

CARIBBEAN DEVELOPMENT BANK

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

TO BE HELD VIRTUALLY

SEPTEMBER 22, 2022

PAPER BD 61/22

COUNTRY ENGAGEMENT STRATEGY 2022-26
SAINT VINCENT AND THE GRENADINES

The attached Country Engagement Strategy (CES) sets out the strategic direction for the Caribbean Development Bank's (CDB) engagement with the Government of Saint Vincent and the Grenadines (the Government) over the period 2022-26. The CES is guided by Saint Vincent and the Grenadines' (SVG) National Economic and Social Development Plan 2013-2025 (NESDP) which defines the country's development vision as improving the quality of life for all Vincentians. Under the theme "Re-engineering Economic Growth: Improving the Quality of Life for all Vincentians", the NESDP advances several strategic goals and broad objectives in support of attaining balanced, comprehensive, and sustainable development.

2. Since 2020, the Government's strategic priorities have broadened to address the impacts of the Coronavirus Disease 2019 pandemic and, in parallel, the devastating La Soufrière volcanic eruption in 2021. These shocks had sudden and significant economic and social impacts and laid bare the outstanding unresolved challenges and societal vulnerabilities. Advancing the objectives articulated in the NESDP and the Sustainable Development Goals (SDGs) will require transformative reform actions and a redoubling of efforts to accelerate economic recovery and tackle foundational challenges including climate vulnerability, inequality, and infrastructure deficits. However, sustaining development while maintaining debt sustainability has been made more challenging by the protracted effects of the crises.

3. The proposed CES is being prepared at a critical juncture. Fully anchored through extensive country engagement and a strong alignment with CDB strategic objectives, the CES supports SVG's overarching priority to sustain a resilient recovery and contributes to the country's social wellbeing, inclusive of efforts to address needs arising from the recent shocks. The strategy supports three (of five) NESDP strategic goals – *re-engineering economic growth; enabling enhanced human and social development; and preserving environmental sustainability and enhancing climate resilience* (CES pillars) – through five CES outcomes geared at: (a) building capacity in support of climate smart agriculture, agri-business growth and Micro, Small and Medium-sized Enterprise development; (b) strengthening progress in SDGs integration in national planning; (c) improving availability of resilient productive infrastructure; (d) strengthening human capital, gender equality, and social protection; and (e) enhancing environmental sustainability and climate change resilience. On the back of country constrained capacity and fiscal space, an envelope of eighty-eight million, four hundred thousand United States dollars (USD88.4 mn) is proposed to fund the indicative programme of assistance identified.

4. The Board is asked to approve the CES for SVG for 2022-26.



CARIBBEAN DEVELOPMENT BANK

STAFF REPORT

**COUNTRY ENGAGEMENT STRATEGY 2022-26
SAINT VINCENT AND THE GRENADINES**

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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 61/22)

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SEPTEMBER 2022

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ABBREVIATIONS

| | | |
|----------|---|--------------------------------------------------------------------------|
| BCP | - | Business Continuity Planning |
| BMCs | - | Borrowing Member Countries |
| bn | - | billion |
| BNTF | - | Basic Needs Trust Fund |
| BSOs | - | Business Support Organisations |
| CARICOM | - | Caribbean Community |
| CDB | - | Caribbean Development Bank |
| CDRRF | - | Community Disaster Risk Reduction Fund |
| CED | - | Centre for Enterprise Development |
| CES | - | Country Engagement Strategy |
| COG | - | Continuity of Government |
| COVID-19 | - | Coronavirus Disease |
| CSA | - | Climate Smart Agriculture |
| CVQ | - | Caribbean Vocational Qualification |
| CWP | - | Country Work Programme |
| CWSA | - | Central Water and Sewerage Authority |
| DiMSOG | - | Disaster Management Strategy and Operational Guidelines |
| DRM | - | Disaster Risk Management |
| DRR | - | Disaster Risk Reduction |
| ECD | - | Early Childhood Development |
| EE | - | Energy Efficiency |
| ESA | - | Electricity Supply Act |
| EU | - | European Union |
| FRF | - | Fiscal Responsibility Framework |
| GBV | - | Gender-Based Violence |
| GDI | - | Gender Development Index |
| GDP | - | Gross Domestic Product |
| GHG | - | Greenhouse Gas |
| GLP | - | Global Loan Programme |
| GM | - | Gender Mainstreamed |
| GNI | - | Gross National Income |
| GOSVG | - | Government of Saint Vincent and the Grenadines |
| HDI | - | Human Development Index |
| HDR | - | Human Development Report |
| ICT | - | Information and Communication Technology |
| IDB | - | Inter-American Development Bank |
| IMF | - | International Monetary Fund |
| km | - | kilometres |
| kWh | - | kilowatt-hour |
| mn | - | million |
| MNMSD | - | Ministry of National Mobilisation and Social Development |
| MNS | - | Ministry of National Security |
| MOA | - | Ministry of Agriculture |
| MOE | - | Ministry of Education |
| MOF | - | Ministry of Finance, Economic Planning and Information Technology |
| MOT | - | Ministry of Tourism, Civil Aviation, Sustainable Development and Culture |
| MSMEs | - | Micro, Small and Medium-sized Enterprises |
| MHW | - | Ministry of Health and Wellness |
| MTR | - | Mid-Term Review |

| | | |
|----------|---|----------------------------------------------------------------------------------------------------|
| MTW | - | Ministry of Transport, Works, Land and Surveys, and Physical Planning |
| MUD | - | Ministry of Urban Development, Energy, Airports, Seaports, Grenadines Affairs and Local Government |
| NAP | - | National Adaptation Plan |
| NDC | - | Nationally-Determined Contribution |
| NDM | - | Natural Disaster Management |
| NDP | - | National Development Plan |
| NEDMA | - | National Emergency and Disaster Management Act |
| NEP | - | National Energy Policy |
| NESDP | - | National Economic and Social Development Plan |
| NGEPAP | - | National Gender Equality Policy and Action Plan |
| NIS | - | National Insurance Services |
| NPDP | - | National Physical Development Plan |
| NYPSAP | - | National Youth Policy, Strategy and Action Plan |
| NYS/CSPS | - | National Youth Service/Citizen Security Programme Strategy |
| OECS | - | Organisation of Eastern Caribbean States |
| PDNA | - | Post-disaster Needs Assessment |
| PPU | - | Physical Planning Unit |
| PV | - | Photovoltaic |
| PWDs | - | Persons with Disabilities |
| RE | - | Renewable Energy |
| RF | - | Results Framework |
| RMF | - | Results Monitoring Framework |
| RRL | - | Rehabilitation and Reconstruction Loan |
| SDF | - | Special Development Fund |
| SDGs | - | Sustainable Development Goals |
| SLR | - | Sea Level Rise |
| SPP | - | Social Protection Programmes |
| SPS | - | Social Protection System |
| STEM | - | Science, Technology Engineering and Mathematics |
| SVG | - | Saint Vincent and the Grenadines |
| SVGCL | - | St. Vincent Geothermal Company Limited |
| TA | - | Technical Assistance |
| TC | - | Traffic Congestion |
| TVET | - | Technical, Vocational Education, and Training |
| UBEC | - | Unleashing the Blue Economy of the Caribbean |
| UK-CIF | - | United Kingdom Caribbean Infrastructure Partnership Fund |
| UN | - | United Nations |
| UNDP | - | United Nations Development Programme |
| UNFCCC | - | United Nations Framework Convention on Climate Change |
| UNICEF | - | United Nations Children's Fund |
| VINLEC | - | St. Vincent Electricity Services Limited |
| VOC | - | Vehicular Operating Costs |
| WB | - | World Bank |
| WBG | - | World Bank Group |
| WTTC | - | World Travel and Tourism Council |
| XCD | - | Eastern Caribbean Dollars |

TABLE OF CONTENTS

EXECUTIVE SUMMARY

- 1. COUNTRY CONTEXT**
- 2. KEY DEVELOPMENT CHALLENGES AND STRATEGIC PRIORITIES**
- 3. COUNTRY PORTFOLIO REVIEW AND LESSONS LEARNT**
 - Country Portfolio
 - Country Strategy 2014-18 Review
 - Lessons Learnt
- 4. COUNTRY ENGAGEMENT STRATEGY, 2022-26**
 - Objectives and Alignment
 - Indicative Resource Envelope
 - CES and Its Proposed Contribution to Country Outcomes
 - Monitoring and Implementing the Strategy
 - Coordination with Development Partners
 - Risk Analysis and Mitigation

APPENDICES

- APPENDIX 1: GENDER MARKER ANALYSIS
- APPENDIX 2: HUMAN DEVELOPMENT INDEX COMPONENT INDICES 2000-2019
- APPENDIX 3: SOCIAL VULNERABILITY MATRIX
- APPENDIX 4: NESDP 2013-2025: STRATEGIC GOALS AND DEVELOPMENT OBJECTIVES
- APPENDIX 5: COUNTRY STRATEGY COMPLETION REPORT (2014-18) SUMMARY
- APPENDIX 6: RESULTS FRAMEWORK
- APPENDIX 7: DEVELOPMENT PARTNERS' CURRENT ACTIVITIES
- APPENDIX 8: CLIMATE AND DISASTER RISK SCREENING

COUNTRY DATA

Macroeconomic Indicators

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------------------------------------------|---------|---------|---------|---------|---------|
| REAL PER CAPITA INCOME (Constant 2018 Prices, USD) | 7,770.8 | 8,001.5 | 8,027.5 | 7,595.0 | 7,644.7 |
| GROSS DOMESTIC PRODUCT (GDP) | | | | | |
| Constant GDP at 2018 Prices (\$ million [mn]) | 2,317.0 | 2,387.7 | 2,397.3 | 2,270.0 | 2,286.7 |
| GDP at Current Market Prices (\$ mn) | 2,288.6 | 2,387.7 | 2,457.4 | 2,354.8 | 2,402.4 |
| GDP at Constant Market Prices (Annual % Change) | 1.7 | 3.1 | 0.4 | (5.3) | 0.7 |
| MONEY AND PRICES (Annual % Change) | | | | | |
| Consumer Prices (period average) | 2.2 | 2.3 | 0.9 | (0.6) | 1.6 |
| Money Supply (M1) | (0.8) | 8.4 | 12.5 | 1.0 | 18.4 |
| Credit to the Private Sector | 1.6 | 0.2 | -0.3 | 0.9 | 0.0 |
| PUBLIC FINANCES (% of GDP) | | | | | |
| Revenues and Grants | 28.1 | 26.7 | 27.7 | 30.4 | 30.8 |
| Expenditures | 28.5 | 27.5 | 30.4 | 35.7 | 38.5 |
| Overall Surplus/(Deficit) | (0.4) | (0.8) | (2.7) | (5.3) | (7.2) |
| Primary Surplus/(Deficit) | 1.8 | 1.3 | (0.4) | (3.1) | (4.7) |
| Public Sector Debt | 68.7 | 69.4 | 68.1 | 79.4 | 88.3 |
| BALANCE OF PAYMENTS (% of GDP) | | | | | |
| Exports of Goods and Services | 34.6 | 36.4 | 36.0 | 21.7 | 14.1 |
| Imports of Goods and Services | 50.7 | 51.2 | 46.7 | 42.8 | 46.7 |
| Current Account Balance | (11.7) | (10.2) | (3.1) | (15.1) | (23.8) |
| Foreign Direct Investment Inflows | 16.8 | 3.9 | 7.6 | 3.3 | 6.9 |
| Estimated Tourism Expenditure (USD mn) | 95.1 | 104.4 | 117.9 | 43.8 | 28.8 |
| AVERAGE EXCHANGE RATE | | | | | |
| \$ per USD | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 |

Social and Environmental Data

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|---------|
| POPULATION | | | | | |
| Total Population | 110,431 | 110,520 | 110,608 | 110,696 | 110,784 |
| Crude Birth Rate (per 1,000 people) | 14.4 | 14.2 | 14.1 | n.a. | n.a. |
| Life expectancy at birth, Total (years) | 72.3 | 72.4 | 72.5 | 71.0 | n.a. |
| Female | 74.9 | 75.0 | 75.1 | 74.9 | n.a. |
| Male | 70.1 | 70.2 | 70.3 | 70.4 | n.a. |
| EDUCATION | | | | | |
| School Enrollment Ratio (%) | | | | | |
| Primary (net) | 95.36 | 94.54 | 94.01 | 92.32 | n.a. |
| Secondary (Net) | 85.36 | 82.66 | 81.31 | 82.32 | n.a. |
| Pupil-Teacher Ratio | | | | | |
| Primary | 14.0 | 14.0 | 14.0 | 14.0 | n.a. |
| Secondary | 14.0 | 13.0 | 12.0 | 12.0 | n.a. |
| LABOUR FORCE | | | | | |
| Unemployment Rate (%) | 25.8 | n.a. | n.a. | n.a. | n.a. |
| Male | 21.5 | n.a. | n.a. | n.a. | n.a. |
| Female | 30.6 | n.a. | n.a. | n.a. | n.a. |
| Participation Rate (%) | 67.8 | n.a. | n.a. | n.a. | n.a. |
| Male | 72.4 | n.a. | n.a. | n.a. | n.a. |
| Female | 63.3 | n.a. | n.a. | n.a. | n.a. |
| HEALTH | | | | | |
| Current Health Expenditure (% of GDP) | 4.5 | n.a. | n.a. | n.a. | n.a. |
| Mortality Rate, Infant (per 1,000 live births) | 14.3 | 13.8 | 13.4 | 12.9 | n.a. |
| HUMAN DEVELOPMENT INDEX | 0.734 | 0.736 | 0.738 | 0.738 | n.a. |
| HOUSING AND ENVIRONMENT | | | | | |
| Forest Area (% of land area) | 73.2 | 73.2 | 73.2 | 73.2 | n.a. |
| People using at least basic drinking water (%) | 99.0 | n.a. | n.a. | n.a. | n.a. |
| Households with electricity | 39,569 | 40,402 | 41,145 | 41,870 | 42,728 |
| ICT PENETRATION | | | | | |
| Individuals using the Internet (% of population) | 65.6 | n.a. | n.a. | n.a. | n.a. |
| Fixed broadband subscriptions (per 100 people) | 17.5 | 22.3 | 20.3 | 22.1 | n.a. |
| Fixed telephone subscriptions (per 100 people) | 18.3 | 17.4 | 11.7 | 11.3 | n.a. |
| Mobile cellular subscriptions (per 100 people) | 105.5 | 96.1 | 92.9 | 87.5 | n.a. |
| <i>Sources: World Development Indicators, Eastern Caribbean Central Bank, Government of St. Vincent and the Grenadines, St. Vincent and the Grenadines Education Statistical Digest 2018-19, United Nations Development Programme: Human Development Report 2020.</i> | | | | | |
| <i>n.a. Not Available.</i> | | | | | |
| <i>Data as at June 2022.</i> | | | | | |

GENDER MARKER SUMMARY

| Gender Marker | Analysis | Design | Implementation | Monitoring and Evaluation | Score | Code |
|----------------------|-----------------|---------------|-----------------------|----------------------------------|--------------|-----------------|
| | 1.0 | 0.5 | 1.0 | 1.0 | 3.5 | 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 of the Caribbean Development Bank (CDB/the Bank) for Saint Vincent and the Grenadines (SVG) over the period 2022-26. The CES responds to the country's development priorities and is aligned with CDB's Strategic Objectives of building social, production, environmental, financial, and institutional resilience, as well as CDB's cross-cutting objectives of promoting good governance, gender equality, and innovation (including digitalisation), while deepening economic integration and cooperation.

Country Context

2. Over the past decade, SVG has made notable socioeconomic progress. Although the country's human development profile reflects a trend towards continued improvements, relative to other Caribbean small states, outcomes in human development fall below regional averages (see Appendix 2). Moreover, inequalities persist with respect to peoples' wellbeing, poverty, gender equality, and citizen security, which remains a challenge. The country continues to grapple with volatile economic conditions and a high level of poverty and vulnerability exacerbated since 2020 by the Coronavirus Disease 2019 (COVID-19) pandemic and the La Soufrière volcanic eruption. To lessen the impact of the crises, the Government of Saint Vincent and the Grenadine's (GOSVG/the Government) instituted measures to stimulate demand, bolster healthcare and social protection, and mount a national vaccination programme. The crises increased the country's financing needs and public borrowing, while weakening its economic performance and capacity to service public debt. Although economic recovery commenced in 2021, economic output remains below the 2019 pre-pandemic level. Economic growth is projected to average around 5.0% between 2022 and 2024, buttressed by public infrastructure development, including hotel construction and port modernisation which should help underpin a gradual recovery in tourism, agriculture, and fishery exports.

National Priorities

3. SVG's National Economic and Social Development Plan 2013-2025 (NESDP) identifies several overarching development goals that are critical to achieving its vision of improving the quality of life for all Vincentians, including: (a) re-engineering economic growth; (b) enabling increased human and social development; (c) promoting good governance and increasing the effectiveness of public administration; (d) improving physical infrastructure, preserving the environment and building resilience to climate change; and (e) building national pride, identity and culture. GOSVG also views green and climate resilient investment (including for the energy sector) as a critical component in re-energising recovery¹ and enhancing the economy's resilience to climate effects. The Government, through its Nationally Determined Contribution (NDC), has expressed a commitment to reducing the country's carbon emissions consistent with its vision of sustainable development.

Caribbean Development Bank in Saint Vincent and the Grenadines and Lessons Learnt

4. SVG's portfolio is CDB's fourth largest, with loan and grant approvals over the period 1970-2021 totalling five hundred and ninety-seven million United States dollars (\$597 mn). CDB has provided funding for a range of projects, mainly in the areas of transportation and communication, social infrastructure and services, and environmental sustainability and disaster risk reduction (DRR). Key lessons from the previous CES (2014-18) suggest that the following are important to maximising the development impact of CDB's assistance to SVG: (a) alignment of the CES with country needs; (b) sufficient consideration of the country's capacity constraints; and (c) strong monitoring systems utilised for the ongoing review of the strategy.

¹ Budget 2022.

Country Engagement Strategy 2022-26: Pillars and Expected Outcomes

5. CDB's proposed strategic support rests on three pillars: (a) re-engineering economic growth; (b) enabling enhanced human and social development; and (c) preserving environment sustainability and enhancing climate resilience². The strategy supports these high-level goals through the following five outcomes:

- (a) building capacity in support of climate smart agriculture (CSA), agri-business growth, and Micro, Small and Medium-sized Enterprises (MSMEs) development;
- (b) strengthening progress in the Sustainable Development Goals (SDGs) integration in national planning;
- (c) improving the availability of resilient productive infrastructure;
- (d) strengthening human capital, gender equality, and social protection; and
- (e) enhancing environmental sustainability and climate change resilience.

