

CARIBBEAN DEVELOPMENT BANK

TWO HUNDRED AND NINETY-NINTH MEETING OF THE BOARD OF DIRECTORS

TO BE HELD VIRTUALLY

SEPTEMBER 22, 2022

PAPER BD 29/17 Add. 2

**TECHNICAL ASSISTANCE – INSTITUTIONAL STRENGTHENING ENERGY SECTOR
GRENADA – SECOND ADDITIONAL GRANT**

1. BACKGROUND

1.01 The Board of Directors (BOD) of the Caribbean Development Bank (CDB) at its Two Hundred and Seventy-fifth Meeting held on March 16, 2017, considered Paper BD29/17 entitled “Technical Assistance – Institutional Strengthening Energy Sector Grenada” (the Original Paper) and approved a Grant to the Government of Grenada (GOGR) of an amount not exceeding the equivalent of Two hundred and thirty-one thousand, six hundred and thirty United States dollars (USD231,630) (the Original Grant) from the Special Funds Resources (SFR) of CDB, allocated from resources provided by the Inter-American Development Bank (IDB), acting as administrator of the Global Environment Facility (GEF) under the Sustainable Energy Facility (SEF) for the Eastern Caribbean Programme. The Original Grant was provided to finance consultancy services, specifically, the services of a Geothermal Energy Project Coordinator (GE-PC) and a Community Liaison Officer (CLO), to assist with the institutional strengthening of the Geothermal Energy Project Management Unit (GPMU) in the Energy Division of the then Ministry of Finance and Energy (MOFE) of GOGR (the Project), on the terms and conditions set out and referred to in Paragraph 12 of the Original Paper (the Original Terms and Conditions).

1.02 At its Two Hundred and Ninety-first Meeting held virtually on September 24, 2020, the BOD was notified, pursuant to Paper BD29/17 Add. 1 that on August 7, 2020, the President, with respect to the Original Grant, approved a variation of the Original Terms and Conditions and an additional Grant (1st Additional Grant) from CDB’s SFR, comprising:

- (a) an amount not exceeding the equivalent of two hundred and seventy-three thousand United States dollars (USD273,000) allocated from resources provided by IDB, acting as administrator of GEF under SEF; and
- (b) an amount not exceeding twenty-seven thousand, seven hundred and seventy-eight Euros (EUR27,778) allocated from funds provided to CDB by the European Union under the Caribbean Investment Fund (EU-CIF) Geothermal Risk Mitigation (GRM) Programme.

1.03 This 1st Additional Grant provided continued support for the Grenada GPMU, specifically, to extend the consultancy services of the GE-PC and CLO as well as to facilitate specialist technical assistance support for procurement-related activities. The revised terms and conditions are set out at Appendix 1 (the Revised Terms and Conditions).

1.04 The GE-PC is responsible for the overall coordination and management of the GOCR's exploration drilling campaign including costs, schedules and resources, whereas the CLO is responsible for facilitating community engagement and addressing relevant issues in a proactive and timely manner, to ensure an inclusive and gender-sensitive approach to the development.

1.05 The expected outcome of the Project is the strengthened capacity of GOCR to successfully manage and implement geothermal energy (GE) projects through meaningful community and stakeholder engagement. This would reduce technical, financial, and operational risks, as well as increase the likelihood of the successful development of GE resources in Grenada.

2. REQUEST

2.01 GOCR formally submitted a request for further additional TA Grant funding, through a letter of request dated March 1, 2022, in the amount of Three hundred and seventy-eight thousand United States dollars (USD378,000) to continue to support the institutional strengthening of GOCR's GPMU through a further extension of the contracts for the GE-PC and CLO to December 31, 2024.

3. STATUS OF PROJECT IMPLEMENTATION

3.01 The Original Grant Agreement between CDB and GOCR was signed on May 16, 2017, with the conditions precedent to first disbursement being satisfied on May 26, 2017. An Amending Grant Agreement (1st Amending Grant Agreement) was subsequently signed and became effective on October 23, 2020, which extended the Project end date to December 31, 2021. The Project end date has since been extended to December 31, 2022. The total disbursed amount to-date is the equivalent of five hundred and two thousand, five hundred and eighty-five United States dollars (USD502,585).

3.02 Under this request, a further extension to the project end date is proposed to December 31, 2024, to facilitate the completion of the exploration drilling campaign. As such, additional resources are proposed to extend the contracts for the GE-PC and CLO.

3.03 The contract for the consulting services of the GE-PC and CLO were originally signed on April 24, 2018 and June 3, 2019, respectively. In accordance with the 1st Amending Grant Agreement, the contract term for both consultancies was extended to March 31, 2022. Addendums to these contracts, extending the period of engagement to October 2022, were agreed between the consultants and GOCR on April 6, 2022. These addendums were to ensure continuity of service and to allow additional time for GOCR to secure the necessary funding for the proposed extension of the consultancy services.

