

CARIBBEAN DEVELOPMENT BANK

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

TO BE HELD VIRTUALLY

DECEMBER 9, 2021

PAPER BD 108/21

NOTIFICATION OF APPROVAL BY THE PRESIDENT OF A LOAN
SAFETY NETS FOR VULNERABLE POPULATIONS AFFECTED BY THE
CORONAVIRUS DISEASE 2019 PROJECT – GRENADA
(President's Recommendation No. 1014)

In accordance with the authority delegated by the Board of Directors at its Two Hundred and Ninety-Second Meeting (Minute 292.20), the President approved a loan in the amount of eight million, nine hundred and fifty thousand United States dollars (USD8,950,000) to the Government of Grenada (GOGR) (the Loan) from the Other Special Funds of the Caribbean Development Bank (CDB), allocated from funds provided by the Inter-American Development Bank to CDB under the Global Loan Programme to build health, social and economic resilience in the member countries of the Organisation of Eastern Caribbean States during the Coronavirus Disease 2019 (COVID-19) crisis, on the terms and conditions referred to in the attached Report. The Loan will assist GOGR in financing a project that will promote equitable cash transfers and the expansion of safety net services using the platforms of existing cash transfer programmes to persons directly affected by COVID-19 as well as vulnerable populations working in the formal and informal sectors, who are not part of existing cash transfer programmes but who have been impacted by the pandemic (the Project).

2. It is a condition of the aforementioned authority that each project approved by the President and the terms and conditions thereof be reported to the Board at its first convenient scheduled meeting after approval of the project.
3. The Board is therefore asked to note the approval by the President of the abovementioned project and the terms and conditions thereof.

PUBLIC DISCLOSURE AUTHORISED



CARIBBEAN DEVELOPMENT BANK

APPRAISAL REPORT

ON

**SAFETY NETS FOR VULNERABLE POPULATIONS AFFECTED BY THE CORONAVIRUS
DISEASE 2019 PROJECT - GRENADA**

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Notified at the Two Hundred and Ninety-Sixth Meeting
of the Board of Directors held on December 9, 2021

**(BD108/21)
AR 21/4 GRN**

Director, Projects Department

Mr. Daniel Best

Division Chief, Social Sector Division

Ms. Deidre Clarendon

DECEMBER 2021

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CURRENCY EQUIVALENT

Dollars (\$) throughout refer to United States Dollars (USD) unless otherwise stated.

USD1.00 = XCD2.70

XCD1.00 = USD0.37

ABBREVIATIONS

CARICOM	-	Caribbean Community
CDB	-	Caribbean Development Bank
CESS	-	COVID-19 Economic Support Secretariat
COVID-19	-	Coronavirus Disease 2019
CTP	-	Cash Transfer Programming
DSSI	-	Debt Service Suspension Initiative
ECCB	-	Eastern Caribbean Central Bank
FRA	-	Fiscal Responsibility Act
GBV	-	Gender Based Violence
GCA	-	Grenada Cocoa Association
GCNA	-	Grenada Cocoa and Nutmeg Association
GDB	-	Grenada Development Bank
GDP	-	Gross Domestic Product
GIDC	-	Grenada Investment Development Corporation
GOCR	-	Government of Grenada
HDR	-	Human Development Report
IDB	-	Inter-American Development Bank
IMF	-	International Monetary Fund
Mn	-	Million
MOF	-	Ministry of Finance, Economic Development, Physical Development and Energy
MOSD	-	Ministry of Social Development
MSME	-	Micro Small and Medium Enterprises
NIB	-	National Insurance Board
NIS	-	National Insurance Scheme
OCR	-	Ordinary Capital Resources
OECS	-	Organisation of Eastern Caribbean States
ORM	-	Office of Risk Management
OSF	-	Other Special Funds
PAS	-	Performance Assessment System
PIA	-	Project Implementation Agency
PPE	-	Personal Protective Equipment
RCF	-	Rapid Credit Facility
SAEP	-	Climate-Smart Agricultural and Rural Enterprise Development Programme
SDG	-	Sustainable Development Goal
SEED	-	Support for Education and Enhancement Programme
SGU	-	St. George's University
USD	-	United States Dollar
WTTC	-	World Travel & Tourism Council
XCD	-	Eastern Caribbean Dollars

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COUNTRY DATA: GRENADA

	2016	2017	2018	2019	2020
GDP per capita (XCD)	25,844.65	27,266.81	28,313.23	29,202.96	26,136.49
GDP at Constant (2006) prices (XCD million)	2,268.92	2,369.63	2,472.98	2,489.71	2,147.21
Sectoral Distribution of Constant GDP (%)					
Agriculture, Livestock and Forestry	126.81	102.04	105.10	101.40	86.20
Fishing	31.32	31.76	32.56	33.60	34.10
Mining and Quarrying	4.04	4.26	4.40	4.61	4.98
Manufacturing	65.14	66.90	73.22	78.25	68.86
Electricity and Water	81.85	82.74	87.24	89.95	83.51
Construction	141.65	182.84	205.80	204.02	166.23
Transport and Communication	245.89	258.38	280.32	299.86	250.17
Hotels and Restaurants	115.28	121.03	132.48	133.24	65.27
Wholesale and Retail Trade	143.84	157.16	168.96	171.65	150.55
Financial Intermediation	139.66	143.05	150.69	155.24	145.7
Real Estate, Renting and Business Activities	256.90	263.28	267.89	272.26	260.4
Public Administration, Defence & Compulsory Social Security	140.38	138.95	136.60	138.37	131.45
Education	354.75	371.16	352.16	367.10	345.58
Health and Social Work	38.62	38.98	39.15	39.65	42.53
Other Community, Social & Personal Services	37.13	37.67	38.12	38.83	39.52
Activities of Private Households as Employers	16.03	16.10	16.34	16.31	15.82
Less Financial Intermediation Services Indirectly Measured (FISM)	26.02	26.30	30.03	29.85	30.41
GDP (annual % change)	3.74	4.44	4.14	2.00	-12.2
MONEY AND PRICES					
*Money Supply (M2, annual % change)	2.85	5.58	7.54	2.78	-1.21
*Credit to the Private Sector (annual % change)	-0.20	0.79	2.77	1.77	3.08
*Inflation (period average) (%)	1.72	0.91	0.81	0.60	(0.74)
PUBLIC FINANCES (% of GDP)					
Overall Surplus (Deficit)	2.3	3.0	4.9	5.0	-4.5
Central Government Debt	81.6	68.1	62.7	57.7	70.4
BALANCE OF PAYMENTS (% of GDP)					
Total Exports	2.8	2.7	2.7	2.7	2.1
Total Imports	33.0	37.3	40.0	39.7	37.5
*Current Account Balance	-11.0	-14.4	-15.5	-16.7	-16.7
*Capital and Financial Account	4.7	5.9	5.9	5.1	5.2
*Overall Balance	-2.2	-7.2	-8.6	-8.7	-8.2
AVERAGE EXCHANGE RATE					
XCD to 1 USD	2.7	2.7	2.7	2.7	2.7
Sources: [MOF and Eastern Caribbean Central Bank (ECCB)]					
n.a = Not Available					

COUNTRY DATA: GRENADA CONT'D

	2016	2017	2018	2019	2020
POPULATION					
*Population ('000)	110,910	111,467	112,139	112,580	113,420
*Population (annual % change)	0.74	0.50	0.60	0.39	0.75
EDUCATION					
Net School Enrolment Ratio					
^Primary	98	98	97	98	n.a.
^Secondary	96	95	95	92	n.a.
Pupil-Teacher Ratio					
^Primary	15.5	16.2	16.4	16	n.a.
^Secondary	11.9	11.8	12.8	12.8	n.a.
LABOUR FORCE					
Unemployment Rate (%) – Q3	28.2	23.6	16.7	15.6	21.4
Male	25.6	20.6	12.3	14.8	14.7
Female	31.2	26.8	17.1	16.6	29.1
HEALTH					
^Life Expectancy at Birth (years)	72.4	72.4	72.3	72.4	72.4.
^Male	70.0	70.07	70.0	70.1	70.1.
^Female	74.9	74.9	74.9	74.9	75.0
Mortality Rate, Infant (per 1,000 live births)	14.5	14.7	14.7	14.7	n.a.
^Human Development Index	0.76	0.76	0.76	0.763	0.779
Sources: ECCB and MOF					
^ data from World Bank					
n.a. Not Available					

PROJECT SUMMARY

Financial Terms and Conditions					
Borrower:		Government of Grenada (GOGR)			
Implementing Agency:		Ministry of Finance, Economic Development, Physical Development and Energy			
Disbursement Period:		December 31, 2021 – December 31, 2022			
Sector Code:					
Amortisation					
Fund	Fund Source	Amount (000's)	Period (years)	Grace Period (years)	Interest Rate (%)
Other Special Funds	IDB Global Loan Program COVID-19 OECS	USD			
Loan Total:		8,950,000	20 years	3 years	Variable rate; currently at 1.97 % per annum
Counterpart Total:		480,000			
Total Project Cost:		9,430,000			
Office of Risk Management (ORM) Commentary: Not Applicable					

Project Summary

Project Outcomes and Description: The expected outcomes are: (a) support for minimum income and employment levels for those affected by the COVID-19 pandemic in the immediate period and during the recovery; and (b) preservation of the human capital of those affected by the COVID-19 crisis. These outcomes are expected to be achieved through access to timely and cost-effective income and payroll support, cash transfers, direct transfers for the start-up/recovery/expansion of Micro, Small and Medium Enterprises (MSMEs), subsidies to enterprises, job placement and training, retooling, reskilling and capacity development training in entrepreneurship, and increased access to financing for youth, vulnerable groups and businesses affected by the COVID-19 pandemic. The overall impact of the Project is to contribute to ensuring minimum levels of quality of life for vulnerable persons amid the crisis caused by COVID-19.

The proposed Project consists of the following components:

- (a) Other Project Support Services:
 - i. Protection using existing cash transfer programmes;
 - ii. Protection for the vulnerable populations not on the rosters of transfer programmes, working in the informal sectors; and
 - iii. Protection for the vulnerable populations not on the rosters of transfer programmes, working in the formal sectors.
- (b) Project Management

Exceptions to CDB Policies: No exceptions to CDB's policies are required for this Project.

The Project is classified as Category 'C' under CDB's Environmental and Social Review Procedures. There is little or no potential for adverse social and environmental impacts. Environmental and social appraisal is not required beyond the requirement necessary to categorise the Project.

Gender Marker Summary

Analysis	Design	Implementation	Monitoring & Evaluation	Score	Code
1.0	0.5	1.0	1.0	3.5	GM ¹

Gender Marker Narrative: Gender Mainstreamed (GM). Consultations with relevant categories of males and females and relevant gender-related public/private sector organisations and Non-Governmental/Community-Based Organisations have taken place. Sector analysis considers gender risks and gender disparities that impact the achievement of project outcomes. The interventions are designed to lead to a reduction in gender disparities. There is the active participation of representatives of gender-relevant stakeholders in project execution. The collection of sex-disaggregated data is part of the Project.

¹ **Gender Mainstreamed:** the Project has the potential to contribute significantly to gender equality.

1. PROJECT

REQUEST

1.1 By letter dated March 9, 2021, the Government of Grenada (GOGR,) requested assistance from CDB for financing of a project that would promote equitable cash transfers and the expansion of safety net services to persons using the platforms of existing cash transfer programmes directly affected by COVID-19 and vulnerable populations working in the formal and informal sectors, who are not part of existing cash transfer programmes but who have also directly been impacted by COVID-19 (the Project). This request is one of the responses of GOGR to the COVID-19 pandemic.

BACKGROUND

1.2 An outbreak of COVID-19, caused by the 2019 Novel Coronavirus (Severe Acute Respiratory Syndrome-CoV-2) has been spreading rapidly worldwide since December 2019. COVID-19 was declared a global pandemic on March 11, 2020, by the World Health Organisation (WHO). Approximately 259.3 million (mn) confirmed cases and more than 5.2 mn deaths have been recorded across 221 countries² as of November 24, 2021.

1.3 In many instances CDB's Borrowing Member Countries (BMCs) contained the initial spread of COVID-19. However, the situation has evolved with the dominance of community spread and the introduction of multiple variants (including the Delta variant) across most countries. As of November 24, 2021, BMCs had recorded over 385,325 cases and 9,419 deaths. More women than men have tested positive for COVID-19, however, in keeping with global trends, fatality rates for men are higher. According to the Pan American Health Organisation (PAHO) epidemiological report dated October 10, 2021, for CARICOM countries, of the total positive cases (ages 10 and over), women accounted for 53% of the cases compared with 47% for men. The total confirmed COVID-19 related deaths reflected a higher percentage of male deaths (56%) than that of women (44%) among persons over the age of 40³.

1.4 Grenada has not been spared the adverse impact of the COVID-19 pandemic with its first case recorded on March 22, 2020. The Grenadian authorities instituted strict measures in March 2020, including: (i) closure of all places of public gathering and all non-essential services (schools, businesses, religious establishments); (ii) restrictions on the movement of persons, and on social gatherings, and funerals; (iii) quarantine of suspected cases and treatment of identified positive cases; and (iv) closure of borders to regional and international travel with adverse socio-economic impact. Security measures were heightened to ensure full compliance with the state of emergency orders, which have varied in intensity in response to the fluid local, regional, and international situation. As of May 2021, Grenada had recorded only one COVID-19 related death. The detrimental consequences of increased hospitalisation, isolation and deaths through community transmission have risen since a new wave of the Delta variant was confirmed in August 2021. As of November 24, 2021, there were 5,878 confirmed cases and 200 COVID-19 related deaths in Grenada. Again, new measures were instituted, including curfews and restrictions on activities and events. With only 30% of the population being fully vaccinated as of November 24, 2021, Grenada has one of the lowest vaccination rates among CARICOM member states.

MACROECONOMIC CONTEXT

1.5 A review of 2020 reveals that COVID-19 has undermined macro-economic stability in Grenada and presents a challenging outlook for the short-to-medium term. Economic output collapsed by 12.2% in 2020 after seven consecutive years of growth. The high cost of lockdown measures taken to restrict the spread of COVID-19, contributed to this decline. Unemployment rose sharply from 15.1% at the end of 2019 to 28.4% in the second quarter of 2020. The consumer price index fell by 0.8% in 2020, reflecting

^{2/} Source: John Hopkins University Coronavirus Resource Centre.

