



CARIBBEAN DEVELOPMENT BANK

STAFF REPORT

**COUNTRY ENGAGEMENT STRATEGY 2026-2030
THE COMMONWEALTH OF DOMINICA**

This Document is being made publicly available in accordance with the Bank's Information Disclosure Policy. The Bank does not accept responsibility for the accuracy or completeness of the Document.

Considered at the Three Hundred and Fifteenth Meeting
of the Board of Directors on September 30, 2026

<i>Director Economics Department</i>	<i>Mr. Ian Durant</i>
<i>Deputy Director Economics Department</i>	<i>Ms. Christine Dawson</i>
<i>Economist</i>	<i>Mr. Xavier Ajani Malcolm</i>

SEPTEMBER 2026

CURRENCY EQUIVALENT

(Dollars (\$) throughout refer to United States dollars (USD) unless otherwise stated)
Eastern Caribbean Dollar (XCD) 2.70=\$1.00

ABBREVIATIONS

BESS	-	Battery Energy Storage System
BNTF	-	Basic Needs Trust Fund
BSOs	-	Business Support Organisations
CBI	-	Citizenship-by-Investment
CCDR	-	Country Climate and Development Report
CDB	-	Caribbean Development Bank
CES	-	Country Engagement Strategy
CRRP	-	Climate Resilience and Recovery Plan
CSO	-	Central Statistical Office
CVQ	-	Caribbean Vocational Qualification
DAID	-	Dominica Agricultural and Industrial Development
DRM	-	Disaster Risk Management
DRR	-	Disaster Risk Reduction
EMIS	-	Education Management Information System
GBV	-	Gender-Based Violence
GDP	-	Gross Domestic Product
GFP	-	Gender Focal Point
GOCD	-	Government of the Commonwealth of Dominica
km	-	kilometre
mn	-	million
MSMEs	-	Micro, Small and Medium-Sized Enterprises
NGOs	-	Non-Governmental Organisations
NRDS	-	National Resilience Development Strategy
OCR	-	Ordinary Capital Resources
ODM	-	Office of Disaster Management
OECS	-	Organisation of Eastern Caribbean States
PFM	-	Public Financial Management
PWD	-	Persons With Disabilities
RE	-	Renewable Energy
RF	-	Results Framework
SCCR	-	State of the Caribbean Climate Report
SDF	-	Special Development Fund
SEN	-	Special Education Needs
SIDS	-	Small Island Developing States
SLR	-	Sea-Level Rise
TA	-	Technical Assistance
TVET	-	Technical and Vocational Education and Training
UNDP	-	United Nations Development Programme
UWI	-	University of the West Indies
VRRF	-	Vulnerability Risk Resilience Fund
WB	-	World Bank

TABLE OF CONTENTS

EXECUTIVE SUMMARY

- 1. COUNTRY CONTEXT**
Overview
Government Strategy
- 2. COUNTRY ENGAGEMENT STRATEGY 2026-2030**
Lessons Learnt from the Previous Country Strategy
Selectivity and Key Pillars
Strategic Pillars and Expected Outcomes
Cross Cutting Themes: Gender Equality
Regional Cooperation and Integration
- 3. CES FINANCING AND IMPLEMENTATION**
- 4. RISK AND MITIGATION**

APPENDICES

APPENDIX 1: GENDER MARKER ANALYSIS
APPENDIX 2: FRAMEWORK PAPER: COUNTRY DIAGNOSTIC
APPENDIX 3: SOCIAL VULNERABILITY MATRIX
APPENDIX 4: COUNTRY STRATEGY COMPLETION REPORT, 2020-2024
APPENDIX 5: RESULTS FRAMEWORK
APPENDIX 6: CLIMATE AND DISASTER RISK SCREENING ANALYSIS
APPENDIX 7: RISKS AND MITIGATING MEASURES

GENDER MARKER SUMMARY

Gender Marker	Analysis	Design	Implementation	Monitoring and Evaluation	Score	Code
	1.0	0.5	1.0	0.5	3.0	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 Gender Marker Analysis.

EXECUTIVE SUMMARY

1. This Country Engagement Strategy (CES/the Strategy) sets out the Caribbean Development Bank's (CDB/the Bank) strategic approach to support the development priorities of Government of the Commonwealth of Dominica (GOCD/the Government) for the period 2026-2030, framed around the Government's vision to build the world's first climate-resilient nation, and a focus on people-centred development. Through the CES, CDB intends to support resilience building in the Commonwealth of Dominica (Dominica) with particular focus in the three areas: (a) Youth Development; (b) Building Institutions; and (c) Climate Action.

Country Strategy 2026-2030: Pillars and Expected Outcomes

2. The CES rests on four pillars: (a) Social Development; (b) Economic Development and Transformation; (c) Climate Resilience and Environmental Sustainability; and (d) Strengthening Institutions and Governance. The cross-cutting themes of gender equality, digitalisation and regional integration are integrated throughout the CES. The indicative programme of assistance has been designed to support the following outcomes: (i) improved human capital development and pathways to livelihoods among the youth; (ii) improved access to finance for Micro, Small and Medium-sized Enterprises (MSMEs) and institutional strengthening of business support organisations (BSOs); (iii) strengthened agricultural productive capacity and inclusive agri-food value chain development; (iv) strengthened climate-resilient infrastructure and increased access to renewable energy (RE); (v) enhanced environmental governance, sustainable resource management, and disaster risk management (DRM); and (vi) strengthened institutional capacity, governance, and public financial management (PFM). As CDB scales up its research capacity in 2026, the Bank will seek opportunities, during CES implementation, to support the preparation of relevant knowledge products for Dominica and improve the delivery of knowledge and advisory support to GOCD. Implementation will be supported through targeted investment projects which support the development of MSMEs, the construction of climate-resilient infrastructure including energy infrastructure, and programmes which help to improve adaptive institutional capacity and reduce gender inequality. The financing mix may also include policy-based operations (PBOs), grants and technical assistance (TA) alongside counterpart financing from GOCD and financing from development partners, including the World Bank (WB), to improve development additionality.

3. The Strategy's financing envelope is estimated at one hundred and twenty-two million six hundred thousand United States dollars (\$122.6 mn), consisting of \$100 mn in Ordinary Capital Resources (OCR), and \$18.91 mn in Special Development Fund Eleventh Cycle (SDF 11) resources. An additional \$3.69 mn is programmed from the Basic Needs Trust Fund (BNTF). This envelope is indicative and lending will be subject to project-by-project confirmation of debt headroom, risk parameters, and readiness at appraisal. Where possible, the strategy will prioritise additional concessional funding, guarantees and risk-sharing structures to reduce OCR exposure.

4. Implementation of the CES will be guided by a Results Framework (RF) that tracks progress. Key risks include implementation and absorptive-capacity constraints, the sovereign's weak credit profile, and natural-disaster and climate exposure. These will be mitigated through enhanced Bank surveillance, engagement and adaptive management, targeted technical support, enhanced financial and fiduciary conditions and risk-sharing, where feasible.

1. COUNTRY CONTEXT

Overview

1.01 Known as the ‘Nature Isle’, Dominica, a geologically young volcanic island, has a land area of 751 kilometres square (km²) with 148 km of coastline. It is the only Caribbean island to have retained its indigenous people – the Kalinago, who inhabit the Kalinago Territory on the island’s east coast. Dominica boasts lush forests, rugged and mountainous terrain, and natural landscape features including waterfalls, rivers and springs, and a vast assemblage of flora, fauna and marine life.

1.02 A small island developing state (SIDS), with a population of 66,205, Dominica is classified as a middle-income economy with a per capita income of \$10,232 and a human development index score of 0.76 in 2025, reflecting a substantial improvement from 0.59 in 1991¹. Key sectors of the economy that drive activity are agriculture, livestock and forestry, construction and tourism. Estimates from the World Tourism and Travel Council indicate that the economic impact of tourism in Dominica contributed 22.9% of the gross domestic product (GDP) in 2025. Dominica has seen consistent economic growth averaging 4.9% between 2021 and 2025, supported by tourism recovery and ongoing strategic public infrastructure investments in airport, road and geothermal development that are part of the country’s economic modernisation and resilience development agenda. Growth is forecasted at 3.1% in 2026, and to gradually slow as construction winds down².

1.03 Despite growth, fiscal and external imbalances are significant, but are expected to narrow gradually as large infrastructure projects come to an end over the medium term. Public debt has declined from its COVID-19 pandemic peak of 118% to 100% in 2025 with economic recovery and fiscal adjustment, but remains elevated, well above the 60% Eastern Caribbean Currency Union sub-regional target, and will require more robust reforms to further consolidate to reduce debt levels and reduce reliance on Citizenship-by-Investment (CBI) flows. Overcoming these challenges will also require an improvement in institutional capacity, including the need for formal incorporation of fiscal procedures designed to build buffers to aid in debt reduction and mitigation of the adverse effects of climate change. For more information on the macroeconomic background and context (see Appendix 2 – Framework Paper).

1.04 Like many SIDS in the Caribbean that are trade-dependent and structurally constrained by size, Dominica remains acutely vulnerable to natural hazards and climate-related shocks. Its geography, openness, and narrow economic base expose the economy to recurrent external shocks that have contributed to episodes of volatility and economic instability that have impacted the country’s development progress. In addition to climate change, infrastructure gaps, capacity limitations, gaps in the education system and social protection systems, alongside persistent social vulnerabilities stemming from high poverty (see Appendix 3-Social Vulnerability Matrix), and gender inequality across key government institutions, remain significant development impediments. The country also contends with a high-cost business environment that undermines competitiveness and limits private sector expansion. Building climate resilience has rightly emerged as a central policy priority and a cornerstone of the country’s development strategy.

1.05 Dominica’s geology and geographic location make it acutely vulnerable to natural disasters and climate change but presents unique development opportunities. Dominica has suffered from 2 severe natural hazards over the past 11 years—Tropical Storm Erika in 2015 and Hurricane Maria in 2017—which resulted in damage equivalent to 90.0% of GDP and 226.0% of GDP, respectively. Building resilience and financial buffers to mitigate the impact of natural hazards are key to improve fiscal and debt sustainability.

¹ United Nations Development Programme (UNDP). (2025). Human Development Report 2025. UNDP Website. [file:///C:/Users/u3387/Downloads/hdr2025reporten%20\(2\).pdf](file:///C:/Users/u3387/Downloads/hdr2025reporten%20(2).pdf).

² GOCD official data.

However, Dominica's geographic position also presents unique opportunities for eco-tourism, with the island having an abundance of natural beauty. The territory also has significant potential for geothermal energy production and has built a geothermal energy power plant which became operational in May 2026, this has the potential to shield the island from the fluctuations of international commodity prices, allowing for more predictable energy costs and better long-term planning (for further details on Dominica's fiscal performance and resilience measures (see Appendix 2-Framework Paper).

Government Strategy

1.06 GOCD set out its development priorities in the National Resilience Development Strategy (NRDS), covering the period 2018-2030, which is organised around three broad imperatives aimed at achieving the goal of Dominica becoming the world's first climate-resilient nation:

- (a) Build physical and ecosystem resilience through infrastructure hardening, climate-smart agriculture, and sustainable natural resource management.
- (b) Strengthen social resilience through improved human settlements, adaptive social protection systems, and skills development.
- (c) Secure the economic conditions for resilience through low-carbon development, comprehensive risk financing, including a national Vulnerability Risk Resilience Fund (VRRF), and climate-compatible economic growth.

1.07 These three broad imperatives are further distilled through seven specific development objectives, as follows:

- (a) Promote food security and self-sufficiency through climate resilience, agriculture and fisheries development.
- (b) Enhance the resilience of ecosystems and sustainable use of natural resources (forestry, marine, water resources).
- (c) Enhance infrastructure resilience.
- (d) Promote sustainable human settlements/communities.
- (e) Provide adequate and sustainable social protection systems with the ability to respond rapidly to the impact of shocks at the individual and household levels.
- (f) Implement a comprehensive risk management framework (including VRRF) and pursue the Low Carbon Development Pathway (the greening of the economy).
- (g) Economic empowerment and innovations through sustainable Climate Financing.

1.08 Across all seven objectives, the Strategy positions climate resilience not as a sectoral concern but as the organising principle of national development. Substantive progress has been made across these broad objectives. Dominica has enacted legislation protecting its marine ecosystem (2025 Sperm Whale Reserve Act), which protects over 923.3 km of Dominica's territorial waters from shipping activity. Dominica has also established and began capitalising a VRRF to better manage the costs and financially insulate the island during economic downturns and after natural disasters. The VRRF is codified through Dominica's Climate

Resilience Act of 2018 and its operations are guided by regulations approved in 2022³, for more details on the VRRF (see Appendix 2-Framework Paper). The island has also invested in RE infrastructure, having established its first operational geothermal energy plant. Nevertheless, gaps remain. CDB's proposed engagement under this CES is designed to support selected priorities within this framework where the Bank's comparative advantage is clearest, particularly in infrastructure, energy, and social sector investment.

2. COUNTRY ENGAGEMENT STRATEGY 2026-2030

Lessons Learnt from the Previous Country Strategy

2.01 The previous CES (2020-2024) was assessed in 2025 as Marginally Unsatisfactory, reflecting limited implementation progress because of, *inter alia*, the impacts of the COVID-19 pandemic. Key lessons include: the need for more sustained and structured engagement with GOCD to maintain implementation momentum; the importance of embedding capacity building directly within project design; and the need for CDB to respond more flexibly when country conditions change materially, as they did during the pandemic and in the aftermath of successive weather events (see Appendix 4-Country Strategy Completion Report). These lessons have informed the management of country operations and the design of the current CES.

2.02 In November 2025, CDB conducted an in-country Portfolio Project Review as part of efforts to strengthen engagement and client relationships and address portfolio challenges. The review highlighted the need to strengthen implementation effectiveness, institutional capacity and coordination to improve development outcomes. These findings informed a joint Action Plan that will guide CDB-Government collaboration over the next three years, with a focus on priority investments and practical actions to enhance portfolio performance and maximise the impact of CDB-supported programmes.

Selectivity and Key Pillars

2.03 The Dominica CES (2026-2030) sets out a focused programme of collaboration with GOCD, structured around four strategic pillars: (a) Social Development; (b) Economic Development and Transformation; (c) Climate Resilience and Environmental Sustainability; and (d) Strengthening Institutions and Governance. These pillars were selected to address the interlocking structural challenges. These challenges include Dominica's acute climate vulnerability, the fiscal constraints that limit domestic investment capacity, and the institutional gaps that have historically slowed project implementation. Together they reflect the priorities identified by GOCD through a consultative process, including a country mission during which the status of the existing CDB portfolio and emerging national priorities were discussed. Each pillar is operationalised through a set of expected outcomes, six in total, which include: (i) improved human capital development and pathways to livelihoods among the youth; (ii) improved access to finance for MSMEs and institutional strengthening of business support organisations; (iii) strengthened agricultural productive capacity and inclusive agri-food value chain development; (iv) strengthened climate-resilient infrastructure and increased access to RE; (v) enhanced environmental governance, sustainable resource management, and DRM; and (vi) strengthened institutional capacity, governance, and PFM. Progress will be tracked against these outcomes through specific, quantifiable targets over the strategy period (see Appendix 5-Results Framework).

³ [Finance Administration Vulnerability Risk Resilience Fund Reg 2022 SRO 11 of 2022.pdf](#).

TABLE 2.1: CES THEORY OF CHANGE

CES Pillars	PILLAR I Social Development	PILLAR II Economic Development and Transformation		PILLAR III Climate Resilience and Environmental Sustainability		PILLAR III Enhanced Human and Social Development
CES Outcomes	Outcome 1: Improved human capital development and pathways to livelihood among the youth	Outcome 2: Improved access to finance for MSMEs and institutional strengthening of business support organizations	Outcome 3: Strengthened agricultural productive capacity and inclusive agri-food value chain development	Outcome 4: Strengthened climate resilient infrastructure and increased access to renewable energy	Outcome 5: Enhanced environmental governance, sustainable resource management, and disaster risk management	Outcome 6: Strengthened Institutional Capacity, Governance, and Public Financial Management
	↑	↑	↑	↑	↑	↑
Intermediate Results	<ul style="list-style-type: none"> Improved social facilities and training opportunities for youth. Improved quality, relevance, resilience and inclusivity of the education sector in Dominica. 	<ul style="list-style-type: none"> Increased loan and grant opportunities for small and medium-sized businesses. 	<ul style="list-style-type: none"> Improved agricultural productivity and increased access to finance for farmers. 	<ul style="list-style-type: none"> Improved management systems concerning resource management. Improved RE infrastructure. 	<ul style="list-style-type: none"> Development of improved data systems for natural resource management. Building of mechanisms for responsiveness to natural hazard-related disasters. 	<ul style="list-style-type: none"> Improved training of procurement staff. Incorporation of modern procurement practices into government affairs. Greater receipts from non-CBI sources of revenue.
	↑	↑	↑	↑	↑	↑
Outputs	<ul style="list-style-type: none"> Strengthen institutions responsible for training and development of youth. 	<ul style="list-style-type: none"> Greater financial intermediation aimed at MSME development. Additional lending frameworks to better serve MSMEs. 	<ul style="list-style-type: none"> Greater integration of farmers into the manufacturing value chain. Increased resilience to adverse weather events for farmers. 	<ul style="list-style-type: none"> Greater RE production. Greater climate-resilient road and transportation infrastructure. 	<ul style="list-style-type: none"> Improved resource management. A more complete dataset on the preparedness for natural hazard-related disasters. 	<ul style="list-style-type: none"> Improved and more accountable public procurement systems. Stronger fiscal management and more sustainable revenues.
	↑	↑	↑	↑		
CDB Support	<ul style="list-style-type: none"> Youth training facility. Rehabilitating and upgrading the Cana heritage park road. Construction of the Long House Washroom facility. Build-out of the Technical and vocational education and training (TVET)/Caribbean Vocational Qualification (CVQ) framework. Promotion of gender equity and equality and Special Education Needs (SEN) inclusivity. 	<ul style="list-style-type: none"> Dominica Agricultural and Industrial Development (DAID) Bank MSME Line of Credit. 2nd DAID Bank MSME Line of Credit TA to support lending frameworks to better serve MSMEs. 	<ul style="list-style-type: none"> Alleviate critical bottlenecks in processing, market access and logistics in the agricultural sector. 	<ul style="list-style-type: none"> Support interventions in transportation infrastructure through climate-resilient road upgrades. Finance further development in geothermal infrastructure. 	<ul style="list-style-type: none"> Support the establishment of systems which allow better planning and maintenance of public assets under strained climate conditions. Support enhancing climate-resilient institutional capacity and DRM. 	<ul style="list-style-type: none"> Provide knowledge advice and TA supporting improved fiscal management. Support the operationalisation of a strengthened procurement framework. Enhance the capacity of the Central Statistical Office (CSO) through TA programmes.
CDB Strategic Pillars: Economic Resilience, Social Resilience, and Environmental Resilience						
CDB Priorities: Investing in Youth, Strengthening Institutions, and Accelerating Climate Action						
CDB Cross-cutting Themes: Gender Equality, Innovation and Digital Transformation, and Regional Cooperation and Integration						
GOCD Priorities: Environmental Protection, Social Development, Economic Development and Transformation						

Strategic Pillars and Expected Outcomes

Pillar I: Social Development

Expected Outcome 1: Improved human capital development and pathways to livelihood among the youth

2.04 CDB will help build opportunities for youth to be integrated into the society and build sustainable livelihoods through a combination of grant-funded investment in skills development and recreation, as well as TA to improve the relevance and effectiveness of the education sector. This aims at reducing misalignment between available skills and labour market demand and reducing the number of youth not in education, employment and training. The Bank will also work to reduce social vulnerabilities that constrain young people's ability to participate fully in economic life. CDB will support this outcome through BNTF, the Bank's primary instrument for poverty reduction and social inclusion. Investments will be directed toward youth-focused services and facilities that improve the integration of young Dominicans into social and economic life.

2.05 Support will also be extended to the education sector through the Ministry of Education (MOE) to improve literacy and numeracy outcomes, directly addressing the foundational deficits that limit young people's readiness for workforce entry and further training. The Bank will provide TA to institutions including the Ministry of Culture, Youth, Sports and Community Development and the Ministry of Health, Wellness and Social Services (MOH) (responsible for training and development of youth to strengthen their capacity for delivering skills training. Priority areas will include digital literacy and information technology, where skills gaps are most acute relative to labour market demand.

2.06 CDB's support under this outcome will focus on improving the quality, resilience, and inclusivity of the education system at all levels. Building on previous Bank engagements in the sector, interventions will target foundational literacy and numeracy outcomes, strengthen governance and accountability within education institutions, and improve the physical learning environment with resilience standards embedded in design. This approach aims to address the structural challenges that constrain the ability of GOCD to deliver the human capital outcomes the country's development agenda requires. Deficits in foundational literacy and numeracy persist across age cohorts, limiting workforce readiness and the capacity of young Dominicans to benefit from higher-order skills training. Governance and accountability frameworks within education institutions require strengthening. Importantly, the curriculum and qualification landscape has not kept pace with the evolving demands of Dominica's labour market, particularly in technical, digital, and green economy fields. The Bank will support an expanded emphasis on science, technology, engineering, the arts and mathematics; TVET; and entrepreneurship – areas of demonstrated alignment with Dominica's labour market needs and its broader economic transformation agenda.

Pillar II: Economic Development and Transformation

Expected Outcome 2: Improved access to finance for MSMEs and institutional strengthening of business support organisations

2.07 CDB will accomplish this outcome by addressing both the supply of finance and the institutional capacity of the organisations that channel it. The Bank will continue to provide lines of credit and TA to financial intermediaries, principally the DAID Bank, to expand on lending to small businesses. This will be done as CDB aims to address structural barriers that limit the growth and productivity of MSMEs, the backbone of the domestic economy. These barriers, such as high collateral requirements, short loan tenors, and financial products poorly calibrated to MSME operating realities, collectively suppress private sector investment and expansion. This will be complemented by the introduction of more accessible financial

instruments, including partial credit guarantees and blended finance solutions designed to lower the barriers MSMEs face when seeking credit. TA will support the development of gender-responsive lending frameworks that better serve women-owned enterprises, ensuring that the expansion of credit access reflects the full diversity of Dominica's private sector. Beyond direct financing, CDB will deploy its convening capacity to support project preparation, investment environment strengthening, and policy alignment, helping to develop a pipeline of bankable projects capable of attracting private capital over the strategy period. In the geothermal energy sector, the Bank will continue to play a catalytic role by combining its own financing with concessional resources and co-financing from partners, using blended finance and long tenor instruments to de-risk transformational infrastructure investment.

Expected Outcome 3: Strengthened agricultural productive capacity and inclusive agri-food value chain development

2.08 In support of the resilience agenda, CDB interventions will focus on climate-smart water resource management and adaptation measures, including feasibility and design studies for rainwater harvesting and surface-water abstraction systems, training and technical support for improved on-farm water management, and demonstrations of low-cost irrigation technologies. These interventions will improve water availability for agriculture, enhance productivity under variable climatic conditions, and strengthen the sector's capacity to withstand climate shocks. Dominica faces structural challenges that constrain agricultural productivity. The sector is acutely vulnerable to climate shocks, with hurricanes, flooding, and drought repeatedly disrupting production cycles and eroding the asset base of farming households. Weak value chain infrastructure, limited agro-processing capacity, and underdeveloped market linkages suppress the returns available to domestic producers and limit the sector's contribution to import substitution and export diversification. GOCD has identified agricultural transformation as a national priority, organising its response around three strategic imperatives: (a) building climate and economic resilience; (b) promoting import substitution, value chain development, and export diversification; and (c) expanding youth participation across the agri-food value chain.

2.09 To strengthen value chains and support import substitution, CDB will direct support toward critical bottlenecks in processing, market access, and logistics. This includes support for the establishment and operationalisation of a national multi-purpose agro-processing facility and the development of an evidence-based agrifood commodity and investment prioritisation framework to guide strategic sector investments. Complementary initiatives targeting market infrastructure and agri-food logistics and distribution systems will improve supply chain efficiency and enhance the competitiveness of domestic producers in both national and export markets. CDB will also support digital systems for agricultural planning and information management, and entrepreneurship development across all segments of the agri-food value chain, including primary production, agro-processing, and agri-business support services. Together, these interventions are designed to position Dominica's agricultural sector for more resilient, market-oriented, and inclusive growth; and to ensure that the next generation of Dominican entrepreneurs sees agriculture as a viable and attractive livelihood pathway.

Pillar III: Climate Resilience and Environmental Sustainability

Expected Outcome 4: Strengthened climate-resilient infrastructure and increased access to renewable energy

2.10 CDB will support a programme of climate-resilient infrastructure investment across three interconnected areas—transportation, water, and RE—each directly responsive to identified national priorities under Climate Resilience and Recovery Plan (CRRP) and NRDS. The CES aims to improve Dominica's infrastructure base, which remains one of its most significant development vulnerabilities. Road networks, water systems, and energy infrastructure have sustained repeated and severe damage from

hurricanes, flooding, and landslides, most catastrophically during Hurricane Maria. Interventions in transportation include major road upgrades and performance-based maintenance programmes designed to enhance connectivity between communities and critical services while reducing the vulnerability of road networks to climate hazards. In water, investments will address long-standing infrastructure deficits through the construction of new storage tanks, replacement of critical supply and distribution pipelines, and implementation of a non-revenue water reduction programme. These initiatives are targeted at improving reliability, reducing losses, and strengthening system redundancy during crisis events. Together, these investments lower operational risks for businesses, improve access to markets, and support community wellbeing under conditions of increasing climate stress.

2.11 In energy, CDB plans to support the further development of geothermal infrastructure, a strategic priority for GOCD that addresses Dominica's dependence on fossil fuel imports for electricity generation, reduces greenhouse gas emissions, and positions the country for long-term energy security. GOCD has also articulated ambitions for a green industrial development anchored on geothermal capacity, with a potential pathway to green ammonia production and net energy exports. CDB will engage with GOCD on this initiative as it develops, including through support for pre-feasibility work, with the scope of the Bank's involvement determined by the outcomes of that analytical work and the commercial and fiscal viability of the proposed development.

Expected Outcome 5: Enhanced environmental governance, sustainable resource management, and disaster risk management

2.12 CDB will help build the institutional capacity and data infrastructure necessary for more evidence-based environmental governance, improved resilience to disasters resulting from the impact of natural hazards, and improved management and utilisation of resources in the blue economy. This includes interventions to improve GOCD's capacity to map, monitor, and manage natural resources and enhance DRM. Dominica's natural environment, its forests, marine resources, freshwater systems, and exceptional biodiversity, are simultaneously its most valuable development asset and one of its most significant vulnerabilities. Weak institutional capacity in physical planning, underdeveloped natural resource data systems, and insufficient legislative and policy frameworks for environmental protection have historically limited GOCD's ability to manage these resources sustainably or to direct economic development away from areas of highest hazard exposure. At the same time, the blue economy encompassing fisheries, aquaculture, marine transport, and nature-based tourism, represents a strategically important, but underdeveloped, avenue for inclusive and environmentally sustainable growth. GOCD is also looking to develop a more reliable and efficient waste management system including a review of existing legislation governing this sector. Compounding these governance gaps, Dominica's fiscal framework has limited capacity to absorb and respond to the recurring costs of natural hazard-related disasters, leaving the Government progressively more constrained after each successive shock. Strengthening environmental governance, sustainable resource management, and DRM in an integrated manner is therefore essential to Dominica's broader resilience agenda.

2.13 Digitising of the physical planning processes and development of a National Spatial Data Infrastructure and Geographic Information System Policy are among initiatives which the Bank will support. TA will be provided to facilitate implementation of priority activities under the Country Work Programme, aimed at strengthening DRM and resilience. CDB will assist GOCD in advancing blue economy initiatives including fisheries development, aquaculture, and nature-based marine tourism to support the sustainable use of Dominica's marine resources. The Bank will also support the legislative and regulatory framework for marine conservation, including measures to designate sections of Dominica's Special Economic Zone as a protected sperm whale habitat, a step that simultaneously advances biodiversity protection and strengthens Dominica's international positioning as a nature-based economy committed to environmental stewardship (see Appendix 6 – Climate and Disaster Risk Screening Analysis).

2.14 Furthermore, CDB will support policy reforms aimed at improving fiscal response mechanisms to help GOCD be better prepared to mobilise resources in the event of a natural hazard-related disaster. This reduces the fiscal burden on the Government at the most critical juncture and shortens the gap between disaster impact and recovery response. These disaster risk financing mechanisms are designed as the fiscal complement to the governance and resource management investments elsewhere in this outcome, ensuring that Dominica is better equipped not only to manage its environment sustainably but to protect its development gains when shocks inevitably occur. In addition, CDB will continue to support the country's Comprehensive Disaster Management-based DRM Country Work Programme as a route to eligibility for the Bank's Disaster Response PBO.