6. The CES aligns with the current parliamentary term and election cycle. The next elections are constitutionally required to be held in March 2026. An indicative CES resource envelope is estimated at \$88.4 mn and is assessed to be in line with GOSVG's fiscal carrying capacity over the strategy period. SVG is a very small country with recognised limited capacity which is strained due to the implementation of large projects ongoing in the country, including the CDB-funded Port Modernisation Project that will undergo implementation during the strategy period. The envelope includes a loan allocation of \$12.9 mn from the tenth replenishment of CDB's Special Development Fund (SDF 10). Of this, \$2.5 mn was approved in September 2021 (during CES preparation) for emergency response assistance following the eruption of the La Soufrière volcano.

Risks and Mitigating Actions

7. There are several potential risks to the achievement of the CES's objectives. The main identified risks are related to financial (credit and liquidity), operational (processes, governance, human resources, external events, and disasters), and developmental (gender, environmental, climate and social) risk categories. CDB has identified measures to help mitigate these risks, including: (a) closer monitoring and consideration of prudent macroeconomic policies; (b) capacity building and institutional strengthening; (c) active engagement of development partners; and (d) disaster and climate risk management mainstreamed into CDB's investments.

² Resilience is the extent to which systems can adjust to climate change to mitigate potential damages, take advantage of opportunities, or cope with the consequences.

1. COUNTRY CONTEXT

Introduction

1.01 SVG¹, with a population of 110,784 persons (2021)², has achieved a high level of human development³. The country has a Human Development Index (HDI) score of 0.738 in 2019 (compared with 0.718 in 2010) and is ranked 97 out of 189 countries in the ‘high’ human development category. SVG’s human development profile reflects a trend towards continued improvements with a population that is living longer, becoming more educated, and with greater income. SVG’s gross national income (GNI) per capita⁴ almost doubled during the period 1990 to 2019, increasing by 96.2% to reach \$12,378, allowing the country to reach upper-middle income status. Relative to other Caribbean small states, however, the country’s income per capita and outcomes in human development fall below regional averages (see Appendix 2). Moreover, inequalities persist across the population with respect to peoples’ wellbeing, poverty, gender equality, and citizen security, which remains a challenge.

1.02 Agriculture, light manufacturing, and tourism are the main economic drivers that have helped sustain development progress, aided by targeted public spending in health, education, and infrastructure development. While the direct contribution of accommodation and food service activities remains modest, accounting for on average 4.4% of gross domestic product (GDP) over 2010-2019, the sector, through its linkages with other non-tradable sectors⁵, has a higher contribution to economic activity. The World Travel and Tourism Council (WTTC) estimates that in 2019, tourism and travel-related activities contributed directly and indirectly 40.5% to GDP and 42.6% of total employment⁶.

1.03 Development progress has been aided by transformative investments. Tourism’s economic contribution was bolstered by the construction of the Argyle International Airport in 2017 – an important pillar of GOSVG’s re-engineering growth and export diversification strategy. The country has invested in other initiatives to diversify the economic base and lift long-term growth. The \$250.8 mn Kingstown Port Modernisation Project is expected to increase trade and exports and help drive economic diversification. In addition, a state-of-the-art privately funded seafood processing plant was completed in January 2022 near the international airport, which is key for exporting live and fresh seafood to international markets. The Government has invested in geothermal energy initiatives exploring opportunities to strengthen energy security, reduce its carbon footprint, and lower energy costs to enhance competitiveness.

1.04 SVG’s economy is small and open, however, with inherent structural characteristics that present important economic, social, and environmental challenges that threaten long-term sustainability. Export orientation has helped to overcome constraints imposed by its smallness; but economic concentration around a still narrow export base and high dependence on imports have underpinned a high level of economic vulnerability to exogenous shocks exacerbated by a high susceptibility to disasters from natural hazard events⁷. The Global Climate Risk Index 2021 ranks SVG in the top 10.0% for losses⁸ of the 180 countries.

¹ SVG is an archipelagic nation located within the Windward Islands of the Eastern Caribbean, composed of 32 islands, islets, and cays.

² Mid-year total population estimates, which comprise of an almost equal proportion of males (51.3% or 56,826) and females (48.7% or 53,958). (Source: The Statistical Office of SVG).

³ 2020 Human Development Report (HDR), the United Nations Development Programme (UNDP).

⁴ HDR, 2020. GNI per capita (constant 2017 PPP\$).

⁵ This includes wholesale and retail trade, real estate activities, and transportation and storage.

⁶ WTTC, 2022.

⁷ These refer to hydro-meteorological (floods, wave surges, storms, droughts, and landslides) and geophysical (earthquakes, tsunamis, and volcanic eruptions) hazards.

⁸ As a percentage of GDP during 2000-2019.

1.05 SVG's high vulnerability has subjected it to economic volatility, low growth, macro-fiscal instability, and has contributed to increased poverty levels. Following the 2008 global economic recession, real GDP averaged around -2.2% during 2009-2011, down from 3.9% during 2001-08. The country has been affected by recurring adverse weather events including severe drought and Hurricane Tomas in 2010, destructive torrential rains and floods in 2011, and severe flooding and landslides in December 2013 with damage and economic losses estimated at 15%-17% of GDP⁹. Economic growth has yet to recover to pre-crisis 2008 rates, averaging around 1.2% during 2010 to 2019. During this period, fiscal consolidation efforts led to primary surpluses during 2015-18, and supported debt reduction¹⁰. This was complemented by initiatives to strengthen accountability and fiscal discipline to enhance resilience to shocks. A contingency fund for natural disasters was established in 2017¹¹; the Public Procurement Act 34/2018 was passed in 2018 to improve procurement practices and increase efficiency and effectiveness in public expenditure; a modernised Tax Administration and Procedures Act was enacted in 2019; and the Government adopted a rules-based Fiscal Responsibility Framework (FRF) in 2020.

1.06 The COVID-19 pandemic and the eruption of the La Soufrière Volcano (in April 2021) are the most recent shocks to impact SVG¹². COVID-19, which has rapidly spread across the globe since 2020, first impacted SVG in March 2020. These extraordinary shocks have caused displacement on an unprecedented scale and have been destabilising, resulting in higher unemployment levels¹³, increased poverty and wider inequality, and undermining progress made towards the SDGs. The SVG economy contracted by 5.3% in 2020, as value added in accommodation and food services activities (around 4% of GDP) fell sharply by 44.8%. A Post-disaster Needs Assessment (PDNA)¹⁴ of the volcanic eruption estimates that over 20,000 persons (around 20.0% of the population) were temporarily displaced, with damage and loss to infrastructure, agriculture, and related sectors from significant ashfall and superheated mud flows, of approximately \$235 mn (around 26.0% of GDP).

1.07 Public finances were compromised by the dual shocks. In the context of lower revenues and inadequate fiscal buffers, additional expenditures to assist with healthcare, social protection, rescue, recovery, and reconstruction efforts, and to provide economic stimuli (of 3.6% of GDP) have increased fiscal deficits and public debt. The overall deficit rose to 5.3% of GDP (2020), compared with 2.7% of GDP at the end of 2019, and reached 7.2% in 2021, while public sector debt as a percentage of GDP rose to an estimated 88.3% in 2021 from 68.1% in 2019. GOSVG leveraged its contingency fund and both domestic and external financing sources, receiving grants and in-kind resources from international financing institutions, bilateral creditors, and other external partners to aid relief and recovery and help close its large financing gaps. CDB provided resources totaling \$16.6 mn¹⁵ to help address these shocks.

1.08 The dual shocks have also undermined socioeconomic gains. These challenges have, in the main, resulted from increased levels of unemployment for formal and informal service sector workers. The knock-on effects have increased hardship and reduced wellbeing and quality of life as the country faced increased social vulnerability, particularly among the displaced population. While GOSVG has ramped up social protection (public assistance) programmes, rising inequalities continue to persist with the prevailing economic conditions limiting livelihood opportunities and leading to higher poverty. This will place a strain

⁹ Rapid Damage and Loss Assessment, December 24-25, 2013, Floods (January 16, 2014).

¹⁰ Two rounds of debt forgiveness by Venezuela in 2017 contributed to the declining debt-to-GDP ratio.

¹¹ SVG contingencies fund is capitalised by a tax on consumption and a levy on visitor accommodations. On January 17, 2020, total savings in the Contingencies Fund stood at \$30.5 mn (Budget 2020).

¹² The volcano last erupted in 1979.

¹³ International Labor Organisation estimates suggest that the unemployment rate averaged 19.1% during 2010-2019 and grew to 21.6% in 2021.

¹⁴ PDNA La Soufrière Volcanic Eruption Sector Reports – SVG (August 2021).

¹⁵ CDB provided support by way of an Immediate Response Loan (\$5 mn); a Disaster Management Emergency Assistance Grant (\$0.3 mn); and the COVID-19 Emergency Response Support Loan (\$11.3 mn).

on social protection and social services, healthcare, and education, and potentially increase gender-based violence (GBV), conduct disorders, and food insecurity (see Appendix 3).

Outlook and Debt Sustainability Assessment

1.09 SVG registered weak growth recovery of 0.7% in 2021. General macroeconomic conditions are projected to strengthen in 2022. Over the medium term, the economy is likely to benefit from high levels of public infrastructure development, including hotel construction, the new hospital project and port modernisation which will help underpin a gradual recovery in tourism, rising agriculture, and fishery exports. SVG envisages at least 875 hotel rooms under active construction on mainland St. Vincent, with well over \$500 mn slated to be spent by private investors and the Government over the next 12 months¹⁶. Economic growth is projected to average around 5.0% between 2022 and 2024, although risks to the outlook are substantial. The continued proliferation of COVID-19 adds uncertainty and could result in a slower than anticipated pace of recovery as vaccination rates remain low in the country¹⁷. Inflationary pressures remain due to rising commodity prices and continued supply chain disruptions, which are exacerbated by the ongoing Russia-Ukraine war. Weather-related hazards could compromise recovery.

1.10 Public finances will remain challenged, particularly during the period 2022-24, because of higher capital spending primarily related to port construction. Over the strategy period, primary deficits are expected to average around 8.0% of GDP. Figures 1.1 and 1.2 present real GDP growth, and primary balances and public debt projections to 2025, respectively. Real GDP growth is estimated to average around 5.0% over 2022-24 supported by the start of several large-scale investment projects. Though still elevated, public debt is projected to decline to 86.0% of GDP at the end 2022 – aided by PetroCaribe debt cancellation amounting to around 4.0% of GDP. Thereafter, the ratio is projected to increase, averaging around 98.0% of GDP over 2023-25, with a higher debt service to current revenue ratio of 34% in line with higher capital investment spending¹⁸. It is projected that following the completion of the large-scale projects in 2026, the primary balance would improve on a trajectory consistent with reaching the regional debt target of 60.0% of GDP by 2035 set by the Eastern Caribbean Central Bank’s Monetary Council. This outlook is supported by GOSVG’s commitment to re-operationalise the fiscal rules - which were suspended in 2020 against the backdrop of the COVID-19 pandemic - to drive fiscal discipline and better entrench debt sustainability over time.

FIGURE 1.1: Real GDP Growth (%)

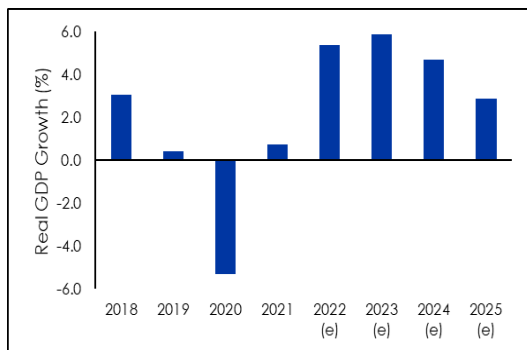
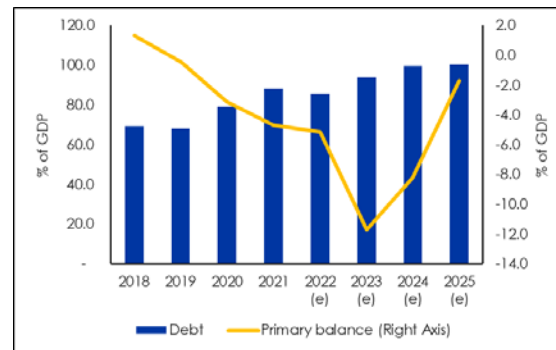


FIGURE 1.2: Debt and Primary Balance (% of GDP)



Sources: The Government and CDB.

¹⁶ Budget 2022.

¹⁷ Approximately 24.0% of the country’s population was fully vaccinated (26,668 second doses) by 2021.

¹⁸ At such high levels, debt-induced uncertainties can dampen private investments and growth.

2. KEY DEVELOPMENT CHALLENGES AND STRATEGIC PRIORITIES

2.01 SVG's development challenges are varied and are consistent with those of other small states across the Region. The country has a very narrow economic base which exposes it to considerable socioeconomic volatility; a condition that is of particular significance given its vulnerability to both natural and man-made hazard events. The country has made reasonable gains in some areas of its socioeconomic progress. The country has a relatively high Gender Development Index (GDI)¹⁹ of 0.965. Life expectancy at birth reached 72.5 years (70.3 years for males and 75.1 years for females). The expected years of schooling was 14.1 years per child with a marginal difference between females (14.2 years) and males (14.0 years). Approximately, 61.0% of primary school teachers are trained and the quality of education is enhanced with primary and secondary schools recording 100% and 96.0% access to the internet, respectively. Despite improvements over the years in HDI, unemployment and poverty levels are at uncomfortable levels.

2.02 Cognisant of its inherent development challenges, GOSVG has set out a development path in its NESDP in line with its development vision of improving the quality of life for all Vincentians. The strategy identifies five inter-related high level goals that are critical to achieving its vision, including: (a) re-engineering economic growth; (b) enabling increased human and social development; (c) promoting good governance and increasing the effectiveness of public administration; (d) improving physical infrastructure, preserving the environment, and building resilience to climate change; and (e) building national pride, identity and culture (see Figure 2.1). These five goals are linked to several strategic objectives that have been prioritised to realise the vision articulated (see Appendix 4).

FIGURE 2.1: THE FIVE STRATEGIC GOALS



Source: SVG's NESDP.

2.03 In 2022, SVG's strategic priorities were reordered in light of shocks. The 2022 Budget outlined four immediate goals: (a) keep Vincentians safe from COVID-19 while effectively addressing the consequences of the pandemic; (b) respond to the multifaceted social and infrastructural toll of La Soufrière's eruptions; (c) pursue fresh initiatives in accelerating economic recovery; and (d) further transform the country by creatively tackling foundational challenges, in particular climate vulnerability, inequality and infrastructure deficits. Climate change mitigation, adaptation and initiatives in green development and climate-resilient

¹⁹ GDI measures disparities on HDI by gender. The closer the ratio is to 1, the smaller the gap between women and men.

infrastructure, Blue Economy, and digital transformation are critical areas of focus to strengthen resilience and transform growth, to be facilitated by key public capital investments as both an economic stimulus and to address existing deficits.

2.04 GOSVG is committed to the SDG plan of action and attaches significant importance to the implementation of the 2030 Agenda for Sustainable Development²⁰. Prior to the adoption of Agenda 2030, GOSVG had already crafted its development plan and began its implementation. In the context of embedding the SDGs, a recent assessment²¹ of its NESDP revealed a 48.0% alignment of its development objectives with SDGs and targets. GOSVG has prioritised improving SDG integration within national planning.

2.05 Within the ambit of its stated development priorities, the Government has focused its investments, *inter alia*, in education and social protection, the modernisation of transport and communication infrastructure, the development of renewable energy (RE) and investments in agriculture, fisheries, and tourism as key levers to enhance sector development and help transform the country into a modern, resilient, and competitive private sector-led economy. This opens significant opportunities for development in these multiple sectors. Through a consultative process of discussion with GOSVG that has incorporated a comprehensive review of CDB's prior engagements and an analysis of the critical challenges and constraints impeding SVG's development agenda, CDB has identified several strategic priority issues as a foundation for building out a new assistance strategy and informing the Bank's programme formulation. These are discussed briefly below.

Agriculture

2.06 Agriculture and fisheries continue to play an important economic role in SVG, averaging around 8.0% of GDP over 2010-2020. The sector is critical for food security, rural incomes, and employment. The sector also provides vital ecosystem services which contribute to the quality of life of the rural populace. However, challenges persist related to low productivity resulting from reduced yield development, pest and diseases, and high vulnerability to climate change and natural hazard events. Notably, the ashfall and lahars (mudflows) related to the volcanic eruption had a significant adverse impact on the sector, with total damage and loss of around two hundred and thirty million, one hundred thousand Eastern Caribbean dollars (XCD230.1 mn) (36.3% of total). The agriculture value chain also suffers from weak market linkages and, in many instances, an inability to meet internationally accepted food safety standards.

2.07 Increased public and private investment in climate-resilient production and the modernisation and upgrade of infrastructure and systems – water/irrigation systems, drainage, and feeder roads – would be vital in improving the sector's performance. Furthermore, the introduction of smart technologies, innovative marketing arrangements and digital solutions will enhance the efficiency and productivity of farming systems, food value chains, and overall agriculture sector operations.

Private Sector Development – Micro, Small and Medium-sized Enterprises

2.08 Sustained growth and job creation will need to be driven by the private sector. MSMEs make up a large part of the private sector in SVG and contribute significantly to the economy. However, MSMEs face several challenges which negatively impact their productivity, competitiveness, and survival that ultimately hinder private sector-led growth. Some of these challenges include limited access to financing options due to a lack of innovative financing solutions, high costs for inputs to production, inadequate supporting infrastructure such as transportation and Information and Communication Technology (ICT), limited human resources and entrepreneurial skills, underdeveloped business enabling environment, and lack of adequate

²⁰ <https://sustainabledevelopment.un.org/index.php?page=view&type=400&nr=2125&menu=1515>.

²¹ The United Nations (UN) conducted a Rapid Integrated Assessment analysis 2020 of SVG's Development Plan.

supporting institutions. Ease of doing business in SVG continues to be a challenge with a country ranking of 130th overall out of 190 countries, with a score of 57.1 out of 100 in the World Bank (WB) 2020 Doing Business report. High electricity costs also rank amongst the top constraints to doing business.