3.04 The Original Project aimed to fund the costs associated with the consultants (GE-PC and CLO) for an initial period of two years. However, given the nuanced challenges associated with GE development, determining the precise amount of funding support and the time required for certain activities has been a learning experience in many respects for all stakeholders. As such, it is considered that the original duration contemplated was insufficient and an additional two-year period was approved. Since their engagement, it should be noted that GOCR and CDB have been satisfied with the performance of the GPMU to date, and they have delivered as per expectations.

3.05 During the implementation period, the Project has suffered delays due to technical, environmental, social, and cost risks manifesting, and has been further exacerbated by the ongoing impacts of the COVID-19 pandemic. A summary of the key events which impacted the Project implementation is presented in Appendix 2. These issues have resulted in a revised project time to completion of the exploration drilling activities to the end of December 2024. As such, further support to the GPMU to facilitate the extension

of the contracts of the GE-PC and CLO is required to ensure that the Project objectives are achieved despite these delays and setbacks.

3.06 Key activities on the Project, have been or are currently being coordinated and managed by the GPMU and include:

- (a) Surface-based geological, geophysical and geochemical investigations at various sites, allowing the development of conceptual models of the postulated geothermal reservoirs in the general project location and the identification and ranking of three potentially suitable drilling sites – this activity is completed.
- (b) Development of a water resource study and respective water supply system design, infrastructure assessment, site definition and, drilling plan with support provided by the Government of New Zealand and other preliminary studies/reports provided with support from the Government of Japan through the Japanese International Cooperation Agency – this activity completed.
- (c) Procurement and engagement of a consultant firm for the execution of an Environmental and Social Impact Assessment (ESIA) – the ESIA itself is ongoing and is expected to be completed in Q2 2023.
- (d) Ongoing engagement and consultations with various stakeholders and community groups, which will continue to the end of the exploratory drilling phase of the Project.
- (e) Development and review of conceptual engineering designs and drawings for the Project infrastructure, including access roads, water supply and well-pads completed.
- (f) Ongoing management of procurement and technical project preparation work, such as, geotechnical investigations and topographic surveys at the proposed exploratory drilling sites completed.
- (g) Design and optimisation of the proposed approach for exploratory drilling – this activity is completed.

3.07 To recover some of the time lost, the GPMU has developed an optimised project implementation plan and schedule, which will take the Project to the completion of the exploratory drilling phase by Q4 2024. This plan, the key elements of which are presented in Appendix 3, has incorporated lessons learned from the Grenada Project to-date as well as other GE Projects in the region. These lessons have informed the revised estimated durations and sequencing of the key activities and, as such, the basis for the revised projections is considered to be sound. The GPMU will coordinate and manage the following key activities over the proposed period of extension facilitated by this request:

- (a) Completion of the ESIA;
- (b) Successful negotiation with respective landowners at the proposed drilling sites¹;

¹ Noting that this is a key project risk and a pre-requisite to the commencement of CDB's project appraisal for the funding of the drilling campaign. The new Minister and PS for RE have made this a priority to progress with the necessary next steps including engaging a Land Liaison Officer to advance the negotiation process with landowners.

- (c) Completion of all other project preparation assessments and studies, such as geotechnical investigations and other required cadastral and topographic surveys at the exploratory sites;
- (d) Procurement, award, and execution of contract for infrastructure works for exploratory drilling (road upgrades, drilling water supply installation, well pad and ancillary facilities construction); and
- (e) Procurement, award, and execution of contract for the exploratory drilling programme.

3.08 In March 2022, a CDB team visited Grenada to meet with GOCR regarding the finalisation of the Country Engagement Strategy, as well as to discuss matters related to the current project portfolio. It was noted that implementation challenges and delays have affected several CDB Projects, and in response, GOCR has created a Ministry of Implementation and has added engineers to the Ministry of Infrastructure Development. Further, considering the nature of GE development and the likelihood that issues will emerge in the future that could potentially impact project implementation, GOCR agreed to operationalise the Geothermal Working Group (GWG), which was previously approved by Cabinet in August 2020. After the mission, GOCR followed through with the kick-off meeting of the GWG, which was held on March 17, 2022. This GWG, which is comprised of high-level membership across several ministries, agencies and entities that are connected in their roles and functions to the goals of the Project, will meet quarterly to ensure that matters relating to implementation, which often require input across several ministries or agencies, will be addressed more efficiently and effectively, thus reducing the potential impact on project implementation.