Pillar IV: Strengthening Institutions and Governance

Expected Outcome 6: Strengthened Institutional Capacity, Governance, and Public Financial Management

2.15 CDB will implement measures to build capabilities in the public sector for data collection and dissemination, as well as fiscal and debt management, reduce financial sector vulnerability, and improve public procurement practices. On fiscal governance and debt management, CDB will continue to support reforms to broaden and diversify the non-CBI revenue base, including improvements to tax administration through enhanced digitisation, which will make it easier for citizens and businesses to meet their tax obligations and increase the overall tax take. Measures to strengthen consumption-based revenues will be designed with explicit attention to protecting vulnerable households from regressive impacts. The Bank will also support enhancement in debt management with a view to improve transparency and the institutional discipline needed to place the debt-to-GDP ratio on a credible downward path toward the Eastern Caribbean Currency Union 60% target by 2035.

2.16 Regarding financial sector governance, CDB will support reforms and institutional measures that will reinforce governance standards and reduce vulnerabilities in the institutions now most critical to financial intermediation in the domestic economy. The systemic importance of the credit union sector has increased materially following the exit of CIBC First Caribbean, RBC Royal Bank of Canada, and Scotiabank from the Dominican market. Ensuring stability, transparency, and governance quality of this sector is therefore not merely a financial sector concern but a macroeconomic resilience imperative.

2.17 In public procurement, CDB will continue to support the operationalisation of Dominica's strengthened procurement framework, building on the Bank's support for the drafting of the Public Procurement Manual and its associated bidding documents in 2025. The Bank will provide capacity building for public officials and private sector stakeholders, including regional suppliers, contractors, and consultants on the effective implementation of the 2021 Public Procurement and Disposal of Public Property Act and its associated regulations. This will include targeted training, ensuring that the institutional architecture established under the legislation functions as intended translates into more efficient, transparent, competitive procurement outcomes.

2.18 Complementing these targeted governance interventions, CDB will support the broader digital transformation of government functions, improving record keeping, accountability mechanisms, and service delivery across public institutions. Digital transformation is not merely a measure to improve efficiency, it is a governance reform that increases transparency, reduces opportunities for discretionary decision making, and improves the quality of data available for evidence-based policy. Additionally, as CDB scales up its internal research capacity in 2026, the Bank will seek opportunities, during CES implementation, to support the preparation of relevant knowledge products for Dominica and improve the delivery of knowledge and advisory support to GOCD. Together, the interventions under this outcome are

designed to build the institutional foundation that GOCD requires to implement its development agenda effectively, manage its public resources responsibly, and deliver on the commitments embedded across all four pillars of this CES.

2.19 CDB will support GOCD's NSDS, directing investments toward improving the collection, compilation, production, and dissemination of climate, gender, trade, economic, and social statistics. A particular emphasis will be placed on integrating digitisation throughout the National Statistics Service, improving efficiency of data collection, reducing processing time, and enhancing the accessibility of statistical outputs for both government and public use. The Bank will also facilitate partnerships with regional and international statistical organisations to mobilise additional resources and align Dominica's methodologies and practices with regional and international standards.

2.20 At the regional level, CDB will support the production of climate change and gender statistics through its engagement with the Partnership for the Development of Statistics in the 21st Century. Dominica will additionally benefit from the Bank's regional support through the Caribbean Community and the Organisation of Eastern Caribbean States Commission, including continued support for labour force and household surveys through the Data for Decision Making project. These regional partnerships extend the reach and impact of the Bank's statistical capacity investments beyond what bilateral country-level support alone could achieve, positioning the CSO within a broader ecosystem of statistical development that strengthens both national and regional evidence-based governance.

Cross Cutting Themes: Gender Equality

2.21 Gender equality will be mainstreamed across CES operations, consistent with CDB's Gender Equality Policy and Operational Strategy. This will include supporting gender-responsive approaches to project design, strengthen the use of sex-disaggregated data where appropriate, and promote equitable access to economic and social opportunities. Under the period of this CES, GOCD will receive support from the Bank towards strengthening its Gender Focal Point (GFP) system by developing Terms of Reference (TOR) and providing training. The GFP system is relevant for gender mainstreaming across all sectors and helps to institutionally strengthen and support the Gender Affairs Bureau. The CDB portfolio will include various regional initiatives such as the She Trades Initiative and other initiatives under the Gender Equality Action Plan.

Regional Cooperation and Integration

2.22 The Bank will integrate digital transformation across all its interventions, as well as broadly encourage a deepening of regional integration. In keeping with the objectives of the CDB Strategic Plan, the Bank will support digitisation of public services to encourage data-driven decision making. Digitisation is also expected to strengthen governance and accountability. Furthermore, recognising that inadequate regional integration has hindered opportunities of businesses in the Region to access markets and utilise regional expertise, CDB will also encourage deepening regional integration. This will serve to help improve opportunities for stakeholders in the Region to draw on skills not available in their countries, as well as to allow businesses to more easily benefit from economies of scale.

3. CES FINANCING AND IMPLEMENTATION

3.01 CDB's engagement under this CES is structured on a financing envelope of approximately \$122.6 mn over the 2026-2030 period (see Table 3.1), comprising of: \$100 mn in OCR; \$18.91 mn in SDF 11 resources; and \$3.69 mn in funds from BNTF. Consistent with its corporate climate finance commitments, the Bank will work to direct at least 30% of its OCR and 35% of its SDF resources towards supporting climate resilience, a target that the composition of the CES portfolio is designed to meet. When

possible, CDB will leverage its status and accreditation to aid Dominica in accessing other concessional financing, such as that from the Green Climate Fund (GCF), the Multilateral Cooperation Center for Development Finance (MCDF) and the Global Innovation Fund, particularly where such interventions are appropriate to meet the climate development goals of Dominica.

3.02 This envelope represents an indicative planning ceiling rather than a committed allocation. Individual project lending remains contingent on project-by-project confirmation of available debt headroom, compliance with CDB's Risk Appetite Framework (RAF) and exposure limits, risk-adjusted capital consumption, pricing, and project readiness. Actual disbursements over the strategy period may therefore vary from the amounts indicated above, depending on how these factors evolve.

3.03 CDB's client-centric engagement approach under this strategy places greater weight on pipeline management and implementation. Pipeline implementation will be scheduled and phased over time, given debt vulnerabilities, and based on priorities, readiness, and debt absorptive capacity. This will be done in conjunction with the Ministry of Finance (MOF) and GOCD implementing institutions. Progress will be monitored through the RF (see Appendix 5), which establishes expected outcomes, indicators and targets, and will be reviewed through country portfolio performance and risk reviews, and a progress review of the Strategy at mid-term review to address portfolio performance challenges and allow priorities and resource allocations to be adjusted, as needed, in response to climate-related events, economic shocks, or evolving Government priorities⁴. The pillars are expected to remain relevant throughout the strategy period, but implementation will be adaptive, reflecting project readiness, institutional capacity, debt absorptive capacity, and financing availability as the CES progresses. CDB country portfolio discussions with GOCD have provided a current baseline from which implementation performance will be tracked.

⁴ Portfolio and risk reviews (supervision) will include coverage of:

- (a) effectiveness and procurement delays;
- (b) disbursement, project-at-risk share;
- (c) cost and schedule variance;
- (d) covenant and policy-action compliance;
- (e) debt and fiscal-rule performance; and
- (f) intermediary financial indicators, safeguards and integrity issues.

TABLE 3.1: CES INDICATIVE ASSISTANCE PROGRAMME

Outcome	Share of Indicative Financing Envelope
Pillar I: Social Development	
Outcome 1: Improved human capital development and pathways to livelihood among the youth	9.5% (\$ 11.7 mn)
Pillar II: Economic Development and Transformation	
Outcome 2: Improved access to finance for MSMEs and institutional strengthening of BSOs	5.7% (\$ 7.0 mn)
Outcome 3: Strengthened agricultural productive capacity and inclusive agri-food value chain development	8.1% (\$ 9.9 mn)
Outcome 4: Strengthened climate-resilient infrastructure and increased access to RE	34.3% (\$ 42.0 mn)
Pillar III: Climate Resilience and Environmental Sustainability	
Outcome 5: Enhanced environmental governance, sustainable resource management, and DRM	17.0% (\$20.9 mn)
Pillar IV: Strengthening Institutions and Governance	
Outcome 6: Strengthened Institutional Capacity, Governance and PFM	(21.2%) \$26.0 mn

4. RISK AND MITIGATION

4.01 The Office of Risk Management assesses the overall residual risk profile associated with the CES programme as moderate and within the Bank's risk appetite, provided the identified mitigation measures are implemented. Key risks include sovereign's CCC-range credit, high overall risk of debt distress, vulnerability to natural disasters/climate-hazards, institutional capacity constraints, financial-sector vulnerabilities and fiduciary risks. The full risk matrix can be viewed in Appendix 7. Given that the CES represents a multi-year programme encompassing multiple potential interventions across sectors, the risk profile will be dynamic. Accordingly, monitoring will form part of mid-term reviews and implementation throughout the strategy period.

GENDER MARKER ANALYSIS

Strategy Stage	Criteria	Score
Analysis	Consultations with relevant categories of males and females, and relevant gender-related public/private sector organisations and Non-Governmental/Community-Based Organisations will take/have taken place.	0.5
	Socioeconomic, Sector and/or Institutional analysis considers gender risks and/or gender disparities that impact the achievement of project outcomes.	0.5
Design	Project interventions/policies address existing gender disparities.	0.5
	Project objective/outcome includes the enhancement of gender equality or the design of gender-responsive policies or guidelines.	0.0
Implementation	Implementation arrangements include either:	
	<ul style="list-style-type: none"> Capacity building initiatives to enhance gender mainstreaming of the executing and/or implementing agency; or 	0.5
	<ul style="list-style-type: none"> Active participation of representatives of gender-relevant stakeholders in project execution. 	0.5
M&E	TOR of consultancy/project coordinating unit/project management unit includes responsibilities and resources, including budgets for gender mainstreaming.	
	Sex-disaggregated data included in the baselines, indicators and targets of the RF;	0.5
	Or	
	Collection of sex-disaggregated data is part of the project.	0.0
	At least one gender-specific indicator at the outcome and/or output level in the Results Monitoring Framework or included in tranche releases of Policy-based Loans.	
Scoring Code		3
Gender Mainstreamed: the CES has the potential to contribute significantly to gender equality.		



CARIBBEAN DEVELOPMENT BANK

COUNTRY STRATEGY FRAMEWORK PAPER

DOMINICA

OCTOBER 2025

Team Members: Xavier Ajani Malcolm (Economist and Coordinator); Charmaine Gill-Evans (Sustainable Energy Specialist); Andrea Marie (Operations Officer, Environmental Sustainability); Dindial Ramrattan (Statistician); Zayid Alleyne (Civil Engineer); Dr. Greg Nunez (Social Analyst); Dr. Maria Ziegler (Gender Specialist); Troy Belgrave (Operations Officer, Education); Naomi Akoy-Bouguenon (Operations Officer, Procurement); Michel Thomas (Senior Operations Officer, Caribbean Technological Consultancy Services); Jacqueline Nugent (Operations Officer, Private Sector Division); Malcolm Wallace (Operations Officer, Agriculture and Rural Development); and Sonia Hampden (Coordinating Secretary).

CURRENCY EQUIVALENT

(Dollars (\$) throughout refer to United States dollars unless otherwise stated)
Eastern Caribbean Dollars (XCD) 2.71 = \$1.00

ABBREVIATIONS

BMC	-	Borrowing Member Country
bn	-	billion
BNTF	-	Basic Needs Trust Fund
CAF	-	Development Bank of Latin America and the Caribbean
CARICOM	-	Caribbean Community
CBI	-	Citizenship-by-Investment
CDB	-	Caribbean Development Bank
CES	-	Country Engagement Strategy
CGA	-	Country Gender Assessment
CPA	-	Country Poverty Assessment
CRRP	-	Climate Resilience and Recovery Plan
CS	-	Country Strategy
CSEC	-	Caribbean Secondary Education Certificate
CSO	-	Central Statistics Office
DAID	-	Dominica Agricultural Industrial and Development
DOMLEC	-	Dominica Electricity Services Limited
DRM	-	Disaster Risk Management
DOWASCO	-	Dominica Water and Sewerage Company Limited
ECCB	-	Eastern Caribbean Central Bank
ECCU	-	Eastern Caribbean Currency Union
ECD	-	Early Childhood Development
ESP	-	Education Sector Plan
EU	-	European Union
FAO	-	Food and Agriculture
FP	-	Framework Paper
FY	-	Fiscal Year
GBV	-	Gender-Based Violence
GDP	-	Gross Domestic Product
GFDRR	-	Global Facility for Disaster Reduction and Recovery
GOCD	-	Government of the Commonwealth of Dominica
km	-	kilometre
MCSP	-	Multi-Country Strategic Plan
mn	-	million
MPWPUDE	-	Ministry of Public Works, Public Utilities and Digital Economy
MSME	-	Micro, Small and Medium-Sized Enterprise
NDC	-	Nationally Determined Contribution
NRDS	-	National Resilience and Development Strategy
OECS	-	Organisation of Eastern Caribbean States
PDNA	-	Post-Disaster Needs Assessment
RE	-	Renewable Energy

SDGs	-	Sustainable Development Goals
SEN	-	Special Education Needs
SIDS	-	Small Island Developing States
TA	-	Technical Assistance
TVET	-	Technical and Vocational Education and Training
UNDP	-	United Nations Development Programme
VNR	-	Voluntary National Review
VRRF	-	Vulnerability Risk Resilience Fund
WB	-	World Bank
WFP	-	World Food Programme
XCD	-	Eastern Caribbean Dollars

COUNTRY DATA: DOMINICA

	2020	2021	2022	2023	2024
GDP PER CAPITA (Constant Prices \$)	8,146.42	8,632.07	9,583.15	9,980.34	10,232.14
GROSS DOMESTIC PRODUCT (GDP)					
Constant GDP at 2018 Prices (XCD million [mn])	1,486.29	1,566.25	1,729.09	1,792.24	1,829.03
GDP at Current Market Prices (XCD mn)	1,428.2	1,519.9	1,682.3	1,780.1	1,860.0
Constant GDP (Annual % Change)	-15.7	5.4	10.4	3.7	2.1
MONEY AND PRICES (Annual % Change)					
Broad Money (M2)	-11.8	1.8	-1.3	-0.4	3.3
Consumer Prices (period average)	1.2	2.2	2.9	5.1	2.6
Credit to the Private Sector	8.6	3.5	2.8	-3.6	-1.5
PUBLIC FINANCES (% of GDP)					
Total Revenues and Grants*	59.5	60.7	63.5	62.8	47.5
Current Expenditures*	38.7	41.5	34.7	30.8	30.7
Capital Expenditure*	30.9	27.7	36.2	31.8	21.2
Overall Surplus/(Deficit)*	-10.2	-8.5	-7.3	0.2	-4.5
Primary Surplus/(Deficit)*	-8.2	-5.8	-4.4	2.8	-2.1
National Debt	109.1	109.2	105.1	97.9	92.1
EXTERNAL SECTOR					
Exports of Goods and Services (Annual % Change)	-50.2	16.7	47.8	8.6	12.7
Imports of Goods and Services (Annual % Change)	-30.4	4.9	11.7	17.8	-7.1
Current Account Balance (% of GDP)	-35.2	-33.1	-26.3	-33.9	-23.2
Gross International Reserves (months of goods imports)	6.6	6.2	6.2	4.7	4.3
Estimated Travel Receipts (A% Change)	-27.6	197.9	31.5	18.7	10.0
AVERAGE EXCHANGE RATE					
XCD per \$	2.7	2.7	2.7	2.7	2.7
Total Population	67,573.0	67,202.0	66,826.0	66,510.0	66,205.0
Male	33,900.0	33,710.0	33,498.0	33,298.0	33,102.0
Female	33,673.0	33,492.0	33,328.0	33,212.0	33,103.0
Crude Birth rate (per 1,000 persons)	11.4	11.3	11.1	11.1	n.a.
Crude Death Rate (per 1,000 persons)	12.7	14.3	12.9	12.8	n.a.
Life expectancy at birth (years)	71.3	69.8	71.1	71.1	n.a.
Male	68.4	67.2	68.1	68.2	n.a.
Female	74.6	73.0	74.6	74.5	n.a.
Human Development Index	0.7	0.7	0.7	0.8	n.a.
Information and Communications Technology					
Internet Users (% of population)	75.7	82.7	83.3	83.8	n.a.
Mobile Cellular Subscription (per 100 people)	110.4	92.5	85.2	n.a.	n.a.

e = estimate * = Fiscal Year data

Sources: Eastern Caribbean Central Bank, World Development Indicators, Caribbean Development Bank.

1. PURPOSE OF THE FRAMEWORK PAPER

1.01 The Country Engagement Strategy (CES) Framework Paper (FP/the Paper) is a country diagnostic that focuses on identifying the key challenges constraining development for the country under review and, in so doing, presents the priority areas for development and related opportunities for the Caribbean Development Bank (CDB/the Bank) to support national strategies and priority actions to overcome these challenges, where these align with the Bank's focus of work. To that end, the report frames an agenda for internal discussions and serves as a vital reference for engaging with country authorities and other key stakeholders, including development partners, on strategic and programming issues when defining a CES.

1.02 This FP sets out the foundation for a new CES for the Commonwealth of Dominica (Dominica). The paper reports on the existing evidence on the challenges Dominica continues to confront and concludes by recommending the strategic direction for the Bank's programme of assistance to the Government of the Commonwealth of Dominica (GOCD/the Government) over the period 2026-2030, for programming continuity to foster sustainable economic growth and resilience in Dominica. It builds on the experience of the 2020-2024 Country Strategy (CS), which delivered mixed performance outcomes according to its evaluation. The Bank achieved its expected contributions in several areas; however, progress in others was hindered by implementation delays, institutional capacity constraints, and the disruptive effects of COVID-19, which limited opportunities for engagement. The lessons emerging from this evaluation will inform the design of the new CES, ensuring greater focus on implementation effectiveness, institutional strengthening, and development impact.

2. COUNTRY DEVELOPMENT CONTEXT

Country Overview

2.01 Dominica is a fiscally constrained, climate vulnerable Borrowing Member Country (BMC). A mountainous, small island developing state (SIDS) in the Eastern Caribbean with a stable political landscape, the country belongs to the Organisation of Eastern Caribbean grouping of states¹, and is a member of the Eastern Caribbean Currency Union (ECCU) where the country shares the same currency² and a regional central bank with seven other territories³. Within the currency union, Dominica has the third smallest economy (based on real gross domestic product [GDP]), with only Anguilla and Montserrat falling below⁴. Classified as a middle-income country with a GDP per capita of \$10,232, Dominica is ranked in the "high human development" category on the United Nations Human Development Index (2025) with a score of 0.76, which compares with 0.59 in 1991, indicating improvement in its human development status⁵.

2.02 Over the past three decades, Dominica's development progress has been underpinned by the resilient economic framework provided through its membership in ECCU, which has served as a strong anchor for macroeconomic stability and, for the most part, a sustainable economic environment. Nonetheless, like many SIDS in the Caribbean that are highly trade-dependent and structurally constrained by size, Dominica remains acutely vulnerable to natural hazards and climate-related shocks. Its geography, openness, and narrow economic base expose the economy to recurrent external disturbances that have contributed to episodes of volatility, with significant implications for macroeconomic stability and growth.

¹ Comprising Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, Saint Lucia, and St. Vincent and the Grenadines.

² The Eastern Caribbean Dollar (XCD).

³ There are six other independent member states, and two British Overseas Territories – Anguilla and Montserrat.

⁴ Central Statistical Offices of ECCU and the Eastern Caribbean Central Bank (ECCB).

⁵ This score placed it at 98th of 193 countries. United Nations Development Programme (UNDP). (2025). Human Development Report 2025. UNDP. <https://hdr.undp.org/content/human-development-report-2025>.

Amid these challenges, fiscal performance has been constrained by low growth, although revenues from the Citizenship-by-Investment (CBI) programme have provided an important buffer, supporting post-pandemic recovery and hurricane rehabilitation efforts⁶. Dominica's fiscal position remains structurally in deficit once inflows from the CBI programme are excluded. The country's growing dependence on these revenues introduces significant fiscal risk, given the inherent volatility and unpredictability of CBI flows. Since 2017, Dominica has faced a series of compounding shocks, from severe climate events such as Tropical Storm Erika (2015) and Hurricane Maria (2017) to the global COVID-19 pandemic, and more recently the economic fallout from geopolitical tensions, global price pressures, and trade disruptions linked to escalating tariffs and conflicts. Together, these shocks have amplified fiscal and external vulnerabilities and constrained the pace of recovery and growth.

2.03 Dominica continues to face a confluence of structural challenges that constrain inclusive and sustainable growth. Climate change, infrastructure gaps, high public debt, and capacity limitations across key government institutions remain significant impediments, alongside persistent social vulnerabilities stemming from poverty, inequality, and skills and gender inequality. The country also contends with a high-cost business environment that weakens competitiveness and limits private sector expansion. Given Dominica's acute exposure to climate-related shocks and the increasing likelihood of more frequent and intense hurricanes, building climate resilience has rightly emerged as a central policy priority and a cornerstone of the country's development strategy.

2.04 Reflecting its strong commitment to climate action, GOCD has set an ambitious goal of transforming the country into the world's first climate-resilient nation.⁷ This vision entails reducing dependencies and diversifying into resilient sectors, enhancing infrastructure and connectivity, promoting sustainable human settlements and social protection systems, and expanding renewable energy (RE), particularly geothermal power, to reduce reliance on imported fossil fuels. It also includes addressing water-related challenges and ensuring reliable, climate-resilient access to water resources. Achieving this vision will require substantial public investment, which poses a difficult balancing act given Dominica's elevated public debt levels (90.7% of GDP in 2024), moderating revenues, and limited access to concessional financing. Strengthening the fiscal responsibility framework, ensuring resilient and diversified revenue flows, enhancing tax efficiency, and broadening the economic base will be critical to maintain debt sustainability and create the fiscal space needed to finance resilience-building investments. These considerations will anchor the Bank's continued engagement with Dominica.

Economic Context

2.05 Real GDP growth in the Dominican economy averaged 1.2% over the past five years to 2024. This weak economic performance was heavily influenced by a deep economic contraction of 15.7% in 2020 due to the adverse effects of the pandemic, but also due to structural constraining factors including low productivity, high energy costs and labour force skill gaps. The largest sectors of the economy are agriculture, livestock and forestry, public administration, and transport services; these sectors account for 16.1%, 13.3% and 12.7% of GDP in 2024, respectively. Hotels and Restaurants – although contributing just 1.2% of GDP in 2024 – remain vital for employment and foreign exchange earnings. Inflows from tourist expenditure for the start of the year to July 2025 was XCD121.9 million (mn) or 6.3% of GDP. Estimates from the World Travel and Tourism Council of the economic impact of tourism in Dominica indicate it will contribute 22.9% of GDP in 2025.

⁶ Established in 1993, the CBI programme allows foreign nationals to acquire citizenship through financial or investment contributions. CBI revenue reached an unprecedented 37% of GDP in fiscal year (FY) 2022/23.

⁷ As outlined in its National Resilience and Development Strategy (NRDS).

2.06 Dominica's economy has fully rebounded from the pandemic, recording real GDP growth of 2.1% in 2024, driven by strong performances in hospitality, transport and communications, manufacturing, and construction. Major ongoing projects, including the new international airport (scheduled for completion in 2026), the Boiling Lake cable car facility to enhance eco-tourism access, and new geothermal energy infrastructure, are contributing to growth momentum and positioning the country for a more sustainable and energy-secure future. Tourism continues to recover, with stayover arrivals rising by 7.5% in for the period January to June 2025 compared with the same period in 2024, 3.2% above pre-pandemic levels. Cruise ship arrivals increased 5.7% for the period January to June 2025 compared with the corresponding period in the previous year to 218,904 visitors. However, total visitor expenditure remains below pre-pandemic levels at XCD121.9 mn for January to June 2025, 26.8% below the corresponding period in 2019. This may be the result of arrivals from the more profitable markets in the United States of America (US), Canada and the United Kingdom are all below pre-pandemic levels, while there has been an increase in arrivals from other countries. Furthermore, there has been a decline in yacht passengers relative to before the pandemic, another lucrative client source, stymieing earnings. The main source markets for visitor arrivals remain the French Caribbean islands of Martinique and Guadeloupe. Economic growth is projected at 2.6% in 2025, with a similar average rate expected over 2026-2030, supported by continued expansion in tourism and construction, particularly the airport and planned marina development, alongside new tourism attractions that will further stimulate medium-term growth.

2.07 Dominica's fiscal operations remain heavily dependent on revenues from the CBI programme, which have been utilised to fund increased capital expenditures. This increased capital expenditure has been the main driver of increased expenditure in the fiscal balances, with other sources of expenditure being relatively flat as a percentage of GDP over the past 10 years (see Appendix 1). CBI revenues averaged 30.9% of GDP between FY 2020/21 and FY 2024/25, compared with 15.3% between 2015/16 and 2019/2020, though the latter average is impacted by the COVID-19 pandemic (2020) which caused a decline in capital expenditure as projects slowed down. CBI inflows are projected to be 32.7% of GDP in FY 2025/26. These inflows have provided critical financing for large capital investments⁸ intended to strengthen infrastructure and support medium-to-long term growth. However, this reliance introduced significant fiscal vulnerability as CBI revenues are inherently volatile and difficult to forecast. Expenditure pressures are also elevated and are linked to ongoing construction and climate-resilient infrastructure projects. Between FY 2020/21 and FY 2024/25, capital expenditure averaged 29.1% of GDP, compared with an average of 15.2% of GDP from FY 2015/16 to FY 2019/2020. This also compares with an average of 11.3% of GDP for the Eastern Caribbean Currency Union (ECCU) member countries and 6.4% of GDP for CDB BMCs in 2024. Implying that Dominica's capital expenditure is higher than the regional average. Spending on goods and services were also elevated and averaged 15.4% of GDP from FY 2020/2021 to FY 2024/25, compared with 12.0% of GDP for the period FY 2015/16 to FY 2019/2020⁹. This compares with an average of 9.6% of GDP for the ECCU member countries and 6.6% of GDP for CDB BMCs in 2024. Interest payments remained stable at 2.6% of GDP, close to the ECCU average of 1.9% of GDP in 2024 and the BMC average of 2.0% of GDP in 2024. The wage bill declined from 11.5% of GDP in FY 2020/2021 to 8.8% in FY 2024/25, reflecting wage restraint and nominal GDP growth. The wage bill compares with an ECCU average of 11.3% of GDP in 2024 and an average of 9.1% of GDP for CDB BMCs in 2024.

2.08 Significant economic shocks experienced between FY 2015/16 and FY 2024/25 include Hurricane Maria (2017) and the COVID-19 pandemic (2020); during FY 2015/16, Hurricane Maria caused a deterioration in the primary balance from a deficit of 4.4% of GDP in FY 2017/18 to a deficit of 13.2% of GDP in FY 2018/19. This was principally driven by lower CBI revenues as well as higher spending on

⁸ Infrastructure projects include a new international airport, a new marina, and a cable car project to carry tourists to the major geological attraction, the Boiling Lake.

⁹ This compares with 12.0% of GDP for the period FY 2015/16 to FY 2019/2020.

Goods and Services, as well as increased Transfers and Subsidies. There was also a corresponding increase in the debt-to-GDP ratio from 65.6% of GDP in FY 2016/17 to 70.0% in FY 2017/18. Similarly, the pandemic also brought an increase in the debt-to-GDP ratio, but this was principally due to a decline in GDP, with the primary balance improving during the year of the pandemic due to a decline in capital expenditure. GDP declined by 17.9% in 2020 due to the pandemic, but the primary balance (before grants) improved from a deficit of 15.8% in FY 2018/19 to a deficit of 8.6% in FY 2019/2020, principally due to a decline in capital expenditure (see Appendix 1).

2.09 During the period covering FY 2020/2021 to FY 2024/25, the primary deficit averaged 3.9% of GDP. Despite the expenditure pressures, stronger tax collections and capital grants have supported improvement in the primary balances, from a deficit of 8.2% in FY 2020/2021 to a deficit of 2.1% in FY 2024/25. Forecasts indicate that for FY 2025/26 there will be a primary surplus of 0.3% of GDP as increases in total revenues outweigh increases in expenditure.

