

CARIBBEAN DEVELOPMENT BANK

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

TO BE HELD VIRTUALLY

SEPTEMBER 22, 2022

PAPER BD 38/22

COUNTRY ENGAGEMENT STRATEGY 2022-26

GRENADA

The attached Country Engagement Strategy (CES) sets out the strategic direction for the Caribbean Development Bank's (CDB) engagement with the Government of Grenada (GOGR) over the period 2022-26. The CES is guided by the overarching objectives of GOGR's high-level National Sustainable Development Plan 2020-2035 (NSDP) for delivering sustainable economic, social, and environmental progress for all. The NSDP's strategic vision "*to build a resilient and prosperous nation, with a conscious and caring citizenry, promoting human dignity*", is being implemented through a series of three-year Medium-term Action Plans that prioritises interventions (projects and programmes) that are appropriately sequenced with a view to achieving GOGR's desired national goals and outcomes that are aligned with the Sustainable Development Goals. Through this strategic framework, the CES seeks to support the implementation of GOGR's development agenda over the country strategy period, inclusive of its efforts to address continuing needs arising from the Coronavirus Disease 2019 pandemic and to sustain a resilient recovery.

2. The CES rests on three strategic pillars: (a) *high human and social development*; (b) *vibrant, dynamic, competitive economy with supporting climate and disaster-resilient infrastructure*; and (c) *environmental sustainability and security*. The programme of assistance is designed to achieve the following eight CES outcomes: (i) improved access and quality of the education system; (ii) strengthened social protection and resilience; (iii) modern climate and disaster-resilient infrastructure; (iv) improved viability of Micro, Small and Medium-sized Enterprises; (v) enhanced trade facilitation; (vi) enhanced agriculture sector productivity and increased food and nutrition security; (vii) strengthened climate resilience and disaster risk management; and (viii) enhanced energy security and efficiency. Good governance, innovation, economic integration and deepening regional cooperation and gender equality will be mainstreamed in CDB's interventions. A resource envelope of one hundred and thirty-four million, two hundred thousand United States dollars (USD134.2 mn) has been estimated to fund the indicative programme of assistance identified under this CES.

3. The proposed strategy is aligned with CDB's strategic objectives of building resilience across all development dimensions. The CES was formulated through a broad consultative process, is results oriented and incorporates lessons learnt to enhance development effectiveness. The CES also aligns with the overarching goal and operational themes under the tenth replenishment of the Special Development Fund.

4. The Board is asked to approve CDB's CES for Grenada for 2022-26.



CARIBBEAN DEVELOPMENT BANK

STAFF REPORT

**COUNTRY ENGAGEMENT STRATEGY PAPER 2022-26
GRENADA**

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Considered at the Two Hundred and Ninety-Ninth Meeting of the Board of Directors held virtually on September 22, 2022.

(BD 38/22)

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SEPTEMBER 2022

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ABBREVIATIONS

| | | |
|----------|---|---|
| ASPIRE | - | Awakening Special Potential by Investing in Restoration and Empowerment |
| BNTF | - | Basic Needs Trust Fund |
| BOD | - | Board of Directors |
| CARICOM | - | Caribbean Community |
| CDB | - | Caribbean Development Bank |
| CES | - | Country Engagement Strategy |
| cm | - | centimetres |
| COVID-19 | - | Coronavirus Disease 2019 |
| CRVA | - | Climate Risk and Vulnerability Assessment |
| CS | - | Country Strategy |
| CSA | - | Climate-Smart Agriculture |
| CWP | - | Country Work Programme |
| DRM | - | Disaster Risk Management |
| DRS | - | Disaster Resilience Strategy |
| ECCB | - | Eastern Caribbean Central Bank |
| ECD | - | Early Childhood Development |
| EE | - | Energy Efficiency |
| EIB | - | European Investment Bank |
| ESIA | - | Environmental and Social Impact Assessment |
| ESW | - | Electronic Single Window |
| EU | - | European Union |
| FRL | - | Fiscal Responsibility Law |
| GBV | - | Gender Based Violence |
| G-CREWS | - | Climate Resilient Water Sector in Grenada |
| GDB | - | Grenada Development Bank |
| GDP | - | Gross Domestic Product |
| GE | - | Geothermal Energy |
| GEEP | - | Grenada Education Enhancement Project |
| GEPAP | - | Gender Equality Policy and Action Plan |
| GIDC | - | Grenada Investment Development Corporation |
| GIZ | - | German International Development Agency |
| GM | - | Gender Mainstreamed |
| GOGR | - | Government of Grenada |
| GRENLEC | - | Grenada Electricity Services Limited |
| GSWMA | - | Grenada Solid Waste Management Authority |
| HDI | - | Human Development Index |
| HDR | - | Human Development Report |
| ICT | - | Information and Communication Technology |
| IDB | - | Inter-American Development Bank |
| IFAD | - | International Fund for Agricultural Development |
| IMF | - | International Monetary Fund |
| ISWM | - | Integrated Solid Waste Management |
| km | - | kilometres |
| LOC | - | Line of Credit |
| m | - | metres |
| mn | - | million |
| MOE | - | Ministry of Education |
| MOF | - | Ministry of Finance |
| MOH | - | Ministry of Health |

| | | |
|----------|---|--|
| MOID | - | Ministry of Infrastructure Development |
| MOT | - | Ministry of Trade |
| MSD | - | Ministry of Social Development |
| MSMEs | - | Micro, Small and Medium Enterprise |
| MTAPs | - | Medium-Term Action Plans |
| MW | - | megawatts |
| NAP | - | National Adaptation Plan |
| NAWASA | - | National Water and Sewage Authority |
| NDC | - | Nationally Determined Contribution |
| NRW | - | Non-Revenue Water |
| NSDP | - | National Sustainable Development Plan |
| OCR | - | Ordinary Capital Resources |
| OECD | - | Organisation for Economic Co-operation and Development |
| OECS | - | Organisation of Eastern Caribbean States |
| PBL | - | Policy-Based Loan |
| PCM | - | Project Cycle Management |
| PFM | - | Public Financial Management |
| PPAM | - | Public Policy Analysis and Management |
| PSIP | - | Public Sector Investment Programme |
| PURC | - | Public Utilities Regulatory Commission |
| PWDs | - | Persons with Disabilities |
| RE | - | Renewable Energy |
| RF | - | Results Framework |
| RGPF | - | Royal Grenada Police Force |
| SAEP | - | Climate Smart Agriculture and Rural Enterprise |
| SD | - | Selective Default |
| SDF | - | Special Development Fund |
| SDGs | - | Sustainable Development Goals |
| SEN | - | Special Education Needs |
| SLR | - | Sea-level Rise |
| SPPs | - | Social Protection Programmes |
| SSGWSESI | - | Southern St. Georges Water Supply Expansion and Sewerage Improvement |
| SSN | - | Social Safety Net |
| SST | - | Sea Surface Temperature |
| TA | - | Technical Assistance |
| TAMCC | - | T.A. Marryshow Community College |
| TFA | - | Trade Facilitation Agreement |
| TVET | - | Technical Vocational Education and Training |
| UK-CIF | - | United Kingdom Caribbean Infrastructure Partnership Fund |
| UN | - | United Nations |
| UNDP | - | United Nations Development Programme |
| UNEP | - | United Nations Environment Programme |
| UNICEF | - | United Nations Children's Fund |
| UNOPS | - | United Nations Office for Project Services |
| UWI | - | University of the West Indies |
| WB | - | World Bank |
| WMRCU | - | Western Main Road Corridor Upgrade |
| WRC | - | Western Road Corridor |
| WTO | - | World Trade Organisation |
| WTTC | - | World Travel and Tourism Council |

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COUNTRY DATA: GRENADA

Macroeconomic Indicators

| | 2017 | 2018 | 2019 | 2020 | 2021p |
|---|-------------|-------------|-------------|-------------|-------------|
| REAL PER CAPITA INCOME (Constant 2015 Prices, USD) | 9,742.6 | 10,109.1 | 10,133.1 | 8,699.1 | 9,121.4 |
| GROSS DOMESTIC PRODUCT (GDP) | | | | | |
| Constant GDP at 2006 Prices (\$million [mn]) | 2,369.6 | 2,473.0 | 2,489.7 | 2,147.2 | 2,269.8 |
| GDP at Current Market Prices (mn) | 3,039.4 | 3,149.6 | 3,276.4 | 2,817.2 | 3,026.6 |
| GDP at Constant Market Prices (Annual % Change) | 4.4 | 4.4 | 0.7 | -13.8 | 5.7 |
| MONEY AND PRICES (Annual % Change) | | | | | |
| Consumer Prices (period average) | 0.9 | 0.8 | 0.6 | -0.7 | 1.2 |
| Money Supply (M1) | 8.2 | 12.4 | 8.6 | 8.2 | 24.3 |
| Credit to the Private Sector | 0.6 | 2.8 | 1.4 | 3.1 | 3.8 |
| PUBLIC FINANCES (% of GDP) | | | | | |
| Revenues and Grants | 25.6 | 26.9 | 26.6 | 28.1 | 31.8 |
| Expenditures | 22.6 | 22.4 | 21.6 | 26.9 | 31.5 |
| Overall Surplus/ Deficit | 3.0 | 4.6 | 5.0 | 1.2 | 0.3 |
| Primary Surplus/ Deficit | 5.7 | 6.6 | 6.8 | 3.2 | 2.1 |
| TOTAL PUBLIC DEBT (% of GDP) | 70.4 | 64.0 | 58.5 | 71.4 | 70.3 |
| Domestic debt outstanding | 20.9 | 15.7 | 14.5 | 16.2 | 15.4 |
| External debt outstanding | 49.5 | 48.3 | 44.0 | 55.2 | 54.9 |
| Total Government Debt Service | 4.3 | 3.3 | 3.1 | 3.2 | 3.7 |
| Debt Service as % of Current Revenue | 62.9 | 44.9 | 42.1 | 40.1 | 38.8 |
| BALANCE OF PAYMENTS (% of GDP) | | | | | |
| Exports of Goods and Services | 51.4 | 53.2 | 55.7 | 41.4 | 41.0 |
| Imports of Goods and Services | 54.7 | 58.6 | 61.2 | 57.6 | 59.3 |
| Current Account Balance | -12.0 | -14.4 | -14.9 | -21.5 | -22.7 |
| Estimated Tourism Expenditure | 42.8 | 44.7 | 46.3 | 17.4 | 15.7 |
| Foreign Direct Investment Inflows | 13.5 | 14.2 | 14.7 | 14.3 | 12.2 |
| AVERAGE EXCHANGE RATE | | | | | |
| \$ per USD | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 |

Source: Government of Grenada (GOGR), Caribbean Development Bank (CDB), International Monetary Fund, Eastern Caribbean Central Bank (ECCB).

p: preliminary.

Social and Environmental Data

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------------|-------------|-------------|-------------|-------------|
| POPULATION | | | | | |
| Total Population | 110,910 | 111,467 | 111,959 | 112,578 | 113,135 |
| Crude Birth Rate (per 1,000 people) | 16.9 | 16.7 | 16.5 | 16.2 | 15.9. |
| Life expectancy at birth, Total (years) | 72.4 | 72.4 | 72.4 | 72.4 | 72.5 |
| Female | 75.0 | 74.9 | 74.9 | 75.0 | n.a. |
| Male | 70.1 | 70.1 | 70.1 | 70.1 | n.a. |
| EDUCATION | | | | | |
| School Enrolment Ratio (%) | | | | | |
| Pre-primary (Gross) | 94.4 | 98.5 | 100.5 | 100.0 | n.a. |
| Primary | 112.5 | 111.4 | 106.9 | 107.0 | n.a. |
| Secondary (Net) | 115.2 | 114.5 | 120.1 | 120.0 | n.a. |
| Pupil-Teacher Ratio | | | | | |
| Pre-primary | 11.7 | 12.2 | 12.4 | n.a. | n.a. |
| Primary | 15.5 | 16.2 | 16.4 | 16.0 | 17.0. |
| Secondary | 11.9 | 11.8 | 12.8 | 14.0 | 14.0 |
| LABOUR FORCE | | | | | |
| Unemployment rate (%) | 28.0 | 23.6 | 18.5 | 15.1 | 18.5 |
| Male | 19.3 | 20.6 | 16.9 | 12.5 | 15.9 |
| Female | 23.7 | 26.8 | 20.3 | 18.3 | 21.6 |
| Youth | 50.4 | 39.9 | 32.4 | 29.6 | 38.6 |
| HEALTH | | | | | |
| Current Health Expenditure (% of GDP) | 4.7 | 4.8 | 4.5 | 5.0 | 4.8 |
| Measles Immunisation (% , children ages 12-23 months) | 85.0 | 79.0 | 74.0 | 82.0 | 79.0 |
| Improved Water Source (% of population with access) | 95.6 | 95.6 | 87.1 | 87.1 | 87.1 |
| HUMAN DEVELOPMENT INDEX | 0.770 | 0.770 | 0.773 | 0.779 | 0.779 |
| ENVIRONMENT | | | | | |
| Forest Area (% of land area) | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 |
| ICT PENETRATION | | | | | |
| Individuals using the Internet (% of population) | 53.3 | 54.2 | 55.1 | 56.0 | 56.9 |
| Fixed broadband subscriptions (per 100 people) | 18.9 | 20.1 | 24.2 | 22.8 | n.a. |
| Fixed telephone subscriptions (per 100 people) | 24.3 | 29.3 | 20.2 | 20.2 | n.a. |
| Mobile cellular subscriptions (per 100 people) | 107.9 | 102.1 | 104.2 | 101.1 | 102.1 |

Source(s): GOGR; ECCB; CDB; World Bank Development Indicators; United Nations Development Programme: Human Development Report 2019/2020; International Telecommunication Union.

*June 2020.

GENDER MARKER SUMMARY

| Gender Marker | Analysis | Design | Implementation | Monitoring and Evaluation | Score | Code |
|----------------------|-----------------|---------------|-----------------------|----------------------------------|--------------|-----------------|
| | 1 | 0.5 | 0.5 | 1 | 3 | GM ¹ |

¹ Gender Mainstreamed (GM): The Country Engagement Strategy is GM and has the potential to contribute significantly to gender equality. See Appendix 1 for the Gender Marker Analysis.

EXECUTIVE SUMMARY

1. This Country Engagement Strategy (CES) articulates the programme of support and planned interventions of the Caribbean Development Bank (CDB/the Bank) for Grenada over the period 2022-26. The CES responds to Grenada's development priorities and is aligned with CDB's Strategic Objectives² of building social, production, environmental, financial and institutional resilience; and promoting good governance, gender equality, and innovation (including digitalisation) while deepening economic integration and cooperation.

Country Development Context

2. Grenada is at a critical juncture in its development. As one of the most vulnerable small island developing states, Grenada is susceptible to external shocks due to its size, openness, and reliance on tourism services, and is vulnerable to the impacts of climate change³. Supported by an economic adjustment programme which started in 2014, Grenada strengthened its macro-economic framework, and real output growth rose and averaged 4.5% over the period 2014-19. Good economic outcomes supported progress in poverty reduction. Despite these measurable improvements, several development challenges remain. Moreover, due to the country's long-standing vulnerabilities, the Coronavirus Disease 2019 (COVID-19/the pandemic) weakened economic conditions and undermined sustainable development prospects. In 2020, the pandemic brought on a deep recession that has been detrimental to lives and livelihoods. Real gross domestic product (GDP) contracted by 13.8% in 2020, the first recession in 8 years; while public debt increased as the Government of Grenada (GOGR/the Government) sought to address and mitigate the health and socio-economic crisis. Although economic recovery commenced in 2021, this remains below the 2019 pre-pandemic level.

National Priorities

3. The prevailing economic circumstances have reinforced the need to prioritise a resilient economic recovery, invest to build the necessary resilience to recover sustainably, strengthen social and health systems, restore debt sustainability and, ultimately, reposition for longer-term inclusive growth. The country's National Sustainable Development Plan 2020-2035 (NSDP) commits to achieving sustainable, resilient, and inclusive growth and development, and prioritises three national development goals: (a) high-quality human and social development; (b) a vibrant, dynamic, competitive economy with supporting climate and disaster-resilient infrastructure; and (c) environmental sustainability and security. The National Adaptation Plan 2017-2021 (NAP) also provides strategic direction for building climate resilience while the Disaster Resilience Strategy 2022 (DRS) examines the macroeconomic, structural, and social policies being pursued by the Government to build resilience against natural disasters and the associated financing needs.

Country Strategy 2022-26: Strategic Pillars and CES Outcomes

4. Grenada's selective default (SD) sovereign credit rating is a key factor influencing the CES design as it imposes funding constraints with respect to the Ordinary Capital Resources (OCR). An indicative resource envelope of one hundred and thirty-four million two hundred thousand United States dollars (\$134.2 mn) is proposed. This will consist primarily of grant and other special funds, inclusive of:

² CDB Strategic Plan Update 2022-24.

³ Grenada has embarked on the following: Climate Change Policy Assessment 2018 in collaboration with the International Monetary Fund (IMF) and the World Bank (WB); Grenada's Nationally Determined Contribution (NDC) which sets out an ambitious agenda for mitigation; and the Climate Change Policy and NAP, which provide costed and detailed plans for adaptation and resilience building.

the indicative allocation of \$12.2 mn from the tenth replenishment of the Special Development Fund (SDF 10), 2021-24; the United Kingdom Caribbean Infrastructure Partnership Fund (UK-CIF) grant funds of \$28.0 mn; and OCR of \$59.7 mn to allow for the implementation of key projects in transportation and education. With this, the strategic focus of the CES is narrowed to a limited number of outcomes and to those priority areas that align with the objectives of SDF 10⁴, and other identified resources. Should the scope for additional OCR borrowing becomes available, consideration will be given to broadening the programme.