³ Source: <https://ais.paho.org/ship/viz/COVID19DashboardCARICOM.asp>

lower aggregate demand and subdued global oil prices. The banking sector remained well capitalised even as the crisis placed banking systems under stress. The external current account deficit deteriorated, as export income shrank, and imports fell.

1.6 After several years of fiscal surpluses, deficits were recorded in 2020 and the downward trend in public debt reversed. A primary deficit (after grants) of 2.5% of Gross Domestic Product (GDP) was registered, the first deficit since 2015, as well as an overall deficit (after grants) of 4.4% of GDP. This deterioration in fiscal performance was due to a sharp drop in revenues and increases in expenditures to mitigate the fall-out of the pandemic. Public debt rose sharply to 70.4% of GDP, from 57.7% of GDP in 2019. Debt service payments fell by 2.9% attributed, in part, to the temporary suspension of debt service payments to three bilateral creditors participating under the COVID-19 Debt Service Suspension Initiative (DSSI) initiated by the World Bank and the International Monetary Fund (IMF) to help developing countries concentrate their resources on the pandemic. Separately, CDB provided debt servicing support through the COVID-19 Economic Support Loan (\$5.9 mn). GOCR also turned to multilateral agencies in 2020 to help close its financing gap. The IMF approved emergency financing under a \$22.4 mn Rapid Credit Facility (RCF) and the World Bank provided \$25.0 mn through the COVID Crisis and Fiscal Management Development Policy Loan.

1.7 For 2021, CDB estimates growth of 3.8%, predicated on an increase in tourism arrivals, construction activity, agriculture and other related activities which cater to these sectors. Construction is expected to drive economic recovery as public sector infrastructure investments gain momentum. During the period, January - June 2021, construction imports had increased by 34.9%, compared to that same period in 2020. Tourism activity is expected to remain tepid, although some growth has been recorded since April 2021. During the period, January-July 2021, a total of 15,158 stay-over visitors were recorded compared with 37,364 during the same period in 2020 (59% decline). A small increase was observed from April 2021, given that from March 2020, borders in Grenada were shut and tourism came to a halt. Agriculture production for the first half of 2021 increased by 15.1% compared to the same period in 2020. The reopening of St. Georges University (SGU) in August 2021 for on-site learning, and the physical return of students to campus, should also add to growth momentum within housing and accommodation, and wholesale and retail sectors which should help bolster economic activity.

1.8 A fiscal deficit is anticipated in 2021, and debt levels will remain elevated over the short-to-medium term. Decisive fiscal measures will be necessary to return to the primary surplus target of 3.5% of GDP by 2022. Section 10, otherwise called the Escape Clause, and Section 8(3)(f) of the Fiscal Responsibility Act (FRA) were triggered on April 21, 2020, for a period of one year in the first instance but has since been extended for 2021. With economic recovery and fiscal consolidation, public debt should converge with the 60% benchmark well ahead of the revised target date of 2035.

1.9 The outlook forecast is that downside risks remain elevated for 2022. As of November 24, 2021, vaccination rates remain below the global average of 42%. Grenada has received 45,000 doses of COVID 19 vaccines through the COVAX facility and another 29,250 doses from the United States. Public access to vaccination coupled with a willingness to be vaccinated will help determine the extent and speed with which Grenada can return to normalcy. The risk of extreme weather-related events and a slow global economic recovery also pose significant threats to the outlook. Sustained policy support is necessary to facilitate a faster recovery while continuing to protect the most vulnerable.

SOCIAL CONTEXT

1.10 The three-island state of Grenada, Carriacou and Petit Martinique had a population estimate of 113,420 persons in 2020⁴. Approximately 95% of the population reside on the island of Grenada with the remaining 5% living in Carriacou and Petit Martinique. The sex ratio is relatively even with 50.4% of the population being males. Male and female-headed households represent approximately 59% and 41% respectively of the recorded 34,517 households in Grenada. The urban settlements of the parishes of St. George and St. Andrew on the island Grenada constitute approximately 60.5% of Grenada's total population. Population density continues to be very high with an average of 307 persons per square kilometre. Grenada's population can be characterised as youthful with approximately 7.3% of the total population under the age of 5 and 29.4% below the age of 18 years. The total dependency ratio in 2019 was estimated at 51%, whereas youth dependency was 40% and old-age dependency was 11%.

1.11 Grenada continued to be among the 'high-ranked' countries with achievements in the three basic dimensions of long and healthy life; access to education; and a decent standard of living. The 2020 Human Development Report (HDR) shows signs of the state's slender improvement in human capital development from a value of 0.760 (2016) to 0.779 (2019). Life expectancy at birth in 2020 was 72.4 years (75 years for females and 70.1 years for males). According to HDR 2020, the expected years of schooling was 16.9 years per child with a marginal difference between females (17.0 years) and males (16.2 years). Approximately 64% of primary school teachers are trained and the quality of education is enhanced with primary and secondary schools recording 100% access to the internet. In addition, women currently occupy 39.3% of the share of seats in parliament, the highest representation in the English-Speaking Caribbean.

1.12 The social fallout and gendered impact from loss of livelihoods and incomes because of the COVID-19 pandemic are particularly severe. The Caribbean Community COVID-19 Food Security and Livelihoods Impact Survey (CARICOM 2020) outlined that the pandemic has had widespread impact on people's lives and livelihoods in Grenada, resulting from loss of jobs or income. About 57% of males and 53% of females indicated that their ability to carry out their livelihoods was adversely affected whereas 69% of females and 70% of males reported loss of jobs or reduced salaries. The survey also highlighted that a larger proportion of women reported an increase in duties related to childcare (46%) compared with men (35%). Single parent households are experiencing a significant increase in childcare (57%) and domestic work (51%) compared to other types of households. The vulnerable populations of male and female single heads of households, children, unemployed youth, older persons, and persons with disabilities (PWDs) were at a higher risk of social and economic impact. The survey further outlined that older persons were the most vulnerable group with a higher fatality rate.

1.13 In addition, women and girls experienced increased risks of gender-based violence (GVB), including sexual exploitation. The issues of GBV and child abuse have been further exacerbated by the COVID-19 pandemic. There has been a significant increase of GBV reports at the level of the state and civil society with increased requests for emergency housing for survivors of GBV and life-saving psycho-social support and provision of services. For the first quarter of 2021, the Sex Crimes Unit recorded 51 reports compared with 33 reported cases in 2020 – an increase of 64.7% and all the survivors are female. Of considerable concern is the 66% increase in cases of sexual offences against persons under 13 years (Now Grenada, April 2021).

⁴ Statistics Department, GOCR

PROBLEMS TO BE ADDRESSED

The project seeks to address the following problems:

1.14 **Reduced fiscal space to mitigate the adverse impact of the COVID-19 pandemic.** The COVID-19 pandemic has contributed to major economic and social disruptions, resulting in a decline in GOGR's revenues in the face of growing expenditure needs. Debt vulnerabilities have also risen sharply further limiting fiscal space and GOGR's ability to sustain long-term health, economic and social stimulus programmes in response to the crisis.

1.15 **Loss of income and livelihoods for formal and informal sector workers.** COVID-19 has caused loss of income and livelihoods, as well as significant pressure on, and disruptions to, already overburdened social services. The COVID-19 restrictions, which have been imposed to limit the spread of the virus, have also resulted in a reduction in economic activity, shorter working hours, loss of employment and livelihoods and a reduction in income. The restrictions directly impacted the formal and informal sectors, including transportation, restaurants, street vendors, cleaners, and house keepers.

1.16 **Significant liquidity constraints including loss of income, debt accumulation and asset depreciation among small businesses.** The COVID-19 pandemic has severely disrupted business investments, continuity, and employee/job security in Grenada, across all sectors. The reports prepared by the Grenada Chamber of Industry and Commerce (GCIC Covid-19 Impact Assessment, April 2020) and the Grenada Hotel and Tourism Association ('Tourism in Crisis', March 2021) outline the adverse consequences for Grenada's economy, citizens' livelihoods, public services and opportunities.

1.17 **Increased demand for access to basic needs among individuals and households under the MOSD, SEED Programme.** The COVID-19 pandemic has contributed to increased vulnerability and poverty in Grenada and major disruptions in social sector services, including education and social protection services. GOGR has stated that the COVID-19 crisis has pushed many into transient poverty and worsened the situation for the chronically poor. Requests for support under GOGR's flagship social protection programme – the Support for Education and Enhancement Programme (SEED), rose by 7.06% in 2019, registering a total of 10,171 beneficiaries compared with 9,500 beneficiaries in 2018. SEED is the unification of three previous programme - necessitous fund, school transportation allowance and public assistance programme. It is managed by the Ministry of Social Development (MOSD) through the SEED Unit and is the flagship initiative under the Safety Net Advancement Project (SNAP). Major impacts of increased demands were also felt in 2020 by the SEED Programme.

1.18 **High levels of youth unemployment due to job losses because of COVID-19 without the necessary skill sets to take advantage of opportunities in other sectors of the economy.** Unemployment among the youth is twice as high relative to the overall working-age population. With a high proportion of the young population depending on the tourism sector (including cruise and other marine activities), this segment of the population continues to be severely impacted. Further, tourism is not expected to recover fully for another 3-4 years, therefore, re-training and entrepreneurship programmes may be viable options for unemployed young persons.

CHALLENGES AND PROGRESS

1.19 To mitigate the impact of the pandemic, GOGR adopted measures during 2020 to enhance the social sector and support livelihoods for vulnerable groups (See Table 1.1). The package of fiscal measures in the COVID-19 Economic Stimulus 1.0 was estimated at 2.4% of GDP. This package sought to mitigate the health, social and economic implications of the pandemic through, inter alia: (i) increased health care spending, (ii) payroll and income support to affected sectors and individuals, (iii) expansion of employment programs and unemployment benefits, and (iv) deferred payment of some taxes. Financial support was

also provided to the agricultural sector, including the Grenada Cooperative Nutmeg Association (GCNA) and the Grenada Cocoa Association (GCA).

TABLE 1.1: FISCAL COSTS OF COVID-19 MITIGATION MEASURES (2020)

Measure	Millions (XCD)	% of GDP
Income and payroll support programme	20.0	0.7
Temporary unemployment benefits*	10.0	0.3
Expansion in Small Hoteliers' Facility (GDB)	7.0	0.2
Expansion in Small Business Development Fund (GDB)	5.0	0.2
Electricity Subsidy (3-months)	7.3	0.2
COVID-related Health Spending	10.0	0.3
Agriculture Emergency Response Plan	3.5	0.1
<i>Farm Labour Support</i>	1.4	0.0
<i>Marketing and National Importing Board Support</i>	1.0	0.0
<i>Backyard Garden program</i>	0.1	0.0
Grenada Cooperative Nutmeg Association (GCNA)	2.0	0.1
Grenada Cocoa Association (GCA)	2.0	0.1
Community Economic Infrastructure program	6.0	0.2
	72.8	2.4

* Temporary unemployment benefits funded through the National Insurance Scheme (NIS), not a direct fiscal cost to GOCR

Source: World Bank, GOCR, IMF

1.20 However, this initial package in 2020 has been inadequate due to the protracted impact of the pandemic; and the economic and social fall-out has become more profound. The first stimulus package was not sufficiently robust to meet the needs of all those impacted including those who became eligible for cash transfers within the existing social safety nets services. Moreover, vulnerable populations working in both formal and informal sectors, were further disadvantaged as the new wave of the pandemic started in August 2021.

1.21 Cash transfers in 2020 were initially temporary, however, with the prolonged impact of the pandemic, it became necessary for GOCR to continue to help cushion the impact of the pandemic. There is need to provide support such as cash transfers to vulnerable groups, including women and youth to help meet their basic needs.

RATIONALE

1.22 The project will support the continuation of the social protection programmes to reduce vulnerability and increase social resilience. The aim of such interventions is to increase the purchasing power of recipients to meet the basic needs of households and individuals.

1.23 The COVID Economic Stimulus 2.0 is a response to the increasing vulnerability and poverty due to the prolonged impact of the COVID-19 pandemic. It is a response to increasing requests for support under SEED and for livelihoods support from vulnerable populations, which suggest an increase in the incidence of poverty and vulnerability among the population.

1.24 **Cash transfers are important to social protection programmes and have multiplier effects on the local economy.** By enabling people to purchase food and other items locally, cash can help strengthen local markets, encourage smallholders to be more productive and build national capacities. Cash can stimulate recovery by creating short-term income flows, increasing consumer purchasing power, supporting trade and rebuilding market linkages; increasing access to goods and services; and supporting local businesses.

1.25 **Social programmes considering income fluctuations as opposed to income levels alone are long due in a region prone to multiple external shocks.** Given the increased level of vulnerability and the rising number of those who have been thrown into poverty, there is need to bolster support to persons who would not qualify for cash transfer programmes. Additionally, direct transfers for the start-up/recovery/expansion of MSMEs, job placement and training, retooling, reskilling, and capacity development training in entrepreneurship and increased access to financing for youth, vulnerable groups and businesses affected by the COVID-19 pandemic can build social and economic resilience within the population.

1.26 In summary, there is need to expand the social safety net through additional cash transfers. This has become more urgent, given the prolonged nature of the pandemic; the impact on poor households; and the increasing numbers of vulnerable populations working in the formal and informal sectors, which have fallen into poverty.

BANK'S EXPERIENCE AND LESSONS LEARNED

1.27 CDB has partnered closely with GOCR in enhancing resilience and reducing poverty. The 2014 Resilience-Building Policy Based Operation (PBO) series supported structural adjustment reforms to, inter alia, strengthen safety nets and reduce social vulnerability. These reforms sought to establish: (i) a robust targeting mechanism to certify/re-certify beneficiary households; (ii) a phase-out plan to facilitate the smooth removal (including graduation) of ineligible households; and (iii) a gender-sensitive Social Safety Net Policy Framework to bring policy coherence for the effective and efficient delivery of its critical social protection interventions.

