

CARIBBEAN DEVELOPMENT BANK



FINAL REPORT

ON

**ASSESSMENT OF THE EXTENT AND EFFECTIVENESS
OF MAINSTREAMING ENVIRONMENT, CLIMATE CHANGE AND
DISASTER MANAGEMENT AT THE CARIBBEAN DEVELOPMENT BANK
OVER THE PERIOD 2005-2011**

With

MANAGEMENT'S RESPONSE

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ABBREVIATIONS

BMC	Borrowing Member Countries
bn	billion
BNTF	Basic Needs Trust Fund
CARICOM	Caribbean Community
CC	Climate Change
CCA	Climate Change Adaptation
CCCCC	Caribbean Community Climate Change Centre
CCRIF	Caribbean Catastrophe Risk Insurance Facility
CDB	Caribbean Development Bank
CDEMA	Caribbean Disaster Emergency Management Agency
CDM	Comprehensive Disaster Management
CIDA	Canadian International Development Agency
CIMH	Caribbean Institute for Meteorology and Hydrology
CMDG	Caribbean Millennium Development Goal
CPA	Country Poverty Assessment
CSP	Country Strategy Paper
CTCS	Caribbean Technology Consultancy Services
CUBiC	Caribbean Uniform Building Code
DFID	Department for International Development (UK)
DiMSOG	Disaster Management Strategy and Operational Guidelines
DMFC	Disaster Management Facility for the Caribbean
DRM	Disaster Risk Management
DRR	Disaster Risk Reduction
ECDG	Eastern Caribbean Donor Group
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EID	Economic Infrastructure Division
EMP	Environmental Management Plan
ERG	Emergency Relief Grant
ESIA	Environmental and Social Impact Assessment
ESRP	Environmental and Social Review Procedures
ESMP	Environmental and Social Management Plan
ESSC	Environmental and Social Safeguard Checklist
ESU	Environmental Sustainability Unit
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
FI	Financial Intermediary
GBP	Pound Sterling
IDB	Inter-American Development Bank
IPCC	Inter-governmental Panel on Climate Change
IRL	Immediate Response Loan
M&E	Monitoring and Evaluation
MEA	Multilateral Environment Agreement
MiCRO	Micro-Insurance Catastrophe Risk Organisation
mn	million
MTR	Mid-term Review
NDM	Natural Disaster Management
NDMSOG	Natural Disaster Management Strategy and Operational Guidelines

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NDRM	Natural Disaster Risk Management
NHIA	Natural Hazard Impact Assessment
ODPEM	Office of Disaster Preparedness and Emergency Management (Jamaica)
OECS	Organisation of Eastern Caribbean States
OFDA	Office of US Foreign Disaster Assistance
OIE	Office of Independent Evaluation
PBL	Policy-based Loan
PCR	Project Completion Report
PPMS	Project Portfolio Management System
PRSD	Project Services Division
PSR	Project Supervision Report
QAE	Quality at Entry
RMF	Results Management Framework
RRL	Rehabilitation and Reconstruction Loan
SDF	Special Development Fund
SESIA	Strategic Environmental and Social Impact Assessment
SDF 7	Seventh Cycle of the Special Development Fund
SFR	Special Funds Resources
SIDS	Small Island Developing States
TA	Technical Assistance
TOR	Terms of Reference
USAID	United States Agency for International Development
USD	United States Dollars
WB	World Bank

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EXECUTIVE SUMMARY

INTRODUCTION

1. This report presents the results of the assessment of the extent and effectiveness of the mainstreaming of environmental, disaster risk management (DRM) and climate change (CC) considerations in the Caribbean Development Bank's (CDB) strategies, policies, programmes, projects and operations over the period 2005–2011. The assessment focuses primarily on how CDB has approached mainstreaming within the Bank or at the organisational level and within Borrowing Member Countries (BMCs). It also identifies and presents key successes and strengths of CDB in mainstreaming, as well as gaps and needs and provides recommendations on the way forward.

2. Most of the economies of BMCs depend, to a large extent, on natural resource-based industries such as tourism, agriculture and fisheries. As such, Caribbean countries, particularly the island states, must balance the pressures of development and the need for enhanced economic production, against the need to conserve the natural resource endowments on which these growing populations and economic activities depend. This need is further compounded by the impact that natural hazards have on the Caribbean. Between 1979 and 2004, major natural hazards caused more than USD8 billion (bn) in direct damage in 17 of the Bank's BMCs. In addition, the nature of the threats posed to BMCs by climate variability and climatic change make adaptation to, and mitigation of current and anticipated climate threats imperative if national sustainable development objectives are to be attained.

3. In order to ensure that BMCs pursue more sustainable paths to development, the Bank is working to incorporate environmental, DRM and CC considerations into its strategic, operational and programmatic frameworks. This process, known as mainstreaming, is being pursued by CDB as a means of ensuring long-term viability and sustainability of economic assets in BMCs.

DEFINING MAINSTREAMING

4. Mainstreaming in this report is defined as the integration of environment, disaster/hazard risk and CC into decision-making and planning. It can also refer to “the integration of policies and measures to address CC, environmental and hazard risk into ongoing sectoral planning and management, so as to ensure the long-term viability and sustainability of sectoral and development investments” (adapted from Klein 2009). Mainstreaming also can refer to pro-actively seeking out the addressing of environmental, DRM and CC issues in a more in-depth and holistic fashion in project design and throughout all interventions. It is therefore not only mitigating and safeguarding but actively and positively addressing vulnerability in development.

APPROACH AND SCOPE

5. The following approaches/methods were used for data collection:

- an in-depth document review of key CDB strategies and policies, tools in place as well as regional initiatives that provide a framework for the Bank to address mainstreaming of environment, DRM and CC into its procedures and operations;
- review of a sample of projects covering the seven selected BMCs (Belize, Grenada, Guyana, Jamaica, St. Kitts, St. Lucia, and St. Vincent and the Grenadines);
- the development of an evaluation matrix which supported the data collection process; and

(ii)

- face-to-face and telephone/Skype interviews with key personnel in the seven BMCs as well as with CDB staff from all divisions and units and with development partners.

6. An analytical framework was developed and organised around five pillars (referred in the assessment as mainstreaming pillars), each of which presents and utilises for the analysis, a set of key criteria to undertake the assessment. These pillars also are organised around the Bank's own processes and procedures. The five mainstreaming pillars are:

- Pillar I – Policies and Strategies
- Pillar II – Institutional Capacity for Furthering Mainstreaming
- Pillar III – Integration into the Project Cycle – Project Planning and Design
- Pillar IV – Integration into the Project Cycle – Monitoring
- Pillar V – Contributions to Mainstreaming at the National Level

7. The assessment of the key criteria was based on information collected during the data collection phase. This was then followed by an overall scoring of each pillar against its criteria which allowed for the benchmarking of progress made in mainstreaming as well as determining priority areas for improvement. The numerical scores were totalled and translated into percentages which reflected the level of mainstreaming for each area. CC-related programming is at a nascent stage at the Bank. This report therefore does not assess CC programming in-depth, however, strategic findings are presented in this report.

FINDINGS

Relevance

8. The evolution of policies, strategies and tools aimed at addressing the mainstreaming of environment, DRM and CC into the Bank's procedures and operations was reviewed. As early as 1992, CDB expanded its lending operations to public-sector agencies in BMCs for financing projects which directly met environmental objectives. The Strategic Plan 2005-2009 selected environmental sustainability as a cross-cutting theme recognising that the main economic activities of BMCs depend on natural resources and good environmental quality. The current Strategic Plan covering the period 2010 – 2014 has elevated environmental sustainability from a cross-cutting theme to one of the five strategic objectives within the Plan and is integrated into all levels of the Bank's Results Management Framework. This approach to environmental management by the Bank has been manifested in the increasing levels of programming in environmental management.

9. DRM is a large component of the Bank's environmental portfolio and this is evidenced by the fact that between 1990 and 2012, 57% of the environment loans and grants went to disaster management interventions. Today, whilst the Bank's support to DRM still continues to focus on disaster response, the level of funding for interventions aimed at disaster risk reduction (DRR), resilience and long-term mitigation, is increasing. A closer look at the portfolio shows that DRM is a growing programmatic area for the Bank.

10. CDB, in 2008, produced a position paper on CC which identified several potential areas where the Bank could support CC adaptation and mitigation in BMCs. This has since resulted in resources being specifically set aside for CC-related projects in BMCs.

11. CDB has various policies, strategies, tools and guidelines in each of the three areas geared towards advancing the process of mainstreaming in procedures and operations. Some of these include:

(iii)

Environmental and Social Review Procedures (ESRP), Environmental and Social Impact Assessment (ESIA), Environmental and Social Management Plan (ESMP), Country Strategy Papers (CSPs), Project Supervision Reports (PSRs), and Appraisal Reports.

Efficacy

Pillar 1 – Policies and Strategies

12. CDB received a rating of 92% or a Level 4. Level 4 refers to a situation where environmental management and DRM considerations are fully reducing environmental and disaster risks in a sustainable programme of action at multiple levels and within multiple sectors, and there is a comprehensive demonstration of practice. Level 4 also describes a situation where environmental management and DRM are “institutionalised” and related capacity is considered adequate. However, this is not to suggest that an optimum level of attainment has occurred: there is still room for further progress. Evidence to support a Level 4 ranking includes the following:

- Environmental management is now a strategic objective of the Bank with its own financing allocations and no longer is considered a cross-cutting issue.
- All levels of staff are aware of the environmental issues articulated in the various strategies, policies and operational procedures.
- Environmental considerations are infused within the Bank’s Results Management Framework (RMF).
- CDB has strengthened its reputation as a credible regional and international partner in DRM.
- DRM and DRR are incorporated at the core of the Bank’s development agenda.

Pillar II - Institutional Capacity for Furthering Mainstreaming

13. This pillar encompasses the key institutional aspects necessary for furthering the mainstreaming agenda. Under this pillar, CDB received a rating of 63% or a Level 3. Level 3 refers to an intermediate stage in mainstreaming, where there are identifiable actions to consolidate the gains. The organisation is deemed to be developing its capacity and related processes to address the requirements of environmental, DRM and CC considerations within its operational procedures and processes and its lending portfolio. Progress is being made in supporting an enabling institutional environment for mainstreaming environment, DRM and CC. Evidence to support a Level 3 ranking for Pillar II includes:

- Expansion of human resources within the Bank for addressing environmental and DRM issues, including institutionalising the DRM function with a permanent DRM expert.
- The DRM and the environmental specialists are overstretched as institutional resources. They are responsible for reviewing all projects from the DRM/environmental perspectives and design of disaster/environmental specific interventions, while also personally participating in appraisal and supervisory missions for all 18 BMCs.
- The allocation/availability of financial resources within the Bank and in the Environmental Sustainability Unit (ESU) for mainstreaming are inadequate to address mainstreaming in a pro-active manner.

(iv)

- The awareness of environmental and (to a lesser but still significant extent) disaster-related issues have pervaded the Bank with staff noting that issues related to hazards, vulnerability and DRM are becoming more commonplace in the processes and culture of the Bank.
- Staff utilise the ESRP and environmental screening tools. There are no such screening tools for addressing DRM and CC, even though it is noted that DRM is to some extent integrated in the ESRP.

Pillar III – Integration into the Project Cycle – Project Planning and Design

14. This mainstreaming pillar focuses on the extent to which environmental, DRM and CC issues have been integrated and infused into the project cycle. CDB received a rating of 57% or a Level 3 for Pillar III. This represents an intermediate stage in mainstreaming where all projects contain a full analysis of environmental, disaster/hazard risk and CC issues at the project design phase, which are incorporated in the implementation phase and relevant indicators and targets related to the three areas are reflected in the Monitoring and Evaluation (M&E) framework. Templates and tools for undertaking the assessments related to environmental, hazard risk and CC issues are developed and used. The organisation, and more importantly, officers responsible for project development has a growing level of awareness and understanding of the value and requirements incorporating these issues into the project cycle and there is a full analysis of the potential impacts of these issues on projects and how these proposed projects may impact the natural environment or cause increases in vulnerability. Evidence to support a Level 3 ranking for Pillar III includes the following:

- The existence of a range of tools which are available to the staff to facilitate mainstreaming at the project design stage. Whilst these tools are used, based on a review of projects, the assessments and analyses related to the environment can often be considered not in-depth and extensive as well as not being as structured as the social and economic assessments.
- The integration of environment into CDB's projects is an institutionalised practice and data collected revealed that the use of ESRP and the utilisation of the related checklists are widespread; integration of DRM issues into project design has increased in recent years, while for CC, which is a more recent issue, this integration is not substantive at this time.
- Notwithstanding the institutionalisation of the ESRP, the majority of the projects reviewed did not contain detailed environment, DRM or CC assessments, and therefore did not have a systematic process of identifying risk factors (environment, disasters/hazards or CC) that could possibly affect the community/beneficiary/country. Many project documents did not adequately address information related to, for example, the natural resources available, the current state of environmental resources and ecosystems, potential environmental threats and hazards that the proposed project could pose, and who are the users of the environmental goods and services. As a result, there was no clear indication that project designs were amended to take into account environmental, DRM or CC issues where applicable.
- In almost all cases where relevant, Environmental Impact Assessments (EIAs) are recommended for sub-projects. These assessments are undertaken according to BMC requirements and BMC environmental guidelines or policies.

- For many of the projects reviewed in Belize, Grenada, Guyana (and Haiti), there was little evidence of environmental/disaster/hazard/CC indicators for the relevant cases.

Pillar IV- Integration into the Project Cycle – Monitoring

15. This pillar reflects the processes, tools and resources available for monitoring and the extent to which it is implemented. CDB received a rating of 50% or a Level 2. Level 2 refers to an early stage of mainstreaming monitoring. The organisation has a growing level of awareness and understanding of the value and requirements of monitoring mainstreaming and recognises the need for action and may have begun to take action. Evidence to support a Level 2 ranking includes the following:

- Reporting on environment, DRM and CC is not integrated adequately into the Project Portfolio Monitoring System (PPMS), the management information system for reporting on the portfolio of the Bank. The system has been criticised for not adequately focusing on results and prompting users to capture these mainstreaming issues.
- Supervisory missions and PSRs do not adequately focus on monitoring and reporting data to track/address these mainstreaming results/issues.

Pillar V – Contribution to Mainstreaming at the National Level

16. This pillar assesses the extent to which CDB has assisted BMCs to improve their environmental outcomes as well as reduce their vulnerabilities to natural hazards. This pillar also placed emphasis on the extent to which the Bank has shown leadership in assisting countries develop DRM and CC adaptation strategies as well as integration of adaptation responses at the policy-making level. CDB received a rating of 63% or a Level 3. CDB has provided leadership in assisting BMCs build on and reinforce existing national mechanisms for environment and DRM. The Bank has contributed to the development of national policies or strategies in the areas of environment, DRM and CC in BMCs and has clearly articulated its position and views on mainstreaming of environment, DRM/DRR and CC in various strategy papers.

17. Level 3 reflects intermediate stage in mainstreaming where the Bank has engaged in a process to develop key documents that express its intent to support countries in mainstreaming environmental, DRM and CC issues at the national level. Evidence to support a Level 3 ranking includes the following:

- The more recent CSPs demonstrate integration of environmental DRM and CC issues.
- Technical Assistance (TA) has been provided to support strengthening the enabling environment for environmental management in BMCs.
- At the regional level, the Bank contributed resources to the development of the Caribbean Catastrophe Risk Insurance Facility (CCRIF in 2007), the first multi-country risk pool in the world. This is the first insurance instrument to successfully develop parametric policies backed by both traditional and capital markets. Sixteen Caribbean countries are members of the CCRIF, which provides hurricane and earthquake insurance coverage to its member countries and ensures that members have access to liquidity within 14 days after a catastrophe event occurs.

LESSONS LEARNT AND RECOMMENDATIONS

18. **Two main lessons are highlighted, human and financial resources should be specifically allocated to enhance institutional capacity and the process and guidance tools should be relevant and updated and made readily available to internal and external stakeholders to enhance mainstreaming of environment, DRM and CC into the project cycle.** The report presents a series of recommendations for consideration by CDB within the context of building on the comparative advantage, as the Bank moves to continuously improve its mainstreaming agenda for environment, DRM and CC. Among the main recommendations are the following:

- (a) Regional partners are looking to the Bank to play a leadership role in these related areas. The strategic positioning of the Bank, in an evolving regional context pertaining to DRM and CC, should be clearly articulated, strengthening its relevance and regional leadership. The Bank should become more active in regional bodies focused on environmental, DRM and CC issues as it carves out its niche and re-asserts itself as a regional leader.
- (b) Guidance material and tools now need to go beyond what exists and be more specific in terms of addressing mainstreaming throughout the project cycle. The widely utilised and followed ESRP process (Environmental and Social Safeguard Checklist (ESSC), Strategic Environmental and Social Impact Assessment (SESIA, etc.) should be expanded and built upon to integrate fully DRM and CC considerations and also provide guidance for deeper mainstreaming. Regional partners offer lessons from which to learn (process) and tools to adopt/adapt that would be useful moving forward.
- (c) The CSP design process presents a platform to be built upon for furthering mainstreaming at the BMC level. The CSP can be used as a window to integrate these areas and catalyze buy-in at the policy level. The Bank should develop guidance material for assisting in the process of integrating environment, DRM and CC into CSPs.
- (d) The process followed for design of Rehabilitation and Reconstruction Loans (RRLs) in recent years is one wherein all aspects of potential positive effect from both an environmental and disaster perspective were documented. Recent RRL designs offers lessons/experiences to learn from in terms of a pro-active and deeper mainstreaming process.
- (e) The Bank should ensure that there is regular and consistent training provided to staff – both in terms of the orientation of new staff and refresher and other courses for existing staff – in the tools and guidelines developed for mainstreaming environmental, DRM and CC issues into the project cycle. Consideration should also be given to making available this guidance material and training to contractors and engineers involved in the implementation of Bank-financed projects.
- (f) The growing DRM and CC portfolio of the Bank provides a fresh pool of financial resources from which to draw on and address some institutional challenges, *vis-à-vis*, mainstreaming. This necessitates further review of internal capacity and resources of the ESU to ensure that mainstreaming is taking place at the Bank and the BMCs.
- (g) Relevant tools and staff capacity for monitoring and reporting of mainstreaming of environment, DRM and CC in the Bank and at the BMC level should be developed. The proposed redesign of the PPMS presents an excellent opportunity to be harnessed.

1. INTRODUCTION

BACKGROUND AND CONTEXT

1.01 Most of the economies of BMCs rely heavily on natural resource-based industries such as tourism, agriculture and fisheries. As such, Caribbean countries, particularly the island states, must balance the pressures of development and the need for enhanced economic production against the need to conserve the natural resource endowments on which these growing populations and sustainable economic activity depend. This is further compounded by the impact of natural disasters on the Caribbean. Between 1979 and 2004, major natural disasters caused more than USD8 bn in direct damage in 17 of the Bank's BMCs. In addition, the nature of the threats posed to BMCs by climate variability and climatic change make adaptation to, and mitigation of current and anticipated climate threats imperative if national sustainable development objectives are to be attained.

1.02 In order to avoid development that creates or perpetuates vulnerability and risks to poor environmental management, natural hazards and CC and climate variability, CDB is working to incorporate environmental, DRM and CC management in its strategies, policies, programmes, operations, procedures, projects and loans. The process of incorporating these measures in the Bank's strategic, programmatic, and operational frameworks is referred to as "mainstreaming".¹

OBJECTIVE

1.03 The overall objective of this assessment, as described in the Terms of Reference (TOR), is to assess and document the extent and effectiveness of the mainstreaming of environmental, DRM and CC considerations in CDB's strategies, policies, programmes, projects, and operations, over the period 2005 to 2011, in the context of CDB's increased emphasis on climate-smart and environmental-sustainable development, poverty reduction and pro-poor growth. The assessment focuses on how the Bank has approached mainstreaming environment, DRM and CC at the organisational level, and within BMCs at the national level, identifies key successes and strengths as well gaps and needs, and makes recommendations on the way forward. The detailed TOR is presented in Appendix 1.1.

APPROACH

1.04 An in-depth document review was undertaken. The documents reviewed are listed in Appendix 1.2. A random sample of projects was selected. While not representing comprehensive coverage of the portfolio, the sample covers seven BMCs - Belize, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines, as well as regional initiatives. In addition, the selection covers all the CDB operating divisions, sources and mechanisms for funding and a variety of projects such as RRLs, Immediate Response Loans (IRLs), and Policy-based Loans (PBLs). The list of projects reviewed is listed in Appendix 1.3.

1.05 The evaluation team also undertook face-to-face and telephone/SKYPE interviews with the key stakeholders in the seven BMCs, as well as with CDB staff from all divisions and units. The list of stakeholders interviewed is listed in Appendix 1.4.

¹ "Mainstreaming involves the integration of policies and measures that address climate change in development planning and ongoing sectoral decision making, so as to ensure the long-term sustainability of investments as well as to reduce the sensitivity of development activities to both today's and tomorrow's climate" – Klein, R.J.T. *et al.* (2007).