2.10 Public debt dynamics have reflected the cumulative impact of these pressures. The debt-to-GDP ratio rose sharply from 78.0% in 2019 to 109.1% in 2020, following a 15.7% contraction in nominal GDP in 2020 and increased borrowing primarily from CDB and the World Bank (WB), to address emergency needs during the COVID-19 pandemic. In the years that followed, fiscal performance improved but high investment spending and limited revenue diversification continued to weigh on balances. Nominal GDP growth averaging 6.9% between 2020 and 2024, helped reduce the public debt ratio to 92.1% by end-2024, down from its pandemic peak and offsetting the effects of the primary deficits recorded over this period (see Table 2.1).

2.11 Looking ahead, the Government is seeking to strengthen fiscal and debt sustainability through institutional and policy reforms. The Fiscal Responsibility Act (2021) mandates the achievement of a primary surplus of at least 2.0% of GDP starting in FY 2026/27¹⁰, while the establishment of a vulnerability, risk and resilience fund, targeting annual capitalisation of 1.5% of GDP¹¹, and a debt reduction fund are expected to enhance fiscal buffers and support debt reduction during periods of heightened vulnerability. As of June 30, 2026, the Vulnerability Risk Resilience Fund (VRRF) had XCD28.3 mn of funds. These funds are ring fenced for their stated purposes and are only eligible for drawdown in the event of a natural disaster (for VRRF) and for debt repayments (for the Debt Repayment Fund). Effective implementation of these measures will be essential to consolidate the gains achieved and safeguard Dominica's long-term fiscal resilience.

2.12 The Financial Sector remains broadly stable¹² but has significant weaknesses. Several foreign-owned commercial banks have closed and left Dominica over the past 10 years, selling their operations to indigenous and regional banks, changing the financial landscape. This is partly due to perceived weak economic prospects for the country with a small market and high international compliance costs. This shift has resulted in the financial sector's decline with an expansion of financial services offered by credit unions. The shift to credit unions has brought attention to the need for a modern regulatory framework for credit unions—the current Cooperative Societies Act was drafted in 2011, and credit unions lack certain standardised procedures such as uniformity in loan loss provisioning. The Dominica Agricultural, Industrial and Development (DAID) Bank is the primary institution tasked with promoting economic development by providing loans to important sectors; however, the institution continues to experience challenges with increased cost of funds.

¹⁰ The Legislation was passed in 2021, but it gave the Government time to make the required adjustments, and it comes into effect in FY 2026/27. Public debt is expected to decline as the Government implements policies to reduce debt and manage any future shocks.

¹¹ The International Monetary Fund estimate.

¹² As measured by standard stability benchmark indicators, including capital adequacy and liquidity ratios (ECCB).

TABLE 2.1: KEY MACROECONOMIC INDICATORS

	2019	2020	2021	2022	2023	2024
Real GDP Growth (%)	4.0	-15.7	5.4	10.4	3.7	2.1
Average Inflation (%)	1.5	1.2	2.2	2.9	5.1	2.6
Fiscal Primary Balance (% of GDP)*	-1.1	-8.2	-5.8	-4.4	2.8	-2.1
Public Debt (% of GDP)	78	109.1	109.2	105.1	97.9	92.1

*Source: ECCB, CDB Staff estimates * = FY data.*

3. SOCIAL CONTEXT

Human Development

3.01 Dominica's poor and vulnerable populations have been increasingly exposed to social and economic hardship, exacerbated by the series of more recent external shocks previously noted, and supply chain challenges caused by the war in Ukraine which have heightened food and energy insecurity. Households headed by women, which represent over 39.0% of all households, are particularly vulnerable. Persons with disabilities, the elderly, children, youth, and indigenous communities are also disproportionately affected by disaster events. Many of these groups face a heightened risk of falling into poverty in the face of future climate-related or economic shocks. Although the most recent Country Poverty Assessment (CPA) in 2009 reported that 28.8% of the population lived below the poverty line, with 3.0% classified as indigent and 11.5% considered vulnerable, these figures have likely worsened given the cumulative impact of recent shocks. To help mitigate the negative socio-economic and poverty impacts of the recent shocks on vulnerable individuals and families, GOCD's Public Assistance Programme, a social protection mechanism, has provided temporary and immediate income relief support through its Social Cash Transfer Assistance Programme¹³ deployed to assist post-disaster recovery after Hurricane Maria and COVID-19, providing access to food, clothes, hygiene, healthcare, education, and other basic needs. Almost 25,000 people (almost 40.0% of the population) benefited in 2018 and 9,700 people in 2020-2021 to help them meet food and other basic needs during COVID-19; and 1,900 persons following a trough system that affected Dominica in November 2022, bringing significant damage to some communities¹⁴.

3.02 Dominica's demographic profile has shifted over the years, influenced by population decline, emigration and population ageing—trends with significant implications for long-term stability and financial resilience. Population estimates (WB) report Dominica's total population at 66,510 persons (33,298 males and 33,212 females) in 2023, a reduction from the 2011 Population and Housing Census of 71,293 persons (35,377 males and 33,857 females)¹⁵ (see Figure 3.1). The country registered population decline of 0.47% in 2023 compared with 2022. A declining birth rate combined with out-migration (mostly women of working age) has contributed to an increasingly ageing population. Data from WB indicate an increase in the share of the population between the ages of 16 and 64 from 60.16% of the population in 2000 to 69.2% in 2023, while the share of the population 65 and over increased from 9.9% in 2000 to 12.7% in 2023. After the devastation caused by Hurricane Maria in September 2017, an estimated 20,000 persons left Dominica

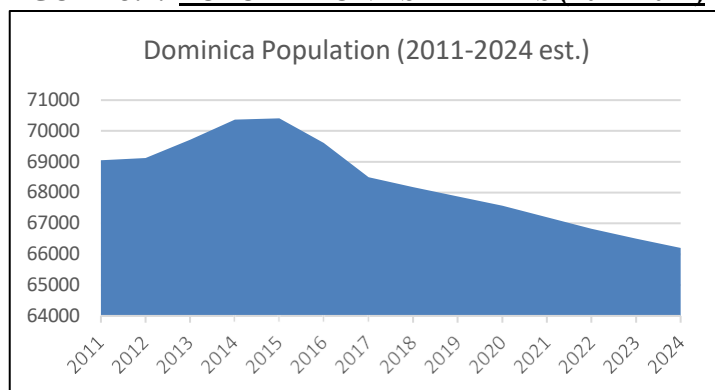
¹³ Launched in 2018, in partnership with the World Food Programme (WFP) and the Caribbean Disaster Emergency Management Agency, this programme strengthened the role of social protection as part of disaster preparedness and response in the wake of the hurricane devastation in 2017.

¹⁴ From Emergency to System Strengthening: WFP Caribbean Cash Transfer Responses Through Social Protection (2018-2023), April 2024, WFP.

¹⁵ Central Statistics Office (CSO). (2011). Population and Housing Statistics.

to seek education and employment in neighboring countries¹⁶. Additionally, population density is relatively low, averaging 95 persons per kilometre (km). About 70.0% of the population resides in rural communities and the remaining 30.0% lives in St. George, which includes the capital, Roseau. There are 26,085 households with an average household size of 2.7 persons¹⁷.

FIGURE 3.1: POPULATION ESTIMATES (2011-2024)



Source: WB.

3.03 Data on the labour force (from the Population and Housing Census 2011) is outdated and lacks sex-disaggregated statistics. The 2023 population estimates report that 77.3% of the total population are within the working age (between 15 and 64 years).

Dominica's Indigenous Peoples

3.04 Dominica is home to the Kalinago people, the only remaining community of indigenous peoples in the Eastern Caribbean, who inhabit the Kalinago Territory on the island's east coast. The Territory spans approximately 3,700 acres and is governed by the Kalinago Council under the Kalinago Territory Act. The community plays a vital role in preserving Dominica's cultural heritage, traditional knowledge, and environmental stewardship, particularly in areas such as sustainable agriculture, craft production, and eco-tourism. Despite this, the Kalinago population continues to face socio-economic challenges, including limited access to employment opportunities, education, and basic infrastructure, as well as heightened vulnerability to climate and disaster risks due to their geographic location. Efforts by the Government and development partners, including recent initiatives supported by CDB, WB, and UNDP, are aimed at strengthening livelihoods, improving housing and social infrastructure, and promoting cultural and economic empowerment. Enhancing the resilience and inclusion of the Kalinago people remains central to Dominica's broader agenda for equitable and sustainable development.

Gender

3.05 Gender inequality remains a concern in Dominica, with women being 16 percentage points less likely than men to have formal employment. Despite these challenges, women hold about one-third of the seats in the national parliament, which is higher than the regional average of 27%¹⁸. Traditional gender roles continue to influence the division of labour and responsibilities within households. Women spend significantly more time on unpaid domestic and care work than men, which can limit their opportunities for

¹⁶ Updated Nationally Determined Contribution (NDC).

¹⁷ CSO. (2011). Population and Housing Statistics.

¹⁸ WB (2025). World Development Indicators.

economic and political participation¹⁹. Regarding education, girls outperform boys in secondary education completion rates, with boys being three times less likely to complete lower secondary education.²⁰ According to the Dominica Country Gender Assessment (CGA) of CDB, the pattern observed in secondary education is also observed in tertiary education, with women outperforming males.²¹

3.06 According to WB, women are seven times more likely than men to be victims of gender-based violence (GBV)²². Women and girls also face higher risks of GBV during and after disasters. Women and girls are also more vulnerable to the effects of climate change and natural disasters. These vulnerabilities stem from existing gender inequalities in access to resources, economic opportunities, and decision-making power.²³ Furthermore, traditional gender roles often place the burden of caregiving and household responsibilities on women as indicated in CGA²⁴ which also limits their ability to engage in disaster preparedness and response activities

Education

3.07 Dominica's education system continues to demonstrate strong levels of access and participation, supported by significant public investment and steady progress in quality improvement across all levels. Universal access to primary education has been achieved, with a net enrolment rate of 94.0% and a completion rate of 94.0% in 2024. Access to Early Childhood Development (ECD) services has also expanded, with enrolment among the 0-4 age cohort reaching 66.0% in 2021. At the secondary level, universal access is provided, though net enrolment remains just below 90.0%, indicating that roughly one in 10 students of secondary-school age is not enrolled. Education spending is comparatively high by regional standards, amounting to 6.4% of GDP in 2023, well above the Organisation of Eastern Caribbean States (OECS) average of 4.5%, reflecting Dominica's continued prioritisation of human capital development as a national goal. (Regional Statistical Digest 2022/2023, OECS). Despite these achievements, learning outcomes show wide variation across schools and subject areas. Foundational learning assessments reveal that a significant share of early-grade students is not meeting literacy benchmarks, only about 61.0% of Grade 2 pupils are reading at or above grade level, signaling the need for strengthened early literacy interventions and teacher support systems²⁵.

¹⁹ WB (2024): Dominica Gender Scorecard. Retrieved from:

<https://documents1.worldbank.org/curated/en/099617503012331432/pdf/IDU05379a8df0d5a3046bb09742004bd575b6a07.pdf>.

²⁰ WB (2024): Dominica Gender Scorecard. Retrieved from:

<https://documents1.worldbank.org/curated/en/099617503012331432/pdf/IDU05379a8df0d5a3046bb09742004bd575b6a07.pdf>.

²¹ CDB (2014): CGA Dominica. Retrieved from: <https://www.caribank.org/publications-and-resources/resource-library/gender-assessments/country-gender-assessment-dominica-2014-volumes-1-and-2#:~:text=This%20Dominica%20Country%20Gender%20Assessment%20%28CGA%29%2C%20commissioned%20by,the%20economic%2C%20social%20and%20governance%20sectors%20in%20Dominica.>

²² WB (2024): Dominica Gender Scorecard. Retrieved from:

<https://documents1.worldbank.org/curated/en/099617503012331432/pdf/IDU05379a8df0d5a3046bb09742004bd575b6a07.pdf>.

²³ WB (2022) Dominica – Country Profile: Gender and Disaster Risk Management (DRM). Retrieved from:

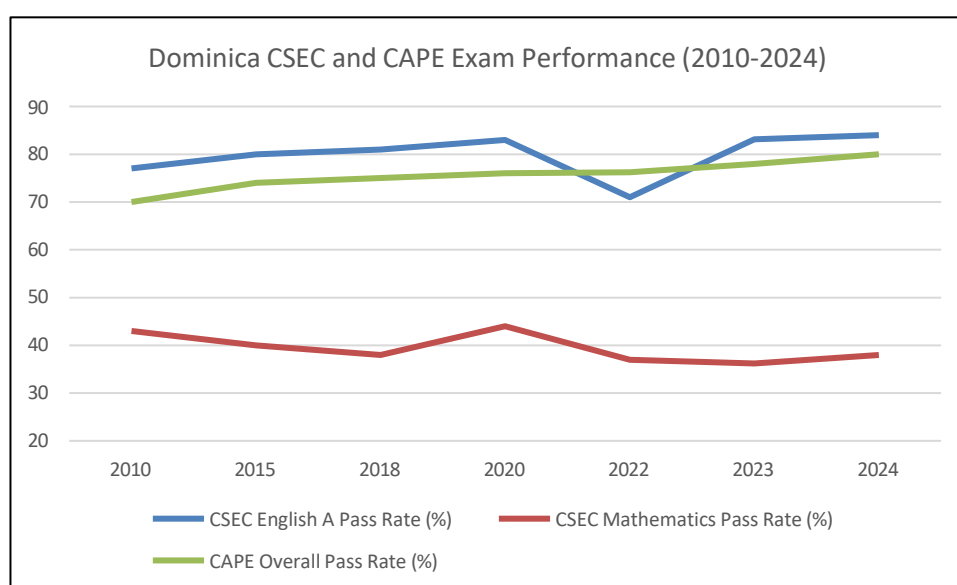
<https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099625211282272910/p17125601cce800040b41700ecc9531cfe8>.

²⁴ CDB (2014): CGA Dominica. Retrieved from: <https://www.caribank.org/publications-and-resources/resource-library/gender-assessments/country-gender-assessment-dominica-2014-volumes-1-and-2#:~:text=This%20Dominica%20Country%20Gender%20Assessment%20%28CGA%29%2C%20commissioned%20by,the%20economic%2C%20social%20and%20governance%20sectors%20in%20Dominica.>

²⁵ Global Partnership for Education, 2024. "Dominica Partnership Compact".

3.08 At the secondary level, examination performance under the Caribbean Secondary Education Certificate (CSEC) has been uneven. Dominica continues to perform relatively well in English A, with pass rates averaging above 80.0% in recent years, while mathematics remains a persistent area of weakness with pass rates fluctuating between 35.0% and 40.0%. These results mirror broader regional trends but highlight the country's continued struggle to improve outcomes in numeracy and science subjects, which are essential for competitiveness and labour market readiness. The lingering effects of the COVID-19 pandemic also weighed heavily on student achievement. National studies and regional comparisons show that performance declined in both English and Mathematics between 2019 and 2022 due to prolonged school closures and the uneven uptake of online learning. More recent results, however, point to signs of recovery: in 2025, overall CSEC pass rates improved modestly with 30% of students passing 5 or more subjects, including Mathematics and English A, representing a three-percentage-point increase over 2024 (see Figure 3.2).

FIGURE 3.2: CSEC AND CARIBBEAN ADVANCED PROFICIENCY EXAMINATIONS PERFORMANCE (2010-2024)



Source: Caribbean Examination Council.

3.09 Performance at the advanced secondary level has shown stronger gains. In the 2025 Caribbean Advanced Proficiency Examinations, Dominica achieved an overall pass rate of 80.0%, up from 76% the previous year. Several units, particularly in Information Technology, Computer Science, and Caribbean Studies, recorded 100% pass rates, reflecting improvements in teacher preparation and subject delivery at the upper secondary and pre-university levels. These results indicate a growing capacity to prepare students for higher education and professional fields, though sustained investment in science and technology disciplines will be crucial for maintaining momentum.

3.10 Notwithstanding these achievements, the education system faces persistent structural and equity challenges. Reviews conducted by regional education research institutions have underscored deficiencies in school leadership, teacher training, curriculum alignment, and resource allocation, which contribute to uneven performance across schools. Geographic disparities also persist, with rural and disadvantaged communities facing weaker infrastructure and fewer learning resources. Furthermore, gender differences in learning outcomes remain as girls continue to outperform boys across most subjects. According to global rights-based assessments, Dominica fulfils about 89.0% of its potential for the right to education given its income level, performing slightly better at the secondary level (90.0%) than at the primary (89.0%),

suggesting that while access is strong, the quality and inclusiveness of education remain areas for improvement.

3.11 The Government seeks to deliver high-quality education through continuous improvement of teaching methods, curriculum standards, and learning environments at all levels. The Government further promotes human development by addressing the physical, mental and emotional wellbeing of all students enrolled in formal education settings, and promoting innovation, creativity and critical thinking as standards at all formal education levels (*Dominica Education Sector Plan 2030*) This drive towards achieving excellence and transformation in education is enhanced by encouraging positive personal, social and economic growth and development. Critically, and in line with the National Development Strategy, the education sector has made significant progress in maintaining continuity of learning and student wellbeing during crises, most notably during the COVID-19 pandemic, through investments in psychosocial support, institutional strengthening, distributed teaching-learning, and security of school infrastructure. In addition, commitments to improve quality and equity, boost climate resiliency, and use technology to transform services in the education sector are seen as points of emphasis in national development policies.

3.12 Looking ahead, the key policy challenge for Dominica will be to translate broad access into improved learning outcomes and employability. This will require renewed focus on early-grade literacy and numeracy, investment in teacher professional development, targeted support to underperforming schools, and stronger alignment between education and labour market needs. By linking these reforms to broader human-capital and resilience-building objectives, Dominica can better position its education system to contribute to sustainable, inclusive growth in the coming decade.

Environmental, Climate Change and Disaster Context

3.13 Known as the ‘Nature Isle’, Dominica, a geologically young volcanic island has a land area of 751 km square (km²) with 148 km of coastline. It is the only Caribbean island to have retained its indigenous people – the Kalinago. Steeped in a rich culture and history, Dominica boasts lush forests, rugged and mountainous terrain and natural landscape features including waterfalls, rivers and springs, and a vast assemblage of flora, fauna and marine life. Approximately 65.0% of the island is forested, with 20.0% protected by law and the remainder is privately owned²⁶. This poses potential challenges for conservation and land use, particularly in the context of disaster risks and climate change impacts, if not properly managed.

3.14 Dominica’s geographical location puts it directly in the path of the Atlantic tropical cyclones. Its geography also influences the high levels of background seismic activity, with nine active volcanoes across the island. Consequently, much of the island’s population, main economic sectors (agriculture, including fisheries and tourism), and critical infrastructure are highly vulnerable and exposed to multiple hazards such as hurricanes, floods, earthquakes, tsunamis and landslides, emanating from these risk factors. The risk of flooding and landslides is exacerbated by the orographic effect of the mountains which significantly increases precipitation on the island. When flooding or storms occur, poor and vulnerable households, especially female-headed households, lose a disproportionate share of their assets, including the destruction of housing, productive assets, income sources, and support networks²⁷. Over the years, the occurrence of these hazards has compromised Dominica’s poverty reduction strategies and hindered development gains. Vulnerability is further exacerbated by anthropogenic activities, such as unregulated development and

²⁶ National Biodiversity Strategy and Action Plan 2013 (2014-2020) [in use, no recent updates].

environmental degradation which can increase the extent of total damage and loss resulting from disaster events²⁸.

3.15 The Climate Risk Index²⁹ 2025 ranking indicates that between 1993-2022, Dominica ranked highest among the countries most affected by extreme weather events. During the period 1997-2017, Dominica was the country with the highest loss (as a percentage of GDP) to climate-related natural disasters and ranked in the top 10.0% among 182 countries for climate-related fatalities. According to the Emergency Event Database³⁰, hydro-meteorological hazards in Dominica caused an estimated \$2.2 billion (bn) in losses between 1900 and 2018. More recently, consecutive natural disasters – Tropical Storm Erika in 2015 and Hurricane Maria in 2017 – resulted in damage equivalent to 90.0% of GDP and 226.0% of GDP, respectively, highlighting the severe impact of the growing frequency and intensity of natural hazards in Dominica which is largely driven by climate change. More than 90.0% of homes were damaged or destroyed and 90.0% of crops and livestock were lost because of Hurricane Maria in 2017. Dominica remains highly vulnerable to more intense and frequent hydrometeorological hazards and events associated with climate change which could have devastating impacts on people, property³¹ and the economy.

4. KEY DEVELOPMENT CHALLENGES AND OPPORTUNITIES

4.01 Since committing to becoming the first climate-resilient nation, Dominica has established a comprehensive vision for future resilience across multiple hazards and sectors. Lifting growth and building resilience to ensure long-term sustainable development are critical challenges. A more diversified economy will be more resilient and provide increased opportunities of employment for high-skilled Dominicans. The emergence of new growth centres capable of competing globally, as well as serving as a springboard for growth is, however, constrained by a myriad of factors.

Restoring Debt Sustainability: Growth and Fiscal Stability

4.02 Dominica's public finances remain under pressure from the cumulative effects of repeated natural disasters and the COVID-19 pandemic, which compounded pre-existing fiscal and debt sustainability challenges. Public debt peaked at 109.2% of GDP in 2021 and, despite recent improvement, remains elevated at 92.1% in 2024, well above the ECCU benchmark of 60% targeted for 2035. Achieving this target will require sustained fiscal consolidation and stronger, more diversified growth. Although nominal GDP expanded by an average of 3.2% over the past two decades (or 4.9% excluding major shocks), fiscal performance has been characterised by a structural primary deficit averaging 6.4% of GDP and a relatively high interest burden. The Government has therefore committed to achieving a primary surplus of 2.0% of GDP from FY 2026/27, in line with the Fiscal Responsibility Framework, to restore fiscal space and reduce debt vulnerabilities (see Appendix 2 – Debt Sustainability Analysis).

4.03 A central fiscal risk arises from Dominica's heavy dependence on CBI revenues which have grown from 7.2% of GDP in 2014/15 to 21.4% of GDP in 2024/25, accounting for over half of total revenues. While these inflows have financed critical infrastructure investments, they expose the economy to volatility from policy shifts, global scrutiny, and competition from other CBI jurisdictions. Recognising this vulnerability, the Government has begun broadening the tax base and strengthening domestic revenue

²⁸ Social Protection and Climate Change: How Can we Protect the Most Vulnerable Households against New Climate Threats? Inter-American Development Bank Policy Brief (April 2023).

²⁹ [Climate Risk Index 2025.pdf](#).

³⁰ Source: Centre for Research on the Epidemiology of Disasters.

³¹ Climate Studies Group Mona (Eds.). 2020. "The State of the Caribbean Climate". Produced for CDB.

mobilisation³²; tax revenues have averaged 22.8% of GDP from FY 2020/2021 to FY 2024/25, this being lower than the CBI revenue average over that same period (30.9%) underscores the need for more durable revenue sources³³. The Government has also exercised measured expenditure restraint, with total current spending declining from 38.7% of GDP in FY 2020/2021 to 30.7% in FY 2024/25, reflecting efforts to contain recurrent costs and reprioritise expenditure toward capital and resilience-building investments. To further reinforce fiscal discipline, a joint CDB-WB budget support operation (2024-25) is incentivising fiscal and institutional reforms aimed at improving public finance management, modernising procurement systems, enhancing fiscal transparency, and bolstering financial sector resilience.

4.04 Restoring fiscal sustainability must be accompanied by efforts to lift economic growth and diversification. Dominica's narrow production base, centred on agriculture and tourism, limits its resilience to external shocks. The agriculture sector, which contributed an average of 16.6% of GDP between 2020 and 2024³⁴, continues to face structural challenges including limited mechanisation, productivity constraints, and vulnerability to storms. Severe contractions of 7.1% in 2015 and 18.5% in 2017 highlight the sector's exposure to climatic events. Meanwhile, the tourism sector, another pillar of Dominica's economy, is gradually recovering from the pandemic, with visitor expenditure rising by 9.7% in 2024 to XCD234.9 mn, though still below pre-COVID-19 levels.

4.05 Both agriculture and tourism remain central to GOCD's development strategy. The anticipated strengthening of tourism activity presents new opportunities for enterprise development, particularly through deeper backward linkages with agriculture, fisheries, and the craft and cultural industries, as well as stronger horizontal linkages across the wider economy. Within the tourism sector, greater focus on product enhancement, including the development of new attractions, convention facilities, and eco-adventure experiences, together with market diversification, will be key to improving competitiveness and building long-term industry resilience.

4.06 Looking ahead, economic recovery and fiscal stability will hinge on deepening linkages between tourism and other sectors, particularly agriculture, fisheries, culture, and creative industries, while diversifying markets and upgrading tourism products to enhance competitiveness and resilience. Strengthening these productive sectors, supported by sound fiscal management and greater revenue diversification, will be critical to restoring debt sustainability and achieving long-term, inclusive growth.

³² These taxes include a highway maintenance levy, increased taxes on diesel, sweetened and sugary beverages, alcoholic beverages and tobacco, and adjustments to the charges on the import of motor vehicles.

³³ The new taxes so far implemented by the Government have had limited yield in the context of reducing dependence on CBI. These include increased taxes on diesel, sweetened and sugary beverages, alcoholic beverages and tobacco by a combined XCD4,084,832 for the period January-September 2025, compared with the corresponding period in 2024, according to figures shared by the Inland Revenue Division. This constitutes an 81.0% increase relative to the same period in the previous year, and a marginal reduction in the dependence of GOCD on CBI revenue. Authorities will continue to monitor fiscal gains derived from this tax reform.

³⁴ Excluding 2022 where there was a 266.8% growth due to recovery from the pandemic lockdowns.

Sustaining Inclusive Growth and Lessening Economic Vulnerability

Education

4.07 Several challenges continue to hamper the many strides made in the education sector in Dominica. In terms of access and participation, low enrolment in ECD for the 0-2 cohort and net enrolment rates for 3–4-year-olds at pre-primary level stood at a low of 66.0% in 2021, and high dropout rates in Form 4 at 17.0% (males disproportionately represented in this group [12.0% female and 22.0% male]) for the academic year 2021-22. These statistics show there is need for a concerted effort to increase and improve enrolment rates across the system. In addition, according to the Education Sector Plan (ESP) 2030, several factors continue to constrain education outcomes. These include low enrolment in higher and continuing education, gender disparities in participation at the secondary and tertiary levels, and inadequate services for students with special education needs (SEN). The system also faces sub-optimal infrastructure for climate and disaster resilience, limited access to technical and vocational education and training (TVET), few opportunities for adult learning, and inadequate library and information services, all of which collectively weaken education outputs and overall system performance. Additionally, external shocks, including Hurricane Maria, Tropical Storm Erika, and the COVID-19 pandemic, have repeatedly tested the resilience of Dominica's education system, disrupting teaching, learning, and school operations. The Government's investments in rebuilding and climate-proofing educational infrastructure reflect a broader commitment to safeguard human capital and ensure that education remains a pillar of national resilience and sustainable development.

4.08 Education quality and relevance are compromised due to the lack of developmentally-appropriate and gender-responsive curriculum for the 0-2 age group, insufficient focus on 21st Century literacies and competencies across the curriculum, insufficient qualifications of teachers, instructors, and information professionals, inadequate TVET spaces in schools and tertiary institutes, inadequate quality of services for students with SEN, gender disparities in education performance, and outdated library and information services.

4.09 Governance, leadership, management, and accountability have been hampered by outdated legislative and governance frameworks, the slow pace of policy implementation, and the need for an improved Education Management Information System (for example: insufficient data sets for evidence-informed decision making), the need for better sector monitoring, evaluation and reporting, outdated performance management practices for institutions and staff, inadequate succession planning, and gender imbalances in the teaching force and the Ministry of Education (ESP – 2030).

Private Sector Development

4.10 The private sector, particularly Micro, Small and Medium-sized Enterprises (MSMEs), is a key contributor to economic development, national income, and employment creation. MSMEs play an important role in driving economic diversification, fostering entrepreneurship, and supporting livelihoods across sectors such as agriculture, agro-processing, tourism, and services. MSME activities are concentrated in the main economic sectors, namely tourism agriculture/agro-processing, manufacturing, and wholesale and retail.

4.11 The internet is generally accessible to MSMEs, in keeping with the digital transformation being pursued by the Government. As such, some forms of digital technologies are used in business. However, MSMEs need support to increase digitalisation in their business operations through affordable financing for equipment/software, training and technical assistance (TA); in addition, increased digitisation of

government services is needed to improve the ease of doing business, for example to simplify filing tax returns and registering new businesses.

4.12 MSMEs, primarily those within the agriculture/agro-processing sector, are desirous of expanding into new markets, particularly in the Caribbean, Europe, and the US, but require financing or other development support, such as training in business organisation or education on international product standards, to penetrate those markets³⁵.

