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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 01-Nov-2023 | Report No: PIDA0063

**BASIC INFORMATION****A. Basic Project Data**

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Dominica	LATIN AMERICA AND CARIBBEAN	P179845	Dominica Geothermal Risk Mitigation II Project
Financing Instrument	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
Investment Project Financing (IPF)	06-Nov-2023	16-Jan-2024	Energy & Extractives
Borrower(s)	Implementing Agency		
Government of the Commonwealth of Dominica - Ministry of Finance	Dominica Geothermal Development Company		

Proposed Development Objective(s)

The Project Development Objective is to integrate geothermal electricity capacity and strengthen the resilience of the national grid in Dominica.

Components

Network Expansion and Resilience Development
Technical Assistance and Project Implementation Support

PROJECT FINANCING DATA (US\$, Millions)**Maximizing Finance for Development**

Is this an MFD-Enabling Project (MFD-EP)? Yes

Is this project Private Capital Enabling (PCE)? No

SUMMARY

Total Operation Cost	97.65
Total Financing	97.65
of which IBRD/IDA	38.50
Financing Gap	0.00



DETAILS

World Bank Group Financing

International Development Association (IDA)	38.50
of which IDA Recommitted	7.50
IDA Credit	38.50

Non-World Bank Group Financing

Commercial Financing	17.00
Unguaranteed Commercial Financing	17.00
Other Sources	40.00
Caribbean Development Bank	30.00
Private Commercial Sources (identified)	10.00
Counterpart Funding	1.90
Borrower/Recipient	1.90
Trust Funds	0.25
Canada Clean Energy and Forest Climate Facility Trust Fund	0.25

Environmental And Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

1. **The Commonwealth of Dominica (Dominica) is a small island developing state (SIDS) in the Eastern Caribbean Region.** It is an upper-middle income country, with, in 2022, a population of 73,000¹ and a GDP of US\$ 608 million giving a per capita GDP of \$8,364². It is a member of the Organization of Eastern Caribbean States (OECS). Tourism accounted

¹ Source: United Nations Population Division -

<https://population.un.org/dataportal/data/indicators/53,41,67,52,71,47,46,70,50,54,51,72,49/locations/212/start/1990/end/2023/table/pivotbylocation>

² Source: World Bank Macro Poverty Outlook for Grenada and Datasheet April 2023 -

<https://thedocs.worldbank.org/en/doc/e408a7e21ba62d843bdd90dc37e61b57-0500032021/related/mpo-dma.pdf>

<https://thedocs.worldbank.org/en/doc/a42807d60ed756bf79b8bc844db8a6c4-0500032021/related/data-dma.pdf>



for 36.9 percent of GDP in 2019³. The share of agriculture in the economy declined from 30 percent in the early 1990s to 15 percent in 2016. Dominica's poverty headcount reached 28.8 percent and its Gini coefficient was 0.44 in 2008⁴; both may have since risen due to subsequent economic shocks caused by hurricanes and the Covid-19 pandemic. Dominica, like other SIDS in the region, has suffered from low growth, high debt, and limited fiscal space.

2. **Dominica's economy is heavily influenced by natural disasters, a rugged topography, and external events.** As a small island state along the eastern Caribbean Sea with mountainous terrain, Dominica is highly vulnerable to flooding and heavy rainfall – particularly during the rainy season (August to December) and hurricane season (June to October). With a mean annual rainfall of 2187.93mm, climate projections using CMIP 6⁵ estimate the number of maximum consecutive wet days could increase to 16.59 days by 2053⁶. The mountainous inland terrain means that 90 percent of the population and most of the infrastructure is concentrated along a narrow coastal area in the south and west, rendering both the population and the productive sectors of the country's economy vulnerable and particularly susceptible to sea level rise, flooding, landslides, and storm surges. The category 5 hurricane Maria brought heavy rainfall and triggered flash floods and subsequent landslides which swept across the Caribbean in September 2017 killed 31 people in Dominica, damaged 90 percent of its housing stock and caused the electricity system to fail completely⁷. Damage was estimated to have cost \$1.31 billion, equivalent to 226 percent of GDP⁸. The few sandy beaches limit the opportunities for tourism development. Only about 25 percent of the country is cultivable, restricting further growth in agriculture. Recent withdrawal of international banks from Dominica has coincided with a contraction in the financial services sector. The Citizenship by Investment (CBI) program is an important source of foreign direct investment which is used for public investment in infrastructure. Inflows reached a peak of around 30 percent of GDP in 2020 and 2021 before falling back to a projected 18 percent in 2022 and 17 percent in 2023⁹.