SCOPE AND LIMITATIONS

1.06 Given the nascent stage of the Bank's CC-related programming, the assessment did not assess CC aspects in-depth. Nonetheless, strategic findings pertaining to CC are shared and presented in this report. In addition, it should also be noted that although the period under review was established as 2005-2011, the tables and other statistical data available in reports included periods before 2005. In many instances, there was insufficient information to further deconstruct these tables and statistics to only the period under review. Consequently, there are a number of tables presented in this report which extend to periods prior to 2005, which remain relevant to the portfolio being discussed.

CONCEPTUAL CONSTRUCT AND FOCUS

Defining Mainstreaming

1.07 There are many definitions of mainstreaming.^{2,3} For the purposes of this assessment, mainstreaming refers to, "the integration of policies and measures to address CC, environmental and hazard risk into ongoing sectoral planning and management, so as to ensure the long-term viability and sustainability of sectoral and development investments" (adapted from Klein 2009)⁴. Mainstreaming can be seen as having three purposes:

- (a) to make certain that all the development programmes and projects that originate from, or are funded by an agency, are designed with evident consideration for potential of the environmental, disaster/hazards and climate risks and to avoid or mitigate related impacts;
- (b) to make certain that all the development programmes and projects that originate from, or are funded by an agency, do not inadvertently increase environmental or vulnerability to disasters/hazards in all sectors: social, physical, economic and environment; and
- (c) to make certain that all the environmental, disaster relief and rehabilitation or climate adaptation/mitigation programmes and projects that originate from or are funded by an agency, are designed to contribute to developmental aims and to reduce future environmental, disaster/hazard and climate risks.⁵

1.08 It is important to note that mainstreaming refers to pro-actively seeking out and addressing environmental, DRM and CC issues in a more in-depth and holistic fashion throughout the project cycle and in all interventions. It is therefore not only mitigation and safeguarding, but actively and positively addressing vulnerability in development. The building blocks of the pillars for successful mainstreaming environment, disaster/hazard risk and CC issues are encapsulated in the diagram⁶ below.

² King, P.N. (2010). *Mainstreaming Climate Change – A Guidance Manual for the Pacific Island Countries and Territories*.

³ Tearfund. (2005). *Mainstreaming Disaster Risk Reduction. A Tool for Development Organisations*.

⁴ IBID

⁵ Adapted from Tearfund, *op.cit.*

⁶ "Mainstreaming Process for Climate Change Adaptation; Collection of Best Practices", SPC/GTZ Regional Programme Adaptation to Climate Change in the Pacific Island Region, Secretariat of the Pacific Community, 2010 (Adapted from ProVention 2007)

Awareness Raising - appreciation and understanding of the relevance of environmental issues, DRM and CC adaptation, with a view to sustainable development.

Establishing an Enabling Environment –appropriate development organisation policies, strategies and institutional capacities are in place and pay due attention to environmental issues, DRM and CC, regarding these as development issues, rather than the responsibility of specialised departments.

Development of Tools - programming, appraisal, M&E tools aid in probing whether sectors and individual projects are at risk from natural hazards and CC or would have an impact on the natural environment; they provide detailed information on the nature and level of risk and ensure that appropriate risk reduction measures are integrated into design.

Training and Technical Support – there is a need to provide appropriate internal training and technical support to support the integration of environment, DRM and CC concerns into development planning and programming.

Change in Operational Practice – environment, disaster/hazard and climate-related issues need to be considered in the very early stages of country programming and project design so that they can be fully and systematically taken into account and appropriately addressed where relevant.

Achieving Development Results – measurable development results on the ground in countries related to the environment, DRM and/or CC development represent successful mainstreaming as well as demonstrate to national stakeholders the value added that these approaches can bring to bear on their development.

Monitoring and Measuring Progress – M&E tools and systems are to be put in place and include the use of agreed indicators and targets for environment, DRM and CC against which progress can be measured.

Lessons Learning and Experience Sharing – there is a need to monitor, share and learn from experiences in mainstreaming environment, DRM and CC issues across countries, sectors and project types.

1.09 For CDB, mainstreaming will require moving from ideas or articulating definitions of mainstreaming in policies and strategies of the Bank to transforming the content of these documents and strategy papers into practice – at the organisational and operational levels and at the level of BMCs, within projects and within member countries. It is a multi-year, multi-sector and multi-stakeholder effort with a range of actors in all spheres of the development arena.

THE PILLARS OF MAINSTREAMING

1.10 An analytical construct⁷ was developed to assess CDB’s effectiveness at mainstreaming. The construct asserts and utilises key criteria to assess and measure CDB’s progress in mainstreaming and are organised around five areas of the Bank. These are referred to as mainstreaming “Pillars”:

- Pillar I – Policies and Strategies
- Pillar II – Institutional Capacity for Furthering Mainstreaming
- Pillar III – Integration into the Project Cycle – Project Planning and Design
- Pillar IV – Integration into the Project Cycle – Monitoring
- Pillar V – Contributions to Mainstreaming at the National Level

1.11 The Pillars fully encompass the building blocks referred to in section 1.08. See Table 1.1 below.

TABLE 1.1: RELATIONSHIP BETWEEN MAINSTREAMING PILLARS AND BUILDING BLOCKS

Pillars	Building Blocks							
	Awareness	Enabling Environment	Development and use of tools	Training and Technical Support	Changes in Operational Practice	Achieving results	Monitoring progress	Lessons learned
I: Policies and Strategies	X	X	X			X		
II: Institutional Capacity for Furthering Mainstreaming	X	X	X	X	X			X
III: Integration into Project Planning and Design				X	X	X	X	
IV: Integration into Project- Monitoring			X	X	X		X	X
V: Contributions to Mainstreaming at the National Level		X		X	X	X		

⁷ Adapted from Tearfund. *op.cit.*

STRUCTURE OF THE REPORT

1.12 Chapter 1 outlines the context and methodology of the evaluation; Chapter 2 examines the relevance and efficacy of the mainstreaming process and provides the findings of the Assessment and Chapter 3 presents the Conclusions, distills the Lessons and Opportunities and develops Recommendations on the way forward.

2. FINDINGS

RELEVANCE

The Portfolio

2.01 The Bank's commitment to addressing DRM in the region and its central role in the disaster management matrix of the region is strongly evident on examination of the evolution of a growing portfolio. DRM lending is increasing, and is therefore to be considered a growth area of the Bank in an otherwise declining investment lending portfolio. CC is also a growing programmatic area for the Bank, building on recently funded projects such as the Department for International Development (DFID)-funded programming with Caribbean Community Climate Change Centre (CCCCC). These trends follow regional financial flows from development partners in these areas and also represent the commitment of the Bank to implementing its own strategies and policies and addressing critical issues/constraint to development of the region.

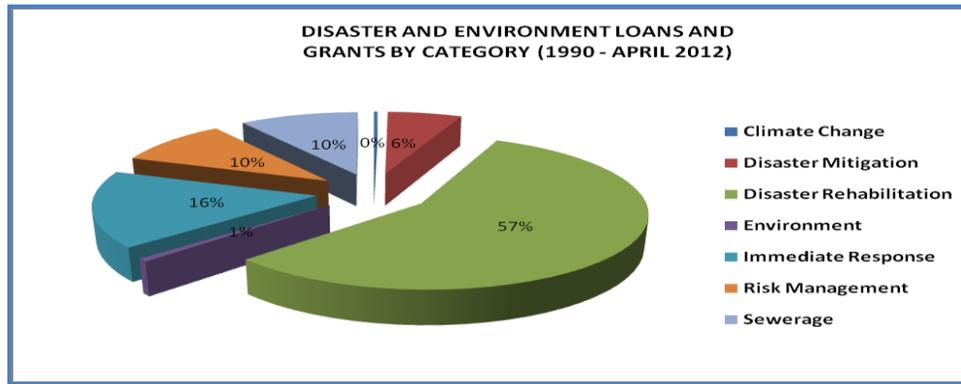
Environment

2.02 CDB was a pioneer in environmental management in the region, even before Agenda 21 in 1990 when the region began to awaken to environmental concerns and issues. By 1992, CDB expanded its lending operations to public sector agencies for financing of projects which directly met environmental objectives. In the CDB Strategic Plan 2005-2009, environmental sustainability was selected as a strategic cross-cutting theme in recognition of the fact that substantial segments of the economic activities of CDB's BMCs, such as tourism, agriculture and fisheries, were reliant on their environmental quality and natural resource base. By 2010, when the Strategic Plan 2010-2014 was formulated, environmental management was no longer only a cross-cutting theme but had been elevated to one of five strategic objectives and was integrated into all levels of the Bank's RMF.⁸

2.03 The target for 2012, through the Special Development Fund 7 (SDF 7), is to increase programming in environmental management from approximately 10% to between 15% and 20% of SDF financing. In support of SDF lending in this area, USD4 mn was earmarked for grant financing; of this amount, USD3.437 mn was committed up to December 31, 2011. There is a high concentration of DRM interventions in the Bank's environmental portfolio. This is reflected in the Figures 1 to 3 below. Between 1990 and April 2012, a total of USD309.7 mn was approved for disaster and environment interventions.

⁸ The stated focus of the Bank's strategy in environmental management is to assist BMCs to design and implement interventions that: (a) widen the options for sustaining the livelihoods of the poor and vulnerable through improved protection and sustainable management of natural resources; and (b) improve coverage of the population with access to improved water and sanitation services, and to reduce pollution and improve the health and productivity of the poor.

FIGURE 1: DISASTER AND ENVIRONMENT LOANS AND GRANTS BY CATEGORY



**FIGURE 2: DISASTER AND ENVIRONMENTAL LOANS AND GRANTS BY COUNTRY
(1990 - APRIL 2012)**

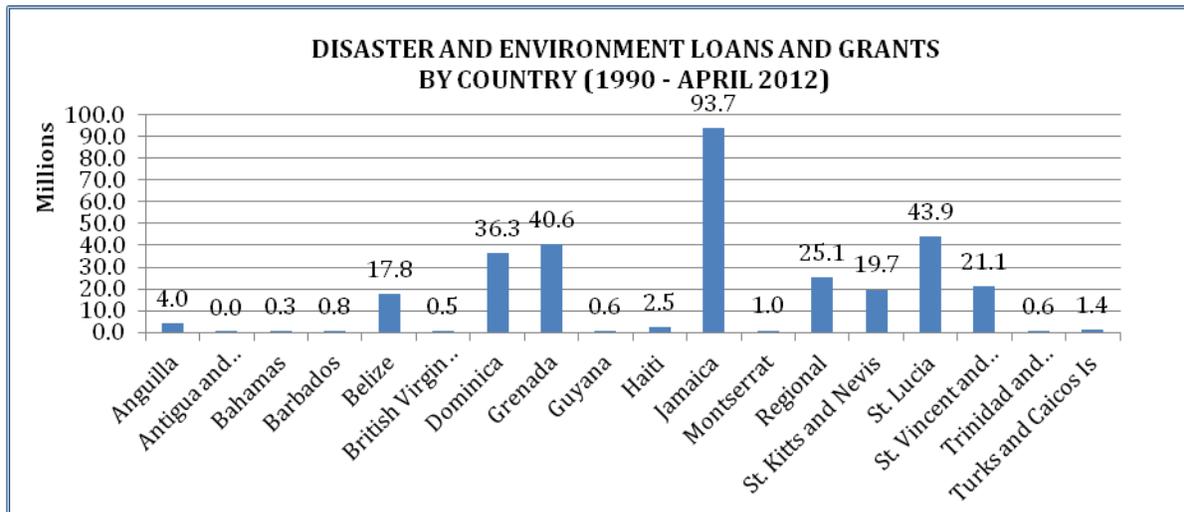
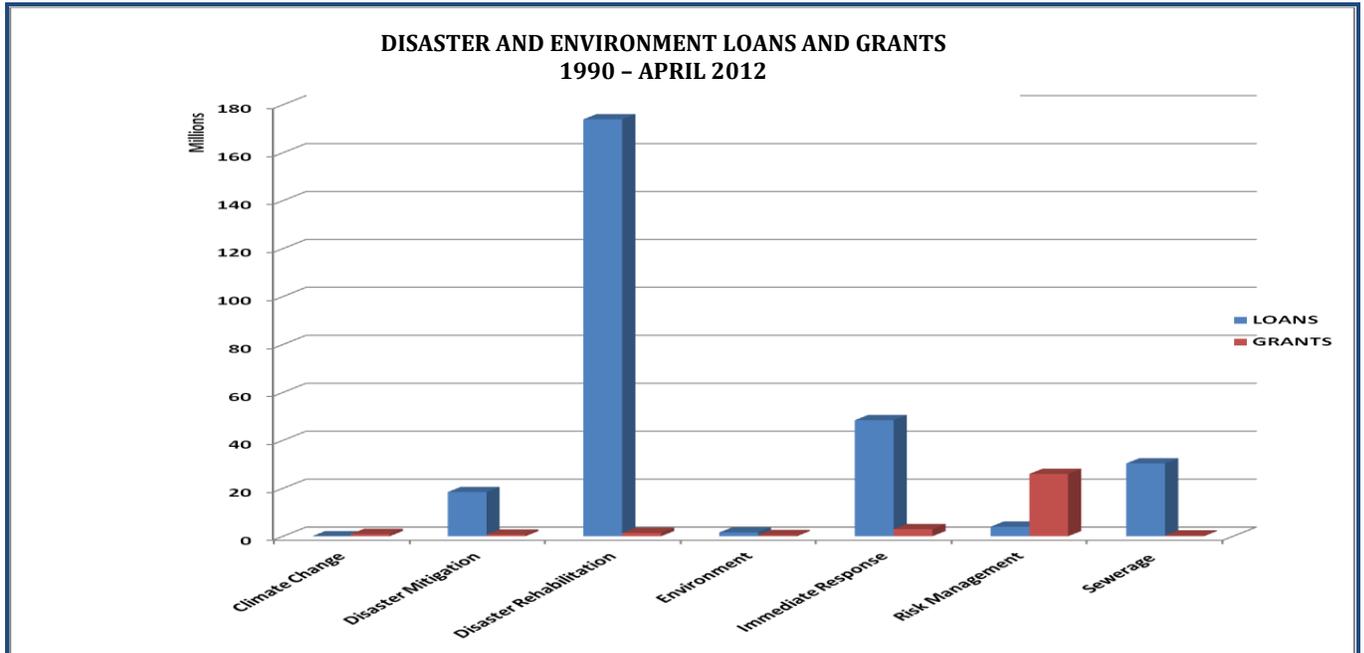


FIGURE 3: DISASTER AND ENVIRONMENT LOANS AND GRANTS
(1990 - APRIL 2012)



DRM

2.04 CDB first ventured into disaster management in 1982 with financing the Caribbean Uniform Building Code (CUBiC), and the formulation of the Natural Disaster Management Strategy and Operational Guidelines (NDMSOG) in 1998. The Bank became more active in this area after the establishment of the Disaster Management Facility for the Caribbean (DMFC). The DMFC, a joint initiative of CDB and the United States Agency for International Development (USAID)-Office of US Foreign Disaster Assistance (OFDA), sought to mainstream DRM within CDB's operations and within the development planning processes in BMCs. This had some success in helping to focus attention on hazard mitigation in CDB's investment operations, as well as in the physical planning and environmental processes in four BMCs: Belize, Grenada, Jamaica and St. Lucia. Following the completion of this project, a permanent DRM function was established in the Bank. Today, DRM is a strategic objective in the Bank's RMF, its present Strategic Plan, and in the proposed SDF 8. The NDMSOG were updated and replaced by the Disaster Management Strategy and Operational Guidelines (DiMSOG) in 2009.

2.05 DRM is a large component of the Bank's environmental portfolio.⁹ Between 1990 and April 2012, 57% of the environment loans and grants totalling USD309,709,000 comprised disaster management interventions. Approximately 89% of that funding was disbursed as loans and 82% was disbursed for IRLs and RRLs, as demonstrated in Table 2.1 below.

⁹ CDB documents very often refer to DRM programming as part of the environmental portfolio.

**TABLE 2.1: LOANS AND GRANTS FOR DISASTER RISK MANAGEMENT
(1990 TO APRIL 2012)**

TYPE OF DISASTER RESPONSE	LOANS	GRANTS	TOTAL
	(USD'000)		
Disaster Mitigation	18,453	707	19,160
Disaster Rehabilitation	173,964	1,388	175,352
Immediate Response	48,440	2,982	51,422
Risk Management	3,988	26,016	30,004
Total	244,845	31,093	275,938
Percentage (%)	89	21	100

2.06 The Bank's response to DRM in the BMCs still continues to focus on disaster response although its level of funding for interventions (e.g., RRLs) aimed at DRR, resilience and long-term mitigation is increasing. With financing from the Inter-American Development Bank (IDB) and CDB, the Organisation of Eastern Caribbean States (OECS) Secretariat is presently implementing a project that focuses on strengthening the institutional capacity of the OECS Member Countries and its Secretariat in community-based DRM, and enhancing community resilience to natural disasters.¹⁰

2.07 The CDB has also received funding from Canadian International Development Agency (CIDA) for the establishment of a Community DRR Fund in 2012. The Trust Fund will be utilised to finance resources, projects/activities of national, sub-regional and regional importance. This Trust Fund supports the goal and objectives defined in the revised CDB DiMSOG.¹¹

CC

2.08 In 2008, the Bank produced a Position Paper on CC¹² which articulated several potential areas where CDB could focus its CC response efforts. Two main areas are discussed: (a) due diligence in internal operations, and (b) support for climate risk management in the BMCs. To support the work programme in these areas under the SDF 7, DRR and Environment and CC areas were allocated "set asides" of USD30 mn and USD4 mn, respectively.

¹⁰ The project will therefore directly support the commitments detailed in CDB's *Strategic Plans 2005-2009 and 2010-2014* and in SDF 7. Focused on community-based DRM, it will particularly advance outcome four of the *Caribbean Enhanced CDM Strategy* (community resilience) as well as the objectives of the *OECS Agenda on Disaster Response and Risk Reduction*.

¹¹ The goal of DiMSOG is to contribute to sustainable development and poverty reduction in the BMCs by reducing the burdens caused by disasters due to natural hazards and CC, through effective DRM.

¹² CDB. (2008). *Position Paper. Responding to Climate Change in the Caribbean Development Bank and its Borrowing Member Countries*.

Strategic Documents, Tools and Processes for Mainstreaming

Evolution of Policies and Strategies

2.09 A review of the Bank's key policies and strategies in environment, DRM and CC reveals that there are a number of corporate instruments at the strategic or policy level that guide and speak to the issues of mainstreaming. The key tools include the following listed below.

(a) Environment

- (i) ESRP: Procedures for the environmental and social review of projects which apply throughout CDB's operations and across all sectors and programmes.¹³
- (ii) ESSC: Details how specific safeguard policies have to be treated in the project appraisal. Must be completed and appended to the Appraisal Report through the internal review process.¹⁴
- (iii) ESIA: Evaluates a project's potential environmental and social risks and impacts in its area of influence and identifies ways of improving project design and implementation by preventing, minimising, mitigating and compensating for adverse environmental impacts and enhancing positive impacts.¹⁵
- (iv) SESIA: Standard analytical tool that enables the integration of environmental and social considerations in interventions.¹⁶
- (v) ESMP – Referred to as EMP throughout this report): Sets out the key direct and indirect impacts and risks as well as the measures designed to address significant impacts. The ESMP also defines the mitigation and monitoring requirements, and includes the specific tasks, schedule, and the budget for implementing, supervising and monitoring the environmental and social impact mitigation and management measures.¹⁷
- (vi) Advisory services of ESU.

(b) DRM

- (i) DiMSOG (and NDMSOG previously) as presenting detailed guidance to follow.
- (ii) Natural Hazard Impact Assessment (NHIA): A study undertaken to identify, predict and evaluate natural hazard impacts (from existing hazards as well as those which may result from the project) associated with a new development or the extension of an existing facility.¹⁸

¹³ CDB. (2008). *Draft Environmental and Social Review Procedures*. p ii.

¹⁴ IBID. Appendix 5.

¹⁵ IBID. pii.

¹⁶ IBID. p. 2.

¹⁷ IBID. Appendix 4.

¹⁸ CDB & CARICOM. (2004). *Sourcebook on the Integration of Natural Hazards into the Environmental Impact Assessment Process*. p.x.

- (iii) Advisory services of ESU.
- (c) CC
 - (i) CC resilience Strategy 2012-2017 (*albeit* only recently).
 - (ii) Advisory services of ESU.

2.10 Table 2.2 below presents a snapshot of the policies, strategies and guidelines in each of the three areas relevant to this assessment: environment, DRM and CC, along a timeline from 1980 to the present. The full view of this information is presented in Appendix 2.1.

2.11 The following present opportunities for furthering mainstreaming for all thematic areas:

- (a) **CSP:** Document that outlines the assistance strategy of CDB for a specific country for a certain timeframe.
- (b) **Project Completion Report (PCR):** CDB reporting tool; used as input to ex-post evaluations carried out by CDB's OIE¹⁹ and generating lessons learnt.
- (c) **PSR:** CDB reporting tool; serves as a mechanism for feedback and adjustments during the project cycle.
- (d) **Appraisal Report:** Report that feed into the project design stage, following the appraisal mission in country.
- (e) **Evaluation:** CDB's evaluation takes into account, factors such as the financial viability, sustainability of the project and whether it will be implemented in an environmentally responsible manner²⁰ and enhances learning.

¹⁹ IBID, p.9.