1.28 In addition, CDB has been an important social protection partner in Grenada. Over the past 50 years, the Bank has provided significant financial investments and technical support in protective, preventive, and promotional social protection to prevent, mitigate and manage the risks and vulnerabilities faced by the population. CDB's flagship poverty reduction programme, the Basic Needs Trust Fund, exemplifies some aspects of social protection by providing access to basic socio-economic infrastructure and social services. Other programmes, such as the ASPIRE Project, Climate Smart Agriculture and Rural Enterprise Programme (SAEP) contribute to the Bank's mission of reducing vulnerability and building resilience. Several lessons have emerged, which can be incorporated in the project. Table 1.2 captures the lessons learned and applied in the project design.

TABLE 1.2: LESSONS LEARNED AND APPLIED IN PROJECT DESIGN

LESSONS LEARNED	APPLICATION IN PROJECT DESIGN
Loan financing provided to BMCs under crisis situations should be concessionary and not unduly burden countries' fiscal and macroeconomic sustainability.	The concessionality of funding under the project will contribute to reducing average cost of debt and lengthen the maturity profile of the country's debt portfolio. Moreover, 100% of the Project funds are allocated under the loan to implement critical activities that will reduce vulnerability and enhance resilience building of vulnerable groups adversely affected by the pandemic.
Implementation progress of CDB's projects in response to natural hazard events or crises situations has been affected by delays in administrative and decision-making activities.	The Project is designed to fast-track implementation through the provision of project management support to the Project Coordinating Unit (PCU), specifically the retention of a competent Project Coordinator and project staff in conjunction with the establishment of a Project Oversight Committee to provide general oversight and reduce implementation bottlenecks. In addition, the project utilises existing structures that have proven effective in delivering services to the intended beneficiaries.
Coordinate among development partners to ensure that projects deliver a measure of additionality and mitigate duplication of effort in an environment of limited capacity across the social sector	The project is aligned with the work of other development partners (UN Agencies, International Labour Organisation, Food and Agriculture Organisation, Organisation of Eastern Caribbean States, World Bank and International Monetary Fund).

COORDINATION WITH OTHER MULTILATERALS AND/OR DONOR AGENCIES

1.29 This Project is aligned with the programmes/interventions of Grenada's development partners. Grenada collaborates with several bilateral and multilateral agencies. The IMF and the World Bank have provided support to Grenada's COVID-19 response. In general, CDB will continue to foster strategic alliances among donor agencies to avoid duplication of efforts, mobilise additional resources, promote sustainability and ensure coordination of social protection interventions in BMCs. At the sub-regional level, the Organisation of Eastern Caribbean States (OECS) Social Protection Technical Committee presents unique opportunities for developing integrated systems and to guide and determine the level of provisioning among member states. This OECS platform can also provide an agreed level of uniformity in social service delivery across BMCs particularly in relation to the Caribbean Single Market and Economy Framework.

STRATEGIC ALIGNMENT

1.30 The Project is aligned with CDB's strategic frameworks, including: (a) Strategic Plan 2020-2024; (b) Gender Equality Policy and Operational Strategy (2019); (c) Youth Policy and Operational Strategy (2020); (d) Disaster Management Strategy and Operational Guidelines (2021); (e) Social Protection Framework; and other sectoral policies and procedures, for example, the Bank's Environmental and Social Review Procedures. The Project will provide an invaluable platform for CDB to support GOGR in strengthening its social protection systems and the ongoing development of integrated, socially inclusive, gender-responsive, adaptive, and shock-responsive social protection systems.

IMPACT, OUTCOMES AND COMPONENTS

Project Impact and Outcomes

1.31 **Impact and Outcomes:** The expected outcomes are: (a) support minimum income and employment levels for those affected by pandemic in the immediate period and during the recovery; and (b) preservation of the human capital of those affected by the COVID-19 crisis. These outcomes are expected to be achieved through access to timely and cost-effective income and payroll support, cash transfers, direct transfers for the start-up/recovery/expansion of MSMEs, subsidies to enterprises, job placement and training, retooling, reskilling, and capacity development training in entrepreneurship and increased access to financing for youth, vulnerable groups and businesses affected by the COVID-19 pandemic. The overall impact of the project is to contribute to ensuring minimum levels of quality of life for vulnerable persons amid COVID-19 crisis. The Results Framework for the Project can be viewed in Appendix 1.1.

Project Components

a) Other Project Support Services

Sub-Component 1: Protection using existing cash transfer programmes (USD2 mn).

1.32 **Support to expand the Support for Education, Empowerment and Development (SEED) Programme (USD2 mn).** This component will support horizontal adjustments to the SEED Programme to finance temporary cash transfers to 1,113 households, including male and female single headed households with children, unemployed youth, PWDs, the elderly and women using the Ministry of Social Development's SEED Platform. The Project empowers needy families by providing cash transfers in the amount of Eastern Caribbean dollars (XCD) 250 to XCD450 per month over a 12-month period to eligible vulnerable households.

1.33 The major features of SEED are the Beneficiary Management Information System (BMIS) and Grenada Living Condition Index (GLCI). The BMIS serves as the central repository used to store and manage SEED client data. It also provides the ability to generate reports and is a major part of the monitoring and evaluation framework. Additionally, the Ministry has transitioned into the multi-dimensional poverty measure. Selection of beneficiaries were done through the subjective "professional" estimates of social workers to determine beneficiary eligibility. The transition to the new approach is facilitated by the GLCI which is a proxy means test (PMT) developed for the SEED programme. GLCI is a poverty single index score aggregated from 22 variables, derived from seven dimensions of quality of life. This index is used to classify households according to their living conditions, and to determine eligibility and entry into the SEED programme.

1.34 **Sub-Component 2: Protection for the vulnerable populations not currently on the rosters of transfer programmes, working in the informal sectors. (USD3 mn).** In this component, financing will be provided for actions targeting a total of 4,500 persons from the vulnerable populations not covered by existing transfer programmes, including those of informal, independent workers, caregivers/domestic workers, stay-at-home parents, unemployed youth, farm workers, and migrant workers. whose employment is not formalised. Informal sector workers are persons who are not registered with the inland revenue department (IRD) system and/or the National Insurance Scheme (NIS). The Component will also support youth and women's entrepreneurship and build capacities and opportunities to cope and adapt. Further details of the component are set out in paragraphs 1.35 and 1.36.

1.35 **Sub-Component 2.1: COVID-19 Emergency Response Income Support (USD2 mn).** This subcomponent will finance temporary transfers to vulnerable populations not benefiting from Component 1 (that is, existing cash transfer programmes). This component includes income support to 2,500 individuals such as cultural artists, airline workers, taxi drivers, water taxi operators, retail workers, street food/drinks/souvenirs vendors, and tour guides, who have lost employment as a direct consequence of COVID 19. An informal sector business, for the purposes of the component, is defined as a business that is not registered with the IRD, that has no fixed hours of work or location, and that does not have formal arrangements with employees, such as letters of employment or contracts, and where that business has not significantly recovered from the crisis or has remained closed. The project sub-component will be administered by the COVID-19 Economic Support Secretariat (CESS), within the MOF, with monthly payment of XCD500 over the period of four months.

1.36 **Sub-Component 2.2: Support to expand existing youth entrepreneurship programmes (USD1 mn).** This subcomponent will finance two types of programmes aimed at protecting the incomes of these populations that can work, once the social distancing protocols have ended:

- (a) employment opportunities for 150 young unemployed youth ages 18 to 35 who are interested in starting up or developing their own small businesses. The Division of Youth's Youth Business Programme (Yutbiz) offers financial support in the amount of XCD1,000 to XCD25,000; and
- (b) cash for training transfer programmes for 2,000 young persons that seek to support consumption via transfers while investing in skills improvement, so beneficiaries can enhance employability and increase their chances of finding formal employment. Beneficiaries receive a stipend of XCD700 for a five (5) week period of training.

1.37 Sub-Component 2.2 includes business skills development, capacity development in entrepreneurship, access to financial services and enterprise programmes and job training modules and are implemented by Yutbiz in partnership with the Grenada Investment Development Corporation (GIDC) and the business enterprise arm of the Climate-Smart Agricultural and Rural Enterprise Development Programme (SAEP). Young unemployed persons ages 18 to 35 who are interested in starting up or developing their own small businesses are eligible under this component.

1.38 **Sub-Component 3: Protection for the vulnerable populations not on the rosters of transfer programmes, working in the formal sectors (USD3.95 mn).** This component will finance actions to shield formal sector jobs, as well as the incomes of the vulnerable populations who lost their jobs in the formal sector. This support will be administered in the form of: (i) unemployment benefits, (ii) payroll support to formal sector businesses, affected by the pandemic, and (iii) grant support to MSMEs to support a strong and equitable recovery. Further details of the component are set out in paragraphs 1.39 and 1.40.

1.39 **Sub-Component 3.1: Unemployment Benefits (USD1 mn).** This component involves providing support to persons who are ineligible for GOCR's social assistance programmes. NIB will be engaged to provide temporary unemployment benefit support to 1,400 employees directly affected by the pandemic. The selection process will target unemployed people within the NIS database who would not have re-entered the workforce. Criteria to access benefits under this subcomponent will include: (a) completion of a beneficiary application form every month to assess qualification for payment; (b) copy of termination letter; and (c) evidence of loss of income as a direct result of the COVID-19 crisis. The programme is aimed at providing monthly financial assistance of XCD500 over a four-month period to persons who would have met specific qualifying criteria for the unemployment benefit programme. An MOU has been signed with NIS to provide beneficiary data. Payments will be processed by the CESS through the Treasury.

1.40 **Sub-Component 3.2: Support Formal Sector Employment Programmes (USD2.95 mn).** Actions will be financed to target 1000 new jobs for persons who lost jobs in the formal sector. Specifically, investments will be made in providing job placement and training, reskilling, retooling to facilitate finding jobs in sectors where there is employment demand (for example, sectors considered essential during the crisis) and in preserving the human capital for the recovery. These employment programmes will be delivered through existing government agencies and will also involve support to registered MSMEs (manufacturers, agro-processors, marine exporters/retailers, wholesalers and retailer, restaurants, bars, and dive sectors), with a view to incentivising employment.

1.41 This component will also support the provision of direct transfers to 500 MSMEs. The Grant amount eligibility include: (a) Less than two employees- \$2,000.00; (b) 3-10 employees- \$3000.00; and (c) 11-25 employees- \$5,000.00. Access to finance in the form of subsidies to formal sector enterprises will be provided to maintain formal employment levels, encourage hiring, or minimise layoffs of vulnerable workers. The CESS will be responsible for identifying the beneficiaries and administering the transfers. Payroll support is for targeted beneficiaries within the tourism and public transportation sectors. Appendix 1.2 provides further details of the Project Components and Eligibility Criteria.

(b) **Project Management - Project Management, Media Campaign, Monitoring and Reporting of Project activities**

Gender Responsive and Socially Inclusive Media Campaigns

1.42 Gender responsive and socially inclusive media campaigns will be designed to communicate the temporary nature of the project to ensure that every beneficiary family can fully understand the purpose and scope of the intervention. The transfers will be delivered through existing channels, prioritising the use of bank/credit union accounts. The media campaigns will highlight how the social protection measures are targeted, consider how the pandemic affects vulnerable groups and how the programmes minimise the barriers to increase their participation in, and equitable access to benefits.

1.43 To address restricted mobility, child-care demands and to avoid crowds, both in the registration of people who are not in the social protection systems and/or who are unbanked, and in the delivery of payments, digital tools will be used as much as possible, so that people can apply and receive notification of eligibility using their mobile phones or the internet. Digital payment orders or other mechanisms that do not require the recipient to have access to bank services or to open an account remotely, will be used, where allowed by law. Likewise, when people are required to be physically present, social distancing protocols will be observed, including:

- (a) staggering transfers over time, for example, using the last digit of the identity number on a clear payment schedule;
- (b) a communications strategy/sensitisation campaigns will be designed to reach, inform and engage the diverse women, men, girls and boys and their organisations to create necessary awareness;
- (c) where possible, expansion of the network of agents where subsidies can be collected; and
- (d) accommodations for relatives of people over 60 years of age to process payments, to avoid exposure of the most vulnerable people.

KEY RESULTS INDICATORS

1.44 **Expected Impact and Outcome:** The expected outcomes of the project are (a) support for minimum income and employment levels for those affected by the pandemic in the immediate period and during the recovery; and (b) preservation of the human capital of those affected by the COVID-19 crisis. The key monitoring indicators focus on household beneficiaries meeting the cost of basic consumption and services (such as utilities), the sustainability of start-up businesses after the end of the project and sustained employment of project beneficiaries provided with temporary employment during project implementation.

Economic Analysis

1.45 The Project is expected to generate significant economic benefits for the people of Grenada. The project will achieve this, by supporting GOCR's efforts to: (i) keep job losses in the formal and informal sectors to a minimum during the crisis, (ii) ensure that vulnerable populations can move back seamlessly into the job market during the recovery and (iii) stimulate economic activity in the country. This initiative is timely because as COVID-19 persists, the livelihood of many Grenadians continues to be threatened, putting added pressure on GOCR's COVID-19 economic recovery efforts. The prevailing threats are not only health-related but also economic, as many have lost their source of income or are at risk of losing it. The project is a direct and immediate response to addressing the erosion or the likely erosion of personal consumer spending (consumption) of poor and vulnerable Grenadians, due to COVID-19. The project will provide some level of income compensation to over 8,000 Grenadians, thereby generating significant economic benefits for the country, while at the same time better supporting the health and education demand side consumptions, and minimum level of wellbeing for the people of Grenada.