3. **Volatility in recent economic performance reflects regional and global shocks and rebounds.** GDP growth over the past twenty years has averaged 2.1 percent per annum, lower than the 2.6 percent seen in other OECS countries¹⁰, itself lower than the growth recorded in Pacific Islands states and other upper middle-income countries¹¹. More recent growth has been erratic. The narrow economic base of just two or three main sectors is vulnerable to external shocks such as the global financial crisis of 2008 and Covid-19 in 2020 and 2021, both of which halted tourist arrivals. Reconstruction following hurricane Maria fueled GDP growth which rose to 5.5 percent in 2019. Following a sharp contraction of 16.6 percent during the Covid-19 pandemic, growth recovered to 5.8 percent in 2022 as travel restrictions were relaxed; it is forecast to be 4.7 percent in 2023¹². Transfers to households during Covid-19 caused the primary fiscal deficit to reach 6.2 percent of GDP in 2021 but is predicted to reduce to 0.3 percent in 2023. Although gross general government debt is expected to decline to 93.4 percent of GDP in 2023 from a peak of 112.6 percent in 2020, the country remains at high risk of debt distress. Inflation increased from 1.5 percent to 7.5 percent in 2022, driven by higher fuel and food prices but is forecast to decline to 6.2-6.3 percent in 2023.¹³

³ Estimate from the World Travel and Tourism Council data (2019). This estimate is considered high as it includes direct, indirect, and marginally related service sector contributions.

⁴ Estimated at the time of the last Country Poverty Assessment (CPA) conducted in 2009.

⁵ CMIP6- Sixth Phase of the Couple Model Intercomparison Project, organized by the World Climate Research Program.

⁶ Source: Climate Change Knowledge Portal - <https://climateknowledgeportal.worldbank.org/country/dominica/climate-data-projections>

⁷ Post-Disaster needs Assessment Hurricane Maria September 18, 2017. Government of the Commonwealth of Dominica: <https://www.gfdr.org/en/dominica-hurricane-maria-post-disaster-assessment-and-support-recovery-planning>

⁸ National Resilience Development Strategy 2030. Government of the Commonwealth of Dominica : <https://finance.gov.dm/national-development-strategies/strategies/file/31-national-resilience-development-strategy-dominica-2030>

Source: IMF Article IV Staff Report for Dominica May 2023: <https://www.imf.org/en/Publications/CR/Issues/2023/07/05/Dominica-2023-Article-IV-Consultation-Press-Release-and-Staff-Report-for-Dominica-535752>

¹⁰ Such as Antigua and Barbuda, Grenada, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines (World Bank Annual GDP Growth Data; 1996-2015).

¹¹ Regional Partnership Framework for the Eastern Caribbean States April 19, 2022. Report No. 160349-LAC.

¹² Source: IMF Article IV Staff Report for Dominica May 2023

¹³ Sources: IMF Article IV Staff Report for Dominica May 2023 and World Bank Macro Poverty Outlook for Grenada and Datasheet April 2023



4. **The National Resilience Development Strategy (NRDS) aims at a transition to a more diversified and greener economy.** It is based on five strategic growth poles: (i) renewable energy; (ii) productive enterprises; (iii) creative industries; (iv) infrastructure; and (v) human services which are to be supported within a stable macroeconomic framework¹⁴.

5. **The economic outlook is positive.** Growth is forecast to reach 4.5-5.0 percent in 2023¹⁵ supported by increased tourist arrivals. Underpinned by the NRDS, and supported by CBI inflows, the public and private investment pipeline is strong and includes planned investments in a new airport and geothermal development. The latter will be critical to the transformation of the economy by driving growth, improving resilience to climate-induced natural disasters and mitigating future global economic shocks.