4.13 The commercial banking sector regards MSMEs as high risk, does not finance start-up enterprises, generally requires the payment of high interest rates, and more than 100% encashable security for loans³⁶. MSMEs have limited collateral capacity and this is one of the main reasons why MSMEs have difficulty in accessing loans from financial institutions. The use of partial credit guarantee schemes by financial institutions will help to overcome this problem. In addition, the implementation of programmes that help MSMEs to manage and use loan funds effectively and as intended will further incentivise financial institutions to increase access to finance to MSMEs. The DAID Bank provides loans to small businesses for development on more favourable terms than commercial banking institutions, and CDB has been an important partner providing a line of credit to the DAID Bank. However, there remains a need to further improve access to credit for MSMEs in Dominica.

4.14 Generally, several impediments within MSME operations and the business-enabling environment are adversely impacting the operations and success of MSMEs. These include: lack of access to finance due to poor record keeping; high electricity rates; lack of trained or skilled personnel; high cost of raw materials and inputs; lack of entrepreneurship and management skills; and low sales due to limited access to export markets. These constraints reflect the business development needs of MSMEs – that is financing, equipment, certification, market intelligence, digitalisation, and TA (training and in-house expert advice/mentorship) to enhance operational and managerial capacity and increased access to finance.

Resilient Infrastructure

4.15 Climate change continues to present acute risks for Dominica's infrastructure, amplifying the urgent need for resilient infrastructure that can withstand shocks and stresses, and preparedness in building a sustainable future. CDB has played a pivotal role in financing capital investments in this area, including the Loubiere to Bagatelle Road and the Water Sector Strategic Project. The Post-disaster Needs Assessment (PDNA) following Hurricane Maria in 2017, estimated total damage of XCD2.51 bn (\$931 mn) and losses of XCD1.03 bn (\$382 mn), equivalent to 226.0% of 2016 GDP. Within this, infrastructure alone (transport, water and sanitation, electricity, telecommunications, and airports and ports) accounted for damage of \$306 mn and losses of \$135 mn. These figures highlight the scale of Dominica's infrastructure vulnerability and the fiscal burden associated with repeated reconstruction efforts.

4.16 Beyond the challenges posed by climate change, Dominica's development trajectory is constrained by significant infrastructure deficiencies that undermine resilience and slow progress toward sustainability. The road network in Dominica consists of approximately 955 km of roadways (70% paved), primarily laid out along the coastline and river valleys, plus 174 bridges, 198 main culverts, and over 840 earthworks. Many of these infrastructure components remain vulnerable to flooding and landslides, with the associated consequences including further infrastructure losses, reduction of infrastructure quality, limited internal connectivity, and livelihood disruption. Only 63% of pavements are in an acceptable condition (fair to excellent), whereas 24% are in fair condition and 37% are in poor or very poor condition. Regarding

³⁵ [Diagnostic Report of Dominica's Private Sector | United Nations Development Programme](#), August 2022.

³⁶ Ibid.

structures, over 27% of bridges, 7% of critical culverts, and 22% of critical earthworks are deemed to be in fair to very poor condition. CDB has played a pivotal role in financing capital investments in this area, including the Loubiere to Bagatelle Road – Phase I, and Layou and Ophelia Rehabilitation and Reconstruction Projects.

4.17 The Ministry of Public Works, Public Utilities and Digital Economy (MPWPUDE) is the arm of the government responsible for national infrastructure, namely: road network management, coastal management, irrigation and drainage, and water resource management. However, MPWPUDE does not have the capacity to adequately deliver on its areas of responsibility, particularly the maintenance of road infrastructure.

4.18 From 2015 to 2020, the Dominica Water and Sewerage Company Limited's (DOWASCO) annual expenditure in the water sector averaged XCD18.2 mn, marking a 69% increase compared with the capital investments made in the previous period from 2009-2014. This rise in expenditure is mainly due to DOWASCO's focus on recovery and 'building back better' efforts in the water sector after the impacts of Tropical Storm Erika and Hurricane Maria. Currently, 35% of the existing water systems, including intakes, storage tanks, water treatment facilities, and distribution networks are in good condition, while the rest are temporary and require urgent replacement. Some water systems lack sufficient storage capacity, hindering their ability to utilise reliable water sources and provide adequate supply during dry seasons and periods of high turbidity. High electricity costs, accounting for about 13% of DOWASCO's total operating expenses, are a significant challenge due to the limited use of RE sources in the sector. Non-revenue water levels are a critical issue, estimated at around 58.5%. In terms of wastewater systems, a centralised wastewater collection and treatment system is needed to serve the town of Portsmouth and environs. Due to the geology and high-water table of the Portsmouth area, the use of septic tank systems is not ideal, and an improved form of wastewater treatment is necessary to mitigate health and environmental impacts associated with development in the area. Additionally, wastewater repairs are needed for the Baytown Wastewater Treatment Plant and sewer lines, as well as the outfalls at Jimmit and Canefield following an event in 2017.

4.19 The electricity grid suffers from frequent disruptions and limited redundancy, while high generation costs and dependence on imported fossil fuels continue to burden households and businesses. Water supply systems face recurrent challenges due to ageing pipelines, inadequate storage capacity, and the exposure of intakes to storm damage which often disrupts service following extreme weather events. Inadequate drainage and coastal protection infrastructure also heighten the risk of flooding and coastal erosion, particularly in low-lying communities. In the social sectors, the limited resilience of schools and health facilities, many of which were damaged by Hurricane Maria and remain only partially retrofitted, further compounds vulnerability. These infrastructure gaps not only elevate fiscal pressures through high maintenance and recovery costs but also constrain private investment and productivity, reinforcing the urgency of sustained, climate-resilient infrastructure investment.

4.20 Several structural and institutional challenges constrain the timely and effective implementation of infrastructure projects. The centralised procurement system, even for relatively low-value contracts, often results in procedural delays and bottlenecks. At the same time, the limited pool of local skilled personnel in engineering, project management, and contract supervision creates dependency on external consultants and contractors, raising costs and slowing delivery. Institutional coordination weaknesses further compound these constraints. Infrastructure development frequently requires multi-agency collaboration, but the lack of streamlined mechanisms for inter-agency coordination results in duplication, delays, and fragmented implementation. Land-related issues also remain significant—the absence of a modern, up-to-date land registry undermines effective planning, while land acquisition challenges create uncertainty and contribute to delays in project start-up and implementation.

4.21 Dominica's geographic terrain adds another layer of complexity, making construction costly and technically challenging, particularly for transportation and utility networks. Superimposed on this are the recurring impacts of natural hazards and climate change, which damage infrastructure assets and divert scarce fiscal resources from new investment to rehabilitation and reconstruction.

4.22 Addressing these challenges will require a combination of institutional reforms and strategic investment. The Bank can play a supportive role by assisting with modernising the land registry, strengthening procurement systems, and supporting training programmes to reduce the skills deficit in project implementation. Continued investment in climate-resilient infrastructure, especially in the transport and water sectors, will also be critical to safeguard development gains and enhance Dominica's resilience to future shocks.

Energy

4.23 Dominica's economic development is challenged by the country's dependence on imported fossil fuel to power its economy. Dominica imports over 90% of its primary energy supply. In the electricity sector specifically, approximately 70% of the electricity generation is supplied from diesel-fuelled generating plants. Hydropower contributes approximately 25%-30% of the electricity generation. Hydropower output is variable, with diesel generation making up any shortfall. Small independent producers accounted for less than 1% of generation in 2024. The contribution from the hydropower resource remains constrained with minimal opportunity for expansion given the growing negative impact of climate change on such systems.

4.24 The ageing fleet of the incumbent utility, Dominica Electricity Services Limited (DOMLEC), also presents a challenge to economic development. Fifty-four per cent of diesel generating units owned by DOMLEC have exceeded their maximum operating hours. The continued operation of those units without capacity replacement has contributed to major electricity supply issues³⁷. The over reliance on diesel generation and current capacity challenges are not sustainable and threaten the country's economic growth and competitiveness.

4.25 Dominica also exhibits one of the higher electricity price ranges in the Caribbean ranging from \$0.38 to \$0.44 per kilowatt hour³⁸ depending on the fuel surcharge. The business sector in Dominica has indicated that high electricity prices have significantly constrained their growth and competitiveness. Given the critical role of electricity as a lifeblood of any modern economy, high electricity prices to consumers undermine the country's poverty reduction efforts and hinder the achievement of other key Sustainable Development Goals (SDGs).

4.26 The new major capital investment in the 10 megawatts geothermal energy project (expected to be operational by March 2026) will contribute to stabilising electricity costs in Dominica, increasing energy security, and increasing the overall share of electricity generation by renewable means in Dominica to 63% (a combination of new geothermal and existing hydropower generation).

Agriculture Development

³⁷ DOMLEC Load Shedding Schedule, July 15-20, 2024. <https://dominicanewsonline.com/news/wp-content/uploads/2024/07/DOMLEC-LOAD-SHEDDING-SCHEDULE-JULY-15-TO-20-UPDATED.pdf>. Last accessed October 16, 2024.

³⁸ Caribbean Electric Utility Services Corporation Electricity Tariff Report, March 2025.

4.27 Dominica's agriculture sector is crucial to its socioeconomic wellbeing, playing a vital role in ensuring food security, supporting rural livelihoods, and offering potential for poverty reduction and sustainable development. Dominica has fertile volcanic soil, abundant rainfall, and a tropical climate, creating favourable conditions for agriculture. However, the sector faces increasing challenges that threaten its stability, sustainability and long-term productivity, including vulnerability to climate change and disasters from natural hazards, weak capacities that hinder policy formulation, limited access to finance for farmers, an ageing farming population; land fragmentation; pest and disease pressures; and market access and trade barriers. Women represent about 20% of total farmers and are crucial to this sector, primarily producing vegetables, tubers, and root crops for food self-sufficiency and local markets, often within the informal economy; however, they face vulnerabilities due to insecure employment, lack of social protection, and prevalence as heads of single-parent households.

4.28 Vulnerability to natural disasters remains a key risk to the sector. Tropical Storm Erika (2015) and Hurricane Maria (2017) caused damage and losses equivalent to 96% and 226% of GDP, respectively³⁹. The PDNA for Hurricane Maria in 2017 reported a total damage of \$55.27 mn and a loss of \$124.37 mn in the agriculture sector. Dominica's dependence on food imports exposes it to international food price volatility, as evidenced by the significant increases in the Food Price Index and Cereal Price Index as reported by the Food and Agriculture Organisation (FAO)⁴⁰. Addressing these challenges requires prioritising strategic investments in climate resilience as outlined in national strategies like the NRDS 2030 and the Climate Resilience and Recovery Plan (CRRP). These priorities have also been pursued through several key initiatives of GOCD⁴¹ which seek to strengthen agricultural infrastructure. This commitment is further evidenced by a suite of strategic policy documents, including the National Agriculture Policy 2021-2030, the Agriculture DRM Strategic Plan 2020-2030, the Voluntary National Review (VNR), NRDS, and CRRP.

4.29 The Bank is providing crucial support to the agriculture sector through projects financed under the Basic Needs Trust Fund (BNTF) Cycle 10⁴², the Caribbean Action for Resilience Enhancement Programme, the Caribbean Forum-European Union (EU) Economic Partnership Agreement, and Caribbean Community (CARICOM) Single Market and EU Standby Facility⁴³ Caribbean Forum-EU Economic Partnership Agreement, and the CARIOM Single Market and Economy-EU Standby Facility^{44,45}.

Statistics and Data Challenges

4.30 Dominica's capacity to generate, manage, and utilise high-quality data remains constrained by institutional, technical, and resource limitations, which affect evidence-based policymaking and monitoring of national development goals. The CSO continues to face challenges related to staffing shortages, outdated

³⁹ Dominica: Rapid Damage and Impact Assessment|Global Facility for Disaster Reduction and Recovery (GFDRR); PDNA|GFDRR.

⁴⁰ FAO Food Price Index shows international food prices averaging 154.2 percentage points in June 2022, up 29.0 points (23.1%) from the year before. The FAO Cereal Price Index stood at an average of 166.3 points in June 2022, reflecting 36.0 points (27.6%) increase since June 2021. While international wheat prices decreased by 5.7% in June 2022 after reaching near-record highs in May, they remained 48.5% higher than the previous year.

⁴¹ These initiatives include the ongoing Emergency Agricultural Livelihoods and Climate Resilience Project and various Public Sector Investment Projects managed by the Ministry of Blue and Green Economy, Agriculture and National Food Security, with a focus on critical infrastructure upgrades, research and development, and essential capacity-building.

⁴² Soufriere/Scotts Head Fish Processing Facility and Warner Village Agriculture Water Tank and Drip Irrigation System Project.

⁴⁴ Improving Dominica's participation in the Agri-food Value Chain.

⁴⁵ AgriMSE Business Development and Intra-Regional Market Integration.

data collection systems, and limited use of digital technologies for data management and dissemination. While efforts have been made to strengthen the statistical system through TA from regional and international partners, including the OECS Commission, CARICOM, and CDB, progress has been uneven, and data gaps persist across several key domains such as poverty, labour market outcomes, gender equality, and the environment.

4.31 National accounts and social statistics are often produced with long time lags, constraining timely macroeconomic surveillance and policy response. Census and household survey data remain limited, with the most recent Population and Housing Census (2021) still undergoing post-enumeration and processing, and the last CPA completed more than a decade ago. These limitations weaken Dominica's capacity to monitor progress toward the SDGs and to assess the impact of shocks such as natural disasters or the COVID-19 pandemic on vulnerable groups. In addition, the absence of an integrated data management framework hinders coordination among line ministries, resulting in fragmented datasets and inconsistent reporting across sectors.

4.32 Strengthening Dominica's National Statistical System is therefore a critical development priority. The implementation of a new Statistics Act, investment in digital data infrastructure, and capacity development for the CSO and line ministries would improve the reliability and timeliness of official statistics. CDB, working in collaboration with other partners, can play a catalytic role in supporting these efforts through continued assistance for statistical modernisation, data innovation, and the integration of geospatial and climate data into development planning and results monitoring frameworks.

5. NATIONAL DEVELOPMENT PRIORITIES

5.01 Dominica's NRDS 2030, developed in the aftermath of Hurricane Maria to operationalise the CRRP, provides the overarching policy framework for rebuilding a climate-resilient and sustainable nation. The NRDS emphasises resilient infrastructure, strong and adaptive institutions, and the protection of natural assets—both terrestrial and marine—as core enablers of resilience and sustainable growth. Its objectives are organised around three strategic pillars: (a) environmental protection; (b) social development; and

(c) economic development and transformation. Sectoral strategies under the NRDS promote sound macroeconomic and fiscal management, effective environmental governance, and inclusive, sustainable growth⁴⁶. The localisation and mainstreaming of the SDGs remain a central priority, aligned closely with the policy reforms advanced through the NRDS and CRRP.

5.02 The CRRP itself is anchored on three pillars: (a) climate-resilient systems that can adapt to the impacts of climate change; (b) prudent DRM supported by evidence-based decision making; and (c) effective disaster response and recovery mechanisms that minimise the human and economic toll of disasters. In line with these objectives, Dominica has reaffirmed its commitment to climate action through its updated NDC⁴⁷ and has been recognised as carbon-neutral under the United Nations Framework Convention on Climate Change's REDD+ framework, reflecting its leadership in advancing resilience and environmental sustainability within the Caribbean region⁴⁸.

⁴⁶ NRDS (2018-2030).

⁴⁷ Snapshot: SIDS, the State of Climate Ambition (UNDP, December 2022).

⁴⁸ Dominica is the only SIDS to achieve this REDD+ certification.

5.03 Recent assessments⁴⁹ of Dominica's progress toward the SDGs indicate steady advancement in several priority areas⁵⁰ particularly in ecosystem protection, climate change adaptation, and the integration of climate resilience across social and economic sectors. The country has also made important strides in fostering strategic partnerships to accelerate SDG implementation. A key emerging focus is the development of the blue economy, recognising the vast potential of Dominica's marine environment and exclusive economic zone to drive sustainable growth. Efforts are underway to build safe and resilient coastal communities, promote a healthy and productive marine ecosystem, and strengthen enterprises engaged in sustainable resource use. Complementary initiatives are being pursued to enhance agricultural productivity and food security, especially through greater youth participation, while advancing health, wellness, and social resilience as integral components of Dominica's sustainable development agenda.

5.04 Building on NRDS and CRRP, Dominica's Economic Growth and Diversification Strategy serves as a framework for channeling resources from the CBI programme⁵¹ toward sustainable and inclusive development. The Strategy is anchored around three overarching goals: (a) achieving high-income status; (b) building economic resilience; and (c) increasing inclusiveness and equity. These priorities are supported by nine quantifiable targets designed to diversify the economy, raise living standards, strengthen resilience to natural disasters and climate-related shocks, and reduce inequality. To advance these objectives, GOCD is leveraging access to global and regional climate finance mechanisms and deepening strategic partnerships aimed at supporting environmental sustainability, climate adaptation, and mitigation initiatives.

6. PLATFORM FOR DIALOGUE

Previous Country Strategy Engagement and Portfolio Considerations

6.01 Dominica's CS 2020-2024, proposed an indicative envelope of \$105.6 mn. During this period, total approvals amounted to \$189.5 mn, although total loan disbursements lagged significantly at \$48.5 mn. The Strategy was anchored on three pillars: (a) enhancing economic outcomes through resilient infrastructure; (b) strengthening human capital and competitiveness; and (c) crisis response and improving economic and environmental resilience. The CS listed 11 indicative interventions across 7 expected outcomes.

6.02 The overall performance of the previous CS 2020-2024, which assessed progress toward the intended outcomes, was rated "Marginally Unsatisfactory". This rating reflected limited implementation progress across key interventions during the four-year period⁵². Several factors contributed to this outcome: (a) the COVID-19 pandemic, which disrupted project execution and curtailed client engagement; (b) institutional capacity constraints within GOCD that delayed implementation; and (c) procurement challenges, including difficulty attracting suitable bidders within budget limits which necessitated multiple rounds of tendering for some infrastructure projects. These challenges were compounded by global supply chain disruptions, labour shortages, shipping delays, and rising energy prices that intensified inflationary pressures. In some cases, adjustments to project scope driven by resource constraints or shifting national priorities further affected delivery. Of the seven outcomes identified under the CS, two were fully achieved at the time of evaluation.

⁴⁹ VNR – SDGs (GOCD 2022). Excerpt from a Statement by the Minister of Planning and Economic Development, Climate Resilience, Sustainable Development and RE.

⁵⁰ Including social protection; agricultural production, energy diversification and food security; health and wellness, health infrastructure and services; education and the digitalisation of the economy; and strengthening of justice systems and institutions.

⁵¹ To qualify for Dominican citizenship through the CBI, applicants must make a non-refundable contribution to the [*Economic Diversification Fund*](#).

⁵² CDB's operations typically take about seven to eight years to be executed (from Agreement signing to completion).

Lessons

6.03 Key lessons from the previous strategy are important for informing this new 2025-29 CES, these include:

- (a) Strengthen consultation during loan execution: Engagement can be improved by dedicating more resources to managing relationships among stakeholders involved in projects.
- (b) Enhance capacity building for GOCD: CDB's BMCs generally face institutional capacity and staffing constraints capacity building that enhance the abilities of individuals, organisations, or systems to achieve their goals and perform effectively, and improve implementation. Capacity building should include statistical and data gathering capacity, project management capacity, procurement capacity, as well as disaster response capacity.
- (c) Improve responsiveness to changing conditions: The Bank should adjust more quickly to changes in the project environment, including timely modifications to project scope, to better support implementation and address emerging needs. Bank procedures can be changed to allow for more rapid re-evaluations of project scope between Board of Directors meetings. This can be done via allowances for additional special board submissions, which would include all the relevant checks and balances, but enable more opportunities for evaluation and course correction. This will further enable the Bank to support project implementation in a nimbler fashion.
- (d) Strengthen project cost estimation: In several cases, bids received far exceeded budget estimates. While cost variables can be difficult to predict, there is scope to improve cost estimation processes to reduce the risk of budget overruns.

6.04 Engagement, implementation, and execution challenges during the previous CS period were largely the result of COVID-19 restrictions and other extraordinary developments that constrained both the Government and Bank operations. On the Bank's side, temporary management arrangements and the onboarding of new staff during the period affected continuity and slowed project execution. These factors, combined with persistent issues related to procurement efficiency and project readiness, further compounded implementation delays and limited overall delivery performance.

6.05 Since the conclusion of the previous Strategy, CDB has deepened its engagement with GOCD and continues to provide support for advancing national development priorities. Looking ahead, the effective implementation of the new CES will require stronger pipeline development and portfolio management, underpinned by detailed implementation plans, enhanced project readiness, and robust mechanisms for monitoring and addressing implementation challenges in real time to ensure smoother execution.

6.06 To strengthen implementation performance, the Bank is refining its plan of action to improve portfolio quality through greater oversight and the introduction of escalation protocols to address emerging issues promptly. Complementary measures include building implementation capacity within BMCs and enhancing internal systems, processes, and staff orientation. These initiatives are being informed by the ongoing Implementation Conditions Consultancy⁵³, which aims to identify systemic barriers to execution, strengthen institutional capacity for effective project delivery, and promote more realistic project scheduling

⁵³ The Annual Review of the Performance of the Portfolio of Projects under Implementation in 2024, CDB.

and resource planning during appraisal. Collectively, these reforms will help ensure that future engagement with Dominica is more agile, results oriented, and aligned with the country's implementation capacity.

Other Key Development Partners' Ongoing Activities

6.07 CDB will continue to pursue harmonisation and alignment with other Multilateral Development Banks to smooth implementation progress, lower transaction costs, and improve project planning and execution in Dominica.

World Bank Group

6.08 WB's engagement aims to support sustainable development through building fiscal and environmental resilience, as well as financial sector stability. Main areas of focus include:

- (a) Build disaster resilience through improving Dominica's DRM: This includes building climate resilience initiatives and strengthening emergency response frameworks.
- (b) Improve public finances by strengthening domestic revenue mobilisation and enhancing financial sector resilience: This is being done through policy reforms to enhance fiscal management, reduce public debt, and enhance fiscal transparency.
- (c) Promote inclusive and sustainable growth: by supporting investments in infrastructure, education and healthcare, as well as strengthening social safety nets.
- (d) Build environmental sustainability: by supporting Dominica's efforts to conserve its biodiversity and protect its natural resources.

World Food Programme

6.09 The WFP is heavily involved in Dominica with an emphasis on food assistance, nutrition, and building resilience against climate change. Policy in Dominica is guided by the Caribbean Multi-country Strategic Plan (2022-26) (MCSP)⁵⁴. This helps support preparedness measures that strengthen DRM and social protection systems. Key programmes include:

- (a) Collaborative work with the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company to develop an insurance product entitled 'Social Protection Targeting Delivery Mechanism' that provides premium support and adequate financing to be distributed to affected people in the aftermath of a disaster.
- (b) A COVID-19 response programme to assess the livelihood impact among fisherfolk and in the craft industry.

European Union

6.10 The EU's cooperation aligns with their Multiannual Indicative Programme for the period 2021-27. This falls under the larger EU-Organisation of African Caribbean and Pacific States partnership agreement

⁵⁴ The 22 countries and territories covered by this MCSP are: Anguilla, Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Curaçao, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Lucia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Sint Maarten, Suriname, Trinidad and Tobago, and Turks and Caicos Islands.

which outlines the Caribbean-EU partnership goals. Under this framework, two hundred and eight million Euros have been allocated to support three key partnerships under which Dominica benefits, these are:

- (a) Caribbean-EU Partnership on the Green Deal: This programme entails the EU and the Caribbean working jointly to increase climate resilience of the Caribbean region and to transition to green energy sources.
- (b) Caribbean-EU Partnership on Economic Resilience and Trade: Will facilitate the promotion of sustained private sector growth through trade opportunities within the Economic Partnership Agreement.
- (c) Caribbean-EU Partnership on Governance, Security and Human Development: Entails collaboration between the Caribbean and the EU to make Caribbean societies safe, and more inclusive and resilient.

7. STRATEGIC POSITIONING

Resource Envelope Considerations

7.01 An indicative resource envelope of just over \$100 mn is proposed over the next CES period. This funding amount considers funding availability, execution capacity, and GOCD's macro-fiscal constraints and debt targets. It is expected that the Government will be more frugal with project expenditure to consolidate—meaning spending on capital projects will likely be restrained. The indicative resource envelope was also influenced by the need to manage the Bank's exposure to Dominica given CDB's capital requirements. The indicative funding consists of around \$80 mn in Ordinary Capital Resources, \$18.91 mn in Special Development Fund Eleventh Cycle resources, and \$3.69 mn in funds from BNTF. This envelope will guide pipeline development and will remain subject to continuous review over the period as the Bank adopts a flexible and proactive approach to its project operations. This stance also reflects country financing need and absorptive capacity, as well as access to other development resources. In March 2024, Dominica became a member of the Development Bank of Latin America (CAF) as a series "C", a category of membership/stockholding which allows countries to access technical, financial, and knowledge services offered by CAF. It is a lower level of membership than series A and B, limited by the fact that series "C" members do not have a seat on the board of CAF and do not have access to as large an envelope of development financing as series "A" and series "B" members.

Priority Areas for Engagement

7.02 Dominica's classification among the world's most vulnerable countries underscores the urgency of implementing robust adaptation and mitigation strategies to safeguard its development gains. CDB will focus its engagement on areas where it holds the greatest comparative advantage relative to other multilateral development partners, ensuring targeted and high-impact support for GOCD's development priorities. While national needs are extensive, a selective and results-driven approach is essential to maximise effectiveness and sustainability.

7.03 The Bank's engagement strategy with Dominica will be fully aligned with the Bank's Strategic Plan 2026-2035, and the Government's vision of becoming the world's first climate-resilient nation as articulated in the NRDS and related frameworks. In keeping with the Bank's "Rebirth" vision, the CES will place emphasis on three operational focus areas—Climate, Youth, and Institutions—as the key drivers of transformation. The Bank will also continue to strengthen collaboration with other multilateral and bilateral

partners to leverage synergies, mobilise co-financing, and scale up the development impact of joint initiatives in support of Dominica's resilience and inclusive growth agenda.

7.04 The three operational focus areas are outlined below:

- (a) **Climate:** Strengthening climate resilience will remain central to CDB's engagement. The Bank will support investments in climate-resilient infrastructure, promote the protection and sustainable management of biodiversity, and facilitate the expansion of RE initiatives to enhance energy security and reduce emissions.
- (b) **Youth:** Support for youth development will focus on addressing youth crime, maladaptive behaviours, and social vulnerability, while promoting access to education, skills training, and employment opportunities. The objective is to empower young people as agents of change and contributors to a more inclusive and productive society.
- (c) **Institutions:** CDB will continue to assist in strengthening institutional and implementation capacity through support for public sector reforms that enhance efficiency and accountability. This includes ongoing efforts to advance procurement reform, build the capacity of national statistical agencies to improve data production and use, and provide TA to strengthen project management and results-based planning across government.

7.05 Based on CDB's assessment of the country's medium-term needs, the following thematic areas are proposed for the Bank's continuing support to Dominica – as shown in the Theory of Change (see Appendix 2), for further consultations with GOCD. These include:

Improving Human Capital and Skills

- (a) Economic development in Dominica will require a labour force with the requisite skills to support expanded tourism and agricultural industries. This will require a modern education system with industry-relevant training. Key to this will be the development and support of TVET to empower Dominicans to better participate in the economy.
- (b) Effective utilisation of existing human capital will require support in strengthening Dominican governance institutions. This will require continued support in several areas. This includes procurement reform to ensure smooth and transparent public procurement processes, capacity building for data gathering through TA to the CSO, and new systems to aid the Government in managing public assets.
- (c) Improvements in the quality of instruction at post-secondary and vocational training institutions. Specifically, there is a need to increase the share of accredited teachers at these institutions. Furthermore, industry relevant programmes must be supported and developed to ensure that skills acquired by students translate into increased competencies of the labour force.

Enhancing Resilience to Climate Change

- (d) Improving Dominica's resilience to climate change and weather-related events will focus on investing in climate-resilient infrastructure. The Bank can support road and transportation infrastructure which is resistant to weather-related shocks. It can also include initiatives aimed at improving the Government's capacity to adequately respond to natural disasters

through the implementation of governance arrangements to protect vulnerable groups during adverse weather events.

Advancing MSME Development and Innovation

- (e) The MSME sector in Dominica suffers from a lack of access to affordable financing. If access to affordable credit for MSMEs is expanded through improved financial products and enabling policies, then entrepreneurs will be better able to invest, innovate, and create jobs. The Bank can aid in this by providing credit facilities through the DAID Bank. It is also imperative to support reforms which help to strengthen the financial sector so it can better support local businesses.
- (f) This outcome will also further help to improve economic diversification as MSMEs can expand into sectors beyond tourism and agriculture, while supporting productive employment of citizens.