5. The CES rests on three pillars: (a) *enhancing human and social development*; (b) *building a vibrant, dynamic, competitive economy with supporting climate and disaster-resilient infrastructure*; and (c) *strengthening environmental sustainability and security*. The following CES outcomes align with GOCR's key priorities:

- (a) improved access and quality of the education system;
- (b) strengthened social protection and resilience;
- (c) modern climate and disaster-resilient infrastructure;
- (d) improved viability of Micro, Small and Medium-sized Enterprises (MSMEs);
- (e) enhanced trade facilitation;
- (f) enhanced agriculture sector productivity and increased food and nutrition security;
- (g) strengthened climate resilience and disaster risk management (DRM); and
- (h) enhanced energy security and efficiency.

6. The CES reflects lessons learnt in designing country strategies and managing projects over the last decade. CDB plans to continue to focus on enhancing capacity development and institutional strengthening, project monitoring and supervision to improve implementation rates. The programme of assistance will support outcomes through: technical assistance (TA) to build capacity and institutional strengthening; MSMEs and climate resilience initiatives that are cognisant of, and complements, the efforts of other development partners; and capital investments to upgrade physical infrastructure for transport, water and education that will help to improve the stock of modern climate and disaster-resilient infrastructure, as well as access to learning.

Risks and Mitigating Actions

7. The main risks that may affect the implementation of the proposed CES fall under the financial (credit and liquidity) and operational (processes, governance, human resources, external events and disasters) risk categories. CDB has identified measures to help mitigate these risks, including: (a) close monitoring of fiscal developments and regular policy dialogue on macroeconomic management, including the SD rating; (b) capacity building and institutional strengthening; and (c) climate change resilience in all infrastructure interventions.

⁴ The CES's timeframe aligns with CDB's SDF 10.

1. COUNTRY CONTEXT

1.01 Economic activity in Grenada is driven by private education, agriculture, tourism, and construction, with linkages to activity in other sectors such as real estate, transport, storage and communications, and wholesale and retail trade. The country is heavily reliant on tourism, deriving up to 40.7% (2019) of its GDP from tourism and travel-related activities⁵. This strong dependence on tourism revenue is a key driver of vulnerability. Over the past decade, Grenada strengthened its macro-economic framework, anchored by rules-based fiscal institutional reforms and comprehensive debt restructuring and reduction, and improved its business environment. Under an economic adjustment programme⁶ that introduced a Fiscal Responsibility Law (FRL) (2017) among other reform initiatives, these helped set the stage for a return to growth. During the six years of 2014-19, assisted by strong construction activity and a rebound in tourism demand, real output growth averaged 4.5% (see Country Data). Overall and primary fiscal surpluses averaged 2.7% and 5.2% of GDP, respectively, over the period 2015-19, while public outstanding debt was reduced from 88.6% of GDP to 58.5% of GDP.

1.02 Prior to the pandemic, Grenada had made reasonable progress on some elements of its socioeconomic development. Measured by an increase in its Human Development Index (HDI) score, which rose from 0.754 in 2010 to 0.779 in 2020, Grenada was ranked 74 out of 189 countries⁷ in the 'high' human development category. According to the Human Development Report (HDR) 2020, Grenada recorded achievements across the three basic dimensions of: long and healthy life; access to education; and a decent standard of living of the HDI. Life expectancy at birth in 2020 was 72.4 years (75 years for females and 70.1 years for males). The expected years of schooling was 16.9 per child, with a marginal difference between females (17.0 years) and males (16.2 years). Approximately 64.0% 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. Good economic outcomes supported progress in poverty reduction, as reflected in the poverty assessment in 2018/19⁸. In 2018/19, the poverty rate had been reduced to 25.0% from 37.7% in 2008/09, although extreme poverty (at 3.5% in 2018/19) and inequality (Gini Index of 0.40) had increased⁹. In 2018/19, an estimated 34.3% of the population lived in households considered multidimensionally poor. These outcomes demonstrated a steadfast commitment to the difficult reforms taken to attain fiscal sustainability and to build a more resilient and inclusive economy and society. However, these gains in development have been undermined by the pandemic.

1.03 As a small, open, and tourism dependent economy, Grenada is highly exposed and vulnerable to a wide range of exogenous shocks, including global economic crises and natural hazards (earthquakes, hurricanes, storm surges, extreme rainfall events, landslides, and flooding); and to climate change (increasing temperatures, changing rainfall patterns, increased frequency and intensity of extreme weather events, and sea-level rise [SLR]). Impacted by several high-impact weather events, including a category five storm in 2004, Grenada is ranked in the top 2.0% for losses to climate-related natural disasters as a percentage of GDP and in the top 5.0% of climate-related disaster fatalities of 182 countries (Climate Risk Index for 1997-2017).

⁵ World Travel and Tourism Council (WTTC) 2021. [Travel and Tourism Economic Impact | WTTC](#).

⁶ Supported by several international financial institution-financed programmes, including an IMF three-year Extended Credit Facility during 2014 and 2017.

⁷ 2020 HDR, United Nations Development Programme (UNDP).

⁸ Living Conditions in Grenada: Poverty and Equity Update (July 2021).

⁹ Extreme poverty increased to 3.5% in 2018/19 from 2.4% in 2008/09, while inequality increased to 0.40 in 2018/19 (from 0.37 in 2008/09).

1.04 Most of the country’s social and economic infrastructure and settlements are located on or near the narrow coastal areas which pose an acute risk to the population. Almost all primary roads and bridges, and the water, power, and telecommunications infrastructure are exposed to the impacts of high winds, heavy rains and seismic activity, including flooding and landslides. The underinvestment in basic infrastructure has produced a variety of bottlenecks across the transportation, water, freight, and communication networks. Climate change hazards will have a direct or indirect impact on people living in coastal areas, critical infrastructure, agriculture, tourism, and coastal ecosystems.

1.05 Grenada has made considerable progress in building capacity to respond and to promote mainstreaming of climate change adaptation; and has built buffers to expand fiscal space and implement countercyclical fiscal policies to strengthen its capacity to support the recovery from a crisis. Key climate initiatives include preparation of the country’s NDC; development of the Climate Change Policy and of a NAP; the establishment of the Ministry of Climate Resilience; and the most recent completion of the DRS. However, gaps remain in translating the national climate resilience policy goals to sector-specific resilience measures due to inadequate financing and technical resources. In the absence of climate change adaptation measures, Grenada’s infrastructure deficit will widen and it is likely that economic losses will increase and livelihoods will be disrupted. In addition, increases in temperature and extreme weather will likely lower agriculture output, and depress labour productivity and human health (IMF, 2019).

1.06 The DRS complements the country’s NAP, the National Climate Change Policy, the NSDP, and the Disaster Risk Financing Strategy. The DRS comprises three mutually reinforcing pillars, namely: structural resilience; financial resilience; and post-disaster resilience. The structural resilience pillar places emphasis on initiatives that limit the impact of disasters, including “hard” policy measures (for example: upgrading infrastructure and “soft” measures including early warning systems, customising building codes, and zoning rules). Financial resilience involves the use of fiscal buffers and prearranged financial instruments to manage recovery and reconstruction costs associated with a disaster. Post-disaster resilience involves the formulation of detailed action plans, emergency protocols, and community awareness and preparation to coordinate the response of the general population and the various government agencies in the event of a disaster.

1.07 The global economic shock triggered by the pandemic in 2020 has cast a shadow over Grenada’s development prospects, bringing a sudden stop to growth and a change in the country’s circumstances. Highly reliant on tourism, COVID-19 brought on a deep recession that is expected to have contributed to increased vulnerability and poverty, and undermined the progress made towards the Sustainable Development Goals (SDGs). Lockdown policies and other public health measures taken to contain the spread of the COVID-19, brought a halt to economic activity and a sizable contraction of 14% in real GDP in 2020. Small businesses faced unprecedented challenges as orders were cancelled, revenues slumped, supply chains interrupted, and hygienic measures had to be implemented on short notice into work processes. The need to address the healthcare and economic impacts of COVID-19 drove up expenses, while a slowing economy and falling commodity prices drastically cut revenues and created shortfalls in liquidity within businesses. Due to the combination of lower revenues and higher COVID-19 related spending, as the growing social inequalities put pressure on government support mechanisms, fiscal and debt outcomes weakened with smaller surpluses (after grants) of 3.2% of GDP (primary) and 1.2% of GDP (overall) recorded. Public debt rose sharply to 71.4% of GDP (2020) from 58.5% of GDP in 2019, as GOGR launched stimulus packages in 2020 and 2021 (2.4% and 1.2% of GDP, respectively)¹⁰, to provide targeted support including wage subsidies, income support, social transfers, and additional health spending and capital works expenditure to support the vulnerable, and recovery and resilience building.

¹⁰ The second stimulus package was supported by CDB under the CDB/Inter-American Development Bank (IDB) Line of Credit (LOC) for Social Protection – “Safety Nets for Vulnerable Populations Affected by COVID-19”.

1.08 The multi-faceted challenges brought on by COVID-19 eroded the progress made in improving social outcomes, with major disruptions in social sector services, including education, health, social protection services, the severity of gender-based violence (GBV) increasing, and some pre-existing structural challenges and inequalities being exacerbated. A COVID-19 survey conducted by the Caribbean Community (CARICOM) (2020) showed that approximately 78.0% of respondents' livelihoods had been affected, with 48.0% of respondents reporting loss of jobs or reduced salaries. This corresponded with a spike in unemployment to 28.4% in the second quarter (Q2) of 2020, from 15.1% at the end of 2019. While the unemployment levels have since lowered to 16.6% in Q2 of 2021, the impact of the pandemic continues to be felt across the society. The pandemic has also compounded gender disparities in the labour market with women accounting for about 70.0% of the employed in occupations most adversely impacted by COVID-19, particularly tourism and tourism-related sectors. The vast majority (91.0%) of survey respondents predict that their livelihoods will be impacted in the future. In addition, approximately 20.0% of respondents reported eating less or skipping meals with additional impacts on market access and the availability of foods and medicines. The vulnerable populations of male and female single heads of households, children, unemployed youth, older persons, and persons with disabilities (PWDs) are at a higher risk of social and economic impacts.

1.09 The crisis has resulted in the loss of learning and the exacerbation of profound learning disparities, including access, equity, and quality of educational opportunities. Moreover, the Women's Health and Experience Research Report for Grenada (United Nations (UN) Women 2018) had previously outlined that the severity of GBV was of serious concern and described it as simultaneously intergenerational, familial, and societal. The 2018 Report revealed that children who witnessed inter-personal violence and experienced physical and sexual violence, are also likely to experience long-term psychological and physical effects. The issues of GBV and child abuse have been exacerbated by the pandemic, with increased requests for psycho-social support and provision of services at the level of the state and civil society. Accordingly, former Prime Minister of Grenada, Dr. Keith Mitchell, aptly noted, "*COVID-19 is not only a health issue... it presents economic challenges and at the same time it embodies an attack on the mental wellbeing of citizens*". With the tremendous uncertainty, strains and anxieties brought by the pandemic, men and women alike have been facing a notable decrease in overall wellbeing. Alongside the more obvious physical public health emergency in the form of physical illness and devastating death rates, mental health has taken an equally concerning hit.

1.10 A gradual recovery is underway as real GDP grew by 7.4% in 2021, led by tourism, construction, and agriculture. GOGR's rescue, response and recovery strategy has helped mitigate the impact of the pandemic, supported the most vulnerable, and is expected to strengthen macroeconomic conditions over the medium term. Over the CES period, economic growth is projected to average 4.3% between 2022 and 2024, although risks to the outlook are tilted to the downside. The lingering pandemic, as it moves into a third year, remains a challenge especially as vaccination rates remain low in Grenada¹¹. A slower recovery, especially in tourism, and continued global supply and logistic challenges exacerbated by the ongoing war in Ukraine, would negatively impact fiscal and debt conditions and exacerbate fragile social circumstances. Nevertheless, fiscal and debt outcomes are expected to improve over the medium term and return to the FRL targets from 2023¹². The lingering impacts of COVID-19 in 2021 and continuing efforts by GOGR to provide relief contributed to a smaller fiscal surplus in 2021. A primary surplus of 2.1% of GDP and a reduced overall surplus of 0.3% of GDP was recorded. The debt-to-GDP ratio fell to 70.3%. Over the strategy period, primary surpluses are expected to average 3.6% of GDP and public sector debt further lowered to 53.6% of GDP by 2026.

¹¹ 32.5% of the eligible population was fully vaccinated as of January 28, 2022.

¹² 2021 Medium-term Fiscal Framework 2022-24, GOGR; Recovery Plan 2023-24.

2. KEY DEVELOPMENT CHALLENGES AND MEDIUM-TERM PRIORITIES

2.01 Grenada’s development priorities are underpinned by a long-term vision of ‘**a resilient and prosperous nation, with a conscious and caring citizenry, promoting human dignity, realising its full potential through sustainable economic, social and environmental progress for all**’. This vision is articulated in ‘*Vision 2035: National Sustainable Development Plan 2020-2035*’ and is crafted around three national goals (pillars): (a) *High Human and Social Development*; (b) *Vibrant, Dynamic and Competitive Economy with Supporting Climate and Disaster-Resilient Infrastructure*; and (c) *Environmental Sustainability and Security*. These goals are linked to eight high-level National Outcomes (see Chart 2.1). Realising this vision will be achieved through a series of medium-term action plans (MTAPs), the most recent of which is 2022-24¹³. MTAP 2022-24 identifies 17 key strategic objectives or priorities. The NSDP and MTAP are aligned with the SDGs and set out the Government’s strategic programmes and actions for implementation during over the period 2022-24. Each national outcome is linked to the relevant SDG (see Appendix 2).

CHART 2.1: STRATEGIC FRAMEWORK OF NSDP 2020-2035 AND MTAP 2022-24

| | | |
|--|---|---|
| VISION: GRENADA, A RESILIENT AND PROSPEROUS NATION, WITH A CONSCIOUS AND CARING CITIZENRY, PROMOTING HUMAN DIGNITY, AND REALISING ITS FULL POTENTIAL THROUGH SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL PROGRESS FOR ALL | | |
| GOAL 1 HIGH HUMAN AND SOCIAL DEVELOPMENT | GOAL 2 VIBRANT, DYNAMIC, COMPETITIVE ECONOMY WITH SUPPORTING CLIMATE AND DISASTER-RESILIENT INFRASTRUCTURE | GOAL 3 ENVIRONMENTAL SUSTAINABILITY AND SECURITY |
| NATIONAL OUTCOMES | | |
| A Healthy Population Educated, Productive, Highly-Skilled, Trained, and Conscious Citizens A Resilient, Inclusive, Gender Sensitive, and Peaceful Society | Broad-based, Inclusive, and Sustainable Economic Growth and Transformation Competitive Business Environment Modern Climate-and-Disaster-Resilient Infrastructure | Climate Resilience and Hazard Risk Reduction Energy Security and Efficiency |
| Strategic Objectives of the MTAP 2022-24 | | |
| <ul style="list-style-type: none"> *Strengthen Capacity for Delivery of Public Health Services and Systems for Improved Delivery *Increase Health and Wellness of Citizens and Residents *Improve Management and Implementation Capacity of Ministry of Education *Improve Quality of Teaching and Learning *Strengthen Alignment between Education and Training with the needs of the 21st Century Economy and Society *Promote Youth Empowerment, Entrepreneurship, Employment and Development *Foster the Culture of Evidenced based decision making *Enhance Citizen Safety and Security *Strengthen Social Protection System *Promote Gender Inclusivity *Foster Dialogue and Action to Promote Partnerships | <ul style="list-style-type: none"> *Boost the Economic, social and Environmental Contribution of the Agriculture and Fisheries Sector *Increase the Economic, Social and Environmental Contribution of the Tourism Sector *Unleash the potential of the Blue and Orange Economies *Expand ICT and Digitisation to meet the demands of the 21st Century *Support for MSMEs’ Resilience and Expansion *Upgrade Physical Infrastructure and Infrastructure Planning | <ul style="list-style-type: none"> *Improve Climate Resilience, Energy Efficiency and Hazard Risk Management |

Source: MTAP 2022-24, GOCR.

¹³ MTAP 2022-24: Programme of Action for Economic Recovery, Transformation and Resilience. Published December 2021. <https://www.finance.gd/docs/FinalMTAP2022-2024ii.pdf>.

2.02 The MTAP 2022-24 is designed within the context of, and in response to, the pandemic circumstances. Against the backdrop of the prolonged COVID-19 challenges, MTAP 2022-24 proposes a programme for economic recovery, transformation, and resilience. The priority actions, projects and programmes of MTAP have been informed by the NSDP and the recommendations of the former Cabinet-approved COVID-19 Economic Taskforce and Sub-committees. MTAP includes implementation arrangements around governance and an organisational framework which will help to accelerate the rate of delivery and accountability. Indicative cost estimates for some actions/projects/programmes and line ministries and departments are also identified. It is anticipated that the annual budgets, corresponding corporate plans and work programmes of the public sector, and development partners' strategic engagements with Grenada will align with the MTAP. The MTAP identifies 108 strategic actions (out of a total of 217 strategic actions listed in the NSDP) for implementation during the period 2022-24. Actions, projects, and programmes that are not completed in the first MTAP cycle will be rolled over to the 2025-27 cycle, with due consideration for prevailing social, economic, and environmental contexts.

2.03 Much is left to be done. Following a consultative process of discussion with GOCR that has incorporated a comprehensive review¹⁴ of CDB's prior engagements and an analysis of the critical challenges and constraints impeding Grenada's development agenda, CDB has identified and selected several policy priority issues as a continuation and foundation for building out a new assistance strategy and informing the Bank's programme formulation. They are discussed briefly below.

2.04 CDB also proposes to provide support in other areas as the need arises, particularly in crisis response considering the ongoing impacts of the pandemic. The issues and challenges around each intervention area are discussed briefly below. Opportunities for innovation, digitalisation and capacity building in project management will be explored in each initiative. For example, line ministry personnel will benefit from Public Policy Analysis and Management (PPAM) and Project Cycle Management (PCM) certification via the CDB-University of the West Indies (UWI) online modules that will help strengthen capacity, particularly in CDB-funded projects.