²⁰ CDB. (2002). Private Sector Development Strategy, and Operational Policies. Paper BD 43/01 Add 1. p. Table 6.1.

TABLE 2.2: EVOLUTION OF CDB’S ENVIRONMENTAL, DISASTER RISK MANAGEMENT AND CLIMATE CHANGE POLICIES AND STRATEGIES

YEAR	ENVIRONMENTAL MANAGEMENT	DISASTER MANAGEMENT	CLIMATE CHANGE
1980	Environment Statement Policy		
1982		CDB finances preparation of CUBiC	
1989		CDB becomes member of Eastern Caribbean Donor Group (ECDG)	
1990	CDB adopts Environmental Review Guidelines		
1992	CDB expands its lending operations to public sector agencies for financing of projects which will directly meet environmental objectives		
1993	Environmental Policy		
1995	Environmental Review Guidelines		
1998		NDMSOG	
2001		CDB adopts Comprehensive Disaster Management	
2002	Private Sector Development Strategy and Operation Procedures	CDB establishes DMFC	
2003		CDB establishes Corporate Policy on DRR	
2006	Independent Evaluation of 1994 Environmental Review Guidelines		
2007		CDB established a permanent DRM function within its Operations Department and engaged a DRM Specialist	
2008	Environment and Social review Procedures (draft)	Draft ESRP Identifies natural hazards and CC among the key environmental and social safeguards used in its operations and project investment activities.	Position paper on “Responding to CC in the Caribbean” Environmental Sustainability and the CC Agenda
2009	Quality Assurance Standards	Assessment of CDB NDRM Assistance to BMCs (informed DiMSOG) DiMSOG replaces NDMSOG of 1998 Quality Assurance Standards	Building Professional Capacity in CCR within the CDB: phase 1 Quality Assurance Standards
2011	Establishment of an Environmental Sustainability Unit (ESU) which will focus on environment, DRM and CC.		CDB Roundtable Discussion on CC
2012			Action on CC: Draft Climate Resilience Strategy – 2012 to 2017

Increased Commitment to Mainstreaming

2.12 The evolution of the Bank's strategies and policies and the tools and instruments that have emerged, demonstrate the Bank's commitment to the mainstreaming of environmental DRM and CC into the organisation and its initiatives in, and with BMCs. The Bank continues to demonstrate ownership as strategic pillars of its operations in the region. While one of the sections below (on Pillar I) will essentially substantiate and deepen this assertion, the other sections under Efficacy serve to assess the extent to which the mainstreaming of environment, DRM and CC have moved from the policy and strategy level to institutionalisation within the Bank and interactions with BMCs.

EFFICACY

2.13 The findings in this section of the assessment report are structured around the five pillars of mainstreaming introduced in Chapter 1 and are presented as follows: for each pillar, an introduction of its key criteria is noted, followed by an assessment of each, drawing from the data collection process of document review and interviews from CDB and BMCs. This is followed by an overall scoring for each pillar and its criteria, intended to provide the Bank with a benchmark of progress made, and denoting priority areas for moving forward. The latter are discussed in Chapter 3 followed by associated recommendations.

2.14 The criteria under each pillar are rated with a numeric score of 1-3. The key to scoring is as follows:

- 1 – low or absent: there is no understanding of the issues and/or actions are *ad hoc* and/or no resources are allocated;
- 2 – adequate: growing level of awareness of the issues and a recognition of the need for action; may have begun to take action; and
- 3 – more than adequate: good practice(s) evident.

The numerical scores are totalled and converted into percentages which identify the level of mainstreaming. The levels range from 1-4²¹ and are adapted to each pillar in question. The scoring to determine the levels were as follows: Level 1: 0 to 25%; Level 2: 26 to 50%; Level 3: 51 to 75%; and Level 4: 76 to 100%. Each of the levels represent the extent to which mainstreaming has occurred in the CDB and are as follows:

- **Level 1 - Little or no progress:** Level 1 represents little or no progress with mainstreaming in environment, DRM and CC. The organisation undertakes environmental management, DRM and CC mitigation/adaptation in an *ad hoc* manner. The institution has little or no awareness of the relevance and importance of adopting a systematic approach to incorporating environmental, DRM and CC considerations within its operational procedures and processes. The organisation has little or no capacity to mainstream environment, DRM and CC, and little or no recognition of the need to increase/develop its financial or human resource capacity for this purpose.
- **Level 2 - Awareness of needs:** Level 2 refers to an early stage of mainstreaming. The organisation has a growing level of awareness and understanding of the value and requirements of mainstreaming, recognises the need for action and may have begun to

²¹ Adapted from Tearfund. *op.cit.*

take action. The organisation recognises that it must develop appropriate capacity including allocating sufficient resources to support the process of mainstreaming.

- **Level 3 - Development of solutions:** Level 3 refers to an intermediate stage in mainstreaming, where there are identifiable actions to consolidate the gains made in Level 2. The organisation is developing its capacity and related processes to address the requirements of environmental management, DRM and CC considerations within its operational procedures and processes and its lending portfolio. Progress is being made towards a supportive institutional environment for mainstreaming environmental management, DRM and CC.
- **Level 4 - Full integration:** Level 4 refers to a situation where environmental management, DRM and CC considerations are fully absorbed into the organisation's procedures and lending portfolio. The organisation places high importance on reducing environmental, disaster, and climate risks in a sustainable programme of action at multiple levels and within multiple sectors, and there is a comprehensive demonstration of practice. Level 4 describes a situation where environmental management, DRM and CC adaptation/mitigation are 'institutionalised' and related capacity is considered adequate. However, this is not to suggest that an optimum level of attainment has occurred: there is still room for further progress. The process of mainstreaming should be viewed as open-ended: while organisations should aim to achieve Level 4, they should also aim to make continuous improvements to their approach.

Pillar I – Policies and Strategies

2.15 The mainstreaming of this pillar refers to CDB's commitment to addressing environmental, DRM and CC issues – as evidenced in key strategies and policies – and providing the staff with a mandate to implement this mainstreaming process. It speaks to the critical, enabling environment for mainstreaming within the Bank, and includes the extent to which the Bank has formulated the broad strategic and policy framework under which all Bank lending and non-lending operations are made. This pillar encompasses criteria that assess the extent to which there is a noticeable evolution of the policies from mere statements of intent to identifying actions for implementation with realistic achievable goals for mainstreaming. It also evaluates the types of environmental, DRM and CC adaptation and mitigation issues that are discussed in the Bank's analytical framework. An assessment is also undertaken of whether staff at all levels in the Bank are aware of, and understand the issues as discussed and elaborated in the various policy instruments and tools and organisational procedures²².

Environment

2.16 Environmental management is a strategic objective with its own financing allocations rather than being only a cross-cutting issue. As noted above in paragraph 2.09, CDB's policies and strategies pertaining to environmental mainstreaming have evolved over time. While there is only one policy document on the environment which was formulated in 1993, many of the policy statements on environmental management are enshrined in various strategies and operating procedures, which have been updated and reviewed over the period.

2.17 Based on interviews with CDB staff, it is recognised that all levels of staff are well aware of the environmental issues as discussed and elaborated in the strategies, policies, strategic plans and various

²² Pillar I therefore encompasses the mainstreaming building blocks of awareness, enabling environment, development of tools, and achieving development results.

operational procedures pertaining to environment. Operational procedures pertaining to environmental management appear to be delegated to, and regarded as the responsibility of the staff of the ESU.

2.18 Environmental considerations are integrated into the Bank's RMF, which was adopted in the context of the SDF 7 replenishment cycle and contains many targets and indicators that are relevant to the operations of the Bank. The results framework for the Bank, as a whole, are assessed at four levels:

- Level 1: Progress on Selected Caribbean Development Millennium Goal (CMDG) Targets and Development Outcomes;
- Level 2: CDB Contribution to Country and Regional Outcomes;
- Level 3: Operational Effectiveness and Performance; and
- Level 4: Partnership and Harmonisation.

2.19 In Level 1, of the 18 targets that are monitored, 5 pertain to environment and CC.²³ The environmental indicators for Level 2 monitor water and sanitation and interventions supporting community-based management of the sustainable use of natural resources (number). Level 3 tracks the CDB's Operational and Organisational Effectiveness through 29 indicators; one of these indicators refers to proportion of financing supporting environmental sustainability and CC (%).²⁴ The Bank has made considerable progress in financing projects with respect to the basic targets and indicators of Goal 7 "Environmental Sustainability" of the CMDGs, in areas such as coverage of the population with access to improved water and sanitation.

DRM

2.20 Based on document review, interviews and previous evaluations of the Bank, it is evident that the work of the DMFC advanced the process of mainstreaming DRM in several aspects of the Bank's work. This work has influenced planning in the CDB at the level of the strategic objectives/corporate priorities set for the institution, in the preparation of strategy/policy papers. The process of mainstreaming NHIA in the EIA processes of CDB was intended to influence TA and capital projects financed by CDB at all stages of the project cycle; it is ongoing but has slowed down.

2.21 Under DMFC, a substantial amount of momentum had been generated through the TA provided for the strengthening of local capacity in the BMCs in DRM. This has laid a valuable foundation on which CDB and its partners have built joint programming in DRM. Through close collaboration with development partners, both regionally and internationally, CDB has strengthened its reputation as a credible regional and international partner in DRM. The Bank also now recognises that vulnerability reduction, including DRM/DRR, is at the core of the Bank's development agenda. DRM issues are increasingly included and discussed in the Bank's analytical framework for strategic planning.

2.22 All levels of staff are aware of the issues as discussed and elaborated in the DiMSOG. Staff in the ESU and the Operations Department (notably Economic Infrastructure Division [EID] staff) are most familiar with the DiMSOG. The issue is how many of these staff members actually apply these guidelines to project appraisals and Bank staff point to this as an issue in the organisation. There is only one officer responsible for DRM. According to the DiMSOG this specialist has to be part of all appraisal

²³ # of BMCs with National Environmental Strategies/Action Plans; # of BMCs with formalised CC Response Strategies; Proportion of population with access to a water source (% , urban/rural); Proportion of population with access to sanitation, urban (% , urban/rural); Proportion of alternative energy in total energy use (%).

²⁴ The baseline year is 2007 and the proportion of financing supporting environmental sustainability and CC (%) then was 10%. The Bank expects to raise this value to 15 to 20% by 2014.

missions and to contribute to staff reports for IRLs and RRLs in addition to other DRM-related tasks for the Bank (this is discussed under Pillar II below).

2.23 The Bank's RMF tracks disaster management at Level 2 through key indicators.²⁵ At Level 3 the RMF tracks the proportion of financing supporting environmental sustainability and CC (%), inclusive of DRM. Between 1994 and 2008, 61% of the loans were for hurricane reconstruction and rehabilitation.

2.24 In the area of DRM, as in environment, new or revised strategies and implementation guidelines have been introduced, and the newer generation of CSPs are expected to address environment, CC and disaster management issues and identify opportunities for financing and TA interventions.

CC

2.25 CC adaptation and mitigation was formally introduced into the Bank only in 2008. In 2012, the Bank developed a Climate Resilience Strategy 2012 to 2017, which itself was the achievement of an expected result in the 2010-2014 Strategic Plan. The purpose of the Strategy is twofold:

- (a) strengthening the technical capacity of CDB's Operations staff through training and the development and use of customised guidance resources, new operational policies and procedures to identify and specifically address climate risk considerations in its policy dialogue and investment programming work with BMCs; and
- (b) supporting BMCs to design and implement appropriate policies and climate-resilient development programmes for financing by CDB and other development institutions.

Summary Ratings

2.26 Based on the foregoing, CDB receives a rating of 92% or a Level 4 for Pillar I – Policies and Strategies for both environment and DRM, based on the criteria discussed and presented above. Level 4 refers to a situation where environmental management is fully absorbed into the strategies and policies. The organisation places high importance on improving environmental management in a sustainable programme of action at multiple levels and within multiple sectors, and there is a comprehensive demonstration of practice. Thus, Level 4 describes a situation where environmental management and DRM is “institutionalised”. However, this is not to suggest that an optimum level of attainment has occurred: there is still a need for further progress. The process of mainstreaming is open-ended: while the Bank has achieved Level 4 for Pillar I, it should aim to make continuous improvements to its approach to environmental management within the Bank and in the BMCs. Overall, the Bank is considered at Level 4 for the Strategies and Policies Pillar. A summary table of ratings pertaining to the different criteria related to Pillar I is presented below.

²⁵ # of interventions supporting DRM policies, strategies and action plans; # of interventions that contribute to DRM capacity building; # of community-based DRM interventions.

PILLAR I – POLICIES AND STRATEGIES KEY CRITERIA		SCORES		
		Environmental Management	Disaster Risk Management	Overall Total
1.	There is a noticeable evolution of the policies from mere statements of intent to identifying actions for implementation with realistic achievable goals for mainstreaming.	3	2	5
2.	The policy instruments are regularly reviewed and updated.	3	2	5
3.	Policy statements clearly identify and discuss the issues and the conceptual is well defined.	3	3	6
4.	The issues are included and discussed in the Bank’s analytical framework for strategic planning, poverty reduction strategies, CSPs, sector policies, etc.	3	3	6
5.	All levels of staff are aware of the issues as discussed and elaborated in the policy instruments.	3	3	6
6.	The policy and strategic instruments provide the framework for mainstreaming in project appraisals.	3	3	6
7.	The intent of the policy and strategic instruments is reflected in the TA, loan and investment portfolios.	2	2	4
8.	The intent of the policy and strategic instruments is reflected in the RMF.	3	3	6
Total Score		23	21	44
Total Percentages		96	88	92
Levels²⁶		Level 4	Level 4	Level 4

Pillar II – Institutional Capacity

2.27 This pillar encompasses the key institutional aspects necessary for furthering the mainstreaming agenda and efforts of an organisation. “The need for institutional capacity to support the mainstreaming process cannot be overestimated... Sufficient ownership, skills and knowledge and financial resources will be crucial if an organisation is to be successful in mainstreaming.”²⁷ This pillar encompasses: the awareness and knowledge of staff and the organisational efforts in environmental, DRM and CC mainstreaming including both tools and training as well as operational practices and processes; the adequacy of human and financial resources overall to both support and manage these issues.²⁸

Human and Financial Resources

2.28 In 2011, the ESU was created to focus specifically on environment, DRM and CC. Staff from the ESU are responsible for coordinating the preparation and application of the SESIA, ESRP and DiMSOG and also work closely with the staff of departments in the design and preparation of PBLs, project appraisals, CSPs, Country Poverty Assessments (CPAs), etc. The vast majority of the appraisal reports reviewed noted the inclusion of an environmental (and/or DRM) specialist in the appraisal team. The

²⁶ Scoring to determine levels (adapted from Tearfund, *op. cit.*): Level 1: 0 to 25%; Level 2: 26 to 50%; Level 3: 51 to 75%; Level 4: 76 to 100%.

²⁷ Tearfund. *op. cit.* p.6.

²⁸ Pillar II therefore encompasses the mainstreaming building blocks of awareness, development and use of tools, training and technical support, and changes in operational practice.

expansion of human resources for addressing environmental and DRM issues in the Bank over the period of review is noteworthy. The Bank moved from one to two environmental specialists and also institutionalised the DRM function with a permanent DRM expert. The latter was an expected result of the 2005-2009 Strategic Plan, and is widely accepted as a critical part of CDB DRM institutional capacity, in the same way the environmental experts represent much of the institutional environmental capacity for the Bank. The institutionalisation of the ESU bodes well for furthering the mainstreaming agenda.

2.29 The role of these specialists is critical with regard to mainstreaming environment, DRM and to some extent CC as well. For example, not only does the DRM specialist participate in the process of project/loan design for disaster related loans such as RRLs, but reviews all other loans from a DRM perspective to ensure that hazard and vulnerability have been considered in the design. The DRM specialist is overstretched as an institutional resource. This individual cannot be expected to meet all current requirements and responsibilities, especially from a mainstreaming perspective. The situation is similar for the environmental specialists who must also play a strong screening role for environment and participate in all design and supervisory missions. There are two individuals who share the responsibility for environmental mainstreaming across the Bank's portfolio and although better resourced than DRM, the staff are still overloaded. To be responsible for reviewing all projects from the DRM perspective, design of disaster specific interventions, while participating in appraisal and supervisory missions across the Bank and for all 18 countries is by itself too much work for one staff member. In addition, there are other *ad hoc* responsibilities which can include briefing papers, papers for the CDB Board and day-to-day administrative operations. It is more than apparent that the DRM position cannot be properly fulfilled by one staff member, no matter how able. Beyond mainstreaming needs specifically, DRM is also a growth area for the Bank and more staff expertise will be required.

2.30 For CC, the coverage of this issue has been essentially undertaken by the ESU thus far, *albeit* in addition to their other tasks. No staff have been specifically assigned for mainstreaming CC to date. The Bank is in the process of filling this position within the unit.²⁹ As noted above under Pillar I, it is evident through the Bank's policies and strategies that there is significant commitment to addressing the issues into the future.

2.31 Notwithstanding the Bank's demonstrated commitment through an expanding portfolio and ESU, the allocation of financial resources within the Bank and to ESU, specifically for mainstreaming, seems inadequate and key staff are not aware of any funds available or earmarked specifically for the unit to undertake or further more pro-active mainstreaming activities.³⁰

²⁹ "DFID has allocated GBP541,200 to finance the services of two long-term consultants to work with CDB and CCCCC; a Climate Finance Advisor and an Adaptation Mainstreaming Consultant and other short-term consultancy services. The two long-term consultants will provide technical support to assist with: (a) mainstreaming climate risk considerations in the Bank's operations and the national development programmes of the Borrowing Member Countries (BMC) of CDB, through training of CDB staff and the technical staff of the finance and planning ministries in the BMCs; (b) supporting the Bank and CCCCC to mobilise and access financial resources to finance the implementation of the Implementation Plan and BMCs climate resiliency development programmes; and (c) developing tools and other technical resources for addressing climate risks in the operations of the Bank and in the design and the development of national level climate resilient policies and programmes". From: CDB. (2012). *Technical Assistance Caribbean Regional Resilience Development Implementation Plan*.

³⁰ As noted, mainstreaming should also include pro-actively seeking out opportunities within the design of all projects or designing new projects to address environmental issues, DRM and CC. The specialists in the ESU can do this in an *ad hoc* manner but barely have enough funds (and time) to cover the projects in a regular way. Consequently they are stifled in terms of being innovative or actually undertaking mainstreaming in a strategic pro-active way for the Bank.

Awareness and Knowledge and Related Efforts and Materials

2.32 Though a full institutional assessment of *awareness* of all staff did not take place, a significant number of interviews within the Bank reveal that the awareness of environmental and (to a lesser but still significant extent) disaster-related issues have pervaded the Bank. Given the ESRP have been followed for many years, environmental issues have made their way into the strategic planning and design modus operandi process of the various divisions. The quality and outcomes of that integration is discussed under Pillar III. Increasingly, staff noted that issues related to hazards, vulnerability and DRM are becoming more commonplace in the processes and culture of the Bank. There is general awareness of environmental safeguards and guidelines and to a lesser extent, the DiMSOG. There is however, less awareness of any CC-related strategies or policies, given their nascent stage.

2.33 Specific knowledge of CC issues beyond the ESU is not as pervasive in the Bank since it is a newer theme entering the Bank's lexicon and practices. Given a recent training provided by the World Bank (WB) prior to this assessment (in early 2012), some staff demonstrated some of the newly acquired CC knowledge, but most admitted that this is more of an emerging area for which less knowledge is readily available within the Bank. Beyond this training in 2012, and training related to DRM which took place primarily between 2005 and 2006, staff noted, and other data supports, that little awareness-raising, knowledge enhancing training has taken place in recent years in these three areas.

2.34 Linked to organisational awareness are two issues: capacity building/training and guidance materials for staff to be able to enhance their knowledge and to utilise as knowledge support as they address mainstreaming within their operations³¹. Most staff felt they would benefit from more training related specifically to DRM and CC, albeit noting it would be best if these were practical, hands-on training, focused on how to integrate DRM and CC issues into project design. Such capacity building would also enhance knowledge so as to allow staff to better speak to these issues with BMC partners. There is an opportunity to ensure that new staff are trained in these areas as part of their orientation, but this needs to be complemented by ongoing available refresher and other training courses.

2.35 Related to this, while it is evident that all are aware and utilise ESRP and the Bank's environmental screening tools, there are no such screening tools for addressing DRM and CC, even though it is noted that DRM is to some extent integrated in the ESRP. There is a tendency to view these issues to be mainstreamed as "the job of the ESU" rather than a shared responsibility among all staff.

2.36 Regarding the issue of "champions", it seems evident that the main evangelists for environment, DRM and CC are found within the ESU. More recently, the President has been vocal in his focus on, and support of the CC agenda in the region.

Summary Ratings

2.37 A summary table of ratings pertaining to the different criteria related to Pillar II is presented below.

³¹ As some key research in this area notes "*building staff skills and knowledge is crucial to increasing understanding and, ultimately, ownership. As Twigg states, 'the general level of understanding, capacity and commitment to risk reduction needs to be increased by information sharing and training at all levels of the organisation...Mainstreaming ... also necessitates maintaining open communication channels on and between all levels of the organisation and facilitating the flow of knowledge and learning'*" (Tearfund. op.cit. p.10).