Sectoral and Institutional Context

6. **Dominica's small population and geography shape the electricity sector.** In 2022, 98 percent of the island's population was served with electricity through 37,000 connections. About 47 percent of the 89 gigawatt hours (GWh) generated were sold to households and 43 percent to commercial customers, the remaining 10 percent was used by industry, hotels and for street lighting. Installed nameplate generation capacity was 25.52 megawatts (MW), serving peak demand of 16.35 MW. Seventy-four per cent of the generation capacity (18.88 MW) came from two diesel power plants located at Fond Cole in the southwest outside the capital Roseau, and Sugar Loaf in the northwest outside Portsmouth. A cascade of three small run-of-the-river hydro plant in the Roseau Valley provided the remaining 26 per cent or 6.64 MW of installed capacity. There was also an estimated 15MW of diesel self-generation. The transmission and distribution (T&D) system comprises only overhead distribution lines of over 400 km at 11 kilovolt (kV) and 900 km at 230/400 Volt. An 11 kV ring interconnects the hydro plants and diesel power plants with the load, about 75 percent of which is in the South around Roseau areas and 25 percent in the North around Portsmouth.

7. **Although largely under government supervision, electricity sector policy, regulation and operation are conducted independently.** The Electricity Supply Act of 2006 came into force on March 1, 2007. It placed into a legal framework the government's power reform policy which had been under preparation since 2003. The Act established the Independent Regulatory Commission (IRC) as the sector regulator. Members of the Board of IRC are appointed by the Minister responsible for electricity. The Board has powers and duties independent of the government and may make rules and take enforcement action. The IRC has a general duty to protect the interests of consumers and to ensure the security and efficiency of supply of electricity, including by conducting planning that considers geothermal and wind energy. It has the power to issue licenses for the generation, transmission, and distribution and supply of electricity. Other specific duties include the determination of tariffs and setting standards for performance, technical and customer service as well as for the efficient use of electricity.

8. **The interconnected power system is operated by a single, vertically integrated concessionaire, Dominica Electricity Services Limited (DOMLEC).** The IRC oversees DOMLEC and granted it a 25-year non-exclusive license to generate electricity and a 25-year exclusive license to transmit, distribute and supply electricity, both commencing on 1 January 2014. Under its transmission, distribution and supply license, DOMLEC also acts as the system operator. DOMLEC's tariffs are subject to determination by the IRC based on its revenue requirements which are computed from its operating and financing costs and the cost of meeting any government-imposed obligations. A public limited liability company, DOMLEC is domiciled in Dominica and listed on the Eastern Caribbean stock exchange. It became majority publicly owned in March 2022 following the sale of a controlling stake by a private investor to the government. The government owns 52 percent of the shares and Dominica Social Security owns 20 percent of the shares. The remaining 28

¹⁴ National Resilience Development Strategy 2030. Government of the Commonwealth of Dominica : <https://finance.gov.dm/national-development-strategies/strategies/file/31-national-resilience-development-strategy-dominica-2030>

¹⁵ Sources: IMF Article IV Staff Report for Dominica May 2023 and World Bank Macro Poverty Outlook for Grenada and Datasheet April 2023.



percent of the shares are owned by private actors, mainly Dominicans. With the change of ownership, several board members were replaced. DOMLEC's recent financial performance is mixed. Having broken even in 2020, it made a profit of EC\$3.61 million in 2021 on revenues of EC\$92.05 million but in 2022 fell into a loss of EC\$0.79 million on revenues of EC\$112.23 million, attributed to a 54 percent increase in the cost of fuel¹⁶. Operating performance is good: losses on gross generation were 7.8 percent in 2021 and 8.2 percent in 2022. Specific fuel consumption in 2022 was 223.6 grams of diesel per kilowatt hour (kWh) produced, leading to a carbon dioxide (CO₂) emissions factor of 700g CO₂/kWh. Per employee there are 183 customers and sales of 440 megawatt hours (MWh).

9. Dominica's electricity system is vulnerable to recurrent and devastating hurricanes, heavy rainfall and flooding.

The age of the overhead T&D network was a principal factor in the failure of the electricity system following hurricane Maria. Then, more than 75 percent of the network and most of the generation assets were damaged to a greater or lesser extent. The cost of damage totaled US\$33 million, or 65 percent of the net book value of assets at the time. Of the total, US\$30 million was attributable to T&D network, the balance accruing to generation, mainly to rebuild the Padu hydropower plant. Lost gross revenues, mainly electricity sales and fuel surcharges, were US\$26.9 million, 82 percent of total revenues in 2018. The financing required to repair or rebuild the power system following Hurricane Maria was estimated at US\$80.68 million¹⁷, nearly 2.5 times DOMLEC's total revenue in 2016. While it is not possible to forecast future hurricanes' timing or strength, climate change has increased their frequency and severity; Dominica is thus prudent in planning with future devastating events in mind.