Supporting Education and Human Capacity Development

2.05 Grenada has made progress on education outcomes, including expected years of schooling (16.9), and pre-primary (73.2), primary (84.6), and secondary (101.1) gross enrolment rates. However, issues of quality of education across all levels of the education system continue to constrain development. Low educational attainment and skills mismatches between the education sector and the labour market have been identified as the key challenges which also impact high levels of unemployment and productivity. The current disruptions to schooling caused by the ongoing pandemic also pose an additional risk to learning and productivity loss in the medium-to-long term. In addition, a major constraint is the overall poor quality of the schools' infrastructure, which has an adverse impact on the quality of the teaching-learning process, full access to basic education services for PWDs and, ultimately, improved learning outcomes for all. Core issues of quality and relevance include: (a) inadequate school infrastructure; (b) sub-optimal and inefficient maintenance; (c) sub-optimal provision for learners with special education needs (SEN), low performing learners and PWDs; and (d) inadequate curriculum offerings and uptake in available subjects, and limited capacity for learning continuity. Some of the strategies required include upgrading education infrastructure, access, and active labour market policies such as better Technical Vocational Education and Training (TVET) including Information and Communication Technology (ICT) training. Addressing the key problem of skills mismatches also requires a greater focus on improving education outcomes, particularly in Mathematics and English, as well in other Science Technology Engineering and Mathematics disciplines.

¹⁴ This includes the CES Completion Report and the Country Strategy (CS) Framework Paper.

2.06 GOCR is committed to improvements in the education sector with support from CDB under the Grenada Education and Enhancement Projects (GEEP) 1 and II, and Basic Needs Trust Fund (BNTF). The MTAP has also identified strategic interventions in: (a) increased focus on learner-centred education; (b) professionalisation of the teaching service; and (c) rationalisation of academic and technical curricula to improve the school-to-work transition. NSDP also commits to addressing gender disparities in education, ensures equal access to all levels of education and vocational training, and reviews the curricula and the culture in schools and other educational institutions to align them with the goal to promote the principle and practice of gender equality.

2.07 Grenada's education sector is vulnerable to the direct and indirect impacts of climate change, which can affect children's rights to education as guaranteed in the Convention on the Rights of the Child. Based on the scientific evidence that the frequency, intensity, and duration of extreme events will likely increase, it will be important to build climate-smart and resilient education systems to secure gains in the country's education system. Education systems need to be prepared to face the increased challenges of climate change and the need for an ongoing response to them. Furthermore, students need to be equipped with the knowledge and skills to implement cost-effective solutions to address climate change related impacts.

Building Social Resilience

2.08 Grenada continued to be among the 'high-ranked' countries with achievements in the three basic dimensions of: (a) long and healthy life; (b) access to education; and (c) decent standard of living. Despite these measurable improvements in human development, issues of poverty, vulnerability, and inequality have contributed to sub-optimal social development outcomes of the tri-island state (see Appendix 3). The exposure to risks is especially high among the poorest and most vulnerable. Unemployment remained above 15.0% before the pandemic despite years of economic growth, restraining the potential for poverty reduction as evidenced by a poverty rate of 25.0% in 2018/19. Unemployment among the youth is twice as high relative to the overall working-age population. These issues have been severely exacerbated by the adverse impacts of the pandemic. Despite a reduction in unemployment from 28.4% (Q2, 2020) to 16.6% (Q2, 2021), gender disparities in the labour market are expected to have been exacerbated, especially for women. Women account for about 70.0% of the employed in occupations most adversely impacted by COVID-19, particularly in the tourism and tourism-related sectors (Labour Force Survey, 2019). In addition, the vulnerable populations of male and female single heads of households, children, unemployed youth, older persons, and PWDs will be at a higher risk of social and economic impact.

2.09 Grenada has implemented social protection programmes (SPPs) which include: non-contributory cash and in-kind transfers (usually targeted to the poor and vulnerable); limited contributory social security scheme (mainly formal sector workers) that provide protection in old age; and active labour market programmes, including skills training and entrepreneurship programmes. These SPPs are designed as predominantly 'protective interventions' against risks and vulnerabilities and often represent attempts to build coping capacities. While necessary, they are insufficient to break the cycle of intergenerational poverty and to strengthen adaptive and transformative social resilience.

2.10 More recently, GOCR with the support of a range of development partners, including CDB, has begun a revision of the design, development, and implementation of its SPPs. The social protection system in Grenada is severely limited by financial investments (fiscal space) and effective targeting mechanisms. Equally, there are challenges and gaps in human capacity investment and adequate institutional mechanisms and framework for the efficient, effective, integrated and coordinated delivery of services. It is recognised that the potential of SPPs to respond to the needs of citizens are stymied by limited fiscal space and inadequate coverage across vulnerable communities and groups. GOCR has recently made significant investments in the horizontal expansion of SPPs and is committed to strengthening social resilience through shock-responsive and transformative investments in the sector.

Supporting Trade Facilitation and MSME Resilience and Expansion

2.11 MSMEs play a very significant role in stimulating growth and development in Grenada. These account for approximately 66.0% of private enterprises and contribute to more than 50.0% of GDP and employment. MSMEs comprise an estimated 13,000 enterprises, of which over 4,500 (35.0%) are registered¹⁵. MSMEs face multiple challenges that have acted as constraints to their competitiveness and growth which have deepened because of the pandemic. These include reductions in the supply of raw materials, reduced demand, and disruptions in trade¹⁶, and a significant reduction in working capital particularly given that many were already structurally credit-constrained before the pandemic. Poor record keeping and financial practices, the inability to prepare detailed business plans, and the lack of innovative practices and digitisation even prior to the pandemic, exacerbated the challenges faced during the height of the lockdown and severely impacted sales due, in part, to an absence of digital platforms to conduct business and secure delivery mechanisms. MSMEs are also highly vulnerable to the adverse impacts of climate-related hazards. This has led to considerable damage and losses to crops, and business and personal assets. To address the financial constraints faced, a MSME Relief Fund was established by GOGP through the Grenada Development Bank (GDB), offering access to loans at 1.0% interest rate for working capital not exceeding three hundred thousand Eastern Caribbean dollars.

2.12 There is need to enhance the capacity of MSMEs to engage in the regional and global value chains. Challenges, including high costs of importation and exportation, are barriers to growth in key economic sectors, including agriculture. Competitiveness, especially for agri-exports, is further impacted by a weak animal health and food safety regulatory framework which constrains the capacity of Grenadian agri-exports to meet stringent sanitary and phyto-sanitary standards required by target markets. Accelerating trade facilitation and leveraging ICTs and customs automation systems will help to simplify trading and registration procedures, strengthen the business environment, improve service delivery, and can increase domestic firms' participation in global value chains and cross-border e-commerce.

2.13 Implementation of a comprehensive suite of reforms aimed at improving trade facilitation is key to reducing the cost and time for trading across borders and improving the capacity to meet market access requirements. In recognition of the importance of trade facilitation and its impact on deepening trade flows and on national economic development, Grenada ratified the World Trade Organisation's (WTO) Trade Facilitation Agreement (TFA)¹⁷ on December 8, 2015, setting the stage for full implementation of the Agreement. The TFA contains several provisions for expediting the movement, release and clearance of goods, and measures for effective cooperation between customs and other appropriate authorities on trade facilitation, as well as on customs compliance issues. Among other things, these measures address customs transparency, simplification of customs procedures, and improved cooperation between customs authorities. For Grenada, the majority of these commitments had been designated for implementation after a transitional period following the entry into force of the TFA, recognising country capacity constraints¹⁸. Grenada established a National Trade Facilitation Task Force to specifically advance the TFA agenda and, to date, approximately 73.0% of all measures notified have been implemented. While progress has been

¹⁵ Central Statistics Office, Grenada. 2019.

¹⁶ The Organisation of Eastern Caribbean States (OECS) 2020, Business Impact Survey.

¹⁷ TFA represents the first comprehensive international agreement on trade facilitation and customs reform that contains provisions and incorporates key principles on border management designed to remove administrative hurdles and bureaucratic delays associated with the movement of goods across international borders.

¹⁸ Developed countries have committed to apply the substantive portions of the TFA from the date it takes effect. However, based on expressed needs for special and differential treatment, developing countries and least-developed countries have been allowed greater flexibility on implementation to apply only those measures which they were able to upon entry into force of the TFA. For other measures requiring more assistance and resources, the implementation timeline was extended to allow for a transitional period after the date of the TFA's entry into force, in addition to time required for acquiring technical and/or financial assistance and support for capacity building.

made, some of the more challenging and demanding trade facilitation measures remain outstanding including the availability of information over the internet and the operation of enquiry points, time-release studies, electronic payment, and the establishment and operation of a single window, both of which would drastically reduce clearance times and improve efficiency. Research indicates that inefficient border procedures, opaque customs clearance requirements, and burdensome customs practices dampen or deter trade, particularly trade by MSMEs. Reducing customs-related nontariff measures can increase the export potential, foreign investment, and consumer access to goods in TFA-implementing countries¹⁹.

Upgrading Physical Infrastructure and Infrastructure Planning

2.14 The level of investment required in infrastructure, excluding that required for adaptation and mitigation, is estimated at approximately 5.0% of GDP annually; while a minimum of 1.2% to 1.4% of GDP is needed annually for maintenance of existing infrastructure (IMF, 2022)²⁰. Historically, low public capital spending in Grenada has impacted the quality of public infrastructure and progress on resilience building. Public capital spending has averaged 3.0% of GDP since 2016, and maintenance of just about 0.2% of GDP. Challenges in budget execution and project investment management have contributed to the low capital budget. These challenges are deeply rooted in shortcomings around: planning sustainable levels of investment across the public sector; allocating investment to the right projects; protecting investment through adequate funding and maintenance; and implementing projects on time with appropriate monitoring and execution, and in assessments of asset valuations. Issues related to capacity, planning, and staffing constraints continue to plague investment planning and execution, as well as modernisation and enforcement of infrastructure-related policies and programmes. From a national perspective, there is no overall asset management and maintenance framework for infrastructure.

2.15 The Ministry of Infrastructure Development (MOID) is not adequately equipped with the necessary systems nor the organisational structure required to manage its projects and operations effectively and efficiently, particularly major capital projects (United Nations Office for Project Services [UNOPS], 2018)²¹. More recent adjustments (including the establishment of a Ministry of Mobilisation, Implementation and Transformation could enhance the coordination of all capital investments and bolster implementation and monitoring rates and the recruitment of technical staff) may increase the levels of success. Inter-agency coordination, however, based on CDB's experience, is inconsistent. Gaps in capacity, quantitative and qualitative, continue to inhibit the execution of all infrastructure projects and, to some extent, TA projects which are the key inputs into the capital investments. Grenada has benefitted from CDB's PPAM and PCM training in 2017 and 2019, but gaps remain in key ministries and agencies including, but not limited to, infrastructure. Grenada will benefit from the online modules of PPAM and PCM training being rolled out by CDB in collaboration with UWI.

2.16 In the water sector, GOCR's challenges include limited water availability (especially during the dry season), unmapped and untapped water resources, inadequate water storage, and vulnerability to climate change impacts. Despite the GOCR-owned National Water and Sewerage Authority (NAWASA) operating a network with one of the lowest levels (23.0%) of non-revenue water (NRW) in the Region, there is a gap between demand and production of 22,800 cubic metres (m³)/day (5,015 gallons/day). Water shortages are more acute in urban areas to the south of the island of Grenada (impacting areas around the major hotel belt, St. Georges University, and the commercial hub in St. Georges). The situation is complicated by the lack of: (a) adequate water sources close to population centres; (b) interconnection between water supply

¹⁹ The Organisation for Economic Cooperation and Development (OECD) and WTO, Aid for Trade at a Glance, 2015; OECD, Trade Facilitation and the Global Economy, 2018.

²⁰ Grenada Disaster Resilience Strategy 2022. IMF Country Report No.22/80. IMF, Washington, D.C.

²¹ UNOPS 2018. Institutional Capacity Assessment: Grenada MOID, Public Utilities, Energy, Transport and Implementation.

systems; and (c) water resources data. Therefore, while most of the population (97.0%) has access to an improved drinking water source, a lesser percentage (87.0%) has access to safely managed drinking water services – that is, access, availability, and quality. Steps have been taken to move sector governance towards an integrated water resources management framework. Capital investments in Carriacou and Petit Martinique have improved the situation, and the island of Grenada stands to benefit from the ongoing Climate Resilient Water Sector in Grenada Project (G-CREWS)²². However, additional investment is required in infrastructure, institutions, and human resources to address the negative impacts on households and businesses, and to build opportunities for future growth and development.

2.17 Regarding wastewater collection, treatment and disposal, on-site systems are and will remain the dominant type of system. However, the soils, topography and hydrology of the densely populated areas mean that maintaining these systems is becoming increasingly complicated. Only 3.0% of the population is served by the two centralised wastewater systems serving St. Georges and Grand Anse on the island of Grenada. Wastewater from these urban areas is collected and pumped into the sea via submarine outfalls after screening (primary treatment). Expanded access to centralised collection systems with improved treatment would improve both land and marine conditions, and potentially provide for harvesting this resource for water.

2.18 The total road network of Grenada is approximately 1,127 kilometres (km), with about 61.0% paved. The network is particularly vulnerable to natural hazards due to the topographic, environmental and land use conditions. This vulnerability is being exacerbated by the effects of climate change. More recently, the Western Road Corridor (WRC), a 28 km coastal road on the west coast and one of three main corridors on the island of Grenada, has been severely affected by major landslides at Molinere and Gouyave. In addition to the noted vulnerabilities, safe and efficient travel is also constrained by road conditions, especially at some bridges. Management of the sector has been constrained by the absence of investment plans and institutional capacity at the lead agency, MOID. GOCR is, however, moving to improve the governance of the transport sector.

Strengthening Climate Resilience and Disaster Risk Management

2.19 The ongoing Climate Smart Agriculture and Rural Enterprise Programme (SAEP), jointly funded by CDB and the International Fund for Agricultural Development (IFAD), seeks to address the country's vulnerability to natural hazards and climate change. Sub-component three, financed by CDB, seeks to improve Climate-Smart Agriculture (CSA) infrastructure, including rehabilitation of farm access roads and drainage systems to improve and/or maintain all-weather access to arable/irrigated lands, rural business enterprises and markets. GOCR in collaboration with CDB, completed a farm access road prioritisation exercise which produced a list of roads for immediate action. Rehabilitation of roads under Lot 1 (three farm access roads – Clozier and Palmiste in the parish of St. John and Granton in the parish St. George) will commence during Q2 of 2022. Proposals for Lots 2 and 3 are currently being evaluated with construction works scheduled for Q3 of 2022. Sub-component three also addresses the rehabilitation and/or expansion of off-farm community operated and managed irrigation systems; climate risk screening for proposed CSA infrastructure; and training of farmers/farmer groups and agriculture technicians in irrigation system operations and management. A Geographic Information System tool to support the design and layout of small-scale irrigation and drainage systems has been piloted in collaboration with the Centre for Tropical Agriculture. It is envisaged that following the design and layout for potential irrigation sites,

²² G-CREWS is a 6-year, \$46.1 mn grant financed project from the Green Climate Fund (equivalent to 4.0% of GDP). It has five components namely: climate-resilient water governance; climate-resilient water users; climate-resilient water supply system; additional contributions of the water sector to Grenada's climate goals; and regional learning and replication.

GOGR will collaborate with CDB to finance the establishment of these systems with the view to increasing agriculture productivity.

2.20 GOGR has prepared a DRM Country Work Programme (CWP) that is aligned with the Caribbean Disaster Emergency Management Agency's Comprehensive Disaster Management Strategy and Framework 2014-2024. The CWP prioritises four outcomes, namely: (a) improved capacity to reduce risks to all hazards; (b) enhanced state of readiness for reducing the risks associated with all hazards; (c) improved capacity for managing emergency response; and (d) strengthened recovery, reconstruction, and rehabilitation capacities. These priorities are broadly aligned with CDB's Disaster Management Strategy and Operational Guidelines which set out a modality for supporting CWP implementation. Initial priorities identified by GOGR include: (i) enhancing existing multi-hazard early warning systems at the local and national levels; (ii) enhancing a multi-hazard national disaster management plan; and (iii) developing and implementing a multi-hazard national evacuation plan.

Promoting Energy Efficiency and Renewable Energy Development

2.21 GOGR has set ambitious goals as outlined in its NDC, including: to reduce its Green House Gas emissions by 30.0% of the 2010 emissions target by 2020; an indicative reduction of 40.0% of the 2010 emissions target by 2030; and a national renewable energy (RE) target of 100.0% by 2030. Despite these ambitious sustainable energy and climate change targets, Grenada remains highly reliant on imported fossil fuels to meet its energy needs. In 2019, Grenada had an installed RE capacity of 6.0% of total installed capacity, with 94.0% of installed capacity fuelled by imported diesel.

2.22 Between 2016 and 2019, Grenada updated its regulatory framework to support the integration of RE in the electricity sector. In 2016, the Electricity Supply Act was passed. This Act established the framework for the accelerated development of the supply of electricity from RE resources. This Act, as well as the Public Utilities Regulatory Commission (PURC) Act also passed in 2016, had significant implications on the Grenada Electricity Services Limited's (GRENLEC) exclusive license on the generation of electricity, the regulations for self-generation, and the process for electricity rate setting. The passing of these Acts led to a lengthy legal dispute between GOGR and WRB Enterprises (the private majority owner of GRENLEC), ultimately resulting in the re-nationalisation of the electricity utility in 2020.

2.23 In addition to the 2016 Acts, the 2019 NSDP outlined strategic actions to establish feed-in tariffs, develop and offer training in the sector, create policies and support systems to make RE technologies affordable to the energy impoverished, and encourage the use of low-carbon emission technologies. Further, other elements of the regulatory framework are still being developed, including the drafting of net billing, net metering and interconnection guidelines, as well as the potential establishment of a feed-in tariff mechanism.