2.09 Several strategic interventions and actions are needed to improve the business environment. Investment climate reforms to foster entrepreneurship and competitiveness, and actions to strengthen the quality of business support institutions and the capacity and efficiency of the public sector for service delivery are all critical. Businesses will need to embrace innovation and new technology to lift productivity and resilience. Adoption by MSMEs of sustainable energy (RE/energy efficiency [EE]) options can reduce electricity cost/operating cost and enhance competitiveness. InvestSVG is focusing on technical assistance (TA) to spur business climate reform and, by extension, a heightened perception of the country as a place to invest.

Social Protection, Gender Equality and Citizen Security

2.10 GOSVG's commitment to expand and strengthen the delivery of social protection services (SPS) is articulated in the NESDP. Through several line ministries, the Government provides an array of social assistance programmes to address vulnerability in the population that include the CDB-funded Basic Needs Trust Fund (BNTF) Social Welfare Programme and the National Insurance Scheme Non-contributory Programme, among others. The NESDP identifies addressing issues such as programme duplication and fragmentation and, in instances, interoperability of systems that have contributed to inefficiency and compromised effectiveness in programme delivery. Examples include the Uniform Assistance and Basic Amenities Programmes administered separately by the Division of Social Protection, as well as the Department of Gender Affairs within the Ministry of National Mobilisation and Social Development (MNMSD). The NESDP proposes measures to reduce overlap and to foster greater coordination and cohesion of the social protection programmes (SPP). In keeping with current good practice in implementing SPP, rationalising and improving the targeting of the wide range of interventions also remains a key modernisation challenge.

2.11 Social protection will play an important role to better support individuals and households in the context of increasing frequency, magnitude, and intensity of shocks. The lingering effects of the recent shocks continue to pose unparalleled challenges to the quality of life and wellbeing of sub-population groups, particularly among the low-income single parent, including women-headed households, as well as the recently unemployed in the formal and informal sectors, many of whom have entered the ranks of the new poor. These cohorts will require targeted short-to-medium term income support and other associated assistance to cushion the impact of labour market displacement and the livelihoods lost. GOSVG's social protection response to COVID-19 included the horizontal and vertical scaling-up of social assistance programmes. As part of this emergency response, protecting the poor and vulnerable exposed the need for strengthening the resilience of the country's SPS by increasing its adaptive capacity to support excluded groups and address diverse needs for social protection. UNDP's HEAT COVID-19 Report (2020) cites a few examples of different strategies that GOSVG could consider such as broadening safety protection support in the form of enhanced unemployment insurance with extended duration, increased benefits, relaxed eligibility, and expanded social assistance coverage through the establishment of a Welfare Development Fund.

2.12 The 2030 SDG Agenda points toward the creation of SPS that allow all people to enjoy basic standards of living. In addition, the 2030 Agenda incorporates the importance of promoting efforts by countries to "*build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other environmental disasters*" (Goal 1). Cognisant that the gains from direct transfers will not reduce poverty sustainably if social protection fails to improve the accumulation of human capital and their beneficiaries fail to pivot away from assistance over time, GOSVG's social protection agenda will need to focus, *inter alia*, on: building the human capital of poor and vulnerable

households; creating avenues for their increased participation in the formal labour market with emphasis on upgrading technical and vocational skills; and supporting entrepreneurship for economic empowerment and poverty reduction.

2.13 SVG has ratified key international commitments for gender equality and the Constitution provides broad protection from sex discrimination. However, some challenges remain: (a) patriarchal attitudes are deeply embedded in society; (b) underperformance of boys in education remains a continuing challenge despite having achieved gender parity in terms of access; (c) constraints to female entrepreneurship including limited access to credit and land ownership, poor business skills, time poverty due to family responsibilities, and social prejudice against female entrepreneurs; (d) women's unequal access to opportunities in the labour market has contributed to the poverty experienced by female-headed households; (e) lack of a gender perspective in many disaster risk management (DRM) national policies and programmatic plans; (f) increasing crime and violence and the prevalence of sexual violence and GBV are major concerns; (g) absence of systems for providing protections for members of the lesbian, gay, bisexual, and transgender communities; and (h) provisions for access to buildings by Persons with Disabilities (PWDs)²².

Education

2.14 Investing in education and skills training is a key priority of SVG for building human capital, improving socioeconomic mobility, reducing poverty, and boosting economic growth. Public expenditure on education ranged between 5.0% and 6.0% of GDP during 2016 to 2018 (compared with 5.1% of GDP in 2010), somewhat higher than the average expenditure of 4.5% in Caribbean small states. With this level of sustained funding, SVG has registered important advances in education, including universal access to primary and secondary education.

2.15 GOSVG's policy focus is on addressing key sector development challenges associated with the inclusive access and participation in early childhood development (ECD) services, the quality and relevance of education, internal efficiency, and school outcomes. Access to early stimulation in ECD remains a concern with 25.0% of pre-primary students unable to access school. While an acceptable proportion of primary teachers are trained (85.0%), only 63.0% of their secondary counterparts are certified. This correlates with significant dropout rates at the end of lower secondary (10.0%), with boys (12.0%) more likely to do so than girls (9.0%). This is reflective of the need for continued diversification of the curricula and a higher level of teacher efficacy to address the differentiated needs of learners. Less than 35.0% of students graduate from secondary education with five Caribbean Secondary Examinations Certificate passes including English and Mathematics. This constrains matriculation to post-secondary education, while there is a demand for more higher-level Caribbean Vocational Qualification (CVQ) programmes (Level 2 and above) to address skills deficit and demand-driven labour market needs. Minimising impediments to access, including digital access, has emerged as an urgent priority to support learning continuity within the COVID-19 pandemic period and beyond. Enhancing the enabling environment for student engagement and success, including the provision of student support services, remains a priority. There is also the overall poor quality of the schools' infrastructure which has an adverse impact on the quality of the teaching and learning process, access to basic education services for PWDs and, ultimately, improved learning outcomes for all.

2.16 Enhancing the quality and relevance of education to achieve better alignment with the demand for skills and to improve gainful employment is an urgent sector priority for GOSVG. Limited access to higher level demand-driven Technical and Vocational Education and Training (TVET) programmes has resulted in an inadequately skilled workforce relative to labour market needs, constraining employment opportunities especially for young graduates. The pandemic has aggravated existing labour market challenges, triggered

²² Country Reports on Human Rights Practices for 2017, United States Department of State Bureau of Democracy, Human Rights and Labor: <https://www.state.gov/documents/organisation/277603.pdf>, page 4.

significant job losses and kept unemployment high, especially among the youth. Youth exclusion can contribute to crime and violence with negative implications for growth and development. Inadequately skilled workers affect the resilience of the labour market. Low-skilled workers are highly vulnerable to labour demand shocks and can hamper the progress in poverty reduction. Closing the skills gap by promoting demand-driven skills development will enhance opportunities for the local population to benefit from existing economic activity and industries, grow employment, and strengthen labour market resilience. Ensuring the right skills to take advantage of existing and potential labour market opportunities will be critical moving forward. This includes investing in market driven digital economy skills to enhance preparedness and resilience.

Energy

2.17 SVG is largely dependent on imported fossil fuel for its electricity production. Imported fuels are vulnerable to fluctuating global prices and supply chain disruptions which make planning at the micro and macro level difficult. Furthermore, this has contributed to elevated electricity costs in SVG which negatively impacts the cost of doing business²³. The main challenge, therefore, is to have an adequate supply of energy at an affordable price. Currently, 98.0% of the population has access to electricity but RE (hydro and solar) accounts for only 19.0% of installed generation capacity. The energy sector accounted for around 68.0% of SVG's Greenhouse Gas (GHG) emissions in 2010, with projected further growth through to 2025, and is therefore the focus of its mitigation activity²⁴. Within the sector, approximately 50.0% of emissions can be attributed to energy generation and approximately 50.0% from transport.

2.18 SVG has prioritised, as indicated in the National Energy Policy (NEP) and in the first NDC under the United Nations Framework Convention on Climate Change (UNFCCC), the transition from imported diesel fuel to renewable on-island resources to generate electricity as a means of strengthening energy security. In this regard, the country aims to achieve a reduction in GHG emissions of 22.0% by 2025²⁵. In support of the energy objectives of the NESDP and with the assistance of CDB and other donors, the SVG Geothermal Company Limited (SVGCL) is exploring the ability of geothermal resources in the La Soufrière region to provide base load generation for mainland St. Vincent²⁶. Consideration is also being given to enhancing hydropower resources, making use of small run-of-river plants.

2.19 In addition to a photovoltaic (PV) and battery energy storage project being implemented by the St. Vincent Electricity Services Limited (VINLEC) with funding from CDB, the Grenadines Transition Project seeks to provide solar PV and battery energy systems for the five inhabited Grenadine islands, with diesel being used for backup only. Distributed solar systems are becoming more common on mainland St. Vincent; however, there is no legislated feed-in tariff. VINLEC has implemented a solar energy tariff of \$0.45/kilowatt-hour (kWh) for distributed generators but there is currently no tariff review mechanism for other forms of RE. To better enable management of the sector, GOSVG has recognised the need for a review of the Electricity Supply Act (ESA), as the current ESA (last revised in 1987) does not adequately support its plans of incorporating more RE into the grid. GOSVG initiated a revision of the ESA in 2020, which included

²³ Caribbean Electricity Tariff results for September 2020 recorded the residential tariff in SVG at \$0.1846/kWh, which is above the average of the 16 Caribbean Electric Utility Services Corporation full member electric utilities (\$0.18195/kWh), and above the average residential prices in the United States of America in 2020 which stood at \$0.1280/kWh.

²⁴ UNFCCC Report. SVG Intended NDC. November 18, 2015.

²⁵ UNFCCC Report. SVG Intended NDC. November 18, 2015.

²⁶ CDB's participation in this project has concluded. After drilling and testing three full sized exploratory geothermal wells, SVGCL has gathered the required data for evaluating the potential for commercial exploitation of the geothermal resource in the La Soufriere region.

engagement of local stakeholders, and this was expected to be laid in Parliament in April/May 2021. However, progress has been delayed in the aftermath of the volcano eruption.

Infrastructure

2.20 The devastation caused by several natural hazard events over the past two decades, including the recent eruption of the La Soufrière volcano and flash flooding, underscores the need for resilient infrastructure. Specifically, infrastructure should be designed and maintained to withstand volcanic eruptions, landslides, hurricanes, storms and extreme rainfall, all of which have resulted in significant losses to the economy, and social and economic dislocation to communities. Notwithstanding, there is potential for infrastructure development in the road network, as well as further expansion of the island's water network and sewage treatment facilities.

2.21 An inventory undertaken in 2013 to improve the road network, mapped approximately 814 kilometres (km) in total road length approximately 700 km outside Kingstown and its suburbs. Floods and landslides associated with the increased occurrence of hurricanes, storms and extreme rainfall events have caused substantial damage to the network that has resulted in significant economic losses and dislocation to communities. Over the last two decades, GOSVG has upgraded the two main arterial highways on mainland St. Vincent from Fancy to Kingstown on the windward side and from Kingstown to Layou on the south-leeward side and is currently preparing to undertake a project to rehabilitate approximately 5 km of the existing village/feeder roads, including features to enhance climate resilience of the infrastructure. Notwithstanding, there is still a need to improve access of residents in rural villages to essential services and to facilitate greater rural economic activity by improving feeder roads and upgrading the rural road network through the rehabilitating and upgrading of roads and bridges, routine maintenance, and expanding the network.

2.22 Central Water and Sewerage Authority (CWSA) is the agency responsible for the abstraction, treatment, and distribution of potable water for domestic, commercial, and institutional uses. CWSA's water supply comes from rainfall catchments and small springs and streams. There are 23 intakes feeding 16 networks. Currently, CWSA supplies water to over 37,500 domestic consumers and 1,320 industrial and commercial businesses. CWSA estimates that about 90.0% of householders are connected to its water supply system. In addition, water is sold to cruise ships and other small yachts and vessels, although this amounts to less than 1.0% of the water supply. The total water production for 2018 was 1.94 billion (bn) imperial gallons, while the total use was 1.73 bn gallons resulting in an unaccounted quantity of approximately 11.0%²⁷. With as much as 10.0% of the population still unconnected to the island's water supply system, GOSVG in its NESDP outlined its objective to ensure that every citizen has access to high quality potable water in mainland SVG through the expansion of the water supply and distribution system, while emphasising conservation practices and maintaining its safety and continued supply.

2.23 The sewerage network exists only in the central area of the capital city of Kingstown and a very small section of the suburban Arnos Vale community. There are 300 sewerage connections in Kingstown and just 40 connections in Arnos Vale (2019 figures). Most of the houses and buildings in the state are still served by septic tanks. Wastewater from the sewerage network in Kingstown is collected and pumped offshore at a distance and depth adjudged to be sufficient for adequate treatment by dilution. The effluent from the Arnos Vale network is treated by a tile-field septic system. There is, therefore, a need to expand the sewerage system to the suburban developments surrounding the capital. This is of particular importance to the tourism belt in the south of the island where sewage generated from hotels is disposed at sea. The long-term impact of this practice, if not addressed with some measure of urgency, could be catastrophic to this section of the country's coastline and to the livelihoods that are dependent on this marine environment.

²⁷ Caribbean Water and Wastewater Association Country Profile – SVG.

Strengthening Climate Resilience and Disaster Risk Management

2.24 SVG is endowed with rich and diverse ecological systems that support economic activity in tourism, fishing, agriculture, and human wellbeing (clean water and clean air). The resilience and stability of these ecosystems are important considerations for sustainability and warrant an approach to the management of the natural environment that staves off degradation of natural assets and infrastructure. Preserving SVG's environment while addressing the impacts of hydrometeorological and geo-physical hazards, is a fundamental challenge to SVG achieving diversified, inclusive economic and social development. SVG suffered extensive environmental damage from the eruption of the La Soufrière volcano. Climate change is projected to increase sea level rise (SLR), temperature, and the likelihood of more extreme hydrometeorological events, especially hurricanes and droughts. It is anticipated that climate change could further increase disaster risks and impacts which disproportionately affect the poor and socially-vulnerable communities in SVG who are less able to protect themselves and to adapt or recover from losses. Moreover, climate change places additional stresses to the capacity of eco-systems that provide essential services that sustain livelihoods of many Vincentians. Growing numbers of tourists are likely to increase pressures on the carrying capacity of these ecosystems and intensify vulnerability to climate-related hazards. It is therefore necessary to strengthen SVG's natural resources management and overall resilience to natural hazards impacts.

2.25 As part of the measures to combat increased disaster risks, GOSVG 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 has six priority areas: (a) institutional capacity building; (b) knowledge management; (c) sectoral integration; (d) operational readiness; (e) community resilience; and (f) biological hazards and pandemics. These priorities are broadly aligned with CDB's Disaster Management Strategy and Operational Guidelines (DiMSOG), and GOSVG's recovery programmes. Lessons learnt from the response to the volcanic eruption and COVID-19 has also shaped the way forward.

Climate Vulnerability

2.26 The geography, geology and socio-economic circumstances of SVG make it extremely vulnerable to climate-induced disasters. Due to its mountainous topography, most activities on the mainland are concentrated on the coastal zone. For example, more than 90.0% of the critical infrastructure is within the narrow coastal belt less than 8 metres above sea level. The coastal area is at risk to SLR and coastal erosion. The hilly terrain and steep slopes also increase the risks of landslides and flash floods in the event of severe weather.

2.27 Natural hazards can adversely impact the productive sectors of the economy, including agriculture and tourism. The agriculture sector is sensitive to extended periods of drought and unevenly distributed and heavy rainfall events. The impacts of these events are exacerbated by existing unsustainable land use practices such as monocropping and poor soil and water management. In 2009, a water shortage resulting from drought conditions, led to farmers suffering losses from reduced crop production. Consequently, food prices rose and produce had to be imported from other islands to supplement the limited supply. In 2010, Hurricane Tomas resulted in losses totaling XCD132.9 mn (10.5% of GDP), mainly to banana and plantain production²⁸. Tourism activities are concentrated in the Grenadines islands and all other livelihood activities in these islands are inherently linked to tourism. Extreme weather events have significantly reduced tourist arrivals and thus adversely impacting livelihoods.

²⁸ Economic Commission for Latin America and the Caribbean, *SVG Macro Socio-Economic Assessment of the Damage and Losses Caused by Hurricane Tomas*. May 20, 2011.

2.28 Development pressures and systemic deficiencies, including limited land use planning and deforestation in high risk and hazard prone areas, have exacerbated vulnerabilities to climate change and hazard impacts and have led to substantial damage to critical infrastructure, housing, and livelihoods during disasters. Most of the communities and associated infrastructure (telecommunications, roads, airports, and seaports) are located along the narrow coastal belt and are at direct risk from extreme weather activity, SLR and storm surges, rain-induced landslides on steep slopes, and flooding and inundation, posing threats to lives, livelihoods and socio-economic activity²⁹.

2.29 In response to the climate threat, GOSVG, under its National Climate Change Policy of 2019 has committed to achieve low carbon resilient development using an integrated, cross-sectoral and inclusive approach to climate change adaptation and mitigation. SVG is committed to the Caribbean Community (CARICOM) Liliendaal Declaration on Climate Change and Development, the Paris Agreement, the Regional Framework for Achieving Development Resilient to a Changing Climate and its Implementation Plan (2011-2021), and the Comprehensive Disaster Management Strategy 2014-2024. In responding to climate change, SVG will prioritise adaptation measures as a means of urgently addressing its high vulnerability and low ecological social and economic resilience to climate change.

²⁹ Environmental Management Framework: For Regional Disaster Vulnerability Reduction Project SVG Component January 2014; revised April 2014.