10. Reliance on diesel generation undermines Dominica's competitiveness. Seven out of the 13 diesel generating units owned by DOMLEC with aggregate installed capacity of over 10 MW have exceeded their maximum operating hours. Continued operation of those units without replacement risks unexpected shutdowns and engine failures, which would lead to major electricity supply blackouts. Increases in the price of imported diesel in 2022 not only worsened the country's balance of trade but also resulted in sharply rising retail tariffs. Fuel imports rose to a historic peak of 8.5 percent of GDP, three points higher than in 2019¹⁸. Electricity tariffs reached around 33 US cents/kWh. Unsurprisingly, about 66 percent of firms in Dominica cite the cost and irregularity of electricity as a major or very severe constraint¹⁹. High value service businesses and inward investment, both of which are essential to the achievement of the NRDS, depend on reliable electricity at predictable cost. Hence a transition away from diesel is a development priority. Absent other sources of energy, DOMLEC would have to invest in new diesel gensets to replace the aged fleet, thus locking in further competitive disadvantage.

11. Geothermal power combined with sector reforms provide a transformational opportunity. Dominica has a confirmed geothermal resource capable of supporting up to 100 MW of generation²⁰, far exceeding current domestic needs and which could in the longer term provide an exportable surplus. Dominica's geothermal electricity cost is expected to be around US\$ 12c/kWh²¹, which would significantly lower the level and volatility of tariffs while substantially improving supply reliability and resilience. The reforms introduced under the 2006 Electricity Supply Act encourage outside investment in electricity generation while leaving DOMLEC responsible for system operation. They thus free the financially constrained DOMLEC from the complexities and costs of developing a power plant using a technology that, while well proven elsewhere, would be new to the country.

12. The on-going Dominica Geothermal Risk Mitigation Project (DGRMP – P162149) is supporting development of Dominica's first geothermal power plant. The project aims to diversify Dominica's domestic power generation mix and

¹⁶ Source: DOMLEC Annual Report 2021 and 2022 - <https://www.domlec.dm/investors/>

¹⁷ Post Disaster Needs Assessment for Dominica after Hurricane Maria in 2017, GFDRR.

¹⁸ Source: IMF Article IV Staff Report for Dominica May 2023.

¹⁹ World Bank, 2010, evaluation of raw data from Enterprise Survey in Dominica.

²⁰ Based various surface studies and well drillings, GoCD confirmed the existence of up to 100 MW in geothermal capacity in the Wotten Waven-Laudat field, located in the Roseau Valley.

²¹ Estimated based on the planed 10 MW geothermal power plant in Roseau Valley.



demonstrate the potential of larger development of the geothermal resource. It was approved in March 2019 and was originally intended to finance the development, construction, and commissioning of the 7 MW domestic geothermal power plant (DGPP) in the Roseau Valley. The Dominica Geothermal Development Company Ltd (DGDC) is wholly owned by the government and is the project implementation agency charged with developing DGPP. It was originally planned that DGDC would contract a firm to design, supply and install the DGPP. Insufficient and costly responses from the market led to the cancellation of procurement in early 2020. Further studies, including a market survey and technical work indicated the need to modify the project technical scope, design, and implementation approach. In May 2020, the government proposed to increase the capacity of the DGPP to 10MW and for it to be developed and financed by a private consortium to leverage private sector investment to cover the additional costs. To enable the change, DGRMP was restructured in March 2022 to finance the drilling of a new production and a new reinjection well and studies into the construction of new transmission capacity. The drilling of new wells was required to reduce upstream resource risks, increase bankability of the downstream development of the DGPP, and reduce geothermal energy costs by enabling the increase in capacity. The additional transmission capacity was required to evacuate geothermal electricity to the country's primary load centers. In April 2023, DGDC reported that the drilling of both additional wells had been completed successfully. The knowledge from the drilling will help the government finalize negotiations with its private partner for the DGPP. The technical design and preparation for the environmental and social instruments for the transmission investment are under finalization and have informed the preparation of the proposed project. Following the restructuring and the improved progress, the most recent supervision in May 2023 rated the project moderately satisfactory for achievement of its development objective and for implementation progress.