2.24 Despite the slow progress to date, these changes to the structure of the energy sector, as well as the resolution of the legal issues surrounding the electricity utility, have improved the outlook for investment in the electricity system by both the private and public sector. However, the new structure will need support in enhancing the existing technical capacity within GOGR, PURC and GRENLEC to handle the changes and the expected increase in the development of independent power producers. Substantial investment is crucial if Grenada is to achieve its targets.

2.25 Grenada's RE capacity targets include: 10 megawatts (MW) from solar photovoltaic; 15 MW from geothermal; and 2 MW from wind by 2025. There are several feasible RE and energy efficiency (EE) projects in varying stages of project maturity. CDB has been supporting GOGR in the pursuit of geothermal energy (GE) project development since 2017. The project is now in the second phase, referred to as

“exploration test-drilling (slim-hole drilling)”²³. The results of the first phase provided good indications about the presence of a geothermal resource suitable for power generation in Grenada that could possibly support a plant of 15 MW capacity. A plant of this capacity could displace 55.0% of the total electricity generation from diesel, contributing to reduction/stabilisation in tariffs and enhanced energy security.

2.26 The GE project has suffered delays due to technical, environmental, social, and financial risks manifesting; and further exacerbated by the ongoing impacts of the pandemic. CDB continues to support project preparation activities through grant TA financing and has been working closely with GOCR through the Geothermal Project Management Unit to develop a revised timeline for the completion of the exploration test-drilling phase of the project, which is currently expected to be completed during Q4 of 2024.

²³ The first phase completed in 2015, involved a comprehensive geothermal pre-drilling surface exploration programme, which was supported by international development partners such as the governments of New Zealand and Japan.

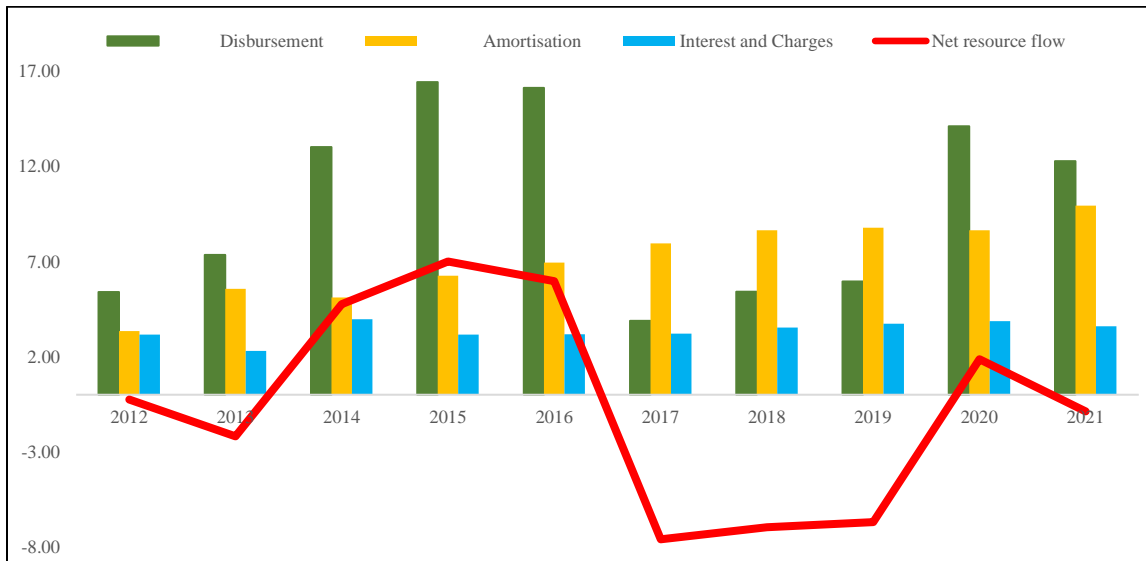
3. COUNTRY PORTFOLIO REVIEW AND LESSONS LEARNT

COUNTRY PORTFOLIO

3.01 By approvals, Grenada is the seventh largest beneficiary among CDB’s Borrowing Member Countries (BMCs). From 1970 to December 2021, approvals of loans, contingent loans, equity and grants totalled \$353.1 mn, of which \$224.6 mn had been disbursed. At December 2021, CDB’s loan exposure to Grenada was approximately \$131.4 mn. Grenada’s active portfolio consists of 9 projects with a total approved value of \$81.4 mn at the end of December 2021. Of these, \$36.8 mn (40.6%) has been disbursed. Performance of the country’s portfolio in 2020²⁴ was fair with a disbursement ratio of 19.8%. The 2020 ratio was boosted by the 2020 COVID-19 Emergency Response Loan (\$5.9 mn) and disbursements under Phase 2 of GEEP 11. The historical disbursement ratio is an annual average of 10.9% over the period 2014-2020²⁵. The portfolio continues to be affected by the slow implementation of some projects mainly due to capacity issues and inter-agency coordination.

3.02 As illustrated in Figure 3.1, net resource flows to Grenada were negative for 6 of the last 10 years. Between 2014 and 2016, a positive net resource flow reflected disbursements associated with the policy-based loan (PBL) series which was programmed in the CS for that period. Similarly, in 2020 and 2021, the net resource flow was positive due to a sharp increase in disbursements on account of the COVID-19 Emergency Response Loan and disbursements on the GEEP 1 and 11 projects in 2020, as well as the Safety Nets for Vulnerable Populations Affected by COVID-19²⁶ in 2021. The net resource flows were negative between 2011 and 2013, and 2017 to 2019, indicating that disbursements were lower than repayments.

FIGURE 3.1: PORTFOLIO FLOWS
(\$ mn)



Source: CDB.

²⁴ At the time of writing, 2021 data was not yet available.

²⁵ The disbursement ratio is defined as the ratio between actual disbursed amounts and the disbursable amount in a particular reporting period.

²⁶ The Safety Nets for Vulnerable Populations Affected by COVID-19 (\$8.95 mn) was approved November 2021 and notified to the Board of Directors (BOD) in December 2021. In December 2021, \$3 mn was disbursed.

COUNTRY STRATEGY 2014-18 AND POST-2018 INTERVENTIONS

3.03 The last approved CS for Grenada covered the period 2014-18, prepared in the context of serious economic and fiscal challenges being experienced. It responded to Grenada's development priorities to support growth, create jobs, and to stabilise the fiscal and debt situation in a socially inclusive and gender responsive environment, consistent with CDB's 2015-19 Strategic Objectives of: (a) supporting sustainable growth; and (b) promoting good governance. The resource envelope was based on available soft resources in the amount of \$20 mn from SDF and \$54.1 mn from OCR, for a total envelope of between \$74.1 mn.

3.04 During the strategy period, approvals totalled \$84.2 mn (see Appendix 4). Of the approvals, \$50.7 mn (62.7%) of loans and \$6 mn (7.4 %) of grants were disbursed by the end of 2020. In addition, BOD approved projects in education (GEEP II), COVID-19 (COVID-19 Emergency Support Loan), and the Safety Nets for Vulnerable Populations Affected by COVID-19, in the amount of \$31.2 mn in the intervening years of 2019 and 2021, continuing the programme of support identified in the CS. Support to institutional strengthening also continued with an additional grant of \$0.31 mn to support the energy sector (GE) in Grenada. Appendix 4 provides a summary of the CS Completion Report, including the outcome ratings, loan approvals and disbursements to the end of December 2020, for each project.

3.05 The overall performance of the CS 2014-18, measured as its progress toward achieving CS outcomes, is rated "Satisfactory"²⁷. The programme achieved two of seven outcomes during the strategy period, with satisfactory progress made on most of the other outcome indicators set out in the results framework (RF) of the strategy. Macroeconomic stability and private sector development outcomes were achieved. CDB's primary intervention to support "*Improved Macroeconomic Sustainability*" in the CS was the implementation of a \$30 mn three-series Programmatic PBL which supported inclusive growth and sustainable development, environmental sustainability, and good governance. Progress towards the outcomes of quality and access to education is advanced, despite a slow start to the investment project. Meanwhile, environmental stability and social and economic infrastructure outcomes were less successful. Investment projects were hampered by several capacity-related and coordination challenges in country and within CDB. The CS Completion Report also identified several design flaws in the results matrix of the last CS which, in part, hindered the monitoring of development outcomes.

LESSONS LEARNT

3.06 The CES 2022-26 builds on lessons identified from the review of the previous CS Paper and Grenada's portfolio:

- (a) **Implementation Capacity Constraints:** Capacity-building and institutional strengthening needs of executing agencies should be prioritised in Grenada. Continuous capacity building and the adoption of appropriate systems would help in building effective and lasting capacity in the implementation agencies in Grenada. The CES has been built around a smaller number of high priority infrastructure projects for which CDB is already engaged in feasibility studies, capital investments and other TA, compared with the approach in the last CES (2014-18)²⁸. The programme covers sectors where CDB has developed knowledge, competence, and strong engagement with GOCR and other stakeholders, and builds on the programme from the last CES (for example, in education). The CES is also coordinated and harmonised with the plans of other development partners.

²⁷ Grenada CS Completion Report 2021. The ratings are based on a four-step scale of Highly satisfactory, Satisfactory, Marginally Unsatisfactory, and Unsatisfactory.

²⁸ The last CES 2014-18 identified key projects/interventions in education, solid waste management and RE, for example.

- (b) **Country Engagement:** Structured engagements throughout the project and strategy cycle on a continuous basis are critical requirements for monitoring and execution, and for embedding flexibility into the CES framework to enhance responsiveness and to increase the development impact of a country's scarce investment resources. The CES cycle envisages continued engagement at the project and portfolio levels, and at the strategic level. These, if undertaken, afford the Bank the opportunity to ensure that shifting priorities in country are adequately reflected and captured in the strategy and RF. CDB will continue to deepen country engagement through use of the CES and portfolio monitoring and review processes to engage GOCR, and to monitor and provide support to the implementation of the NSDP. COVID-19 has exposed the need for improved resilience and agility. Mid-term reviews are also an important component of the monitoring framework that allows for this flexibility.
- (c) **Strategy Design and Resourcing:** The design of a CS reflects the prevailing environment in which the strategy is being implemented. The pandemic has put even greater emphasis on sustainable development and the related investments required. Grenada is still being impacted by a lingering pandemic, with pre-pandemic growth not expected to return until 2024. Prioritising the provision of concessionary funding and tailoring innovative funding strategies is necessary to respond to emergencies like COVID-19, strengthen preparedness and adaptation, help navigate frequent disruption, and create the sustainable change necessary to promote long-term recovery strategies, the green agenda, and the achievement of the SDG targets.

4. COUNTRY ENGAGEMENT STRATEGY 2022-26

STRATEGIC ALIGNMENT

4.01 Through a series of engagements, GOGR and CDB have identified projects and programmes which fall under eight CES outcomes that will contribute to the following strategic objectives of MTAP 2022-24 for cooperation:

- (a) strengthen alignment between education and training;
- (b) strengthen social protection systems;
- (c) support for MSME resilience and expansion;
- (d) upgrade physical infrastructure and infrastructure planning; and
- (e) improve climate resilience, EE, and hazard management.

4.02 Even as Grenada's economy is expected to recover over the medium term, the pandemic has exacerbated underlying challenges and introduced new hurdles to sustaining growth and economic advancement. The detrimental long-term impacts associated with Grenada's high vulnerability to economic shocks and natural disasters, have placed strengthening the country's resilience as a strategic priority for sustaining growth, enhancing well-being, encouraging investment in human capital and in higher-return production activities, and improving development outcomes. CDB's development vision and strategic framework place building social, productive, financial, and environmental resilience²⁹ at the core of the Bank's development thrust which, along with digital (and other) innovations, governance, gender equality and regional cooperation and integration as key cross-cutting themes, underpin the Bank's engagements to help eliminate poverty, advance standards of living, and deliver equitable prosperity.

4.03 GOGR has limited financial resources to advance the country's development agenda. CDB's strategy will provide a package of finance to assist GOGR to maintain a focus on enhancing resilience through investments that will contribute to the pursuit of socially inclusive development. The aim will be to assist Grenada's resilient recovery through interventions to strengthen the social safety net (SSN), boost human capital development, and improve the enabling environment for growth and building resilience. CDB will continue to support GOGR³⁰, where feasible, in continuing the dialogue on economic recovery, building resilience, and aligning with the global SDG goals. The strategy: seeks to maximise effectiveness through a focused programme formulated collaboratively with GOGR; is consistent with the MTAP; reflects CDB's comparative advantage and expertise; and takes full account of the interventions of other development partners. It considers capacity constraints that will need to be addressed to realise the identified outcomes and incorporate TA options for ensuring effective implementation of projects and capacity enhancement within implementing agencies. Proposed capital investments are heavily grant-supported and focused on building climate resilience consistent with the theme of SDF 10. SDF 10, which is CDB's most important component of the resource envelope, will be engaged in areas consistent with its three main themes:

²⁹ Five key pillars identified within CDB's Strategic Plan "Repositioning for Resilience" 2022-24.

³⁰General Elections in Grenada were held on June 23, 2022. A new administration was elected, and a new Prime Minister (Honourable Dickon Mitchell) was sworn in.

- (a) building social resilience and leaving no one behind through interventions in social infrastructure, education and training, capacity building, youth development, agriculture and rural development, and water and sanitation;
- (b) building economic resilience for inclusive growth through encouraging the development of climate resilient infrastructure, private sector development, and the Blue Economy; and
- (c) building environmental resilience.

RESOURCE ENVELOPE

4.04 The CES's indicative resource envelope is estimated at \$134.2 mn (see Table 4.1). The funding comprises primarily of soft resources of grants (29.9% of resource envelope) and concessional loan resources (25.6% of resource envelope) reflecting funding constraints, country-sustainable financing needs, as well as a persisting fragile country context. Concessional resources make up approximately 55.2% of the resource envelope. In addition, Grenada will be eligible for the CDB/IDB Global LOC for Strengthening Private Sector Development through Innovation in the Eastern Caribbean OECS Member Countries and other soft resources as they become available during the strategy period.

4.05 Grenada's SD sovereign credit rating imposes funding constraints with respect to the Bank's OCR due to its higher capital provisioning requirements. This does not affect resource programming from the Bank's soft window. Grenada's SD rating stems from outstanding external debt arrears (2.2% of GDP) to the governments of Algeria, Libya, and Trinidad and Tobago that were not resolved as part of its comprehensive debt restructuring exercise³¹. Although GOCR continues to negotiate in good faith with these bilateral creditors, progress has been slow in restructuring these outstanding debts. Negotiations with Algeria continue through the official channels for Grenada, with some progress made on an agreement on the terms. In addition, dialogue with Libya has been established after several years of not being able to communicate with an official channel. In response to a counter proposal received from Libya on August 23, 2022, a recommendation has been submitted to the Cabinet for consideration. Once approved, this will pave the way to resolve Libya's arrears shortly. In the case of Trinidad and Tobago, no agreement has been reached. As such, GOCR has demonstrated best efforts to settle these arrears through the establishment of a sinking fund at the Eastern Caribbean Central Bank (\$3.3 mn as of July 31 2022). GOCR has committed to making contributions to the sinking fund while they continue to engage with Algeria and Trinidad and Tobago. The IMF has continued to lend to Grenada notwithstanding, based on a "Lending into Arrears" policy which permits the extension of financial assistance to a member country that has accumulated external debt arrears in carefully circumscribed circumstances³². With these funding restrictions, the CES is strategically resourced from SDF 10 and other grant and concessional resources, and a limited OCR component.

4.06 Grenada represents one of the Bank's smallest exposures, representing a modest 2.5% of the OCR portfolio. Although Grenada's fiscal position, debt situation and growth have consistently improved, the SD status, which is due to outstanding unsettled liabilities to Trinidad and Tobago, Libya, and Algeria, has

³¹ In 2015, 11 years after Hurricane Ivan devastated Grenada and 10 years after a comprehensive debt restructuring exercise triggered by Hurricane Ivan, the Government undertook a second comprehensive restructuring of its public debt. At the end of 2021, this was equivalent to 2.2% of GDP (0.2 Algeria; 0.4 Libya; 1.6 Trinidad and Tobago).

³² That includes: a prompt need for assistance; an assessment that the debtor is making good faith efforts to reach an agreement; that the absence of a debt restructuring is due to the unwillingness of the creditor to reach an agreement; and a judgment that the decision to so lend would not negatively affect the IMF's ability to mobilise official financing packages in the future under this arrangement. (IMF Policy Paper: Reforming the Fund's Policy on Non-Toleration of Arrears to Official Creditors).

implications for the Bank. That rating level implies any new OCR lending will adversely impact the Bank's capital position.

4.07 The Bank's management is aware of the potential impact, but recognises the development needs of Grenada at a time when its access to international financial markets is restricted. To balance the developmental needs of the country against the prudential banking controls of CDB, the Bank's management has elected to provide additional OCR loans based on the following:

- (a) Blending the OCR portion with a relatively large non-OCR component to meet the country's overall requirement.
- (b) Considering the prospective OCR disbursements on a "one-off" basis, with any additional support from OCR being conditional on Grenada emerging from selective default.
- (c) Seeking to generate new loan approvals to highly rated BMCs in the same calendar year of the OCR approvals to Grenada to offset the capital adequacy impact. Whilst this would not completely compensate for the full capital impact, the resulting improved diversified portfolio would mitigate the new Grenada approvals.
- (d) Playing a leading advocacy role in ensuring active follow-up actions are undertaken to address the SD issue, including exploring the setting up of a designated sinking fund for the Algeria and Libya loans, similar to that which has been established for Trinidad and Tobago. To that end, the Bank will seek to collaborate with the IMF (which has already been contacted by Grenada on the matter) to address the issue.
- (e) Actively monitoring progress of the above.