Fostering Economic Diversification and Digitisation

- (g) This will be supported through the initiatives aimed at modernising public service delivery through support for digitisation, which can in turn lower the cost of doing business and attract business investment. This lowering of the cost of doing business will aid in economic diversification as it reduces the cost of entering new, less conventional industries. Furthermore, support for export diversification through TA programmes aimed at supporting local businesses will help to improve competitiveness and make the economy more resilient to economic shocks. This will place Dominica in a position to achieve long-term economic growth.

Proposed Theory of Change Logic

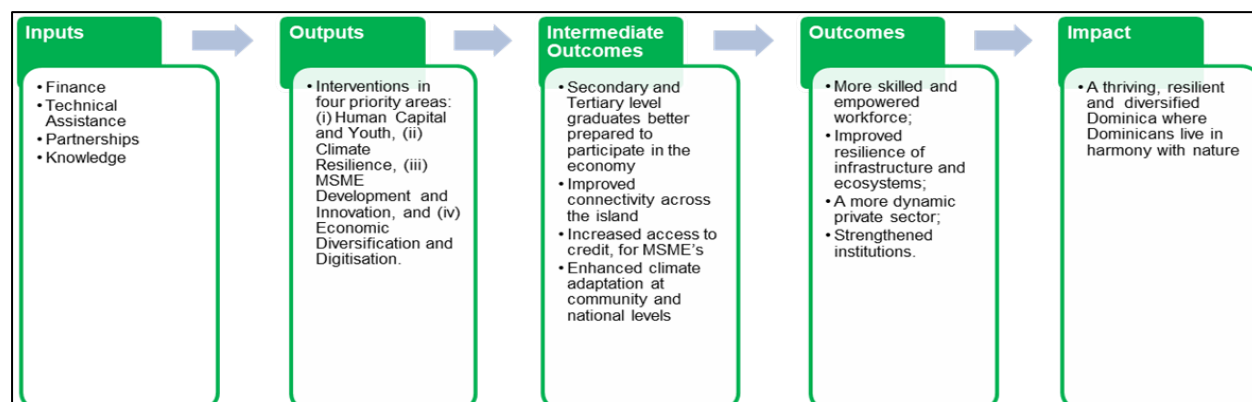
7.06 Dominica faces structural challenges including high vulnerability to climate change, limited fiscal space, and reliance on a narrow set of economic activities. CDB proposes adopting a targeted engagement strategy focused on Climate, Youth, and Institutions, with priority interventions in four areas: (a) Human Capital and Youth; (b) Climate Resilience; (c) MSME Development and Innovation; and (d) Economic Diversification and Digitisation (see Figure 7.1).

IF–THEN Logic

- IF Dominica’s human capital is strengthened through education reform and TVET, THEN the labour force will have the skills needed to drive economic transformation.
- IF climate-resilient infrastructure is developed and disaster response systems strengthened, THEN Dominica will reduce vulnerability and advance its vision of becoming the world’s first climate-resilient nation.
- IF MSMEs gain access to affordable financing and enabling policies, THEN entrepreneurs will be able to innovate, diversify economic activity, and create jobs.
- IF economic diversification is supported through digitisation and export development, THEN the cost of doing business will fall, competitiveness will rise, and the economy will become more resilient to shocks.

Together, these actions will contribute to a more skilled and empowered workforce, improved resilience of infrastructure and ecosystems, a more dynamic private sector, and strengthened institutions.

FIGURE 7.1: PROPOSED THEORY OF CHANGE



8. **POTENTIAL RISKS AND MITIGATING FACTORS**

8.01 Given the lessons learned from the previous CES, several risks and mitigating strategies should be considered (see Table 8.1) in preparing the 2025-29 CES:

TABLE 8.1: RISK AND MITIGATING MEASURES

Risk	Description	Mitigating Measures
Disaster and Environmental Climate	The impact of a sudden natural disaster, such as a hurricane or tropical storm, may compromise the CES objectives.	Interventions will be made to mitigate the impact of environmental change and climate-related risks. Each project will consider an environmental component.
Operational Risks	The possibility that in the execution of business activities CDB could incur losses or reputational damage due to fraud, human error, processes, or technological internal controls or external events.	Maintain high standards for operational procedures around projects to ensure that these risks do not materialise.
Liquidity Risk	This refers to the risk that GOCD may encounter difficulties associated with its financial liabilities or responsibilities to CDB that are settled by cash or another financial asset.	CDB can provide further assistance to help strengthen public financial management. CDB will continue to encourage revenue reforms to boost non-CBI revenues. CDB will also advocate for the building of fiscal buffers as a strengthened defense from liquidity risks.
Credit Risk	Possibility of default in payment for loans provided by CDB.	For private sector financing, funds will be provided to DAID Bank, which will then take the counterparty risk for lending to individuals and the private sector, minimising CDB exposure.

9. CES EXECUTION PLAN

TABLE 9.1: DOMINICA COUNTRY ENGAGEMENT STRATEGY, 2026-2030
PROPOSED PREPARATION SCHEDULE

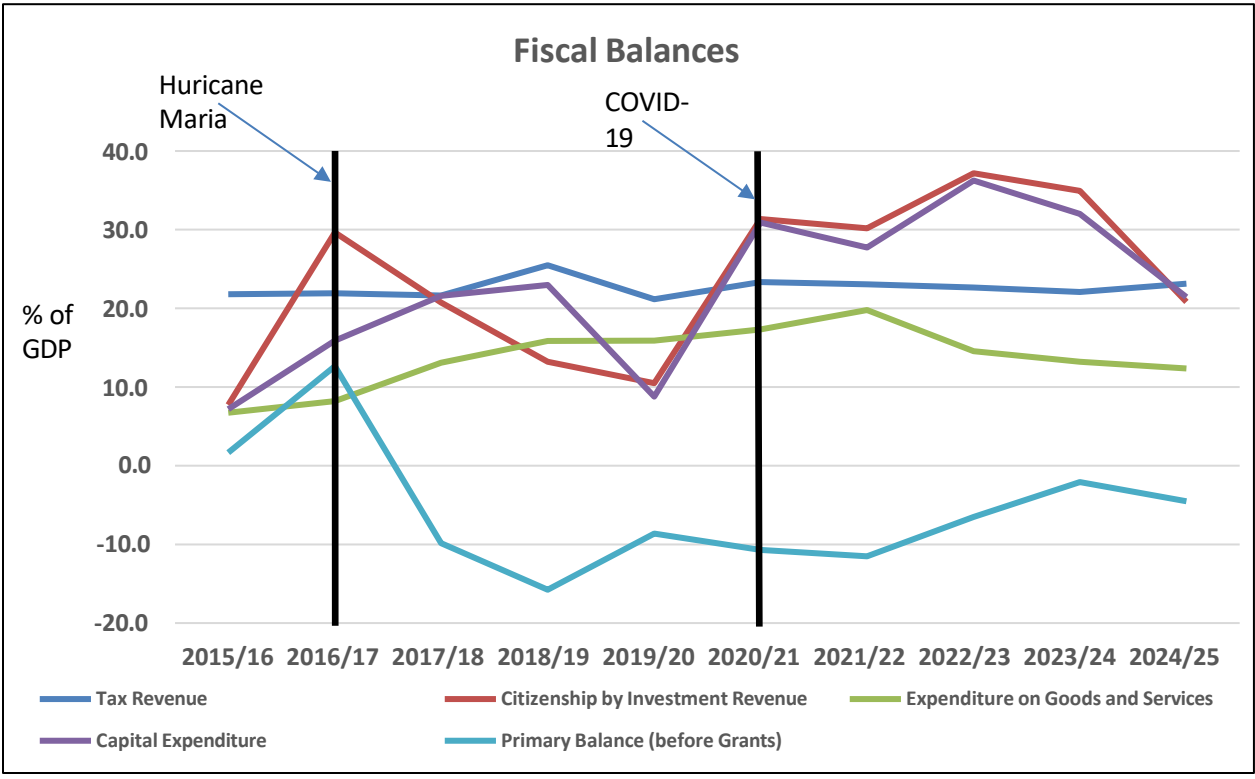
Activity	Officer Responsible	Resources Required	Submission Date	Meeting Date	Completion Date
FP to Country Committee	Team Lead		October 15		October 29
CES In-Country Mission	Team	Country Meetings	November 5		November 7
Aide Memoire Finalisation	Team	Input from Team	November 10		November 14
CES Draft	Team	Input from Team Members (as per template)	August 4		August 10
Departmental Review	Team		August 11		August 24
Country Sign-off	Team		August 25		September 2
SAT Review	Team		September 4		September 11
Submission to Secretariat	Team Lead		September 16		September 16
Board Meeting	Team			September 30, 2026	

10. RECOMMENDATIONS

10.01 It is recommended that the:

- (a) CES be focused and limited in scope, concentrating support to four outcome areas and key interventions that will enhance CDB's contributions to addressing Dominica's most pressing development needs within this space.
- (b) Country Committee approves advancing preparation of the CES, 2026-2030, for Dominica

APPENDIX 1
FISCAL BALANCES



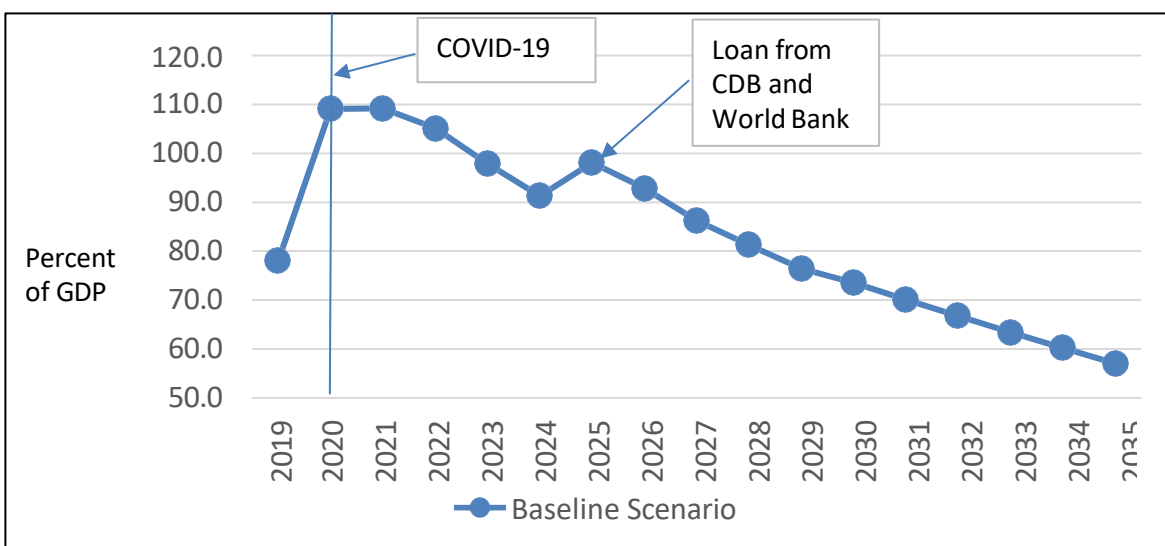
APPENDIX 2

DEBT SUSTAINABILITY ANALYSIS

Extended forecast for Dominica's debt burden shows that to reduce their debt ratio and meet the ECCU target of 60% of GDP by 2035, significant fiscal consolidation will be required. Current forecasts indicate that by 2035, Dominica will have a debt-to-GDP ratio of 57.1% (see Chart 1 below). Debt will take a consistent downward path, except for 2025, during which debt increased due to significant borrowing from CDB and WB. The trend decline in the debt-to-GDP ratio will be driven by primary surpluses of 2% of GDP starting in calendar year 2026, as well as nominal GDP growth. These forces are anticipated to offset the impact of interest and amortisation payments. Key risks to the forecasts include:

- (a) Adverse economic shocks such as a global recession which would negatively affect both the fiscal balance and nominal GDP.
- (b) Natural Disasters such as a hurricane.

CHART 1: CURRENT FORECASTS



SOCIAL VULNERABILITY MATRIX

Beneficiaries	Types of Risks/Vulnerabilities Faced	Existing Policies and Programmes	Partners	Recommendations for Mitigation
Low-income and poor households	Income insecurity; limited savings/assets; food and housing insecurity; limited capacity to recover following disasters; exclusion from formal finance and insurance; increased exposure to price shocks.	Social protection programmes; enhanced Social Safety Net Initiative; Growth and Social Protection Strategy; national resilience planning.	MOF; Ministry of Social Services (MOSS); Office of Disaster Management (ODM); non-governmental organisations (NGOs)/CSOs; WB; United Nations (UN) agencies.	Strengthen shock-responsive social protection; expand coverage of vulnerable households; establish pre-arranged financing for emergency cash transfers; strengthen beneficiary registry and digital payment systems; integrate poverty and disaster-risk data.
Women, particularly female-headed households and women in vulnerable livelihoods	Income and employment disparities; unpaid care responsibilities; increased exposure to gender-based violence (GBV) following disasters; limited access to productive assets, finance and insurance; livelihood disruption in informal activities.	Gender equality and social protection initiatives; disaster-risk planning; climate-resilience programmes; Dominica Community Resilience Enhancement Project's explicit focus on increasing women's access to economic opportunities.	Bureau of Gender Affairs; MOSS; Ministry of Agriculture; women's organisations; CSOs; Food and Agriculture Organisation; UN Women.	Gender-responsive budgeting; ensure women's participation in disaster planning and decision making; strengthen GBV prevention/referral systems; expand access to finance, skills and productive assets; design livelihood recovery specifically for women.
Children and adolescents	Disruption to education; school closures; psychosocial stress; food insecurity; exposure to violence and abuse; digital exclusion; heightened vulnerability following displacement.	Education and social protection programmes; national disaster preparedness arrangements; CRRP.	MOE; Ministry of Youth; MOH; United Nations Children's Fund (UNICEF); schools; community organisations.	Disaster-resilient schools; continuity-of-learning protocols; school feeding and social protection linkages; psychosocial support; child safeguarding mechanisms; targeted support for children from poor and disaster-affected households.
Older persons	Mobility constraints; social isolation; dependence on caregivers; chronic health conditions; difficulty evacuating; disruption of medication and health services; heightened income insecurity.	Social protection programmes; health services; national disaster response systems; Government's stated focus on safeguarding senior citizens (2023/24 budget)	MOH; MOSS; ODM; community groups; caregivers; NGOs; Dominica Council on Ageing.	Establish/maintain registries of vulnerable older persons; prioritised evacuation and shelter arrangements; continuity of medication and healthcare; accessible shelters; community-based care and outreach; strengthen income and social protection support.

Beneficiaries	Types of Risks/Vulnerabilities Faced	Existing Policies and Programmes	Partners	Recommendations for Mitigation
Persons with disabilities (PWDs)	Physical and communication barriers; inaccessible shelters and infrastructure; difficulty evacuating; dependence on caregivers; exclusion from information and services; higher costs of recovery and rehabilitation.	Social protection measures; disability-related services; resilient infrastructure initiatives; Government's social protection focus on differently-abled persons (2023/24 budget)	MOSS; ODM; Dominica Association of PWDs; health providers; NGOs.	Apply universal design standards; accessible early-warning and emergency communication; individual evacuation plans; accessible shelters and transport; disability-disaggregated data; involve PWD organisations in planning and monitoring.
Indigenous Kalinago communities	Geographic isolation; exposure to landslides, flooding and coastal hazards; livelihood vulnerability; infrastructure and service-access gaps; cultural and socioeconomic vulnerabilities; potential displacement.	Kalinago Territory Development Strategy; national resilience programmes; community resilience initiatives.	Kalinago Council; Government ministries; ODM; Ministry of Kalinago Affairs; development partners; community organisations.	Strengthen resilient infrastructure and connectivity; support climate-resilient livelihoods; incorporate indigenous knowledge into DRM; strengthen community-based preparedness; ensure meaningful participation in investment decisions.
Unemployed and underemployed youth	Limited employment opportunities; skills mismatch; income insecurity; migration pressures; social exclusion; vulnerability to crime and other negative coping strategies.	National Employment Programme; youth resilience initiatives, including the Each One Reach One Youth Resilience Initiative.	Ministry of Youth; Ministry of Labour; education/training institutions; private sector; NGOs; development partners.	Expand market-driven skills development; apprenticeships and internships; entrepreneurship support; digital and green skills; youth participation in community resilience; targeted employment in post-disaster reconstruction.
People living in hazard-prone areas	Exposure to flooding, landslides, storm surge, coastal erosion and river hazards; limited evacuation options; loss of homes and assets; disruption of essential services.	NRDS 2030; CRRP; DRM systems; hazard mapping and early-warning initiatives.	ODM; Physical Planning Division; local authorities; Major Capital Projects Office; Ministry of Public Works; communities; development partners.	Risk-informed land-use planning; hazard mapping; resilient infrastructure; relocation where risk is unacceptable; community early-warning systems; evacuation routes and shelters; enforce building standards.

Beneficiaries	Types of Risks/Vulnerabilities Faced	Existing Policies and Programmes	Partners	Recommendations for Mitigation
People affected by displacement and migration	Loss of housing and livelihoods; disruption of social networks; temporary/involuntary migration; difficulty accessing services; increased vulnerability among displaced households.	CRRP; NRDS; disaster response and recovery systems; housing and community resilience initiatives.	ODM; Ministry of Housing; MOSS; immigration authorities; International Organisation for Migration; UN agencies; WB.	Develop planned relocation and managed retreat protocols; strengthen displacement tracking; ensure portability of social protection; provide temporary housing and livelihood support; integrate human mobility into climate adaptation planning.



CARIBBEAN DEVELOPMENT BANK

COUNTRY STRATEGY COMPLETION REPORT

Team Members: Xavier Malcolm (Coordinator), Ronald James (Lead Economist), Andrea Marie (Operations Officer, Environmental Sustainability), Dindial Ramrattan (Statistician), Zayid Alleyne (Civil Engineer), Greg Nunez (Social Analyst), Trevor Belgrave (Operations Officer, education), Naomi Akoy-Bouguenon (Operations Officer, Procurement), Edrea Marques (Operations Officer, Civil Engineer), Sonia Hampden (Coordinating Secretary).

Dominica Country Strategy Paper, 2020-2024

CSP Board Approval Date: December 10, 2020

Report Completion Date:

CURRENCY EQUIVALENT

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

\$1.00 = EC2.70

ACRONYMS AND ABBREVIATIONS

BOD	-	Board of Directors
CES	-	Country Engagement Strategy
CPA	-	Country Poverty Assessment
CRRP	-	Climate Resilience and Recovery Plan
CS	-	Country Strategy
CSCR	-	Country Strategy Completion Report
CTCS	-	Caribbean Technology Consultancy Services
DAID	-	Dominica Agricultural and Industrial Development Bank
DRM	-	Disaster Risk Management
DRR	-	Disaster Risk Reduction
EE	-	Energy Efficiency
GDP	-	Gross Domestic Product
GOCD	-	Government of the Commonwealth of Dominica
IDB	-	Inter American Development Bank
LOC	-	Line of Credit
mn	-	million
MSMEs	-	Micro Small and Medium-Sized Enterprises
NBC	-	National Building Code
NBGs	-	National Building Guidelines
NRDS	-	National Resilience and Development Strategy
OCR	-	Ordinary Capital Resources
OECS	-	Organisation of Eastern Caribbean States
PBL	-	Policy-Based Loan
PBO	-	Policy-Based Operation
PEFA	-	Public Expenditure and Financial Accountability
PFM	-	Public Financial Management
PPB	-	Public Procurement Board
RC	-	Review Council
RE	-	Renewable Energy
RMF	-	Results Framework
SDF	-	Special Development Fund
SMART	-	Specific, Measurable Achievable, Realistic and Timely
STEM	-	Science, Technology, Engineering and Mathematics
TA	-	Technical Assistance
TVET	-	Technical, Vocational Education, and Training
UKCIF	-	United Kingdom Caribbean Partnership Fund
US	-	United States of America
USD	-	United States Dollars
WB	-	World Bank
WSSDP	-	Water Sector Strategic Development Project

TABLE OF CONTENTS

1. INTRODUCTION AND SUMMARY OF FINDINGS
Purpose
Country Context (At Appraisal 2020)
Summary of Key Findings
2. PROGRESS TOWARDS ACHIEVEMENT OF COUNTRY STRATEGY DEVELOPMENT OUTCOMES
Overview
Assessment of Country Strategy Outcomes Progress: Status at the Intervention Level
3. OVERVIEW OF PORTFOLIO PERFORMANCE AND PROGRAMME IMPLEMENTATION
4. CDB PERFORMANCE
Country Strategy Design
Country Strategy Programme Implementation
5. LESSONS LEARNT

LIST OF TABLES

- TABLE 1.1: COUNTRY STRATEGY OUTCOMES AND RATINGS
- TABLE 2.1: PROJECTS INCLUDED IN THE CSCR EVALUATION
- TABLE 3.1: PROJECT ENTERING THE PORTFOLIO DURING THE CS PERIOD

APPENDICES

- APPENDIX 1: OVERALL OUTCOME RATING SCALE
- APPENDIX 2: CES 2020-2024 INDICATIVE SUPPORT PROGRAMME
- APPENDIX 3: STATUS OF COUNTRY STRATEGY (2020-2024) RESULTS MATRIX
- APPENDIX 4: NON-COUNTRY STRATEGY PROJECTS EVALUATED
- APPENDIX 5: CURRENT COUNTRY PORTFOLIO
- APPENDIX 6: NEW/REVISED FUNDING UNDER CONSIDERATION

1. INTRODUCTION AND SUMMARY OF FINDINGS

Purpose

1.01 The Caribbean Development Bank (CDB/the Bank) defines its programme of assistance for a Borrowing Member Country (client) within a country strategy¹ (CES/the Strategy). The CES outlines the Bank's intended strategic support for client development goals. The Country Strategy Completion Report (CSCR) evaluates the performance of the CES programme, examining progress in intended results and the extent of its contribution to country development outcomes.

1.02 This CSCR evaluates the Government of the Commonwealth of Dominica's (GOCD's) CES 2020-2024². The scope of the evaluation includes all projects initiated during the 2020 CES period, as well as those initiated prior to the CES but either completed or were still under implementation during the CES period. This approach recognises that CDB's contribution to the achievement of results in client countries often extends beyond any one CES cycle. The CSCR also evaluates the CES design and the Bank's performance in programme implementation. The review is intended to capture valuable insights and offer lessons and recommendations to improve CES design and overall development effectiveness going forward. The CSCR rates the overall performance of the 2020-2024 CES programme based on the level of progress made towards achieving the intended outcomes. The rating is an aggregate measure of progress based on a four-step scale of Highly Satisfactory, Satisfactory, Marginally Unsatisfactory, and Unsatisfactory (see Appendix 1).

Country Context (At Appraisal 2020)

1.03 The Commonwealth of Dominica (Dominica) is an island nation in the eastern Caribbean. At appraisal, Dominica was characterised as one of the most vulnerable countries in the world. The country was vulnerable to shocks from natural disasters, having suffered significant losses in human life and property from Tropical Storm Ericka (2015) and Hurricane Maria (2017). Furthermore, the economy was also vulnerable to fluctuations in global energy prices, with 80% of its energy needs being met by fuel imports. Recognising these vulnerabilities, the Government subsequently encoded policies aimed at reducing the vulnerability, particularly to climate change and weather-related events.

1.04 The economy of Dominica was dependent on Agriculture, Construction and Tourism Services. In the five years prior to the start of the CES (2015-19), average gross domestic product (GDP) growth was 0.5% per annum. This low average growth was primarily the result of severe adverse weather events, which triggered economic contractions in 2015 (-2.7%) and 2017 (-6.6%). The COVID-19 pandemic subsequently reversed the recovery that had begun across most sectors in 2019. At the start of the CES period, total public debt stood at a high but manageable 78.0% of GDP. Over the five years preceding the CES, the primary balance averaged a modest surplus of 0.04% of GDP, though with considerable year-to-year volatility. Government debt rose from 74.2% of GDP in 2015 to 78.0% in 2019, driven largely by the fiscal impacts of Tropical Storm Erika and Hurricane Maria. These storms show the vulnerability to natural disasters, with significant damage amounting to 90% and 226% of GDP caused by Tropical Storm Ericka and Hurricane Maria, respectively. The Government had initiated efforts to strengthen its fiscal and climate resilience through investments in climate resilient infrastructure and legislative frameworks to guide prudent fiscal policy.

1.05 These new policies were captured in the form of the National Resilience and Development Strategy (NRDS) and the Climate Resilience and Recovery Plan (CRRP), which set out GOCD's goal of making Dominica the world's first climate resilient nation by 2030. Furthermore, the Fiscal Responsibility Act (2021) set out in law the fiscal policy to be followed by the Government with the objective of putting debt to GDP on a sustainable downward trajectory.

¹ Now referred to as Country Engagement Strategies.

² Approved by the Board of Directors (BOD) at the Two Hundred and Ninety-Second Meeting on December 10, 2020 (BD 105/20).

1.06 Key challenges being experienced by Dominica at appraisal included increased levels of poverty, social and economic vulnerability to natural hazards, environmental vulnerability, and weak public financial management (PFM) systems. According to the 2022 Country Poverty Assessment (CPA), poverty in Dominica in 2020 stood at 28.8%, with 3.1% in absolute poverty and 11.5% vulnerable to poverty. It is further evidenced by the fact that approximately 90% of the island's population resides along the coast. In addition, unregulated land development was causing damage to some environmentally sensitive areas, despite 20% of the island's total land area being under legal protection. And although Dominica performed well in many areas of PFM, there was significant vulnerabilities in the areas of Procurement Management, as well as External Scrutiny and Audit.

1.07 In that context, the Country Strategy (CS) 2020-2024 was developed in alignment with the NRDS and CRRP, with a focus on interventions to strengthen climate resilience in support of GOCD's goal of becoming the world's first climate-resilient nation. The Strategy also included measures aimed at enhancing PFM within GOCD. The indicative resource envelope identified at appraisal was one hundred and five million six hundred thousand United States dollars (USD105.6 mn). The indicative assistance programme was designed to support the development of improved and climate-resilient water supply and wastewater infrastructure; enhance efficiency, resilience, and safety in the road sector; and strengthen the quality, relevance, and effectiveness of the education system. It also aimed to build the managerial and operational capacity of Micro, Small, and Medium-sized Enterprises (MSMEs). Additionally, the programme sought to promote a more transparent and effective PFM system, bolster resilience to climate change and disaster risks, and support an effective response and recovery from the impacts of COVID-19. These intended outcomes were captured under the following three strategic pillars:

- (a) Enhancing economic outcomes through resilient infrastructure.
- (b) Strengthening Human Capital and Competitiveness.
- (c) Crisis response and improving economic and environmental resilience.

Summary of Key Findings

1.08 The overall performance of Dominica's CES is assessed as "Marginally Unsatisfactory" reflecting the limited implementation progress made by key interventions during the strategy period 2020-2024. Of the seven outcomes identified in the approved CS 2020-2024 (see Table 1.1), two were fully attained. However, the implementation of many interventions was either not initiated or significantly delayed. Notwithstanding, progress was made on five of the targeted outcomes.

1.09 Notably, the outcomes related to improved managerial and operational capacity of MSMEs and the effective response and recovery from COVID-19 were rated as "achieved", the former being implemented via technical assistance (TA) programmes to train individuals in small businesses to build capacity in the sector. CDB also supported the COVID-19 response through a USD20 mn Policy-based Loan (PBL) to GOCD, aimed at providing budget support with a focus on enhancing economic and fiscal resilience. Improved quality, relevance and effectiveness of the education system, a more transparent and effective PFM system, as well as increased resilience to Climate Change and Disaster Risks impacts were deemed to be "partially achieved", with GOCD passing a new procurement act with TA from CDB in December 2021.

1.10 The expected outcomes of an improved and climate-resilient water supply and wastewater infrastructure, as well as increased efficiency, resilience, and safety in the road sector, were both rated as "Not Achieved." This was primarily due to significant delays in the procurement phase of the two key projects intended to deliver these outcomes, the Loubiere to Bagatelle Road Project and the Water Sector Strategic Development Project. Notwithstanding these setbacks, both projects are now scheduled to commence in 2025.