3.09 In June 2022, general elections were held in Grenada and resulted in a change of Government Administration. Despite this change, GE development remains a key priority for the country. The manifesto of the new administration featured a focus on a transition to more RE including GE. In furthering this commitment, GOCR has established a Ministry of Climate Resilience, Environment and Renewable Energy. Noting that Grenada's options for utility scale renewable energy (RE) projects are limited due to a lack of appropriate sites for large-scale wind and solar PV, for example, the geothermal Project remains the main option for achieving Grenada's energy transition and climate change targets. Since taking office, the new Minister of Renewable Energy has had several meetings with the Project team, and has reiterated GOCR's commitment to geothermal development. It should be noted that this level of Ministerial engagement is a significant improvement and has already resulted in timely action and decision making on key elements of the Project. One key item that has progressed has been the approval of the funding by GOCR and the engagement of a GE Consultant Land Liaison Officer (LLO) by the new Permanent Secretary (PS) for Renewable Energy in July 2022. The LLO will play a critical role in assisting the GPMU in its efforts to address matters relating to land access and rights at the proposed GE drilling sites – which is a pre-requisite for CDB's appraisal process for the exploration drilling campaign.

4. PROPOSAL

4.01 It is proposed that CDB provides an additional Grant to GOCR from CDB's SFR, comprising an amount not exceeding the equivalent of three hundred and seventy-eight thousand United States dollars (USD378,000) allocated from resources provided by the IDB, acting as administrator of the Green Climate Fund (GCF) under the SEF for the Eastern Caribbean Programme, to continue to support the institutional strengthening of GOCR's GPMU through a further extension of the contracts for the GE-PC and CLO to December 31, 2024 (the 2nd Additional Grant). A Detailed Budget is presented in Appendix 4.

5. JUSTIFICATION

5.01 Replacing fossil fuel use in power generation through RE remains the primary option for Grenada to achieve its national energy security and climate change objectives. Of the RE options available, GE holds the greatest prospect for transforming the country's energy matrix, directly displacing diesel fuel-based generation. Results of previous studies as part of the GE development programme provide good indications that a geothermal resource suitable for power generation is to be found in Grenada and could possibly support a plant of 15 megawatts (MW). A plant of this capacity could displace 55% of the total electricity generation from diesel, contributing to reduction/stability in tariffs, and enhanced energy security.

5.02 Despite the various delays which have impacted the Project's schedule, GOCR remains committed to pursuing the GE development Project. To this end, GOCR submitted a letter to CDB, dated April 29, 2021, requesting funding for the Geothermal Exploratory Drilling Investment Project. In turn, CDB under its GeoSmart Initiative also remains committed to supporting its Borrowing Member Countries (BMCs) in their pursuit of GE and responded to GOCR via letter, dated May 27, 2021, indicating that approximately nine million, five hundred thousand United States dollars (USD9.5 mn) could be allocated, subject to the Bank's successful appraisal of the Project. However, further project preparation work, which will be coordinated and managed by the GPMU, is required prior to the commencement of a formal appraisal. As such, the services of the GE-PC and CLO are critical to ensure the Project proceeds to the appraisal stage.

5.03 The rate of implementation under this extended implementation period is expected to improve due to the experience gained by the GPMU to-date, as well as lessons learned from the Bank's involvement in other GE development Projects, including Dominica, St. Kitts and Nevis and St. Vincent and the Grenadines. Further, Grenada will also benefit from a regional capacity strengthening intervention that CDB has established in partnership with the Organisation of Eastern Caribbean States Commission (OECS). This Programme, known as the GEOBuild Programme, has been established based on CDB's experience in supporting these Projects, recognising common capacity constraints and associated capacity building and training needs across the countries. As such, the Programme launched in Q1 2022 will provide a range of regional-level capacity-strengthening interventions to support the effective implementation of GE Projects. These include, inter alia, providing the governments with critical backstopping GE expert technical advice, supporting the training of various persons in geoscience (and other technical areas), supporting GE project development, and providing public information and awareness in relation to GE development. It is also deemed critical that even as advisory support is provided to the government ministries and agencies, these institutions are also supported to allow them to build their own internal skills to better fulfil these roles going forward. As such, GOCR will benefit from this additional capacity support as the Grenada GE Project moves forward.

5.04 It is considered that the additional resources and time requested by GOCR under this 2nd Additional Grant is critical in advancing the GE Project in line with the revised plan. The intention of the GeoSmart Initiative is to support GE development through to the test drilling stage, and the successful establishment of the resource. By continuing to strengthen the capacity of GPMU, the Project will provide GOCR with the capacity to advance GE development through the exploratory drilling phase, thereby unlocking the potential for investment in a production drilling campaign and power plant development. These latter phases would be eligible for funding resources under the CDB GeoSmart Initiative. It is considered that this continued support is the only viable option for Grenada to develop its GE resource in the near term.

5.05 It should be noted that under the SEF Operating Manual, which governs the implementation of the programme, a 'no objection' from IDB is required to allocate resources under the programme to sub-projects. As such, IDB has already provided its no objection for the allocation of the additional proposed resources for this Project.