4.08 The indicative resource envelope is inclusive of: \$12.3 mn from SDF 10 (2021-24); BNTF of \$2.9 mn; UK-CIF grant funds of \$28.0 mn; CDB/IDB Building Disaster and Climate Change Resilience LOC of \$8.95 mn; European Investment Bank (EIB) Second Action LOC (COVID-19 Component) of \$10 mn; and European Union (EU) Caribbean Investment Facility and IDB-Sustainable Energy Facility grant resources of \$9.5 mn. A limited amount of OCR lending (\$59.7 mn) is programmed to close project financing gaps in the absence of sufficient counterpart and soft resources. The urgent prioritisation of UK-CIF projects is informed by compressed timelines for the use of UK-CIF grant resources³³. TA will be used to build capacity and support institutional strengthening and climate resilience initiatives (see Appendix 5). CDB has sought to collaborate with development partners where projects and initiatives align with CDB programming for Grenada (see Appendix 6).

4.09 CDB remains actively engaged with GOCR and will closely monitor developments during CES implementation with a view to re-assessing the scope of the Strategy consequent upon the resolution and the removal of Grenada's SD rating during the strategy period. An extended CES programme with additional projects and programmes has been identified within the CES if this materialises prior to the end of the strategy (see Appendix 5).

³³ The UK Foreign, Commonwealth and Development Office has approved a Programme Extension for UK-CIF from March 31, 2024, to March 31, 2026, allowing an additional two years for the implementation of projects. All payments drawn against these grant funds must be processed by this new UK-CIF Programme end date.

STRATEGIC PILLARS AND COUNTRY ENGAGEMENT STRATEGY OUTCOMES

4.10 The CES rests on three strategic pillars:

- (a) promoting high-quality human and social development;
- (b) supporting a vibrant, dynamic, competitive economy with supporting climate and disaster-resilient infrastructure; and
- (c) strengthening environmental sustainability and security.

4.11 Each pillar comprises priority CES outcomes aimed at contributing to country sector outcomes in the NSDP and the MTAP within the areas of: education and training; social protection; MSMEs; physical infrastructure; and climate, energy, and DRM. These CES outcomes are outlined in the RF (see Appendix 7). The strategy is underpinned by crosscutting themes of good governance, innovation, economic integration and deepening cooperation, and promoting gender equality. CES outcomes to upgrade physical infrastructure for transport and water, improve the quality of teaching and learning, and strengthen the alignment between education and training are being prioritised. Targeted finance in these areas can help sustain recovery and act as a catalyst and stimulus for economic growth and development.

Pillar I: Promoting High-Quality Human and Social Development

Expected Outcome 1: Improved Access and Quality of the Education System

4.12 CDB will continue to focus on initiatives geared towards improving Grenada's human capital as a critical long-term investment that will support growth and poverty reduction. The CES continues support to building out education infrastructure development and improvements in the quality of access and delivery of education and training. Integrated solutions to institutionalise an effective and inclusive education and training system, which promotes learning needs of all, will be pursued. The following interventions have been identified for support:

- (a) Expanding inclusive access to high quality, demand-driven post-secondary education through expansion and rehabilitation of the T.A. Marryshow Community College (TAMCC) campuses.
- (b) Enhancing the learning environment in early childhood development (ECD) and basic education, including provision for SEN/PWD learners. This comprises:
 - (i) expansion and rehabilitation of the St. Dominic's Roman Catholic School and the Victoria School Special Education; and construction of the St. John's Street Child Development Centre under the BNTF programme; and
 - (ii) construction/rehabilitation of three primary and secondary schools based on the Ministry of Education's (MOE) priority list.
- (c) Supporting learning recovery and enhancement to address the learning loss/gaps due to the impact of COVID 19.

Expected Outcome 2: Strengthened Social Protection and Resilience

4.13 Over the short term, CDB will continue to support the COVID-19 response to:

- (a) Supporting minimum income and employment for those affected by the pandemic in the immediate period and during recovery.
- (b) Preserving human capital of those affected by COVID-19.

The Safety Nets for Vulnerable Populations Affected by COVID-19 is already approved (in November 2021), ahead of CES approval which was initially programmed for 2021. Other areas of support will seek to:

- (i) Expand and harmonise social assistance and SSNs with adequately designed adaptive and preventive SPPs that are shock responsive and resilience focused.
- (ii) Enhance socially inclusive and gender responsive social protection strategies with the identification of barriers and programming of enablers to build resilience.
- (iii) Support inclusive and transformative social protection investments, including the conduct of social protection assessments and appropriate legislation, policies, strategies and coordination of evidence-based programmes.
- (iv) Strengthen health care systems to the COVID-19 pandemic and mitigate new potential cases and other indirect health impacts.
- (v) Improve medical and non-medical equipment, facilities, and COVID-19 vaccination campaigns.
- (vi) Enhance the implementation and operation of cross-sector emergency management and monitoring mechanisms.

Pillar II: Supporting a Vibrant, Dynamic, Competitive Economy with Supporting Climate- and Disaster Resilient Infrastructure

Expected Outcome 3: Modern Climate and Disaster-Resilient Infrastructure

4.14 The absence of an adequate and modern infrastructure base creates barriers to economic and social development by holding back private sector commercial development and productivity, and limiting the provision of, and access to, social infrastructure and other services. Without potable water and sanitation, health is at risk. CDB will finance the development of critical infrastructure requiring modernisation and improving resilience. The assistance programme delineated in the infrastructure sector/sub-sectors is informed by the Bank's prior TA/knowledge work in the sector. The following interventions have been identified:

- (a) Solid Waste
 - (i) Improving integrated solid waste management (ISWM) institutional capacity informed by the soon to be completed new National Waste Management Strategy and follow-on TA under the ongoing ISWM project.

- (ii) Improving ISWM infrastructural capacity with completion of the new cells at the Perseverance Landfill and closure of the old dump under the ongoing ISWM project.
- (b) Water and Wastewater
 - (i) Improving water supply and wastewater management to the south of the island through capital investment informed by the Phase 1 designs and facilitating decision-making capacity through Phase 2 proposals developed under the Southern St. Georges Water Supply Expansion and Sewerage Improvement (SSGWSESI) TA project.
- (c) Road Transport
 - (i) Improving institutional capacity of MOID through initiatives identified under the institutional assessment undertaken as part of the Western Main Road Corridor Upgrade (WMRCU) TA project.
 - (ii) Improving road safety management capacity informed by TA, deferred from the WMRCU TA project now to form part of the capital phase.
 - (iii) Improving resilience of the road network through capital works on the WMRCU project and the rehabilitation/reconstruction of the Bon Air Bridge, St. Mark.
 - (iv) Improving transport system management capacity through the Ministry of Transport's participation in the Development of Sustainable Public Transport Systems Regional Study (Grenada is one of two pilot countries).

Expected Outcome 4: Improved Viability of MSMEs

4.15 CDB, through its Caribbean Technological Consultancy Services Network, will collaborate with the Grenada Investment Development Corporation (GIDC) and other development partners to build the managerial and operational capacity of MSMEs in areas related to financial and digital literacy, as well as innovation. A CDB/IDB Global LOC for Strengthening Private Sector Development through Innovation in OECS Member Countries³⁴ is under preparation and will be available to Grenada during the strategy period. Through this LOC, CDB will also seek to support interventions that will promote innovation, strengthen the supply and demand of services for technology adoption readiness, and promote technology adoption and digitalisation in MSMEs. These interventions to support MSMEs will be critical to job creation. Over the medium term, CDB will continue to support MSME development through:

- (a) Training and support in financial literacy and management, and digital and social media marketing, including e-commerce.
- (b) Training and support in project management for innovation and entrepreneurship.

³⁴ This \$20 mn Global LOC will target MSMEs in the OECS specifically and will be used for promoting innovation, strengthening the supply and demand of services for technology adoption readiness, and promoting technology adoption and digitalisation.

Expected Outcome 5: Enhanced Trade Facilitation

4.16 CDB will support the enhancement of trade facilitation landscape in Grenada and assist the country with meeting its regional and international trade commitments. These interventions will improve the ease of doing business and trade across borders through:

- (a) Supporting the establishment of an electronic trade single window (ESW).
- (b) Support to the maritime transportation sector to facilitate the movement of agri-produce and increase intra-regional trade.
- (c) Enhancement of the OECS Border Systems and Maritime Single Window.
- (d) Support to the Bureau of Standards.
- (e) Agri-Food Sector Development and Strengthening of the National Food Safety System in Grenada
- (f) Improving the Supply Chain for Intra-CARICOM Agri Trade: Logistics Case Study for Grenada and Saint Lucia
- (g) Providing knowledge products (regional) in logistics, port community systems, and time release studies.

Expected Outcome 6: Enhanced Agriculture Sector Productivity and Increased Food and Nutrition Security

4.17 CDB will support the repositioning of the agriculture sector for increased food and nutrition security and revitalisation of the rural economy. Interventions will increase crop and livestock subsector productivity by improving infrastructure and supporting capacity building of value chain actors and service providers.

- (a) Rehabilitating and climate proofing of agriculture feeder roads and drainage systems.
- (b) Establishing, rehabilitating and/or expanding irrigation schemes, incorporating climate resilient measures, RE, and natural-based solutions.
- (c) Training and capacity building in CSA and good agricultural practices, water systems management/governance, and agro-processing.

Pillar III: Strengthening Environmental Sustainability and Security

4.18 CDB will support building resilience in line with Grenada's commitments to improve energy security, disaster risk resilience, and climate resilience. Support will be provided for ongoing energy, disaster and climate change risk reduction interventions by GOCR, as well as to fill selected priorities and gaps. CDB will continue to engage with GOCR to support immediate priorities across sectors. Even as disaster and climate risk management are considered crosscutting themes in the CES and will be mainstreamed into CDB's investments in Grenada through project design, CDB will support some discrete interventions to advance Grenada's climate action ambitions and DRM CWP. The assistance to Grenada

will continue to be demand-driven, focused and selective, yet adaptive to changing circumstances and may include:

Expected Outcome 7: Strengthening Climate Resilience and DRM

- (a) Enhancing knowledge and capacity for environment management, climate change adaptation, and DRM including through support for an island-wide drainage.
- (b) Supporting implementation of aspects of the DRM CWP.
- (c) Improving coastal resilience through coastal protection works at Sauteurs informed by designs currently underway with GOGR financing.
- (d) Providing gender-sensitive research and analysis, especially as far as disaster impacts and risks are concerned – that is, gender disaggregated data for disaster risks.
- (e) Enhancing multi-hazard early warning systems at national and local levels.
- (f) Enhancing a multi-hazard national disaster management plan.
- (g) Developing and implementing a multi-hazard national evacuation plan.

Expected Outcome 8: Enhancing Energy Security and Efficiency

- (a) Providing TA support to develop an integrated resilience and resource plan for the energy sector.
- (b) Funding GE activities up to the test-drilling stage and establishing the resource under CDB's GeoSmart Initiative.

COORDINATION WITH DEVELOPMENT PARTNERS

4.19 Donor coordination is important to minimise duplication within programming and to enhance collaboration. Grenada continues to access development resources from a variety of bilateral and multilateral sources. The CES considers the engagement of other development partners (see Appendix 6) to create synergies inclusive of coordination around COVID-19 assistance and to draw on CDB's comparative advantage. This is supported by dialogue with the development partners, as well as officials in Grenada. The official coordination of development partners is undertaken by the Ministry of Finance (MOF).

4.20 Grenada's main multilateral and bilateral partners include WB, EU, Global Affairs Canada, the UK's Department for International Development, the United States Agency for International Development, and the German International Development Agency (GIZ). GIZ is implementing the G-CReWS Project, which is a wide-ranging programme that includes a tariff review of the water utility. CDB, in collaboration with IFAD, is supporting the CSA and Rural Enterprise Project which seeks to strengthen resilience in the agriculture sector against climate change and other shocks.

TABLE 4.1: INDICATIVE SUPPORT PROGRAMME

| Area/Sector | Main Intervention Areas Identified | Share of Resource Envelope |
|--|---|----------------------------|
| Pillar 1: Promoting High-Quality Human and Social Development | | |
| Outcome 1: Improved Access and Quality of the Education System | | |
| Education | Strengthening the learning environment in ECD, basic education, and supporting learning recovery and enhancement for all learners | 14.5% (\$19.4 mn) |
| Outcome 2: Strengthened Social Protection and Resilience | | |
| Social Protection/Poverty Reduction | COVID-19 and Health System Strengthening | 7.5% (\$10.0 mn) |
| Pillar II: Supporting a Vibrant, Dynamic, Competitive Economy with Supporting Climate and Disaster Resilient Infrastructure | | |
| Outcomes 3: Modern Climate and Disaster-Resilient Infrastructure | | |
| Road Transport | WMRCU Project | 48.5% (\$64.7 mn) |
| Water and Sanitation | SSGWSESI Project | 13.3% (\$17.8 mn) |
| Outcome 4: Improved Viability of MSMEs | | |
| Capacity Building | Financial literacy and management, and digital and social media marketing, including e-commerce Project management for innovation and entrepreneurship | n.a. |
| Outcome 5: Enhanced Trade Facilitation | | |
| Trade | Strengthening the trade environment with support to the ESW, maritime single window, maritime transport to facilitate movement of agri-produce and logistics for food sector development and safety | n.a. |
| Outcome 6: Enhanced Agriculture Sector Productivity and Increased Food and Nutrition Security | | |
| Roads | Improvements in agriculture feeder roads and drainage, and rehabilitation and | n.a. |
| Irrigation | expansion of irrigation systems (SAEP) | |
| Capacity Building | CSA, good agricultural practices, water systems governance and agro-processing | |
| Pillar III: Strengthening Environmental Sustainability and Security | | |
| Outcome 7: Strengthening Climate Resilience and DRM | | |
| Coastal Protection | Coastal protection work at Sauteurs | |
| DRM | Enhancing multi-hazard early warning systems, national disaster management planning, and developing and implementing a multi-hazard national evacuation plan | 7.2% (\$9.7 mn) |
| Outcome 8: Enhancing Energy Security and Efficiency | | |
| Energy | GE Development Project | 9.4% (\$12.6 mn) |

Source: CDB.

4.21 In recent years, GOCR has successfully implemented several public financial management (PFM) reforms with the assistance of its development partners. Some of these include: (a) the Public Procurement and Disposal of Public Property Act contained in Act 39 of 2014 as amended by the Public Procurement and Disposal of Public Property Act (Amendment) contained in Act 1 of 2018; (b) the Public Finance Management Act 2015; (c) the Public Debt Management Act 2015; (d) the Fiscal Responsibility Act 2015; and (e) the Public Procurement and Disposal of Public Property Regulations, 2015 contained in the Statutory Rules and Orders No. 32 of 2015. These reforms were undertaken under the Home-grown Structural Adjustment Programme with support from development partners, including CDB. Significant progress has been made in strengthening fiscal transparency with the publication of key fiscal documents. Some key improvements include the development and publication of the Medium-term Economic Framework, quarterly public debt bulletins, and annual debt reports. GOCR has also adopted: the internal audit standards promulgated by the Institute of Internal Auditors; and the International Public Sector Accounting Standards for the preparation of public accounts. Despite the progress made, there is still room for improvement in areas such as the external audit of public accounts and advancements in procurement, including the move towards e-procurement. GOCR continues to benefit from TA from the IMF (through the Caribbean Regional Technical Assistance Centre) and WB on continuous PFM reform and strengthening.

4.22 WB is supporting key reforms and institutional measures in the areas of Fiscal Resilience and Blue Growth, and the COVID-19 response through a series of Development Policy Loans. Under its OECS regional projects, WB is supporting digital transformation³⁵, procurement reform, and health³⁶. On procurement reform, CDB is collaborating with WB on a review of the existing procurement law and the preparation of standard bidding documents with a view to moving towards e-procurement. CDB had initial engagements with WB, and several potential areas of opportunity were identified for possible collaboration including budget support operations, digitisation, education, social protection, solid waste, and Blue Economy investments to build production value and resilience for collaboration during the strategy period. These consultations will continue. The Bank also plans to scale-up inter-regional support through the preparation of a sub-regional strategy that could benefit Grenada through coordination with OECS. If supported, greater economic and policy coordination and/or inter-regional investments facilitated at this level could help sustain and accelerate economic development. CDB's technical collaboration with WB on public procurement is one example of such initiatives that will benefit Grenada.

IMPLEMENTING THE 2022-26 STRATEGY

4.23 A RF has been prepared to monitor the CES (see Appendix 7). Performance indicators will be used to monitor and assess progress on the expected CES outcomes to which the proposed interventions are expected to contribute. Monitoring and coordinating the CES will be done by CDB (led by the Economics and Projects Department) and country authorities. CDB's engagement will be focused on promoting mutual accountability for results and fostering open and frequent policy dialogue with GOCR. Through the Bank's pipeline management, an implementation monitoring framework is in place to track the progress of projects and programmes. A mid-term review of the CES will be undertaken to take stock, assess the continuing relevance of the strategy, and adjust where necessary. Given the current difficult economic climate that could impact CES implementation, continuous monitoring will facilitate and allow for the required adaptability and flexibility in the strategy to adjust the scope and to re-prioritise in the event of changes to

³⁵ The Digital Governance for Resilience Project is geared towards: developing the enabling environment to modernise service delivery; leveraging digital technologies to deliver selected services; and strengthening institutions and managing change for digital literacy and inclusion.

³⁶ The OECS Regional Health Project aims to improve the preparedness of the health system to respond to public health emergencies. This project is expected to strengthen health infrastructure, surveillance, laboratory systems, and health emergency operations.

conditions on the ground. In 2026, a CES completion report will be conducted to self-assess progress in achieving the CES outcomes according to the RF.

RISK ANALYSIS AND MITIGATION

4.24 Potential risks to the achievement of the CES’s objectives are centred around macroeconomic, institutional, and human resource capacity, and environmental challenges. Most of these risks emanate from Grenada’s high level of vulnerability and exposure to climate change and natural hazards. The risk mitigation measures identified focus on having a systematic framework of monitoring and country engagement.

4.25 All interventions will be screened for climate and disaster risks, associated risks documented, and contingencies built into each project based on the screening (see Appendix 8). Table 4.2 summarises the likely risks, as well as CDB’s proposed mitigation measures.