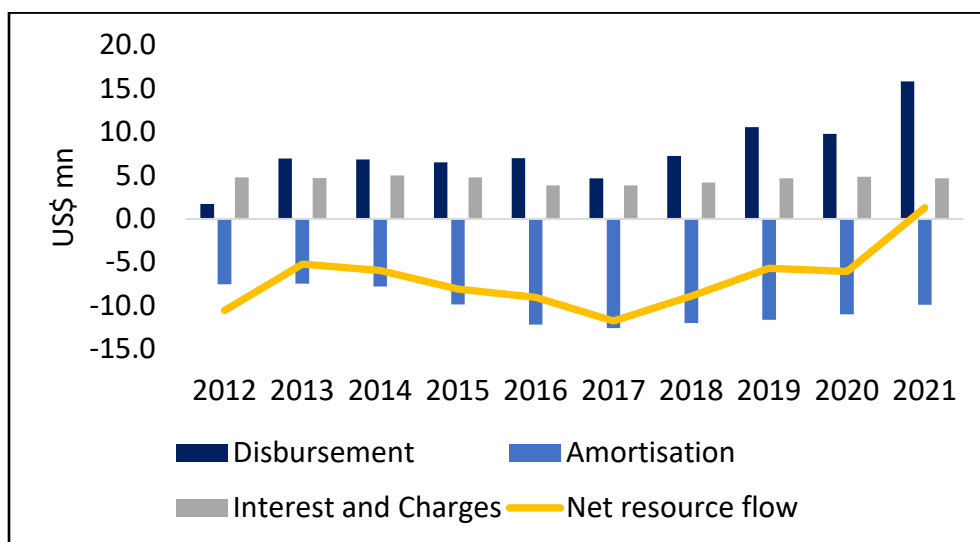
3. COUNTRY PORTFOLIO REVIEW AND LESSONS LEARNT

COUNTRY PORTFOLIO

3.01 By approvals, SVG is the fourth largest beneficiary among CDB’s Borrowing Member Countries (BMCs). From 1970 to December 2021, approval of loans, contingent loans, equity and grants totalled \$597.2 mn. The main sectoral allocations during this period were Transportation and Communication (38.0%), Social Infrastructure and Services (17.3%), and Environmental Sustainability and DRR (13.6%). There are currently 14 active projects in SVG’s portfolio amounting to a value of \$318.8 mn, of which about \$85.7 mn had been disbursed at the end of 2021³⁰. Based on the Project Performance rating of 6.0, SVG’s portfolio was ranked as satisfactory at the end of 2021. Recent performance of the country’s portfolio has been affected by delays in disbursements and by the slow implementation of projects due to a combination of institutional weaknesses and capacity constraints. The historical disbursement ratio is an annual average of 12.6% over the period 2012-2021. At the end of 2021, the disbursement ratio was 6.5%, well below the overall ratio of 13.0% in CDB’s BMCs.

3.02 Over the past nine years, 2012-2020, net resource flows to SVG remained negative as repayment obligations outpaced disbursements (see Table 3.1). However, in 2021 a positive net resource flow was recorded reflecting disbursements associated with the COVID- 2019 Emergency Response Loan and the TVET Development Project.

FIGURE 3.1: RESOURCE FLOWS
(\$ mn)



Source: CDB.

3.03 SVG received approximately \$63.3 mn in climate financing flows over the period 2016-2021 as outlined in Table 3.1.

³⁰ Annual Review of the Performance of the Portfolio of Projects/Loans Under Implementation for the year ended December 31, 2021. Paper BD 49/22.

TABLE 3.1: CLIMATE FINANCE FLOWS APPROVED, 2016-2021
(\$ mn)

| Project Name | Instrument | Approved Amount | Climate Finance Amount | Mitigation Finance | Adaptation Finance | % of Climate Finance |
|--------------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------|--------------------|--------------------|----------------------|
| EE Measures and Solar PV Plant | Investment Loan | 5.18 | 5.18 | 5.18 | - | 100 |
| Sandy Bay Sea Defenses Resilience Project | Investment Loan | 13.47 | 13.47 | - | 13.47 | 100 |
| School Improvement Project – Phase 1 | Investment Loan | 7.0 | 5.55 | - | 5.55 | 79.3 |
| VINLEC Utility Battery Storage and Grid Connected Solar PV Project | Investment Loan | 8.62 | 8.62 | 8.62 | - | 100 |
| Canada – CARICOM Climate Adaptation Fund | TA | 0.763 | 0.763 | - | 0.763 | 100 |
| St. Vincent Geothermal Drilling | Investment Grant (Contingently Recoverable Grant and Grant) | 29.6 | 29.6 | 29.6 | - | 100 |
| St. Vincent Geothermal Drilling | TA | 0.126 | 0.126 | 0.126 | - | 100 |

COUNTRY STRATEGY 2014-18 REVIEW

3.04 The last CES for SVG expired in 2018. The active portfolio includes projects identified over two previous strategies. The CES was prepared at a time when SVG was still experiencing the protracted impacts of the global economic crisis. The CES identified three strategic areas for intervention: Pillar I – accelerated, sustainable and inclusive growth; Pillar II – inclusive social development with an emphasis on the promotion of gender equality and reduced economic vulnerability; and Pillar III – enhanced environmental sustainability and DRM. The CES committed a planned programme of \$86.72 mn with the possibility of an additional \$14.28 mn contingent on absorptive capacity.

3.05 The overall performance of the CES 2014-18, measured based on its progress towards achieving its outcomes at strategy end, was assessed at “Marginally Unsatisfactory”³¹. While the strategy was highly relevant and effectively identified key challenges, it achieved few expected outcomes by the end of the strategy period, 2018, when only two CES-related loans were approved (\$24.0 mn). However, it is envisaged that with several other projects and programmes approved post-2018 (including those not initially identified in the CES) and now under active implementation, the development outcomes are likely to be attained³². Evaluation evidence suggests that CES results (which hinge on project completion) are delivered over a period of more than five years as project cycle implementation often extends beyond the timeframe of any one CES. There were significant project approvals totaling \$263.5 mn between 2014 and 2021. These included the Geothermal Drilling Project (2016); CDB/United Kingdom Caribbean Infrastructure Partnership

³¹ Refer to CES Completion Report, SVG, July 2021.

³² Approvals during the intervening years continued to be guided by the Country Strategy Framework.

Fund (UK-CIF) Port Modernisation Project (2019)³³; the Sandy Bay Sea Defences Resilience Project (2019); and projects to support the mitigation of COVID-19 impacts.

3.06 With an ambitious programme, fiscal and capacity constraints contributed to low implementation performance, with several interventions delayed and extended beyond the strategy period and a few projects (mostly TA projects) not initiated. Macroeconomic conditions had weakened during the height of the recession that preceded the CES and fiscal policy prioritised medium-term consolidation during the CES period. With airport construction ongoing during the CES period, this helped to delay the large pipeline of committed and ongoing projects. Shifting national priorities related to the impacts of natural hazard events also accounted for delays in implementation, as well as disbursements. Post-2018, the COVID-19 pandemic and volcanic eruption also impacted performance. Appendix 5 provides a summary of loan approvals and disbursements to the end of December 2020 for each project.

LESSONS LEARNED

3.07 The CES reflects key lessons from the implementation of the Bank's previous strategies:

- (a) **It is important that the CES aligns well with country needs.** Consistent with the Bank's general guidelines regarding developing country strategies, this CES is closely aligned with the country's strategic goals and development objectives by using the NESDP to direct the focus of the CES. Moreover, the CES will align with the DRM CWP, and with respect to environment it will support the completion of ongoing activities. The CES is anchored in extensive consultations with GOSVG and considers SVG's electoral cycle.
- (b) **Capacity constraints were not sufficiently considered.** To improve the rate of success, and given the ongoing project implementation and the country's limited fiscal space and human capital constraints, the CES is selective and focused on a reduced number of outcomes, utilising a smaller resource envelope.
- (c) **Monitoring of the CES was not adequate.** To enhance the effectiveness of the strategy, monitoring systems are strengthened to embed greater flexibility and ensure relevance in the strategy. The CES identifies a mid-term review (MTR) as the mechanism through which the strategy will be monitored in a timely and appropriate manner to maximise achievability of intended results. Operationalisation of the OP365 platform will facilitate a more effective monitoring of SVG's active portfolio and projects under implementation. To ensure follow through, results, and accountability, the responsibilities for CES implementation are well delineated and a clear "line of sight" established such that all stakeholders understand how their specific tasks contribute to the strategy outcomes. Active dialogue and coordination with key stakeholders will be essential in clarifying alignment of future priorities.

³³ TA for the completion of the Port Design document and to participate in funding the construction of the new seaport was proposed in the CES 2014-18.

4. COUNTRY ENGAGEMENT STRATEGY, 2022-26

OBJECTIVES AND ALIGNMENT

4.01 The key objectives and themes of the CES were adopted through applying selective criteria that mapped: (a) alignment with GOSVG’s long-term strategic goals and country development objectives; (b) development priorities as identified in CDB’s Framework Paper and verified through extensive dialogue with GOSVG; (c) areas where CDB has maintained a comparative advantage in the past and built expertise and knowledge; and (d) the role of other development partners. These are also consistent with CDB’s Strategic Objectives, as articulated in the Strategic Plan Update 2022-24, of building social, environmental, production, financial, and institutional resilience. The objectives also align with the three main themes of SDF 10: (i) building social resilience and leaving no one behind; (ii) building economic resilience for inclusive growth; and (iii) building environmental resilience³⁴. The CES covers the period 2022 to 2026 and aligns with SVG’s current parliamentary term and election cycle. The next elections are constitutionally required to be held in March 2026.

4.02 GOSVG and CDB have agreed that the CES pillars will align and contribute to the following three high level strategic goals of the NESDP:

- (a) Re-engineering economic growth.
- (b) Enabling enhanced human and social development.
- (c) Preserving environment sustainability and enhancing climate resilience.

4.03 These pillars are supported by five expected outcomes aimed at contributing to selected country priority development objectives within the areas of: agriculture; MSMEs; social protection; education; physical infrastructure; energy; and environment sustainability and climate change resilience (see Appendix 4). The CES outcomes are detailed below and outlined in the Results Framework, which will guide the process of implementation (see Appendix 6). The strategy is underpinned by CDB’s crosscutting themes of good governance (including evidence-based decision creation), innovation (including digitalisation), enhancing economic integration and deepening cooperation, and promoting gender equality which will be mainstreamed in CDB’s operations.

INDICATIVE RESOURCE ENVELOPE

4.04 Through the strategy period, CDB plans to support SVG with new financing resources critical for development (see Table 4.1). The indicative envelope is predicated on a blend of loan and grant-financed resources and takes into consideration GOSVG’s fiscal capacity and other resource constraints³⁵. SVG is a very small country with recognised limited capacity. While the need for additional debt financing remains significant to boost sustainable growth and poverty reduction, SVG will be pressed with the implementation of large projects currently ongoing in country – including the CDB-funded Port Modernisation Project (\$250.8 mn) that will commence physical works in the latter part of 2022. Taking these factors into consideration, including rising debt vulnerabilities with debt to GDP projected to rise over 90.0% during 2023-25, the Strategy’s indicative resource envelope is estimated at \$88.4 mn. Programme design

³⁴ Physical infrastructure outcomes that align with the NESDP strategic goal of “*Improving Physical Infrastructure, Preserving the Environment and Building Resilience to Climate Change*” have been mapped under Re-engineering Economic Growth (Pillar I) of the CES.

³⁵ CDB has engaged in joint discussions with the International Monetary Fund (IMF) and WB on the debt sustainability implications of the Strategy.

incorporates several capacity building initiatives that are expected to help fill knowledge gaps for prioritising future capital investment needs. The CES includes loan financing for capital investment lending (accounts for the bulk of the envelope) in transportation, education, and social protection. This CES will also support the Government's ongoing healthcare management response to COVID-19.

4.05 The mobilisation of concessional finance for redevelopment will be a cornerstone for the delivery of GOSVG's development objectives. The envelope includes a loan allocation of \$12.9 mn from SDF 10³⁶, \$2.83 mn in grant resources from BNTF 10, and European Investment Bank (EIB) Second Action LOC (COVID-19 Component) of \$10 mn. CDB will support the Government in accessing resources to meet its global commitments and the private sector to make sustainable investments. The Bank will seek to maximise the use of climate funds, such as from the Green Climate Fund, the Adaptation Fund, and the European Investment Bank's Climate Action Line of Credit for interventions where climate change resilience and DRM planning are incorporated. CDB is committed to allocating its own resources in line with its climate action target of 25.0% to 30.0% (2024). The Bank will also support the delivery of CES objectives through strong partnerships (such as the Inter-American Development Bank (IDB) – Global Loan Programme [GLP]), to identify opportunities for private sector solutions to promote innovative efforts, technology adoption and digitalisation in MSMEs.

CES AND ITS PROPOSED CONTRIBUTION TO COUNTRY OUTCOMES

Pillar I: Re-engineering Economic Growth

Expected Outcome 1: Building capacity in support of CSA, agri-business growth and MSME development

4.06 GOSVG's policy framework identifies the importance of investments in agriculture and private enterprise in general, as an important avenue in addressing poverty and inequality. Sustainable agriculture is critical for food security and to sustain a growing and important export base. MSMEs are an important source of job creation. A strong and competitive business sector is a prerequisite for economic growth, social redistribution, and long-term sustainable development. With that understanding, it is important for MSMEs – key drivers of economic activity in SVG – to be supported in improving their competitiveness and productivity to effectively sustain their critical role in the country's economy. These activities were particularly hard hit following the impacts of the pandemic and the volcano eruption.

4.07 To help revitalise and re-engineer the agriculture sector, CDB prioritises support to help build capacity to increase agriculture sector production/productivity in areas with high growth potential and development impact, improve sector resilience and enhance preparedness for climate change impacts through sustainable practices, reduce and transfer agricultural risks, and improve the efficiency of farming systems and the food value chain. CDB, through its Caribbean Technological Consultancy Services Network, will collaborate with the Centre for Enterprise Development (CED) and InvestSVG to build institutional/operational capacity within these institutions, thereby enhancing their ability to service and improve the performance of MSMEs. Through the Creative Industry Investment Fund, capacity building support will be provided to MSMEs to improve competitiveness in priority sectors. A CDB/IDB Global Line of Credit for Strengthening Private Sector Development through Innovation in the Eastern Caribbean Organisation of Eastern Caribbean States (OECS) Member Countries is under preparation and will be available to SVG during the strategy period.

³⁶ SDF amount of \$2.5 mn was approved for emergency response assistance in September 2021, following the eruption of the La Soufrière volcano.

4.08 Over the medium term, CDB's support under this pillar will focus on:

- (a) Revitalising and intensifying targeted crop and livestock industries and rehabilitating associated infrastructure. This will include introducing smart technologies (Agritech), climate-smart practices, and innovative marketing arrangements to link farmers and processors to markets.
- (b) Enhancing the capacity of the Ministry of Agriculture (MOA) (including fisheries and forestry) in data collection and analysis, management of data systems, and the development and dissemination of information products.
- (c) Building capacity in national business support organisations (BSOs), including the development of a five-year strategic plan for CED.
- (d) Supporting the development of cluster programmes in agro-processing and the creative industries.

Expected Outcome 2: Strengthening progress in SDGs integration in national planning

4.09 GOSVG plans to update and extend the period of the NESDP to 2030. In this regard, GOSVG will be reviewing and revising key sectoral areas in the Plan to better address the prevailing environment facing the country, as well as to improve alignment with the SDGs from its currently assessed 48.0%. CDB has prioritised support to help GOSVG through the following initiative:

- (a) Supporting the update of the National Development Plan (NDP) to improve alignment with the SDGs.

Expected Outcome 3: Improving availability of resilient productive infrastructure

4.10 GOSVG's development plan incorporates the modernisation of transport and communication infrastructure as key levers to help transform SVG into a modern, resilient, and competitive private sector led economy. With a commitment to supporting climate resilient infrastructural development, CDB's assistance targets initiatives that improve the country's road network, and water and sanitation systems. These interventions aim to reduce post-disaster or recovery/rehabilitation expenditure, improve competitiveness, and maintain macroeconomic stability. CDB will focus on the following interventions:

- (a) Climate Resilient Transport Infrastructure Strategic Development Plan. This undertaking will, *inter alia*, investigate the strategic actions required for the modernisation of public transport. This would also include identifying priority road projects and undertaking a feasibility study, design, and preparing cost estimates for the highest ranked project. This is expected to lead to possible capital projects including: Grenadines Road Rehabilitation and North Windward Highway Project.
- (b) Water Supply Enhancement Strategy to contribute to the development of a resilient sustainable and adequate potable water supply system through: (i) enhancing the water supply network capacity; (ii) building capacity and strengthening the institutional arrangements for the delivery of water services; and (c) strengthening the legislative and institutional framework for the management of water resources³⁷.

³⁷ This is expected to lead to possible capital projects including the construction of treatment plant facilities with extraction well sources and/or construction of desalination plants.

- (c) Strengthening of port governance and operations, considering recommendations (where relevant) made in the “*Operational Assessment of the St. Vincent and the Grenadines Port Authority*” study conducted in 2020.
- (d) Resilient Coastal Protection and Highway Realignment Works – Shipping Bay.
- (e) Building or upgrading of 1.8 km of secondary or other roads (BNTF grants).

Pillar II: Enabling Enhanced Human and Social Development

Expected Outcome 4: Strengthening human capital, gender equality, and social protection

4.11 Economic and social recovery of poor and vulnerable households following the adverse impacts of the COVID-19 crisis and volcanic eruption remains a priority. In addition, the Draft Social Protection Framework (2022) has identified the need for comprehensive investment in life skills development and community involvement to encourage increased participation of at-risk youth in available skills sector programmes as a means of empowerment. Such investments in positive youth development are intended to mitigate the risks of anti-social behaviours that lead to crime and violence, and maladaptive behaviours that conspire to increase citizen insecurity. Accordingly, CDB’s support will focus on enhancing interventions for youth at-risk through institutional strengthening of facilities that provide support and rehabilitation programmes and deliver comprehensive wrap-around services that enhance effective community and societal reintegration.

4.12 Strengthening institutions to foster human capital is critical to enhancing productivity and welfare. CDB will maintain focus on improving human capital as a critical long-term investment required to support growth and poverty reduction. CDB’s interventions will aim to support GOSVG’s initiatives related to improving learning environments in basic education, the quality and relevance of education, internal efficiency, and school outcomes. In gender, CDB will focus on a combination of targeted initiatives which include, *inter alia*: supporting women’s economic empowerment; reducing GBV; and reducing gender inequalities in education.

4.13 The following interventions are identified for CDB support:

- (a) Establishing a referral/crisis centre for survivors of GBV.
- (b) Developing a National Gender Equality Policy and Action Plan (NGEPAP).
- (c) Developing the legal and governance/administrative framework for the introduction of unemployment insurance in the National Insurance Services (NIS).
- (d) Designing and constructing the youth at-risk rehabilitation centre at the Liberty Lodge Boys Training Facility.
- (e) Developing the National Youth Policy, Strategy and Action Plan (NYPSAP).
- (f) Developing a national youth service/citizen security programme strategy (NYS/CSPS) focusing on life skills, livelihood enhancement and job placement strategies.