1.46 The economic analysis considers: (i) a Benefit Cost Ratio analysis; and (ii) a qualitative analysis of project benefits not quantified in the analysis. The Benefit-Cost Ratio (BCR) was used to summarise the overall relationship between the relative cost and benefits of the project and support examination of the project's economic viability. This approach has been used to inform similar investments in other BMCs. The estimation of the BCR considers the following quantifiable benefits: (i) the transfers, and (ii) the economic multiplier associated with the increase in consumption. A fundamental assumption used in the analysis, is that the expenditures associated with the consumption of the target households is the element that ignites the chain reaction of the multiplier. The multiplier illustrates the effect of injecting the cash transfers into the Grenadian economy. It is expected that the initial injection will contribute to knock-on effects and further rounds of spending. The Marginal Propensity to Consume (MPC) and the Marginal Propensity to Import (MPI) are essential elements to estimating the size of the multiplier. The higher the MPC, the greater the multiplier effect and the higher the MPI, the smaller the multiplier effect. This multiplier effect is relevant to all the interventions considered in the project, including the wages subsidies made to enterprises to retain formal employment, employment grants for unemployed youth, or cash for training transfer programmes. The total cost includes the transfers and other project costs.

1.47 The analysis generates an overall BCR of 1.30. The BCR is greater than 1.0 and is sufficient to attest to the economic viability of this investment. Relatedly, the BCR also confirms that the transfers will stimulate economic activity and generate economic benefits for the country as GOCR seeks to advance its COVID-19 economic recovery efforts. CDB is satisfied with this result. The use of the BCR to support the economic validation of this type of investments is in keeping with the similar approaches employed by other development partners, such as, the Inter-American Development Bank, from which the funding for the project has been sourced. Additional details on the assumptions are outlined in Appendix 1.3. The BCR generated is a very conservative estimate of the economic benefits of the project. Other benefits of the intervention that have not been quantified in the analysis include:

- (a) The potential short-term rise in productive capacity resulting from expanded demand for goods and services (or accelerator effect).
- (b) The marginal propensity to consume for the target households will likely be higher than the macro estimate generated in the analysis. The higher the MPC, the greater the multiplier effect and the more favourable the BCR. Most of the target beneficiaries belong to the poorer segments of the population, as such more of the extra disposable income can be expected to be devoted to consumption rather than to savings.
- (c) The project will likely, despite the unconditional nature of the transfer, generate benefits associated with the smoothing of the health and education demand side consumption of the target households, especially households with school aged youth and children.
- (d) The incremental economic gains related to maintaining the employment levels in key formal and informal small and medium sized entities in the economy, especially those linked to the productive sectors.
- (e) The economic gains associated with enhancement of business skills, capacity development in entrepreneurship, access to financial services and enterprise programmes and job training initiatives targeting over 2,000 youths.

1.48 In addition to summarising the economic viability of the project, the analysis also examines the cost efficiency of the project. The cost efficiency of the project is defined by its “cost-transfer ratio”. This is the ratio of all non-transfer costs, such as administrative, targeting, and transfer fees, to the total value of the money cash transfers. The project generates a cost efficiency ratio of five United States cents for every dollar transferred. This is very favourable when compared to international standards. Based on the Foreign, Commonwealth & Development Office cost efficiency for cash transfer programmes tends to range from 14 United States cents for every dollar transferred up to USD1.32 for every dollar transferred. CDB is satisfied that the project not only demonstrates economic viability by its favourable BCR and many unquantifiable benefits but also represents one of the most cost-efficient ways to reach the target beneficiaries.

1.49 A sensitivity analysis was carried out to assess the extent to which the project remains economically viable when some of the key parameters are varied. These parameters are:

- (a) The effect of the multiplier on the economy. The efficiency of the multiplier can be affected by various factors, such as an increase in food prices, the beneficiaries opting to save more of the transfers (the multiplier equals the inverse of the marginal propensity to save) or greater consumption of imported goods. The analysis examines reducing the power of the multiplier by 20%.
- (b) Changes in the cost of engaging the beneficiaries. Component 2 targets the informal sector. The implementation of this component comes with many risks, such as managing the mistrust of the formal system by many in the informal sector. This can contribute to implementation delays and increased implementation costs. Conversely, the mechanisms to implement components 1 and 3 are very advanced. Furthermore, minimal variability in the cost to implement those components is expected as the beneficiaries are already on the rosters of existing transfer programmes or are working in the formal sectors. The analysis assumes that the cost of engaging the workers in the informal sector (Component 2) increases by 20%.
- (c) (a) and (b).

TABLE 1.2: SENSITIVITY ANALYSIS

	Item(s)	BCR	Switching Values
	Base Scenario	1.3	
i.	20% reduction in effect of the multiplier	1.04	25%
ii.	20 % increase in cost of Component 2	1.2	70%
iii.	(1) and (2)	0.96	-

1.50 The results of the sensitivity are summarised in Table 1.2, which show that for a 20% reduction in effect of the multiplier or a 20% increase in project cost (component 2), the BCR remains favourable. Furthermore, the switching values in both scenarios confirm the viability of the investment as it would take an additional 25% reduction in the effect of the multiplier or a 70% increase in cost for the BCR to become unfavourable. In the most unlikely scenario of a 20% reduction in the effect of the multiplier and a 20% increase in cost, the BCR drops 0.96. Given the significance of the project to supporting GOGR’s COVID-19 economic recovery and the extent of the benefits not quantified, the analysis considers this BCR to be acceptable.

1.51 GOGR has begun to put in place measures to reduce the likelihood of scenario (iii) above occurring. Following the spike in COVID-19 deaths in Grenada in late September 2021 and the associated slowdown in economic activity, GOGR has taken measures to ensure the demand and supply of good and services will be maintained throughout the recovery. Some of these measures include the strengthening of: (i) social distancing protocols, (ii) the vaccination programme, (iii) social marketing related to combating COVID-19, and (iv) efforts to sustain the employment levels in key productive sectors. GOGR has also started to engage the informal sector and anticipates that much of the funds allocated under this component will be fully disbursed by the project completion date. The COVID-19 economic recovery will be challenging, however, GOGR has also adopted adequate measures to reduce the risk of the above parameters (a) and (b) occurring and to safeguard the economic viability of the project.

2. FINANCING STRUCTURE AND MAIN RISKS

FINANCING INSTRUMENTS

2.1 This operation is a specific investment project for a total of USD9.43 million and will be financed with resources from CDB and GOGR. The Project Cost, Phasing and Financing Plan is shown in Table 2.1.

TABLE 2.1: PROJECT COST, PHASING AND FINANCING PLAN
USD'000

*Item	SFR-IDB	Counterpart	Total
	Global Loan Program COVID-19 OECS		
Increased Reach for Cash Transfers to persons directly affected by COVID-19 not on the transfers programmes.	2,000	-	2,000
Increased Protection using existing cash transfer programmes working in the in-formal sectors	3,000	-	3,000
Increased Protection for the vulnerable population working in the formal sectors	3,950	-	3,950
Project Management Services		340	340
Total Base Cost	8,950	340	9,290
Interest During Implementation	-	140	140
Total Project Cost	8,950	480	9,430
Percentage Allocation	95%	5%	100%

2.2 The proposed Project will be financed by:

- (a) a loan to GOCR of an amount not exceeding the equivalent of \$8.95 mn (the Loan) from CDB's Other Special Funds (OSF) - IDB Global Loan Program COVID-19 OECS (IDB COVID-19 Loan Facility). This represents 95% of the total project cost. The Loan will be repayable over a period of 20 years following a grace period of 3 years, with a variable, convertible rate of 1.97% p.a. Once the funds have been fully disbursed the rate can be converted to a fixed rate for the remainder of the life of the Loan; and
- (b) counterpart funding of XCD1.3 mn representing 5% project costs. This will be used to support finance charges and Project Management Services.

ENVIRONMENTAL AND SOCIAL SAFEGUARDS AND RISKS

Social and Gender Impact Assessment:

2.3 This project addresses the negative impact of the COVID-19 pandemic on vulnerable groups. It provides safety nets to vulnerable populations affected by the pandemic in Grenada, Carriacou and Petite Martinique against extreme poverty, inequity and social exclusion.

2.4 The project offers a unique opportunity to protect minimum levels of quality of life for vulnerable persons amid the crisis caused by the COVID-19 pandemic. The programme will support a total of 2,444 SEED beneficiaries within 933 households meeting the cost of basic consumption and services (such as utilities). The direct beneficiaries include: 1) children; 2) persons with disabilities; 3) chronically ill; 4) older persons; 5) pregnant/lactating women; and 6) adult poor. In addition, the Project supports the provision of timely income and payroll support to 2,500 informal sector workers and 1,000 formal sector workers. The beneficiaries will include bus owners, taxi and tour operators/ tour guides, hotel workers, tourist vendors, market vendors, artists, hairdressers/ barbers, restaurants and bars, small travel agents. The

Project seeks to empower the vulnerable by increasing their access to cash. Transferring cash to vulnerable groups can: increase their ability to influence and/or make decisions within their household; reduce (or eliminate) economic dependency on a partner or other relative; strengthen their sense of self-worth and dignity (by being able to make choices); improve their status within households and communities; and provide them with access to financial services.

2.5 Second, the project will provide increased access to enterprise programmes (job placement and training, retooling, reskilling, and capacity development training in entrepreneurship). The project supports increased access to entrepreneurship training and training stipends to a total of 2,000 young persons. Additionally, the project provides start-up financing for 1,200 young persons through Yutbiz. The programme targets 150 youth beneficiaries every quarter through Yutbiz with the provision of entrepreneurship opportunities to unemployed youth; advances youth enterprise as a sustainable modality for redressing poverty; and facilitates access to financial start-up and training for young people who aspire to be entrepreneurs and who have innovative business ideas.

2.6 Third, the project also provides enhanced access to formal sector enterprises to COVID-related funding support. A total of 500 enterprises will receive direct transfers and/or subsidies toward the recovery/expansion of MSMEs and the creation of 1,000 new jobs. The Project is based on a recognition that programmatic attention to addressing gender inequality and social inclusion depends to a great extent on the understanding of prevailing vulnerabilities and inequalities that need to be transformed through purposive actions. Moreover, social protection measures must be designed and implemented through targeted, participatory, and inclusive processes so that the diverse women, men, girls, and boys of varying disability, age, sectors have fair opportunities to address their needs and interests. The programme design also considers the practical and socio-cultural barriers that prevent vulnerable groups from taking part in social protection programmes. These barriers include child-care demands and time poverty, restricted mobility, illiteracy, limited access to information, and cultural restrictions related to working in public spaces.

2.7 The social protection programme is a socially inclusive and gender responsive project that targets vulnerable groups irrespective of their religious or political affiliation. Project beneficiaries will be selected using a transparent and empirically verifiable methodology in the form of a well targeted and operational means testing mechanism. The main risk is the inclusion and/or exclusion of vulnerable groups (such as ensuring geographical equity of the population in Grenada, Carriacou and Petite Martinique) from project benefits, which will be mitigated by the measures included in the project design, such as the media campaigns, to ensure these groups can have access to the project benefits. The gender assessment is shown in the Gender Marker Score in Table 2.2 below. The Gender Marker Analysis and Gender Action Plan are in Appendices 2.1 and 2.2 respectively.

TABLE 2.2: GENDER MARKER SCORE

Analysis	Design	Implementation	Monitoring & Evaluation	Score	Code
1.0	0.5	1.0	1.0	3.5	GM ⁵

⁵ Gender Mainstreamed (GM): the project has the potential to contribute significantly to gender equality.

Environmental Assessment:

2.8 Direct adverse environmental impact will be minimised due to the absence of civil works in the project. The core project activities - cash transfers, skills development training and entrepreneurship development support, will not cause any significant long-term negative impact. Project support to MSMEs will involve screening for environmental and social risks. As such, the application of screening procedures and ongoing monitoring of project implementation will reduce the risks associated with chemical usage and wastewater discharge by MSMEs involved in manufacturing, agro-processing, and retailing.

FIDUCIARY RISKS

2.9 The assessment considers fiduciary risk as medium-low. In the absence of a detailed fiduciary risk assessment, the Bank considered its experience with the implementing agency, the Ministry of Finance, Economic Development and Physical Development, Public Utilities and Energy (the Ministry), in the execution of Bank financed projects, as well of the Ministry's knowledge of the national fiduciary systems and fiduciary risks in financial and procurement management. Additionally, the assessment also takes note of the financial management safeguards to be considered under the Project. The key safeguards are outline below:

- (a) **Programming and Budget** – It will be a condition of the Loan that the Borrower shall notify the Bank, in writing by March 31, 2022, that it will provide, adequate budgetary allocation for the smooth execution of the project.
- (b) **Treasury and Disbursement Management** - If the advance method of loan drawdown is to be used, before the first disbursement, a special account will need to be designated to receive and disburse the loan resources. For local payments, the Ministry will make payments from the Consolidated Revenue Fund Account and this account will be reimbursed, periodically, with the resources from the designated account, upon the approval of the Bank of the Justification of the Advance of Funds. The Advance of Funds when used, will be based on the liquidity needs of the project for a period not exceeding six months.
- (c) **Accounting, information systems and reporting:** It is expected that the project accounting and reporting systems will: (i) facilitate the recording and classification of all financial transactions according to source of funding and components; and (ii) provide information related to, planned versus actual expenditure commitments made under the Project, the financial plan for a six-month period, financial statements, performance reports and any other reports that may be required from time to time by the Bank.
- (d) **External control:** GOCR has confirmed that an eligible private audit entity will be engaged to conduct the final financial statements audit of the Project. This will be financed from counterpart resources. The Bank's 'no objection' to the engagement and scope of services of this private audit entity must be obtained. The audit must be conducted in accordance with the: Audit of Financial Statements Prepared in Accordance with Special Purpose Frameworks, a copy of which is attached at Appendix 2.3 - Terms of Reference – External Audit.
- (e) **Project Financial Supervision** - The policies and guidelines applicable to operation of the cash transfer programme will be carried out in accordance with the Loan Agreement. A financial supervision plan of the project will be developed. It will: (i) focus on activities related to the implementation and any follow-up of arrangements and systems being implemented for the fiduciary management of the project; and (ii) follow-up on the implementation status of any risk mitigation measures. Advance of Funds disbursements

will be reviewed on an ex-post- basis and in accordance with the Bank's policies and procedures.

OTHER KEY RISKS AND ISSUES

2.10 **Summary of Risks:** The Project seeks to mitigate a few risks, including financial risks, and the political environment. A summary of the abovementioned risks can be viewed at Appendix 2.4 - Summary of Risk Assessment and Mitigation Measures.