6. PROCUREMENT

6.01 Procurement will continue to be undertaken in accordance with the Guidelines for the Selection and Engagement of Consultants (October 2011). The services for GE-PC and CLO will be procured under the single-source selection method, by extending the contracts of the incumbent GE-PC and CLO. Single sourcing is justified based on the continuation of service, in accordance with paragraph 5.6 of the aforementioned guidelines. The Procurement Plan is presented at Appendix 5. Any revisions to the Procurement Plan shall require CDB's prior approval in writing.

7. IMPLEMENTATION

7.01 Arrangements for project implementation remain largely the same, however, due to the aforementioned change in Government Administration, the Energy Division, formerly under MOFE, which will continue to be the implementing agency for the Project, is now located under a newly formed Ministry of Climate Resilience, Environment, and Renewable Energy.

7.02 The consultants will continue to be located within the Energy Division and are expected to have a close working relationship with other government departments and agencies, to effectively manage GOCR's contributions. The composition of the GWG will likely be amended given the change in Government Administration, however, it is expected that it will continue to be coordinated by the GE-PC and chaired by the Permanent Secretary with responsibility for Energy, and will provide oversight, coordination and support to the GPMU, to ensure more efficient and effective implementation of the Project.

7.03 The 2nd Additional Grant will fund the services and reimbursable expenses related to the work of GE-PC and CLO for an additional 30 months. GOCR will provide counterpart resources in the form of support staff, office space and equipment for the consultants, as well as administrative support.

7.04 The Revised Design and Results Monitoring Matrix is included at Appendix 6 and has been updated to reflect the changes in the budget and implementation period.

8. REVISED PROJECT COST AND FINANCING

8.01 The total cost of the Project, including both the Original Grant and the two Additional Grants, is estimated at one million and seventy-five thousand, four hundred and forty-seven United States dollars (USD1,075,447). CDB will fund 85% - nine hundred and fourteen thousand, one hundred and thirty United States dollars (USD914,130) of the Project costs with GOCR providing counterpart funding of 15% - one hundred and sixty-one thousand three hundred and seventeen United States dollars (USD161,317). Table 1 below gives a summary of the original and revised Project costs.

8.02 The cost of the consultancy services, reimbursable expenses and related administrative support for the additional 30-month period is estimated at five hundred and thirty-nine thousand, three hundred and seventeen United States dollars (USD539,317). CDB's contribution will be the equivalent of three hundred and seventy-eight thousand United States dollars (USD378,000) allocated from resources provided by IDB under SEF/GCF. Funds are available within existing resources under the CDB/IDB SEF programme, from GCF/SEF grant resources.

8.03 CDB will finance consultant fees and reimbursable expenses (including travel expenses) related to the work of GE-PC and CLO. GOCR will finance the costs of counterpart staff to work with and provide administrative support to the consultants, as well as office space and equipment.

**TABLE 1: ORIGINAL AND REVISED PROJECT COST
(USD)**

Item	Original Budget			Revised Budget		
	CDB (GEF/SEF)	GOCR	Sub-Total	CDB	GOCR	Sub-Total
1. Professional Fees	220,600	-	220,600	880,600	-	880,600
2. Office Space, Admin Services and Office Equipment	-	38,930	38,930	-	145,185	145,185
Sub Total	220,600	38,930	259,530	880,600	145,185	1,025,785
3. Transfer Fees	-	-	-	4,000	-	4,000
4. Contingency	11,030	1,940	12,970	29,530	16,132	45,662
Total in USD	231,630	40,870	272,500	914,130	161,317	1,075,447
Percentage (%)	85%	15%	100%	85%	15%	100%

9. RECOMMENDATION

9.01 It is recommended that the BOD approve:

- (a) a second Additional Grant to GOCR from CDB's SFR of an amount not exceeding the equivalent of three hundred and seventy-eight thousand United States dollars (USD378,000) allocated from resources provided by IDB under SEF/GCF, on the Revised Terms and Conditions, except as modified in paragraphs (b), (c) (d) and (e) below;
- (b) a variation of the Revised Terms and Conditions by:
 - (i) deleting the chapeau of paragraph 12.01 in its entirety and substituting the following therefor:

“12.01 It is recommended that the Board of Directors approve a grant to GOCR from CDB's SFR comprising: (a) an amount not exceeding the equivalent of five hundred and four thousand, six hundred and thirty United States dollars (USD504,630) allocated from resources provided by the Inter-American Development Bank (IDB), acting as administrator of the Global Environment Facility (GEF) under the Sustainable Energy Facility (SEF) for the Eastern Caribbean Programme; (b) an amount not exceeding the equivalent of three hundred and seventy-eight thousand United States dollars (USD378,000) allocated from resources provided by IDB, acting as administrator of the Green Climate Fund (GCF) under the SEF Programme; and (c) an amount not exceeding twenty-seven thousand, seven hundred and seventy-eight Euros (EUR27,778) allocated from funds provided to CDB by the European Union under the Caribbean Investment Fund (EU-CIF) Geothermal Risk Mitigation (GRM) Programme, for the purpose of financing consultancy services to assist with the institutional strengthening of GPMU (the Project), on CDB's standard terms and conditions, and on the following terms and conditions:”;

- (ii) deleting paragraph 12.01(a)(iii) in its entirety and substituting the following therefor:

- “(iii) payments exceeding the equivalent of eight hundred and twenty-two thousand, seven hundred and seventeen United States dollars (USD822,717) until CDB shall have received:

- (aa) the requisite number of copies of the final reports, in form and substance acceptable to CDB, required to be submitted by either consultant to GOCR and CDB; and

- (bb) a certified statement of the expenditures incurred by GOCR in respect of, and in connection with, the Project.”

- (iii) deleting paragraph 12.01(b) in its entirety and substituting the following therefor:

- “Period of Disbursement

- The first payment of the Grant shall be made by June 30, 2017, and the Grant shall be fully disbursed by December 31, 2024, or such later dates as CDB may specify in writing.”;

- (iv) deleting paragraph 12.01(c)(ii) in its entirety and substituting the following therefor:

- “Procurement of the consultants shall be extended to IDB Member Countries and countries eligible for procurement under EU-funded projects.”;

- (v) deleting paragraph 12.01(d)(i) in its entirety and substituting the following therefor:

- “(i) Except as CDB may otherwise agree, the Project shall be executed by GOCR through the Ministry of Climate Resilience, Environment, and Renewable Energy.”

- (vi) deleting paragraph 12.01(d)(v) in its entirety and substituting the following therefor:

- “(v) GOCR shall:

- (aa) insert, as applicable, the CDB, EU, GCF and GEF and logos on all documents and publications financed under the Project; and make reference to CDB, the EU, GCF and GEF, as applicable, as the source of financing in any meeting, press conference or communication in which reference is made to the financing of the consultants for the Project;

- (bb) comply with the environmental and social requirements agreed between CDB and IDB as detailed in the Operating Manual for the GCF Resources;

- (cc) furnish all information that the CDB, IDB and the GCF may reasonably request in respect of the Grant and the financial situation of GOCR;
 - (dd) ensure an appropriate protection of personal data in accordance with CDB's "Personal Data Privacy Policy", or such other policy, procedures or guidelines as may be specified in writing by CDB;
 - (ee) permit CDB, or the European Commission (EC), or any person appointed thereby, to audit the expenditures financed by the Grant, and to provide CDB, or the appointed person with all reasonably required assistance, documents and information;
 - (ff) preserve the original records of the Project for a minimum period of three (3) years after the expiration date of the period of disbursement referred to in paragraph 2 or any extension thereof. Such documents and records shall be maintained adequately in order to:
 - (i) substantiate Project-related activities, decisions and transactions, including all expenditures incurred; and
 - (ii) show the correlation of the expenditures incurred under the Project to the respective disbursements made by CDB; and
 - (gg) in respect of the EU-CIF GRM resources, during implementation of the Project, and up to five (5) years after the end of the EU-CIF GRM resources and in any case until any on-going audit, verification, appeal, litigation or pursuit of claim or investigation by the European Anti-Fraud Office (OLAF), if notified to CDB, has been disposed of:
 - (i) keep and make available all relevant financial information (originals or copies) related to the Project; and
 - (ii) facilitate and permit authorised representatives of CDB, EC, OLAF and the European Court of Auditors to conduct desk reviews; on-the-spot checks; inspections; and investigations relating to fraud, corruption and any other illegal activity;" and
- (vii) deleting paragraph 12.01(f) in its entirety and substituting the following therefor:
- “(f) CDB shall be entitled to suspend, cancel or require a refund, if the funds of the EU, GCF, GEF, or any part thereof is suspended, cancelled or required to be refunded, and if at any time CDB determines that any representative of GOCR has engaged in Prohibited Practices in connection with the use of the Grant without GOCR having taken timely and appropriate action satisfactory to CDB to address such practices when they occur, except that GOCR shall not be required to refund any amount already expended in connection with

the Project and not recoverable by GOCR.”

- (c) a revision of the budget for the Project by deleting the budget appearing at Appendix 6 to the Original Paper and substituting therefor the Revised Budget appearing at Appendix 4 hereto;
- (d) a revision of the Procurement Plan for the Project by deleting the Procurement Plan appearing at Appendix 8 to the Original Paper and substituting therefor the Revised Procurement Plan appearing at Appendix 5 hereto; and
- (e) a revision of the Design and Results Monitoring Matrix for the Project by deleting the Design and Results Monitoring Matrix appearing at Appendix 9 to the Original Paper and substituting therefor the Revised Design and Results Monitoring Matrix appearing at Appendix 6 hereto.