PILLAR II - INSTITUTIONAL CAPACITY KEY CRITERIA	SCORES		
	Environmental Management	Disaster Risk Management	Overall Total
1. All levels of staff are aware of key issues related to the theme in question.	2	2	4
2. There is sufficient awareness raising, knowledge enhancing and capacity-building activities in the organisation to raise levels of awareness and capacity.	1	1	2
3. There is a (are) person(s) and/or unit mandated to address these issues specifically.	3	3	6
4. There are resources earmarked for addressing these issues.	2	2	4
5. Staff other than specialists are sufficiently able to address these issues.	1	1	2
6. Key policy and strategic (or guidance) documents demonstrate commitment to addressing institutional capacity in these areas.	2	3	5
7. Materials exist within the Bank to assist staff in the tasks associated with addressing and mainstreaming these issues.	3	2	5
8. Existence and functionality of “champions”.	1	1	2
9. Cross-organisational ownership of the issues is evident.	2	2	4
Total	17	17	34
Total Percentages	63	63	63
Levels³²	Level 3	Level 3	Level 3

2.38 Based on the foregoing, CDB receives a rating of 63% or a Level 3 for Pillar II – Institutional Capacity for environmental management and for DRM, based on the criteria discussed and presented above. Level 3 refers to an intermediate stage in mainstreaming, where there are identifiable actions to consolidate the gains made in Level 2. The organisation is developing its capacity and related processes to address the requirements of environmental, DRM and CC considerations within its operational procedures and processes and its lending portfolio. Progress is being made in creating a supportive institutional environment for mainstreaming environment, DRM and CC. Overall, the Bank is rated at Level 3 for the Institutional Capacity Pillar.

Pillar III – Integration into the Project Cycle – Project Planning and Design

2.39 This mainstreaming pillar focuses on how environmental, DRM and CC issues have been integrated and infused into the project cycle and are accounted for as part of project design,

³² Scoring to determine levels (adapted from Tearfund, *op. cit.*): Level 1: 0 to 25%; Level 2: 26 to 50%; Level 3: 51 to 75%; Level 4: 76 to 100%.

implementation, and the planning for M&E, including in project expected results and indicators.³³ Mainstreaming of these issues is important at the project level enabling better management of environment, disaster and climate risks from project design through to implementation. Interventions have to be carefully designed and implemented not only to safeguard the investment made by the project itself, but because they have a huge potential to enhance or diminish the capacity of populations to cope with disasters/hazards, CC, and environmental degradation and can also affect countries' moves towards sustainability.

2.40 Efforts to mainstream DRM and especially CC issues into the project cycle are still at a relatively early stage in countries and within regional organisations globally. Due to the fact that environment as an issue and theme has been being addressed for longer than DRM and CC as stand-alone issues, data from countries suggest that most are more advanced in the area of infusing environmental issues into the project cycle than they are with DRM and CC issues.

Infusion of Environmental, DRM and CC Issues in the Project Planning and Design

2.41 Undertaking environment, DRM and CC assessments within project design, forms the basis for developing project activities that: reduce the impacts on the natural environment, reduce potential hazard and climate risks facing a project and its target communities; increase, or at least avoids decreasing, community resilience to hazards and a changing climate; and take advantage of opportunities that arise from CC. Whilst these types of assessments may result in a slightly different design than originally envisioned, they usually ensure that goals and objectives are met and that project outcomes are more sustainable. There are currently a range of tools that are available to CDB to facilitate mainstreaming at the project design stage. Whilst these tools are used, based on a review of projects, the assessments and analysis related to the environment in projects not categorised as environmental or disaster-related can often be considered not in-depth and not extensive as well as not being as structured as the social and economic assessments.

2.42 Generally speaking, the integration of environment into CDB's projects is an institutionalised practice, notwithstanding the lack of depth of these inclusions in project documents. The use of ESRP and the utilisation of the related checklists are widespread. In general terms, the environmental specialists and DRM expert from the ESU are called upon to review project design to ensure the environmental and DRM aspects have been addressed. In the case of projects that are of an environmental and DRM nature more specifically, there are more in-depth assessments of environmental and DRM considerations. Integration of DRM issues into project design has increased in recent years. Since 2008 and more so since 2010, it is now possible to distinguish disaster projects from other projects in the environmental portfolio. More importantly, these projects describe interventions that cover mitigation measures and that are guided by the Bank's DiMSOG. Based on documentation reviewed, the integration of key issues in more recent RRLs as well is quite significant. It is evident that in recent years, these projects are demonstrating a more comprehensive and thorough integration of environmental and DRM issues, notwithstanding the resource constraints around specialists' ability to be involved in the design of all projects in the Bank.

2.43 For CC, since this issue is recent, it is not being integrated deeply into project design at this stage. Nevertheless, there is evidence that some structural resilience issues have been addressed in infrastructural projects, usually brought to bear on design through the specialists' review from the environmental or DRM perspective. In addition, some examples exist of climate risk being addressed in some RRLs, and some climate modelling being integrated in other designs.

³³ Pillar III therefore encompasses mainstreaming building blocks of use of tools, training and technical support, changes in operational practice, achieving development results and monitoring.

2.44 Notwithstanding the institutionalisation of the ESRP, the majority of the projects reviewed did not contain detailed environment, DRM or CC assessments, and therefore did not demonstrate that a systematic process of identifying risk factors (environment, disasters/hazards or CC) that could possibly affect the community/beneficiary/country has taken place. In essence, many project documents did not adequately address information related to, for example: the natural resources available, the current state of environmental resources and ecosystems, potential environmental threats and hazards that the proposed project could pose and who are the users of environmental goods and services. As a result, there was no clear indication that project designs were amended to take into account environmental, DRM or CC issues.

Examples from Projects from Different Borrowing Member Countries

2.45 In projects reviewed for Guyana and Jamaica, the infusion of environmental, DRM and CC issues are limited and not extensive. There is some level of environmental assessments being undertaken though seemingly not as extensive as the social assessments undertaken. The extent to which environmental assessments are undertaken also vary among projects. It must be noted that in most cases, whilst there is a descriptive section on the environment in the country – there is little identification of disaster/hazard risks or climate risk in any systematic way or, in some cases, at all. In addition, the outcomes of non-DRM projects (goals, objectives, etc.) do not reflect environmental/disaster/hazard/climate considerations. Notable exceptions to this include the “Agriculture Support Project in Jamaica” which, in its economic analysis, includes a discussion of the risks of hurricanes to the agricultural sector and indicates that vulnerabilities and natural hazards are constraints to the development of the agricultural sector in Jamaica; and the “Community Investment Project in Jamaica” identified natural hazards and disasters (hurricanes, droughts and flooding) as challenges to growth and development.

2.46 In almost all cases where relevant, EIAs are recommended for sub-projects. These assessments are undertaken according to BMC requirements and BMC environmental guidelines or policies. For example, the Appraisal Reports for both the “Community Roads Improvement Project in Guyana” and the “North Coast Highway Project in Jamaica” recommend the conduct of EIAs prior to project implementation. Also, the “Agricultural Support Project in Jamaica” mentioned that sub-projects must comply with Jamaica’s national planning and environmental requirements.

2.47 In projects reviewed for Belize and Grenada, the majority of projects reviewed demonstrated evidence of some level of environmental assessment, with the standard paragraph included in the design. As noted above for projects in Jamaica and Guyana, the degree to which environment was addressed in project design was not in-depth and specific environmental outcomes or additional activities or indicators were not apparent.

2.48 In projects that are of an environmental and DRM nature, there are more in-depth assessments of environmental and disaster/hazard risk considerations. For example, in the “Grenada Disaster Mitigation and Restoration Loan – Rockfall and Landslip”, as part of addressing environmental considerations, the contractors are required: to: (a) manage construction materials and waste in such a way as to avoid spillage into water ways and the marine environment; (b) source sand and other aggregates from officially approved sites; (c) control erosion by minimising the removal of vegetation and will be required to revegetate slopes after the remedial work has been completed among other aspects. In addition, the “Grenada Disaster Mitigation and Restoration” project was assessed based on the three strategic levers (capability enhancement, vulnerability reduction and good governance) of the CDB’s poverty reduction strategy. The project design notes that it will assist people to more safely secure access to important infrastructure and to enhance their sustainable livelihoods. As natural hazard events can cause persons to slide into, or further into poverty, the project rightly notes that it is prudent therefore to provide appropriate measures to mitigate such disaster risks.

2.49 Another typical example was the “NDM Bridge Rehabilitation, Tropical Storm Arthur” project in Belize, the design of which emphasises lesson learning and the importance of appropriate designs which will mitigate infrastructure’s vulnerability to future disasters. This type of mainstreaming is typical among Natural Disaster Management (NDM) loans and is therefore worth noting.

2.50 The capital projects reviewed for St. Lucia included the standard paragraph on the environment in the Appraisal Report. However, the degree to which environment was addressed in project design was not in-depth and specific environmental outcomes or additional activities or indicators were not apparent. In the case of the “Settlement Upgrading Project in St. Lucia”, the project was assessed as a category “B” since potentially negative environmental impacts could be addressed through appropriate mitigation measures which will be incorporated into the project design. The contractors will be required to exercise due care as part of their contracts and the Engineering Consultants and the Project Manager will monitor the effectiveness of implementation of environmental safeguards during implementation. No mention is made of how the implementation of the safeguards will be monitored or who will monitor these safeguards. In the case of the RRL for St. Lucia after the passage of Hurricane Tomás, the Staff Report refers to lessons learned from an evaluation of CDB’s assistance to natural DRM between 1998 and 2006. One of the lessons that has influenced the design of the project is that design consultants will be expected to take into account projected CC impacts in selecting the design criteria. CDB staff have provided guidance notes on environmental considerations during the design process. They also provided general oversight of the environmental aspects of project implementation.

2.51 In St. Vincent and the Grenadines, the project design and implementation of the RRL that was approved after the passage of Hurricane Tomás takes into consideration lessons learned from national disaster management projects implemented by CDB and the previous post-disaster response grants and loans provided by the Bank to the country. In addition, CDB provided draft guidelines, through the Government, to the consultants on environmental considerations during the design process. An EMP was required from the Engineering Consultants during the detailed design phase. The appropriate provisions of the ESMP were to be included in the technical specification of the bidding documents and itemised for contractor pricing in the Bills of Quantities. During construction, the supervising engineering consultants were required to monitor the contractors’ operations for conformance with the mitigation measures stipulated in the contract documents. In another RRL to St. Vincent and the Grenadines in 2011 for “Rehabilitation and Reconstruction” of critical infrastructure and the upgrade and improvement of impacted emergency shelters, there was inclusion of a TA for the Government to undertake a hydraulic assessment of major watersheds; operating procedures for disaster response for the Ministry of Transport and Works and undertaking a coastal study for sea defence designs.

Integration into Project Implementation

2.52 If mainstreaming of environment, DRM and CC at the design phase is well undertaken by doing the required assessments, it follows that projects will be implemented in a manner that reduces negative impacts on the natural environment and does not increase vulnerabilities of the targeted population. It should be noted that many issues raised in this assessment relate to project supervision and monitoring. The Bank is noted to be as strong, in terms of a process for reviewing projects for environmental and DRM issues in a systematised way, but the degree to which identified issues are translated on the ground in BMCs is more difficult to ascertain. It is well recognised that this is an issue of supervision. An EMP is a requirement for construction, operation and, in some instances, decommissioning of the project. As noted by Bank staff, EMPs are requested for capital projects and are submitted to CDB either as part of an EIA; as discrete documents or the likely significant impacts are directly included into the bidding documents. Bank staff are responsible for supervising the implementation of the capital projects, unless there are likely to be some sensitive environmental concerns in which case, ESU is more involved. This is largely because of human and financial resource constraints. Data suggest that Bank staff do not always check the environmental aspects of the project implementation. In addition, project progress reports are not always shared with ESU staff to determine whether or not there is compliance with the EMPs. Furthermore, data collected suggest that these EMPs are not necessarily systematically developed by, or even requested of the consultant engineers who are responsible for them. The consultant engineer is supposed to prepare the EMP and monitor that the contractor implements the Plan. Though contractually, EMPs seem to be among precedent conditions, it is not evident that in practice EMPs are being required or monitored. Notwithstanding that a full assessment was not conducted, preliminary data suggests that EMPs are often not always produced and when they are, they are not necessarily followed or implemented. Furthermore, a minority of staff within the Bank raised the issue of quality of EMPs as well as the capacity of those tasked to produce them.

Integration into Monitoring and Evaluation

2.53 Just as environmental, disaster/hazard risk and CC issues should be incorporated into the project's goals, outcomes, outputs, and activities, where relevant, there is a need for performance indicators (environment, DRM and CC) to help monitor progress toward objectives and identify unintended consequences and areas in which a project may need to be modified, again where relevant. For many of the projects reviewed in Belize, Grenada, Guyana (and Haiti), there was little evidence of environmental/disaster/hazard/CC indicators, for the relevant cases. Notable exceptions to this include the Community Investment Project in Jamaica where environmental monitoring measures for the operational phase of sub-projects were integrated in a customised maintenance manual prepared for the operations phase of facilities and infrastructure works undertaken by communities. Also, for the "North Coast Highway Improvement Project in Jamaica", environmental monitoring of the works undertaken was written into the project and was undertaken throughout the project. Project appraisals included review of these environmental monitoring reports by CDB and discussions with the country's lead environmental agency, the National Environmental and Planning Agency.

Summary Ratings

2.54 A summary table of ratings pertaining to the different criteria related to Pillar III is presented below. The overall score for the Bank for Pillar III – Integration in Project Design is also a Level 3.

PILLAR III – INTEGRATION INTO PROJECT PLANNING AND DESIGN KEY CRITERIA	SCORES		
	Environmental Management	Disaster Risk Management	Overall Total
1. While the main objective of the project is development, environmental and DRM issues are additional and are included in the project design to ensure sustainability.	2	1.5	3.5
2. The main objective of the project is environmental management and DRM.	2	2	4
3. Capacity building is included as part of project, as relevant.	2	2	4
4. Desirable environment and disaster-related outcomes are proposed in project documents/logframes, where relevant.	1.5	1.5	3
5. Available guidance tools for mainstreaming are utilised for mainstreaming environment and DRM in project design.	2	1	3
6. Monitoring frameworks for projects (including performance measurement indicators) include environmental, DRM and CC considerations.	1	1	2
7. Mitigation measures are considered in project design that could reduce or eliminate potential adverse environment, disaster/hazard, or CC risk impacts.	1.5	1.5	3
Total	12	10.5	22.5
Total Percentages	57	50	54
Levels³⁴	Level 3	Level 2	Level 3

2.55 Based on the foregoing, CDB receives a rating of 57% or a Level 3 for Pillar III – Integration in Project Design for environmental management, based on the criteria discussed and presented above. Level 3 refers to an intermediate stage in mainstreaming where all projects contain a full analysis of environmental, disaster/hazard risk and CC issues at the project design phase; these issues also are incorporated in the implementation phase and relevant indicators and targets related to the three areas are incorporated into the M&E framework. Templates and tools for undertaking the assessments related to environmental, hazard risk and CC issues are developed and used. The organisation, and more importantly, officers responsible for project development has a growing level of awareness and understanding of the value and requirements incorporating these issues into the project cycle and there is

³⁴ Scoring to determine levels (adapted from Tearfund, *op. cit.*): Level 1: 0 to 25%; Level 2: 26 to 50%; Level 3: 51 to 75%; Level 4: 76 to 100%.

a full analysis of the potential impacts of these issues on projects and how these proposed projects may impact the natural environment or cause increases in vulnerability.

2.56 Based on the foregoing, CDB receives a rating of 50% or a Level 2 for Pillar III – Integration in Project Design for DRM, based on the criteria discussed and presented above. Level 2 refers to an early stage of mainstreaming where environmental/disaster/hazard/CC risk issues are included in the project proposal design and in the implementation phase. The organisation, and in particular project officers, has a growing level of awareness and understanding of the value and requirements incorporating these issues into the project cycle and there is some analysis of the potential impacts of these issues on projects and how these proposed projects may impact the natural environment or cause increases in vulnerability. In this level, the use of EIAs are taken into account for projects that may require an environmental permit and environmental and hazard risk plans are part of the implementation phase.

Pillar IV – Integration into the Project Cycle – Monitoring

2.57 The monitoring pillar follows on the lifecycle of the project and is therefore linked to the integration of issues in project design. Environment and DRM (and CC) may be mainstreamed in project design, as evidenced in design documents, for example, but it is then crucial that these issues are followed up in project implementation, lessons learned providing the feedback to improve design and implementation. This pillar therefore speaks to the processes, tools and resources available for monitoring and mainstreaming issues.³⁵

Monitoring Tools and Processes and Resources Available

2.58 The main process for project monitoring at the Bank is through the project supervisory missions that culminate in the PSRs. It is indeed part of the Bank supervisory process that each project should be visited annually by a supervision team and further, that this team include one specialist to address the environmental, DRM and CC issues. With regard to monitoring of environment and DRM, and CC in particular, the challenges in this area are linked to those already discussed in the section above on Pillar II, i.e., the availability of expert human resources to participate in such missions and provide the environmental, DRM or CC perspective is limited.

2.59 Project reporting is also not tied into performance reporting and data strongly suggests that reporting on environment, DRM and CC is not adequately integrated into the PPMS. The system, in general, has been criticised as not focusing adequately on results and can be critiqued as well for not prompting users or allowing for adequate capturing of these mainstreaming issues. On this particular challenge, there is a great upcoming opportunity. In 2012, PPMS is slated to be re-developed/re-designed and therefore the re-structuring could also ensure that the system is focused on results and on cross-cutting themes such as environment, DRM and CC. Enhanced project supervisory/monitoring tools, which integrate environmental, DRM and CC issues could then be linked to the revised PPMS system.

2.60 Beyond monitoring, the evaluation processes does not adequately capture issues pertaining to the mainstreaming of environment, DRM and CC. In many cases, PCRs did not address these issues and did not refer to the EMP.

³⁵ Pillar IV therefore encompasses the mainstreaming building blocks of development and use of tools, changes in operations practice, monitoring and measuring progress and lesson learning.

Evidence from Monitoring Reports

2.61 Based on data collected from the seven countries, the emphasis of the supervisory missions (and therefore the PSRs) is not on these mainstreaming issues. Where specific expected results are part of the project design, there is more focus on monitoring the specific indicators especially where the integration of mitigation measures may have been more prominent. When such issues were only raised in projects as a cross-cutting theme in design, these did not emerge in any prominent way in PSRs and therefore it could not be ascertained to what extent issues identified at the design stage were being managed appropriately into implementation. Where data was available, issues are integrated very mildly in PSRs overall, and also not systematically.

2.62 For example, in Belize and Grenada PSRs, there is very little evidence of monitoring of environment, DRM or CC. Only two PSRs of those reviewed (“Grenada’s School Rehabilitation and Reconstruction Project” and “Grenada Grenville Market Square Redevelopment”) included any information about the “Social and Environmental Impact” of the project and even then, very little information was provided. Interestingly, in these cases, the report noted that the consultant involved had been monitoring the contractor’s EMP and that all was as it should have been. This is due in part to inadequate human resources to ensure these issues are addressed adequately in the supervision mission, but some data sources suggest that it is also linked to a lack of guidance tools available to staff to attempt to address these as part of regular monitoring, in the absence of the experts from the ESU. The process of PSRs seems to be that they all are to be reviewed by the ESU, but it is unclear to what extent this is actually taking place as the majority of PSRs do not address these issues. It is not evident that there are any real incentives or punitive measures around the monitoring of mainstreaming issues. In addition, it is evident and agreed by all that the Bank does not have sufficient financial resources allocated to perform adequate monitoring throughout implementation.

The Complex Context

2.63 Interestingly, most staff noted that monitoring in detail is not the responsibility of the Bank, in fact, and that monitoring is the responsibility of the contractor/consultant in question who is responsible for implementing the project. In St. Lucia’s “NDM Rehabilitation and Reconstruction (Hurricane Tomás)”, during construction, documentation states that the supervising engineering consultants will be required to monitor the contractor’s operations for conformance with mitigation measures stipulated in the contract documents. Data suggests though that generally contractors/consultants would not necessarily instinctively focus on environmental, DRM and CC issues as part of their project monitoring. This, therefore, is linked to the need to have contractors/consultants/engineers’ TORs and contracts include key issues related to the environment, DRM and CC. These “partners” in the monitoring process may require some guidance materials to assist in ensuring that environmental, DRM, and CC issues are monitored as a standard practice. In addition, the contractors could be required to further address these issues in the engineer reports. One of the challenges noted is managing the contractors and ensuring they continue to address these issues into implementation and monitoring.

2.64 It is also evident that key aspects of monitoring – in particular of maintenance into the future of key infrastructural works – are the responsibility of national governments. For example, in “Grenada’s Disaster Mitigation and Restoration – Rockfall and Landslip Project”, post-construction impacts and environmental monitoring is delegated to the Ministry of Communication, Works and Transport, which will have to recommend corrective action to mitigate natural hazard impacts and is expected to undertake hazard mapping and management exercise to identify other vulnerable areas to be addressed. In Grenada’s PBL, it notes that the Government of Grenada’s legal and policy mechanisms for environmental protection and sustainability will be used to monitor and manage the potential impacts of the structural and institutional reform measures associated with the implementation of the PBL. In

addition, the PBL also speaks to the need to strengthen these mechanisms for environmental management and sustainability, including capacity building.

