated cost: US\$5.2 million). Works are expected to be completed by December 2021.

e. Longline (estimated cost: US\$3.3 million). Based on the current assessment, works are expected to be completed by January 2022.

f. Technical assistance activities, such as the designs for the Referral Hospital, consultations for the national physical development plan, and the finalization of the emergency communications network, have been delayed due to the focus on the humanitarian efforts. These activities are expected to be completed within the next two to four months. The project has sufficient resources available to cover the anticipated increases in costs.

II. DESCRIPTION OF PROPOSED CHANGES

10. Extension of the Closing Dates of the Credits. The proposed extension of the closing dates of the IDA credits (4986-VC and 5450-VC) by an additional seven months, from June 30, 2021 to January 31, 2022, will enable the completion of activities already under contract as well as any emergency procurement of goods to support response and recovery efforts and achieve the development objective. The PDO has not been modified and remains achievable.

11. Additional changes. In line with the extension, the implementation plan, disbursement estimates, and results framework will be updated. The Government has prepared a revised implementation schedule, which is acceptable to the Bank. It is expected that resources under the RDVRP are sufficient to meet the anticipated costs of the project. The end dates for achieving the indicator targets will be updated in the next Implementation Status Report; all targets remain unchanged. There are no changes in the disbursement categories.



12. Risks. The current overall risk to achieving the PDO, which is rated Moderate, will remain unchanged. The three most significant risks to the project include: (i) increase in volcanic activity; (ii) worsening of the impact of the COVID-19 pandemic, which has already resulted in project delays; and (iii) potential adverse weather events. The proposed extension includes a buffer to account for potential delays. The action plans agreed with the counterparts will be regularly updated and the Bank will provide on-going implementation support.

* The SVG portion of project was comprised of the following at the time of signing, September 9, 2011: IDA Credit No. 4986-VC (US\$10.92 million equivalent); Strategic Climate Funds (SCF) Pilot Program for Climate Resilience (PPCR) loan No. TF011132 (US\$3 million) and SCF PPCR grant: No. TF010206 (US\$7 million).

** Following the two additional financings, the SVG portion of the project was comprised of:

- IDA Credits: No. 4986-VC dated September 9, 2011 (US\$10.92 million equivalent); and No. 5450-VC dated August 14, 2014 (US\$35.6 million equivalent);
- SCF PPCR loans No. TF011132 dated September 9, 2011 (US\$3 million);
- SCF PPCR grants: No. TF010206 dated September 9, 2011 (US\$7 million) and No. TF016733 dated August 14, 2014 (US\$5 million); and
- European Union – European Development Fund: SVG Grant No. TF0A3698 dated May 16, 2017 (US\$6.8 million equivalent).

***Ratios adjusted to reflect foreign exchange losses.

III. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-49850	Effective	31-Dec-2016	31-Dec-2018, 31-Dec-2020, 30-Jun-2021		
IDA-49860	Effective	31-Dec-2016	31-Dec-2018, 31-Dec-2020, 30-Jun-2021	31-Jan-2022	31-May-2022
IDA-54500	Effective	31-Dec-2018	31-Dec-2018, 31-Dec-2020, 31-Dec-2020, 30-Jun-2021	31-Jan-2022	31-May-2022
TF-10204	Closed	31-Dec-2016	31-Dec-2018, 23-May-2019		
TF-10206	Closed	31-Dec-2016	31-Dec-2018, 23-May-2019		



The World Bank

Regional Disaster Vulnerability Reduction APL1 - Grenada and St. Vincent and the Grenadines (P117871)

TF-11131	Effective	31-Dec-2016	31-Dec-2018, 31-Dec-2020, 30-Jun-2021
TF-11132	Closed	31-Dec-2016	31-Dec-2018, 31-Dec-2020, 19-May-2021
TF-16733	Closed	31-Dec-2018	31-Dec-2020, 19-May-2021
TF-19232	Closed	31-Dec-2018	23-May-2019
TF-19396	Effective	31-Dec-2018	31-Dec-2020, 30-Jun-2021
TF-A3698	Closed	31-Dec-2018	30-Apr-2019, 30-Dec-2020, 19-May-2021