SUPPORTING DOCUMENTATION

Appendix 1 – Revised Terms and Conditions

Appendix 2 – Revised Project Schedule

Appendix 3 – Summary of Project Delays

Appendix 4 – Budget

Appendix 5 – Revised Procurement Plan

Appendix 6 – Revised Design and Results Monitoring Matrix

<i>Director Projects Department</i>	<i>Mr. Daniel Best</i>
<i>Division Chief Economic Infrastructure Division</i>	<i>Mr. L. O'Reilly Lewis</i>
<i>Sustainable Energy Specialist Economic Infrastructure Division</i>	<i>Mr. Christopher Straughn</i>

REVISED TERMS AND CONDITIONS
(Paper BD 29/17 and Paper BD29/17 Add. 1)

12.01 It is recommended that the Board of Directors approve a grant to GOCR from CDB's SFR comprising an amount not exceeding the equivalent of Five hundred and four thousand six hundred and thirty United States dollars (USD504,630) allocated from resources provided by the Inter-American Development Bank (IDB), acting as administrator of the Global Environment Facility (GEF) under the Sustainable Energy Facility (SEF) for the Eastern Caribbean Programme, and an amount not exceeding Twenty-seven thousand, seven hundred and seventy-eight Euros (EUR27,778) allocated from funds provided to CDB by the European Union under the Caribbean Investment Fund (EU-CIF) Geothermal Risk Mitigation Programme, for the purpose of financing consultancy services to assist with the institutional strengthening of GPMU (the Project), on CDB's Standard Terms and Conditions, and on the following Terms and Conditions:

(a) Disbursement

Except as CDB may otherwise agree, payment of the Grant shall be made as follows:

- (i) an amount not exceeding the equivalent of Twenty thousand United States dollars (USD20,000) shall be paid as an advance (the Advance) on account of expenditures in respect of the Grant, following receipt by CDB of:
 - (aa) a request in writing from GOCR for such funds; and
 - (bb) a copy of the signed contract between GOCR and the consultant for the provision of the services in respect of which the payment is to be made; and
- (ii) the balance of the Grant will be paid quarterly, in amounts not exceeding the equivalent of Twenty thousand United States dollars (USD20,000), by way of additional advance payments, provided however, that CDB shall not be under any obligation to make:
 - (aa) the first such payment until CDB shall have received an account and documentation satisfactory to CDB in support of expenditures incurred by GOCR with respect to the Advance;
 - (bb) any subsequent payment until CDB shall have received:
 - (i) an account and documentation satisfactory to CDB in support of expenditures financed by GOCR from the resources of the immediately preceding payment;
 - (ii) a request in writing from GOCR for the additional advance payment; and
 - (iii) the requisite number of copies of the reports, in form and substance acceptable to CDB, required to be submitted by either the consultant to GOCR and CDB for the time being, in accordance with the respective TORs; and

- (iii) payments exceeding the equivalent of Four hundred and eighty-two thousand, five hundred and seventeen United States dollars (USD482,517) until CDB shall have received:
 - (aa) the requisite number of copies of the final reports, in form and substance acceptable to CDB, required to be submitted by either consultant to GOCR and CDB; and
 - (bb) a certified statement of the expenditures incurred by GOCR in respect of, and in connection with, the Project.

(b) Period of Disbursement

The first payment of the Grant shall be made by June 30, 2017, and the Grant shall be fully disbursed by December 31, 2021, or such later dates as CDB may specify in writing.

(c) Procurement

- (i) Subject to paragraph (b) below, procurement shall be in accordance with the procedures set out and/or referred to in the Grant Agreement between CDB and GOCR, or such other procedures as CDB may from time to time specify in writing.
- (ii) Procurement of the consultants shall be extended to IDB Member Countries.
- (iii) The Procurement Plan approved by CDB is set out at Appendix 8. Any revisions to the Procurement Plan shall require CDB's prior approval in writing.