2.65 This therefore results in a complex environment for monitoring, much of which may be considered beyond the scope of the Bank. The Bank sees monitoring as the responsibility of the countries and on environmental issues in particular, the track record is not always strong and issues of enabling environment and enforcement weaknesses come into play. Furthermore, national level challenges in land use planning and enforcement, for example, have been noted as part of the challenging context for monitoring.

2.66 It has been suggested that the Bank could strengthen *incentive* and punitive measures with external partners by adding to conditions to first disbursement and therefore further integrate into monitoring. There are cases where this is already occurring in Belize and Grenada (“Belize Sixth Consolidated Line of Credit” and “Grenada Disaster Mitigation and Restoration – Rockfall and Landslip”), and St. Kitts and Nevis, (“Nevis Water Supply Enhancement Project”) wherein among the terms and conditions for first disbursement are that projects have to be appropriately screened and meet environmental requirements and comply with national and environmental requirements and provide evidence of environment and planning permits. This provides some further incentives and punitive measures for counterparts and stakeholders to address these critical issues. In addition, there is need for the mainstreaming process to be complemented by a solid framework or set of processes and tools for monitoring beyond design.

Summary Rating

2.67 A summary table of ratings pertaining to the different criteria related to Pillar IV is presented below. The overall score for the Bank for Pillar IV – Monitoring is Level 2.

PILLAR IV – MONITORING KEY CRITERIA	SCORES		
	Environmental Management	Disaster Risk Management	Overall Total
1. Monitoring tools and processes focused on results exist and are utilised/followed in the agency.	1.5	1.5	3
2. Monitoring tools are designed to capture/address the key issues to be mainstreamed.	1.5	1.5	3
3. Monitoring processes involve adequate thematic expertise for issues to be mainstreamed.	2	2	4
4. Resources are adequate for monitoring of issues to be mainstreamed.	1	1	2
5. Incentives and punitive measures are in place for monitoring of issues to be mainstreamed.	1	1	2
6. There is adequate monitoring and reporting data and information available to assess addressing of issues to be mainstreamed.	1.5	1.5	3
7. The organisation is monitoring the progress being made in mainstreaming within the organisation itself.	2	2	4
Total	10.5	10.5	21
Total Percentages	50	50	50
Levels³⁶	Level 2	Level 2	Level 2

2.68 Based on the foregoing, the CDB receives a rating of Level 2 for Pillar IV – Monitoring for environmental management and DRM. Level 2 refers to an early stage of mainstreaming monitoring. The organisation has a growing level of awareness and understanding of the value and requirements of monitoring mainstreaming and recognises the need for action and may have begun to take action.

Pillar V – Contributions to Mainstreaming at the National Level

2.69 Mainstreaming environmental, DRM and CC issues at the national level is critical for countries as they pursue sustainable prosperity for their peoples. It is at this level that strategic decisions are taken which create the enabling environment for public and private-sector actors as well as communities and households. It is also at this level that country visions and medium to long-term development plans and strategies are established. This pillar therefore focuses and assesses how CDB has assisted BMCs to improve their environmental outcomes as well as reduce their vulnerabilities to natural hazards and the degree to which these aspects are addressed in CSPs. This pillar also placed emphasis on how the Bank has shown leadership in helping countries to address environmental and disaster risks and develop DRM

³⁶ Scoring to determine levels (adapted from Tearfund, *op. cit.*): Level 1: 0 to 25%; Level 2: 26 to 50%; Level 3: 51 to 75%; Level 4: 76 to 100%.

and CC adaptation strategies as well as how to integrate adaptation responses within development at the policy-making level.³⁷

2.70 Over the years, awareness of environmental, DRM and CC issues have increased in the Bank with a growing understanding of the potential risks to its own operations and investments in BMCs if the wider impacts of projects on the environment are not fully considered or if hazards impact negatively on investments made in BMCs. The Bank also has recognised that BMCs need to address environmental problems such as pollution, watershed degradation, loss of biodiversity among others as well as the potential impacts of disasters/hazards and CC if these countries are to move onto the path of sustainable prosperity. It is for these reasons that the Bank has committed itself to mainstream these issues into its overall policy and strategic framework, including providing support to specific investment operations that protect the environment or reduce the threat of natural hazards and CC to BMCs.

Incorporation of Environmental, DRM and CC Issues in the Development of Country Strategy Papers

2.71 To create the framework to enable the Bank to be able to effectively support BMCs in the areas of environment, DRM and CCA, the Bank has developed a range of strategies, guidance documents and position papers to guide its efforts at mainstreaming these issues within the BMCs. There are a number of examples that demonstrate integration of environmental DRM and CC issues in national CSPs from projects reviewed. For example:

- Within the CSP for Jamaica, one of the main objectives is to support the mainstreaming of DRM and CC, including the establishment of an appropriate regulatory framework. Through this CSP, CDB has provided support to DRM and CC through land management and physical planning; support for the Office of Disaster Preparedness and Emergency Management (ODPEM) to build its capacity to be able to place greater emphasis on DRM. The Bank also has supported mainstreaming DRM and CC into key sectors as well as economic development planning; revision of the country's physical development plan; support for the development of a national policy on CC; and support for institutional strengthening of regulatory bodies to effectively implement the newly revised National Building Code.
- Included in Grenada's CSP Objectives and Strategic Priorities for 2009-2011 are the following:
 - Objective 4 = Reducing Vulnerabilities. Goal=Promoting environmental sustainability by reducing vulnerability to natural hazards and CC impacts.
 - Outcome 1= Land use management
 - Outcome 2 = CC related risks reduced. CDB Programme=TA Mainstream CC.
 - Outcome 3= Improved environmental sustainability
- Pillar III in Trinidad and Tobago's CSP (2011 to 2014) supports environmental sustainability and DRM. This is to be achieved through:

³⁷ Pillar V therefore addressed the mainstreaming building blocks of the enabling environment, training and technical support, changes in operational practice, and achieving development results.

- Environment, CC and disaster risk screening of all infrastructure investments and the climate proofing of investments at risk from CC and natural hazards.
- Support for Trinidad and Tobago participation in a regional public education and awareness campaign on seismic hazards.
- Interventions in Tobago for solid waste, coastal erosion and sewage treatment in-keeping with Tobago's "greening" agenda.

Reinforcing Existing National Mechanisms and Contributions to the Development of National Policies or Strategies

2.72 CDB-financed TA has supported strengthening the enabling environment for environmental management. In interviews conducted with several of the BMCs, some acknowledge that they have not aggressively pursued loans or grants from CDB for implementing environmental projects and programmes. The smaller BMCs from the OECS feel that they are so occupied in ensuring that they meet the conditionalities and reporting requirements of the various multilateral agreements that they do not have the capacity to seek funding from other sources. Some also feel that the Bank's procedures are onerous and protracted. In addition, BMCs interviewed also felt that CDB has not been aggressive enough in informing environmental agencies about the types of funding available. There is also a general feeling among these BMCs that:

- grant funding is available from many multilateral and other international agencies for undertaking environmental projects and programmes;
- given the current financial situation, loans for environmental projects are of very low priority; and
- a number of BMCs are slow to respond effectively to the many environmental challenges facing them because of a seeming disconnect between environment and natural resource management concerns and wider development policies and programmes.

2.73 Notwithstanding the above, for Jamaica, the Bank has provided and continues to provide extensive support to development of national policies and strategies and build institutional capacities that focus on supporting national development outcomes, environmental outcomes, DRM and CC. For the past seven years, 2005 to 2012, the Bank also supported the development and implementation of Jamaica's first National Development Plan – "Vision 2030 Jamaica" – the country's first long-term national development plan, designed to put Jamaica in a position to achieve developed country status by 2030. The plan contains four national goals – one of which focuses on environmental and CC issues – presenting key national strategies and action to enable Jamaica to achieve a healthy natural environment that embodies DRM and CC strategies for key economic sectors. Additionally, the Bank is supporting the development of Jamaica's national CC policy.

2.74 In Haiti, the Bank, as recently as November 2011, signed a grant agreement supporting catastrophe micro-insurance programmes in collaboration with Micro-Insurance Catastrophe Risk Insurance (MiCRO). MiCRO is an innovative platform that provides customised reinsurance coverage to help protect lending institutions and their low-income borrowers against losses resulting from natural disasters. The grant agreement provides claims-paying capacity to MiCRO for its Haiti programme via a multi-donor trust fund administered by CDB and inaugurated in late September 2011.

2.75 During the life of the DMFC, support also was provided by CDB to various governments in the region. For example, support was provided to the Government of Belize during the period 2003 to 2006

for the following: (a) National Hazard Mitigation Policy; (b) Framework Hazard Mitigation Plan; (c) Hazard Mitigation Plan for Ambergris Caye; (d) Coastal Erosion and Wind/Wave/Storm Surge Hazard Map of Ambergris Caye; (e) Vulnerability Assessment of Critical Facilities, Ambergris Caye; and (f) Associated Training in Vulnerability Assessment Techniques.

Support for Regional Projects that Impact National Level Mainstreaming

2.76 At the regional level, the Bank contributed resources to the development of the CCRIF in 2007. CCRIF is the first multi-country risk pool in the world and also is the first insurance instrument to successfully develop parametric policies backed by both traditional and capital markets. Sixteen Caribbean countries are members of CCRIF. CCRIF provides hurricane and earthquake insurance coverage to its member countries which ensures that members have access to liquidity within 14 days after a catastrophe event occurs. Over the last three years, CDB and other Development Partners have provided Grant resources to assist GOH in meeting the cost of its premium payment to CCRIF to facilitate Haiti's continued membership in the Facility.

2.77 In 2005, CDB and IDB established a "Joint Initiative on Mainstreaming DRM". The initiative sought to encourage and support countries in the region to mainstream DRM in their strategic and operational planning, and management decisions and processes. The second phase of the process consisted of a Technical Workshop on the Management of Disaster Risk through Fiscal and Budget Planning, which focused on enhancing the understanding of Permanent Secretaries of the Ministries of Finance and of Planning, as well as national disaster coordinators, of the processes involved in the integration of DRM in their national development strategies and to provide practical tools for use.

2.78 CDB assisted in financing a three-day workshop entitled, "Development of Disaster Risk Management Plans for the Agricultural Sector" in collaboration with the IDB, the Food and Agriculture Organisation of the United Nations, the Caribbean Water Initiative and the Caribbean Disaster Emergency Management Agency (CDEMA) held in Grenada in November 2011/January 2012. CDB has also focused on building CC capacity in the Caribbean through a number of small, regional initiatives. For example, CDB provided a TA grant to the OECS to host a two-day training workshop on global carbon financing in 2012.

2.79 The strategic framework developed by CDB for mainstreaming environmental, DRM and CC issues also enables the Bank to be able to be responsive to BMC needs particularly related to emergency and infrastructure rehabilitation as a result of earthquakes, hurricanes, and non-seasonal extreme rainfall events.

Summary Ratings

2.80 A summary table of ratings pertaining to the different criteria related to Pillar V is presented below. The overall score for the Bank for Pillar V – Mainstreaming at the National Level is therefore also a Level 3.

PILLAR V - MAINSTREAMING AT THE NATIONAL LEVEL KEY CRITERIA	SCORES ³⁸		
	Environmental Management	Disaster Risk Management	Overall Total
1. CDB has provided leadership in assisting BMCs build on and reinforce existing national mechanisms for environment and DRM .	1.5	1.5	3
2. CDB has contributed to the development of national policies or strategies in the areas of environment, DRM and CC in BMCs.	1.5	1.5	3
3. CDB has contributed to the implementation of projects at the national level related to environment, DRM and CC.	1.5	1.5	3
4. CDB incorporates the issues of environment, DRM/DRR and CC in the development of CSPs and other operational documents which guide the development and implementation of proposed BMC/CDB collaboration in these areas.	2	2	4
5. CDB has clearly articulated its position and views on mainstreaming of environment, DRM/DRR and CC in various strategy papers and provides support to BMCs in this area .	3	3	6
Total	9.5	9.5	19
Total Percentages	63	63	63
Levels³⁹	Level 3	Level 3	Level 3

2.81 Based on the foregoing, CDB receives a rating of 63% or a Level 3 for Pillar V – National Level Mainstreaming for environmental management and DRM, based on the criteria discussed and presented above. Level 3 refers to an intermediate stage in mainstreaming where the Bank has engaged in a process to develop key documents that express its intent to support countries in mainstreaming environmental, DRM and CC issues at the national level. Here the Bank engages in research as to how it would support these issues at the national level and prepares various documents and strategy papers that illustrate how it intends to support BMCs.

³⁸ Key to Scoring: 1 – low or absent: there is no understanding of the issues and/or actions are *ad hoc* and/or no resources; 2 – adequate: growing level of awareness of the issues and a recognition of the need for action; may have begun to take action; 3 – more than adequate: good practice(s) evident.

³⁹ Scoring to determine levels (adapted from Tearfund): Level 1: 0 to 25%; Level 2: 26 to 50%; Level 3: 51 to 75%; Level 4: 76 to 100%.

3. CONCLUSIONS, LESSONS, OPPORTUNITIES AND RECOMMENDATIONS

CONCLUSIONS

3.01 The table below summarises for each Pillar the key successes and the overall score.

PILLARS	KEY SUCCESSES	OVERALL SCORE
I: Policies and Strategies	<ul style="list-style-type: none"> ➤ There has been a considerable evolution of policies and strategies addressing mainstreaming in the Bank. In particular in environment, but also in DRM. ➤ These environmental and DRM policies and strategies have been reviewed and updated over the course of the period under review. ➤ The environmental strategic documents in particular are well known in the Bank. ➤ Strategic planning documents and the RMF have spoken increasingly to environmental, DRM and CC issues over the course of the period under review. Expected results related to strategies and policies during the period, as reflected in the Strategic Plan or the RMF, have for the most part, been achieved during the period. ➤ Recently, the Bank has developed a strategy for CC that can guide well the way forward. 	Level 4 (out of 4)
II: Institutional Capacity for Furthering Mainstreaming	<ul style="list-style-type: none"> ➤ The establishment of the ESU bodes well for addressing and mainstreaming of environmental, DRM and CC issues in the Bank and with BMCs. ➤ The environmental/DRM specialists, who play a critical role in mainstreaming of these issues in both project planning and design, as well as monitoring, are well-entrenched in the design and monitoring processes of the Bank, to the extent they can be with available time and resources. ➤ The ESU is slated to be strengthened further with a permanent CC specialist in 2012. ➤ The addition of a climate finance advisor at the management level in the Bank bodes well for furthering of the issue. ➤ The mainstreaming of environmental issues has become quite institutionalised within the Bank, with the deepening of the utilisation of the ESRP in project design. ➤ There is strong awareness of issues related to environment and DRM in the Bank. ➤ Key policies and strategies demonstrate commitment to building institutional capacity for mainstreaming of environment, DRM and CC. 	Level 3 (out of 4)
III: Integration into Project Planning and Design	<ul style="list-style-type: none"> ➤ The integration of environmental issues in projects design is standardised and has become institutionalised in the Bank. ➤ The majority of project designs are being reviewed by the environment and DRM specialists within the Bank who add immense value. 	Level 3 (out of 4)
IV: Integration into Project- Monitoring	<ul style="list-style-type: none"> ➤ There is noticeable improvement in the integration of DRM aspects in project design in recent years. The depth of mainstreaming in RRLs in recent years is noteworthy. ➤ With a larger ESU (with more DRM and CC capacity), the Bank could move to a more comprehensive integration of environmental, DRM and CC issues in portfolio design. ➤ The Bank is undertaking self-assessment of its mainstreaming of environment, DRM and CC within the organisation and with BMCs and is moving to address key issues. 	Level 2 (out of 4)
V: Contributions to Mainstreaming at the National Level	<ul style="list-style-type: none"> ➤ CDB has clearly and increasingly articulated its position and views on mainstreaming of environment, DRM and CC in its various strategy papers. ➤ CDB has incorporated environment, DRM and CC in some CSPs in recent years. Key successes in this area were noted in countries such as Jamaica and Grenada. ➤ As noted in previous assessments, the DMFC succeeded in building BMC capacity in DRM during its lifetime and developing national DRM-related plans in four BMCs. ➤ The Bank has, and continues to contribute to other capacity building efforts in the region, primarily through regional initiatives, that positively affect mainstreaming of environment, DRM and CCs in BMCs. 	Level 3 (out of 4)

LESSONS, OPPORTUNITIES AND RECOMMENDATIONS

Building on CDB's Comparative Advantage

3.02 **Human and financial resources should be specifically allocated to enhance institutional capacity for the mainstreaming of environment, DRM and CC.** The growing DRM and CC portfolio of the Bank provides a fresh pool of financial resources from which to draw on and address some institutional challenges *vis-à-vis* mainstreaming. In addition, the large projects coming into the pipeline necessitate the provision of additional internal capacity and resources to the Bank, and more specifically to the ESU. The Bank has an opportunity to be more client-oriented and offer strong, national level relevant assistance and also be pro-active with countries in a quickly evolving context. This will require some financial commitment in the form of budget or human resources to allow the CDB to remain relevant and play a strong role. There is therefore a need for more staff to demonstrate readiness to continue and further address the mainstreaming agenda and to demonstrate to partners and donors that it has the institutional capacity to deal with this agenda. **It is therefore recommended that the Bank add another DRM specialist to the ESU and institutionalise this DRM and the CC position.**

3.03 **The process and guidance tools should be relevant and updated and made readily available to internal and external stakeholders to enhance mainstreaming of environment, DRM and CC into project planning and design, monitoring and evaluation.** The manner in which the design of RRLs has more recently been addressed, in terms of more pro-active mainstreaming, can be built upon in the organisation. The Bank already has a strong and well followed process for potentially stronger mainstreaming to be built upon and a strong ESU with deep knowledge to be drawn from. The recently developed Climate Resilience Strategy 2012-2017 contains excellent strategic information for moving forward in this relatively new area for the Bank. There is a growing level of awareness at the Bank but the majority of the projects reviewed did not contain detailed environment, DRM or CC assessments or indicators for monitoring. There are currently a range of tools that are available to CDB to facilitate mainstreaming at the project design stage. **It is recommended that:**

- (a) the widely utilised and followed ESRP process (ESSC, SESIA, etc.) be expanded and built upon to integrate fully DRM and CC considerations and also provide guidance for deeper mainstreaming. The tools(s) should be expanded and include specific guidance for integrating DRM and CC aspects into the project cycle (planning to evaluation). This guidance should include how staff can address the mainstreaming of environment, DRM and CC beyond the inclusion of a standardised paragraph in addition to seeking out pro-actively, opportunities in project design for addressing and furthering key issues. This practical guidance should speak to the articulation of specific and measureable environmental, DRM and CC expected results and performance measurement indicators. DFID, the European Union (EU) and IDB have all fully integrated DRM and CC into their environmental screening tools for design and therefore utilise one all-encompassing screening tool at the design stage. The Bank may adapt such tools for their needs. In addition, specific climate risk assessment tools will need to be developed;
- (b) regular and consistent training be provided to CDB staff – both in terms of orientation of new staff and available refresher and other courses for all staff – in the ongoing use of materials developed for mainstreaming environmental, DRM and CC issues into project cycle; and
- (c) consideration be given to making available this guidance material and training to contractors and engineers involved in the implementation of Bank-financed projects, in the tools developed for mainstreaming environmental, DRM and CC issues.

3.04 In terms of enhancing the monitoring of the mainstreaming of environment, DRM and CC, it is recommended that:

- (a) the Bank should enhance the related tools and staff capacity, supported by policies/strategies which necessitate their use and enforcement, for monitoring and assessing the environmental, DRM and CC aspects of the organisation's portfolio;
- (b) environmental, DRM and CC aspects be monitored and reported in PSRs and PCRs and outlines/templates for these reports should include prompting for these elements (which should also be mirrored in the database system);
- (c) the database for capturing and sharing information should provide prompts for the environmental, DRM and CC aspects, which are linked to the existing monitoring and reporting tools. The upcoming re-development of the Bank's PPMS system presents a real opportunity to simplify and enhance the monitoring and reporting way forward, for all results in general and for mainstreaming issues in particular, and to link, streamline and enhance the different monitoring tools;
- (d) EMPs could be considered more strategically and utilised as mainstreaming monitoring tools. This will require strong enforcement of their development and implementation, and deeper integration of DRM and CC issues into their content. Guidance for their development may also be required;
- (e) check lists and guidelines be developed and provided to staff to facilitate monitoring and assessing the environmental, DRM and CC issues to be impacted by or to impact the project;
- (f) specific conditionality be incorporated in loans and enforced to ensure that monitoring and reporting is taking place throughout implementation by BMC partners and that useful information is being shared in an ongoing manner throughout the collaboration; and
- (g) environmental, DRM and CC issues be integrated and monitored in TORs and contracts with contractors and engineers.