TABLE 4.2: RISK ASSESSMENT AND MITIGATION MEASURES

| Risk Type | Description of Risk | Mitigation Measures |
|--------------------------------|---|--|
| Financial: Credit/Liquidity | <p>A prolonged pandemic, or an additional shock of a sizeable magnitude could slow growth recovery, further worsen fiscal and debt conditions, reduce liquidity, and increase the risk of debt sustainability challenges.</p> <p>Declining revenues and a volatile macroeconomic situation, particularly rising inflation due in part to the ongoing supply and logistics challenges and the fall-out from the ongoing war in Ukraine, could introduce implementation delays and have an adverse impact on the achievement of CES objectives and outcomes. Higher project costs could derail the programme, especially around the key infrastructure investments.</p> | <p>The concessional resource envelope will not adversely add to debt vulnerabilities.</p> <p>Reforms supported by other development partners, including WB, are expected to help strengthen macro-fiscal resilience and increase the prospect for stronger GDP growth. WB, through a series of development policy lending, has supported reforms to strengthen private sector resilience, social resilience, and to create conditions for growth (Blue Economy and digital transformation). In addition, fiscal management in Grenada is guided by fiscal rules that are expected to help restore prudent macroeconomic management and rebuild buffers. TA from the IMF is expected to help strengthen the Fiscal Rules Framework and create an enabling mechanism for the rules to support building resilience and sustainable growth and development.</p> <p>CDB will advance the goods packages for projects where feasible, to reduce the procurement period and, partly, the expected increase in price of materials and goods.</p> <p>CDB will monitor Grenada’s macroeconomic conditions and is prepared to engage with GOGR to develop appropriate emergency responses to further unforeseen developments.</p> |

| Risk Type | Description of Risk | Mitigation Measures |
|--|--|---|
| Operational: Processes, Governance | GOGR's decision-making infrastructure depends heavily on the Cabinet. Infrequent engagement at that level on CDB's portfolio could hinder project implementation given the multiplicity of activities directed to this body. | CDB's management will engage at the appropriate levels on the governance structure articulated in the MTAP, and annually thereafter on the portfolio and the CES to understand GOGR's issues or priorities. At intervals determined by the Projects Department, a portfolio review will be undertaken. |
| Operational: People, Human resources | Several of GOGR's agencies lack the number and level of human resources required to efficiently execute their ambitious Public Sector Investment Programme (PSIP). Training in PPAM and PCM was conducted by CDB during the last CS period, but gaps remain. | The CES proposes a small number of focussed interventions per agency. Those interventions will likely continue to require the engagement of consultants to support feasibility, design, and implementation. However, renewed emphasis will be placed on capacity building in PCM forming part of those consultancies. |
| Operational: External Events, Disaster Risk | Direct and indirect exposure of key sectors to natural hazards, including pandemics, can cause major disruption and delays to programme implementation. | CDB has already demonstrated, and the CES allows for, flexibility to respond to the challenges posed by natural hazards by making additional specific disaster response financing available. |
| Developmental: Gender, Environmental, Climate, Social | Inadequate consideration of the importance of gender, environmental, climate change and social considerations in project design, implementation and operation can compromise the desired developmental outcomes. | All interventions are/will be subject to environmental, social, gender and climate risk screening and the appropriate designs put in place. The CES programme is gender mainstreamed. |

GENDER MARKER ANALYSIS

| Project Cycle Stage | Criteria | Score |
|----------------------------|--|--------------|
| Analysis | Relevant categories include groups of males and females differentiated by age, ability. | 0.5 |
| | Sector and/or institutional analysis considers gender risks and/or gender disparities that impact the achievement of project outcomes. | 0.5 |
| Design | Project interventions address existing gender disparities. | 0.5 |
| Implementation | Includes or engages with gender-relevant stakeholders such as National Gender Bureau, Representatives of women's and men's groups/community based/youth organisations in the project communities, relevant non-governmental organisations. | 0.5 |
| Monitoring and Evaluation | Collection of sex-disaggregated data is part of the project. | 0.5 |
| | At least one gender specific indicator in the Results Matrix. | 0.5 |
| Maximum Score: | | 3.0 |

**CONVERGENCE BETWEEN NATIONAL SUSTAINABLE DEVELOPMENT PLAN (2020-2035)
AND THE SUSTAINABLE DEVELOPMENT GOALS (2030 Agenda)**

| | | |
|---|--|---|
| VISION: GRENADA, A RESILIENT AND PROSPEROUS NATION, WITH A CONSCIOUS AND CARING CITIZENRY, PROMOTING HUMAN DIGNITY, AND REALISING ITS FULL POTENTIAL THROUGH SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL PROGRESS FOR ALL | | |
| GOAL 1 HIGH HUMAN AND SOCIAL DEVELOPMENT | GOAL 2 VIBRANT, DYNAMIC, COMPETITIVE ECONOMY WITH SUPPORTING CLIMATE AND DISASTER-RESILIENT INFRASTRUCTURE | GOAL 3 ENVIRONMENTAL SUSTAINABILITY AND SECURITY |
| NATIONAL OUTCOMES (NO) ALIGNMENT TO THE SDG'S | | |
| NO 1: A Healthy Population SDG 1; SDG 2; SDG 3; SDG 4; SDG 5; SDG 11; SDG 13; SDG 17 | NO 4: Broad-based, Inclusive, and Sustainable Economic Growth and Transformation SDG 2; SDG 3; SDG 4; SDG 5; SDG 6; SDG 7; SDG 8; SDG 9; SDG 11; SDG 12; SDG 13; SDG 14; SDG 15; SDG 16 | NO 7: Climate Resilience and Hazard Risk Reduction SDG 1; SDG 2; SDG 4; SDG 5; SDG 6; SDG 7; SDG 11; SDG 12; SDG 13; SDG 15 |
| NO 2: Educated, Productive, Highly-Skilled, Trained, and Conscious Citizens SDG 3; SDG 4; SDG 5; SDG 9; SDG 11; SDG 16 | NO 5: Competitive Business Environment SDG 4; SDG 5; SDG 8; SDG 9; SDG 16; SDG 17 | NO 8: Energy Security and Efficiency SDG 7; SDG 17 |
| NO 3: A Resilient, Inclusive, Gender Sensitive, and Peaceful Society SDG 1; SDG 3; SDG 4; SDG 5; SDG 8; SDG 11; SDG 13; SDG 16 | NO 6: Modern Climate-and- Disaster-Resilient Infrastructure SDG 6; SDG 7; SDG 11; SDG 14; SDG 16 | |

Source: Regional Observatory on Planning for Development in Latin America and the Caribbean¹; CDB illustration.

¹ [National Sustainable Development Plan 2020-2035 Grenada | Regional Observatory on Planning for Development \(cepal.org\)](https://www.cepal.org).

SOCIAL VULNERABILITY MATRIX

| Beneficiaries | Types of Risks/Vulnerabilities Faced | Existing Policies and Programmes | Partners | Recommendations for Mitigation |
|-------------------------------------|--|--|--|--|
| Children under 16 years | <ul style="list-style-type: none"> • Access and quality of education and training. • Access to health, water, and sanitation services. • Child poverty. • Child abuse (sexual, physical, and emotional), violence and neglect. | <ul style="list-style-type: none"> • GEEP 11. • OECS Education Sector Strategy 2012–2021. • NSDP 2020-2035. | <ul style="list-style-type: none"> • MOE. • Ministry of Social Development (MSD). • OECS. • United Nations Educational, Scientific and Cultural Organisation. • WB. • United Nations International Children's Emergency Fund (UNICEF). • CDB. | <ul style="list-style-type: none"> • Provision of increased access and quality basic education opportunities. • Implementation of a child and gender-responsive education programme for the prevention of all forms of child abuse, violence, and neglect. |
| Young Persons (ages 16 to 35 years) | <ul style="list-style-type: none"> • Unemployment. • Poverty. • Lack of Skills. • Sexual and Reproductive Health Issues. • Sexual (rape) and economic violence against young women. | <ul style="list-style-type: none"> • NSDP 2020–2035. • Grenada Gender Equality Policy and Action Plan (GEPAP) 2014-2024. • Safety Nets for Vulnerable Populations Affected by COVID-19. | <ul style="list-style-type: none"> • Ministry of Youth Development. • MOE. • MSD. • Royal Grenada Police Force (RGPF). • GDB. • OECS. • UNICEF. • UN Women. • CDB. | <ul style="list-style-type: none"> • Increased provision of quality secondary, tertiary and TVET opportunities for young persons. • Upscaling of investments in youth entrepreneurship development and training programmes. |
| Women | <ul style="list-style-type: none"> • Unemployment. • Inequality towards Women. • Access to Credit. • Violence Against Women (domestic violence, sexual abuse and rape). • Economic Violence (lack of support for children maintenance). | <ul style="list-style-type: none"> • GEPAP 2014-2024. • NSDP 2020-2035. • Safety Nets for Vulnerable Populations Affected by COVID-19. | <ul style="list-style-type: none"> • MSD. • Ministry of Health (MOH). • RGPF. • OECS. • UNICEF. • UN Women. • GDB. • CDB. | |

| Beneficiaries | Types of Risks/Vulnerabilities Faced | Existing Policies and Programmes | Partners | Recommendations for Mitigation |
|---|---|---|--|--|
| Older Persons | <ul style="list-style-type: none"> • Food Poor. • Neglect. • Discrimination. • Access to health care, sanitation, water and adequate housing. • Inadequate home care and senior management programmes. | <ul style="list-style-type: none"> • NSDP 2020-2035. • Support for Education and Enhancement Programme. • National Housing Programme. | <ul style="list-style-type: none"> • MSD. • MOH. | |
| PWDs | <ul style="list-style-type: none"> • Abuse. • Neglect. • Discrimination. • Issues of care and protection. • Risk of homelessness. • Capacity for employment and stigma affecting employment. • Poverty. | <ul style="list-style-type: none"> • NSDP 2020-2035. • Safety Nets for Vulnerable Populations Affected by COVID-19. | <ul style="list-style-type: none"> • MSD. • MOH. • Grenada National Association for PWDs. | <ul style="list-style-type: none"> • Conduct Disabilities Assessment and develop policy brief outlining recommendations to address issues affecting PWDs. • Develop project implementation and monitoring framework for integration of the needs of PWDs in CDB-funded infrastructure. |
| Low-income families/male/female single parent household | <ul style="list-style-type: none"> • Lack of affordable housing. • Lack of livelihoods skills and employment capacity. | <ul style="list-style-type: none"> • NSDP 2020-2035. • Safety Nets for Vulnerable Populations Affected by COVID-19. • National Housing Programme • Support for Education and Enhancement Programme. | <ul style="list-style-type: none"> • MSD. • MOF. | Implementation of the Safety Nets for Vulnerable Populations to support minimum income and employment levels for those affected by the pandemic in the immediate period and during the recovery. |
| Rural Poor | <ul style="list-style-type: none"> • Inadequate physical, social, economic and recreational infrastructure. • Livelihoods opportunities. • Capacity gaps regarding community mobilisation, organisational capacity development and training. | <ul style="list-style-type: none"> • NSDP 2020-2035. • SAEP. • Safety Nets for Vulnerable Populations Affected by COVID-19. | <ul style="list-style-type: none"> • MSD. • MOF. • NAWASA. | Implementation of the Climate Smart and Rural Enterprise Programmes to achieve economic, environmental, and social development goals. |
| Urban Poor | Lack of Affordable Housing, Sanitation, Water and Energy | <ul style="list-style-type: none"> • NSDP 2020-2035. • National Housing Programme. | <ul style="list-style-type: none"> • MSD. • MOF. | Implement water and sewerage infrastructure in urban area to alleviate water shortages, especially during drought season. |

COUNTRY STRATEGY COMPLETION REPORT (2014-18)

Country Strategy Outcome Ratings

| <u>Pillar: Broad Based Economic Growth and Inclusive Social Development</u> | |
|---|--------------------|
| Outcome 1: Improved Macroeconomic Stability | Achieved |
| Outcome 2: Increased Access to High Quality Education and Training | Mostly Achieved |
| Outcome 3: Promote Private Sector Development | Achieved |
| Outcome 4: Promote Environmental Stability | Partially Achieved |
| Outcome 5: Modernise Social and Economic Infrastructure | Not Achieved |
| Outcome 6: Poverty Reduction | Partially Achieved |
| Outcome 7: Enhanced Social Policy/Social Protection and Research | Partially Achieved |

Country Strategy 2014-18: Loan and TA Approvals and Disbursements (\$ mn)

| Approvals Identified Under 2014-18 CS | Amount Approved | Amount Disbursed at December 31, 2020 | % Disbursed at December 31, 2020 |
|--|------------------------|--|---|
| <u>Improve Macro-economic Stability</u> | | | |
| Growth and Resilience Building – PBL | 30.00 | 30.00 | 100.00 |
| <u>Improve Quality and Access to Education and Private Sector Development</u> | | | |
| Fourth Consolidated LOC (Student Loan Scheme; Small and Medium-sized Enterprise Financing through GDB) | 10.00 | 8.90 | 89.00 |
| Promote Environmental Sustainability | | | |
| ISWM Project | 10.70 | 2.00 | 18.7 |
| <u>Modernise Social and Economic Infrastructure</u> | | | |
| BNTF (7 th) Programme | 2.6 | 2.6 | 100.00 |
| <u>Improve Capacity for Strategic Policy Management and Evidenced-based Decision Making</u> | | | |
| <i>TA Grant</i> | | | |
| National Prevalence Surveys on GBV and the Piloting of the Survey in Grenada | 0.40 | 0.40 | 100.00 |
| TOTAL | 53.7 | 43.9 | 81.8 |

Source: CDB.

Other Loan Approvals and Disbursements 2014-18 (\$ mn)

| | Amount Approved | Amount Disbursed at December 31, 2020 | % Disbursed at December 31, 2020 |
|--|----------------------------|--|---|
| Approvals NOT identified in the 2014-18 CS | | | |
| <u>Modernise Social and Economic Infrastructure</u> | | | |
| GEEP 1 | 15.0 | 9.3 | 62.0 |
| SAEP | 5.0 | 0.5 | 10.0 |
| BNTF (8 th) Programme | 0.7 | 0.7 | 100.0 |
| BNTF (9 th) Programme | 3.2 | 2.4 | 75.0 |
| <u>TA Loan</u> | | | |
| Awakening Special Potential by Investing in Restoration and Empowerment (ASPIRE) of Youth Project | 0.50 | 0.10 | 20.0 |
| <u>TA Grant</u> | | | |
| ISWM Project | 0.30 | 0.10 | 33.3 |
| Establishing an Environmental Management System | 0.1 | 0.00 | 0.0 |
| SSGWSESI Project | 1.00 | 1.00 | 100.0 |
| Energy Audits for Public Buildings | 0.10 | 0.10 | 100.0 |
| Assessment for the Enhancement of TAMCC | 0.50 | 0.20 | 40.0 |
| Environmental and Social Impact Assessment (ESIA) for Grenada's GE Development (Test-Drilling Phase) | 0.30 | 0.10 | 33.3 |
| WRC Upgrade-Feasibility Study, Preparation of Detailed Designs, Conduct of Institutional Assessment | 1.30 | 1.30 | 100.0 |
| Institutional Strengthening Energy Sector Grenada | 0.20 | 0.20 | 100.0 |
| Condition Survey and Cost Estimate – Public Sector Buildings | 0.02 | 0.02 | 100.0 |
| Strengthening Food Safety Management Systems | 0.90 | 0.90 | 100.0 |
| ASPIRE of Youth Project | 0.90 | 0.71 | 78.9 |
| GEEP 1 | 0.53 | 0.53 | 100.0 |
| TOTAL | 30.5 | 18.2 | 59.5 |

Source: CDB.

Loan Approvals and Disbursements 2019-2020 (\$ mn)

| | Amount Approved | Amount Disbursed at December 31, 2020 | % Disbursed at December 31, 2020 |
|--|----------------------------|--|---|
| Approvals 2019-2020 Post-CS | | | |
| COVID-19 Emergency Response Support Loan | 5.9 | 3.9 | 65.3 |
| GEEP II | 16.4 | 0.0 | 0.0 |
| Institutional Strengthening Energy Sector Grenada (Additional Grant) | 0.3 | 0.1 | 32.3 |
| GEEP II (Grant) | 0.2 | 0.0 | 0.0 |
| TOTAL | 22.8 | 4.0 | 17.3 |

Source: CDB.