TABLE 1.1: COUNTRY STRATEGY OUTCOMES AND RATINGS

CS OUTCOMES 2020-2024	
Pillar 1: Enhancing Economic Outcomes through Resilient Infrastructure	
Outcome 1: Improved and Climate Resilient Water Supply and Wastewater Infrastructure	Not Achieved
Outcome 2: Increased Efficiency, Improved Resilience and Safety in the Road Sector	Not Achieved
Pillar 2: Strengthening Human Capital and Competitiveness	
Outcome 3: Improved quality, relevance, and effectiveness of the education system	Partially Achieved
Outcome 4: Improved Managerial and Operational Capacity of MSMEs	Achieved
Pillar 3: Crisis response and Improving Economic and Environmental Resilience	
Outcome 5: More Transparent and Effective PFM System	Partially Achieved
Outcome 6: Increased Resilience to Climate Change and Disaster Risks and Impacts	Partially Achieved
Outcome 7: Effective response and recovery from COVID-19	Achieved

1.11 The performance of the CES for Dominica was mixed. Although significant progress was made in some areas, particularly Outcomes 4 through 7, some projects were initiated against the backdrop of the COVID-19 pandemic and the associated economic decline and subsequent economic recovery. The CES was able to account for the impact of the pandemic and incorporated a response by CDB into the results matrix. This response was successful in aiding tGOCD to respond to the crisis and protect vulnerable segments of the population. However, other outcomes such as outcomes 1 through 3, were not achieved. This was in part due to issues in the costing of these projects, with the procurement process being slowed due to bids from potential contractors being submitted which were significantly more than the budgeted expenditure for the projects.

1.12 It should also be noted that the impact of the pandemic affected implementation rates of some projects, particularly those related to outcomes one, two, and four. The development of the Loubiere to Grand Bay Road and the Water Sector Strategic Project would have been slowed because of the pandemic. While the implementation of the Ninth Consolidated Line of Credit would have also been slowed, due to a reduction in demand for loans from businesses given the negative impact of the COVID-19 pandemic on the economy.

1.13 A mid-term review of the performance was completed; however, this was not done until June of 2024. This limited the opportunities for important information from this review to be utilised to improve execution of the CES. Nevertheless, the mid-term review identified a number of emerging lessons. These included the need to devote additional resources to managing relationships among individuals involved in projects to ensure their smooth implementation, for example in the form of community liaison officers where appropriate. Further capacity building for the GOCD was also noted as an important area to help improve implementation rates. In addition, the need of the Bank to be to be nimbler where it concerns adapting to changes in the circumstances in country or with a specific project was noted. Still, the aims and objectives of the CES remained highly relevant despite delays in the implementation of some projects. Political stability in Dominica has also meant that long term objectives of the GOCD have not fundamentally changed.

2. PROGRESS TOWARDS ACHIEVEMENT OF COUNTRY STRATEGY DEVELOPMENT OUTCOMES

Overview

2.01 The design of the CES was informed by the NRDS – Dominica 2030, which seeks to chart a path for sustainable and inclusive growth in the economy. The NRDS was also informed by the CRRP 2020-2030, which has a stated aim of making Dominica the world's first climate resilient nation. This is in the context of the country being previously impacted by natural disasters including Tropical Storm Erika (2015) and Hurricane Maria (2017). The original CES lists 11 indicative interventions across 7 expected outcomes (see Appendix 2), with 4 infrastructure projects in transportation, water and energy, one TA on procurement reform and 2 loans to assist the Government in adapting to the COVID-19 pandemic, being the major projects at appraisal. Also of note was work done toward the development of a geothermal energy plant. Though this loan was only approved by BOD in December of 2024, this project has significant potential to lower energy costs and provide a more stable source of power for the island. Three projects approved from previous CES cycles continued implementation during the 2020-2024 strategy period. These included one energy project (Rehabilitation and Reconstruction Loan - Hurricane Maria - Dominica Electricity Services Limited, approved in 2018); the Ninth Consolidated Line of Credit designed to help MSME's acquire renewable energy (RE) resources, approved in 2017; and the Climate Resilience and Restoration project to aid in the recovery from Hurricane Maria, which was approved in 2018.

2.02 Implementation of several CES projects was heavily delayed, largely due to implementation capacity of GOCD. Three major projects have yet to start (see Appendix 3). The Ninth Consolidated Line of Credit, approved in 2017, experienced significant delays due to the COVID-19 pandemic thwarting demand for financing from businesses. However, this project is now complete. The Loubiere to Grand Bay Road Project has yet to commence despite being approved in 2021 due to problems in the procurement phase, with bidders putting forward bids that were considerably larger than the budget for the project. Similar issues were experienced by the Water Sector Strategic Project, which was approved in 2021, but works have yet to commence, again due to procurement issues with bids for the project being considerably greater than the budget. Nevertheless, some key interventions initiated during the CES period did reach completion. These include a TA project for the strengthening the public procurement legal framework in Dominica, as well as the PBL to assist Dominica in its response to COVID-19. During the CES period, a total of loan operations amounting to \$122.9 mn, were approved. Of this sum, four were components of the indicative pipeline these include the: Loubiere to Grand Bay Road construction project; Water Sector Strategic Project; Support for MSME financing in the Commonwealth of Dominica; and PBL related to COVID-19 recovery. PBL loan approvals totaling \$22.5 mn accounted for 18% of these approvals (see Charts 2.1 and 2.2).

CHART 2.1: INVESTMENT APPROVALS (NUMBER AND AMOUNT) OVER 2020-2024

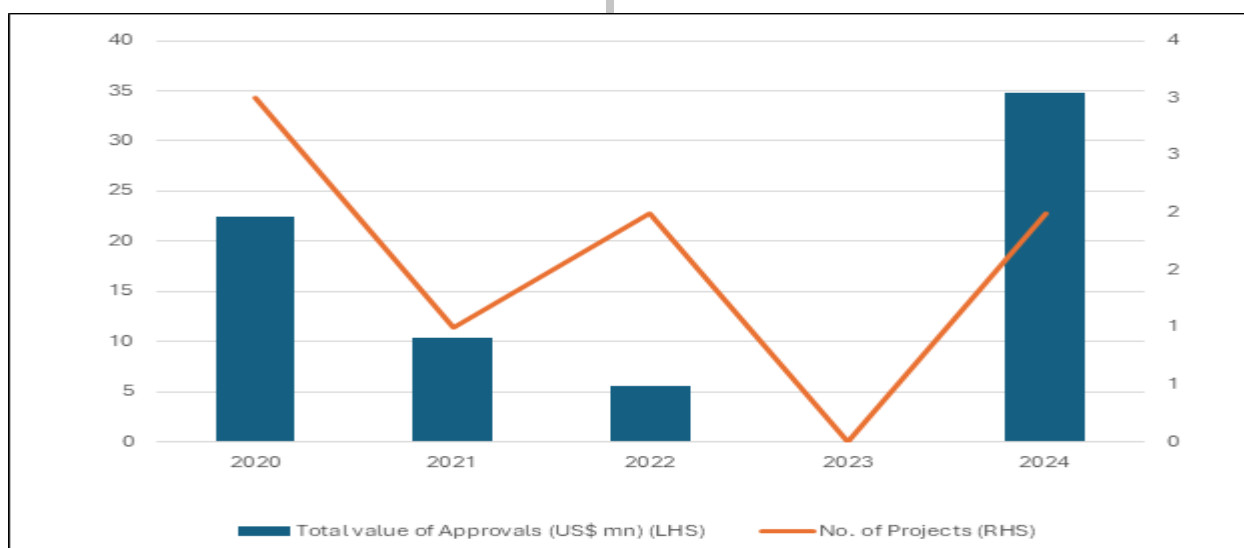


CHART 2.2: CDB NET RESOURCE FLOW WITH GOCD (2020-2024)
(USD mn)

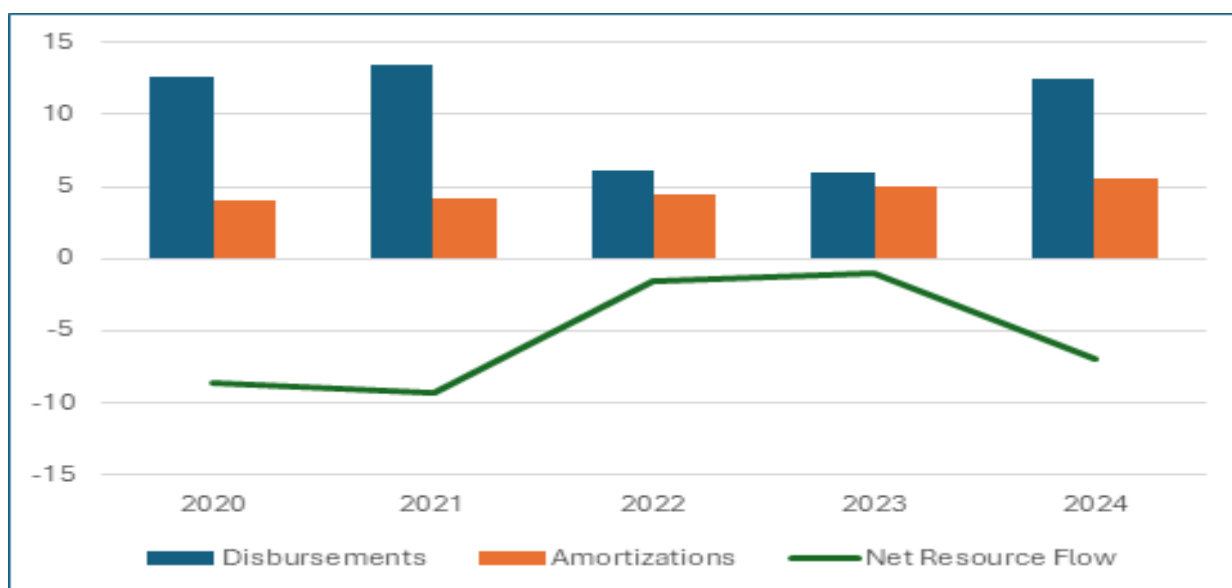


TABLE 2.1: PROJECTS INCLUDED IN THE CSCR EVALUATION

CES Outcome/Interventions	Status (end-2024)
Expected Outcome 1: Improved and Climate Resilient Water Supply and Wastewater Infrastructure Water Sector Strategic Development Plan Water Sector Strategic Development Project	 Implementation Implementation
Expected Outcome 2: Increased Efficiency, Improved Resilience and Safety in the Road Sector Loubiere to Grand Bay Road Reconstruction Project	 Implementation
Expected Outcome 3: Improved quality, relevance, and effectiveness of the education system	
Expected Outcome 4: Improved Managerial and Operational Capacity of MSMEs TA - CTCS Regional workshop in “Credit Appraisal of Creative Sector Projects” TA - Enhancing the Competitiveness and Sustainability of Agro-processors in Dominica TA - Strengthening the management capacity, digitisation and resilience of MSMEs in Dominica	 Completed Completed Completed
Expected Outcome 5: More Transparent and Effective PFM System TA - Strengthening the Public Procurement Legal Framework	 Completed
Expected Outcome 6: Increased Resilience to Climate Change and Disaster Risks and Impacts TA to Improve Implementation and Enforcement of Dominica’s Building Code and to Develop a Land Use Plan for Northeast Dominica TA to Enhance the Sustainability and Resilience of the Agriculture Sector Loubiere to Grand Bay Road Rehabilitation	 Appraisal Appraisal Appraisal
Expected Outcome 7: Effective response and recovery from COVID-19 Coronavirus Disease 2019 Emergency Response Support Loan Strengthening Resilience and Recovery Crisis Response Policy Based Loan	 Completed Completed

Assessment of Country Strategy Outcomes Progress: Status at the Intervention Level

Pillar 1: Enhancing Economic Outcomes through Resilient Infrastructure

2.03 Pillar 1 sought to aid in addressing the climate resilience aims of GOCD by helping to improve the climate resilience of Dominica’s water supply and sewerage services. It was also intended to address climate vulnerabilities in road infrastructure and to improve competitiveness through investments in connectivity. This connectivity would lower costs for businesses and improve access to markets, goods and services for local communities. This is in the context of the increasing susceptibility of the water supply, wastewater and road infrastructure to the impacts of climate change. Under this pillar two

outcomes were expected: (a) improved Climate Resilient Water Supply and Wastewater Infrastructure; and (b) increased Efficiency, Improved Resilience and Safety in the Road Sector.

Expected Outcome 1: Improved and Climate Resilient Water Supply and Wastewater Infrastructure (Not Achieved)

2.04 This outcome was aimed at improving access to clean water and sanitation for Dominica. By addressing vulnerabilities in the water supply and sanitation system, it was hoped that the intervention could result in a reduction of post-disaster spending by increasing the long-term resilience of the water supply and wastewater infrastructure. This would be done via capital projects which would increase the reliability and operational efficiency of Dominica's water management system.

2.05 The indicative areas for support aligned to this expected outcome were as follows:

- (a) Water Sector Strategic Development Project.

2.06 The Water Sector Strategic Development Project (WSSDP) is behind schedule because the initial attempts at procurement of the works yielded bids that significantly exceeded the project budget. In addition, and pursuant to a request from GOCD, the Foreign Commonwealth and Development Office gave its no objection to reallocate USD13 mn of the United Kingdom Caribbean Infrastructure Fund (UKCIF) grant resources from WSSDP to the Loubiere to Grand Bay Project. Those factors resulted in revision of the procurement strategy and plan. Based on the revised procurement plan, the works will be procured via contracts for the: supply of pipes and appurtenances; supply and installation of tanks; construction of civil works; and force account activities. The contract for the supply of pipes and appurtenances was signed on December 3, 2024. Contracts for the supply and installation of the tanks and construction of the civil works are expected to commence in the first quarter (Q1) and Q2, 2025, respectively. Installation of the pipelines is scheduled to commence in March 2024, following the supply of pipes and appurtenances. Works under the Project are programmed to be completed by March 2026. When completed, the Project will enhance the governance, sustainability, and climate resilience of the water sector in Dominica and directly benefit 7,638 people.

2.07 The following two outcome indicators were included in the CS Results Monitoring Framework (RMF) to monitor progress on the results in enhancing access to quality climate resilient infrastructure, with a target date of 2024:

- (a) 100% of the population with access to reliable water supply.
- (b) 98% of the population with improved wastewater coverage.

2.08 WSSDP is yet to have an impact on the 2024 target because of the delays in project implementation. However, the project will not have any impact on improvements in the wastewater coverage given that the wastewater treatment facilities will not be completed under the current project because of budgetary constraints.

Expected Outcome 2: Increased Efficiency, Improved Resilience and Safety in the Road Sector (Not Achieved)

2.09 This outcome was focused on lowering the cost of transportation and improving business competitiveness by investing in road infrastructure. The intention was to improve access to markets, as well as to goods and services for businesses and local communities. Another intended effect was the reduction of maintenance and post-disaster spending incurred by GOCD. The main intervention to facilitate this was the transformation of the Loubiere to Grand Bay road.

2.10 The two key outcome indicators included in the CES RMF to monitor progress on the improvement in the resilience and safety in the road sector are:

- (a) 74,864 people (approximately the entire population) with access to efficient, resilient, and safe road infrastructure between Loubiere and Grand Bay.
- (b) 16 kilometers of road infrastructure rehabilitated or upgraded.

2.11 The Rehabilitation of Loubiere to Grand Bay Road Project – Phase 1 is behind schedule because the first and second attempts at procuring the works yielded bids that significantly exceeded the project budget. The Works commenced in September 2024 and are ongoing. A gender responsive socially inclusive road safety awareness strategy was completed under the project. A road asset management system for Dominica was developed under the project and is being implemented.

2.12 Activities under the project are programmed to be completed by March 2027. When completed, the project is expected to increased efficiency, resilience and safety along the Loubiere to Grand Bay Road; enhanced decision making capacity for planning, management and maintenance of the road sector; and improved operational capacity of the cooperatives in facilitating development opportunities to advance sustainable livelihoods in the project area. The project is expected to directly benefit 6,025 people. However, at present the outcome indicators have not been met.

Pillar 2: Strengthening Human Capital and Competitiveness

2.13 This pillar was focused on aiding GOCD in improving the education system in Dominica, as well as to build the capacity of MSMEs. Notable problems in the education system identified under this pillar included limited access to demand-driven technology enabled and quality Technical, Vocational Education, and Training (TVET) programmes, persistent gender gaps around access, quality and relevance of the education programmes and services. There were also problems with lower performance levels for males, a much greater share of those accessing tertiary and post-secondary education being women, and gender stereotyping in subject selection (especially for Science, Technology, Engineering and Mathematics (STEM) and TVET subject areas).

Expected Outcome 3: Improved quality, relevance, and effectiveness of the education System (Partially Achieved)

2.14 Here the CES is principally built on previous engagements in education and aimed at supporting the expansion of the supply of certified, skilled and employable labour. The interventions were geared towards aiding GOCD in skills development, and to support inclusive and high-quality education services. Specifically, there was a desire to strengthen STEM and TVET, as well as to disrupt the gender imbalances in priority areas.

2.15 The following areas were identified as priority areas for assistance:

- (a) Limited access to demand-driven, technology-enabled and quality TVET programmes.
- (b) Sub-optimal teacher effectiveness to cater to the learning needs of all students at the various levels and insufficient cadre of trained teachers.

2.16 The two key outcome indicators included in the CES RMF to monitor progress on the improved quality, relevance, and effectiveness of the education system with a target date of 2024 are:

- (a) 85% of males and 60% of females taking at least one TVET subject in the terminal grade in secondary education.

- (b) An education survival rate of 70% for males and 90% for females.

Expected Outcome 4: Improved Managerial and Operational Capacity of MSMEs
(Achieved)

2.17 This expected outcome is centred around private sector development, specifically the development of the MSME sector. There was an intended focus around MSMEs operating within the manufacturing, agro-processing, blue economy, and creative industries. Interventions under this expected outcome were to be done in collaboration with other regional development agencies, such as the Organisation of Eastern Caribbean States (OECS) Business Competitiveness Unit, Caribbean Export Development Agency, and Organisation of American States, as well as national business support organisations. Problems to be addressed by the interventions include operational issues which cause a lack of efficiency, low production capabilities, as well as product and service quality. Amongst the specific areas for interventions are record keeping, financial literacy and management, youth entrepreneurship, product development, business continuity planning, production practices and service delivery, as well as digital technology use.

2.18 In recognition of the financial challenges being experienced by several small businesses during and in the aftermath of the COVID-19 pandemic, the Inter-American Development Bank (IDB) Line of Credit (LOC) was expected to take action to support MSMEs. This assistance had two components. The first being to finance working capital for the most severely impacted MSMEs; while the second was to provide resources for production-oriented finance supporting the recovery. Another TA to further this expected outcome was to support capacity building in the Eastern Caribbean Partial Credit Guarantee Corporation, as well as additional LOCs to the Dominica Agriculture Industrial and Development (DAID) Bank.

2.19 The priority area for assistance under this expected outcome was:

- (a) Low MSME capacity marketing, business management, and disaster resilience.

2.20 The indicative areas for support aligned to this expected outcome were:

- (a) Training and on-site TA for MSMEs in manufacturing, agro-processing, blue economy, and creative industries.
- (b) Sub-loans from IDB LOC.
- (c) Ongoing Energy Efficiency (EE) LOC.

2.21 Over the strategy period significant efforts were made to provide support to MSMEs. Concerning training, in 2020, two female Business Development/Loans Officers from the DAID Bank participated in a Caribbean Technological Consultancy Services (CTCS) Regional workshop in “Credit Appraisal of Creative Sector Projects” hosted in partnership with CDB’s Cultural and Creative Industries Innovation Fund. The objective of the workshop was to assist development finance institutions to better understand MSMEs within the creative sectors to facilitate their access to finance.

2.22 Furthermore, in support of GOCD’s thrust to diversify the agriculture sector, \$139,850 was approved by CDB in 2020 for CTCS to implement, in collaboration with OECS – Competitive Business Unit – a project aimed at enhancing the competitiveness and sustainability of agro-processors. The project has provided training and in-plant support in Good Manufacturing Practices, Packaging and Labelling, Costing and Pricing, and Product Nutritional Analysis to 29 agro-processors (15 men and 14 women) to meet required standards for export.

2.23 In addition, as part of efforts to strengthen the management capacity, digitisation and resilience of MSMEs in Dominica, in 2023, the knowledge and skills of 10 (4 men and 6 women) business development officers and business development specialists from Dominica were strengthened through their participation in three regional train-the-trainer workshops hosted by CTCS in the following areas:

- (a) Digital and Social Media Marketing.
- (b) Business Continuity Planning.
- (c) Financial Literacy and Management.

2.26 The training was designed for CTCS to provide additional support to beneficiaries to facilitate follow-on capacity building training and one-on-one TA in the aforementioned areas to a select number of MSMEs in their respective countries. In that regard, CDB, through CTCS, is in the process of establishing Letters of Agreement with DAID Bank to provide group training and one-on-one support to MSMEs in the afore-mentioned areas during the period 2024-25.

2.27 The five key outcome indicators included in the CES RMF to monitor progress on improved managerial and operational capacity of MSMEs with a target date of 2024 are:

- (a) Number of business people trained in areas related to business operations and management.
- (b) Number of MSMEs assisted in developing business continuity plans.
- (c) Improving enabling environment to facilitate MSME access to finance.
- (d) Number of business support organisations strengthened.
- (e) Number of businesses accessing finance for EE/RE investments.

2.28 As outlined in paragraphs 2.15-2.17, substantive progress was made in several areas under this outcome. In addition to the training provided to individuals from MSMEs within the agricultural and manufacturing sector (see paragraphs 2.15 and 2.16), as well as attempts to improve access to finance by training officers from the DAID Bank (see paragraph 2.15), access to EE/RE investments were also facilitated during the CES period in Dominica. This was done via the EE LOC – Pilot Project, approved in 2014 but not fully implemented until the strategy period. This project was partially disbursed and the undisbursed balance of USD0.25 mn was de-obligated at the request of DAID Bank in 2022. The loan was used to finance viable MSME EE/RE sub-projects in the productive sectors including agriculture, agro-industry, industry, manufacturing, tourism and services; whilst the CTCS component was used to provide ‘walk through’ energy audits for selected MSMEs, build institutional capacity in DAID Bank to prepare EE and RE business plans, and provide technical oversight and implementation supervision for energy audit recommended projects. The Country Strategy Paper (CSP) projected an increase in the number of MSMEs assisted in developing business continuity plans, the increase was achieved as audits and gender sensitive business plans were completed for five MSMEs by the end of December 2022. The CSP also projected an increase in the number of businesses accessing finance for EE/RE investments, this increase was also achieved as two MSME companies accessed financing for EE/RE sub-projects.

Pillar 3: Crisis response and Improving Economic and Environmental Resilience

2.29 This pillar was intended to develop a multifaceted approach to improving the resilience in Dominica. This included building greater resistance to environmental disasters and climate-related issues, building financial resilience by strengthening internal financial procedures, and aiding in the

recovery of the Dominican society from the COVID-19 pandemic. This is against the context of Dominica having an ND-Gain Index vulnerability rating of 0.46, placing it 120th in the world for climate vulnerability, and having suffered significantly from Tropical storms and floods in the years preceding the CES. In addition, the World Bank (WB) assessment judged Dominica's procurement system to be "inefficient and lacks transparency posing a high fiduciary risk".³ Thus, this pillar seeks to help mitigate this risk. Finally, the impact from the COVID-19 pandemic was severe for Dominica, causing a 16.6% decline in GDP. CDB aided in the form of a PBL to help support GOCD during this difficult period.

Expected Outcome 5: More Transparent and Effective PFM System (Partially Achieved)

2.30 In this expected outcome, the objective was for CDB to provide support to GOCD to help fill gaps in their procurement procedures. This would be done via a TA to update procurement legislation. Further assistance was provided by WB through another TA to aid in the drafting of new regulations. Reform actions in this area were included within a programmatic budget support operation under implementation with WB.

2.31 The priority areas being addressed for this expected outcome were:

- (a) Weak fiduciary capacity.
- (b) Inadequate Procurement regime.
- (c) Weak *de jure* PFM regime with poor external scrutiny.

2.32 Substantive progress was made under this outcome by GOCD. Firstly, the Procurement act was passed in December 2021, with the aid of CDB financing, showing the commitment of GOCD to improving its procurement procedures. In addition, with the aid of WB financing, GOCD approved new procurement regulations in April 2022. However, additional work is still to be done as there are key roles in institutions which have yet to be filled as at the end of 2024, and these roles will be required if the procurement legislation is to be implemented. These roles include:

- (a) Chief Procurement Compliance Officer (it is expected that the individual currently acting in this role will assume the position in 2025).
- (b) Public Procurement Board (PPB) (appointed early January 2025).
- (c) Review Council (RC) (appointed late December 2024)

2.33 Still, CDB is likely to collaborate with WB and the United States of America (US) Department of Commerce to train nominated officials for the PPB and RC in February 2025. Furthermore, standard bidding documents and contracts are not in place, although these have been drafted under WB financing. CDB supported a workshop in February 2025 with all key spending ministries and agencies to ensure GOCD staff are adequately trained in the use of these documents. For e-procurement, a longer-term solution will be needed. The key problem now faced is that although relevant procurement legislation has been passed by GOCD and approved, this legislation has not been operationalised.

2.34 The indicative areas for support identified under the CES for expected outcome 5 include:

- (a) Strengthening public procurement through TA.

³ Dominica – Country Procurement Assessment Report (Vol. 2) (2003).

To this end, a TA programme was completed to aid GOCD in drafting a new procurement act. This was to address significant weaknesses in the procurement framework in Dominica. The TA financed a consultant for USD36,500. This consultant supported the development and finalisation of the Procurement Act. This was successful as the new procurement legislation was drafted and approved by the Cabinet in Dominica in December 2021.

2.35 The following two outcome indicators were included in the CES RMF to monitor progress on the results developing a more transparent and effective PFM system:

- (a) New procurement framework in place which includes legislation and regulations, by end 2021.
- (b) Public Expenditure and Financial Accountability (PEFA) assessment rating of procurement management improved from D (2015) to C+ (2024)

2.36 As previously mentioned, GOCD put new legislation in place with the passing of the new procurement act in December 2021. However, there has not been a new PEFA assessment since the most recent one was completed in 2015, for which a D score was attained.

Expected Outcome 6: Increased Resilience to Climate Change and Disaster Risks and Impacts (Partially Achieved)

2.37 CDB agreed to focus its intervention on supporting: (a) integration of disaster risk reduction (DRR) and climate change risks into sector policies and strategies; (b) strengthened preparedness and mitigation measures and response systems; (c) strengthened land use planning through local area spatial plans; and (d) effective implementation of the National Building Code (NBC) and National Building Guidelines (NBGs).

2.38 For the CES Implementation Period, expected outcome 6 has not yet been achieved.

2.39 There has been progress, however, with the following TA programmes which were approved by CDB at the December 2024 BOD meeting:

- (a) TA to improve implementation and enforcement of Dominica's Building Code and to develop a land use plan for Northeast Dominica where the International Airport is being constructed. The project will build the capacity of PPD to effectively enforce Dominica's NBC and NBGs and build awareness of members of the public and persons in the construction industry of the Building Code requirements. The project will also entail development of a comprehensive, zonal land use plan for the northeast of Dominica, to guide and regulate land use, ensuring sustainable and integrated development in the area.
- (b) TA to enhance the sustainability and resilience of the agriculture sector. The project supports: (i) water management systems and climate smart irrigation technology; (ii) resilient and sustainable agriculture and livelihood initiatives in vulnerable communities; (iii) relevant policies, strategies and action plans; and (iv) implementation of the Global Centre for Agricultural Resilience Roadmap and a disaster risk management (DRM)/Climate Change Adaptation Coordination Mechanism for integrating DRM and climate change in the agriculture sector.⁴

The expected outcomes of the TA are:

- (aa) Enhanced agricultural productivity and community resilience to climate change.

⁴ Board Paper BD 121/24.

- (bb) Strengthened enabling environment for agriculture development and disaster resilience.
- (c) The TA Building Resilience and Adaptive Capacity to Climate Change and Disaster Risk in the Kalinago Territory was approved in 2020, and is currently under implementation. The project impact will be the increased capacity of the Kalinago Council to strengthen resilience and the adaptive capacity of the population in the Kalinago Territory, to manage disaster risk and climate change impacts. The project will also improve knowledge and awareness of DRM, climate change adaptation and gender equality practices; strengthen community governance; and improve DRM and adaptive capacity to address the impacts of climate change. The project has three components:
 - (i) Improved Local Institutional Capacity in Community Planning and Development and Resilience Building.
 - (ii) Increased Community Engagement and Access to Safe Dedicated Emergency Shelter Facility.
 - (iii) Project Management and Administration and Visibility.

2.40 The following capital projects integrating climate change adaptation/natural hazard resilience measures in the designs were approved; however, implementation has not yet commenced:

- (a) Water Sector Strategic Development Project.
- (b) Loubiere to Grand Bay Road Rehabilitation.