3.05 The CSP presents an excellent opportunity to contribute to mainstreaming at the national level. As it has been used in some countries thus far, it can further be used as a window to integrate environmental, DRM and CC concerns and also to catalyze buy-in. This could then be followed up on by the design of programmes and PBLs that build on those mainstreamed expected results. It is recommended that the Bank promote policies, tools, and instruments that encourage the demand for disaster/climate resilient or other DRM/CC interventions. There is a real opportunity to influence and affect positively the planning and development process of BMCs because of the Bank's strong established relationship with BMCs Special Trust Funds for feasibility studies to design environmental projects are one possible instrument. Under mainstreaming and implementation of risk reduction measures potential areas for support include: incorporation of DRM and CC into physical planning and the EIA process; design and implementation of building codes; and inclusion of DRM and CCA in business continuity planning. TA support could also be made available for specific national preparedness measures, such as post-disaster planning and business continuity; mitigation measures for flood prevention, design of landslide reduction measures and sea defences; and community-based DRM/CC interventions. Additional financial and human resources will be required for the Bank to play a stronger role in assisting BMCs with mainstreaming at the national level. The recently developed "Climate Resilience Strategy 2012-2017" contains excellent strategic information for moving forward.

3.06 **In terms of the strategic positioning of the Bank in the region, it is recommended that** the Bank become more active in regional bodies focused on environmental, DRM and CC issues as it carves out its niche and re-asserts itself as regional leader. The CDM Coordination and Harmonisation Council, the Donor Committee on Environment, DRM and CC and the ECDG are just some potential areas to become more deeply involved. CDB needs to position itself as a source of knowledge and a leader in the Caribbean dialogue on environmental management, DRM and CC.

3.07 The Bank should seek closer partnership with donors active in the region in the collection of data related to assessing environmental, DRM and CC profiles of BMCs (including WB, IDB) and should catalyze strong information sharing, efficiencies in pre-design assessments, with a view to value-added for BMCs. There are many new donor-financed projects coming on stream in the region and CDB is being looked to as a leader and prospective partner in the region, in the particular area of DRM and CC. CDB has a good opportunity to build on what is perceived as the closest relationship with country partners among all donors. The Bank has a clear advantage over other international agencies, having more direct, historical and closer relations with the key BMC partners.

TERMS OF REFERENCE

1. BACKGROUND

1.01 It is widely acknowledged that the economies and long-term well being of the Borrowing Member Countries (BMC) of the Caribbean Development Bank (The Bank) are inseparably tied to the state of the natural environment.⁴⁰ Most of the economies of BMCs are based on the natural resource dependent industries such as tourism and agriculture. Caribbean countries, particularly the island states, must balance the pressures of development that result from attempting to satisfy the needs of expanding populations and the need for enhanced economic production, against the need to conserve the natural resource endowments on which the growing populations and sustainable economic activity depend.

1.02 The global cost of disaster-related damage has increased seven-fold since the 1960s.⁴¹ This is because the development process has placed more people and more valuable infrastructure in vulnerable locations. Between 1979 and 2004, major natural disasters caused more than USD8 billion (bn) in direct damage in 17 of the Bank's BMCs. In 2010, a catastrophic, magnitude 7.0 earthquake in Haiti, 11 hurricanes from 19 named storms in the Caribbean, and significant flooding in several territories caused impact with post-disaster damage and loss estimates ranging from \$336 million (mn) for St. Lucia, to \$12 bn for Haiti. Damage to infrastructure in the British Virgin Islands was reported to approach \$15 mn. The social and economic cost of natural disasters to the states of the Caribbean has been measured in multiples of gross domestic product. Reports indicate that the costs of global CC impacts will exceed those that have been caused by natural disasters and climate variability

1.03 The familiar hydro-meteorological threats to human well being and sustainable national development will be aggravated by a new threat: CC. The phenomenon of global CC has emerged as the most serious threat to sustainable development facing CARICOM States.⁴² CC will alter the character, intensity, frequency, spatial occurrence and timing of extreme hydro-meteorological events and the disasters that these phenomena cause.⁴³ The limited capacity of BMCs to adapt, in the face of the threats posed by rising sea levels, an escalation in the frequency and intensity of tropical storms and hurricanes, and disruptions in rainfall and fresh-water supply, threaten their very existence.⁴⁴

1.04 The nature of the threats posed to BMCs by climate variability and climatic change make adaption to current and anticipated climate threats imperative if national sustainable development objectives are to be attained. It is only by "climate proofing" development investments that climate-based risks can be reduced to manageable levels. Given the many ways in which the impacts of climate variability and CC can affect natural, social and economic systems, adaptation cannot be

⁴⁰ UNEP. (2005). *Caribbean Environment Outlook: Special Edition for the Mauritius International Meeting for the 10-Year Review of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States*. 60 pp.

⁴¹ Freeman K.P., Keen, M. and Dessai, S. (2003). *Dealing with Increased Risk of National Disasters: Challenges and Options*. IMF Working Paper WPO/03/197. Fiscal Affairs Department. 36 pp.

⁴² IPCC. (2007). *Fourth Assessment Report. Intergovernmental Panel on Climate Change Secretariat*.

⁴³ Taylor, M.A. et al (2007). *Glimpses of the Future: A Briefing from the PRECIS Caribbean Climate Change Project*, Caribbean Community Climate Change Centre, Belmopan, Belize. 24 pp.

⁴⁴ CCCCC. (2009). *Climate Change and the Caribbean: A Regional Framework for Achieving Development Resilient to Climate Change Adaptation (2009-2015)*, Caribbean Community Climate Change Adaptation Centre, Belmopan, Belize. 30 pp.

efficiently implemented as a stand-alone intervention or as strictly an environmental issue.⁴⁵ Adaptation must be addressed incrementally and holistically through its incorporation in the development planning frameworks at the regional, national, sectoral, and community levels.

1.05 In order to avoid development that creates or perpetuates vulnerability to natural hazards, the Bank is working to incorporate climate risk management in its strategies, policies, programmes, operations, procedures, projects and loans. The process of incorporating these measures in the Bank's strategic, programmatic, and operational frameworks is referred to as "mainstreaming"⁴⁶ The assumption that underlies the mainstreaming process is that the sustainability and impact of a development initiative can be enhanced by considering and managing climate risk.

1.06 The Bank's 2008 position paper on climate change, *Responding to Climate Change in the Caribbean Development Bank and its Borrowing Member Countries*, documents specific measure that the Bank should incorporate in its development assistance to BMCs. These include (a) due diligence in internal operations and (b) supporting climate risk management in the BMCs. These measures require a broad and deep analysis of the mainstreaming activities required to enhance resilience to climate variability and climate change in the BMCs.

1.07 The Bank's position on environmental sustainability and the mainstreaming of environmental considerations in the Bank's strategic, programmatic and operational frameworks is captured in the sector Policy Paper "**Environment**" (CDB, 1993) and the 2009 "**Environmental and Social Review Procedures**" (ESRP). They outline the Bank's strategic and operational guidelines for assisting BMCs in disaster risk management (DRM). The ESRP is integrated with the Bank's loan/project life cycle and promotes a team-based approach, interdisciplinary dialogue, and stakeholder involvement. The ESRP is made operational through the Bank's mainstreaming process.

1.08 The CDB's 2009 **Disaster Management Strategic and Operational Guidelines** (DiMSOG) clearly establishes the linkage between sustainable development and effective DRM. Like the ESRP, it outlines the Bank's strategic and operational guidelines for assistance to its BMCs in the area of DRM. The preparation of the DiMSOG was informed by the 2009 review of the Bank's involvement in DRM over the period 1998 to 2006.

1.09 The DiMSOG explicitly promotes mainstreaming through the integration of DRM and climate change adaptation (CCA) into all economic, social, and environmental sectors in BMCs. One of the three related themes of the DiMSOG is the strengthening of the Bank's effectiveness in supporting BMCs to systematically reduce the risks related to natural disasters and climate change. The CARICOM Enhanced Comprehensive Disaster Management Strategy and Programme Framework 2007-2012 (CDM) provides the regional framework for the mainstreaming of DRM and CCA into a BMC's development planning and policy mechanisms.

⁴⁵ IBRD. (2006). *Managing Climate Risk: Integrating Adaptation into World Bank Group Operation*. Washington, USA, 32 pp.

⁴⁶ "Mainstreaming involves the integration of policies and measures that address climate change in development planning and ongoing sectoral decision-making, so as to ensure the long-term sustainability of investments as well as to reduce the sensitivity of development activities to both today's and tomorrow's climate" – Klein, R.J.T. *et al.* (2007).

1.10 **“Country Strategy Papers”** represents the central process used by the Bank to identify, define, and coordinate its programming with BMCs. Country Strategy Papers are one of the mechanisms that the CDB uses to address the need for the mainstreaming of environment, DRM and climate change concerns in the development agenda of BMCs at the inception and identification stages of the project cycle for projects and loans.

1.11 The **“Strategic Environmental Social Impact Assessment”** enables the Bank to conduct country, sector, policy and programme-level environmental analyses for the purpose of identifying and assessing structural weaknesses or long-term cumulative environmental and social impacts that will affect the performance of the BMCs’ loans or projects.

1.12 The Bank’s **Strategic Plan 2010-2014** together with the agreement reached with **Contributors to the Seventh Cycle of the Special Development Fund (SDF)**, sets out the ways in which the Bank proposes to discharge its mandate to assist BMCs to achieve sustainable rates of economic growth, poverty reduction, and enhanced resilience to external shocks. To achieve these goals, the Bank will focus on five strategic objectives, one of which is support for enhancing environmental sustainability and DRM.

1.13 A mid-term review (MTR) was conducted to assess progress on implementation of the SDF7 Implementation Plan and the strategic priorities for the cycle. The MTR recommended that the next steps for enhancing the CDB’s **“Environment, Climate Change and Disaster Management”** should include (i) strengthening of mainstreaming of environmental considerations at all levels, including country strategies, programmes strategies and projects in other relevant sectors (ii) defining strategy and programming priorities in areas primarily related to natural disaster and climate change (iii) enhancing the demand by country strategy programming for projects in the areas of environment, climate change and disaster management and (iv) the assessment of the extent to which the CDB’s mainstreaming measures have been fully effective, and whether further steps could usefully be taken.

1.14 This consultancy is in response to the recommendations arising from the MTR. Environment, DRM and climate change mainstreaming is the informed inclusion of relevant concerns into the decisions of institutions that drive organisational and development assistance policy, rules, plans, investment and action. It results in a better understanding of the capabilities of environmental assets, the consequences of environmental hazards, and the real or potential impacts of development on the environment. Such understanding can consequently improve decisions, especially if there is a systematic, institutional framework for making such decisions. Environmental, DRM and climate change mainstreaming is a major practical component to achieving resilience and sustainable development outcomes.

2. OBJECTIVE

2.01 The overall objective of the consultancy is to assess and document the extent and effectiveness of the mainstream environmental, DRM and climate change consideration in the CDB’s strategies, policies, programmes, projects, and operations, over the period 2005 to 2011, in the context of CDB’s increased emphasis on climate-smart and environmental-sustainable development, poverty reduction and pro-poor growth.

2.02 The assessment will focus on mainstreaming environment, DRM and climate change at the organisational, national and regional levels, identification of gaps, needs, and make recommendations on the way forward, inclusive of a strategic and operational response to improve the effectiveness and

monitoring framework which will act as a bench mark against which future policy measures and environment/climate risk management actions can be measured and evaluated.

2.03 The specific objectives of the consultancy are to:

- (a) assess the progress and the extent to which the approach to mainstreaming has been consistent with the implementation plan for DiMSOG, ERSP and CC initiatives, milestones and the Bank's strategic direction;
- (b) assess the effectiveness of the mainstreaming processes and procedures to date, including the extent to which processes and procedures have been developed at the strategic planning and country programming levels, and at each stage of the project cycle – project identification to evaluation;
- (c) assess the efficacy of the specified accountability mechanisms and incentives driving integration of environmental, DRM and CC initiatives across Bank operations;
- (d) assess the quality of the monitoring and evaluation (M&E) systems for tracking progress on mainstreaming;
- (e) identify priority actions that can contribute to a more effective mainstreaming at strategic policy and/or programme levels; and
- (f) identify key lessons learned and develop recommendations which are forward looking and within the context of improving the administrative, policy and operational and M&E framework for mainstreaming, taking into account the emerging lessons on mainstreaming in bilateral and multilateral organisations.

3. SCOPE OF SERVICES

3.01 The consultancy services to be provided will involve, but not be limited to, an assessment of the extent to which:

- (a) Relevance:
 - CDB has developed assistance programmes/instruments to assist BMCs to integrate environmental, DRR and climate change issues into their development process, to address their challenges, and to help them implement international and regional agreements and national commitments;
 - CDB has provided assistance to BMCs in capacity building for the mainstreaming of DRM, environmental sustainability and climate change into national development planning and DRM frameworks;
 - Enabling and constraining factors have affected the efficiency and effectiveness of mainstreaming environmental, DRM and CC considerations in CDB's operations and procedures

(b) Efficacy

- the Bank's strategies policies and procedures for incorporating environmental, DRM and CC considerations into development assistance instruments and project cycle (planning to evaluation) have contributed to sustainable development outcomes;
- the resources(human, financial and technological) provided by the Bank in support of mainstreaming environmental, DRM and CC considerations are sufficient to ensure the delivery of development outcomes to BMCs that are climate smart and environmentally sensitive;
- the quality, scope, extent, and availability of country-specific data and information is sufficient to support the formulation appraisal monitoring and evaluation of "climate-smart" projects and loans;
- the level of awareness and capacity among Bank Staff are sufficient to support the effective mainstreaming of environmental, DRM and CC initiatives throughout CDB's operations.
- identify constraints and opportunities, that have affected the efficiency and effectiveness of the mainstreaming of environmental sustainability, DRM and CC considerations into CDB's operations and procedures;
- measures for promoting mainstreaming in CDB at the corporate and operational level have been institutionalised;
- current appraisal, monitoring and reporting practices related to the mainstreaming environmental sustainability, DRM and CC are articulated within the context of Management for Development Results;

Partnerships and Donor Coordination

- CDB has collaborated with other key stakeholder to assist in meeting the mainstreaming objectives.

4. METHODOLOGY

4.01 The assessment will involve a comprehensive desk study, fact-finding visits to seven BMCs – Belize, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines; and focus-group meetings with the staff complements of each of the Bank's Divisions.

4.02 The consultant(s) will:

- (a) review relevant published and unpublished materials produced by CDB on environment, DRM, and CCA development assistance and mainstreaming, inclusive but not limited to, the documents listed in Annex II;
- (b) review relevant published and unpublished materials, produced by development agencies where the cross cutting issues relating to the mainstreaming of environment, DRM, and CCA/mitigation in the development process have been studied;
- (c) conduct interviews with relevant personnel in the seven BMCs - Belize, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines in support of validating findings of the literature review and desk study; and
- (d) conduct interviews and/or focus group discussions with CDB personnel, development partners, and senior policymakers in the BMCs.

4.03 Within two (2) weeks of signing the consultancy services contract with CDB, the consultant(s) shall prepare an Inception Report after review of existing documentation and meeting with CDB staff. The main contents of the Inception Report will be the methodology and approach, an evaluation matrix and a work plan for conducting the assessment.

5. INPUTS

5.01 The Bank will provide the consultant(s) will all relevant documentation to facilitate the completion of the consultancy, as well as facilitate access to relevant members of staff and management as well as counterparts across the selected BMCs and any other stakeholders that may be identified.

6. QUALIFICATIONS

6.01 The consultant(s) should possess post-graduate training (Masters) and experience in the environmental science or sustainable development. The consultant(s) should also possess appropriate training and experience in mainstreaming thematic considerations (e.g., gender equity, sustainable development, poverty reduction, risk management) in programmatic and organisational settings, and development and programme evaluation.

6.02 The consultant(s) should have at least seven (7) to ten (10) years working experience in his/her respective disciplines and should also have the following competencies:

- (a) fluency in English (oral and written);
- (b) knowledge and understanding of environmental, DRM and climate change mainstreaming in the Caribbean Region as well as globally;
- (c) experience in organisational assessment/review;
- (d) knowledge of CDB procedures or applicable experience with multi-lateral development banks/bilateral agencies; and
- (e) experience in working in CARICOM.

7. DELIVERABLES

7.01 The consultant(s) will be required to submit the following reports:

- (a) two (2) copies of an Inception Report within two (2) weeks of commencing the consultancy assignment. CDB will provide comments on the Inception Report within two (2) weeks of receipt and the consultant(s) will adjust his/her work plan according to the comments received and agreed upon;
- (b) three (3) copies of an Interim Report within four (4) weeks of receipt of CDB's comments on the Inception Report. The Interim Report will detail key findings, issues, recommendations and provide a preliminary list of lessons learned. It will also indicate any difficulties experienced in carrying out the consultancy services. CDB will provide comments on the Interim Report within two (2) weeks of receipt and the consultant shall take account of these comments in preparing the Draft Final Report;
- (c) three (3) copies of a Draft Final Report within two (2) weeks of receipt of CDB's comments on the Interim Report. The Draft Final Report will detail findings, conclusions, lessons of experience and recommendations. CDB will provide comments on the report within two (2) weeks of receipt; and
- (d) three (3) copies of a Final Report incorporating comments of CDB within one (1) week of receipt of the comments on the Draft Final Report. The Final Report shall include an Executive Summary with fully cross-referenced findings, recommendations and lessons of experience.

Electronic versions of all reports must also be submitted in a format acceptable to CDB.

8. REPORTING

8.01 The consultant(s) will report to the Deputy Director, Evaluation and Oversight Division (EOV) of CDB (or her designate). The consultancy assignment will be coordinated by EOV with input from the Projects Department.

DOCUMENTS REVIEWED

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APPENDIX 1.3**LIST OF PROJECTS REVIEWED**

COUNTRY	PROJECT NAME	YEARS
Belize	Belize Social Investment Fund	2003
	Belize Social Investment Fund II Project	2010
	Second Water Project (Expansion of Belize City Water)	2010
	NDM Bridge Rehabilitation - Tropical Storm Arthur	2008
	Belize River Valley Water Project	2011
	NDM - Immediate Response - Hurricane Richard	2011
Grenada	Policy-Based Loan	2009
	OECS Waste Management Project	2011
	Disaster Mitigation and Restoration - Rockfall and Landslip	2005
	NDM - Immediate Response - Extreme Rainfall Event	2011
	Rural Enterprise Development	2011
	Grenville Market Square	2006
	Schools Rehabilitation and Reconstruction	2011
Guyana	Community Services Enhancement Project	2005
	Community Roads Improvement Programme	2010
	Enhancement of Technical and Vocational Education and Training	2008
Jamaica	Policy-Based Loan	2008
	NDM - Tropical Storm Gustav - Rehabilitation Works	
	Agriculture Support Project	2008
	Community Investment Project	2008
	North Coast Highway Improvement Project	2005
	National Planning Framework Support	
St. Kitts and Nevis	West Basseterre By-Pass Road	2003
	Second Power Project	2006
	Nevis Water Supply Enhancement Project	2010
St. Lucia	Policy-Based Loan	2008
	NDM - Rehabilitation - Landslide	
	Fifth Water Supply Project	2002
	ERP - Rehabilitation Primary Schools & Health Centre	2003
	NDM - Immediate Response - Hurricane Tomas	2011
	Shelter Development - St. Lucia	2011
St. Vincent and the Grenadines	Third Power Project - STV	2004
	NDM - Immediate Response - Hurricane Tomas	2011
	NDM - Rehabilitation and Reconstruction (Hurricane Tomas/North Windward)	2011
	Basic Education Project - Second Loan (BEP II)	2004
Regional	Caribbean Financial Services Corporation	
	CCRIF	

LIST OF KEY STAKEHOLDERS INTERVIEWED

ORGANISATION / COUNTRY	NAME	POSITION
CDB HQ	Dr Carla Barnett	Vice President Operations
	Mrs. Tessa Williams-Robertson	Director Projects Department
	Dr. Juliet Melville	Acting Director, Economics Department
	Mrs. Yvonne Moses-Grant	Division Chief, Social Sector Division (SSD)
	Mr. Andrew Dupigny	Acting Division Chief , Economic Infrastructure Division (EID)
	Mr. Clairvair Squires	Acting Division Chief, Technical Cooperation Division
	Mr. Carl Howell	Chief Country Economist, Economics Department
	Mr. Norman Cameron	Head of procurement
	Ms Cheryl Dixon	Operations Officer , Environment
	Ms Valerie Isaac	Operations Officer, Environment
	Mr. Yuri Chakalall	Disaster Management Specialist
	Ms Deidre Clarendon	Portfolio Manager , SSD
	Mr. Stephen Sandiford	Acting Portfolio Manager, SSD
	Ms Allison Davis	Portfolio Manager, EID
Mr. Peter Blackman	Portfolio Manager, Private Sector Development Unit	
Belize	Mrs. Yvette Alvarez	Senior Advisor, Ministry of Finance
	Mr. Gregory Gibson	Project Director, Ministry of Economic Development
	Mrs. Sally Anne Bagwhan Logie	Permanent Secretary
	Mr. Christopher Joseph	Environment Protection officer
	Joyce Thomas Peters	CC and DRM Consultant, Previous Director of NADMA
Jamaica	Richard Lumsden	Development Planning framework
	Barbara Scott	Director, Economic Cooperation Unit, PIOJ
	Mr. Peter Knight	Chief Executive Officer (Acting), Planning and Development Division
	Ronald Jackson	Director, ODPEM
St. Lucia	Mr. Crispin D’Auvergne	Ministry of Sustainable Development, Energy, Science and Technology
	Suzette Lewis-Jean	Ministry of Finance, Economic Affairs, Planning and Social Security
	Cheryl Mathurin	Project Coordination Unit – Ministry of Finance
	Joanna Raynolds-Arthuton	Ministry of Social Transformation, Local Government and Community Empowerment