EXTENDED COUNTRY ENGAGEMENT STRATEGY PROGRAMME

| AREA/SECTOR | PROJECT |
|----------------------|---|
| Water and Wastewater | Mt. Williams Dam Construction Southern St. Georges Wastewater Improvement Project |
| Agriculture | Feeder roads (improved access to arable land and revitalisation of abandoned lands) Irrigation Storage (internal (food products for local consumption) and at air and seaports (improved storage for export of agriculture and fish exports)) |
| Road Transport | Road and Bridge Infrastructure Assessment |
| Education | Strengthening TVET at Secondary and Post-Secondary Level |
| Water and Wastewater | Expansion of G-CReWS microturbine pilot Support to institutional strengthening and capacity building recommendations from assessments by others |
| Air Transport | Climate Risk and Vulnerability Assessment (CRVA) of Maurice Bishop International Airport and Lauriston Airport |
| Marine Transport | Operational Assessment and Master Plan Development for the Port of St. Georges |
| Solid Waste | Feasibility Study and Detailed Designs for a New Sanitary Landfill and/or Waste Diversion Facility |
| Urban Drainage | Island-wide Drainage Study and Preliminary Designs |
| DRM | Assessments, policies, action plans and programmes |

| Technical Assistance | |
|--|--|
| Area/Sector | Project |
| Trade Facilitation | Logistics Study Port Community System Time Release Study ESW |
| Private Sector Development | Business Continuity planning, proposal writing and project management Enterprise Survey |
| Agriculture | Data management system for agriculture and fisheries sector Support for national agriculture census (Q2 2022) National Food Safety System-Build National and OECS Architecture for Food Safety including Traceability based on Global/Local Gap Agriculture and Fishery extension services (improving agriculture/fisheries information/knowledge transfer) |
| Capacity Building and Implementation Support | Institutional Strengthening of MOID IGNITE Training Programme Implementation and Delivery |
| Agriculture; Energy; Integrated Water and Coastal Zone Management; Transportation; Social Housing; and Sanitation Economic Planning | Geothermal ESIA Electricity System Planning Regulatory Support National Consultation on the Economy |

DEVELOPMENT PARTNERS ENGAGEMENT

| AREA | CDB | UN Agencies; UNDP-GEF* | WB | EU | GIZ | Global Affairs Canada | OAS** | Kuwait/ OPEC*** | New Zealand |
|--|--|---|--|----|---|--------------------------|-------|--------------------|---|
| Agriculture | SAEP | Climate Resilience Agriculture for Integration Landscape Management | OECS Regional Agricultural Competitiveness Project | | | | | | |
| | Agri-Food Sector Development and Strengthening of the National Food Safety System in Grenada | | | | | | | | |
| Blue Economy | | | Unleashing the Blue Economy in the Eastern Caribbean | | | | | | |
| Education | GEEP I | Early Childhood Education Development Project | Global Partnership for Education | | | | | | |
| | GEEP II | Juvenile Justice | | | | | | | |
| | BNTF 10 | Child Friendly School | | | | | | | |
| | TAMCC Study | | | | | | | | |
| Energy | | Energy for Sustainable Development | | | Cooling Project | | | | NZ Geothermal Support Partnership Framework |
| Environment and Coastal Management/ Protection | Sauteurs Coastal Study and Shoreline Protection Project | Biodiversity 6 ^a National Report | Regional Disaster Vulnerability Risk Reduction | | Global Carbon Market –Regional | | | | |
| | | | | | Waste Management Marine Litter Project – Regional | | | | |
| | | | | | Coastal Marine Protected Areas – Regional | | | | |

| AREA | CDB | UN Agencies; UNDP-GEF* | WB | EU | GIZ | Global Affairs Canada | OAS** | Kuwait/ OPEC*** | New Zealand |
|--|---|--|---|---|-----|--------------------------|---|--------------------|-------------|
| Health | EIB Second Climate Action LOC – COVID-19 Component | National Aids Council Secretariat | OECS Regional Health Project | European Development Fund COVID-19 Response Project | - | - | - | - | - |
| | - | Pan American Health Organisation TA Support | - | Gouyave Health Center Reconstruction (Phase 1) | - | - | - | - | - |
| Macro-Economic Management | Procurement reform (in collaboration with WB) | Mainstreaming SDGs in NSDP | Procurement reform (in collaboration with CDB) | - | - | - | - | - | - |
| | - | United Nations Environment Programme (UNEP) – Div. of Tech, Industry and Economics Project | - | - | - | - | - | - | - |
| Private Sector Development | OECS Maritime Single Window | - | - | - | - | - | - | - | - |
| Public Sector Modernisation/ Digital Transformation | - | - | Caribbean Regional Digital Transformation Project | - | - | - | Caribbean Regional Digital Transformation Project | - | - |
| | - | - | Digital Governance for Resilience Project | - | - | - | - | - | - |
| | - | - | Caribbean Regional Communications Project | - | - | - | - | - | - |
| Poverty Reduction and Social Protection | Safety Nets for Vulnerable Populations Affected by COVID-19 Project | - | - | - | - | - | - | - | - |
| - | ASPIRE | - | - | - | - | - | - | - | - |
| - | BNTF 10 | - | - | - | - | - | - | - | - |

| AREA | CDB | UN Agencies; UNDP-GEF* | WB | EU | GIZ | Global Affairs Canada | OAS** | Kuwait/ OPEC*** | New Zealand |
|----------------------------------|--|---|--|----|----------------------------------|--------------------------|-------|--|-------------|
| Solid Waste | ISWM Project | - | - | - | - | - | - | - | - |
| Transport (Land, Air, Marine) | WMRCU Project | UNEP E-Mobility Project | - | - | E-Mobility Project – Regional | - | - | St. Patrick Road Project, Phases 1 and 2 | - |
| | Development of Sustainable Public Transport Systems – Regional | Enabling Gender- Responsive Disaster Recovery, Climate and Environmental Resilience in the Caribbean | - | - | - | - | - | - | - |
| Tourism | - | - | OECS Regional Tourism Competitiveness Project | - | - | - | - | - | - |
| Urban Drainage | Extreme Rainfall/ Gouyave Flood Mitigation Project | - | - | - | - | - | - | South-West Coast Infrastructure Improvement and Flood Mitigation Project | - |
| Water and Wastewater | SSGWSESI Project | - | - | - | G-CREWS | - | - | - | - |
| | BNTF 10: Construction of the Apres Toute Rainwater Harvesting System | - | - | - | - | - | - | - | - |
| | BNTF TA: Grenada Wastewater Treatment and Recycling Project | - | - | - | - | - | - | - | - |
| Youth and Sports | Safety Nets for Vulnerable Populations Affected by COVID-19 Project | - | - | - | - | - | - | - | - |
| Statistics | - | - | - | - | - | Statistics | - | - | - |

RESULTS MATRIX

| Country Development Priorities (NSDP Outcomes) | Specific Constraints Being Addressed by CDB | Contribution to Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|--|---|---|---|--|--|
| PILLAR 1: Enhancing Human and Social Development | | | | | |
| <i>CES Expected Outcome 1: Improved access and Quality of the Education System</i> | | | | | |
| i. Developing educated, productive, highly skilled, trained and conscious citizens | i. Limited access to quality tertiary/post-secondary education opportunities in key development areas. ii. Limited access to demand-driven, technology-enabled and quality TVET programmes. iii. Inadequate provision of high-quality and inclusive ECD services including the use of technology. iv. Sub-optimal teacher effectiveness to cater to the learning needs of all students at the various levels. v. Inadequate provision of quality and inclusive education services for learners and special educational needs. | i. Classrooms and educational support facilities built or upgraded according to minimum standards (#). <i>Baseline (2021): 0.</i> <i>Target (2026): Increase.</i> <i>Source: MOE.</i> ii. Students achieving grade-level expectations in Grade 6 in Mathematics and English (%); primary and secondary education. <u>Mathematics:</u> <i>Baseline (2021): 75.6(M); 84.2(F).</i> <u>English:</u> <i>Baseline (2021): 89.1(M); 96.4(F).</i> <i>Target (2026): Increase.</i> <i>Disaggregation: Sex.</i> <i>Source: MOE.</i> iii. Students achieving 5 or more Caribbean Secondary Education Certificate passes, including Mathematics and English (%). <u>Mathematics:</u> <i>Baseline (2021): 34.2(M); 37.2(F)</i> <u>English:</u> <i>Baseline (2021): 67.8(M); 76.8(F)</i> <i>Target (2026): Increase.</i> <i>Disaggregation: Sex.</i> <i>Source: MOE.</i> | ii. Expansion and Rehabilitation of the TAMCC Campuses. ii. Refurbishment of St Dominic's Roman Catholic School. iii. Construction of the St. John's Street Child Development Centre and the Victoria School for Special Education Expansion and Refurbishment. iv. Construction and rehabilitation of three primary and secondary schools on MOE priority list. v. Implementation of the Learning Recovery and Enhancement Programme (Let's REAP). | <u>Main Risks</u> i. Prolonged impact of the COVID-19 pandemic affects implementation of infrastructure works and Let's REAP programme. ii. Timely pre-appraisal inputs, such as designs for infrastructure works. <u>Main Mitigation Measures</u> i. Improved project planning and identification, and costing of delays in project design. ii. Engagement of industry partners and stakeholders during the design and implementation phases. iii. Active supervision of project/programme activities by CDB. | SDG 3; SDG 4; SDG 5; SDG 9; SDG 11; and SDG 16. |

| Country Development Priorities (NSDP Outcomes) | Specific Constraints Being Addressed by CDB | Contribution to Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|--|--|--|---|--|---|
| PILLAR 1: Enhancing Human and Social Development | | | | | |
| <i>CES Expected Outcome 2: Strengthened Social Protection and Resilience</i> | | | | | |
| ii. Promoting a healthy population | i. High levels of unemployment, and increased applications for social protection benefits due to the prolonged economic and social impact of COVID-19. | i. Households receiving temporary transfers (#): <i>Baseline (2021): 0.</i> <i>Target (2026): 1,113.</i> <i>Disaggregation: gender of headship, no. of parents.</i> <i>Source: COVID Economic Secretariat.</i> | i. CDB-IDB Global Loan Programme COVID-19 OECS. | <p><u>Main Risks</u> 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.</p> <p><u>Main Mitigation Measures</u> GOGR 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.</p> | SDG 1; SDG 2; SDG3; SDG 4; SDG 5; SDG 8; SDG 11; SDG 13; SDG 16; SDG 17 |
| | ii. Limited human and social capital, further constrained by the pandemic. | ii. Beneficiaries of income support in the informal and formal sectors: <i>Baseline (2021): 0.</i> <i>Target (2026): 3, 900.</i> <i>Disaggregation: sex, age, disability.</i> <i>Source: COVID Economic Secretariat.</i> | | | |
| | iii. High youth unemployment. | iii. Youth trained in entrepreneurship and had access to financial services. <i>Baseline (2021): 18.</i> <i>Target (2026): 150.</i> <i>Disaggregation: sex, age, disability.</i> <i>Source: COVID Economic Secretariat</i> | | | |

| Country Development Priorities (NSDP Outcomes) | Specific Constraints Being Addressed by CDB | Contribution to Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|---|--|--|---|---|--|
| PILLAR 2: Building a Vibrant, Dynamic, Competitive Economy with Supporting Climate-and-Disaster-Resilient Infrastructure | | | | | |
| <i>CES Expected Outcome 3: Modern Climate and Disaster-Resilient Infrastructure</i> | | | | | |
| iii. Providing modern climate and disaster-resilient infrastructure | i. Transport Sector: Land – high vulnerability to climate change impacts, congestion, accidents, limited night-time transportation, weak structure, and regulation. | i. Primary, secondary, and other roads built or upgraded (km). <i>Baseline [2021]: 0.</i> <i>Target [2026]: 25.</i> <i>Source: MOID documents.</i> | <ul style="list-style-type: none"> • WMRCU Project (25 km). • Extreme Rainfall Project. | <u>Main Risks</u> i. Western Main Road – Financing gap to be met, which will determine total length of intervention. ii. Increase in costs due to increasing inflation and supply chain challenges. iii. Delays in implementation due to the unavailability of materials/delays in delivery of key materials. <u>Main Mitigation Measures</u> i. CDB will work with GOGP in identifying resources where available, specifically soft resources. ii. Costs will include contingencies and flexibility will be applied with respect to procurement and early sourcing of materials ahead of time. | SDG 1; SDG 2; SDG 4; SDG 5; SDG 6; SDG 7; SDG 11; SDG 12; SDG 13; SDG 14; SDG 15; SDG 16 |
| | | ii. Beneficiaries (direct) of resilient infrastructure construction/enhancements (#). <i>Disaggregation: sex, age, disability.</i> <i>Baseline [2021]: 0.</i> <i>Target [2026]: 60,000.</i> <i>Source: MOID documents.</i> | | | |
| | | iii.. Studies completed (#). <i>Baseline [2021]: 0.</i> <i>Target [2026]: 1.</i> <i>Source: MOID documents.</i> | <ul style="list-style-type: none"> • TA – WMRCU Project. | | |

| Country Development Priorities (NSDP Outcomes) | Specific Constraints Being Addressed by CDB | Contribution to Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|---|--|--|--|----------------------|------|
| PILLAR 2: Building a Vibrant, Dynamic, Competitive Economy with Supporting Climate-and-Disaster-Resilient Infrastructure | | | | | |
| <i>CES Expected Outcome 3: Modern Climate and Disaster-Resilient Infrastructure</i> | | | | | |
| iv. Providing modern climate and disaster-resilient infrastructure | i. Water Sector: High vulnerability to climate change impacts, insufficient water production and storage, evolving governance, high demand. | i. Households with access to improved water supply [#]. <i>Baseline [2021]: 0.</i> <i>Target [2026]: 2,196.</i> <i>Disaggregation: sex, age, disability.</i> <i>Source: NAWASA documents.</i> <hr/> ii. Water (new/additional) storage capacity installed (m ³). <i>Baseline [2021]: 0.</i> <i>Target [2026]: 3,200.</i> <i>Disaggregation: Location.</i> <i>Source: NAWASA documents.</i> <hr/> iii. Water (new/additional) production capacity installed (m ³ /day). <i>Baseline [2021]: 0.</i> <i>Target [2026]: 3,570.</i> <i>Disaggregation: Location.</i> <i>Source: NAWASA documents.</i> <hr/> iv. Water supply mains laid/upgraded (km). <i>Baseline [2021]: 0.</i> <i>Target [2026]: 14.</i> <i>Source: NAWASA documents.</i> | i. SSGWSESI Project. ii. BNTF – Apres Toute Water Distribution and Construction of Rainwater Harvesting System. | | |

| Country Development Priorities (NSDP Outcomes) | Specific Constraints Being Addressed by CDB | Contribution to Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|---|---|--|---|----------------------|------|
| PILLAR 2: Building a Vibrant, Dynamic, Competitive Economy with Supporting Climate-and-Disaster-Resilient Infrastructure | | | | | |
| <i>CES Expected Outcome 3: Modern Climate and Disaster-Resilient Infrastructure</i> | | | | | |
| v. Providing modern climate and disaster-resilient infrastructure | i. Wastewater Sector Insufficient access to centralised wastewater services, absence of advanced treatment facilities, evolving governance, untapped reuse and RE potential. | i. Studies completed (#). <i>Baseline [2021]: 0.</i> <i>Target [2031]: 1.</i> <i>Source: NAWASA documents.</i> | TA – SSGWSESI Project. | | |
| vi. Providing modern climate and disaster-resilient infrastructure | ii. Solid Waste Sector: Environmental threat posed by existing dump, limited sanitary landfill capacity, outdated sector policy, need for waste diversion strategies. | ii. Landfill cell volume constructed (m ³). <i>Baseline [2021]: 0.</i> <i>Target [2026]: 174,375m³.</i> <i>Source: Grenada Solid Waste Management Authority (GSWMA) documents.</i> | ISWM Project. | | |
| | | iii. Studies completed (#). <i>Baseline [2021]: 0.</i> <i>Target [2026]: 3.</i> <i>Source: GSWMA documents.</i> | Included in ISWM Project: <ul style="list-style-type: none"> • TA – National Waste Management Policy. • TA – Composting Feasibility Study. • TA – Planning and Capacity Building Consultancy. | | |
| | iii. Landslip Protection Sector: High vulnerability to climate change. | iv. Landslip protection infrastructure built or upgraded (km). <i>Baseline [2021]: 0.</i> <i>Target [2031]: 0.6.</i> <i>Disaggregation: Location.</i> <i>Source: MOID documents.</i> | Proposed WMRCU Project: 0.6 km – Molinere; Gouyave. | | |

| Country Development Priorities (NSDP Outcomes) | Specific Constraints Being Addressed by CDB | Contribution to Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|---|--|---|---|---|---|
| PILLAR 2: Building a Vibrant, Dynamic, Competitive Economy with Supporting Climate-and-Disaster-Resilient Infrastructure | | | | | |
| <i>CES Expected Outcome 4: Improved Viability of MSMEs</i> | | | | | |
| i. Competitive Business Environment | i. Poor access to finance ii. Lack of application/utilisation of digital technology within MSMEs. | i. MSME operators trained and supported in accessing finance and utilising digital technology to improve operations (#). <i>Baseline (2021): 0. Target (2026): 80. Disaggregation: sex, age, disability. Source: GIDC.</i> | i. Training and support in Financial Management, and Digital and Social Media Marketing. | <u>Main Risks</u> i. Inability of MSMEs to effectively apply the knowledge and skills acquired and to access finance for innovative ventures, knowledge and skills acquired. ii. Participation of targeted beneficiaries. | SDG 4; SDG 5; SDG 8; SDG 9; SDG 16; and SDG 17 |
| | iii. Lack of innovative practices by MSMEs. | ii. MSME operators trained and supported in improved production processes and products/services (#). <i>Baseline (2021): 0. Target (2026): 30. Disaggregation: sex, age, disability. Source: GIDC.</i> | ii. Training and support in Project Management for Innovation. | <u>Main Mitigation Measure</u> CDB will work collaboratively with GOGP and GIDC to identify potential programmes and strategies which can support MSME development. | |
| <i>CES Expected Outcome 5: Enhanced Trade Facilitation</i> | | | | | |
| i. Competitive Business Environment | i. Absence of ESW | i. Operational Trade Single Window <i>Baseline [2021]: 0. Target [2026]: 1. Source: Ministry of Trade (MOT).</i> | i. TA to design and support the establishment of trade single window. | <u>Main Risks</u> Participation of key agencies and private sector partners. <u>Main Mitigation Measure</u> CDB will work collaboratively with GOGP and other stakeholders. | SDG 5; SDG 8; SDG 10 |
| | ii. Absence of maritime single window | ii. Operational Maritime Single Window <i>Baseline [2021]: 0. Target [2026]: 1. Source: MOT.</i> | ii. TA to support implementation of maritime single window | <u>Main Risks</u> Participation and collaboration of key agencies s. <u>Main Mitigation Measure</u> CDB will work collaboratively with GOGP and other stakeholders. | |
| | iii. Lack of institutional and regulatory support for the movement of fresh produce | iii. Improved food safety management systems and standards. iv. Reduction in post-harvest losses of products from farmer to consumers. | iii. TA to Agri-Food Sector Development and Strengthening of the National Food Safety System in Grenada | <u>Main Risk</u> Participation and collaboration of key agencies. <u>Main Mitigation Measure</u> | SDG 9 SDG 12 |