Expected Outcome 7: Effective response and recovery from COVID-19
(Achieved)

2.41 This outcome was geared towards aiding with the challenges being experienced by the poorest segment of the population of Dominica in the wake of the COVID-19 pandemic. Furthermore, the support programme from the Bank encouraged reforms to expand fiscal space, strengthen the macroeconomic framework of GOCD and build economic and fiscal resilience. In May 2020, CDB BOD approved a loan to fund one year of Ordinary Capital Resources (OCR) debt service payments (\$2.5 mn) on concessionary terms.⁵ In 2020, GOCD requested urgent assistance from CDB via a policy-based operation (PBO) to provide liquidity support. In response, a PBL was done which redeployed low-cost Special Development Fund Eleventh Cycle (SDF 9) resources to support tGOCD during the pandemic⁶.

2.42 The priority area for this expected outcome

- (a) Vulnerability of employment and livelihoods to natural hazards and pandemics.

2.43 The indicative areas for support identified under the CES for expected outcome 7 include:

- (a) Budget Support.
- (b) Sub-Loans from IDB LOC.

2.44 The five key outcome indicators included in the CES RMF to monitor progress on improved managerial and operational capacity of MSME's with a target date of 2024, are:

⁵ Board Paper BD 49/20.

⁶ Board Paper BD 41/20.

- (a) Increase in COVID-19 Expenditure.
- (b) Pandemic Preparedness Plan and business continuity plan.
- (c) Tax filing extensions.
- (d) Access to Income Support.
- (e) Updated building codes and guidelines.

2.45 Under this outcome, significant progress was made to aid citizens considering the severe impact of the COVID-19 pandemic on vulnerable groups in Dominican society. This was done via the release of funds related to the 2019 Emergency Response Support Loan. This loan was disbursed in five tranches totaling USD250,000 from July 2020 to July 2021. Funds disbursed aided GOCD in their response to the COVID-19 pandemic. In addition to this, there was a PBL for Strengthening Resilience and Recovery where USD2 mn was provided to GOCD in the form of budget support to help strengthen the Government's crisis response capabilities.

2.46 There were other areas for consideration for intervention under the CES, guided by CDB's 2020-2024 Strategic Plan, which required new areas for intervention. These other areas included the blue economy and digital transformation.

3. OVERVIEW OF PORTFOLIO PERFORMANCE AND PROGRAMME IMPLEMENTATION

3.01 Portfolio performance was largely influenced by the following (see Table 3.1).

TABLE 3.1: PROJECTS ENTERING THE PORTFOLIO DURING THE CES PERIOD

No.	Project	Type	USD (mn)	Approval Date
1.	Support for MSME Financing for the Commonwealth of Dominica	Loan	10.53	March 2022
2.	Water Sector Strategic Project	Loan	39.5	December 2021
3.	Loubiere to Grand Bay Road Reconstruction Project	Loan	49.2	March 2022
4.	Development of Comprehensive proposal for the establishment of a National Multipurpose agro-processing facility	TA	0.2	September 2022
5.	Building Resilience and Adaptive Capacity to Climate Change and Disaster Risk in the Kalinago Territory	TA	2.1	December 2020
6.	Road and Bridge Rehabilitation Loubiere to Bagatelle Road and Road Network and Road Safety Assessment	TA	0.5	August 2020
7.	Canada-CARICOM Climate Adaptation Fund Dominica	TA	1.4	June 2020
8.	Enhancing the competitiveness and sustainability of Agro-Processors in Dominica	TA	0.1	January 2020
9.	Enhancing the sustainability and resilience of the Agriculture Sector in the Commonwealth of Dominica	TA	0.7	December 2024
10.	Dominica Geothermal Energy 10 MW Project – the Commonwealth of Dominica	Loan	34.8	December 2024

3.02 While no project was canceled during the strategy period, projects under implementation encountered several challenges. These challenges included slow procurement of contractors in the case of the Loubiere to Grand Bay Road project and the Water Sector Strategic Project.

4. CDB PERFORMANCE

4.01 The evaluation of CDB's performance focuses on two main aspects – strategy design and programme execution. The CES design is primarily assessed for its relevance – relevance of objectives and of the design to achieve those objectives, coherence of CDB support, and the quality of the results framework. Regarding the execution of the Strategy, the evaluation examines the quality of service/oversight⁷ and the time efficiency⁸ of delivery of programme to managing relationships among individuals involved in projects to ensure their smooth implementation e execution.

Country Strategy Design

4.02 The Dominica CES was designed to be relatively narrow in scope, focused on areas of priority for GOCD. The pillars of the CES were derived from the development plans of GOCD, which were arrived at through a process of consultation with GOCD authorities to determine which areas were the most pressing priorities for GOCD. The three pillars of the CES were operationalised through seven measurable outcomes. Projects were embedded into the resource envelope to realise these outcomes. It should be noted, however, that the operations were planned and designed to be consistent with the debt sustainability objectives of OCD, while accounting for the fact that the COVID-19 pandemic had the potential to derail the debt reduction path being pursued by the Government.

4.03 To be as relevant as possible for the client country, an additional pillar and outcome was formulated specifically focused on aiding in its response to the pandemic. This was operationalised via two loans, one which dealt with helping GOCD to manage its pre-existing debt payments. In May 2020, the CDB BOD approved a loan to fund one year of OCR of USD2.5 mn on concessionary terms. Secondly, GOCD in 2020 requested urgent assistance from CDB in the form of a PBO to help meet the urgent need for emergency liquidity support. The provision of a PBL within the CES includes redeployed, low-cost SDF 9 resources to support country COVID-19 responses. This loan was for a total USD20 mn.

4.04 The design of the CES was informed by extensive engagement with key stakeholders in Dominica to ensure relevancy and alignment. Consideration was given to the extensive role other development partners already play in financing development in Dominica and thus leveraged CDB's comparative advantage in specific sectors and avoid overlap. Attempts were also made to coordinate with development partners.

4.05 Furthermore, the CES was designed to consider debt sustainability, consistent with GOCD's debt sustainability objectives and targets. The issue of debt sustainability was a key challenge during the design of the CES in the context of the COVID-19 pandemic and the associated increase in the debt-to-GDP ratio of GOCD. To aid in the reduction of the risk of debt distress, GOCD was expected to improve its public debt management and transparency, and to approve a revised medium-term economic and fiscal framework to make the public budget more resilient and sustainable.⁹ CDB thus sought to utilise concessionary financing as much as possible so as not to compromise debt sustainability. Sources of funds used in the CES include Dominica's SDF allocation, as well as other concessionary funds, such as climate funds for interventions where climate change resilience and DRM planning are incorporated.

⁷ This covers CDB's role in ensuring project quality and in ensuring that effective arrangements were made for satisfactory implementation.

⁸ This considers the time taken to achieve the expected outputs and outcomes, accounting for any delays that may have occurred.

⁹ This was done by the passage of the Fiscal Responsibility Act in 2021.

4.06 The quality of design and utility of the RMF was good as it had Specific, Measurable Achievable, Realistic and Timely (SMART) indicators. However, GOCD was not able to meet some indicator targets, due to issues of implementation capacity, which seem to have not been fully accounted for in the initial design phase of the CES. Although a mid-term review was completed, the RMF was not updated to address the deficiencies in project implementation.

Country Strategy Programme Implementation

4.07 The onset of the COVID-19 pandemic impacted the quality of the oversight the Bank could provide for the implementation of its strategic programme. Elevated levels of staff turnover also had an impact, though some core staff relevant to the programme were retained. The mid-term review completed in June 2024, pointed to the lack of implementation capacity, resulting in significant delays for important projects. However, the RMF was not updated to reflect the reality on the ground concerning project implementation. Nevertheless, the Bank was still responsive to the needs of the GOCD, providing two PBO operations to aid in the Government's response to the COVID-19 pandemic. In addition, efforts were made to address the procurement-related issues with the water sector strategic project and the Loubiere to Bagatelle Road project, given that bids received for both these projects far outstripped the budgeted costs. The Bank worked with the Government to re-initiate the tender process in hopes of securing a competitive bidder, which was achieved. Though these two projects are still considerably behind schedule.

4.08 Despite the issues which delayed some projects which were a part of the CES portfolio, the Bank was able to make noteworthy progress on projects which were not a part of the initial CES portfolio. This includes the geothermal project, a major initiative in Dominica which has transformative potential for the economy of Dominica. This project was approved by BOD in December 2024, and work has passed the testing and feasibility stage. It also represents the first project by the Bank of this nature where large private sector lending is incorporated as a part of the project, with the firm ORMAT Technologies being the company directly handling the project. This also represents a major step forward for the Bank to engage in similar initiatives in the future.

4.09 During the CES period, the Bank completed the Ninth Consolidated LOC project, financing small businesses for RE. This project was initiated prior to the CES period and was impacted significantly by the pandemic which caused a decline in the demand for loans among small businesses and delays in disbursement of funds.

5. LESSONS LEARNT

5.01 The review process revealed useful lessons and insights for strengthening the design of future CESs and deepening CDB's engagement with GOCD, particularly for the upcoming 2025-29 CES. Some of the practical lessons gleaned are as follows:

- (a) **Although the new nomenclature of the CES is based on increased engagement, there is a need for more consultation in the loan execution process.** Specifically, there is a need to devote more resources to managing relationships among individuals involved in projects to ensure their smooth implementation. For example, further consideration should be given to appointing community liaison officers for appropriate projects.
- (b) **A greater focus should be placed by CDB for capacity building for GOCD.** Lack of capacity is one of the principal reasons for the low implementation rate of GOCD, and alleviating this problem will be critical to improve project outcomes.
- (c) **One issue experienced was that when bids were received for projects, these bids greatly exceeded the estimated budget.** There may be a need to improve the process of

estimating the cost of a project, notwithstanding that project costing will include variables which are difficult to predict.

- (d) **There is also a need for faster adjustment to changes in the environment under which a project is being implemented.** For example, quick responses are needed to the requirement for changes in project scope. This will further enable the Bank to support project implementation.

APPENDIX 1

OVERALL OUTCOME RATING SCALE

Highly Satisfactory:	The CS design was coherent and highly relevant, and the programme remained effective throughout and achieved all, or made significant progress on most (<i>over 90%</i>), of the expected outcomes. (<i>Level of outcome achievement on all or most outcomes would be Mostly Achieved or Achieved</i>).
Satisfactory:	The CS programme has made good progress towards most (<i>50% and over</i>) of the expected outcomes. (<i>Level of outcome achievement on most major outcomes would be Mostly Achieved</i>).
Marginally Unsatisfactory:	The CS programme did not make acceptable progress towards most of its major outcomes and/or failed to address a major constraint that undermined the effectiveness of country relations. (<i>Level of outcome achievement on most major outcomes would be Partially Achieved</i>).
Unsatisfactory:	The CS design was weak and failed to support the achievement of results, major adjustments were required but these were not made which hindered the achievement of the intended results. The programme did not make acceptable progress towards any of outcomes and/or failed to address a major development constraint resulting in significant unintended outcomes, and/or undermining the effectiveness of country relations. (<i>Level of outcome achievement on all major outcomes would be Not Achieved</i>).

Level of Outcome Achievement

Achieved:	Indicator target is fully met.
Mostly Achieved:	<i>Good progress</i> made and strong likelihood that the outcome target will be achieved.
Partially Achieved:	<i>Some progress</i> made and a good likelihood that the project(s) when completed will contribute to the outcome (risks are low). This rating can apply in cases where the output is ongoing or completed but where the outcome was not set at a realistic level (too high a level) in the development results hierarchy.
Not Achieved:	<i>Limited or No progress</i> made, risks of project completion and achieving results are high, and where the output identified in the RFM is too far removed (causal link) and negligible in its contribution to the expected outcome. This would also reflect minimal progress on only initial actions in the project cycle including the completion of project appraisal and approval, but no output or project start-up.

Some progress would be less than 50% of the expected change; and *good progress* would be more than 50% of the expected change. Milestones can be determined where SMART indicators are provided. No project appraisal, approval or project activity would clearly point to no progress or achievement, and a rating of 'Not Achieved'.

APPENDIX 2

CES 2020-2024 INDICATIVE SUPPORT PROGRAMME

Project/Programme	USD (mn)
<u>Improved and Climate Resilient Water Supply and Wastewater Infrastructure</u> Resilient and Sustainable Water Sector (UKCIF Grant) BNTF (Grant) Implementation Capacity Building	31.3* TBC TA
<u>Increased Efficiency, Improved Resilience and Safety in the Road Sector</u> Road Rehabilitation (UKCIF grant)	32.2*
<u>Improved Quality, Relevance, and Effectiveness of the Education System</u> TVET and STEM Enhancement, Teacher Effectiveness, Integrating Information and Communication Technology in Education BNTF (Grant)	10.0 TPC
<u>Improved Managerial and Operational Capacity of MSMEs</u> Support for MSMEs (through CTCS)	0.3
<u>More Transparent and Effective PFM System</u> Procurement Reform	TA
<u>Increased Resilience to Climate Change and Disaster Risks and Impacts</u> TA supporting Environmental Sustainability, Climate Change and DRM	1.5
<u>Effective Response and Recovery from Environmental Shocks and from COVID-19</u> PBO (\$13 mn SDF; \$7 mn OCR) Sub-loans available from IDB LOC to CDB (for MSMEs, health and social interventions)	20.0 10.3
Total	105.6

STATUS OF COUNTRY STRATEGY (2020-2024) RESULTS MATRIX

Strategic Objectives	Indicators			Performance Rating at Completion Review	
	Baseline	Target	Actual	Indicator	Outcome
	2020	2024	2024		
Pillar I: Enhancing Economic Outcomes through Resilient Infrastructure					Not Achieved
<u>Outcome 1: Improved and Climate Resilient Water Supply and Wastewater Infrastructure</u> <i>Intervention:</i> (a) Water Sector Strategic Development Plan and infrastructure. Indicator 1: 30% increased access to climate resilient road infrastructure. Indicator 2: Improved geospatial planning capabilities for all projects. Indicator 3: Number of successful project proposals developed for submission to the Green Climate Fund. Indicator 4: Percentage of persons certified in physical planning and DRM training.	Improved wastewater coverage. <i>Baseline (2014): 81% of the population.</i>	<i>Target (2024): 98% of the population.</i>		Percentage of the population with wastewater coverage	Not Achieved
<i>Intervention:</i> (b) Improving utility infrastructure (water) to increase public access to, and the efficiency of, water and sewerage services across the archipelago. This will also enhance public sector efficiency. Indicator 3: 50% increased access to pipe-borne water. Indicator 4: Percentage of water-related projects developed according to the Water Management Plan.	Number of people with access to reliable water supply. <i>Baseline (2019): 95% of the population.</i>	<i>Target (2024): 100% of the population.</i>			Not Achieved

Strategic Objectives	Indicators			Performance Rating at Review	
	Baseline	Target	Actual	Indicator	Intervention
	2020	2024	2024		
<p><u>Outcome 2: Increased Efficiency, Improved Resilience and Safety in the Road Sector</u></p> <p><i>Intervention:</i> (a) Increased EE through streetlight retrofitting and a wider public sector EE programme, which would include conducting energy audits, training of key actors in the public sector, followed by EE upgrading of public sector facilities.</p> <p>Indicator1: EE programmes developed for the public and private sectors.</p> <p>Indicator 2: Contribution of RE to energy supply mix.</p> <p>Indicator 3: Reduction in energy intensity in public sector.</p>	<p>Number of people with access to efficient, resilient, and safe road infrastructure between Loubiere and Grand Bay.</p> <p><i>Baseline: 0.</i></p>	<p><i>Target: 74,864.</i></p>	<p>0</p>	<p>Number of people with access to efficient, resilient, and safe road infrastructure between Loubiere and Grand Bay</p>	<p>Rehabilitation of Loubiere to Grand Bay road.</p>

Strategic Objectives	Indicators			Performance Rating at Completion Review	
	Baseline	Target	Actual		
			2022	Indicator	Outcome
Pillar II: Strengthening Human Capital and Competitiveness					Partially Achieved
<u>Outcome 3: Improved Quality, Relevance, and Effectiveness of the Education System</u> <i>Intervention:</i> (a) Enhanced employability of graduates by expanding access to competency-based/industry-approved skills development for: industry practitioners; uncertified workers; graduates of secondary schools; and out-of-school youth and adults. The support will include: strengthening the governance systems; upgrading facilities according to national/regional standards; capacity-building for instructors and managers; and implementing industry-supported skills development programmes to meet labour market and economic competitiveness needs.	<i>i. Baseline (2019): Male-74%; Female-48%.</i> <i>ii. Baseline (2018): Males-55%; Females-81%.</i>	<i>i. Target (2024): Male-85%; Female-60%.</i> <i>ii. Target (2024): Males-70%; Females-90%.</i>		<i>i. Percentage of males and females taking at least one TVET subject in the terminal grade in secondary education (Form 5).</i> <i>iii. Education survival rate (by sex) increased.</i>	Partially Achieved
<u>Outcome 4: Improved Managerial and Operational Capacity of MSMEs</u> <i>Intervention:</i> (a) Support to develop the Enhanced CPA to improve the targeting of social programmes.					

Strategic Objectives	Indicators			Performance Rating at Completion Review	
	Baseline	Target	Actual		
	2020	2024	2024	Indicator	Outcome
Pillar III: Crisis Response and Improving Economic and Environmental Resilience					Partially Achieved
<u>Outcome 5: More Transparent and Effective PFM System</u> <i>Intervention:</i> (a) Support to develop Enhanced CPA to improve the targeting of social programmes. <i>Intervention:</i> (b) Support of the technical capacity in the public sector through CDB's Public Policy Analysis and Management and Project Cycle Management training. Indicator 1: 30% of national and/or sector policies developed with monitoring and evaluation systems in place.	i. Procurement Legislation not yet in place. ii. PEFA assessment rating of procurement management of D (2015).	i. New procurement framework in place – legislation and regulations, by end 2021. ii. PEFA assessment rating of procurement management improved from D (2015) to C+ (2024).	i. Procurement legislation passed in 2021. ii. No current rating update.		Mostly Achieved
<u>Outcome 6: Increased Resilience to Climate Change and Disaster Risks and Impacts</u> Intervention: (a) TA to support climate change adaptation and DRR policies, strategies, projects as appropriate. Strengthen multi hazard early warning systems. Intervention: (b) Institutional strengthening and capacity building in relevant sectors, to improve business practice and to support export growth.				Priority climate change adaptation interventions and DRR measures implemented.	Not Achieved

Strategic Objectives	Indicators			Performance Rating at Completion Review	
	Baseline	Target	Actual		
	2020	2024	2024	Indicator	Outcome
<u>Expected Outcome 7: Effective response and recovery from COVID-19</u> <i>Intervention (a) PBL to aid in emergency response to COVID-19.</i> <i>Intervention (b) Sub-loans from IDB LOC.</i>				i. Increase in COVID-19 expenditure. ii. Pandemic preparedness plan and business continuity plan. iii. Tax filing extensions. iv. Access to income support. v. Updated building codes and guidelines.	Achieved

Note: n.a – not applicable; n.r. – not rated; n.s. – not specified.

NON-COUNTRY STRATEGY PROJECTS EVALUATED

Strategic Objectives	Indicators			Performance Rating at Review	
	Baseline	Target	Actual	Indicator	Outcome
<p>Intervention: TA - Improving Climate Resilient Land Use Planning, and Institutional Strengthening of the Physical Planning Division:</p> <p>Updating the Physical Planning Division's administrative procedures consistent with the requirements of the Building Code and regulations;</p> <p>Development of a zonal land use plan for Northeast Dominica;</p> <p>Development and implementation of a socially inclusive and gender-responsive Public Education, Training and Communication Programme on the Building Code and its requirements and the Land Use Plan for the Northeast;</p> <p>Development of a National Spatial Data Infrastructure and Geographic Information System Policy; and</p> <p>Procurement of Geographic Information System mapping and survey equipment</p>			TA approved – December 30, 2024		
<p>Intervention: TA - TA for the development of an Environmental and Social Policy, and the integration of environmental and social considerations in DAID Bank's investment policies and procedures (Support for MSME Financing for the Commonwealth of Dominica)</p> <p>Building Resilience and Adaptive Capacity to Climate Change and Disaster Risk in the Kalinago Territory.: Under implementation. Project has conducted capacity development workshops – one each for: (i) Kalinago Council members; and (ii) Executive Committee members of community-based groups. Construction on the multi-purpose centre/emergency shelter has begun with ground broken in February 2025. TORs for the consultancies have been completed and Requests for Expressions of Interest to be published in April 2025.</p>	Percentage of MSMEs: 0%	Percentage of MSMEs: 100%	Percentage of MSMEs: 0%	New sub-loans screened for environmental and social risks (%)	Implementation has not yet started. Training planned

CURRENT COUNTRY PORTFOLIO

	Project	Funding Type	Amount Identified in CSP¹⁰	Approved Amount (agreement date)	Undisbursed Amount - December 2024	Age from Loan/Grant signing to December 2024	Project Status at December 2024	Project Performance Rating December 2024
1.	Water Sector Strategic Project	Grant (OSF)	USD31.3 mn	USD30.3 mn	USD120,000	3 years	Procurement	Unsatisfactory
2.	NDM - Rehabilitation and Reconstruction - Layou Flood Event	Loan (OCR and SDF)	N/A	USD13.86 mn	USD12.1 mn	30 months	Implementation	Satisfactory
3.	Support for MSME Financing for the Commonwealth of Dominica	Loan (OSF) Grant (SDF)	USD300,000	USD10.5 mn	USD9.5 mn	33 months	Implementation	Satisfactory
4.	Loubiere to Grand Bay Road Reconstruction Project	Grant (OSF), Loan (SDF)	USD32.2 mn	USD38.5 mn	USD38.5 mn	30 months	Procurement	Unsatisfactory
5.	Development of a Comprehensive Proposal for the Establishment of a National Multi-purpose Agro-processing Facility	Grant (OSF)	N/A	USD171,517.89	USD171,517.89	15 months	Operational	Satisfactory
6.	Dominica Geothermal Energy 10 MW Project – The Commonwealth of Dominica	Loan	N/A	USD25,400,000	USD25,400,000	1 month	Procurement	Satisfactory

¹⁰ This refers to the 2020-2024 CSP.

APPENDIX 6

NEW/REVISED FUNDING UNDER CONSIDERATION

New Funding Proposed					
	Project	Description	Type	Estimated CDB Funding (USD)	Estimated Disbursement Fiscal Year 24/25 (USD)
1.	Programmatic Policy-Based Loan to Foster Macroeconomic, Environmental and Climate Resilience – Commonwealth of Dominica	First Tranche of the Programmatic PBL for GOCD, done on a joint policy matrix with WB.	Loan	20 mn	20 mn
2.	Programmatic Policy-Based Loan to Foster Macroeconomic, Environmental And Climate Resilience- Commonwealth Of Dominica	Second Tranche of the Programmatic PBL for GOCD, done on a joint policy matrix with WB.	Loan	10 mn	10 mn

RESULTS FRAMEWORK

Sector Outcomes	Country Priorities	Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Areas for Support
PILLAR I: Social Development				
<u>Outcome 1</u> Improved human capital development and pathways to livelihood among the youth	To promote human capital formation and utilise the capabilities of individuals, households and communities	(i) TBD – Improve school infrastructure through climate resiliency mitigation. (ii) Enhance formal TVET systems to improve and reinforce workforce development. (iii) Enhance school digital infrastructure for the creation of a robust Education Management Information System (EMIS). (iv) Enhancement of the school curriculum to ensure greater gender and SEN inclusionary instruction and practice. (v) Enhance school curriculum to align with labour market needs and reduce skills mismatch	DR-01: Beneficiaries of Poverty Reduction Initiatives. (by sex) DR-02: Beneficiaries of Youth Development Initiatives. (by sex) DR-03: Beneficiaries of improved access or quality of education. (by sex) DR-04: Beneficiaries of increased access, quality or expansion of Health and Social Protection Services. (by sex)	<u>Ongoing (already approved)</u> Financing of the Capacity Building of Cooperatives under the Loubiere to Grand Bay Road Project. <u>Pipeline (Indicative areas)</u> (i) Grant: Youth training facility in Roseau. (ii) Rehabilitating and upgrading the Cana heritage park road in Chapuchin (iii) Financing of the Long House Washroom facility in Glanvillia, Portsmouth (iv) Soufriere/Scotts Head/Gallion Fish Processing Facility (v) Further build-out of the TVET/CVQ framework in secondary and tertiary through the expansion of assessor and verifier training. (vi) Promotion of gender equity and equality and SEN inclusivity with gender-responsive training for educators at all levels. vii) Strengthen the provision and utilisation of a robust EMIS framework. viii) Promote the alignment of school curriculum with labour market.

Sector Outcomes	Country Priorities	Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Areas for Support
PILLAR II: Economic Development and Transformation				
<u>Outcome 2</u> Improved access to finance for MSMEs and institutional strengthening BSOs	Economic empowerment and innovations through sustainable Climate Financing	TBD	DR-08: Beneficiaries of increased access to financial services, entrepreneurship support and MSME development. (by sex)	<u>Ongoing (already approved)</u> DAID Bank MSME Line of Credit No. of beneficiaries: 554 (MSMEs comprising 356 Males, 180 Females and 18 Companies) <u>Pipeline (Indicative areas)</u> 2 nd DAID Bank MSME Line of Credit No. of beneficiaries
<u>Outcome 3</u> Strengthened agricultural productive capacity and inclusive agri-food value chain development	The promotion of food security and self-sufficiency through Climate Resilience Agriculture and Fisheries Development.	TBD Pipeline: Improved agricultural productivity, livelihoods and resilience to climate change effects and natural hazard events	DR-09: Beneficiaries of improved Food System Structures and Infrastructure (by sex) DR-11: Beneficiaries of Improved Climate Resilience (by sex)	<u>Ongoing (already approved)</u> TBD <u>Pipeline (Indicative areas)</u> (i) Enhancing the Sustainability and Resilience of the Agriculture Sector in Dominica
<u>Outcome 4</u> Strengthened climate resilient infrastructure and increased access to RE	<ul style="list-style-type: none"> Enhancing Infrastructure Resilience. Economic empowerment and innovations through sustainable Climate Financing. Attaining 100% RE by 2030. 	Improved grid stability and reduction of system losses in Dominica electricity grid.	DR-06: Beneficiaries of Improved Infrastructure and Connectivity. (by sex) DR-10a: Net annual greenhouse gas emissions avoided through CDB-supported clean energy and energy efficiency operations (tCO2e/year). DR-10b: People with improved access to clean energy through CDB-supported operations (#). (by sex)	<u>Ongoing (already approved)</u> 10 megawatt Geothermal Energy Power Plant – TBD <u>Pipeline (Indicative areas)</u> (i) TA for Battery Energy Storage System (BESS) expansion feasibility study. (ii) Capital Project Financial support for the expansion of Dominica's BESS. No. of beneficiaries: entire population would benefit from improved grid stability

Sector Outcomes	Country Priorities	Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Areas for Support
			DR-11: Beneficiaries of Improved Climate Resilience. (by sex)	
PILLAR III: Climate Resilience and Environmental Sustainability				
Outcome 5 Enhanced environmental governance, sustainable resource management, and DRM	<ul style="list-style-type: none"> Implementing a Comprehensive Risk Management Framework (including National VRRF) and pursuing the Low Carbon Development Pathway (the greening of the economy). VRRF - strengthen (private sector initiative) ability to respond quickly to natural disasters and reduce financial vulnerability. Strengthening environmental sustainability initiatives. Enhancing the resilience of Ecosystems and sustainable use of natural resources (Forestry, Marine, Water resources). 	<ul style="list-style-type: none"> Improved land management including conservation, protection, restoration, settlement and development. Improved local institutional decision-making capacity in community planning and development and resilience building <u>Pipeline</u> <ul style="list-style-type: none"> Improved capacity to plan and manage climate risks through evidence-based and integrated urban development strategies Enhancing Sustainable Biodiversity Protection Enhancing DRM Adoption of climate-smart solid waste management systems that minimise environmental pollution, reduce climate-related risks, and improve the livelihoods, well-being and resilience of local communities 	DR-07: Institutions Benefitting from Technical Support and Capacity Building DR-11: Beneficiaries of Improved Climate Resilience (by sex) DR-12: Sustainable Ecosystems Under Management	Ongoing (already approved) Improving Climate Resilient Land Use Planning and Institutional Strengthening of the Physical Planning Division No. of beneficiaries: 7000 Building Resilience and Adaptive Capacity to Climate Change and Disaster Risk in the Kalinago Territory No. of beneficiaries: 3000 <u>Pipeline (Indicative areas)</u> <ol style="list-style-type: none"> Updating of the National Physical Development Land use plan Digitising the physical planning processes and building capacity Capacity building for the proposed Environmental Division - Ministry of Environment Support for implementation of the Country Work Programme (DRM) Improving resilience for post-disaster response - Fire and Ambulance Service, Ministry of National Security Support to the Fisheries Division on Biodiversity Protection and sustainable use of marine resources (Whale Sanctuary) Climate Smart Solid Waste Management: Building Climate-Resilient Communities Through

Sector Outcomes	Country Priorities	Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Areas for Support
				Improved Solid Waste Management (Pilot in Kalinago Territory) (vi) Decentralisation of waste management services across Dominica
Pillar IV: Strengthening Institutions and Governance				
Outcome 6: Strengthened Institutional Capacity, Governance, and PFM		<ul style="list-style-type: none"> (i) Strengthened institutional capacity for implementing modern procurement practices and processes, to in turn make said processes more efficient, transparent and accountable. (ii) Improved fiscal and debt management capabilities and greater resilience to fiscal shocks. (iii) Digitised, modernised and integrated NSS. 	DR-07: Institutions Benefitting from Technical Support and Capacity Building	<u>Ongoing (already approved)</u> <ul style="list-style-type: none"> (i) Programmatic Policy-based Loan to foster macroeconomic, environmental and climate resilience – Second Loan. (ii) Estimated population to benefit: (the entire population benefits from improved macroeconomic stability and fiscal resilience). <u>Pipeline (Indicative areas)</u> <ul style="list-style-type: none"> (i) Operationalisation of the Modernised Public Procurement Framework. (ii) Capacity Building for Public Officials and Procurement Practitioners. (iii) Deliver structured training programmes for government procurement personnel on the new Manual, procedures, and bidding documents. (iv) Support certification pathways and continuous professional development in procurement and contract management. (v) Provide training for oversight bodies responsible for procurement compliance.