ORGANISATION/ COUNTRY	NAME	POSITION
St. Lucia	Cuthbert McDiarmed	Ministry of Physical Development, Housing and Urban Renewal
	Jenny Daniel	Ministry of Physical Development, Housing and Urban Renewal
	Dawn French	National Emergency Management Organisation Bisee, Castries, St. Lucia
St. Kitts & Nevis	Ms Hillary Hazel	Permanent Secretary, Ministry of Finance, Sustainable Development and Human Resource Development
	Mr. Randolph Edmeade	Director of Environment, Ministry of Finance, Sustainable Development and Human Resource Development
St. Vincent & the Grenadines	Nyasha Hamilton	Environment Department
	Howie M. Prince	National Emergency Management Office Office of the Prime Minister
	Laura Anthony Brown	Central Planning Unit
	Dr. Vaughan Lewis	VINLEC
CCCCC	Dr. Kenrick Leslie	Executive Director
CCRIF	Simon Young	Micro Insurance Catastrophe Risk Organisation (Haiti) Fund
	Ekhosuehi Iyahan	Support for Haiti to meet commitment to CCRIF
CDEMA	Liz Riley	Deputy Executive Director
CIDA	Guylaine Grenier	Disaster Management Specialist
CIMH	David A. Farrell	Ph.D., P.G., Principal
DFID	Roger Bellers	Disaster Risk Reduction Advisor, Caribbean and Overseas Territories, DFID Caribbean
	Simone Bannister	Climate Change Advisor for DFID Caribbean
EU	Andre Poucet	Minister Counselor at Delegation of the <i>European Union to Barbados</i> and the Eastern Caribbean
	Andrea Janoha	Project Officer at Delegation of the <i>European Union to Barbados</i> and the Eastern Caribbean
IDB	Cassandra Rogers	Disaster Risk Management Lead Specialist
UNDP	Ian King	Project Manager

MATRIX DEPICTING DETAILED EVOLUTION OF CDB ENVIRONMENTAL, DISASTER RISK MANAGEMENT AND CLIMATE CHANGE STRATEGIES AND POLICIES

ENVIRONMENTAL MANAGEMENT		
INSTRUMENT	Date	Content
Environmental Policy Statement	1980	Operational procedures were revised to integrate environmental concerns. In house training for all project staff to improve their capacities for environmental analysis. Projects routinely screened for environmental implications. Officers undertake level 1 analyses; outsourced if full scale EIAs were necessary Supported environmental activities at the regional level Environmental Interagency Coordinating Group established under the chairmanship of CDB
?	1990	EIA's are fully integrated in all aspects of CDB operations CDB adopts Environmental Review Guidelines
CDB to the Year 2000	1992	Specific Objective was, "the promotion of ecologically sustainable/balanced ecological growth by providing increased levels of assistance for human resource development, environmental protection, public health services, and poverty alleviation". CDB will expand its lending operations to public sector agencies for financing of projects which will directly meet environmental objectives
Environmental Policy	1993	Describes the sustainable development challenges and principle environmental issues in the Caribbean; and sets out CDB's environmental activities at that time and its future role in the environment. Strategies included: <ol style="list-style-type: none"> 1. Development and refinement of EIA procedures 2. In-house seminars and training 3. Coordination and collaboration with donor community on environmental issues 4. Review of BMC institutional capacity for EM during economic sector work 5. Provision of EIA training to BMCs 6. Strengthening CARICOM as regional coordinator of environmental initiatives 7. Expanding of lending programme for improved environmental management 8. Mobilisation of additional concessionary resources
Environmental Review Guidelines	1995	Poverty Reduction and Environment Unit of the Social Development Division has responsibility for the environment. SSD's environment staff has specific responsibility for environment in CDB operations as well as continuous review and development of environmental procedures. In Country Programme Strategy the Economics and Programming Department will explicitly include major environmental issues and considerations and the mitigation measures and opportunities available. The environmental specialist will prepare the environmental brief for the CPA and participate in annual country programme reviews. CDB will provide TA to improve environmental management capacity and to mitigate adverse impacts of investment activities.

ENVIRONMENTAL MANAGEMENT

INSTRUMENT	Date	Content
		<p>Policy requires environmental analysis for all projects. It is responsibility of client to undertake required environmental studies.</p> <p>Guidelines are provided for incorporating environmental considerations in the entire project cycle. Supervision of environmental considerations are monitored by environmental staff during implementation phase to ensure that mitigation measures are implemented. Staff will detail information in Supervisory reports to inform management of the action being undertaken.</p> <p>Direct loans to the private sector will also follow the environmental guidelines. The Bank may provide TA to facilitate compliance in meeting with Bank's environmental requirements.</p> <p>For loans to financial institutions in BMCs, the Bank will undertake an institutional review of the FI to determine its institutional capacity and environmental policy. Environmental Staff will also review national policies, legislation and programmes to ensure compliance of the sub-clients. The Bank may also require environmental screening of some of the sub-loans.</p> <p>All projects financed under the Basic Needs Trust Fund (BNTF) will require environmental screening.</p>
Private Sector Development Strategy and Operation Procedures	2002	<p>CDB's role in promoting acceptable environmental management practices is an integral part of its proposed Private Sector Development Strategy and Operational Policies. In addition, the operational policies also provide for CDB's participation in environmental investments on terms that match the long-term benefits that are to be derived from such investments.</p> <p>CDB will assist private enterprises to:</p> <ul style="list-style-type: none"> (a) progress towards full compliance with international standards; (b) reduce risks associated with pollution as they increase production levels; and (c) mitigate risks associated with natural hazards and occupational safety and health.
Strategic Plan	2005 to 2009	<p>Environmental sustainability was selected as a strategic cross-cutting theme in recognition of the fact that substantial segments of the economic activities of CDB's BMCs, such as tourism, agriculture and fisheries, are reliant on their environmental quality and natural resource base.</p> <p>Disaster risk management and reduction is highlighted as a cross-cutting theme. The ESRP recognises that environmental degradation often increases vulnerability to natural hazards and climate change and that in many situations, it is the poor who are most vulnerable and at greatest risk. The ESRP requires that CDB's operations neither cause environmental degradation nor trigger activities that may exacerbate or rebuild vulnerability.</p> <p>All operation activities must comply with the directives of the ESRP as well as all other relevant Bank policies and operational guidelines. Projects are also required to demonstrate compliance with the Borrower's national legislation and regulations for environment and social requirements, pollution abatement and control and health and safety issues.</p>

ENVIRONMENTAL MANAGEMENT

INSTRUMENT	Date	Content
		<p>If an appropriate legislative or regulatory framework is weak or absent, the Bank will work with the Borrower to determine the most appropriate requirements to be used given the nature of the project, the national context and internationally accepted norms and practices. CDB will assist in strengthening BMC's capacity to manage environment and social issues, either through discrete TA or the inclusion of specific capacity building components in the design of programmes or projects.</p> <p>The environmental and social safeguards are the key standards used throughout the Bank's operations to manage environmental and social outcomes in its operations and project investment activities. The safeguards provide the basic principles and requirements which must be addressed in the application of the ESRP across CDB's operations. The safeguards must be used in conjunction with CDB's current operational policies.</p>
<p>Independent Evaluation of 1994 Environmental Review Guidelines</p>	2006	<p>Independent evaluation by the EOV of the application of the 1994 Environmental Review Guidelines.</p> <p>The study found that they had ensured environmental risks were addressed in the investment projects financed by the Bank, however:</p> <ul style="list-style-type: none"> (i) work was required to mainstream these considerations in its economic policy dialogue with BMCs; (ii) increased staff resources were required for more effective environmental supervision; (iii) natural hazard risk reduction considerations should be made more explicit in the guidelines; and (iv) environmental and social review requirements should be harmonised with those of the wider development community. <p>As a consequence of the foregoing, the guidelines were revised and presented as draft ESRP.</p>
<p>Environment and Social Review Procedures (draft)</p>	2008	<ul style="list-style-type: none"> • This is based on a review of Environmental Review Guidelines and the Guidelines for the Social Analysis of Projects which were completed in 1994 and 2004 respectively. The primary objective is to institutionalise through a formal process, CDB's objectives and principles with respect to the management of environmental and social issues in its operations. • The draft ESRP harmonises CDB's requirements with that of the Multi-lateral Working Group on the Environment which prepared a best practice guidance document, "A Common Framework for Environmental Assessment". • The draft ESRP also takes into account the many changes in organisational structure of CDB's Projects Department including the most recent restructuring which was implemented in 2007. This latest re-organisation has created a Project Services Division, which has brought together environment and social professional staff as well as new positions for gender, governance and procurement.

ENVIRONMENTAL MANAGEMENT

INSTRUMENT	Date	Content
<p>Environment and Social Review Procedures (draft)</p>	<p>2008</p>	<ul style="list-style-type: none"> • The ESRP also reflects recent advances in the sustainability, poverty alleviation, disaster risk management and climate change strategic agendas for national and regional development, as well as the changes in the BMC’s own administrative and legislative structures for social and environmental review and acknowledges the increasing significance of the role civil society can play in developmental activities. • ESER is mainstreamed into specific activities and programmes including policy dialogue, programming priorities, strengthening environmental and social governance frameworks, TA, and investment lending. It is also mainstreamed into the entire project cycle. • Environmental and social staff will be responsible for coordinating the preparation of these SESIA. Environmental staff will also work closely with the staff of the Economics and Projects Departments in the design and preparation of PBLs and Sector-based Loans. • Preparation of Country Disaster Profiles and Country Environment Assessments will be new for the Bank. The studies are expected to reflect “best practices” of similar work carried out by the other multilateral financial and development institutions. • CDB will support institutional strengthening and capacity building initiatives to enable improved environmental and social performance at both the regional and national levels, based on the programming priorities agreed with BMCs and regional institutions. These may include the management of regional public goods. • Environment and social staff will provide advice and technical support in the development and application of the environmental and social criteria used in the SDF allocation process. • Environmental and social sustainability dimension will be infused into special purpose programmes such as the Caribbean Consultancy Technology Services (CTCS) and the BNTF. <p>Environment and social protocols have been developed for the BNTF project cycle.</p> <ul style="list-style-type: none"> • CDB will not finance programmes and projects which are not in compliance with the BMC’s legal obligations under <i>Multilateral Environment Agreements</i>. • In keeping with international best practice, the Bank is developing an information disclosure policy which will require the disclosure of environment and social information prepared by the Bank or provided in support of its investment lending operations by the Borrower.

ENVIRONMENTAL MANAGEMENT

INSTRUMENT	Date	Content
Environment and Social Review Procedures (draft)	2008	<ul style="list-style-type: none"> • The types and level of environmental and social analysis required for a project depend upon the nature, scale and location of the project. The project's area of influence and associated facilities, if any, are considered explicitly, early in the project's review. Borrowers are required to implement the appropriate environmental and social assessment instrument(s) throughout the project cycle, from feasibility through construction, operations, and closure. • ESIA studies are required to include an ESMP • The ESMP will also indicate the institutional responsibilities required for their management and mitigation, specific monitoring requirements, and key monitoring indicators, and the schedules and costs associated with its implementation. Where a project or activity does not require an independent ESIA, staff will determine the nature of the analysis and the type of information required to carry out CDB's environment and social diligence requirements. • Environmental and social staff are required to assist the PC with the screening of FI loan proposals and prepare environmental and social inputs for the project Appraisal Reports. Environmental and social analysis for FI loans requires that emphasis be placed on the FI's capacity to undertake environment and social assessment for the projects it finances within the context of national legislative and regulatory requirements. • The environmental safeguards include pollution control, toxic and hazardous chemicals management, natural hazard and climate change, natural habitats and biodiversity conservation, physical cultural property, land acquisition and involuntary resettlements
Quality Assurance Standards	2010	<ul style="list-style-type: none"> • Quality at Entry (QAE) questionnaire for CSPs and PBLs. QAE is an evaluability instrument that measures whether the results projected in a country strategy are robust enough to be able to demonstrate the same results at the completion of the associated assistance programme.
Staff Circular	2011	<p>Establishment of an ESU which will focus on CC, DRM and environment. The Unit will be head by an Head of Unit under whom will be the CC mainstreaming consultant, and Operations officers in EM, DRM and CC</p>

DISASTER RISK MANAGEMENT

INSTRUMENT	Date	Content
CUBiC	1982	Funding provided to Caribbean Community Secretariat for preparation of CUBiC
ECDG	1989	CDB becomes member of newly established ECDG
NDMSOG	1998 and revised in 2004	This paper outlines CDB's strategy and provides operational guidelines for financial assistance to its BMCs for NDM. Specifically, the paper identifies the objectives, and principal focus of such assistance. It sets out the framework within which projects are to be designed for disaster preparedness, mitigation, and rehabilitation of social and economic infrastructure facilities. Most of the proactive assistance provided to BMCs under the NDMSOG for risk reduction has been in the form of TA grants.
CDM	2001	CDB adopts Caribbean Disaster and Emergency Response Agency's CDM Strategy (2001 to 2006)
DMFC	2002 to 2006	CDB establishes the DMFC with funds provided by USAID-OFDA. The DMFC had the twin goals of mainstreaming DRM within the development planning processes in BMCs and within CDB's operations. The four-year project provided TA to BMCs to implement disaster mitigation policies and practices, with particular emphasis in Belize, Grenada, Jamaica and St. Lucia. The project was also successful in building the Bank's professional capacity in DRM and in beginning the process of incorporating hazard assessment and risk reduction measures into the Bank's processes and procedures. Specific tools were developed including the Sourcebook on the Integration of Natural Hazards into the EIA process. Following the completion of this project, a permanent DRM post was established in the Bank in 2007 to continue and expand this work.
Corporate Policy on DRR	2003	CDB established a bank "corporate priority" on natural hazard vulnerability reduction, and the identification of vulnerability reduction as one of three focus areas of its Poverty Reduction Strategy
Strategic Plan	2005 to 2009	CDB identified environmental sustainability and DRM as two cross-cutting themes in its Strategic Plan, thereby recognising that DRM had to be viewed from the broader perspective of its impact on the Bank's four strategic objectives: broad-based economic growth, inclusive social development, good governance, and regional cooperation and integration.
Permanent DRM functions	2007	CDB established a permanent DRM function within its Operations Department and engaged a DRM Specialist

DISASTER RISK MANAGEMENT

INSTRUMENT	Date	Content
Draft ESRP	2008	Identifies natural hazards and CC among the key environmental and social safeguards used in its operations and project investment activities. The stated objective is to reduce risk from natural hazards and disasters to acceptable levels and to build resilience to natural disasters and the impacts of CC by identifying and implementing measures that reduce such risks. Through the DiMSOG and the ESRP, the Bank will work to fully integrate DRM and CCA into all phases (identification, design, preparation, appraisal and supervision) of the project cycle for capital loans and TA interventions, as well as into strategic planning, CSPs and poverty reduction strategies.
DiMSOG	2009	Replaces the NDMSOG. It is both a Strategy and a set of operational procedures for ERG, IRL and RRL. This strategy recognises that there have been many developments in DRM over the past decade and that in particular there have been significant improvements in national and regional DRM capacity since the NDMSOG was first implemented in 1998. However, there still exists a considerable range in DRM capabilities among the BMCs. The operational guidelines in Section 4, take this variation into account by providing a more flexible approach and clear direction for BMCs wishing to take advantage of CDB’s proactive and post-disaster assistance for risk reduction.
SDF 7	2009 to 2013	One of the four objectives was: <i>Supporting environmental sustainability and advancing the climate change agenda</i> Strategic Objectives and core priorities for disaster management include DRR, Climate change mitigation/adaptation. USD30 mn was allocated for natural disaster response and rehabilitation. Set-asides included USD30 mn for natural disaster mitigation and rehabilitation, and USD19.1 mn for other categories, disaster response, and environmental sustainability and climate change. <i>Environmental Sustainability and Disaster Management</i> showed a significant decline in relative terms, offset by more than a doubling of the proportion of PBLs to support public finances and debt dynamics, as well as poverty reduction policies, of BMCs hit by the global financial crisis and related difficulties.

DISASTER RISK MANAGEMENT

INSTRUMENT	Date	Content
SDF 7	2009 to 2013	<p>For <i>disaster management</i>, which to a significant extent is responsive to natural disasters, there are no targets, but provision has been made in the SDF 7 allocations for natural disaster mitigation and rehabilitation and immediate disaster response. Strengthening the Bank’s operational policy capacity for environmental sustainability, CC and disaster mitigation and adaptation was also set as a milestone for implementation of SDF 7. The Bank now has three environment professionals, two as Operations Officer (Environment) and the third is a DRM Specialist.</p> <p>In both of these areas, new strategies and implementation guidelines have been introduced, and CSPs are expected to address environment, CC and disaster management issues and identify opportunities for financing and TA interventions.</p>
SDF 8	2012	<p>The Bank will focus on DRR. One of the two pillars recommended is vulnerability reduction and building resilience.</p>

CLIMATE CHANGE

INSTRUMENT	Date	Content
<p>Responding to Climate Change in the Caribbean</p>	<p>2008</p>	<p>This position paper described the potential effects of CC and made a commitment to produce a climate risk management strategy, develop climate risk tools for project appraisal, and achieve carbon neutrality in the Bank’s own operations. It committed CDB to supporting climate risk management in BMCs, development and use of renewable energy sources, energy conservation and efficiency measures, and building community resilience to CC.</p> <p>The main areas for intervention discussed in the position paper were due diligence in CDB’s internal operations, and support for climate risk management in the BMCs. The following three steps were identified for immediate action:</p> <ul style="list-style-type: none"> (a) develop a climate risk management strategy that will guide the climate-proofing of the Bank’s regular operations over the next two to five years; (b) conduct an assessment of climate risk in the Bank’s current lending operations (projects under implementation as well as those in the process of preparation) with the goal of identifying opportunities where climate risk management can be included, perhaps as add-on activities; and (c) commence the building of CDB’s internal professional capacity to deal with climate risk management, through a series of presentations.
<p>SDF 7</p>	<p>2008</p>	<p>The primary focus of CDB’s proposed interventions was integrating CCA considerations into sustainable development strategies with support provided for:</p> <ul style="list-style-type: none"> (a) preparing and adopting national climate change strategies and adaptation plans; (b) mainstreaming CCA into sectoral policies, strategies and plans; (c) building community resilience to adapt to CC; (d) supporting regional institutions to monitor CCA; (e) research into CC modeling and predictions; and (f) supporting BMC’s access to the emerging CC financing mechanisms. <p>To support the work programme in these areas under the SDF 7, DRR and Environment and CC areas were allocated “set asides” of USD30 mn and USD4 mn respectively</p>
<p>Building Professional Capacity in Climate Change Response within the Caribbean Development Bank: Phase 1</p>	<p>2009</p>	<p>A one-day symposium for CDB’s professional staff and other development partners based in Barbados. The theme of the symposium was “Advancing the Climate Change Agenda”.</p>

CLIMATE CHANGE

INSTRUMENT	Date	Content
CDB Roundtable Discussion on Climate Change	2011	<p>The Bank hosted a roundtable panel discussion of technical climate change specialists from the Region to discuss climate finance needs of the Region and to increase awareness among its BMCs and shareholders, about the dialogue to elaborate the Region’s Climate Change Strategy, and to share the Region’s negotiating perspective as it prepared for its participation in the <i>United Nations Framework Convention on Climate Change’s</i> 17th Conference of the Parties. The Panel’s recommendation was that CDB should play a coordinating and intermediating role to assist BMCs to attract adaptation funding and seek to become a conduit for providing climate finance to the Region.</p>
Action on Climate Change: Draft Climate Resilience Strategy – 2012 to 2017	2012	<p>The proposed Climate Resilience Strategy specifically seeks to:</p> <ul style="list-style-type: none"> (a) develop and operationalise a robust environmental sustainability risk framework that explicitly includes climate resilience, for CDB’s operations; and (b) assist BMCs and regional institutions to mobilise financing, design, and implement policies, strategies and investment programmes to address climate resilience and deliver on their sustainable development objectives. <p>Phase 1: 2012-2015</p> <ul style="list-style-type: none"> (a) strengthen internal capacity by building an explicit internal climate risk framework for CDB’s operations; (b) establish itself as an intermediary of climate finance and an implementing entity providing direct access and more sustainable funding levels to BMCs, using the global climate finance architecture; (c) strengthen the knowledge framework and capacity of regional institutions and BMCs to assess climate change risks; and (d) support BMCs to design and implement appropriate policies and climate-resilient development programmes for financing by CDB and other development institutions. <p>Phase 2: 2016-2017</p> <ul style="list-style-type: none"> (a) scale-up and replicate successful programmes with limited expansion into new operational areas; and (b) place emphasis on the establishment of long-term sustainable levels of concessional financing and the use of more innovative approaches, mechanisms and instruments to support the full transition of BMCs to a more sustainable low carbon development path.