- (g) Supporting the COVID-19 response including: preserving minimum income, employment levels and human capital for those affected by the pandemic; and enhancing continuity of learning, inclusion, and resiliency in the education sector.³⁸
- (h) Strengthening health care systems to the COVID-19 pandemic and mitigating new potential cases and other indirect health impacts.
- (i) Supporting improvement and availability of gender-responsive, timely and reliable statistical and poverty data to inform evidence-based decision making, social policy formulation, and monitoring of SDGs.
- (j) Supporting and disseminating data and statistics arising from the 2022/23 round of the Population and Housing Census.
- (k) Building/ upgrading classrooms (BNTF 10 grants).
- (l) Promoting teacher effectiveness (including improved capacity for gender-responsive pedagogical skills and differentiated instruction to accelerate student learning, effective teaching in a distributed environment, developing digital content, mainstreaming ICT/digital subjects, and enhanced teacher appraisal system for sustaining professional development and teacher efficacy).
- (m) Enhancing learning environment in basic education (primary and secondary education, as well as early childhood development), including expanded provision for Science, Technology Engineering and Mathematics (STEM).
- (n) Expanding access to demand-driven TVET programmes, particularly CVQ Levels 2 and 3 and programmes in key economic sectors such as Hospitality and Tourism, Construction, the Blue Economy, Agriculture and Digitalisation.

Pillar III: Preserving environment sustainability and enhancing climate resilience

Expected Outcome 5: Enhanced Environmental Sustainability and Climate Change Resilience

4.14 Enhancing the capability of SVG to effectively mitigate, prepare, respond to, and recover from disasters and reducing the adverse impacts of climate change are key objectives highlighted in the NESDP. The ever-present threat of natural hazard impacts resulting in disasters has repeatedly brought to the fore the importance of building resilience. Achieving this increased resilience is achieved through the work of critical government agencies to lead and implement these programmes. In the Government's thrust to recover from the volcanic eruption and transition to reconstruction, rehabilitation and relocation, the Physical Planning Unit (PPU) plays a key role and is mandated to monitor orderly development in SVG. This is a mammoth task and requires extensive support. PPU has several strategic activities over the short-to-medium term, which requires support to implement. These include the implementation of the National Physical Development Plan (NPDP), environmental monitoring and climate change risk management. PPU is limited in capacity and equipment to fully execute its duties, especially with the anticipated surge in development post-volcano. Therefore, even as climate resilience and DRM are considered crosscutting themes in the CES and will,

³⁸ The Safety Nets for Vulnerable Populations Affected by COVID-19 is already approved (in December 2021), ahead of CES approval which was initially programmed for 2021.

therefore, be mainstreamed into CDB's investments through project design, there are some distinct interventions which CDB will support to advance SVG's climate action, development planning and DRM initiatives. These activities will build the institutional capacity of the climate change, DRM agencies and PPU to better enable them to fulfil their roles and responsibilities. In addition, weak governance and diversification of SVG's energy sector is a major impediment to a sustainable and inclusive recovery. CDB will focus on initiatives to enhance sustainable energy through the revision and update of the NEP. This will lay the foundation to improve governance of the energy sector and facilitate the increased use of RE and EE which will lead to a reduction of GHG emissions in the electricity sector. Priority areas identified that will support sustainable economic growth in line with SVG's commitments to improve DRR, energy sustainability, and climate resilience include:

Climate Change

- (a) Developing an Implementation Plan for the National Adaptation Plan (NAP) for the Agriculture Sector.
- (b) Building Resilience in the Agriculture Sector to Climate Change Impacts.

Disaster Risk Management

- (a) Building capacity of national agencies to enhance Continuity of Government (COG) and post-disaster recovery.
- (b) Updating of the National Emergency and Disaster Management Act (NEDMA) (No. 15 of 2006).
- (c) Sectoral DRM Plan Development: Education Safe Schools Programme and micro projects.
- (d) Expanding the National Community-based DRM Programme, building on the Volcano Ready Community Disaster Risk Reduction Fund (CDRRF) Project.
- (e) Supporting the upgrade of the volcano monitoring and early warning system.

Natural Resource Management/Sustainable Development Unit

- (a) Revising the 2013 Environmental Management Act to establish an overarching environmental management authority for SVG.

Environmental and Social Assessment Guidelines

- (a) Developing Environmental and Social Assessment guidelines to facilitate the integration of safeguards in national projects.
- (b) Providing training on environmental and social assessment instruments.

Physical Planning

- (a) Supporting the development of a strategic plan for PPU.
- (b) Supporting the procurement of various equipment to enhance the operations of PPU and the implementation of NPDP.

- (c) Supporting the training of staff to build capacity to undertake the creation of knowledge products to meet the demand of clients and aid in national development planning and decision making.

Sustainable Energy

- (a) Supporting the development of the policy/governance of the energy sector – revising and updating of NEP.
- (b) Supporting the development of a regulatory framework of the electricity sector – VINLEC has a license from GOSVG to generate, distribute, and commercialise electricity. VINLEC is currently self-regulated. This situation limits the growth and participation in the electricity sector by the private sector and customers.

TABLE 4.1: INDICATIVE SUPPORT PROGRAMME³⁹

| Area/Sector | Main Intervention Areas Identified | Share of Resource Envelope |
|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Pillar 1: Re-engineering Economic Growth | | |
| Outcome 1: Building capacity in support of CSA, agri-business growth and MSME development | | |
| Agriculture and Private Sector Development | <ul style="list-style-type: none"> • TA support for capacity building in MOA and to enhance crop production and marketing. • Supporting capacity building in national BSOs. • Developing cluster programmes in agro-processing and the creative industries. | 1.0% (\$0.85 mn) |
| Outcome 2: Strengthening progress in SDGs integration in national planning | | |
| National Development Planning | <ul style="list-style-type: none"> • TA to review and update the NESDP and strengthen its alignment with SDGs. | 0.2% (\$0.15 mn) |
| Outcome 3: Improving availability of resilient productive infrastructure | | |
| Road Transport; Water and Sanitation | <ul style="list-style-type: none"> • BNTF 10 support for transport. • TA and possible capital to enhance the water supply network capacity. • TA and possible capital to develop a climate resilient transport infrastructure strategic development plan. • Resilient Coastal Protection and Highway Realignment works. • TA to support the upgrade of port governance and operations. | 42.3% (\$37.4 mn) |
| Pillar 2: Enabling enhanced human and social development | | |
| Outcome 4: Strengthening human capital, gender equality, and social protection | | |
| Education and Social Protection/Poverty Reduction | <ul style="list-style-type: none"> • BNTF 10 support for education. • TA to promote teacher effectiveness. • Improving the learning environment in basic education. • Supporting expanded access to demand-driven TVET programmes. • Establishing a Referral/Crisis Centre for Survivors of GBV. • TAs to develop the National Youth and Gender Policy. • Developing NGEPOP. • Designing and constructing a youth at-risk rehabilitation centre. | 52.2% (\$46.2 mn) |

³⁹ This is not the full list of the indicative pipeline. The full list is included in the Results Framework.

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| | <ul style="list-style-type: none"> • TA to support improvement and availability of gender-responsive, timely and reliable statistical and poverty data. • COVID-19 and Health System Strengthening. | |
| Area/Sector | Main Intervention Areas Identified | Share of Resource Envelope |
| Pillar 3. Preserving environment sustainability and enhancing climate resilience Outcome 5: Enhanced environmental sustainability and climate change resilience | | |
| Climate Change and DRM; Energy | <ul style="list-style-type: none"> • Developing an Implementation Plan for NAP for the Agriculture Sector. • TA to review and update NEDMA. • Support to upgrade volcano monitoring and early warning systems. • TA to review and revise the 2013 Environmental Management Act. • TA to support the development of a strategic plan for PPU. • TA to improve the policy/governance of the energy sector. | 4.3% (\$3.8 mn) |
| TOTAL | | \$88.4 mn |

MONITORING AND IMPLEMENTING THE STRATEGY

4.15 A Results Framework (RF) will be used to monitor the CES (see Appendix 6). Performance indicators will be utilised to monitor and assess progress on the expected CES outcomes to which the proposed interventions are expected to contribute. Monitoring CES execution will be done by CDB (coordinated by the Economics Department) and country authorities. The CES is designed to be flexible, with a review of progress to accommodate needed changes for a country in recovery. A MTR of the CES will be undertaken to assess the status of implementation along with any changes in circumstances and government priorities, and to adjust where necessary. Given the current challenging economic landscape, continuous monitoring will facilitate and allow for the required adaptability and flexibility in the strategy to reprioritise and adjust the scope to changed conditions in the country. In the first quarter of 2026, a CES completion report will be prepared to self-assess progress in achieving the CES outcomes according to the RF.

4.16 The Projects Department will be accountable for project (and portfolio) cycle management of the proposed CES interventions that fall within its purview. CDB's engagement will focus on promoting mutual accountability for results and fostering open and frequent policy dialogue with GOSVG on pipeline and portfolio management. Through the Bank's pipeline management, a monitoring and implementation framework is in place to track the progress of projects and programmes.

4.17 The challenges that affect implementation in SVG will require customised solutions. CDB will work with GOSVG to design and implement these solutions. This will include consideration of: (a) engagement of a resident implementation officer with terms of reference that meet the specific needs of GOSVG; and (b) consolidation of project implementation units/functions (where practicable) to better optimise the use of project implementation staff and systems. Project management and procurement training will also be provided for the relevant project implementation staff.

COORDINATION WITH DEVELOPMENT PARTNERS

4.18 Donor coordination in providing development assistance is critical to avoid duplication of efforts and for more efficient and effective development cooperation. The CES considers GOSVG's engagement with other development partners, inclusive of coordination around COVID-19 assistance, to create synergies and draw on CDB's comparative advantage (see Appendix 7).

4.19 At the multilateral level, the main partners include the World Bank Group (WBG) and the European Union (EU). Notable engagements by other agencies include support for: building climate change resilience (Foreign Commonwealth and Development Office, EU, and WBG); and RE (WBG). SVG also benefits from bilateral arrangements with several governments, including Cuba, Venezuela, and the Republic of China on Taiwan, resulting in important resource flows mainly in the areas agriculture, health, and infrastructure. In the wake of the COVID-19 pandemic and the subsequent natural disaster event caused by the eruption of the La Soufrière volcano, GOSVG has received financing support from the IMF and WB for recovery and resilience building⁴⁰. This includes the WB-financed Volcanic Eruption Emergency Project (\$40 mn)⁴¹ and \$11.6 mn under the Large Natural Disaster Window of the IMF Rapid Credit Facility. To support sustainable Blue Economy growth, in May 2022 WB approved \$56 mn, of that sum \$15 mn will be provided to SVG⁴². WB also approved financing of \$22 mn to Eastern Caribbean countries, of which SVG is provided \$6 mn to improve the production and dissemination of statistical data.

4.20 Under its OECS regional projects, WB is supporting digital transformation⁴³, procurement reform and health⁴⁴. On procurement reform, CDB is collaborating with WB to review the existing procurement laws and prepare standard bidding documents, with a view to moving towards e-procurement. CDB had initial engagements with WB and have identified several potential areas of opportunity for possible collaboration including transport infrastructure rehabilitation, 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 in 2022/23 that could benefit SVG 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.

RISK ANALYSIS AND MITIGATION

4.21 There are several potential risks to the achievement of the CES's objectives. Key areas of concern include macroeconomic, institutional and human resource capacity, and environmental risks. The risk mitigation measures considered, focus on a systematic framework of continuous monitoring and country engagement. 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 risks, as well as CDB's proposed mitigation measures.

⁴⁰ In 2021, WB provided \$70 mn to address immediate needs, of which \$50 mn was allocated through a Development Policy Credit.

⁴¹ The project is also financed by a \$2 mn grant from EU's Caribbean Regional Resilience Building Facility, managed by WB's Global Facility for Disaster Reduction and Recovery.

⁴² The Unleashing the Blue Economy of the Caribbean (UBEC) Project is aimed to support several Eastern Caribbean countries in catalysing the sustainable economic potential of their living marine and coastal assets.

⁴³ The Caribbean Digital Transformation Project (Digital Caribbean) (\$28 mn) for Dominica, Grenada, Saint Lucia, SVG, and OECS is to increase access to digital services, technologies and skills by governments, businesses, and individuals in the participating Eastern Caribbean countries.

⁴⁴ The OECS Regional Health Project aims to improve the preparedness of the health system to respond to public health emergencies through strengthened health infrastructure, surveillance, laboratory systems, and health emergency operations.

TABLE 4.2: RISK ASSESSMENT AND MITIGATION MEASURES

| Risk Type | Description of Risk | Mitigation Measures |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Credit | Lower growth emanating from a protracted COVID-19 challenges coupled with natural hazard events and rising inflation could further compromise an already tenuous fiscal and debt situation in SVG, which can limit the extent to which GOSVG can borrow to execute projects and programmes identified in the CES. | <p>The Government-adopted FRF will be reactivated to support a gradual consolidation process to restore fiscal sustainability and rebuild depleted buffers. Consistent with these aims, an added lever for enhancing governance of the FRF, an independent fiscal council (a fiscal responsibility mechanism) was recently established.</p> <p>The use of SDF financing minimises risks to debt sustainability. However, the continuation of fiscal reforms will be required to put public debt on a downward track.</p> <p>CDB will closely monitor the evolution of macroeconomic conditions and will engage with GOSVG to develop appropriate emergency responses to further unforeseen developments.</p> |
| Liquidity | GOSVG has insufficient liquidity to meet debt service obligations to CDB and provide counterpart contributions. | CDB will monitor macro developments. The Bank participates in IMF Article IV discussions with country and maintains ongoing dialogue with the IMF and the Ministry of Finance (MOF), GOSVG. CDB expects revenue to pick up as the economy grows and tax administration improves, strengthened by the new Tax Administration and Procedures Act. |
| Operational: Implementation | Implementation capacity constraints, particularly in light of the planned execution of CDB's large port capital project. Existing planning and execution capacity could constrain project implementation. In addition, high and rising prices and supply chain challenges can also impact implementation. | The CES comprises of a smaller envelope with greater emphasis on TA capacity-building initiatives. |
| Operational: External Events, Disaster Risk | SVG is highly vulnerable to environmental and economic risks. These shocks can delay and disrupt programme implementation. | CDB's DiMSOG facility allows for immediate financing responses to the challenges posed by natural hazards and facilitates measures to help resilience. The CES promotes climate change adaptation to reduce vulnerability. |
| Developmental: Gender, Environmental, Climate, Social | Inadequate gender, social, environmental, climate change considerations in project design, implementation and operation can compromise the desired developmental outcomes. | All interventions are/will be screened for environmental, social, gender and climate risk, and contingencies built into each project based on the screening. The CES programme is Gender Mainstreamed (GM). |

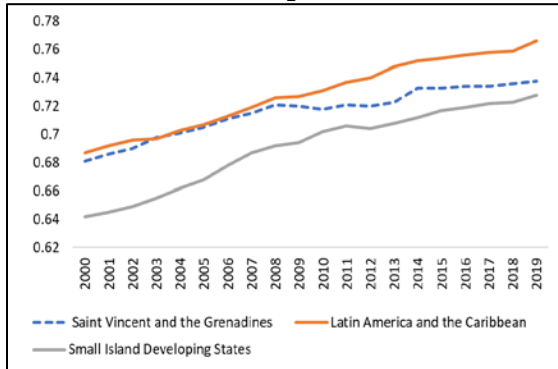
GENDER MARKER ANALYSIS

| CES STAGE | SCORE | CRITERIA |
|---------------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Analysis | 1 | Gender analysis conducted at CES preparation and incorporated in the CES document. |
| Design | 0.5 | Interventions are designed to lead to a reduction in gender disparities and/or project intervention mitigates against gender risks. The effect on gender equality is direct. |
| Implementation | 1 | Capacity-building initiatives include training in gender analysis, gender-responsive planning, gender policy implementation, and gender mainstreaming. Active participation of representatives of gender-relevant stakeholders. |
| Monitoring and Evaluation | 0.5 0.5 | Sex-disaggregated data included in the baselines, indicators and targets of the Results Monitoring Framework (RMF). At least one gender-specific indicator at the outcome and/or output level in the RMF. |
| TOTAL | 3.5 | Code: GM |

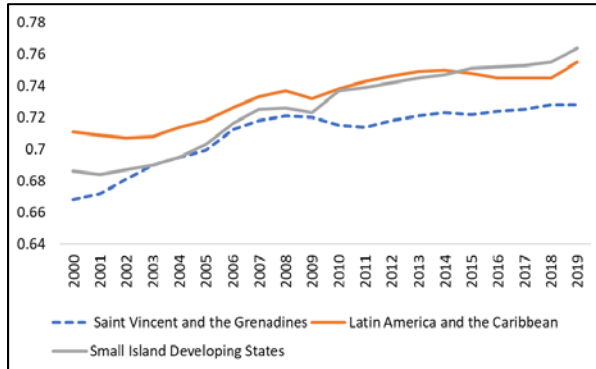
GM: the project has the potential to contribute significantly to gender equality.