Sector Outcomes	Country Priorities	Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Areas for Support
				<ul style="list-style-type: none"> (vi) Strengthening Procurement Systems, Processes, and Tools. (vii) Support development or enhancement of e-procurement platforms to improve transparency, competition, and timeliness. (viii) Broader PFM Modernisation. (ix) Complement procurement reforms with support in budgeting, expenditure management, internal audit, and financial reporting. (x) Support integration of procurement systems with PFM information systems where feasible. (xi) Private-Sector Engagement and Capacity Building. (xii) Provide training to contractors, suppliers, and consultants on new procurement requirements, bidding documents, and evaluation processes. (xiii) Facilitate outreach to improve the quality and competitiveness of private-sector participation in tenders. (xiv) Partnership with international agencies to develop and implement a National Strategy for the Development of Statistics. (xv) Support to the production of key.

CLIMATE AND DISASTER RISK SCREENING ANALYSIS

Programme Title: Country Engagement Strategy 2026-2030
Country: Dominica
Sector(s): Education, Energy, Agriculture, Fisheries and Blue Economy, Solid Waste, Water, Transport Infrastructure
<p>Programme Outcomes and Brief Description:</p> <p>This screening assesses the overall climate and disaster risk to the CES priority sectors by considering hazard exposure, sector sensitivity, adaptive capacity, and the wider development context. It evaluates the current and projected climate hazards facing Dominica, assesses vulnerabilities across critical sectors, and identifies implications for strategic investments and policy engagement. The resulting ratings are intended to guide programme design, investment prioritisation, and risk management measures across the sectors being targeted.</p>
<p><u>Summary of Climate and Disaster Risk Screening:</u></p> <p>A. Context/Background</p> <p>As a SIDS, Dominica faces a complex and evolving risk landscape characterised by high exposure to climate-related and geophysical hazards. The country's rugged, mountainous volcanic topography, steep watersheds, extensive river network, and concentration of population and economic assets along vulnerable coastal areas increase its susceptibility to recurrent impacts from tropical cyclones, extreme rainfall, flooding, landslides, storm surge, coastal erosion, drought, and sea-level rise (SLR). These hazards pose significant threats to economic growth, infrastructure, livelihoods, public service delivery, and long-term development outcomes, making Dominica one of the most disaster-prone countries in the Caribbean.</p> <p>The scale of Dominica's vulnerability was demonstrated by recent disasters—Tropical Storm Erika (2015) and Hurricane Maria (2017)—which illustrate the severity of climate and disaster risks facing the country. These events caused catastrophic damage to infrastructure, housing, productive sectors and critical services, with losses exceeding the country's annual economic output, highlighting the significant vulnerability of economic, social, and environmental assets. Such events have highlighted both the vulnerability of development gains to climate shocks and the importance of building resilience as a central pillar of sustainable development. Hurricane Maria alone caused damage and losses estimated at 226% of GDP, while the combined impacts of Hurricanes Erika and Maria exceeded USD1.8 billion, nearly three times the country's GDP. These events highlighted the country's extreme vulnerability to hydro-meteorological hazards and reinforced the Government's commitment to becoming the world's first climate-resilient nation.</p> <p>According to WB's Climate Change Knowledge Portal, Dominica has a humid tropical climate characterised by relatively high rainfall and warm temperatures throughout the year. During the historical reference period (1995-2014), average annual temperature was approximately 25.7°C while average annual precipitation was about 1,166 millimetres. Since 1970, temperatures have increased at approximately 0.16°C per decade, indicating a clear warming trend. Climate projections for Dominica indicate increasing temperatures, greater rainfall variability, longer dry periods, more frequent and intense extreme weather events, and continued SLR over the coming decades. Under higher-emissions scenarios, median temperatures are projected to increase by approximately 1.07°C by the mid-century</p>

period (2040-2059), relative to the historical baseline. Annual rainfall is projected to become increasingly variable, with potential overall decreases in mean precipitation but increases in rainfall intensity during extreme events. These trends are expected to exacerbate existing vulnerabilities across key sectors, including transportation, water resources, energy, agriculture, tourism, housing, health and environmental management. The University of the West Indies (UWI) State of the Caribbean Climate Report (SCCR) and the WB Climate Change Knowledge Portal identify increasing climate variability, heightened flood and drought risks, and more intense tropical cyclones as key factors likely to influence future development prospects in the Caribbean, including Dominica.

Recognising these challenges, GOCD has adopted an ambitious resilience agenda through the NRDS and the CRRP 2020-2030, which seeks to transform Dominica into the world's first climate-resilient nation. The CRRP provides a comprehensive framework for strengthening resilient infrastructure, protecting natural assets, enhancing DRM systems, and improving the adaptive capacity of communities and institutions. In support of this national priority, the CES programming should reinforce the integration of climate resilience, disaster risk reduction (DRR), and adaptation considerations throughout, thereby enhancing the sustainability, effectiveness, and development impact of future interventions in Dominica.

B. Sectors

Education

The education sector faces significant climate and disaster risks from hurricanes, flooding, landslides, storm surge, and other climate-related hazards. The education sector is both highly vulnerable to climate impacts and critically important for building long-term resilience. Damage to educational infrastructure can interrupt learning outcomes, reduce access to education services, increase inequalities, and undermine human capital development. Schools also play a key role as community shelters, emergency response facilities, and centres for public awareness and disaster preparedness. Adaptive capacity is moderate, supported by strong national commitments to climate resilience. However, the sector remains constrained by limited financial and technical resources, maintenance challenges, and the need for more systematic integration of climate risk information, hazard assessments, and future climate projections into education sector planning, infrastructure design, and asset management. Strengthening these areas will be critical to enhancing the sector's ability to withstand and recover from increasingly frequent and severe climate-related disruptions while ensuring continuity of learning and the protection of educational assets.

Given the critical role of education infrastructure in human capital development, community resilience, and emergency response, climate resilience should be mainstreamed throughout sector planning and investment. CES engagement in the education sector should prioritise the development of a resilient, inclusive, and adaptive education system. Strategic interventions should focus on climate-resilient educational infrastructure, continuity of learning during disasters, integration of climate and disaster risk considerations into sector planning and strengthening institutional and community resilience. Investments will support GOCD's CRRP and contribute to safeguarding human capital development, reducing disaster-related disruptions, and enhancing the education sector's role as a critical component of national resilience.

Energy

The energy sector is highly vulnerable to climate and disaster risks, particularly hurricanes, extreme rainfall, flooding, landslides, storm surge, coastal erosion, and SLR. Dominica has experienced repeated damage to electricity generation, transmission, and distribution infrastructure from extreme weather

events, which can cause widespread disruption to power supply and critical services across the island. Climate projections indicate rising temperatures, increased rainfall variability, more intense tropical cyclones, and continued SLR, which are expected to exacerbate existing vulnerabilities and increase the likelihood of service interruptions and infrastructure damage.

The sector's vulnerability is heightened by the exposure of generation facilities, transmission lines, substations, and access infrastructure to flooding, landslides, high winds, and coastal hazards. Electricity networks are particularly susceptible to hurricane-force winds and falling debris, while intense rainfall and slope instability can damage access roads and critical infrastructure. Given the economy-wide importance of reliable electricity services, disruption to the energy sector has cascading impacts on water supply, telecommunications, healthcare, education, tourism, and broader economic activity.

At the same time, Dominica is pursuing an ambitious transition towards RE as part of its climate resilience agenda, including investment in geothermal energy development and increased renewable generation capacity. These efforts are intended to reduce dependence on imported fossil fuels, improve energy security, lower greenhouse gas emissions, and enhance the resilience of energy systems to external shocks. Adaptive capacity is moderate to high, and remains constrained by the country's limited fiscal space, the high cost of resilient infrastructure investments, and continued exposure of critical energy assets to increasingly severe climate hazards. Continued investment in resilient infrastructure, RE diversification, and institutional capacity strengthening will be essential to improving the sector's long-term resilience. CES engagement should prioritise climate-resilient energy infrastructure, RE expansion, grid modernisation, disaster preparedness, and climate-informed asset management to enhance the sector's long-term resilience and sustainability.

Agriculture

The agriculture sector is one of the most climate-sensitive sectors in Dominica and faces significant risks from hurricanes, extreme rainfall, flooding, landslides, drought, increasing temperatures, and changing rainfall patterns. Agriculture remains an important source of employment, rural livelihoods, food security, and economic activity, yet it is highly vulnerable to climate shocks that can damage crops, livestock, farm infrastructure, irrigation systems, and rural access roads. Recent disasters resulted in extensive crop losses, destruction of agricultural infrastructure, soil erosion, and disruption of agricultural value chains. The climate projections for Dominica are expected to exacerbate existing risks to agricultural productivity and livelihoods.

The sector's adaptive capacity is assessed as Moderate, reflecting ongoing government efforts to strengthen climate resilience through the CRRP, promotion of climate-smart agriculture, improved watershed management, diversification of crops and livelihoods, and support from regional and international development partners. The CRRP identifies resilient agriculture and food systems as a national priority and promotes measures to enhance the sector's ability to withstand extreme weather events while safeguarding rural incomes and food security. However, adaptive capacity continues to be constrained by the prevalence of small-scale farming systems, limited financial resources, infrastructure vulnerabilities, and the increasing frequency and severity of climate-related hazards. The CES should prioritise climate-smart agriculture, resilient agricultural infrastructure, water resource management, disaster-resilient value chains, agricultural risk management, ecosystem-based adaptation, and strengthened climate information services to enhance productivity, resilience, and long-term food security and sustainability.

Fisheries and Blue Economy

This sector is highly vulnerable to climate and disaster risks due to its dependence on healthy marine and coastal ecosystems and its exposure to hurricanes, storm surge, SLR, coastal erosion, ocean warming, changing rainfall patterns, and extreme weather events. Fisheries, marine tourism, coastal livelihoods, and emerging blue economy activities are particularly sensitive to climate-related impacts that can damage fishing vessels, landing sites, coastal infrastructure, coral reefs and nearshore habitats. Fisheries infrastructure including fishing ports, landing sites, fish processing facilities, cold storage facilities, equipment storage areas, access roads, and supporting utilities, is highly exposed to hurricanes, storm surge, coastal flooding, SLR, coastal erosion, and extreme wave action. The country's coastal communities and marine assets have experienced repeated disruption from tropical storms and hurricanes, with damage to critical infrastructure, fishing vessels and equipment. Recent assessments have identified increasing risks to coastal and marine ecosystems from stronger tropical cyclones, coastal flooding, ocean temperature changes, and ecosystem degradation which threaten fish stocks, marine biodiversity, food security, and livelihoods.

The sector's adaptive capacity is assessed as Moderate, reflecting GOCD strong policy commitment to climate resilience, ongoing efforts to protect and restore marine ecosystems, and increasing investments in sustainable ocean management and climate-resilient livelihoods. It, however, remains constrained by the limited financial resources available to small-scale fishers, high costs of resilient coastal infrastructure, the sensitivity of marine ecosystems to climate change, and the high exposure of coastal infrastructure and communities to extreme weather events. CES engagement should prioritise climate-smart fisheries management, resilient fisheries infrastructure, ecosystem based coastal protection and restoration, sustainable coastal and marine resource management, diversification of coastal livelihoods, ocean monitoring systems, and nature-based solutions that enhance both ecological resilience and economic sustainability.

Solid Waste

The solid waste sector is exposed to significant climate and disaster risks arising from hurricanes, extreme rainfall, flooding, landslides, coastal flooding, storm surge, and SLR. These hazards can damage waste collection and disposal infrastructure, disrupt collection services, restrict access to disposal sites, and increase the risk of environmental contamination from improperly managed waste and leachate. Dominica's mountainous terrain, high rainfall intensity, and exposure to increasingly severe tropical cyclones heighten the vulnerability of landfills, disposal sites, access roads, and associated infrastructure.

Major storm events can also generate substantial volumes of disaster debris and waste, including damaged building materials, vegetative debris, abandoned vehicles, household waste, electronic waste, and hazardous materials. Experiences following Tropical Storm Erika and Hurricane Maria demonstrated that the sudden accumulation of debris can overwhelm existing waste management systems, hinder emergency response and recovery efforts, obstruct drainage networks, increase flooding risks, and create environmental and public health concerns, if not managed appropriately. The sector's adaptive capacity is assessed as Moderate, reflecting the Government's commitment to building climate resilience which prioritise resilient infrastructure, improved environmental management, and strengthened DRM systems. The 2026/27 national budget further reflected GOCD's commitment to managing these concerns. Similar to the other sectors, adaptive capacity remains constrained by limited financial resources, the high cost of resilient infrastructure upgrades, operational and maintenance challenges, and the need for greater integration of climate risk considerations into solid waste planning and asset management.

As climate change is expected to increase the intensity of tropical cyclones and extreme rainfall events, disaster waste management planning, including debris clearance, temporary storage, segregation,

recycling, and environmentally sound disposal mechanisms should be incorporated into solid waste sector investments to strengthen resilience and support rapid post-disaster recovery. Given the sector's exposure and sensitivity to climate hazards, the CES engagement should prioritise investments in climate-resilient waste management infrastructure, improved drainage and stormwater management at waste facilities, slope stabilisation where required, disaster-resilient access roads, strengthened emergency preparedness and continuity planning, and circular economy approaches that improve environmental outcomes while reducing climate-related vulnerabilities. These interventions would contribute to protecting public health, safeguarding ecosystems and coastal waters, and enhancing the resilience and sustainability of essential waste management services.

Transport Infrastructure

Transport infrastructure, including roads, bridges, retaining structures, ports, and associated drainage systems are particularly susceptible to hurricanes, extreme rainfall, flooding, landslides, storm surge, coastal erosion, and SLR. Recent climate-related disasters caused widespread damage to roads, bridges and coastal infrastructure, disrupting connectivity, limiting access to essential services, and constraining economic activity. Climate projections indicate increasing temperatures, more intense rainfall events, stronger tropical cyclones, and continuing SLR, all of which are expected to increase the frequency and severity of disruptions to transport infrastructure and services.

A commitment in the CRRP, Dominica has made significant progress in strengthening the climate resilience of its transport sector through substantial post-disaster reconstruction investments, adoption of resilient design standards, including improved drainage systems, bridge replacement programmes, slope stabilisation works, and the integration of climate risk considerations into infrastructure planning. Nevertheless, transport infrastructure remains inherently highly exposed to hurricanes, intense rainfall, flooding, landslides, coastal erosion, storm surge, and SLR due to the country's mountainous terrain, steep slopes, numerous rivers, coastal road alignments, and coastal settlement patterns. Many transport corridors continue to traverse highly hazard-prone locations where climate change is expected to increase the frequency and intensity of disruptive events. While the sector exhibits moderate to high adaptive capacity, ongoing maintenance requirements, fiscal constraints, aging infrastructure in some locations, and the increasing magnitude of projected climate hazards continue to present challenges. Continued investments are required to strengthen climate-resilient road and bridge infrastructure, improve slope stabilisation and drainage systems, enhance asset management and maintenance practices, and integrate future climate projections into transport planning. Accordingly, the transport sector should remain a priority area for resilience-building interventions under the CES.

Water

The water sector faces significant climate and disaster risks arising from hurricanes, extreme rainfall, flooding, landslides, drought, watershed degradation, and climate variability. Dominica's abundant surface water resources and river systems have historically provided a reliable source of potable water. However, the sector remains highly vulnerable to damage from extreme weather events as was seen from Tropical Storm Erika and Hurricane Maria both of which caused extensive damage to water intakes, transmission mains, treatment facilities, storage systems, and distribution networks, resulting in major service disruptions across the island. Much of the water infrastructure relies on river-based systems located in steep and hazard-prone watersheds, making them vulnerable to debris flows, sedimentation, and infrastructure damage during severe weather events. Projected increases in the intensity of tropical cyclones, extreme rainfall events, and prolonged dry periods are expected to further threaten water supply reliability, water quality, and the resilience of the water infrastructure. Rising temperatures and changing precipitation patterns may also affect watershed function, stream flows, and water availability during drought conditions.

The sector's adaptive capacity is assessed as Moderate to High, reflecting substantial investments in resilient water infrastructure, watershed protection, disaster recovery, and water system upgrades following recent disasters. It has been the focus of major rehabilitation and resilience-building investments aimed at strengthening water supply reliability, protecting critical infrastructure, and improving emergency preparedness. Water security is a central pillar of the CRRP, which includes targets to maintain access to drinking water and essential services following major storm events. These efforts have enhanced the sector's capacity to withstand and recover from disasters and have improved institutional awareness of climate risks.

GOCD with support from development partners, has undertaken improvements to water supply systems, storage capacity, network redundancy, and watershed management to reduce vulnerability and improve service continuity. Nevertheless, challenges remain due to the exposure of water infrastructure to landslides and flooding, the high costs of resilient infrastructure investments, aging assets in some areas, and the increasing uncertainty associated with future climate conditions. CES engagement should prioritise climate-resilient water supply and sanitation infrastructure, integrated watershed management, ecosystem restoration, enhanced storage capacity, improved flood and landslide protection measures, non-revenue water reduction, climate-informed asset management, and strengthening of emergency response and operational capacity. Such interventions will support water security, protect public health, and enhance resilience to future climate and disaster risks.

C. Exposure: Hazards Likely to Affect the CES

The most critical hazards likely to affect the CES are:

1. Hurricanes and tropical storms.
2. Extreme rainfall and flooding.
3. Landslides and slope failures.
4. Storm surge and coastal flooding.
5. SLR and coastal erosion.
6. Drought and water stress.
7. Increasing temperatures.
8. Climate-related ecosystem degradation.

Dominica has one of the highest climate and disaster risk profiles in the Caribbean. According to the WB Climate Change Knowledge Portal, Dominica has experienced a warming trend of approximately 0.16°C per decade since 1970, while climate projections based on the sixth phase of the Coupled Model Intercomparison Project models indicate that average temperatures could increase by approximately 0.7°C to 1.5°C by mid-century relative to the 1995-2014 baseline. Future climate conditions are expected to be characterised by higher temperatures, increased rainfall variability, more intense rainfall events, and longer dry periods. Although annual precipitation projections remain uncertain, there is strong evidence that extreme rainfall events will become more intense, increasing the risks of flash flooding, landslides, and infrastructure damage.

The UWI SCCR project an increase in the intensity of tropical cyclones, a rise in the frequency of extreme heat events, and continued SLR throughout the century. These changes are expected to exacerbate risks to critical infrastructure, water resources, agriculture, fisheries, coastal communities, tourism assets, and ecosystem services. SLR and storm surge will increase the vulnerability of coastal settlements, transport infrastructure, ports, and blue economy assets, while rising temperatures and

changing rainfall patterns may reduce agricultural productivity, affect water security, and place additional pressure on natural ecosystems.

The Organisation of Eastern Caribbean States (OECS) Country Climate and Development Report (CCDR) (WB 2024) estimates that significant investments will be required over the coming decades to strengthen resilience to natural hazards and climate change across key sectors. While these investments entail substantial upfront costs, the expected benefits include reduced disaster losses, improved economic stability, protection of livelihoods, and enhanced long-term growth prospects. Dominica has demonstrated strong leadership through its CRRP and ambition to become the world's first climate-resilient nation; however, substantial investments in resilient infrastructure, ecosystem protection, institutional strengthening, and climate adaptation will be required to reduce vulnerability and avoid escalating economic losses from future climate shocks. Strategic investments should prioritise resilient infrastructure, water security, RE, climate-smart agriculture, sustainable blue economy development, DRR, and protection of critical natural assets. The report also notes that building resilience offers significant development co-benefits by safeguarding livelihoods, reducing future recovery costs, strengthening fiscal sustainability, protecting human capital, and supporting long-term economic competitiveness.

D. Adaptive Capacity Assessment¹

Overall, adaptive capacity across the CES priority sectors is assessed as Moderate to High. This assessment reflects the country's strong institutional commitment to resilience building through the NRDS and CRRP, substantial post-Hurricane Maria investments in resilient infrastructure, ongoing improvements in DRM systems, and continued support from development partners. Dominica has emerged as a regional leader in climate resilience and has made significant progress in mainstreaming climate adaptation considerations across key sectors.

However, despite these advances, adaptive capacity varies across sectors and remains constrained by limited fiscal space, the high cost of resilient infrastructure investments, maintenance challenges, institutional capacity gaps, and the scale of projected climate change impacts. The country's inherent exposure to hurricanes, flooding, landslides, coastal hazards, and climate variability means that residual climate risks remain moderate to high across several sectors, particularly transport, water, energy, agriculture, and fisheries. Consequently, as supported by various assessments including the OECS CCDR (WB 2024), continued investment in resilient infrastructure, climate adaptation, ecosystem protection, climate-smart development, DRM, and institutional strengthening will be essential to reduce residual risks and ensure the long-term effectiveness and sustainability of interventions supported under the CES. To increase resilience across sectors the following is recommended:

- i. Mainstream climate and DRM across all CES investments to reduce vulnerability to increasingly frequent and severe climate hazards.
- ii. Invest in climate-resilient infrastructure across the transport, water, energy, education, fisheries, and solid waste sectors to protect critical assets and maintain essential services during and after disasters.
- iii. Strengthen water, food, and energy security through climate-smart agriculture, integrated water resources management, and RE development to improve resilience to climate variability and external shocks.

¹ The ability of systems, institutions, humans, and other organisms to adjust to potential damage, to take advantage of opportunities, or to respond to consequences of hazards.

- iv. Protect, restore, and sustainably manage forests, watersheds, coral reefs, mangroves, and other critical ecosystems to enhance natural protection against floods, erosion, and coastal hazards.
- v. Strengthen resilience within the fisheries and blue economy sectors through climate-resilient infrastructure, sustainable resource management, and livelihood diversification to safeguard coastal livelihoods and marine resources.
- vi. Enhance disaster preparedness, early warning systems, emergency response capacity, and business continuity planning to reduce losses and support faster recovery following disasters.
- vii. Strengthen institutional capacity, climate information systems, and climate-informed decision making to improve planning, investment prioritisation, and risk management.
- viii. Support implementation of the CRRP and NRDS to advance a coordinated national approach to resilience-building.

E. Risk Matrix for Key Sectors

The Matrix provides a summary of the climate and disaster risk profile of the CES priority sectors, identifying key hazards, potential impacts, sectoral adaptive capacity, overall risk ratings, and priority measures required to strengthen resilience and safeguard development outcomes in Dominica.

Sector	Key Hazards	Potential Impacts	Adaptive Capacity	Risk Rating	Priority Risk Management Measures
Education	Hurricanes, extreme rainfall, flooding, landslides, storm surge, SLR, heat stress	Damage to schools and educational assets; disruption of teaching and learning; loss of access to education services; damage to information and communications technology and learning resources	Moderate	High	Climate-resilient school infrastructure; school disaster preparedness plans; resilient Water, Sanitation and Hygiene facilities; digital learning systems; integration of climate and DRR education
Energy	Hurricanes, flooding, landslides, storm surge, SLR, extreme rainfall	Damage to generation, transmission and distribution infrastructure; prolonged power outages; disruption of essential services and economic activity	Moderate to High	High	Climate-resilient energy infrastructure; RE and geothermal development; grid modernisation; undergrounding where feasible; business continuity planning
Agriculture	Hurricanes, droughts, flooding, landslides, extreme rainfall, increasing temperatures, rainfall variability	Crop losses; soil erosion; livestock impacts; reduced productivity; damage to farm infrastructure; livelihood and food security impacts	Moderate	High	Climate-smart agriculture; resilient value chains; irrigation and water management; crop diversification; climate information services; sustainable land management
Fisheries / Blue Economy	Hurricanes, storm surge, SLR, coastal	Damage to fishing assets and coastal infrastructure; ecosystem	Moderate	High	Climate-resilient fisheries infrastructure; sustainable fisheries management;

	erosion, ocean warming, extreme weather events	degradation; reduced fisheries productivity; livelihood losses			marine ecosystem restoration; livelihood diversification; coastal protection measures
Solid Waste	Hurricanes, flooding, landslides, extreme rainfall, coastal flooding, storm surge	Damage to waste management infrastructure; disruption of waste collection and disposal services; environmental contamination; increased disaster debris volumes	Moderate	Moderate to High	Climate-resilient waste facilities; improved drainage and leachate management; disaster debris management planning; resilient access roads; emergency response procedures
Transport	Hurricanes, flooding, landslides, extreme rainfall, coastal erosion, storm surge, SLR	Damage to roads, bridges, ports and drainage infrastructure; loss of connectivity; disruption to economic activity and emergency response	Moderate to High	High	Resilient road and bridge design; improved drainage systems; slope stabilisation; coastal protection measures; climate-informed asset management
Water	Hurricanes, flooding, landslides, drought, extreme rainfall, changing rainfall patterns, watershed degradation	Damage to water supply systems; service interruptions; reduced water quality; water shortages during extreme events	Moderate to High	High	Climate-resilient water infrastructure; watershed protection; increased storage capacity; drought preparedness; network redundancy; climate-informed water resource management

F. Overall Risk Assessment Summary

Overall Risk Assessment Rating: High

Despite significant investments in resilience building under the NRDS and CRRP, climate and disaster risks remain substantial across all major sectors. Dominica has made considerable progress in strengthening institutional capacity, disaster preparedness, resilient infrastructure design, and climate adaptation planning. However, the increasing severity of climate hazards and the country's inherent geographic exposure continue to pose significant development challenges. The hazards identified are cross cutting and have the greatest potential to affect the performance, sustainability, and development outcomes of investments across all priority sectors and should therefore be mainstreamed into project identification, design, appraisal, implementation, and monitoring and operation under the CES to ensure long-term sustainability and development effectiveness. Accordingly, the 2026 screening assessed Dominica as having a High Climate and Disaster Risk Profile, requiring the systematic integration of climate resilience, DRR, and adaptation measures across all interventions supported under the CES. These resilience-building investments will be critical to protecting development gains, reducing future disaster losses, strengthening economic competitiveness, and supporting sustainable and inclusive growth.

RISKS AND MITIGATING MEASURES

Risk	Description	Mitigating Measures	Rating
Hazards and Climatic Events	The impact of natural hazard-related disasters, such as a hurricane or tropical storm, may compromise the CES objectives.	Interventions will be made to mitigate the impacts of hazards and climate-related risks. Each project will include an Environmental and Social Impact Assessment and a Climate and Vulnerability Risk Assessment, where required in accordance with the Environmental and Social Review Procedures.	Moderate
Operational Risks	The possibility that in the execution of business activities CDB could incur losses or reputational damage due to fraud, human error, processes, or technological internal controls or external events.	Maintain high standards for operational procedures around projects to ensure that these risks do not materialise.	Moderate
Liquidity Risk	This refers to the risk that GOCD may encounter difficulties associated with its financial liabilities or responsibilities to CDB that are settled by cash or another financial asset.	CDB can provide further assistance to help strengthen PFM. CDB will continue to encourage revenue reforms to boost non-CBI revenues. CDB will also advocate for the building of fiscal buffers as a strengthened defense from liquidity risks.	Low
Credit Risk	Possibility of default in payment for loans provided by CDB.	For private sector financing, funds will be provided to DAID Bank, which will then take the counterparty risk for lending to individuals and the private sector, minimising CDB exposure.	Low
Overall			Moderate

¹ Risk rating refers to residual risk; that is, risk remaining after risk mitigating measures have been put in place.