



DPSP II: Renewable Energy Sector Development Project

Country / Region: **St. Lucia** | Project Id: **XCTFLC620A** | Fund Name: **CTF** |

MDB : **International Bank for Reconstruction and Development**

Comment Type	Commenter Name	Commenter Profile	Comment	Date
Comment 1	Katharina Stepping	Germany	<p>As submitted via email on July 10, 2017</p> <p>Dear colleagues,</p> <p>Thank you for the opportunity to comment on the proposal "DPSP II: St. Lucia Renewable Energy Sector Development Project (IBRD)".</p> <p>First, I want to draw the attention to the envisaged financial instrument: According to the Project Proposal mainly a "Contingent Grant" would be used. I assume that this will be classified as a higher risk profile financial product and will consequently be excluded from the CTF Net Income and loss sharing calculation. Before being able to approve the proposed project I kindly ask the Trustee to confirm this understanding.</p> <p>Second, I would like to raise the following queries concerning the project itself:</p> <ul style="list-style-type: none"> - Are there any potential legal disputes or licensing issues with regard to the potential drilling locations? - Were the particular challenges with regard to environmental and social issues in the context of developing geothermal in a small island nation taken into account (impact on particularly fragile ecosystem, local populations, potential impact on tourism as one of the main industries, etc.)? Have you foreseen any additional safeguards to cope with this particularly sensitive circumstances? <p>Thank you and kind regards</p>	Jul 17, 2017
Response 1	Leesle Hong	IBRD	<p>[Q1] Are there any potential legal disputes or licensing issues with regard to the potential drilling locations?</p> <p>[A1] Exploration will require a license under the Minerals Vesting Act Cpt 5.08 which is issued by the Governor General of Saint Lucia, and the GOSL has indicated that it sees no potential problems in obtaining this license. As stated below, the area does not fall within any protected management (including the PMA), so there is no other authority to approach besides the Development Control Authority (DCA).</p> <p>Three general zones appropriate for drilling and with minimal access issues were identified in Areas 1a and 1b during the initial work by the pre-feasibility consultants. The most accessible of these zones is in a gently sloped lightly populated area containing grasses and shrubs with minimal trees with light land use consisting of low-intensity farming. The other two general zones identified are also lightly populated but have a more limited number of accessible potential drilling sites because of steeper terrain. Each of these potential drilling zones has minimal access issues and are lightly populated by members of the local communities. GOSL has a land valuation procedure that has worked for decades and does not anticipate any disputes once the Bank safeguards are in place for land compensation.</p> <p>[Q2] Were the particular challenges with regard to environmental and social issues in the context of developing geothermal in a small island nation taken into account (impact on particularly fragile ecosystem, local populations, potential impact on tourism as one of the main industries, etc.)?</p> <p>[A2] The project is addressing environmental and social safeguards issues by contracting a comprehensive ESIA. The TOR includes attention to indirect effects to the status of the Piton Management Area (a UNESCO World Heritage site) in the analysis to ensure aesthetic/visual factors are addressed that could potentially impact tourism, among other issues. The ESIA will also include social concerns in the analysis and planning for more extensive public consultation efforts.</p> <p>[Q3] Have you foreseen any additional safeguards to cope with this particularly sensitive circumstances?</p> <p>[A3] Yes. The project is not considering any drilling within the PMA (Area 2), and is focused on Areas 1a and 1b, which is outside the PMA, with only a small overlap with the edge of the buffer zone.</p>	Jul 18, 2017
Comment 2	Katharina	Germany	<p>As submitted via email on July 7, 2017:</p>	Jul 17, 2017



	Stepping		<p>Dear Mafalda, dear Jonathan, dear all, Thank you for the opportunity to comment on the proposal "DPSP II: St. Lucia Renewable Energy Sector Development Project (IBRD)". Before finishing our assessment of this proposal and, as the case maybe, coming back with further questions / comments, I want to draw the attention to the envisaged financial instrument. According to the Project Proposal mainly a "Contingent Grant" would be used. I assume that this will be classified as a higher risk profile financial product and will consequently be excluded from the CTF Net Income and loss sharing calculation. Before being able to approve the proposed project I kindly ask the Trustee to confirm this understanding. Thank you and kind regards, Katharina</p>	
Response 1	Abhishek Bhaskar	CIF AU	<p>Dear Katharina, On behalf of the Trustee, and based on the confirmation received from the Trustee via email, I can confirm that contingent grants are classified as high risk profile products. Best regards, Abhishek CIF AU (on behalf of the Trustee)</p>	Jul 20, 2017
Comment 3	Katharina Stepping	Germany	<p>Thanks for our colleagues from IBRD for their responses. We would like to highlight that we are still awaiting the confirmation by the Trustee that the envisaged financial instrument will be classified as a higher risk profile financial product and will consequently be excluded from the CTF Net Income and loss sharing calculation (see comment from July 7, 2017). This confirmation is a necessary precondition for our approval.</p>	Jul 21, 2017
Response 1	James Clark	Canada	<p>Canada would like to second Germany's comment regarding the use of contingent grants in this project. We share the view that this proposed project funding is higher-risk. Consistent with the CTF matched funding principle and risk sharing amendment, we are of the view that the contingent finance and TA grants components of this project should be excluded from the CTF Net Income and loss sharing calculation or should not be financed through CTF loan contributions. We request that the AU confirm their agreement with this understanding at their earliest convenience. Thank you, James Clark Global Affairs Canada</p>	Jul 21, 2017
Comment 4	Douglas Gibbs	United Kingdom	<p>Dear Mafalda, Thank you to the World Bank project team for this proposal, and for the opportunity to comment on the proposal <i>St. Lucia: Renewable Energy Sector Development Project</i>. Overall, we are supportive of the project aim to develop renewable energy in St. Lucia through development of the geothermal resource, and happy to approve the funding as requested. We would encourage the World Bank Project team to work with the Government of St. Lucia to consider what, if any, capacity building support would be needed within the Department of Sustainable Development and the Geothermal Implementation Team to ensure the project can go ahead as planned and minimise the risk of delay. With regards Doug</p>	Jul 25, 2017
Comment 5	Batley Waqas	United Kingdom	<p>Thank you for the proposal. Given the project was first started almost 4 years ago and the market for renewable has seen significant changes in that time, We would be grateful for further information regarding the economic viability of the project- has this reevaluated recently?</p>	Sep 12, 2018
Comment 6	Batley Waqas	United Kingdom	<p>Thank you for the additional information. We are now content to approve the extension. Regards Waqas</p>	Sep 18, 2018