HUMAN DEVELOPMENT INDEX COMPONENT INDICES 2000-2019

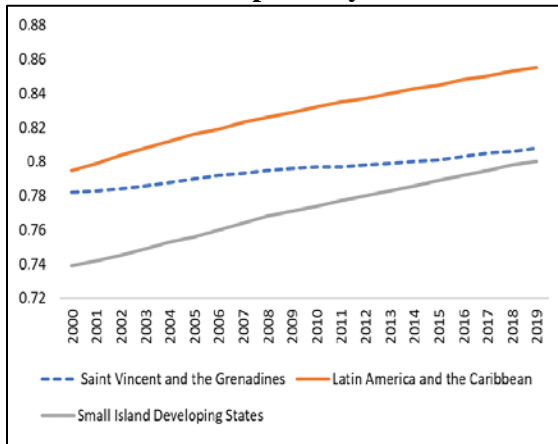
Human Development Index



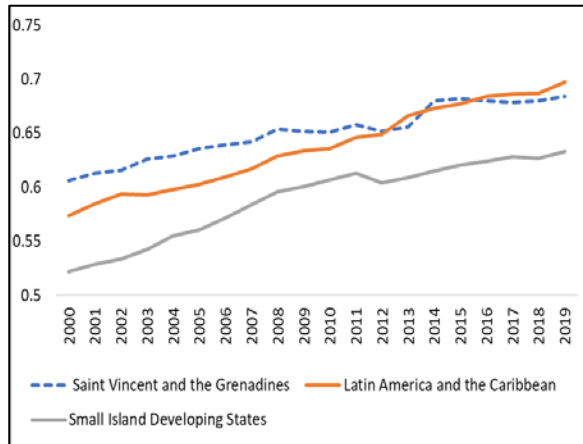
Gross National Income Index



Life Expectancy Index



Education Index



SOCIAL VULNERABILITY MATRIX

| Name of Institution | Name of Group/s | Types of Risks/Vulnerabilities Faced | Existing Policy and Programmes | Partners | Recommended Mitigating Strategies |
|-----------------------------------------|----------------------------------|-------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| United Nations Children’s Fund (UNICEF) | Children and youth (15-24 years) | Social exclusion, neglect, and abuse | <ul style="list-style-type: none"> • Roving Care Givers • National Youth Policy | <ul style="list-style-type: none"> • Ministry of Education (MOE) • Attorney General Chambers | Strengthening child-centred programmes to enhance youth participation and development |
| Gender Relations | Women, girls, men, and boys | <ul style="list-style-type: none"> • Domestic and GBV • Economic Exclusion of Women | <ul style="list-style-type: none"> • Legislation, state protection and support services available to survivors • Protocol to Convention for the Elimination of All Forms of Discrimination Against Women | <ul style="list-style-type: none"> • UN Women | <ul style="list-style-type: none"> • Extension of GBV services in vulnerable and at-risk communities • Training in Psychological Counselling • Economic Empowerment Programme • Gender-responsive programmes aimed at providing opportunities for the sexes to maximise their full potential |

| Name of Institution | Name of Group/s | Types of Risks/Vulnerabilities Faced | Existing Policy and Programmes | Partners | Recommended Mitigating Strategies |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MNMSD (Youth Affairs) | Youth | <ul style="list-style-type: none"> • Crime and Violence • Unemployment | <ul style="list-style-type: none"> • Youth Empowerment Service • Education and Skills Training • Child Justice Act | <ul style="list-style-type: none"> • MOE • United States Agency for International Development | Strengthened citizen security interventions |
| MNMSD (Child Development) | Children in conflict with the Law | | | | |
| MNMSD | <ul style="list-style-type: none"> • School-aged children, youth and parents • PWDs • Indigent population • Poor and vulnerable including indigent households, female-headed households, youth and PWDs | <ul style="list-style-type: none"> • Poverty • Unemployment • Impacts of Non-Communicable diseases • Social exclusion • Access to public services and education | <p>Targeted social assistance programmes including:</p> <ul style="list-style-type: none"> • Cash Transfer Programme • Multiple In-kind Transfers and Services • Labour Market Programmes • Community-based programmes • Social Care Services • School Feeding Programme • Education Assistance Programmes • Convention on the Rights of PwDs • School Feeding Programme <p>Draft Social Protection Policy Framework</p> <p>Draft Disability Bill</p> <p>Draft Social Protection Bill</p> | <ul style="list-style-type: none"> • MOE • UNICEF • WB • Ministry of Health and Wellness (MHW) | <ul style="list-style-type: none"> • Increased resilience • Inclusion of PWDs in programmes for social and economic empowerment • Financial inclusion for human capital formation |

NESDP 2013-2025: STRATEGIC GOALS AND DEVELOPMENT OBJECTIVES

| GOAL 1: Re-engineering Economic Growth | GOAL 2: Enabling Increased Human and Social Development | GOAL 3: Promoting Good Governance and Increasing the Effectiveness of Public Administration |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Strategic Objectives:</p> <ul style="list-style-type: none"> • To maintain strong macroeconomic fundamentals • To revitalise the agricultural and fisheries sector • To stimulate growth in the tourism sector • To develop the financial sector • To enhance the role of the private sector and manufacturing in economic and social development in conjunction with the State and co-operative sectors • To attain a strong and sustainable external trade position • To develop the information and telecommunication services sector • To enhance productivity and competitiveness • To maximise benefits through integration into the OECS Economic Union, CSME and global economy • To boost economic activity in the construction sector • To optimise the economic contribution made by ocean resources | <p>Strategic Objectives:</p> <ul style="list-style-type: none"> • To reduce poverty • To create jobs and reduce the levels of unemployment • To develop an adaptable, functional and literate population • To promote self-care interventions and healthy lifestyle practices • To facilitate social, cultural and economic development at the community level • To empower youth to meaningfully participate in and contribute to national development • To improve the housing and living conditions of all sections of the population • To facilitate the protection and inclusion of vulnerable and marginalised groups | <p>Strategic Objectives:</p> <ul style="list-style-type: none"> • To enhance participatory democracy, accountability, transparency, effectiveness and efficiency in the provision of public goods and services • To develop and maintain a peaceful, safe and secure environment • To lift the quality of the judicial and legal system and to enhance public confidence in it • To enhance the role of civil society in the maintenance of democracy • To widen and deepen diplomatic relations |
| <p>GOAL 4: Improving Physical Infrastructure, Preserving the Environment and Building Resilience to Climate Change</p> | <p>Goal 5: Building National Pride, Identity and Culture</p> | |
| <p>Strategic Objectives:</p> <ul style="list-style-type: none"> • To optimise the use of limited land space • To upgrade the road network in St. Vincent and the Grenadines. • To improve air access to St. Vincent and the Grenadines, including the construction of an international airport • To modernise and expand seaport facilities • To enhance the capability of St. Vincent and the Grenadines to prepare effectively for, respond to and mitigate disasters • To ensure an adequate, safe, reliable and sustainable supply of water • To conserve the natural resources of the country through effective utilisation and management • To ensure a clean, safe and healthy environment • To reduce the dependence on imported fuel • To reduce the adverse impacts of climate change | <p>Strategic Objectives:</p> <ul style="list-style-type: none"> • To instil within the citizenry, a sense of national pride and appreciation of the history of St. Vincent and the Grenadines • To engender a greater sense of community and social responsibility • To preserve, maintain and promote the cultural heritage of St. Vincent and the Grenadines • To maximise the contribution of cultural industries to economic growth | |

COUNTRY STRATEGY COMPLETION REPORT (2014-18) SUMMARY

Country Strategy Outcome Ratings

| OUTCOMES IDENTIFIED WITHIN CS 2014-2018 | |
|------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Pillar 1: Accelerated Sustainable and Inclusive Growth | |
| Outcome 1: Improved fiscal and debt management. | <i>Not Achieved</i> |
| Outcome 2: A more diversified external sector. | <i>Not achieved</i> |
| Outcome 3: Development of more resilient subsectors of the tourism industry such as education, health, etc. | <i>Not achieved</i> |
| Outcome 4: Improved efficiency and effectiveness of education services. | <i>Partially achieved</i> |
| Outcome 5: Increased and equitable access to high quality education and training for boys and girls. | <i>Partially achieved</i> |
| Outcome 6: Enhanced skills training in STEM subjects for boys and girls. | <i>Partially achieved</i> |
| Outcome 7: Increased efficiency of transportation infrastructure. | <i>Not achieved</i> |
| Outcome 8: Expanded, more efficient seaport services. | <i>Partially achieved</i> |
| Outcome 9: Increased access to water and sanitation services. | <i>Not achieved</i> |
| Outcome 10: Improved quality and coverage of economic and social infrastructure. | <i>Not achieved</i> |
| Outcome 11: Improved quality of public sector investment. | <i>Achieved</i> |
| Outcome 12: Increased use of alternative energy as a percentage of national energy consumption. | <i>Partially achieved</i> |
| Pillar 2: Inclusive Social Development with Focus on Gender Equality | |
| Outcome 13: Effective institutional framework for tackling GBV and related accountability mechanisms in place. | <i>Achieved</i> |
| Outcome 14: Gender equality priorities effectively integrated in policy dialogue and planning processes. | <i>Partially achieved</i> |
| Outcome 15: Improved efficiency by MNMSD in the execution of its duties. | <i>Not achieved</i> |
| Outcome 16: Improved management. | <i>Partially achieved</i> |
| Outcome 17: Enhanced productivity. | <i>Partially achieved</i> |
| Outcome 18: Improved resilience and sustainability. | <i>Partially achieved</i> |
| Outcome 19: Strengthened female entrepreneurship. | <i>Partially achieved</i> |
| Outcome 20: Improved access to basic services – water and sanitation, transportation, drainage, medical services, etc. | <i>Partially achieved</i> |
| Outcome 21: Increased opportunities for earning income through training, small businesses, etc. | <i>Partially achieved</i> |
| Pillar 3: Environmental Sustainability and DRM | |
| Outcome 22: Improved capacity for environmental management, climate risk management and DRR. | <i>Partially achieved</i> |

Country Strategy 2014-2018: Loan and TA Approvals and Disbursements

| Approvals | Approval Date | Amount Identified in CSP (\$ mn) | Approved Amounts (\$ mn) | Undisbursed Balance at Dec 2020 (\$ mn) | (Age from Loan signing to Dec 20, 2020) | Project Status at Dec 2020 | Project Performance Rating Dec 2020 |
|---------------------------------------------------------------------------|---------------|----------------------------------|--------------------------|-----------------------------------------|-----------------------------------------|----------------------------|-------------------------------------|
| WITHIN 2014-18 CS PERIOD | | | | | | | |
| Enhance Capacity for Technological Adaptation | | | | | | | |
| TVET Development (Add. Loan and Grant) | 3/9/2016 | 12.0 | 7.3 | 4.0 | n.a. | Under Implementation | Satisfactory |
| Improve Environmental Sustainability | | | | | | | |
| Rehabilitation and Reconstruction Loan (RRL) – December 2013 Trough Event | 7/17/2014 | 10.0 | 9.05 | 3.1 | 6.1 | Under Implementation | Satisfactory |
| RRL (Additional Loan) | 11/12/2018 | - | 7.6 | 7.0 | n.a. | Under Implementation | - |
| Natural Disaster Management (NDM) – DRR and Climate Change Adaptation | 3/9/2016 | - | 11.2 | 10.5 | 4.9 | Under Implementation | Satisfactory |
| NDM – DRR and Climate Change Adaptation (Add. Loan) | 7/26/2018 | - | 14.5 | 14.3 | n.a. | Under Implementation | - |
| Improve Management of Alternative Energy Development | | | | | | | |
| EE Measures and Solar PV Plant | 5/22/2017 | - | 4.2 | 2.6 | 3.1 | Under Implementation | Satisfactory |
| Geothermal Drilling Project (IDB) | 5/16/2016 | - | 30.6 | 4.4 | 2.8 | Under Implementation | Satisfactory |
| BNTF | | | | | | | |
| BNTF (8 th) Programme | 12/11/2014 | 4.1 | 1.1 | 0.00 | n.a. | Completed | n.r. |
| BNTF (9 th) Programme | 3/16/2017 | - | 2.9 | 0.4 | n.a. | Under Implementation | n.r. |

| Approvals | Approval Date | Amount Identified in CSP (\$ mn) | Approved Amounts (\$ mn) | Undisbursed Balance at Dec 2020 (\$ mn) | (Age from Loan signing to Dec 20, 2020) | Project Status at Dec 2020 | Project Performance Rating Dec 2020 |
|---------------------------------------------------------------------------------------------------------|----------------------|-----------------------------------------|---------------------------------|------------------------------------------------|------------------------------------------------|-----------------------------------|--------------------------------------------|
| TA | | | | | | | |
| Institutional Strengthening of the Financial Services Authority | 6/6/2015 | 0.1 | 0.11 | 0.06 | n.a. | Under Implementation | n.r. |
| Building Resilience of the Electricity Sector Infrastructure to Geophysical and Climate Related Hazards | 5/22/2017 | - | 0.7 | 0.4 | n.a. | Under Implementation | n.r. |
| Consultancy Services – Torrential Rain | 3/13/2014 | - | 0.02 | 0.00 | n.a. | Under Implementation | n.r. |
| EE Measures and Solar PV Plant | 5/22/2017 | - | 1.03 | 0.85 | 3.1 | Under Implementation | n.r. |
| NDM – DRR and Climate Change Adaptation | 3/9/2016 | - | 0.29 | 0.27 | 4.9 | Under Implementation | n.r. |
| NDM – DRR and Climate Change Adaptation (December 2013 event) | 7/17/2014 | - | 0.2 | 0.04 | 6.1 | Under Implementation | n.r. |
| Port Modernisation Project | 10/19/2017 | 20.0 | 3.2 | 1.5 | n.a. | Under Implementation | n.r. |

Loan Approvals and Disbursements 2019-2020

| Approvals | Approval Date | Amount Identified in CSP (\$ mn) | Approved Amounts (\$ mn) | Undisbursed Balance at Dec 2020 (\$ mn) | (Age from Loan signing to Dec 20, 2020) | Project Status at Dec 2020 | Project Performance Rating Dec 2020 |
|-----------------------------------------------------------------------------------------------------------|---------------|----------------------------------|--------------------------|-----------------------------------------|-----------------------------------------|----------------------------|-------------------------------------|
| BETWEEN 2019-2020 | | | | | | | |
| COVID-19 Emergency Support Loan | 5/18/2020 | - | 11.3 | 6.6 | 0.6 | Under Implementation | n.r. |
| School Improvement Project – Phase 1 | 12/10/2020 | - | 13.5 | 13.5 | n.a. | Not started | n.r. |
| Port Modernisation Project | 12/12/2019 | - | 111.4 | 111.4 | 0.9 | Not started | n.r. |
| Sandy Bay Sea Defences | 3/28/2019 | - | 13.5 | 13.4 | 1.7 | Under Implementation | Unsatisfactory |
| TALN – Project Management Support for the Ministry of Transport, Works, Lands and Physical Planning (MTW) | 9/24/2020 | - | 1.6 | 1.6 | n.a. | Not started | n.r. |
| VINLEC Utility Battery Storage and Grid-Connected Solar PV Project | 12/10/2020 | - | 5.5 | 5.5 | n.a. | Not started | n.r. |
| Canouan Airport Runway Rehabilitation | 4/4/2019 | - | 0.05 | 0.05 | n.a. | Not started | n.r. |
| Port Modernisation Project – SVG (UK-CIF) | 12/12/2019 | - | 33.7 | 33.7 | 0.9 | Not started | n.r. |
| Project Management Support for MTW | 9/24/2020 | - | 0.21 | 0.21 | n.a. | Not started | n.r. |
| Canada – CARICOM Climate Adaptation Fund | 6/25/2020 | - | 0.76 | 0.76 | n.a. | Not started | n.r. |
| School Improvement Project – Phase 1 (Grant) | 12/20/2020 | - | 0.02 | 0.02 | n.a. | Not started | n.r. |
| Institutional Strengthening and Capacity Building Support for InvestSVG | 10/21/2020 | - | 0.11 | 0.11 | n.a. | Not started | n.r. |
| Operational Assessment of the SVG Port Authority | 9/10/2019 | - | 0.20 | 0.0 | n.a. | Under Implementation | n.r. |
| Training in Improved Customer Service Delivery for Small and Medium-Sized Restaurants | 10/29/2019 | - | 0.06 | 0.01 | n.a. | Under Implementation | n.r. |

RESULTS FRAMEWORK

| Country Development Priorities (NESDP 2013-2025 Outcomes) | Specific Constraints Being Addressed by CDB | Sector Outcomes Being Targeted | Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| PILLAR I: Re-engineering Economic Growth | | | | | | |
| <i>CES Expected Outcome 1: Building Capacity in Support of CSA, Agri-Business Growth and MSME Development</i> | | | | | | |
| To revitalise the agricultural and fisheries sector | <ul style="list-style-type: none"> i. Low agriculture sector productivity, reduced output, and inconsistency of supply. ii. Lack of technical capacity to rapidly modernise the agricultural sector. | <ul style="list-style-type: none"> i. Increased food and nutrition security. ii. Increased contribution of the agriculture sector to GDP and socioeconomic development. iii. Increased resilience of the agriculture sector to climate change and natural hazards. | <ul style="list-style-type: none"> i. Consistency of supply and improved quality of primary and value-added products. <i>Baseline (2021): 0.</i> <i>Target (2024): Increase.</i> <i>Source: MOA.</i> ii. Improved agriculture sector management. <i>Baseline (2021): 0.</i> <i>Target (2024): Increase.</i> <i>Source: MOA.</i> | <ul style="list-style-type: none"> i. TA – Increasing sector output through productivity enhancing and CSA interventions. ii. TA – Building the capacity of MOA in data collection and analysis, management of data systems, and the development and dissemination of information products. | <p><u>Main Risks</u> Financial resource mobilisation and prioritisation and limited technical capacity.</p> <p><u>Main Mitigation Measures</u> Explore traditional and non-traditional approaches for resource mobilisation and capacity enhancing programmes.</p> | SDG 2; SDG 5; SDG 8; SDG 9; SDG 15; SDG 16 |

| Country Development Priorities (NESDP 2013-2025 Outcomes) | Specific Constraints Being Addressed by CDB | Sector Outcomes Being Targeted | Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| PILLAR I: Re-engineering Economic Growth | | | | | | |
| <i>CES Expected Outcome 1: Building Capacity in Support of CSA, Agri-Business Growth and MSME Development (cont'd)</i> | | | | | | |
| To enhance productivity and competitiveness | <p>iii. Significant capacity gap exists in national BSOs which directly impacts the quality of business development support available to MSMEs.</p> <p>iv. MSMEs in the agro-processing and creative industries suffer from low levels of competitiveness in external markets.</p> | <p>iv. Increased quality and number of business support services available to MSMEs.</p> <p>v. Increased number of MSMEs exporting goods and services to regional and international markets.</p> | <p>iii. Strategic plans developed for BSOs and increase in the number of business support services. <i>Baseline (2021): TBC. Target (2024): Two strategic plans developed and a 20% increase in the number of business support services. Source: CED.</i></p> <p>iv. Increase in the number of MSMEs exporting. <i>Baseline (2021): TBC. Target (2024): 10%. Disaggregation: sex, age, disability. Source: Invest SVG/CED.</i></p> | <p>iii. TA – Build capacity in national BSOs.</p> <p>iv. TA – Support the development of cluster programmes in agro-processing and the creative industries.</p> | <p><u>Main Risks</u> Both BSOs and MSMEs lack the capacity to fully capitalise on capacity building support.</p> <p><u>Main Mitigation Measures</u> Support will be provided to develop organisation and MSME strategic plans and, as such, customise support for BSOs and MSMEs given their unique requirements.</p> | |
| <i>CES Expected Outcome 2: Strengthening progress in SDGs integration in national planning</i> | | | | | | |
| To maintain strong macroeconomic fundamentals | Misalignment of the current goals/objectives with SDGs. | Improved national planning and alignment with SDGs. | <p>NESDP aligned with SDGs. <i>Baseline (2021): NESDP partially (48%) aligned with SDGs. Target (2024): NESDP fully aligned with SDGs. Source: MOF.</i></p> | TA – Support the review and revision of the NESDP, to better align with SDGs. | <p><u>Main Risks</u> Fiscal and human constraints delay the revision of the NESDP.</p> <p><u>Main Mitigation Measures</u> CDB will provide TA grant for consultancy support.</p> | SDG 16; SDG 17 |