(d) Other Conditions

- (i) Except as CDB may otherwise agree, the Project shall be executed by GOCR through the MOFE.
- (ii) GOCR shall identify and provide any additional counterpart technical and administrative staff to support the consultants as well as any office space and equipment necessary for the successful completion of the Project.
- (iii) GOCR shall in accordance with the procurement procedures applicable to the Grant, select and engage the consultant who shall be responsible for providing the services of GE-PC set out in the TOR at Appendix 1.
- (iv) GOCR shall in accordance with the procurement procedures applicable to the Grant, select and engage the consultant who shall be responsible for providing the services of CLO set out in the TOR at Appendix 2.
- (v) GOCR shall:
 - (aa) insert, as applicable, the CDB and GEF logos on all documents and publications financed under the Project; and make reference to CDB and GEF, as applicable, as the source of financing in any meeting, press conference or communication in which reference is made to the financing of the consultants for the Project; and

- (bb) preserve the original records of the Project for a minimum period of three (3) years after the expiration date of the period of disbursement referred to in paragraph 2 or any extension thereof. Such documents and records shall be maintained adequately in order to:
 - (iii) substantiate Project-related activities, decisions and transactions, including all expenditures incurred; and
 - (iv) show the correlation of the expenditures incurred under the Project to the respective disbursements made by CDB.
- (e) Except as CDB may otherwise agree, GOCR shall meet, or cause to be met:
 - (i) the cost of the items designated for financing by GOCR in the budget set out in Appendix 6 (the Budget);
 - (ii) any amount by which the cost of the Project exceeds the estimated costs set out in the Budget; and
 - (iii) the cost of any other items needed for the purpose of, or in connection with, the Project;and shall provide all other inputs required for the punctual and efficient carrying out of the Project not being financed by CDB.
- (f) CDB shall be entitled to suspend, cancel or require a refund, if the GEF funding, or any part thereof is suspended, cancelled or required to be refunded, and if at any time CDB determines that any representative of GOCR has engaged in Prohibited Practices in connection with the use of the Grant without GOCR having taken timely and appropriate action satisfactory to CDB to address such practices when they occur, except that GOCR shall not be required to refund any amount already expended in connection with the Project and not recoverable by GOCR.

REVISED PROJECT SCHEDULE

Grenada Geothermal

Preliminary Schedule - Key Activities

Execution of two slanted, slim-hole wells to ~1500m

Updated August 2022

Item	Completion by
PROJECT ADMIN	
Land Liaison Consultant commences	Aug-22
PC, CLO commence new contracts	Oct-22
Land use/ownership resolution	Mar-23
Project Appraisal complete (CDB)	Jun-23
ESIA	
ESIA consultant recommences with varied scope	Sep-22
Draft ESIA published for consultation	Jan-23
End of Mandatory Publication & Review period (Disclosure)	May-23
Acceptance of ESIA	May-23
GEOTECHNICAL INVESTIGATIONS	
Geotechnical grant financing confirmed	Sep-22
Issue RFP for Geotech	Sep-22
Award Geotech contract & commence	Apr-23
Final geotech report	Jun-23
INFRASTRUCTURE	
Issue prequalification documentation	Oct-22
Issue RFP for infrastructure development	Jun-23
Award of Contract for infrastructure development	Sep-23
Infrastructure completed	May-24
DRILLING	
Issue RFP for drilling contractor	Mar-23
Award of exploratory drilling contract	Aug-23
Contractor's mobilization (int'l & local) complete	Jul-24
Commence exploratory drilling at first site	Aug-24
Complete exploratory drilling at second site	Nov-24
Testing and final reporting	Dec-24

SUMMARY OF PROJECT DELAYS

The overall Project schedule has been impacted by delays and other emerging issues, including:

- (a) delays during the engagement of the GE-PC and CLO, owing to several issues such as failed procurement attempts and longer than expected contract negotiation periods;
- (b) delays affecting the geoscientific work, thus preventing the timely identification of appropriate sites, due to delayed approval of the technical support to GOCR from the Government of New Zealand (GONZ), the partner through which geoscientific resources are provided;
- (c) a high rate of change in personnel overseeing the GE development within GOCR^{1/}, such that there was a need for re-orientation of newly appointed personnel, rebuilding of working relationships between the GPMU and key interfaces within the relevant ministries, each time these changes occurred;
- (d) delays in the procurement process of the consultant firm to perform the ESIA;
- (e) an increase in the scope and overall schedule for the ESIA to address the issues which have emerged, as well as to take into consideration a new location for the well pad at one of the drilling sites. This resulted in the need for several protracted iterations for contract variation, followed by the need for a request to CDB for an additional grant to cover the additional costs associated with the increased scope. Just before the ESIA consultant was to be remobilised, GOCR declared a state of emergency in the country due to the Covid-19 pandemic, thus further delaying the implementation of the ESIA.
- (f) delays in stakeholder engagement activities including the engagement with landowners to address matters around land ownership and access caused by the impacts of the Covid-19 pandemic;
- (g) other project delays in project implementation were caused by the pandemic due to competing priorities of key decision makers within GOCR;
- (h) GOCR was originally intending to complement CDB's grant funding contribution to the overall drilling programme from other donor partners. However, due to the time elapsed, contracting foreign aid budgets and reallocation of Grant resources towards Covid-19 response and recovery, these additional resources became unavailable. In addition, increased prices for certain key elements within the drilling campaign scope presented an additional challenge. On this basis, the GPMU and the Projects Technical Advisory Team worked to review and optimise the proposed approach and design of the drilling campaign, to achieve the Project objectives within the available budget. This technical/economic review and redesign kicked off in mid-2021 and was completed in early 2022. As this change would affect many of the major activities under the project, most of these were halted during this period. A further revision of the ESIA scope was subsequently required, with a final variation proposal presented to GOCR in July 2022.