13. **The government is driving forward progress for development of the DGPP with private financing.** In 2020, a private consortium of four French companies was selected by the government to negotiate the development of the 10 MW DGPP for domestic supply while also moving toward development of a larger power plant for export to the neighboring French territories of Guadeloupe and Martinique. In May 2022, the government withdrew from negotiations following the exit of the key member of the consortium. The government then decided to focus its priority on development of the geothermal generation for domestic supply and in early 2023 engaged in negotiations of the DGPP with a new independent power producer. Reportedly, significant progress has been made in the negotiations. The government expects to finalize the agreements with the private developer in the coming months and that the DGPP can be constructed within 24 months upon the signing of the agreements.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

14. The Project Development Objective is to integrate geothermal electricity capacity and strengthen the resilience of the national grid in Dominica.

Key Results



Key Results	Indicators ¹
Geothermal capacity integrated into the grid.	<ul style="list-style-type: none"> – Transmission lines constructed under the project (core sector indicator). – Capacity of privately financed geothermal electricity built and connected to the national grid. – Increased share of renewable electricity in domestic generation production. – Sales of geothermal electricity to consumers – Additional GHG emissions avoided.
Strengthened resilience of the electricity network.	<ul style="list-style-type: none"> – Transmission system meets N-1 contingency standard²². – Share of consumers with enhanced security of generation supply. – An Emergency Preparedness Plan for T&D network is adopted by DOMLEC for implementation

D. Project Description

15. The proposed project will have two components.

(a) Component 1: Transmission Network Expansion and Resilience Development (estimated costs of US\$36.8 million including US\$36.9 million IDA loan and US\$1.9 million counterpart funds). This component will support the construction of new transmission lines and substations connecting the DGPP with the country's largest electricity system load center in Fond Cole (near Roseau city) and technical assistance to enhance emergency preparedness of DOMLEC, the national electric utility as described below.

1.1 Network Expansion. Network expansion will include: (i) A 69 kilovolt (kV) overhead transmission line of around 7.6 km from the DGPP to the Fond Cole substation; (ii) a 33 kV underground transmission line of around 11 km, connecting the DGPP with Fond Cole substation via New Trafalgar and Padu substations (iii) construction of new 69/33/11 kV substation at Fond Cole, a new 33/2.2 kV substation at New Trafalgar and new 33/11 kV substation at Padu, (iv) an 11 kV underground distribution line of 0.5 km connecting the DGPP to the existing Laudat substation and (v) other T&D system strengthening. All new transmission lines and substations will be constructed to standards and with features which harden them against extreme weather events and subsequent effects such as flooding and erosion.

1.2 Resilience Development. A stock of emergency spare parts and equipment will be procured that is sufficient to allow efficient and fast emergency and damage repair responses to future extreme weather events. In addition, technical assistance will be provided to DOMLEC to improve its climate diagnostics, further climate risk assessments such as vulnerability mapping tool, develop an emergency preparedness plan and safety regulation for the upgraded T&D system.

(b) Component 2: Technical Assistance (TA) and Project Implementation Support (estimated costs of US\$1.85 million including US\$1.6 million IDA loan and \$0.25 million grant from Canada Clean Energy and Forest Climate Facility (CCEFCF)). This component will finance technical assistance to: (i) improve the capacity of DOMLEC to operate and manage the 33kV and 69kV networks sustainably, a more complex task than managing the present 11kV distribution system, through training and technical assistance; (ii) educational, training and employment opportunities for women in the energy sector; (iii) capacity building in regulatory framework development and grid modernization through training, technical assistance ; and (iv) support for project implementation by DGDC through the provision of technical, engineering and project management expertise.

²² N-1 contingency standard of a power system means that the system is capable of maintaining normal operations in the event of a single contingency event such as the unplanned loss of a transmission line, generator or transformer.



Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

16. The environmental, health and safety risks related to the construction of the transmission lines and construction of the substations are Substantial due to (i) the anticipated occupational and community health and safety risk during construction (e.g. working at heights and difficult terrain); (ii) traffic management issues related to transporting equipment and materials through residential areas and narrow winding roads; (iii) potential impacts on biodiversity including the possibility of bird collisions; and (iv) institutional capacity of DGDC to supervise and monitor the DGRMP (which has a Substantial E&S risk rating) and DGRMP II if both are implemented simultaneously. The social risk rating is considered moderate with risks linked primarily to impacts under ESS5. These impacts are small in scale and easy to manage as already documented in a RAP. The RAP will be updated once two realignments are finalized, but at this stage there are around 20 people who will be impacted by pole towers, tower easements, and access road easements. The specific impacts will be loss of land, restrictions in use of land, and loss of crops and trees. PAPs and community member have been consulted with on the design of the transmission line, resulting in a design changes to underground cable between the Geothermal plant to Glasgow, with other changes to reduce impacts currently being investigated. No other significant issues were raised during the public consultations. Environmental and social Impacts are likely to be short-term and reversible and would be addressed through mitigation measures incorporated into the Environmental and Social Management Plan (ESMP) in line with good international industry practice (GIIP) delineated in the WB Group General Environmental, Health and Safety (EHS) Guidelines and Guideline for Electric Power Transmission and Distribution. Drafts of the environmental and social instruments - Environmental and Social Impact Assessment, Environmental and Social Management Plan, Abbreviated Resettlement Action Plan, Labor Management Procedures, and Stakeholder Engagement Plan have been prepared and submitted to the World Bank for final review.

E. Implementation

Institutional and Implementation Arrangements

17. **The project implementation will be led by DGDC with support from internationally experienced consultants.** DGDC is the implementing agency for the on-going DGRMP and has primary responsibility for the DGPP development on behalf of the government. DGDC as a Limited Liability Company has a fully independent Board of Directors and three Shareholder Representatives, which exercise Government's shareholder rights in the same manner as the shareholders of any other private company. These Shareholder Representatives are the Cabinet Secretary, Financial Secretary and Permanent Secretary in the Ministry responsible for Energy. They elect the Directors, numbering four in total, including an Executive Chairman. None of them is a member of the Government. The Board has responsibility for approving contract awards and signing contracts with providers. DGDC has eight permanent staff members with responsibility for procurement, technical, financial, safeguards and administrative functions reporting to its Managing Director. An Owner's Engineer (OE) with extensive experience in similar projects will be hired to support the project in all aspects including technical, procurement, contract management and capacity building. Other consultants will be recruited for safeguard plans implementation and additional procurement support during tender processes.



18. **The transmission assets to be built under the project are to be leased to and be operated by DOMLEC.** DOMLEC is structured as a vertically integrated utility in the generation, transmission, and distribution of electricity. DOMLEC has no experience in operating the network at higher voltage levels than 11 kV, nor of geothermal electricity. It must thus build its human resource and skill sets during project implementation so that it is ready to lease and operate the 33 kV and 69 kV transmission lines and substations built by the Project.
19. **DGDC will be partnered with DOMLEC for the project implementation under oversight of Stakeholder Executive Team.** DOMLEC has already engaged closely with DCDC during project preparation and the three new substations will be built on DOMLEC owned land. During project implementation, DOMLEC is committed to scale up its support into a full engagement in engineering design decisions and construction supervision. At least one DOMLEC engineer will be assigned to work full time for the project. In addition, DOMLEC will assign 10 technical, health and safety, and human resource staff, forming project Functional Teams to work part time with DGDC. An on-the-job training program for the DOMLEC team will be included in the scope of work of the OE and the selected engineer, procure and construct (EPC) contractor. A Stakeholder Executive Team (SET) comprising the heads of DOMLEC, the IRC and DGDC will be established. The SET will ensure stakeholder alignment on key aspects of the project implementation, including project schedules, capacity building, associated projects and technical/regulatory requirements for construction and future operation of the new network. The SET will meet monthly and any issues which cannot be resolved within this team will be escalated to the DGDC Shareholder Representatives. A project operation manual (POM) will be prepared and adopted for the project. The governance arrangements for the project are illustrated in Figure 2.
20. **Project agreements will backstop the governance arrangements.** Funding made available to the Project from the World Bank and other development partners will be channelled to DGDC through the Government. Specifically, legal agreements for credits and grants will be entered into between the Government and the World Bank. Therefore, the Government will enter into a Subsidiary Financing Agreement with DGDC to transfer funding on the same conditions to the company. Also, a transmission service agreement (TSA) will be signed between the GOCD and DOMLEC to govern the leasing arrangement and operations of the transmission assets.

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