| Country Development Priorities (NESDP 2013-2025 Outcomes) | Specific Constraints Being Addressed by CDB | Sector Outcomes Being Targeted | Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| PILLAR I: Re-engineering Economic Growth | | | | | | |
| <i>CES Expected Outcome 3: Improving Availability of Resilient Productive Infrastructure</i> | | | | | | |
| i. To upgrade the road network in SVG. ii. To ensure an adequate, safe, reliable and sustainable supply of water. iii. To modernise and expand seaport facilities. iv. To reduce the adverse impacts of climate change. | i. Inadequate and insufficiently maintained roads. ii. Inadequate water supply and distribution system. iii. Inadequate management of water resources. vi. Inadequate institutional capacity for seaport operations. v. Under-developed physical infrastructure. vi. Vulnerability to natural and man-made disasters. | i. Reduction in vehicular operating costs (VOC). ii. Reduction in traffic congestion (TC). iii. Increased access to potable water by households. iv. Enhanced ability to manage water resources. v. Increased overall efficiency in seaport operations. vi. Improved protection of the coastal environment. | i. Secondary or other roads built or upgraded (km). <i>Baseline (2021): 0.</i> <i>Target (2026): 5.</i> <i>Source: MTW.</i> ii. Reduction in VOC. <i>Baseline (2021): project specific.</i> <i>Target (2026): project specific.</i> <i>Source: MTW.</i> iii. Reduction in TC. <i>Baseline (2021): project specific.</i> <i>Target (2026): project specific.</i> <i>Source: MTW.</i> iv. Households provided with potable water due to construction of new water treatment facility(ies). <i>Baseline (2021): 0 households.</i> <i>Target (2026): 250 households.</i> <i>Source: CWSA.</i> v. Updated policy document on the governance of water resources. <i>Baseline (2021): 0.</i> <i>Target (2026): 1.</i> <i>Source: CWSA.</i> | i. TA and possible capital – Develop a Climate Resilient Transport Infrastructure Strategic Development Plan which would include investigations into modernisation of public transport. ii. TA and possible capital – Enhancing the water supply network capacity. iii. TA – Building capacity, strengthening the institutional arrangements for the delivery of water services, and strengthening the legislative and institutional framework for the management of water resources. iv. TA – Contribute towards upgrading port governance and operations. v. Capital – Resilient Coastal Protection Works. vi. BNTP – 1.8 km of secondary or other roads built or upgraded. | <u>Main Risk</u> The main risk is stalling of the projects due to SVG's non-prioritisations. <u>Main Mitigation Measures</u> Staff will regularly engage SVG providing information on funding options including concessional funding to incentivise advancement of the projects. | SDG 5; SDG 6; SDG 9; SDG 11; SDG 15 |

| Country Development Priorities (NESDP 2013-2025 Outcomes) | Specific Constraints Being Addressed by CDB | Sector Outcomes Being Targeted | Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|-------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------|------|
| PILLAR I: Re-engineering Economic Growth | | | | | | |
| <i>CES Expected Outcome 3: Improving Availability of Resilient Productive Infrastructure (cont'd)</i> | | | | | | |
| | | | <ul style="list-style-type: none"> vi. Average annual throughput for containers increased (20-foot equivalent units/Hr). <i>Baseline (2021): 10. Target: (2026) 15. Source: Ministry of Urban Development, Energy, Airports, Seaports, Grenadines Affairs and Local Government (MUD).</i> vii. Average turnaround time for cargo vessels decreased (hrs). <i>Baseline (2021): 48. Target: (2026): 24. Source: MUD.</i> viii. Coastal protection works completed (km). <i>Baseline (2021): 0. Target (2026): 0.6. Source: MTW.</i> xi. Secondary or other roads built or upgraded (km). <i>Baseline (2021): 0. Target (2023): 1.8. Source: MTW.</i> | | | |

| Country Development Priorities (NESDP 2013-2025 Outcomes) | Specific Constraints Being Addressed by CDB | Sector Outcomes Being Targeted | Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| PILLAR II: Enabling Enhanced Human and Social Development | | | | | | |
| CES Expected Outcome 4: Strengthening Human Capital, Gender Equality, and Social Protection | | | | | | |
| <p>i. Increase the ability of the state to create institutions and policies to foster individual welfare and sustainable development.</p> <p>ii. To facilitate and guide the optimal improvement in quality-of-life for all Vincentians.</p> | <p>i. Heightened awareness and elimination of the attitudinal, social, and cultural norms which perpetuate social discrimination and decrease the autonomy and participation of all society in the sustainable development of SVG.</p> <p>ii. High levels of crime and violence.</p> <p>iii. Limited human and social capital.</p> <p>iv. Inadequate physical and social infrastructure to effectively deliver rehabilitation programmes at Liberty Lodge Training Centre.</p> | <p>i. Strengthened multi-sectoral approach and service delivery when responding to unemployment, life skills, livelihood enhancement, job placement, at-risk youth, frontline workers, and instances of child abuse and GBV.</p> <p>ii. Improved collaboration and cooperation across GOSVG to support and advance social protection, gender equality and citizen's security.</p> <p>iii. Improved youth outcomes.</p> | <p>i. Enhanced social infrastructure and services for addressing GBV. <i>Baseline (2021): 0. Target (2026): 1. Source: MNMSD.</i></p> <p>ii. NGEAP developed. <i>Baseline (2021): No. Target (2024): Yes. Source: MNMSD.</i></p> <p>iii. Enhanced policy and implementation framework for unemployment insurance. <i>Baseline (2021): No. Target (2024): Yes. Source: NIS.</i></p> <p>iv. Strengthened social infrastructure and services for youth- at-risk. <i>Baseline (2021): 0. Target (2026): 1. Source: MNMSD.</i></p> <p>v. Reduced recidivism rate of youths (%). <i>Baseline (2021): 20. Target (2026): 15.5. Disaggregation: sex, age, disability. Source: Project reports.</i></p> | <p>i. Capital – Provision of safe, secure, modern and gender-responsive Referral/Crisis Centre for survivors of GBV.</p> <p>ii. TA – Development of a NGEAP.</p> <p>iii. TA – Development of the legal and governance/administrative framework for the introduction of unemployment insurance in NIS.</p> <p>iv. Capital-Design and construction of youth at-risk rehabilitation centre at the Liberty Lodge Boys Training Facility.</p> <p>v. TA-Development of the NYPSAP.</p> <p>vi. TA – Development of a NYS/CSPS focusing on life skills, livelihood enhancement and job placement strategies.</p> <p>vii. Enhancing social protection responses for vulnerable groups affected by COVID-19 (CDB-IDB GLP COVID-19 OECS).</p> <p>viii. Enhancing health services (CDB-IDB GLP COVID-19 OECS/EIB LOC).</p> | <p><u>Main Risks</u></p> <p>i. Constraints under the COVID-19 protocols and restrictions on movements.</p> <p>ii. Ongoing challenge mobilising funding to sustain delivery of successive gender mainstreaming, psychosocial and mental health support, and support for at-risk youth.</p> <p><u>Main Mitigation Measures</u></p> <p>i. Use of virtual and/or blended approaches to data collection and trainings.</p> <p>ii. Explore longer-term strategies for multi-year funding and support for resource mobilisation.</p> | <p>SDG 1; SDG 2; SDG 3; SDG 5; SDG 8; SDG 10; SDG 11</p> |

| Country Development Priorities (NESDP 2013-2025 Outcomes) | Specific Constraints Being Addressed by CDB | Sector Outcomes Being Targeted | Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|-------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------|
| PILLAR II: Enabling Enhanced Human and Social Development | | | | | | |
| <i>CES Expected Outcome 4: Strengthening Human Capital, Gender Equality, and Social Protection (cont'd)</i> | | | | | | |
| | | | <p>vi. Health facilities with adequate personal protective equipment and protocols for infection prevention and control, protecting home care and general health care personnel (%). <i>Baseline (2021): TBD.</i> <i>Target (2022): 100.</i> <i>Source: MHW.</i></p> <p>vii. NYPSAP developed. <i>Baseline (2021): 0.</i> <i>Target (2026): 1.</i> <i>Source: MNMSD.</i></p> <p>viii. NYS/CSPS developed. <i>Baseline (2021): 0.</i> <i>Target (2026): 1.</i> <i>Source: MNMSD.</i></p> <p>ix. An increase in the number of beneficiaries who access public assistance programmes via digital payment platform (%). <i>Baseline (2021): 35.</i> <i>Target (2026): 60.</i> <i>Disaggregation: sex, age, disability.</i> <i>Source: MSMSD.</i></p> | <p>ix. TA – Support improvement and availability of gender-responsive, timely and reliable statistical and poverty data.</p> <p>x. TA – Support to and dissemination of data and statistics arising from the 2022/23 round of the Population and Housing Census.</p> | | |

| Country Development Priorities (NESDP 2013-2025 Outcomes) | Specific Constraints Being Addressed by CDB | Sector Outcomes Being Targeted | Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| PILLAR II: Enabling Enhanced Human and Social Development | | | | | | |
| <i>CES Expected Outcome 4: Strengthening Human Capital, Gender Equality, and Social Protection (cont'd)</i> | | | | | | |
| To develop an adaptable, functional and literate population. | <ul style="list-style-type: none"> i. Limited access to demand-driven, technology-enabled and quality TVET programmes. ii. Inadequate provision of high-quality and inclusive basic education and ECD services including the use of technology. iii. Sub-optimal teacher effectiveness to cater to the learning needs of all students at the various levels. iv. Inadequate provision of quality and inclusive education services for learners and special educational needs. | <ul style="list-style-type: none"> i. Enhanced access to high-quality/relevant ECD, basic education and TVET programmes in key development areas. ii. Increased number of students achieving the minimum matriculation requirements of primary and secondary education. iii. Improved educational progress and outcomes for pupils with special educational needs and/or disabilities. | <ul style="list-style-type: none"> i. Classrooms built or upgraded (#). <i>Baseline (2021): 0. Target (2024): Increase. Source: MOE.</i> ii. Teacher appraisal system is fully operationalised. <i>Baseline (2021): No Target (2024): Yes Source: MOE.</i> iii. Students achieving grade-level expectations in Grade 6 in Mathematics and English (%); primary education. <i>Mathematics: Baseline (2021): 41.71 (M); 46.65 (F). English: Baseline (2021): 66.1 (M); 81.38 (F). Target: (2026): Increase. Disaggregation: sex. Source: MOE.</i> iv. Students achieving 5 or more Caribbean Secondary Education Certificate passes, including Mathematics and English (%). <i>Baseline (2021): 50.28 (M); 53.08 (F). Target (2026): Increase. Disaggregation: sex. Source: MOE.</i> | <ul style="list-style-type: none"> i. BNTF – 18 classrooms built or upgraded. ii. TA – Promote teacher effectiveness with an emphasis on improving capacity for gender-responsive pedagogy, learning recovery and enhancement and an enhanced teacher appraisal system. iii. Capital – Enhance the learning environment in basic education and ECD. iv. Capital – Expand access to demand-driven TVET programmes, particularly CVQ Levels 2 and 3 and programmes in key economic sectors. | <p><u>Main Risks</u></p> <ul style="list-style-type: none"> i. Prolonged impact of the COVID-19 pandemic affects implementation of infrastructure works and learning recovery and enhancement programme. ii. Timely pre-appraisal inputs, such as designs for infrastructure works. iii. Sub-optimal buy-in for teacher appraisal system. <p><u>Main Mitigation Measures</u></p> <ul style="list-style-type: none"> i. Improved project planning and identification, and costing of delays in project design. ii. Effective and inclusive engagement of stakeholders during the design and implementation phases. iii. Active supervision of project/programme activities by CDB. | SDG 4; SDG 5; SDG 8; SDG 11 |

| Country Development Priorities (NESDP 2013-2025 Outcomes) | Specific Constraints Being Addressed by CDB | Sector Outcomes Being Targeted | Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| PILLAR III: Preserving Environment Sustainability and Enhancing Climate Resilience | | | | | | |
| <i>CES Expected Outcome 5: Enhanced Environmental Sustainability and Climate Change Resilience</i> | | | | | | |
| <ul style="list-style-type: none"> i. To enhance the capability of SVG to prepare effectively for, respond to and mitigate disasters. ii. To reduce the adverse impacts of climate change. iii. To reduce the dependence on imported fuel. | <ul style="list-style-type: none"> i. Weak implementation capacity to meet the need to build climate resilience in the agriculture sector. ii. High vulnerability of the agriculture sector to climate change. iii. Limited capacity of governmental agencies to design and implement DRM programmes. iv. Inadequate legislative framework to support national DRM activities pre and post-disaster. v. Mainstreaming DRM into the Education Sector. vi. Mainstreaming DRM in community development programmes. vii. Inadequate national volcano monitoring system. viii. Inadequate legislative framework to support national environmental programmes. xi. Lack of national safeguards policies and procedures. | <ul style="list-style-type: none"> i. Strengthened DRM and climate resilience. ii. Enhanced implementation of DRM programmes through increased capacity of governmental agencies. iii. Enhanced legislative framework to facilitate the implementation of DRM programmes. iv. Improved National Safe School Programme for improving school safety and reducing injuries. v. Enhanced preparedness and response capabilities in communities to increase resilience and reduce hazard impacts. vi. Enhanced volcano monitoring and early warning system for increasing safety of communities. | <ul style="list-style-type: none"> i. Implementation Plan for NAP for the agriculture sector developed. <i>Baseline (2021): No.</i> <i>Target (2023): Yes.</i> <i>Source: MOA.</i> ii. Climate resilience project for agriculture developed. <i>Baseline (2021): No.</i> <i>Target (2024): Yes.</i> <i>Source: MOA.</i> iii. Government agencies trained in Business Continuity Planning (BCP) (#). <i>Baseline (2022): 0.</i> <i>Target (2024): 2.</i> <i>Source: Ministry of National Security (MNS).</i> iv. NEDMA amended and presented for approval by Parliament. <i>Baseline (2021): No.</i> <i>Target: (2024): Yes.</i> <i>Source: MNS.</i> v. National Safe Schools Policy and Sectoral DRM Plan developed and approved (#). <i>Baseline: (2021): 0.</i> <i>Target: (2024): 1.</i> <i>Source: MNS.</i> | <ul style="list-style-type: none"> i. TA – Developing an Implementation Plan for NAP for the Agriculture Sector. ii. TA – Building Resilience in the Agriculture Sector to Climate Change Impacts. iii. TA – Building capacity of national agencies to enhance COG/BCP. iv. TA – Review and updating of NEDMA (No. 15 of 2006). v. TA – Sectoral DRM Plan Development: Education Safe Schools Programme and micro projects. vi. TA – Expansion of the National Community Based DRM programme building on the Volcano Ready CDRRF Project. vii. Capital- Support for the upgrade of the volcano monitoring and early warning system. | <p><u>Main Risks</u></p> <ul style="list-style-type: none"> i. Implementation capacity constraints. ii. Timely project design and inputs from stakeholders. iv. Limited integration of policies and plans in NDPs. <p><u>Main Mitigation Measures</u></p> <ul style="list-style-type: none"> i. Put in place measures to identify capacity gaps and to address these through training and CDB technical support. ii. Maintain dialogue with the country authorities and ensure inputs for project design are provided and that the interest is maintained. iii. Engage political directorate in the initiative to facilitate project buy-in and the necessity of the initiatives to attain the stated national development goals. iv. Support DRM projects that are part of the revised CWP which has been approved by Cabinet and targets integration with NDPs. | <p>SDG 5; SDG 7; SDG 11; SDG 13; SDG 15; SDG 16</p> |

| Country Development Priorities (NESDP 2013-2025 Outcomes) | Specific Constraints Being Addressed by CDB | Sector Outcomes Being Targeted | Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|-------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------|
| PILLAR III: Preserving Environment Sustainability and Enhancing Climate Resilience | | | | | | |
| <i>CES Expected Outcome 5: Enhanced environmental Sustainability and Climate Change Resilience (cont'd)</i> | | | | | | |
| | <p>x. Lack of strategic policies and plans in PPU.</p> <p>xi. Lack of energy security.</p> | <p>vii. Enhanced institutional and legislative framework to support national programmes.</p> <p>viii. Integration of environmental and social safeguards in national policies.</p> <p>ix. Enhanced implementation of NPDP.</p> <p>x. Increased energy security.</p> | <p>vi. Community DRM plans prepared and approved (#). <i>Baseline (2021): 11. Target (2024): 14. Source: MNS.</i></p> <p>vii. Enhanced monitoring and early warning capability. <i>Baseline (2021): No. Target (2024): Yes. Source: MNS.</i></p> <p>viii. Environmental Management Act amended and approved in Parliament. <i>Baseline (2021): No. Target: (2024): Yes. Source: Ministry of Tourism, Civil Aviation, Sustainable Development and Culture (MOT.)</i></p> <p>ix. National environmental and social safeguard procedures completed and approved by Cabinet. <i>Baseline (2021): No. Target: (2024): Yes. Source: MOT.</i></p> <p>x. Safeguard Specialists Trained (#). <i>Baseline (2022): 0. Target: (2024): 3. Source: MOT.</i></p> | <p>viii. TA – Review and revision of the 2013 Environmental Management Act.</p> <p>ix. TA – Develop national environmental and social review procedures to facilitate the integration of safeguards in national projects.</p> <p>x. TA – Training in the development of safeguards related documentation.</p> <p>xi. TA – Support for the Development of a Strategic Plan for PPU.</p> <p>xii. TA – Support for the procurement of various equipment to enhance the operations of the unit and to implement NPDP.</p> <p>xiii. TA – Support for the training of staff to build capacity to undertake the creation of knowledge products to meet the demand of clients and aid in national development planning and decision making.</p> <p>xiv. TA – Support development of the policy/governance of the energy sector – revision and update of NEP.</p> <p>xv. TA – Support the development of a regulatory framework of the electricity sector.</p> | | |

| Country Development Priorities (NESDP 2013-2025 Outcomes) | Specific Constraints Being Addressed by CDB | Sector Outcomes Being Targeted | Outcome Indicators | CDB's Indicative Areas for Support | Risks and Mitigation | SDGS |
|----------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------|------|
| PILLAR III: Preserving Environment Sustainability and Enhancing Climate Resilience (cont'd) | | | | | | |
| <i>CES Expected Outcome 5: Enhanced Environmental Sustainability and Climate Change Resilience</i> | | | | | | |
| | | | <ul style="list-style-type: none"> xi. Strategic Plan developed and approved by Government. <i>Baseline (2021): No. Target: (2024): Yes. Source: MTW.</i> xii. Enhanced hazard mapping capabilities through equipment purchase. <i>Baseline (2021): No. Target: (2024): Yes. Source: MTW.</i> xiii. Staff Trained (#). <i>Baseline (2021): 0. Target: (2024): 3. Source: MTW.</i> xiii. Knowledge products developed (#). <i>Baseline (2021): No. Target: (2024): Yes. Source: MTW.</i> xiv. NEP updated. <i>Baseline (2022): No. Target (2024): Yes. Source: MUD.</i> xv. Electricity Sector Regulations developed and presented for approval by Parliament. <i>Baseline (2022): No. Target (2024): Yes. Source: MUD.</i> | | | |