CLIMATE CHANGE

INSTRUMENT	Date	Content
EIB Loan to CDB: Climate Change Action Line of Credit	2012	<p>The <u>proposed priority areas</u> are identified as:</p> <ul style="list-style-type: none"> (c) strengthening of technical capacity of CDB’s Operations staff through training and the development and use of customised guidance resources, new operational policies and procedures to identify and specifically address climate risk considerations in its policy dialogue and investment programming work with BMCs. (d) be a member of the Transitional Committee for the Design of the Green Climate Fund, (e) priority to financing investments in key climate-sensitive sectors identified as priorities by BMC’s and which overlap with the Bank’s core areas of competence and experience. These have been identified as water, including wastewater and water resource management, agriculture, energy, physical infrastructure such as coastal and river defences, roads, drainage, social infrastructure e.g. schools, health centres. (f) assistance for disaster rehabilitation and mitigation but will place greater emphasis on identifying/ developing innovative risk transfer instruments and initiatives and building community resilience. (g) assist BMCs to manage and strengthen degraded geophysical, biological and natural resource systems to deliver the ecosystem services needed to sustain climate resilience and poverty reduction. (h) promote and support investments and initiatives that will increase the economic competitiveness of the private sector, helping to develop new products and services while capturing other benefits such as improved energy security, through improved energy efficiency (using both supply and demand side measures), and the expansion of investments in renewable energy sources. (i) support BMCs efforts to design and mainstream climate risk management strategies in regional, national and sectoral policies and facilitate the design of appropriate legal, administrative and governance arrangements that will provide the enabling environment for the effective and successful adoption of climate resilient programmes

PUBLIC DISCLOSURE AUTHORISED

CARIBBEAN DEVELOPMENT BANK



**MANAGEMENT'S RESPONSE
TO THE CONCLUSIONS AND RECOMMENDATIONS
OF THE
ASSESSMENT OF THE EXTENT AND EFFECTIVENESS OF MAINSTREAMING
ENVIRONMENT, CLIMATE CHANGE AND DISASTER MANAGEMENT
AT THE CARIBBEAN DEVELOPMENT BANK
OVER THE PERIOD 2005-2011**

SEPTEMBER 2012

Introduction

The evaluation of this element of the Bank's work programme is welcomed and is most timely as the Bank puts in place measures to support the implementation of its recently approved Climate Resilience Strategy. Management agrees that environmental sustainability is central to its work and that country ownership of CDB financed interventions is crucial to their sustainability. There are several areas of agreement with the recommendations of the Report that management would highlight, such as the need for more frequent updating and training sessions on CDB's Environment and Social Review Procedures and the need for more systematic reporting and tracking of environmental performance of the Bank's project portfolio.

It should be noted that mainstreaming climate change in the Bank's work programme is an emerging development topic not only for CDB but also for all development institutions and it is felt that its inclusion as an element of this evaluation is premature. Management is also of the view that there was incomplete and partial analysis in some areas of the report that led to some conclusions with which the Bank's management do not concur. This includes the suggestion that there is inadequacy in the treatment of environmental analysis in some project appraisal reports as well as the need for CDB to provide training to third parties such as engineers, consultants and contractors.

From the analysis it was not clear that there was recognition that the Bank works at several levels with its Borrowing Member Country (BMCs) and that there are entry points other than capital projects that are used to support mainstreaming of environmental issues in its work with BMCs. The Bank has been and is committed to continue to provide assistance to build technical capacities and to strengthen BMCs institutional, administrative and legislative framework for environmental management, through direct assistance to BMCs and regional institutions or through regional initiatives.

An important weakness of the Report is its failure to recognize the critical importance of providing dedicated concessionary and grant resources to support a more proactive work programme to mainstream environmental sustainability issues and to further expand the work programme. The environmental "set aside" provided under Special Development Fund VI (SDF VI) was critical to the expansion of interventions in disaster risk reduction and environment work. The resources provided critical support to help regional institutions improve their technical capabilities to deliver on their mandated responsibilities to provide BMCs with technical advice and credible scientific data to support their environmental sustainability agendas. CDB's support facilitated the rescue and regional archiving of hydro-meteorological databases, establishment of a regional clearinghouse for climate change information, climate finance training, preparation of national physical plans and the revision of national environmental legislation and regulations.

Page 35, Paragraph 3.02: Lessons, Opportunities And Recommendations		
Evaluation recommendation 3.02		
Human and financial resources should be specifically allocated to enhance institutional capacity for the mainstreaming of environment, DRM and CC. The Bank adds another DRM specialist to the ESU and institutionalise this DRM and the CC position.		
Management response:		
Management concurs with this recommendation. Provision has been made in the 2013 budget for the provision of services by another DRM specialist. Department for International Development (DFID) climate change (CC) mainstreaming consultant. The Bank will also benefit from the services of a DFID financed Climate Change Mainstreaming Consultant for a period of two and a half years.		
Key action(s)	Time frame	Responsible unit(s)
Employ an additional DRM Specialist.	Recruitment planned for Quarter 1, 2013.	Human Resources Division

Paragraph 3.03 (a)
Evaluation recommendation
The process and guidance tools should be relevant and updated and made readily available to internal and external stakeholders to enhance mainstreaming of environment, DRM and CC into project planning and design, monitoring and evaluation. It is recommended that:
The widely utilised and followed ESRP process (ESSC, SESIA, etc.) be expanded and built upon to integrate fully DRM and CC considerations and also provide guidance for deeper mainstreaming. The tools(s) should be expanded and include specific guidance for integrating DRM and CC aspects into the project cycle (planning to evaluation). This guidance should include how staff can address the mainstreaming of environment, DRM and CC beyond the inclusion of a standardised paragraph in addition to seeking out pro-actively, opportunities in project design for addressing and furthering key issues. This practical guidance should speak to the articulation of specific and measureable environmental, DRM and CC expected results and performance measurement indicators. DFID, the European Union (EU) and IDB have all fully integrated DRM and CC into their environmental screening tools for design and therefore utilise one all-encompassing screening tool at the design stage. The Bank may adapt such tools for their needs. In addition, specific climate risk assessment tools will need to be developed.
Management response: Management believes that this recommendation would have been more solidly grounded and of greater clarity if it were substantiated with findings drawn from a systematic evaluation of appraisal reports based on the requirements of the Environment and Social Review Procedures (ESRP). The provision of concrete examples to show where these issues were significant and were not addressed within the project design would have been useful.
CDB takes a risk based approach to project appraisal and for that purpose uses an environmental and social screening process to identify social and environmental risk including disaster risk and climate change issues.
Most projects do not have many significant environmental risks that cannot be satisfactorily addressed during project design or by adherence to established performance standards and norms during implementation hence they are classified Category “B”. The depth of the environmental, DRM and CC

analyses of appraisal documents for projects which the Report describes as “non environment related” is considered appropriate for the level of environmental risks presented in these projects. Where projects present significant social and environmental (including disaster risk reduction and CC concerns) risks they are classified Category “A”, require full public consultations and appraisal reports are required to include a “stand alone” summary appendix, detailing the significant environmental risks and the associated mitigation and monitoring measures included in the project design. Special conditions may also be included in the loan agreement.

Disaster risk management (DRM) and CC are two of the environmental performance requirements in the ESRP which was updated in 2009. The ESRP is seen as a “living document” that will be routinely updated to reflect changes in practice and lessons of experience. The Bank intends to further elaborate and develop technical tools and guidance materials as well as staff training to support mainstreaming of environment, disaster risk reduction and climate change in the coming year with technical assistance received from DFID, World Bank and the European Investment Bank.

The report focuses on CDB’s responsibilities regarding project design and implementation but has placed less emphasis on the responsibilities of the Borrower. It should be noted that successful project outcomes require full collaboration and cooperation between the Bank and BMCs.

Key action(s)	Time frame	Responsible unit(s)
ESRP review and update	December 31, 2012.	Environment Sustainability Unit (ESU)
Training for CDB staff on natural hazard and climate change risk assessment	September 30 2013	ESU
Training for CDB staff on ESRP requirements	March 31, 2013	ESU

Paragraph 3.03 (b)

Evaluation recommendation

Regular and consistent training be provided to CDB staff – both in terms of orientation of new staff and available refresher and other courses for all staff – in the ongoing use of materials developed for mainstreaming environmental, DRM and CC issues into project cycle.

Management response:

Management concurs with this recommendation. Training sessions for operations staff on the ESRP requirements and procedures will be conducted following its review update to be completed in Quarter 4, 2012 and as required thereafter. Orientation for new staff will include sensitization sessions on the Bank’s ESRP. The Bank will also be proactive in facilitating the participation of ESU in courses to facilitate professional development of staff.

Key action(s)	Time frame	Responsible unit(s)
Training sessions for operations staff	March 31, 2013	ESU
Sensitization sessions for new CDB staff	As required	ESU
Professional development training	Ongoing	ESU/ HRD

Paragraph 3.03 (c)		
Evaluation recommendation		
<p>Consideration should be given to making available this guidance material and training to contractors and engineers involved in the implementation of Bank-financed projects, in the tools developed for mainstreaming environmental, DRM and CC issues.</p>		
Management response: Management does not concur that training should be provided to contractors and engineers.		
<p>The focus and priority of CDB will be to sensitize recipients of CDB financing with the Bank's policies and performance standards as outlined in the ESRP. The recipients of CDB financing have the responsibility of providing the tools and other information to the consultants and contractors who are engaged to provide consultancy services and works under CDB financed projects.</p> <p>It should be noted however that where CDB has deemed it critical for the successful outcomes of CDB financed interventions it will work with BMCs to strengthen technical capacity of third parties directly associated with the financed intervention.</p> <p>Having regard to CDB's Information Disclosure Policy (2011), the Disaster Management Strategy and Operational guidelines (DiMSOG) are available on CDB's website for access and use by BMCs and the public. The ESRP will be placed on CDB's website by Quarter 1, 2013.</p>		
Key action(s)	Time frame	Responsible unit(s)
ESRP accessible on CDB's website	February 28, 2013	ESU/ Information and Technology Services Department
Sensitisation sessions for BMC public sector officers on ESRP	July 31 - November 30, 2013	ESU

Paragraph 3.04 (a)		
Evaluation recommendation		
<p>In terms of enhancing the monitoring of the mainstreaming of environment, DRM and CC, it is recommended that:</p> <p>The Bank should enhance the related tools and staff capacity, supported by policies/strategies which necessitate their use and enforcement, for monitoring and assessing the environmental, DRM and CC aspects of the organisation's portfolio.</p>		
Management response:		
<p>Management supports the need to build capacity to monitor and assess the environmental, DRM and CC aspects of CDB's project portfolio and is putting in place an action plan to build such capacity in the Operations Area. The Bank's strategies related to DRM and CC, and its environmental review procedures, already provide the overall framework for monitoring and assessing interventions at the sector, programme and project level.</p> <p>Internal compliance with these strategies and procedures will be increased through dissemination of the policies and procedures and planned wider staff sensitisation/training in how to integrate safeguards into their project work. The benefits of this training should then be reflected in the project appraisal reports, the supervision reports and the project completion reports.</p>		

Key action(s)	Time frame	Responsible unit(s)
Action plan to build capacity of the Operations Area monitor and assess the environmental, DRM and CC aspects of CDB's project portfolio developed	On-going	ESU
Action plan implemented		
Staff sensitisation/training on ESRP and CC/DRM risk assessment etc.	March 31, 2013/ September 2013	ESU

Paragraph 3.04 (b)		
<p>Evaluation recommendation Environmental, DRM and CC aspects be monitored and reported in PSRs and PCRs and outlines/templates for these reports should include prompting for these elements (which should also be mirrored in the database system)</p>		
<p>Management response: Agreed. The new PSR format contains a specific section for reporting on environment, DRM and CC during project implementation having regard for the project Environmental Management Plan (EMP). This new format will be used in conjunction with the new information system for portfolio performance management information system (PPMIS). When CDB staff prepares Project Supervision Report (PSRs) on performance of portfolio for 2012, staff will be required to include a category for reporting on environment, DRM and CC under the implementation status section of the report. It should be noted that the Project Completion Report (PCR) format already captures environment, DRM and CC issues.</p>		
Key action(s)	Time frame	Responsible unit(s)
PSRs on performance of portfolio for 2012 including reporting on environment, DRM and CC issues	January 2013 – December 2013	ESU/EID/SSD/TCD

Paragraph 3.04 (c)		
<p>Evaluation recommendation The database for capturing and sharing information should provide prompts for the environmental, DRM and CC aspects, which are linked to the existing monitoring and reporting tools. The upcoming re-development of the Bank's PPMS system presents a real opportunity to simplify and enhance the monitoring and reporting way forward, for all results in general and for mainstreaming issues in particular, and to link, streamline and enhance the different monitoring tools;</p>		
<p>Management response: Management agrees to strive for better measurement, monitoring, and evaluation of its environmental support. Management is in the process of designing new information system for portfolio performance management. Environment, DRM and CC indicators are to be defined and the facility to capture the baseline and monitoring parameters will be developed for inclusion into the performance management information system. This will facilitate effective reporting on environmental performance during project implementation.</p>		

Key action(s)	Time frame	Responsible unit(s)
The inclusion of environmental DRM and CC parameters in new PPMIS	March, 2014	
New information system for portfolio performance management completed and operational	June 30, 2014	

Paragraph 3.04 (d)		
Evaluation recommendation		
EMPs could be considered more strategically and utilised as mainstreaming monitoring tools. This will require strong enforcement of their development and implementation, and deeper integration of DRM and CC issues into their content. Guidance for their development may also be required.		
Management response:		
CDB's additionality in this regard is through advice at project entry and during supervision to the Borrower who is responsible for designing and implementing mitigation plans. Currently, loan conditions require client/ borrower to carry out the works including environmental monitoring according to the EMP. This is monitored for compliance by CDB staff and independent consultants. The Borrower has full responsibility to ensure compliance with EA/EMP conditions. Many of the elements necessary for adequate monitoring during project implementation, including the scope and specificity of the monitoring programme, are developed as part of project planning and environmental assessment process.		
Management accepts that CDB's supervision monitoring and internal reporting on compliance with EMP can be strengthened. The Bank will intensify efforts during project supervision to encourage BMCs compliance with the EMP. This will provide an understanding of the effects of the project and to assess the degree of implementation and the success or failure of mitigation efforts, and any corrective action required.		
Guidance for the preparation of EMPs is already provided in the ESRP.		
Key action(s)	Time frame	Responsible unit(s)
Supervision monitoring and reporting on compliance with EMP		ESU/EID

Paragraph 3.04 (e)		
Evaluation recommendation		
Check lists and guidelines be developed and provided to staff to facilitate monitoring and assessing the environmental, DRM and CC issues to be impacted by or to impact the project;		
Management response:		
Management agrees that the need to develop any new tools will be developed during the review of the ESRP if necessary.		

Key action(s)	Time frame	Responsible unit(s)
ESRP review and update	December 31, 2012.	ESU
New tools developed (if required)	December 31, 2013	ESU

Paragraph 3.04 (f)		
Evaluation recommendation Specific conditionality be incorporated in loans and enforced to ensure that monitoring and reporting is taking place throughout implementation by BMC partners and that useful information is being shared in an ongoing manner throughout the collaboration.		
Management response: Already the practice.		
Key action(s)	Time frame	Responsible unit(s)
Loan conditions enforced to ensure that monitoring and reporting occurs.	Ongoing practice.	ESU/EID/SSD

Paragraph 3.04 (g)		
Evaluation recommendation 3 (g) Environmental, DRM and CC issues be integrated and monitored in TORs and contracts with contractors and engineers.		
Management response: Integration of environmental, DRM and CC issues in TORs is already the practice. Management commits to strengthen monitoring adherence to environmental, DRM and CC requirements during contract execution and project implementation will improve. The Bank has begun to include specific indicators in capital projects to monitor environmental compliance during project implementation.		
Key action(s)	Time frame	Responsible unit(s)
Training for CDB staff	June 30 – March 31, 2013	ESU

Paragraph 3.06		
Evaluation recommendation In terms of the strategic positioning of the Bank in the region, it is recommended that The Bank become more active in regional bodies focused on environmental, DRM and CC issues as it carves out its niche and re-asserts itself as regional leader. The CDM Coordination and Harmonisation Council, the Donor Committee on Environment, DRM and CC and the ECDG are just some potential areas to become more deeply involved. CDB needs to position itself as a source of knowledge and a leader in the Caribbean dialogue on environmental management, DRM and CC.		
Management response: Management agrees that it is important for the Bank to be actively involved, within the context of available human and financial resources, in regional forums dedicated to enhancing Caribbean dialogue on environmental management, DRM and CC.		

CDB has a role to play in highlighting and providing policy advice to BMCs on environmental sustainability issues and acknowledges that it should play an advocacy role at the global, regional, and country levels. CDB continues to do so through representation in international fora, multi-donor organisation committees, boards, regional and sub-regional technical committees including: Caribbean Community Climate Change Centre (CCCCC); Organisation of Eastern Caribbean States Technical Advisory Committee and Environment Policy Committee (OECS TAC& EPC), Multilateral Financial Institutions Working Group on the – Environment. It should be noted that CDB chaired the ECDG on the environment for almost a decade (1992 -1998). CDB will re-establish its relationship with ECDG.

Management is cognisant that support for environmental management, DRM and CC is being provided to the region by a range of donors and development partners, with substantially more technical and financial resources than CDB. The Bank’s management believes that its foremost priority must be to have the technical capacity to respond to country demands effectively and to ensure that it adheres to its environmental policies and performance standards and that these reflect best practice. It intends to focus its resources to providing good analytical support and to promote sustainable investments to help BMCs build robust country systems that will generate positive environmental outcomes. The Bank will therefore continue to build partnerships and seek to forge collaborative relationships that will catalyse support towards realisation of BMC’s and the Region’s sustainable development objectives.

Key action(s)	Time frame	Responsible unit(s)
Collaboration with regional development partners	On-going	Projects Department ESU

Paragraph 3.07

Evaluation recommendation

The Bank should seek closer partnership with donors active in the region in the collection of data related to assessing environmental, DRM and CC profiles of BMCs (including WB, IDB) and should catalyze strong information sharing, efficiencies in pre-design assessments, with a view to value-added for BMCs. There are many new donor-financed projects coming on stream in the region and CDB is being looked to as a leader and prospective partner in the region, in the particular area of DRM and CC. CDB has a good opportunity to build on what is perceived as the closest relationship with country partners among all donors. The Bank has a clear advantage over other international agencies, having more direct, historical and closer relations with the key BMC partners.

Management response: Management notes that strengthening partnerships with donors active in the region is already ongoing. Management is committed to continuing collaboration and building synergies in the areas of environmental management, DRM and CC with development partners working in the Region. There are on-going partnerships and collaborative relationships with the World Bank, the Inter-American Development Bank, the European Investment Bank, DFID, Canadian International Development Agency and the Government of Germany.

Key action(s)	Time frame	Responsible unit(s)
Collaboration with regional development partners	On-going	Projects Department ESU

Paragraph 3.05 OPPORTUNITIES		
<p>Evaluation recommendation :</p> <p>The CSP presents an excellent opportunity to contribute to mainstreaming at the national level. As it has been used in some countries thus far, it can further be used as a window to integrate environmental, DRM and CC concerns and also to catalyze buy-in. This could then be followed up on by the design of programmes and PBLs that build on those mainstreamed expected results. It is recommended that the Bank promote policies, tools, and instruments that encourage the demand for disaster/climate resilient or other DRM/CC interventions. There is a real opportunity to influence and affect positively the planning and development process of BMCs because of the Bank’s strong established relationship with BMCs Special Trust Funds for feasibility studies to design environmental projects are one possible instrument. Under mainstreaming and implementation of risk reduction measures potential areas for support include: incorporation of DRM and CC into physical planning and the EIA process; design and implementation of building codes; and inclusion of DRM and CCA in business continuity planning. TA support could also be made available for specific national preparedness measures, such as post-disaster planning and business continuity; mitigation measures for flood prevention, design of landslide reduction measures and sea defences; and community-based DRM/CC interventions.</p>		
<p>Management response:</p> <p>Management agrees that CCSPs provide opportunities for mainstreaming environment, DRM and CC. CSPs are already being used to identify and establish specific areas of programming to integrate key BMC environment, DRM and CC priorities into poverty reduction and economic growth objectives. The potential areas for support suggested in the Report are already being pursued by the Bank and there are ongoing technical assistance initiatives in some of the areas identified. However, the CSP is not the only entry point for CDB/BMC dialogue on potential assistance for the recommended purpose. For example inclusion of technical assistance for DRR in recent RRLs and capacity building for FI for assessing DRM/CC and EV risks in the loan portfolio were identified as part of project appraisals.</p> <p>It must also be emphasised that countries also determine their work programme priorities and partners for development assistance based on a range of factors. CSPs are developed collaboratively between the Bank and its BMCs and the priorities for the work programme are country demand driven. An important incentive for countries to expand and strengthen their work in this area is the availability of grant resources. In the in the SDF VI cycle the environment “set aside” was a great incentive for country engagement in expanding the work with CDB on these issues. Additional grant and concessional resources for these issues would allow the Bank to further strengthen its assistance to BMCs and to improve and strengthen its policy advice work in BMCs. This would facilitate the use of more strategic instruments such as strategic environmental assessments (SEAs) and country environmental assessments (CEAs) to anchor this policy dialogue with BMCs.</p>		
Key action(s)	Time frame	Responsible unit(s)
Preparation of CEAs and SEAs	September 30, 2013 – December 31 2014	ESU