SUSTAINABILITY

2.11 GOCR has committed to sustaining the social protection programmes over the short, medium and long term, especially in the face of the COVID-19 pandemic. GOCR continues to embrace strategies and programmes to meet the divergent and multi-faceted needs of the informal and formal sectors, households, and vulnerable sub-populations. GOCR promotes strategic alignment and harmonisation with the work of other development partners to leverage complementary investments for optimal impact. At the sub-regional level, the OECS Social Protection Technical Committee presents unique opportunities for developing a rules-based system to guide and determine the level of provisioning among member states. Moreover, CDB will continue to foster meaningful engagements with GOCR to avoid duplication of efforts, mobilise additional resources, promote sustainability and ensure coordination of social protection interventions.

3. IMPLEMENTATION AND MANAGEMENT

BORROWER

3.1 The Borrower is the Government of Grenada. GOCR may, pursuant to Section 3 (1) of the Loans (Caribbean Development Bank) Act, 1972 of Grenada [the Loans (CDB) Act], on such terms and subject to such conditions as may be agreed between GOCR and CDB borrow from CDB from time to time such sums as may be required by GOCR. An agreement between GOCR and CDB in respect of any amount so borrowed must be made in the name of GOCR and may be signed on behalf of GOCR by the Minister responsible for Finance (the Minister) or by a person authorised thereto in writing by the Minister. A copy of the agreement must be laid before the House of Representatives as soon as possible after it is concluded. Under the Loans (CDB) Act, all amounts required for the repayment of any sums borrowed by GOCR from CDB, all interest and other charges on such sums and all sums payable by GOCR in respect of any guarantee given by GOCR, are charged upon, and payable out of the Consolidated Fund and assets of Grenada.

PROJECT MANAGEMENT

3.2 The Ministry, through its CESS, will implement the project. CESS previously implemented the first phase of GOCR's COVID-19 social protection programme, and the project will be its sole responsibility. The Head of CESS is an assigned senior MOF officer, who reports to the Permanent Secretary (PS), Finance, MOF. The Head is supported by eight (8) dedicated assigned officers, with responsibility for data gathering, reviewing, processing, information technology support, accounting, public relations, and administrative functions, with additional support from the accounting, and macroeconomic policy functions within the MOF. In addition, support is provided on particular components by several sub implementing agencies. First, MOSD's SEED Unit will be the sub-implementing agency for Component 1. Secondly, the CESS with the support of the NIS, will be the implementing agency for Component 3, Sub-component 3.1, Unemployment Benefits. Thirdly, the Division of Youth Empowerment under the Yutbiz initiative will be the sub-implementing agency for Component 2, subcomponent 2.2, Support to Expand Existing Youth Entrepreneurship programmes. Officers have been assigned within each of these sub-implementing agencies as focal points for CESS. CESS and the focal points in the sub-implementing agencies are adequately equipped. All spending under the Project will be tracked within GOCR's Integrated Financial Management

System (SmartStream) to facilitate auditing by the Audit Department and to ensure full transparency in the use of all funds received. These arrangements are acceptable to CDB. A Project Management Organisation Chart is provided as Appendix 3.1.

3.3 It will be a condition precedent to first disbursement of the Loan that MOF assign the implementation and management of the Project to the CESS; assign the Head of CESS to function as Project Coordinator (PC); and assign the focal points for each of the sub-implementing agencies. The qualifications and experience of the current Head of CESS are acceptable to CDB and therefore it shall be a condition of the Loan that the qualifications and experience of any replacement of the Head of CESS be acceptable to CDB. All the positions within the CESS and the sub-implementing agencies will be financed by GOCR.

INTERAGENCY COORDINATION

3.4 A Project Oversight Committee (POC) comprising key stakeholder ministries and agencies will also be established and chaired by the PS, MOF to provide strategic direction to the project. The POC will comprise representatives of MOF, MOSD, Ministry of National Security (Youth Division), Division of Gender and Family Affairs, NIS, Grenada Development Bank, a representative of the private sector and a representative of civil society/NGOs as approved by Cabinet. It shall be a condition precedent to first disbursement of the Loan that the POC be established. The Duties and Responsibilities of the POC and PC are set out in Appendix 3.2.

IMPLEMENTATION

3.5 The Project will be implemented over a 12-month period, commencing December 2021, and ending December 2022. The proposed Project Implementation Schedule is presented in Appendix 3.3. CDB will provide implementation support over the life of the Project. Support will include: (a) reviewing implementation progress and the achievement of project outcomes; (b) gender sensitisation; (c) providing procurement advice; and (d) monitoring changes in risks and compliance with legal agreements as needed.

RETROACTIVE FINANCING

3.6 The IDB Line of Credit permits up to 50% retroactive financing for expenses incurred from March 11, 2020 and within the time limits permitted under prevailing lending policies of CDB. GOCR currently anticipates it will make a request for approximately 20% of the approved financing to be applied retroactively, and this is reflected in the disbursement schedule. The option to utilise up to 50% however remains.

DISBURSEMENT

3.7 Disbursement will be in accordance with the Disbursement Guidelines for CDB-Financed Projects (January 2019). It is expected that the first disbursement from the Loan will be made by December 31, 2021. The funds are expected to be committed by June 30, 2022. The Loan is expected to be fully disbursed by December 31, 2022. The Projected Disbursement Schedule is provided at Appendix 3.4.

PROCUREMENT

3.8 The Project is an “Unconditional Cash Transfer” social protection initiative undertaken within existing institutional arrangements, which does not require the procurement of goods, consulting or non-consulting services, and/or works. As such, a procurement plan is not applicable to the programme. Non-CDB financed procurement will utilise the procurement rules of GOCR.

SUMMARY OF ARRANGEMENTS FOR MONITORING AND REPORTING

3.9 **Monitoring and Evaluation:** Monitoring and Evaluation (M&E) of the Project will be guided by the Results Framework (RF) at Appendix 1.1. This framework specifies the indicators that will be monitored, their baseline and target values, frequency of monitoring, sources of data, and instruments through which data will be collected. MOF, through CESS will provide day-to-day monitoring of the Project, and report on this activity monthly. The POC will also monitor progress every two months during implementation. An evaluation of the Project will be conducted within 4 months of completion through the preparation of a Completion Report by GOCR.

3.10 **Reports:** It will be a condition of the Loan that GOCR shall furnish, or cause to be furnished, to CDB, monthly project reports in such form or forms as CDB may require, within 14 days of each calendar month. The reports will include but not be limited to: status of each component, pending activities, disbursements to date vs. projected disbursements, number of beneficiaries to date (disaggregated by age, sex, disability etc.), lessons learned, risks, challenges and mitigating actions. It shall also be a condition of the Loan that GOCR submit a Project Completion Report within 4 months of completion, in a form acceptable to CDB (the **Reporting Requirements**).

4. PERFORMANCE ASSESSMENT OF PROJECT

4.1 The composite performance rating based on CDB's Performance Assessment System (PAS) has been estimated as satisfactory, which suggests that the project is likely to achieve its outcomes and that project performance is expected to be of an acceptable standard. The details of PAS are presented in the Table 4.1 below.

TABLE 4.1 PERFORMANCE ASSESSMENT SYSTEM

Criteria	Score	Justification
Relevance	4	The Project is accorded high priority by GOCR and is consistent with the strategic objectives and activities prescribed in the government's National Sustainable Development Plan 2020 – 2035 and its goal of high human and social development. The project is aligned with CDB's Strategic Objective of fostering inclusive and sustainable growth and development. The Project is aligned with its other strategic frameworks, including: (a) Strategic Plan 2020-2024; (b) Gender Equality Policy and Operational Strategy (2019); (c) Youth Policy and Operational Strategy (2020); (d) Social Protection Framework; and other sectoral policies and procedures.
Effectiveness	3	Project effectiveness will be assured using a transparent and objective methodology to select project beneficiaries. This will involve the use of empirically verifiable selection criterion utilised by current programmes and relevant to meet the prevailing socio-economic vulnerabilities and adverse impact of the COVID-19 pandemic. The eligibility criteria are adequate to address the issues of social and gender equity, inclusion and exclusion errors, discrimination, abuse and to reduce the consequences and adverse impact of the pandemic on the targeted population.

Criteria	Score	Justification
Efficiency	3	The efficiency of the project as outlined by its “cost-transfer ratio” which is defined as the ratio of all non-transfer costs, such as administrative, targeting, and transfer fees, to the total value of the money cash transfers and which calculation yields a favourable level. This level of efficiency compares extremely well with unconditional cash transfer programs that reached many households and that use community-based targeting. The economic analysis also generated an overall BCR of 1.30. A BCR greater than 1.0 is sufficient to attest to the economic viability of this investment.
Sustainability	3	The Project has been designed to facilitate development of relevant knowledge products to advance and encourage Grenada’s deliberate actions to institutionalise transformation interventions, such as the introduction of social expenditure reviews in programme preparation, or as part of the annual budget process. It will also include built in mechanisms for appropriate alignment and harmonisation with the work of other development partners (and NGOs) as a means of leveraging complementary investments to optimise project impact. Further, CDB’s ongoing technical support in providing ongoing policy advice during project implementation, will help to promote the adoption of current good development practice as it relates to social protection. This will help Grenada in general embrace strategies and programmes to meet the divergent and multi-faceted needs of communities, households, and vulnerable sub-populations.
Overall Score	3.25	Satisfactory

5. TERMS AND CONDITIONS

5.01 It is proposed that the Loan be made on CDB’s standard terms and conditions and on the following terms and conditions:

No.	Subject	Terms and Conditions of the Loan
1.	Parties	<p><u>Bank</u>: Caribbean Development Bank (CDB)</p> <p><u>Borrower</u>: Government of Grenada (GOGR)</p> <p><u>Implementing Agency</u>: Ministry of Finance, Economic Development, Physical Development, Public Utilities and Energy</p>
2.	Amount of Loan	The Bank agrees to lend to the Borrower an amount not exceeding the equivalent of eight million nine hundred and fifty thousand United States dollars (USD8,950,000) from the Special Funds Resources (SFR) of the Bank allocated from the IDB COVID-19 Loan Facility (the Loan).
3.	Purpose	The purpose for which the Loan is being made is to assist the Borrower in financing safety nets for vulnerable populations affected by the COVID-19 pandemic (the Project).

No.	Subject	Terms and Conditions of the Loan
4.	Repayment	The Borrower shall repay the Loan in 80 equal or approximately equal and consecutive quarterly instalments, commencing three (3) years after the date of the Loan Agreement.
5.	Interest	<p>The Borrower shall pay to the Bank interest at the rate of one decimal nine seven percent (1.97%) per annum (variable) on the amount of the Loan disbursed and outstanding from time to time. Such interest shall be payable quarterly.</p> <p>The Borrower may request from the Bank that the interest rate payable in respect of the Loan be converted from a variable to a fixed interest rate (an Interest Rate Conversion), subject to the following requirements:</p> <ul style="list-style-type: none">(i) The feasibility of the Bank to execute any Interest Rate Conversion will depend on the ability of the Bank to effect the Interest Rate Conversion on terms and conditions acceptable to the Bank in its sole discretion, in accordance with its policies, and will be subject to legal, operational, and risk management considerations and prevailing market conditions.(ii) The Borrower may only request an Interest Rate Conversion after the Terminal Disbursement Date of the Loan and any amount of the Loan remaining undisbursed has been cancelled.(iii) An Interest Rate Conversion may only be made with respect to all (not part) of the resources of the IDB COVID-19 Loan Facility disbursed and outstanding under the Loan.(iv) The Bank shall not be obliged to execute an Interest Rate Conversion on amounts that are less than the equivalent of three million United States dollars (USD3,000,000), which may be comprised of the aggregate of the resources of the IDB COVID-19 Loan Facility disbursed and outstanding under the Loan and any other loan between the Bank and the Borrower utilising the resources of the IDB COVID-19 Loan Facility. <p>The Borrower may request an Interest Rate Conversion by delivering to the Bank an irrevocable communication in writing signed by a duly authorised representative of the Borrower, in form and substance satisfactory to the Bank (a Conversion Request).</p> <p>Once the Bank has received a satisfactory Conversion Request, it shall proceed to review the same and determine in its absolute</p>

No.	Subject	Terms and Conditions of the Loan
		<p>discretion whether to deny or approve the request.</p> <p>If the Bank denies the Conversion Request, the Bank shall notify the Borrower of such denial and such Conversion Request shall be considered null and void, without prejudice to the Borrower's right to deliver a new Conversion Request.</p> <p>If the Bank approves the Conversion Request, the Bank shall notify the Borrower of such approval and indicate: (i) the date on which the Interest Rate Conversion shall become effective (a Conversion Date⁶); and (ii) the interest rate applicable from the Conversion Date to the date of maturity of the Loan.</p>
6.	Disbursement of Loan	<p>Except as the Bank may otherwise agree:</p> <ul style="list-style-type: none"> (i) the amounts disbursed from the Loan Account shall not exceed in the aggregate ninety-five percent (95%) of the cost of the Project; (ii) the amounts disbursed from the Loan Account shall be used to finance the components of the Project allocated for financing by the Bank as shown in the Project Cost, Phasing and Financing Plan up to the respective limits specified therein; and (iii) up to fifty percent (50%) of the amount of the Loan may be used to finance eligible expenditures incurred by the Borrower between March 11, 2020 and the date of the Loan Agreement. <p>The Borrower and the Implementing Agency shall comply with the Bank's <i>Disbursement Guidelines for CDB-Financed Projects</i> published in January 2019, which may be amended from time to time by the Bank.</p>
7.	Period of Disbursement	<p>The Bank shall have received an application for first disbursement of the Loan by December 1, 2021, or such later date as may be specified in writing by the Bank.</p> <p>The Loan shall be disbursed up to December 31, 2022, or such later date as may be specified in writing by the Bank.</p>
8.	Procurement	The Bank's Procurement Policy and Procedures do not apply.
9.	Additional Condition(s) Precedent to First	The Bank shall not be obliged to make the first disbursement of the Loan until the Implementing Agency has furnished or caused to be

⁶ which date may be on the first day of the months of January or July of a calendar year during the term of the Loan, or such other date during the term of the Loan as the Bank may specify in writing.