^{1/} For example, the PS for Energy, who was the direct report for the GE-PC, has been changed four times since the start of the Project; further, the PS in the Ministry of Finance, who also has responsibilities related to many contractual and funding matters, has been changed three times.

- (i) Even though the Project redesign and revised approach was completed in early 2022, no major activity was undertaken due to the upcoming General Elections, which were held in May 2022 and resulted in a change of Government Administration, which also contributed to delays.

BUDGET
(USD)

Original Budget				Revised Budget		
Item	Contribution			Contribution		
	CDB	GOCR	Total	CDB	GOCR	Total
Professional Fees	220,600	-	220,600	880,600	-	880,600
Office Space, Admin Services and Office Equipment	-	38,930	38,930	-	145,185	145,185
Sub-total	220,600	38,930	259,530	880,600	145,185	1,025,785
Transfer Fees	-	-	-	4,000	-	4,000
Contingency	11,030	1,940	12,970	29,530	16,132	45,662
Total	231,630	40,870	272,500	914,130	161,317	1,075,447
Percentage	85	15	100	85	15	100

REVISED PROCUREMENT PLAN**A. General****1. Project Information:**

Country: Grenada
 Project Name: Technical Assistance – Institutional Strengthening Energy Sector
 Grenada
 Beneficiary: Government of Grenada
 Project Executing Agency: Ministry of Finance and Energy

2. Bank's Approval Date of the Procurement Plan: March 16, 2017

3. Period covered by this Procurement Plan: April 1, 2017 to December 31, 2024

B. Consultancy Services

1. **Prior Review Threshold:** Procurement decision subject to prior review by the Bank as stated in Appendix 1 to the Guidelines for the Selection and Engagement of Consultants:

	Selection Method	Prior Review Threshold	Comments
1.	ICS	>30,000	

2. **Shortlist comprising entirely of national consultants:** N/A

3. **Reference to (if any) Project Operational/Procurement Manual:** CDB Guidelines for Selection and Engagement of Consultants 2011.

4. **Any Other Special Procurement Arrangements:** a waiver of CDB's Guidelines for Selection and Engagement of Consultants (October 2011) to extend eligibility to IDB Member Countries which are not CDB Member Countries.

5. **Procurement Packages with Selection Methods and Time Schedule:**

Ref No.	Contract (Description)	Estimated Cost (USD)	Selection Method	Review by Bank (Prior/Post)	Expected Bid-Opening Date	Comments
1	GE-PC		ICS	Prior	Feb 28, 2017	Contracted
2	CLO		ICS	Prior	August 2017	Contracted
3	Ad hoc Procurement Specialist		ICS	Prior	July 2020	Ongoing, as required

C. Implementing Agency Capacity Building Activities with Time Schedule

CDB online Procurement Training for GE-PC and CLO; and virtual meeting on procurement via video conferencing

This information is withheld in accordance with one or more of the exceptions to disclosure under the Bank's Information Disclosure Policy.

REVISED DESIGN AND RESULTS MONITORING MATRIX

Narrative Summary	Performance Indicators/Targets			Data	Assumptions
1. <u>IMPACT:</u> Exploration/test drilling establishes the feasibility of GE production in Grenada.	N/A			N/A	N/A
2. <u>OUTCOME:</u> Improved capacity of the Government of Grenada to manage GE Projects in a manner that engages the communities.	GE Project under development, and progressing in a timely manner according to schedule, and within budget, meeting quality standards target: schedule July 2017 – September 2024.			Reports from Ministry responsible for energy.	GOCR provides counterpart resources as required to the Project.
3. <u>OUTPUTS:</u> (a) Work programme and timely execution. (b) Stakeholder Engagement Plan and timely execution.	(a) Contracts executed in timely manner to meet quality standards. (b) Proportion of grievances addressed in a timely and satisfactory manner: ○ Baseline 0 ○ Target 75%			Project Reports.	(a) GOCR remains committed to GE development. (b) Timely decision making and approvals from GOCR.
4. <u>INPUTS:</u>	USD ('000)				GE-PC and CLO willing and able to continue in the roles for the duration of the proposed extension, under similar terms.
Item	CDB	Counterpart	Total		
Professional fees, and travel	914.13	-	914.13		
Office equipment and administrative support	-	161.32	161.32		
Total	914.13	161.32	1,075.45		