| Country Development Priorities (NSDP Outcomes) | Specific Constraints Being Addressed by CDB | Contribution to Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|---|---|--|---|---|---------------------------|
| | iv. Institutional and regulatory bottlenecks in the logistics chain. | v. Adopted national integrated logistics development plans. vi. Number of key stakeholder sessions conducted to discuss the recommendations from final logistics chain study. | iv. Improving the Supply Chain for Intra- CARICOM Agri Trade: Logistics Case Study for Grenada and Saint Lucia | CDB will work collaboratively with GOCR and other stakeholders. | |
| CES Expected Outcome 6: Enhanced Agriculture Sector Productivity and Increased Food and Nutrition Security | | | | | |
| Broad-based Inclusive and Sustainable Economic Growth and Transformation | <ul style="list-style-type: none"> i. Lack of capacity and funding for climate smart agriculture (CSA) practices ii. Inadequate road access iii. Poor irrigation and drainage systems iv. Low agriculture sector productivity, reduced output, and inconsistency of supply. v. Weak governance structures for agriculture sector water resources | <ul style="list-style-type: none"> i. Farmers, MOA Extension Officers and vulnerable people in poor rural communities receive training on climate change and CSA practices (#). <i>Baseline: 0.</i> <i>Target: Male, Female and Youth (2,200).</i> ii. Individual farmers and/or groups receive grant financing for CSA initiatives (#). <i>Baseline: 0.</i> <i>Target: Male, Female and Youth (120).</i> iii. Rural roads rehabilitated <i>Baseline: 0.</i> <i>Target: 7.</i> iv. Arable land with improved irrigation, flood control and drainage systems (Area-Ha). <i>Baseline: 0.</i> <i>Target: 150.</i> v. Increased agriculture sector output and consistency of supply. <i>Baseline: 0.</i> <i>Target: Increased.</i> vi. Improved agriculture sector water management <i>Baseline: 0.</i> <i>Target: Improved.</i> | <p><u>SAEP</u> TA – Increasing agriculture sector output through productivity enhancing technology interventions in the production and processing segments of agriculture value chain.</p> <p>CARE – Agriculture Sector Climate Change.</p> <p>Adaptation Project (community livelihoods initiative – soil and water conservation).</p> | <p><u>Main Risks</u></p> <ul style="list-style-type: none"> i. Participation of key agencies and targeted population. ii. Farmers are available to participate in training programme. <p><u>Main Mitigation Measure</u> CDB will work collaboratively with GOCR and other stakeholders.</p> | SDG 1; SDG 2; SDG 9 |

| Country Development Priorities (NSDP Outcomes) | Specific Constraints Being Addressed by CDB | Contribution to Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|--|--|---|---|---|---|
| PILLAR 3: Strengthening Environmental Sustainability and Security | | | | | |
| CES Expected Outcome 7: Strengthening Climate Resilience and Disaster Risk Management (DRM) | | | | | |
| i. Strengthening climate resilience and hazard risk reduction | i. Inadequate mainstreaming of DRM and climate resilience in policy and planning | <p>i. Persons trained (#). <i>Baseline [2021]: 0.</i> <i>Target [2031]: Increase.</i> <i>Disaggregation: sex, age, disability.</i> <i>Source: MOF.</i></p> <p>ii. Studies completed (#). <i>Baseline [2021]: 0.</i> <i>Target [2031]: Increase.</i> <i>Source: MOF.</i></p> | i. TA – Proposed Islandwide Drainage Study and Preliminary Designs. | <p><u>Main Risks</u></p> <p>i. Procurement and completion delays. ii. Limited capacity in the relevant Ministry to supervise the project.</p> <p><u>Main Mitigation Measure</u> CDB will work collaboratively with GOCR to identify a suitable firm to undertake the necessary works.</p> | SDG 1; SDG 2; SDG 4; SDG 5; SDG 6; SDG 7; SDG 11; SDG 12; SDG 13; and SDG 15 |
| | | <p>iii. TA proposals prepared and projects implemented <i>Baseline (2021): 0.</i> <i>Target (2023): 2.</i> <i>Source: MOF.</i></p> | <p>ii. TA – Enhancing existing multi-hazard early warning systems at the local and national levels.</p> <p>iii. TA – Enhancing a multi-hazard national disaster management plan.</p> <p>iv. TA – Developing and implementing a multi-hazard national evacuation plan.</p> | <p><u>Main Risk</u> Limited capacity in the relevant Ministry to supervise the project.</p> <p><u>Main Mitigation Measure</u> CDB will work collaboratively with GOCR to identify a suitable consultant to prepare the technical assistance proposals</p> | |

| Country Development Priorities (NSDP Outcomes) | Specific Constraints Being Addressed by CDB | Contribution to Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|--|--|--|--|---|----------------------|
| PILLAR 3: Strengthening Environmental Sustainability and Security | | | | | |
| <i>CES Expected Outcome 8: Enhancing Energy Security and Efficiency</i> | | | | | |
| i. Promoting energy security and efficiency | i. Inadequate/non-existent transparent and competitive feed-in tariffs, low EE transition and practice, low skills and capacity in line with new technologies in energy sector, high energy costs. | i. Studies completed (#). <i>Baseline [2021]: 0.</i> <i>Target [2026]: 3.</i> <i>Source: MOF.</i> | i. TA – Electricity System Planning. ii. TA – Regulatory Support. iii. TA – Geothermal ESIA. iv. TA – Geothermal Project Management Unit. | | SDG 7; and SDG 17 |
| | | ii. RE and energy storage capacity installed (MW). <i>Baseline [2021]: 0.</i> <i>Target [2026]: 10.</i> <i>Source: MOF.</i> | i. GE Development Project. | <u>Main Risk</u> Procurement and completion delays, limited capacity in the relevant Ministry to supervise the project, financial risks, political risk, and resource risks. <u>Main Mitigation Measure</u> Provision of specialised technical personnel, innovative financing, phasing, enhanced BMC support. | |

CLIMATE AND DISASTER RISK SCREENING

Basic Programme Information

| <p>Programme Title: Country Engagement Strategy 2022-26</p> <p>Country: Grenada</p> <p>Sector: Multisector</p> | |
|---|--|
| <p><u>Programme Outcomes and Brief Description</u></p> <p>To identify the overall risk to priority sectors critical to meeting the country’s CES outcomes and priorities based on climate and geophysical hazards and sector potential impact but adjusted for the sector’s institutional readiness and for the challenges and opportunities presented by the larger development.</p> | |
| <p><u>Summary of Climate and Disaster Risk Screening</u></p> <p>A. Exposure: Brief Description of Hazards likely to affect the project</p> | |
| Hazard/Climate Risks | Description |
| Drought | <p><u>Current:</u> Grenada has experienced three major droughts in recent decades: in 1995; over the 2009/2010 period; and the 2011/12 period. The more recent events created the driest periods in the nation’s recorded history. In particular, during the 2009/2010 event, the northern parts of the island were the hardest hit, with the main water production centres experiencing reductions of up to 65% (Grenada-Pilot Programme for Climate Resilience, 2011; UN Department of Economic and Social Affairs, 2012)¹.</p> |
| | <p><u>Projected:</u> The far western and southern Caribbean, including the eastern Caribbean Island chain, dry at 1.5°C (up to 50%). At 2.0°C, the warming and drying intensify and there is a reversal of a wet tendency in parts of the north Caribbean.</p> |
| Hurricanes/Tropical Storms | <p><u>Current:</u> Hurricanes have resulted in significant damage and losses throughout the country and within the economy. Grenada does not have an extensive hurricane history due to its location in the southernmost region of the hurricane belt; however, when they have occurred, hurricanes have resulted in significant damage and losses.</p> |
| | <p><u>Projected:</u> Hurricane intensity is likely to increase an average 8% for every 1°C of Sea Surface Temperature (SST) rise, according to recent projections observing increases in wind speed.</p> |
| Rainfall | <p><u>Current:</u> Annual rainfall ranges from 750 to 1,400 millimetres. The dry season typically runs from January to May and the rainy season from June to December. Carriacou and Petit Martinique generally receive lower levels of rainfall and during the dry season can experience severe drought conditions.</p> |

¹ As a general rule, the northern parts of the island and the island of Carriacou are the most vulnerable to drought, with prolonged dry spells adversely affecting both livestock production and the yield of irrigation crops (Pilot Programme for Climate Resilience, 2011; CARIBSAVE, 2012).

| <u>Summary of Climate and Disaster Risk Screening</u> | |
|--|---|
| A. Exposure: Brief Description of Hazards likely to affect the project | |
| Hazard/Climate Risks | Description |
| | <u>Projected:</u> A positive or negative variation of 5% to 20% in total precipitation by the year 2100 may be considered. Wetter wet seasons and severer and longer droughts during the dry seasons are predicted. By the year 2100, there will be a 5% to 10% increase in the wind speeds of tropical storms worldwide for a SST increase of 2.2°C. |
| Temperature | <u>Current:</u> The annual average temperature in Grenada is around 25°C, with a small variation (one degree) at annual seasonal cycle. The mean maximum temperature is 31.4°C while the mean minimum is 24.0°C. Decadal trends show that temperatures have risen steadily over time, with the 2000s being the hottest decade on record. |
| | <u>Projected:</u> There are no specific climate change scenarios available for Grenada and, pending more accurate regional data on variation in climate and a consensus on a regional climate change scenario, the scenarios adopted for temperature changes and SLR are based on the Intergovernmental Panel on Climate Change (1995) accepted and recommended scenarios, that is, temperature rise of 1.0°C to 3.5°C and SLR of 15 centimetres (cm) to 95 cm by 2100. |
| SLR/SST | <u>Current:</u> Increasing SST, particularly combined with the threat of SLR, could have major impacts on Grenada’s coastal ecosystems. The nation’s coral reefs, coastal lagoons, seagrass beds and mangrove areas form the basis of its tourism attractions. |
| | <u>Projected:</u> A recent (2015) report notes that the Caribbean Sea levels are projected to rise by up to 0.24 m by 2150 (under the A1B scenario). |
| A. Sensitivity ² : Brief description of hazards likely to affect the project ³ | <p><u>Transport:</u> Grenada’s road infrastructure is increasingly affected by climate change-related impacts, particularly heavy rainfall, floods, and rainfall-induced landslides. This has resulted in considerable economic impacts due to the extensive damage and losses to infrastructure such as roads, culverts, and bridges.</p> <p>MOID is responsible for planning, implementation, and supervision of road projects. MOID currently does not have a formal climate change strategy for infrastructure planning; however, climate change risks and impacts are considered for projects that are financed by development partners. As such, climate change aspects are included in the current Grenada WRMCU Project.</p> <p>The Road Unit is responsible for maintaining the existing public road network including: debushing, cleaning of drain and culverts; improving the existing public road network through regular maintenance; and constructing new, or rehabilitating, existing public roads.</p> |

² The presence of people, livelihoods, species or ecosystems, environmental services and resources, infrastructure, or economic, social, or cultural assets in places that could be adversely affected by a hazard.

³ A physical process or event (hydro-meteorological or oceanographic variables or phenomena) that can harm human health, livelihoods, or natural resources.

| <u>Summary of Climate and Disaster Risk Screening</u> | |
|--|---|
| A. Exposure: Brief Description of Hazards likely to affect the project | |
| Hazard/Climate Risks | Description |
| | <p><u>Education:</u> The highest vulnerability is to hurricanes and tropical storms. However, some schools have significant vulnerabilities to flooding, SLR and storm surges, temperature increase temperatures, and drought. Some schools are located within areas that are vulnerable to landslides.</p> <p>The direct impacts of climate change, primarily through potential destruction of infrastructure resulting from rapid-onset events such as tropical cyclones and floods. Climate change may also affect the sector indirectly through effects on food security, livelihoods, water, and health. Drought and increasing temperatures can lead to poor harvests and food scarcity, and increased costs for food that have negative impacts upon educational attainment. Extreme weather events reduce the availability of safe drinking water, compromise sanitation, and increase the incidence of weather-related diseases such as malaria and diarrhea, leading to absenteeism.</p> <p><u>Water and Wastewater:</u> Grenada’s freshwater resources are scarce and climate change has begun to aggravate the problem. Declining and erratic rainfall in conjunction with rising average temperature continue to have the highest impact on water availability because 90% of the water on Grenada’s mainland is obtained from rainwater. Further, saltwater intrusion in coastal ground aquifers due to high sea levels reduces the availability of fresh water in the future. Water supply is strongly affected by the dry season, during which available surface water can decrease as much as 30% to 40%. This contributes to the decline in water quality during dry seasons and an increase of water-borne diseases (diarrheal diseases in particular). Carriacou and Petite Martinique are particularly affected due to their reliance on rainwater harvesting. Aging infrastructure also aids in this challenge, especially in NRW.</p> <p><u>MSMEs:</u> Climate change impacts present a major challenge to private sector firms, particularly MSMEs which are regarded as playing a significant role in stimulating growth and development in Grenada. Direct impacts of climate change include property and location damage, and disruption to production. Indirect impacts include increasing scarcity and increased prices of resources such as water and energy, supply chain disruptions, and changes in demand for goods that they produce. Most MSMEs lack the capacity to adapt to climate change.</p> |

B. Adaptive Capacity Assessment⁴:

Overall, the priority sectors in the CES have a low adaptive capacity to potential impacts of climate change. While several policies and strategies have been developed, none of the institutions with responsibility for managing these sectors have taken a comprehensive and systematic approach to incorporating climate change considerations into their operations and decision making.

The water sector is plagued by numerous non-climate problems largely related to inadequate planning and investment in the water sector over successive decades. NAWASA undertakes small-scale projects and does the mandatory routine upgrades as required; however, inadequate financing is a major barrier in addressing the challenges within the water sector, particularly systems expansion. Due to a low tariff structure, NAWASA also faces a low revenue stream that has severely hindered the company's ability to finance long-term investments in climate-resilient infrastructure. Poor water sector governance has also been presenting another barrier to addressing the water supply challenges in is the absence of a functioning state agency that regulates the island's water resources to ensure that the resources are being utilised in a safe and sustainable way.

The education sector does not have a formal climate change policy or strategy to support the systematic integration of climate change considerations into education planning. As such, the sector is left to draw on the national strategies, policies, plans and assessments, that have been developed by the Government to support climate change efforts in Grenada. At the national level, one of the main adaptive strategies is the designation of spaces as emergency shelters. Thus, school building maintenance is essential to ensuring that hazard-resistant buildings remain safe and that future construction takes natural hazard vulnerability into consideration. At the regional level, the sector benefits from the existence of Guidelines for Locating and Designing of Disaster Resilient Schools for the OECS. These guidelines cover wind, earthquake, flood, tsunami, volcano and fire hazards, and were prepared on behalf of the OECS Commission and involved extensive stakeholder consultation with "National Focal Points in each of the OECS territories"⁵. Nonetheless, the sector's adaptive capacity would benefit from the increased efforts to: protect and deploy education infrastructure to reduce vulnerability and build resilience; improve general education to enhance adaptive capacity; and use adaptation learning support to prepare for and maximise learning inadaptation practice.

Overall Risk Assessment Summary

Grenada is exposed to a high level of risk with meteorological and geophysical hazards (mainly earthquakes, hurricanes, storm surges, extreme rainfall events, landslides, and flooding) which have serious negative impacts on its socioeconomic stability by diverting fiscal resources and undermining development priorities. These hazards often result in loss of life and livelihoods, and significant and recurrent damage to key CES sectors – roads, water, education, and MSMEs. Extreme weather events adversely affect school infrastructure (many of which are used as emergency shelters), hinder school attendance, and slow progress in improving the education system. These events also damage or destroy existing transport infrastructure, thereby further limiting access to social and economic services and opportunities. The trend towards drier conditions point to an overall decrease in freshwater availability resulting from changing rainfall patterns threatening water quality and availability.

⁴ The ability of systems, institutions, humans, and other organisms to adjust to potential damage, to take advantage of opportunities, or to respond to consequences of hazards.

⁵ Guidelines for Locating and Designing of Disaster Resilient Schools for the OECS.

Grenada has made considerable advances in climate change preparedness. The country's NDC clearly sets out an ambitious agenda for mitigation. The Climate Change Policy and NAP provide costed detailed plans for adaptation and resilience building. The establishment of the Ministry of Climate Resilience in 2017 has further promoted mainstreaming of climate adaptation. However, implementation capacity remains a huge impediment to meeting NAP goals, particularly given Grenada's tight fiscal constraints. Post-disaster activities and responsibilities are well articulated but require formalisation, and more progress is required on financing. Climate resilience has been integrated into the PSIP Framework as a key screening element but, in practice, the weight given to the climate resilience project prioritisation and selection process is unclear.

Adaptive capacity in all sectors, however, currently remains low to moderate, signaling the need for interventions to address gaps. Planned and ongoing interventions include: reducing physical vulnerability of critical infrastructure; strengthening the capacity of line ministries to mainstream climate resilience considerations into core physical and investment planning and asset maintenance; developing CRVAs for the transport and water sector; and implementing adaptation plans of action responding to the vulnerabilities identified.

Continued emphasis needs to be placed on:

- (a) mainstreaming climate change into key sectors by undertaking climate vulnerability assessments;
- (b) developing climate-resilient investment master plans for critical infrastructure;
- (c) ensuring that responsibilities for climate action are logically assigned to relevant ministries, with clear responsibilities for developing sectoral strategies and costed investments;
- (d) ensuring that climate-related objectives and activities are systematically identified in the budget, and investment projects explicitly linked to these objectives and activities;
- (e) implementing resilience measures identified for the CES priority sectors;
- (f) developing a disaster resilience strategy that synthesises actions from other plans and strategies that would help Grenada improve its readiness to cope with future disasters;
- (g) strengthening the integration of climate change in school curricula at all levels;
- (h) ensuring extensive stakeholder engagement and public consultations in the adoption of climate change mitigation policies which involves and redounds to the benefit of the immediate communities around the schools;
- (i) adopting appropriate building codes to meet the demands of safer school construction;
- (j) climate proofing existing roadways and bridge infrastructure;
- (k) supporting climate vulnerability assessments in coastal and inland locations; and
- (l) raising awareness about the impacts of climate change and developing advisory services and tools for designing and financing adaptation strategies for MSMEs.