No.	Subject	Terms and Conditions of the Loan
	Disbursement	<p>furnished to the Bank, evidence acceptable to the Bank, that the following condition(s) have been satisfied:</p> <ul style="list-style-type: none"> (i) the implementation and management of the Project has been assigned to the CESS; (ii) the Head of CESS has been assigned to function as the PC; (iii) the focal points for each of the sub-implementing agencies have been assigned; and (iv) a POC has been established.
10.	Project Implementation	<p>Except as the Bank may otherwise agree, the Borrower shall execute the Project through the Implementing Agency.</p>
11.	Project Management	<p>The Borrower shall establish and, for the duration of the Project, maintain the POC with the composition and functions set out in the Duties and Responsibilities of the Project Oversight Committee and Project Coordinator.</p> <p>The Borrower shall assign, and for the duration of the Project maintain, as PC, the Head of CESS, to carry out the duties and responsibilities set out in the Duties and Responsibilities of the Project Oversight Committee and Project Coordinator.</p> <p>The qualifications and experience of any person(s) subsequently assigned to the position of PC shall be acceptable to the Bank.</p> <p>The Borrower shall assign, and for the duration of the Project maintain, the CESS to implement and manage the Project</p> <p>The Borrower shall assign focal points for each of the sub-implementing agencies.</p>
12.	Additional Funds	<p>The Borrower shall be responsible for meeting any amount by which the total cost of the Project exceeds nine million four hundred and thirty thousand United States dollars (USD9,430,000).</p>
13.	Borrower's Contribution to the Project	<p>The Borrower shall contribute to the Project an amount of not less than one million, three hundred thousand Eastern Caribbean dollars (XCD1,300,000).</p>

No.	Subject	Terms and Conditions of the Loan
		Except as the Bank may otherwise agree, the contribution which the Borrower is/are required to make to the Project shall be expended by the Borrower in a timely manner on the components of the Project designated for financing by the Borrower as shown in the Project Cost, Phasing and Financing Plan , up to the respective limits specified therein.
14.	Reports and Information	Except as the Bank may otherwise agree, the Borrower shall furnish or cause to be furnished to the Bank the reports and information set out in the Reporting Requirements in the form specified therein, or in such form or forms as the Bank may require, not later than the times specified therein for so doing.
15.	Additional event of suspension, cancellation and default	The resources of the IDB COVID-19 Loan Facility or any part thereof is suspended, cancelled or required to be refunded.
16.	IDB COVID-19 Loan Facility Conditions	<p>The Borrower shall:</p> <ul style="list-style-type: none"> (i) permit the Bank and IDB to inspect the goods, sites, works and structures of the Project and proceeds of the Loan; (ii) furnish all information that the Bank and IDB may reasonably request with respect to the use of the proceeds of the Loan and the financial situation of the Borrower; (iii) comply and ensure that the proceeds of the Loan are used in accordance with the Bank's Environmental, and Social Review Procedures and the environmental and social requirements outlined in IDB's Operating Regulations (OR); and (iv) commit to incorporate all the integrity provisions set forth in the policies and procedures of the Bank and IDB through an integrity covenant or similar covenant as detailed in IDB's OR.
17.	Other Condition	By March 31, 2022, the Borrower shall commit to the Bank, in writing, to provide adequate budgetary allocation for the smooth execution of the Project.

6. **LOANS COMMITTEE RECOMMENDATION**

6.1 The Loans Committee considered this proposal on November 16, 2021 and agreed to recommend it for approval of the President.

Signed: Isaac Soloman November 26, 2021
Isaac Soloman
Vice-President (Operations) Date

7. **APPROVAL**

7.1 The above-mentioned Appraisal Report is approved.

Signed: Hyginus 'Gene' Leon November 26, 2021
Hyginus 'Gene' Leon
President Date

RESULTS FRAMEWORK

Project Impact: The overall impact of the project is to contribute to ensuring minimum levels of quality of life for vulnerable persons amid the crisis caused by COVID-19.				
<i>Outcome</i>	<i>Indicator</i>	<i>Baseline</i>	<i>Target</i>	<i>Data Sources, Reporting Mechanisms and Report Frequency</i>
The expected outcomes are; (a) support minimum income and employment levels for those affected by COVID-19 in the immediate period and during the recovery; and (b) preserve the human capital of those affected by the COVID-19 crisis.	% of 1,113 household beneficiaries meeting monthly payments for basic water and electricity services	0 2021/09/01	100% 2022/12/31	<i>Ministry of Social Development Annual Report</i>
	% of 150 youth trained and receive business start-up finance who are operating a functioning business venture 12 months after project completion (disaggregated by sex)	0 2021/09/01	Male: 20% Female: 20% 2023/12/31	<i>Ministry of Youth, Youth-Biz Small Business Development Programme Annual Report</i>
	% of 1000 formal and informal sector enterprise employees retained/transitioned as regular employees after 3 months of programme completion	0 2021/09/01	Male: 10% Female 15% 2023/03/30	<i>Ministry of Finance Annual Report</i>
	Level of beneficiaries' satisfaction with the access to financial services	0 2021/09/01	75% 2023/03/30	<i>Div. of Youth's Youth-Biz Small Business Development Programme Beneficiaries' Assessment Survey</i>
<i>Assumptions for achieving Outcome</i>				

- Effective coordination and implementation of generalised and shock-responsive transfer programmes during the pandemic.
- Effective institutional arrangements for business and financial services exist and are adjusted as needed during the pandemic.
- Beneficiaries displaced from the formal and informal sectors are able to re-enter the labour force with enhanced skills.

<i>Output</i>	<i>Indicator</i>	<i>Baseline</i>	<i>Target</i>	<i>Data Sources, Reporting Mechanisms and Report Frequency</i>
Project Component 1. Social Protection using existing cash transfer programmes				Based on meeting basic consumption needs at individual and household level and targets the 2 of the 5 categories making up the current beneficiary registry, specifically categories III & IV.
1.1 Poor and vulnerable individuals and households from Categories I to IV of the beneficiary registry receive access to temporary cash transfers.	No. of beneficiaries receiving temporary transfers (disaggregated by individuals and households; for households, disaggregated by sex of HH head; for individuals, disaggregated by age, sex, income disparity, working in formal/informal sector.	0 21/09/01	HH – 1,113 2022/12/31	General Living Condition Index (Means Testing/SEED Registry) categories III & IV. Monthly reports from the MOSD on the number of beneficiaries receiving payments, total amounts paid, No. of beneficiaries meeting basic utilities payments.
<i>Output</i>	<i>Indicator</i>	<i>Baseline</i>	<i>Target</i>	<i>Data Sources, Reporting Mechanisms and Report Frequency</i>
Project component 2. Social Protection for vulnerable population not currently on the rosters of cash transfer programmes, working in informal sector				Informal – not registered with NIS e.g. migrant workers, caregivers, stay-at-home parents, single parents, pregnant women, widows, farm workers, taxi drivers (note some support recently given), cruise ship workers, tour guides, street vendors. Youth but not unemployed youth. While registration with NIS is not a condition for receiving benefits, beneficiaries will be encouraged to register with NIS as a means of reducing informality.

<p>2.1 Informal sector workers suffering loss or reduced income from the pandemic receiving access to temporary cash transfers</p>	<p>No of beneficiaries with incomes (disaggregated by sex, type of work/economic sector, and location; for households, disaggregated by sex of HH head; for individuals, disaggregated by age, sex, income, disability.)</p> <p>No. of beneficiaries registered with the NIS</p>	<p>0 0 2021/09/01</p> <p>0 2021/09/01</p>	<p>2,500 2022/12/31</p> <p>Min 1,000 2022/12/31</p>	<p>CESS income/livelihood support records Informal sector associations records Application process.</p> <p>Monthly reports from the CESS</p>
<p>2.2 Youth with increased access to enterprise programmes</p>	<p>No. of youth with access to financial services, (disaggregated by sex, location, disability, sector, livelihood strategy, type of benefit (e.g. cash, training, job placement etc.)</p>	<p>0 2021/09/01</p>	<p>2,000 2022/12/31</p>	<p>Youth - under 35 years The Department of Youth records Records of service providers (GIDC, NTA, NEWLO, etc.) Formal application process.</p> <p>Monthly reports from the CESS</p>
<p>2.3 Youth capacity in entrepreneurship through youth enterprise programmes enhanced</p>	<p>No. of youth trained that can successfully completed the entrepreneurship training programme (disaggregated by sex, disability, type of training.)</p>	<p>41 (11 M, 30 F) 2020/12/31</p>	<p>1,200 (575 M, 625 F) 2022/12/31</p>	<p>Div. of Youth's Youth-Biz Small Business Development Programme records Grenada Investment Development Corporation (GIDC) training programme records Climate Smart Agriculture and Rural Enterprise Development (SAEP) Programme records</p> <p>Monthly reports from the CESS</p>

	% of youth beneficiaries who complete job training courses compared with all beneficiaries who started the courses, by sex, disability	0 (0 M, 0 F) 2021/09/01	80% (40% M, 60% F) 2022/12/31	
2.4 Youth access to financing through youth enterprise programmes increased and enhanced	No. of youth whose businesses were financed, disaggregated by sex, disability, location, business type.	18 (12M, 6F) 2020/12/31	150 (80 M, 70 F) 2022/12/31	Div. of Youth's Youth-Biz Small Business Development Programme records Grenada Investment & Development Corporation (GIDC) training programme records Climate Smart Agriculture and Rural Enterprise Development (SAEP) Programme records Monthly reports from the CESS
Output	Indicator	Baseline	Target	Data Sources, Reporting Mechanisms and Report Frequency
Project Component 3. Social Protection for persons not on rosters of existing cash transfer programmes working in formal sector				Formal – registered with NIS, were employed prior to March 2020, and have not regained employment or currently not earning an income or benefitting from any other social safety net programme.
3.1 Formal sector workers access to temporary unemployment benefits.	No. of beneficiaries accessing benefits, (disaggregated by individuals, households, sector, age, sex, disability, type of benefit.)	0 2021/09/01	1,400 2021/12/31	NIS unemployment benefit records CESS benefit records Monthly reports from the CESS

3.2 Formal sector enterprises access to COVID-related funding support enhanced	No. of enterprise beneficiaries, (disaggregated by sector, type of benefit, age of business, type of services, female, male, youth owned/led enterprise, number of employees disaggregated by sex, disability, age etc.)	0 2021/09/01	500 2022/06/30	NIS payroll/income support [to businesses] records CESS payroll/income support [to businesses] records Grenada Development Bank MSME Support Facility and Small Business Development Fund records. Monthly reports from the CESS on the number of beneficiaries receiving support (disaggregated by sex, type of work, etc.), total amounts paid Other
Project Component 4. Project Management, Media Campaign, Monitoring and Reporting of Project activities	Design and delivery of gender responsive communication tools/media campaign to target men and women, boys and girls and other vulnerable groups differently in the formal and informal sectors	No 2021/09/01	Yes 2022/06/30	Project Management Report
<p>Assumptions for achieving Outputs</p> <ul style="list-style-type: none"> Institutional arrangements for cash transfers and social safety net services remain in place or are modified for optimal functioning during the pandemic. Stakeholder sensitisation and consultation are sustained throughout the programme. 				

PROJECT COMPONENTS AND ELIGIBILITY CRITERIA

Sub-Component 1: Protection using existing cash transfer programmes (USD2 mn).

1. **Sub-component 1.0. Support to expand the Support for Education, Empowerment and Development (SEED) Programme (USD2 mn).** This component will support horizontal adjustments to the SEED Programme to finance temporary cash transfers to new vulnerable groups, including male and female single headed households with children, unemployed youth, PWDs, the elderly and women using the Ministry of Social Development's SEED Platform. SEED is the Support for Education Empowerment and Development project. It is the unification of three previous programme namely necessitous fund, school transportation allowance and public assistance programme.

SEED Criteria

- (a) Persons who are approved in categories I to V of the GLCI as of August 31, 2021.
- (b) Persons must continue on the SEED Beneficiary Register for the duration of the Stimulus programme.
- (c) Beneficiaries must not be on the official SEED Register receiving any monthly benefits currently.
- (d) Persons in this Component would not be eligible for benefits under Components 2 and 3, with the exception of under subcomponent 2.2 - Support to Expand Existing Youth Entrepreneurship Programme.

Major Features of SEED: Beneficiary Management Information System (BMIS) & Grenada Living Condition Index (GLCI).

Beneficiary Management Information System (BMIS): The BMIS serves as the central repository used to store and manage SEED client data. It also provides the ability to generate reports and is a major part of the monitoring and evaluation framework.

Grenada Living Condition Index (GLCI): The Ministry has transitioned into the multi-dimensional poverty measure. Selection of beneficiaries were done through the subjective "professional" estimates of social workers to determine beneficiary eligibility. The transition into the new approach is facilitated by the Grenada Living Conditions Index (GLCI) which is a proxy means test (PMT) developed for the SEED programme. The GLCI is a poverty single index score aggregated from 22 variables, derived from 7 dimensions of quality of life: This index is used to classify households according to their living conditions, which determines eligibility and entry into the SEED programme.

TARGET BENEFICIARIES

- (a) Male and female single headed households (with children)
- (b) Unemployed youth and Persons with disabilities
- (c) Elderly and Stay-at home parents
- (d) Vulnerable middle-income households (those who have transitioned into lower income categories)

2. **Sub-Component 2. Protection for the vulnerable populations not currently on the rosters of transfer programmes, working in the informal sectors. (USD3 mn).** In this component, financing will be provided for actions targeting vulnerable populations not covered by existing transfer programmes, including those of informal, independent workers, caregivers/domestic workers, stay-at-home parents, unemployed youth, farm workers, and migrant workers whose employment is not formalised. The reference to informal sector workers means persons who are not registered with the internal revenue department (IRD) system and/or the National Insurance Scheme (NIS). The Component will also support youth and women's entrepreneurship and build capacities and opportunities to cope and adapt.