DEVELOPMENT PARTNERS' CURRENT ACTIVITIES

| Sector/Area | CDB | WB | EU | UN Agencies | Republic of China on Taiwan | OTHER |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agriculture | Food Safety Certification System for Livestock Production and Trade in SVG | <ul style="list-style-type: none"> • OECS Regional Agricultural Competitiveness Project • Volcanic Eruption Emergency Project | - | - | <ul style="list-style-type: none"> • Enhancement of Vegetable Production Project • Advancement of Livestock Technology and Value Chain Development in the Agriculture Sector • Banana Productivity Improvement Project | - |
| Blue Economy | - | UBEC | - | - | - | - |
| Education | <ul style="list-style-type: none"> • BNTF 10. • School Improvement Project – Phase I. • TVET Development • Social Safety Nets for Vulnerable Population affected by COVID-19 (Education Component) • TVET TA – Standardisation and Certification of Exportable Services Providers | Human Development Service Delivery Project | - | - | - | Global Partnership for Education: <ul style="list-style-type: none"> • System Capacity Grant • Programme for Educational Advancement and Relevant Learning (OECS PEARL). • Department for International Development – Skills for Youth Employment |
| Energy | <ul style="list-style-type: none"> • VINLEC Utility Battery Storage and Grid – Connected Solar PV Project • EE Measures and Solar PV Plant | - | - | - | - | - |

| Sector/Area | CDB | WB | EU | UN Agencies | Republic of China on Taiwan | OTHER |
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| Environment and Coastal Protection | <ul style="list-style-type: none"> • NDM – Immediate Response Loan – La Soufriere Volcano • NDM – Rehabilitation and Reconstruction (Hurricane Tomas/North Windward) • NDM – Rehabilitation and Reconstruction – December 2013, Trough Event • NDM – DRR and Climate Change Adaptation • Sandy Bay Sea Defences Resilience Project | <ul style="list-style-type: none"> • SVG Volcanic Eruption Emergency Project • Regional Disaster Vulnerability Risk Reduction | - | - | - | - |
| Health | <ul style="list-style-type: none"> • Improving Response and Resilience of the Health Sector to COVID-19 Project • EIB Second Climate Action LOC – COVID-19 Component | OECS Regional Health Project | - | - | - | - |
| Macro-Economic Management | Procurement reform (in collaboration with WB) | Procurement reform (in collaboration with CDB) | - | - | - | - |
| Private Sector Development/ Trade | <ul style="list-style-type: none"> • Institutional Strengthening and capacity building support for invest SVG. • National Standardisation and certification of Exportable services Providers. • Food Safety certification system for livestock production and trade in SVG. | - | - | - | - | - |
| Public Sector Modernisation/ Digital Transformation | - | <ul style="list-style-type: none"> • Caribbean Digital Transformation Project. • Caribbean Regional Communications Project. | - | - | - | - |

| Sector/Area | CDB | WB | EU | UN Agencies | Republic of China on Taiwan | OTHER |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------------------------|
| Social Protection | Safety Nets for Vulnerable Populations Affected by COVID-19. | <ul style="list-style-type: none"> • Human Development Service Delivery Project. • Volcanic Eruption Emergency Project. | | <ul style="list-style-type: none"> • Cash Transfer Programme to families directly and indirectly affected by the volcanic eruption in 2021 (UNICEF) • Cash Transfers and Food Vouchers for families affected by the volcanic eruption in 2021 (World Food Programme) | | |
| Statistics | - | OECS Data for Decision Making Project | - | - | - | - |
| Tourism | - | OECS Regional Tourism Competitiveness Project | - | - | - | - |
| Transportation | <ul style="list-style-type: none"> • BNTF 10. • Port Modernisation Project. • Canouan Airport Runway Rehabilitation | - | 11 th European Development Fund | - | Port Modernisation Project. | KFAED/ OPEC Fund-National Agricultural and Feeder Roads Project |
| Water, Sanitation and Drainage | - | Volcanic Eruption Emergency Project | - | - | - | - |

CLIMATE AND DISASTER RISK SCREENING

Basic Project/Programme Information

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| <p>Project Title: Country Engagement Strategy 2022-26 Country: Saint Vincent and the Grenadines Sector: Multi-Sector</p> |
| <p>Country Objectives and Brief Description:</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 context.</p> |
| <p>Project Cost: N/A.</p> |

Summary of Climate and Disaster Risk Screening

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| <p>A. Context</p> <p>SVG is an archipelagic state that forms part of the Windward Island in the Southern part of the Caribbean. Located at 130 15’N and 610 15’W, it is surrounded by Saint Lucia to the North, Barbados to the East, and Grenada to the South. The state covers a total land area of approximately 150.3 square miles (388 sq. km.) and a larger marine area including a shallow coastal shelf encompassing an area of approximately 690 square miles. The Draft 2012 Population and Housing Census Report puts the population of SVG at 109,188.</p> <p>The capital, Kingstown, is located in St. Vincent – commonly referred to as the mainland. This main island is the largest and most populated and is located to the extreme north of the archipelago. It is roughly elliptical in shape with its greatest length 18 miles (29 km) north to south and its greatest width 11 miles (17.7 km) west to east, with a land area of 133 sq. miles. The Grenadines cover a total land area of 16.5 sq. miles (44 sq. km) and stretch 45 miles to the southwest of St. Vincent toward Grenada to latitude 120 30’. The land area of the Northern Grenadines totals 9 sq. miles, and the Southern Grenadines 7.5 sq. miles.</p> <p>The 7 inhabited islands are Bequia (7 sq. miles, 18 sq. km) and Mustique (1.9 sq. miles, 7.5 sq. km) in the Northern Grenadines; and Union, Canouan (3 sq. miles, 7.5 sq. km), Mayreau, Palm Island, and Petit St. Vincent in the Southern Grenadines. Mustique, Palm Island and Petit St. Vincent are either privately owned or are leased by the State to private companies. There are a number of uninhabited islets and rocks including the Tobago Cays – Petit Rameau, Baradal, Petit Bateau, Jamesby, Balliceaux and Petit Tabac.</p> <p>The main topographical feature of St. Vincent is a backbone of volcanic mountains that stretch much of its length and rise northwards to an elevation of approximately 4,084 feet above mean sea level at La Soufrière, the highest point on the island and where a volcano is located. Further south are Richmond Peak (3,523 feet), Mount Brisbane (3,058 feet), Grand Bonhomme (3,181 feet), Petit Bonhomme (2,481 feet), and Mount St. Andrew (2,413 feet). These are all part of the axial range which divides the island longitudinally into two nearly equal parts which are further subdivided by lateral spurs radiating outwards to the windward and leeward coasts. Highly dissected ridges and valleys extending down to the edge of the water characterise the topography on the leeward side. The spurs are steep and the valleys deep and narrow. This side of the island is indented with numerous deep embayments, which provide safe harbours and offer potential for port development. On the windward side, the relief is more gently rolling, with an almost straight coastline with less high cliffs and shaped by the continuous erosional forces of waves energised by the Northeast Trade winds. The more gently undulating foothills on this windward side enclose shallow valleys which occasionally merge into extensive coastal plains. The Grenadines are lower lying, with the highest point being Mount Taboi on Union Island which rises to 1,000 feet above sea level. The second highest point is on the island of Canouan at Mount Royal which is 877 feet high.</p> |
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| B. Exposure¹: Brief Description of Hazards Likely to Affect the Country Engagement Strategy² | |
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| <u>Hazard:</u> | <u>Description³</u> |
| Extreme Temperature | SVG has a tropical climate with an average monthly temperature of 27°C with little diurnal variation. Baseline air temperature at the weather station at E.T. Joshua Airport, measured daily from 1999-2016, ranged from 18.5°C to 33.5°C. The average minimum temperature was 24.7°C and the average maximum temperature was 30.4°C. Throughout the year, the average minimum temperature varies by only 1.6°C. Likewise, the average maximum temperature varies by only 1.6°C. Empirical data from the Meteorological Office have shown a warming trend over the past 22 years for both the maximum and minimum temperatures. However, the trend is not statistically significant at the 95% level. Mean annual temperature is projected to increase by 0.15°C per decade over the next century. GCMs project maximum temperature changes of up to 4°C by the end of the century under the A2 scenario, with a median temperature projected to increase by up to 1°C by the 2030s, 1.8°C by the 2060s, and 2°C by the 2090s (SNCCC, 2015). |
| ii. Extreme Precipitation and Flooding | SVG experiences two distinct rainfall periods – the wet season and the dry season. The former occurs from June to November, which coincides with the Atlantic hurricane season, while the latter occurs between December and May. The wettest year on record was 2011, with 3424.7 mm of rain. The wettest month on record was October 1998 with 727.9 mm of rainfall. The wettest month on average is also October with 283 mm of rainfall. The peak wet season is September, October and November with an average rainfall of 803.1 mm. Coastal flooding is a major concern on St. Vincent, particularly relating to storm surge and high wave action. Flash flooding from mountain streams coupled with storm surge events present the greatest risk from flooding. While bay and harbor areas are particularly at risk, storm surge and wave action pose a particular risk to the eastern side of St. Vincent where the coast is exposed to potentially very long fetch waves. |

¹ 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.

² A physical process or event (hydro-meteorological or oceanographic variables or phenomena) that can harm human health, livelihoods, or natural resources.

³ For details see Table 1: *Climate and Geophysical Hazards, and Potential Impacts for Priority Sectors for Current and Future Time.*

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| iv. Hurricane/Storm | <p>Since 1900, St. Vincent has been hit by eight storms, the strongest being Category 4 Hurricane Allen, which passed between Saint Lucia and St. Vincent in 1980. Hurricane Hazel (Category 1), Tomas (Category 2) and Hurricane Lenny (Category 4) have also severely affected the country. There have been 65 storms that could have potentially affected Kingstown between 1855 and 2016. Within the past 161 years there has been 1 major Category 4 hurricane and 5 Category 2 hurricanes to pass by SVG. All remaining storms were either tropical storms or tropical depressions. The average return period for a tropical storm was calculated to be 1.69 years while the return period for a hurricane was 33.33 years. Furthermore, Class 2 hurricanes had a return period of 50 years while Class 4 hurricanes only had a return period of every 100 years due to the low number of historic occurrences. Therefore, there is a 59% annual probability that a tropical storm will affect Kingstown with only a 2% chance of a Class 2 hurricane and a 1% chance of a Class 4 hurricane. Observed and projected increases in sea surface temperatures indicate potential for continuing increases in hurricane activity and model projections indicate that this may occur through increases in intensity of events but not necessarily through increases in frequency of storms.</p> |
| v. Volcanic Eruption | <p>SVG is exposed to low-to-moderate seismic risk – seismic zone 2 on a 0-4 scale . Its location along the eastern margin of the Caribbean plate exposes the islands to seismic and/or tectonic activity. SVG is particularly vulnerable to shallow seismic activity from one of the more active volcanoes in the eastern Caribbean, La Soufrière, located on the northern portion of St. Vincent. La Soufrière rises to 1,234 meters and has erupted in historical times. La Soufrière erupted violently in 1718, 1812, 1902, 1971, and 1979. The eruption of May 6, 1902, killed 1,680 people. The last recorded eruption was in April 2021; due to advance warning there were no fatalities. Direct impacts are generally limited to the island of St. Vincent; however, potential ash fall impacted the neighboring islands. In addition to La Soufrière, the underwater volcano <i>Kick 'em Jenny</i> offshore of Grenada, constitutes permanent threats to SVG.</p> |

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| vi. Landslides | SVG is vulnerable to landslides due to the combination of its volcanic geomorphology and steep terrain and influenced trigger mechanisms such as heavy rainfall. Road cuts and building constructions on steep slopes contribute to landslide potential; there is little flat land available for construction. Landslides are usually associated with periods of prolonged rainfall such as what occurs during the rainy season from May to November. As recently as 2016, heavy rains provoked numerous landslides in SVG, resulting in one death and the activation of search and rescue operations. |
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C. Sensitivity⁴ of Sectors (if known) or Overall Project

Education

Climate change has a direct impact on education. The primary impacts of climate change on education arise from the effects of extreme weather events, such as hurricanes, storms, heavy rains accompanied by flooding, and strong winds. Several schools throughout SVG are in flood-prone areas or within areas vulnerable to landslides. 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. The disruptive weather patterns due to climate change can damage or destroy school infrastructure diverting limited public resources toward rebuilding and/or rehabilitating destroyed infrastructure. Extreme hazard events such as the volcanic eruption in 2021, severely disrupted schools due to the relocation and impact on school buildings. Additionally, schools are used as emergency shelters; during the eruption, many schools were used as shelters and thus classes could not be held. Many lack the necessary requirements such as adequate water supply, bathrooms, and cooking facilities. With the effects of climate change and natural hazards projected to intensify, these processes can be exacerbated thus future construction must take areas prone to flooding into consideration.

Agriculture

Agriculture is highly exposed to the impact of climate-related hazards, with extended drought, flooding, and other weather extremes (including tropical storms), causing substantial damage and exacerbating soil degradation (erosion) processes. For example, the drought of 2010 and 2011, accounted for a reduction of 15.0% in banana exports during the first semester of 2010 alone. Hurricane Tomas, also in 2010, caused damage of approximately XCD151.8 mn (\$56.9 mn) in the agricultural sector. The flooding, and to a lesser extent the winds of the hurricane, destroyed entire banana fields and reduced production in the following years.

Climate change is expected to affect St. Vincent’s agricultural production, mainly through the direct effects on crop production of increasing temperatures, changes in precipitation patterns (including more frequent and intense drought episodes), increasing storm intensity (and flooding), and high winds. With higher temperatures, climate change could also increase water demand (and reduce supply with more frequent drought) and increase the incidence of pests, weeds, and disease. With changes in temperature and precipitation, shifts in the crop suitability of agricultural land are also to be expected. In addition, longer dry periods and more torrential rains could aggravate land degradation processes (erosion) and increase the risk of landslides in steep areas.

Infrastructure

The road infrastructure in St. Vincent is increasingly affected by climate change, and the economic impacts, especially from severe rainfall events, are often substantial mainly through loss of access due to damage to roads, culverts, and bridges. MTW is responsible for organising and directing transport policy and for planning, preparing,

⁴ The degree to which a system, asset, or species, may be affected – either adversely or beneficially – when exposed to climate variability or change, or geophysical hazards.

contracting, and administering road improvement, construction, and rehabilitation projects. These ministries currently have no methodology for considering the climate change risks and impacts when planning investments. Climate change aspects are therefore neither part of the present road planning system nor the national road network rehabilitation project currently underway.

However, efforts to maintain the national road network are not adequate and maintenance needs exceed the available funding. Furthermore, many existing roads are of sub-standard quality and the weight control of vehicles is absent. These issues are interrelated in the sense that poor or inadequate maintenance increases the climate vulnerability of existing roads and decreases the life span of individual roads, impacting the entire road network. This situation has led to an adaptation deficit in the road sector that will continue to grow unless a robust adaptation programme is put in place.

MSMEs

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 SVG. 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.

D. Adaptive Capacity

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 has taken a comprehensive and systematic approach to incorporating climate change considerations into their operations.

E. Climate and Disaster Risk Assessment Summary

SVG is vulnerable to natural hazards, including tropical storms, hurricanes, floods, drought, landslides, and earthquakes. These hazard impacts have resulted in 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 – agriculture, education, and MSMEs. These events also damage or destroy existing transport infrastructure, thereby further limiting access to social and economic services and opportunities.

The priority sectors in the CES have varying levels of vulnerability to climate variability and climate change, with the agriculture sector being the most sensitive to increases in temperature, SLR, intensity of storms, and changes in precipitation patterns. The agriculture sector's contribution to GDP continues on a downward trend. This trend is likely to continue given the abandonment of farmlands, the loss of prime agricultural lands to physical development, loss of interest by the young in agriculture as a career, and the impacts of extreme weather conditions, including droughts, among others. Notwithstanding, the sector remains a priority for the local economy for employment generation and food security.

The management of climate and disaster risks and impacts to education infrastructure is a priority in the NESDP, therefore increasing the resilience of the education infrastructure is an objective of the NESDP.

Climate proofing existing roadways and bridge infrastructure is of prime importance. This is aligned with the Medium-term Development Strategy objective to build resilience and reduce vulnerability to climate change by retrofitting existing infrastructure and integrating climate change considerations into designs for new infrastructure.

Adaptive capacity in all sectors is low, 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 climate risk and vulnerability assessments for the agriculture sector and implementing adaptation plans of action responding to the vulnerabilities identified; and improving meteorological and hydrological data collection and use, and emergency response and recovery planning.

More emphasis needs to be placed on:

- (a) Mainstreaming climate change into key sectors by undertaking climate vulnerability assessments and developing climate resilient investment master plans for critical infrastructure.
- (b) Ensuring that responsibilities for climate action are logically assigned to relevant ministries, with clear responsibilities for developing sectoral strategies and costed investments.
- (c) Ensuring that climate-related objectives and activities are systematically identified in the Budget, and investment projects explicitly linked to these objectives and activities.
- (d) Implementing adaptation measures identified for the CES priority sectors.
- (e) Supporting DRM through mapping of community level landslide risk, road slope stabilisation, and seismic micro-zonal hazard mapping.

F. Overall Risk Assessment Rating (None/Low/Moderate/High): Moderate.