3. **Subcomponent 2.1. COVID-19 Emergency Response Income Support (USD2 mn).** This subcomponent will finance temporary transfers to vulnerable populations not benefiting from Component 1 (that is, existing cash transfer programmes). To provide temporary income support to individuals who are working in an informal sector business, defined as a business that is not registered with the Inland Revenue Department, have no fixed hours of work or location, and does not have formal arrangements with employees, such as letters of employment or contracts, where that sector has not significantly recovered from the crisis or has remained closed

Income Support Criteria

- (a) Working in the informal sector prior to March 31, 2020, as your main source of income or earnings.
- (b) Working in an informal sector business that was greatly affected by the pandemic.
- (c) Working in an informal sector business that has not significantly recovered or as remained closed:
 - (i) Existing restrictions on the hours of business
 - (ii) Reduced operating days
 - (iii) Existing restrictions on the number of patrons
 - (iv) Main source of income is linked to a business that has been severely impacted by the pandemic (e.g., Travel, Tourism and Hospitality base businesses, Education, Entertainment, Agriculture and Fisheries).
 - (iv) Has been ordered to quarantine or isolate by the Ministry of Health as a result of COVID.
 - (v) Registration with NIS/IRD, where applicable.
 - (vi) Two letters of reference from (Minister of Religion, Retired/ Senior Public Servant, Employer or School principal) confirming that the informal sector business is the main/only source of income.

Reasons for Not Being Eligible

- (a) Any information provided to the CESS will be subject to verification and if any of the information submitted is found to be false or misleading this will result in the applicant being disqualified from the programme.
- (b) If you are confined to prison, convicted of a crime, or charged for any violations of the COVID protocols, all payments will be suspended.

Programme Administrator: CESS Payment Amount: \$500 Monthly Duration: 4 months

4. **Sub-component 2.2 Support to expand existing youth entrepreneurship programmes (USD1 mn).** This subcomponent will finance two types of programmes aimed at protecting the labour market incomes of these populations that can work, once the social distancing stage required by the health emergency has ended:

- (a) temporary paid employment programmes where there are existing programmes; and
- (b) cash for training transfer programmes that seek to support consumption via transfers while investing in skills improvement, so beneficiaries can enhance employability and increase their chances of finding formal employment.

Eligibility:

5. The programme provides employment opportunities for young unemployed youth ages 18 to 35 who are interested in starting up or developing their own small businesses. Steps to access funding under the programme:

- (a) Register for Yutbiz Small Business Development Workshop
- (b) Participate in Yutbiz pre-assessment session and literacy and numeracy quiz
- (c) Attend five (5) weeks of training
- (d) Develop and submit a viable business plan for funding

- (e) Registration for one of the approved lists of training programme (job training, entrepreneurship training).
- (f) Participation in training pre-assessment session and numeracy and literacy assessments.
- (g) Actively participate and attend all training sessions, unless otherwise exempted.
- (h) Must meet the requirements for the certificate of completion.

This sub-component includes business skills development, capacity development in entrepreneurship, access to financial services and enterprise programmes and job training modules and are administered by the Division of Youth in partnership with the Grenada Investment Development Corporation (GIDC) and the business enterprise arm of the Climate-Smart Agricultural and Rural Enterprise Development Programme (SAEP).

6. **Sub-Component 3. Protection for the vulnerable populations not on the rosters of transfer programmes, working in the formal sectors (USD3.95 mn).** This component will finance actions to shield formal sector jobs, as well as the incomes of the vulnerable populations working in the formal sector who lost their jobs. The beneficiaries will be identified via the administrative records of social security system/National Insurance Board (NIB). This support will be administered in three ways: (i) in the form of unemployment benefits, (ii) in the form of payroll support to formal sector businesses, affected by the pandemic, and (iii) in the form of grant support to micro, small and medium enterprises (MSMEs) to support a strong and equitable recovery

7. **Subcomponent 3.1 – Unemployment Benefits (USD1 mn).** This component involves providing support to persons who are ineligible for GOGR’s social assistance programmes. The CESS, with the support of the NIB, will be engaged to support the provision of temporary unemployment benefit support to employees directly affected by the pandemic.

The selection process will target unemployed people within NIB database who would not have re-entered the workforce. Criteria to access benefits under this subcomponent will include: (a) completion of beneficiary application form every month to assess qualification for payment; (b) copy of termination letter; and (c) evidence of loss of income as a direct result of the COVID-19 crisis.

8. **Subcomponent 3.2 Support Formal Sector Employment Programmes (USD2.95 mn).** Actions will be financed to target the vulnerable groups who lost their jobs in the formal sector. Specifically, investments will be made in providing job placement and training, reskilling, retooling, (active policies), to facilitate finding jobs in sectors where there is employment demand (for example, sectors considered essential during the crisis) and preserve human capital for the recovery. This component will also support the provision of direct transfers for the start-up/recovery/expansion of MSMEs in supporting a strong and equitable recovery.

9. **Grant Support** Criteria to provide support to incentivize new hires, promote new startups, and expand existing businesses

- (a) Must be a registered business.
- (b) Registration with IRD where applicable.
- (c) Obtain a Tax Compliance Certificate where applicable.
- (d) Registration and compliant with all NIS regulations.
- (e) Obtained a loan after June 2021 under the Small Business Development Fund or the COVID-19 Support Fund Facility administered by the Grenada Development Bank up to a maximum of \$40,000.
- (f) Businesses with full moratorium on principal and interest will not qualify.
- (g) For new businesses loans must be in good standing for at least six months.

10. **Grant amount eligibility**

- (a) Less than two employees- \$2,000.00
- (b) 3-10 employees- \$3000.00
- (c) 11-25 employees- \$5,000.00

11. **Support to Formal Employment Programmes Payroll Support**

Grant payroll support of 40% of employee's basic salary to the following sectors:

- (a) Hotels (including guesthouses, villas)
- (b) Restaurants/ bars (excluding cafes, fast-food outlets, cafeterias)
- (c) Small travel agencies
- (d) Dive operators
- (e) Tour operators
- (f) Aviation
- (g) Marine & Yachting
- (h) Agro-processors and light manufacturing
- (i) Creative & Cultural industries
- (j) Promoters/Caterers
- (k) Ancillary businesses linked to any of the above business types (e.g., retail clothing)

12. **Reasons for Not Being Eligible:** False or misleading information will result in the applicant being disqualified from the Programme.

COST BENEFIT ANALYSIS

1. INTRODUCTION

1.01 The proposed project is expected to support the Government of Grenada’s efforts to ensure a minimum level of quality of life for vulnerable Grenadians affected by the COVID-19 crisis. The project will provide unconditional cash transfers to over 8,000 poor and vulnerable Grenadians. It is expected that these unconditional cash transfers will: (a) support minimum income and employment levels for those affected by COVID-19 in the immediate and recovery periods.

2. METHODOLOGY

2.01 A Benefit-Cost Ratio (BCR) was used to summarise the overall relationship between the relative cost and benefits of the project and its likely economic outcome. Relatedly, the viability of the project will be informed by its likelihood of generating a BCR greater than 1.0. The analysis uses a cost efficiency ratio to examine the extent to which the project is cost efficient and a sensitivity analysis to determine the extent to which the economic results are robust.

3. BENEFITS

3.01 The theoretical underpinning guiding the estimation of the benefits have been informed by work done by Duryea et al. (2007) and Gabriel Filc and Nadin Medellín (2020), in Haiti and Ecuador. These works have been instrumental in providing economic validation for similar cash transfer projects targeting persons affected by COVID-19 in selected Caribbean Development Bank Member Countries. Accordingly, the benefits include: (i) the unconditional cash transfers, and (ii) the economic multiplier associated with the increase in consumption associated with the transfers. Since it is expected that majority of the transfers will be applied in the current year (2021) and minimal balances disbursed early next year (2022), the benefits included in the analysis were not discounted. Additional details on the transfers and the economic multiplier are outlined below:

3.02 Cash Transfers: The benefits for the cash transfers are related to its monetary value and the multiplier effect associated with the increase in consumption. The value of the cash transfers by components are outlined below.

TABLE 1: BREAKDOWN OF COMPONENTS BY BENEFICIARIES AND TRANSFER

Components	Individual (#)	Household (#)	Business (#)	Total (USDM)
Subcomponent 1: Support to Expand the Support for Empowerment, Education and Development (SEED) Programme	2,444	933	-	2,000
Component 2. Protection for the vulnerable populations not currently on the rosters of transfer programmes, working in the informal sectors	4,500	0	200	3,000
Component 3. Protection for the vulnerable populations not on the rosters of transfer programmes, working in the formal sectors	1,900	0	0	3,950
Total	8,844	933	200	8,950

3.03 **Economic Multiplier:** The multiplier estimates the extent to which the conditional cash transfer will stimulate economic activity in Grenada more than the initial investment. The financial multiplier computes the "cumulative" effect that the increased level of public spending has on an economy with unemployed resources. Since the effect of transfers is short term potential rise in productive capacity resulting from expanded demand (or accelerator effect) is not taken into account, which would further increase the product's multiplier effect. The multiplier illustrates the effect of injecting the cash transfers into the economy. It is expected that the initial injection will contribute to a knock-on effects and further rounds of spending. The Marginal Propensity to Consume (MPC) and the Marginal Propensity to Import will determine the size of the multiplier. The higher the MPC, the greater the multiplier effect and the higher the MPI, the smaller the multiplier effect. The effect M of monetary transfer T to household of c type i (conditional transfers) can be calculated as follows:

$$Y_i = MT_i$$

with

$$M = \frac{1}{1 - c(1 - t) + m}$$

where:

1. T_i = the monetary transfer
2. c = marginal propensity for consumption
3. m = marginal propensity for importation
4. t = marginal propensity for taxes.

3.04 **Marginal Propensity for consumption and importation.** Table 2 below outlines the economic indicators used in the estimation of the marginal propensity for consumption and importation. Additional information on these indicators can be found at [Moody's Analytics \(economy.com\)](https://www.moody's.com/economy).

TABLE 2: SELECTED ECONOMIC INDICATORS FOR GRENADA
(2015-2019)

Year(s)	Private Consumption	Import	GDP
2019	2,423,188,307	1,894,731,433	3,287,941,351
2018	2,184,989,184	1,848,075,221	3,155,480,000
2017	2,149,471,795	1,662,447,040	3,039,350,000
2016	1,954,468,596	1,429,555,069	2,866,430,000
2015	1,860,840,315	1,369,111,771	2,691,920,000
Average	2,114,591,639	1,640,784,107	3,008,224,270

3.05 **Marginal propensity for consumption and importation:** The marginal propensity for consumption is a metric that quantifies induced consumption. It is assumed that the cash transfers will improve the personal consumer spending (consumption) of selected Grenadians that would have seen a reduction in their disposable incomes due to COVID 19. In the estimations, it is assumed that all consumption is induced by spending and there is no autonomous consumption (to simplify the calculations). The marginal propensity for importation is based on the average ratio between importation and gross domestic product. It is the fractional change in import expenditure that occurs with a change in disposable income (income after taxes and transfers).

3.06 The marginal propensity to tax: This is the fraction of any change in income that is taken in taxation. The personal income tax rate in Grenada for locally derived income is based on the residency status of an individual: - Corporations, trustees, sole traders, partners within partnerships and all employees who earn more than \$3,000 monthly or \$36,000 per annum pay an income tax of 25%. It is envisaged that majority of the beneficiaries will fall below the \$3,000 threshold as such the analysis assumes no personal income tax for the target beneficiaries. However, the analysis does consider a value added tax of 15% to be paid by all consumers. For additional information on the tax rate please see [Income Tax \(ird.gd\)](#).

3.07 Additional details on the multiplier are outlined below:

TABLE 3: ADDITIONAL DETAILS ON THE MULTIPLIER

1.	T_i = the monetary transfer (USD 000)	8,950.00
2.	c = marginal propensity for consumption;	0.703
3.	m = marginal propensity for importation;	0.545
4.	t = marginal propensity for taxes.	0.15
5.	Multiplier	1.05

4. COST

4.01 All transfers are considered as cost and benefit at $t = 0$. This follows the methodology proposed by Brent Robert J., 2013. "A cost-benefit framework for evaluating conditional cash-transfer programmes," Journal of Benefit-Cost Analysis, De Gruyter, vol. 4(2), pages 159-180. This is an applicable standard in all programmes involving conditional cash transfers. In addition, the incremental administrative cost for the transfers is computed, which varies according to type of transfer. 5% of the cost of transfers to vulnerable households registered in the social protection programs. It increases to 7% in the case of transfers to beneficiaries not registered in the current beneficiary programs; and finally, it is about 1.5% in the case of beneficiaries of unemployment subsidies (employees in the formal sector).

5. THE RESULTS

5.01 The overall cost benefit ratio is estimated at 1.30. The project has generated a BCR greater than 1.0, as such it is expected to deliver positive economic benefits. Furthermore, CDB finds this level of BCR is acceptable and anticipates that the transfers will circulate and stimulate economic activity way above this very conservative estimate. Additionally, a BCR of 1.30 is in keeping with BCRs for similar initiatives financed by Inter-American Development Bank. Many of these programmes generate overall BCRs ranging from 1.18 to 2.38, which (IDB) considers to be acceptable.

TABLE 4: KEY RESULTS

Components	Total	Multiplier Effect	Net Multiplier	Cost	Benefit Cost Ratio
Support to Expand the Support for Empowerment, Education and Development (SEED) Programme	2,000	2,109.85	109.85	2,147.37	0.98
Protection for the vulnerable populations not currently on the rosters of transfer programmes, working in the informal sectors	3,000	3,164.77	164.77	3,130.74	1.01
Component 3. Protection for the vulnerable populations not on the rosters of transfer programmes, working in the formal sectors	3,950	4,166.95	216.95	1,992.41	2.09
Total	8,950	9,442	492	7,271	1.30

GENDER MARKER ANALYSIS

Project Stage	Cycle	Criteria	Score
Analysis:		Consultations with relevant categories of males and females and relevant gender-related public/private sector organisations and Non-Governmental/Community-Based Organisations have taken place.	0.5
		Sector analysis considers gender risks and gender disparities that impact the achievement of project outcomes.	0.5
Design:		Interventions are designed that lead to a reduction in gender disparities.	0.5
Implementation:		Active participation of representatives of gender-relevant stakeholders in project execution.	0.5
		Terms of Reference of Project Coordinator include responsibility for ensuring that gender components are given attention e.g. ensuring that gender components are implemented in a timely fashion.	0.5
Monitoring and Evaluation:		Collection of sex-disaggregated data is part of the project.	0.5
		One gender specific indicator at the outcome/output level in the RMF	0.5
Maximum Score			3.5

GENDER ACTION PLAN

Output	Activity	Responsibility
Output 1: Increased participation and equitable access to project benefits for vulnerable groups	<ol style="list-style-type: none">1. Social protection measures are targeted and consider how the pandemic affects particular vulnerable groups.2. Consider the socio-cultural barriers that prevent vulnerable groups from taking part in SP programmes: child-care demands and time poverty, restricted mobility, illiteracy, limited access to information.3. Design and delivery of gender responsive and socially inclusive media campaigns to target men and women, boys and girls and other vulnerable groups differently in the formal and informal sectors to increase access to project benefits	Government of Grenada

DRAFT TERMS OF REFERENCE

EXTERNAL AUDIT

1. BACKGROUND

1.01 The Government of Grenada (GOCR) has received financing from the Caribbean Development Bank (CDB), in the amount of one million United States dollars (USD8,950,000) (the Loan) from the Other Special Funds of the Caribbean Development Bank (CDB). The Loan is allocated from funds provided by the Inter-American Development Bank to CDB under the Global Loan Programme. The Loan will be used to support GOCR's efforts to build health, social and economic resilience in the member countries of the Organisation of Eastern Caribbean States during the Coronavirus Disease 2019 (COVID-19) crisis

1.02 The Loan Agreement number _____ the Loan between CDB GOCR was signed on _____. In accordance with the Loan GOCR is permitted to establish and maintain a foreign currency Designated Account (DA). The DA, which is subjected to external audit, is expected to be a revolving account funded with an advance from CDB resources, which will be used exclusively to meet CDB's share of eligible expenses in both local and foreign currencies as the expenditure is incurred.

2. OBJECTIVE

2.01 The objective of the audit engagement is for the Auditor to express an opinion (or disclaim an opinion, if applicable) as to whether the DA has been operated in compliance with the Terms and Conditions for the Operation of the DA, as set out in the Loan Agreement.

3. SCOPE AND STANDARDS TO APPLY

3.01 It is expected that the Auditor considers the following requirements without diverging from the application of the International Standards on Auditing (ISA):

- (a) ISA 240 "the Auditor's Responsibilities relating to fraud in an Audit of Financial Statements". The Auditor must identify and assess the risks of material misstatement in the Financial Statements due to fraud and obtain sufficient and appropriate audit evidence in relation to these risks, through the design and implementation of appropriate responses.
- (b) ISA 250 (Revised) "Consideration of Laws and Regulations in an Audit of Financial Statements". The Auditor must recognise that the non-compliance of the Entity with the laws and regulations may materially impact the Financial Statements in the design and implementing audit procedures, and in assessing and communicating the results thereof.
- (c) ISA 260 (Revised) "Communication with those charged with Governance". The Auditor is required to report to the governing body of the institution on his responsibilities in relation to the audit of the DA and preparation of the Special Purpose Financial Statements, as well as a general description of the scope and timing; and report, in due time, on significant and relevant facts observed.
- (d) ISA 315 "Identify and assess the risks of material misstatement in the Financial Statements, through understanding the entity and its environment, including the entity's internal control".

- (e) ISA 330 “The Auditor’s Responses to Assessed Risks”. The Auditor should obtain sufficient appropriate audit evidence on the risks assessed related to material misstatement through the design and implementation of appropriate responses to such risks.
- (f) ISA 510 “Initial Audit Engagements – Opening Balances”. In the case of a first audit engagement, the Auditor should obtain sufficient and appropriate audit evidence on whether the opening balances contain errors that may materially impact the Financial Statements of the period to be audited within the framework of the Project.

3.03 To verify the fulfillment of fiduciary requirements included in the Loan, the Auditor, under the ISA Framework, must perform tests and/or procedures to confirm, among others, that:

- (a) The DA has been used, in accordance with the Terms and Conditions of the amended Loan.
- (b) Investments and expenses made are supported by the necessary documents and records, and accounting nomenclature have been adhered to, in relation to all the activities and expenses of the Project.
- (c) Conversion of local currency to United States dollars has been made in accordance with the requirements of the Loan and the guidelines for the implementation of the disbursement methods between CDB and GOCR.

4. AUDIT REPORTS

4.01 The Auditor is required to issue an opinion (or disclaim an opinion, if applicable) as to whether the DA has been operated in compliance with the Terms and Conditions for the Operation of the DA.

5. INTENDED USERS OF THE REPORT, LIMITATION OF USE, AND DISTRIBUTION

5.01 The Auditor’s Report on the DA is intended for the Recipient/Executing Agency and CDB.

5.02 Three (3) hard copies of the Auditor’s Reports on the DA as at _____, as well as the version in electronic format, must be submitted by the Auditor to CDB.

6. DEADLINE FOR SUBMISSION OF THE AUDIT REPORT

6.01 The Final Audit Reports referenced in Section 4 must be received by CDB, no later than April 30, 2021. It is anticipated that the external audit engagement will require a maximum of ten (20) person-days.

7. QUALIFICATIONS AND EXPERIENCE

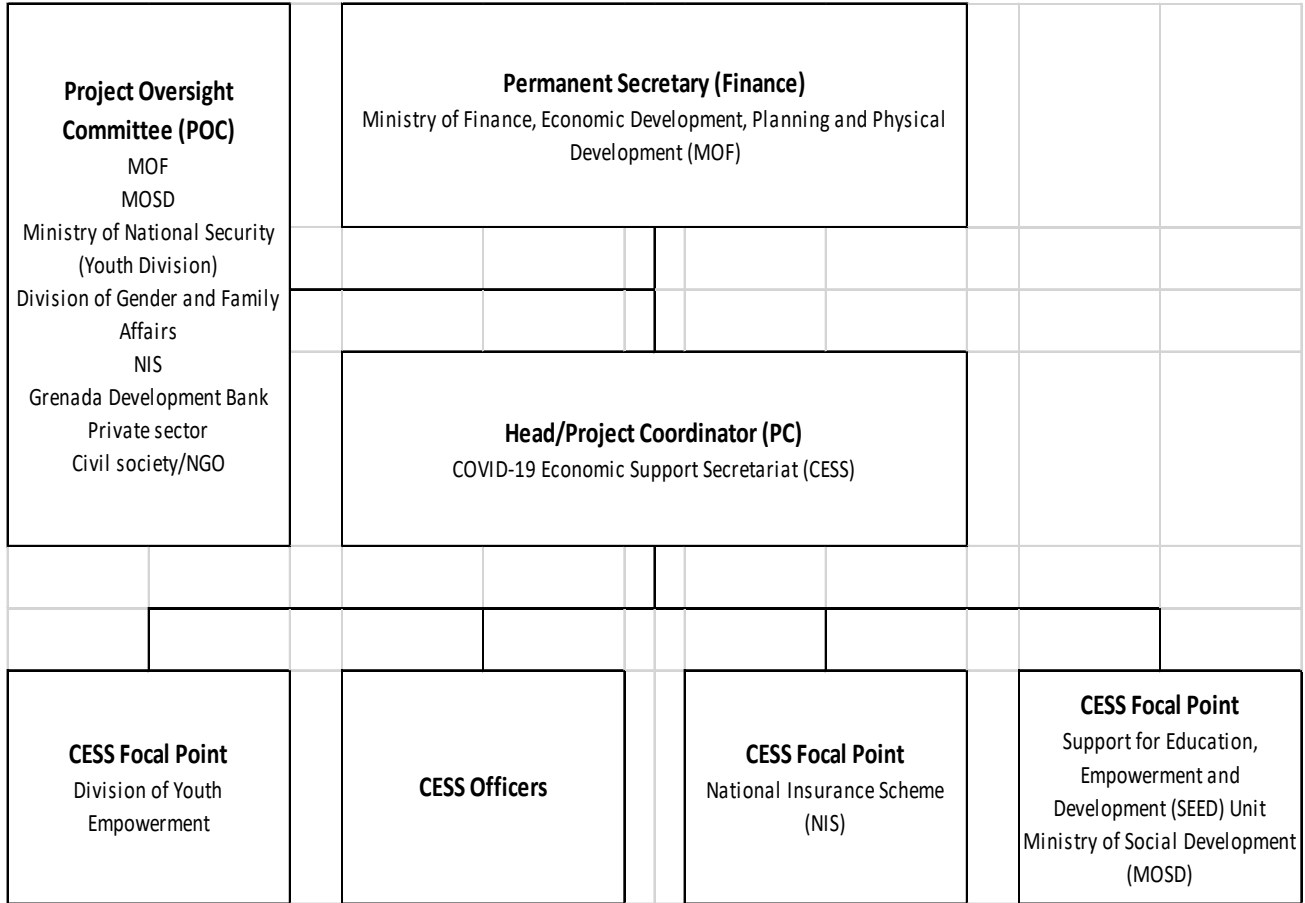
7.01 The engagement partner should be a qualified chartered accountant with membership of one or more professional accountancy bodies, e.g. Association of Chartered Certified Accountants, and holds a relevant external audit practicing certificate. The engagement partner should have at least ten (10) or more years of relevant external auditing experience.

APPENDIX 2.4

SUMMARY OF RISK ASSESSMENTS AND MITIGATION MEASURES

Risk Category	Risk Type	Description of Risk	Mitigation Measures
Operational	Financial	COVID-19 is expected to continue to negatively affect economic growth, resulting in likely budget cuts to critical social services.	GOGGR continues to explore sustainable macro-economic and fiscal policies as well as development partnerships to finance social sector programmes, including education, health and social services.
	Political Environment	The social protection components are implemented primarily by public agencies, and beneficiaries' perception of the efficacy and even-handedness of public agencies may affect their readiness to be involved in the various project components	The GOGGR has fostered a comprehensive participatory engagement among public, private and civil society in the design of the programme. State agencies, established by law to provide the relevant services and benefits, are utilised with their updated processes and empirically verifiable mechanisms. The state agencies are proven, efficacious and eligible persons can access the project benefits. Moreover, a comprehensive media campaign will be designed for awareness and sensitisation of the programme to all targeted beneficiaries.

PROJECT MANAGEMENT ORGANISATION CHART



DRAFT TERMS OF REFERENCE

DUTIES AND RESPONSIBILITIES OF THE PROJECT OVERSIGHT COMMITTEE
AND PROJECT COORDINATOR

1.01 The duties and responsibilities of the Project Oversight Committee and the Project Coordinator are as follows:

Project Oversight Committee

1.02 A project oversight committee (POC) comprising of key stakeholder ministries and agencies will also be established and chaired by the PS, Finance to provide strategic direction to the project. The POC will comprise of representatives of Ministry of Finance, the Ministry of Social Development, Ministry of National Security (Youth Division), National Insurance Scheme, Grenada Development Bank, a representative of the private sector and a representative of civil society/nongovernmental organisations as approved by Cabinet.

1.03 The POC shall, *inter alia*:

- (a) provide overall operational guidance for programme implementation to ensure that the programme meets its objectives, in line with GOCR policy;
- (b) approve the Annual Work Programme and Budget submitted by the PC;
- (c) provide assistance and guidance to the PCU in handling implementation and coordination problems brought to its attention; and
- (d) monitor the efficiency and effectiveness of the resource allocation requirements for the programme.

1.04 The POC will meet at least quarterly, and more often if required. The PC may request additional meetings when faced with extraordinary situations. The Chairperson shall convene POC meetings.

Project Coordinator

1.05 The Project Coordinator will perform the following key tasks:

Coordinate and manage the implementation of the stimulus package.

1. Re-establish the Covid-19 Economic Support Secretariat office along with necessary sub-committees.
2. Define roles and responsibilities of team leaders and members.
3. Monitor and evaluate the performance of all team members.
4. In consultation with sub-committees and stakeholders, develop the strategy and comprehensive plan for the implementation of each stimulus measure to include criteria, objectives, targeted beneficiaries, timeframe etc.
5. Develop the results framework and other supporting tools to monitor and report on the implementation of the stimulus package.

6. Accept applications, appraise and approve beneficiaries that meet the criteria for payment.
7. Develop appropriate safeguards and monitor to ensure transparency and accountability under the project.
8. Liaise with relevant departments within MOF and GoG to request necessary data/information to enable the effective implementation of the stimulus measures.
9. Work with MOF to initiate necessary disbursements relating to stimulus expenditure.
10. Draft all documents and letters of request to facilitate implementation of the stimulus measures.
11. Submit proposed implementation mechanisms of the stimulus measures.
12. Attend all Project Oversight Committee (POC) meetings and update the POC on the status of all aspects of the project. Serve as Secretary to the Project Oversight Committee (POC) and maintain appropriate records of all meetings.
13. Roll out of all stimulus measures at a time to be agreed.

Engage in PR Activities

1. Develop and implement a Public Relations Strategy.
2. Utilise multiple forms of media to effectively communicate the activities of the programme.
3. Ensure timely communication to keep public & relevant stakeholders informed.

Monitor & Report on Stimulus Specific Expenditure

1. Work with MOF and relevant stakeholders to monitor & report on financing directly resulting from the stimulus package.
2. Outline expected monthly spend on stimulus specific expenditure to assist with cashflow management.
3. Prepare periodic performance reports for Cabinet and the Caribbean Development Bank (CDB) in the prescribed manner.

PROJECT DISBURSEMENT SCHEDULE
USD'000

YEAR	QUARTER	TOTAL	CUMULATIVE
2021	2021 - Q1	-	-
	2021 - Q2	-	-
	2021 - Q3	-	-
	2021 - Q4	3,000	3,000
SUB-TOTAL		3,000	3,000
2022	2022 - Q1	2,000	5,000
	2022 - Q2	1,950	6,950
	2022 - Q3	1,000	7,950
	2022 - Q4	1,000	8,950
SUB-TOTAL		5,950	
TOTAL		8,950	