









Project Completion Validation Reports 2024 Compilation

| Validation Report Title | Country | Sector |
|---|---|-------------------------------------|
| Emergency Support Loan, LIAT |  Regional | Transport - Air |
| Natural Disaster Management - Rehabilitation and Reconstruction (Hurricane Tomas) |  St. Lucia | Transport – Disaster Rehabilitation |
| Energy Efficiency Line of Credit - Pilot Project |  Dominica | Energy |
| Building Resilience of The Electricity Sector Infrastructure to Geophysical and Climate-Related Hazards |  St. Vincent & the Grenadines | Energy |
| Geothermal Drilling Project |  St. Vincent & the Grenadines | Energy |
| Energy Sector Policy-Based Loan |  Suriname | Energy |



Summary of Project Data

| | Building Resilience of The Electricity Sector Infrastructure to Geophysical and Climate-Related Hazards | Natural Disaster Management – Rehabilitation and Reconstruction Hurricane Tomas | Energy Efficiency Line of Credit- Pilot Project | Geothermal Drilling of Project | Energy Sector Policy-Based Loan | Emergency Support Loan - LIAT |
|----------------------------|--|--|--|---------------------------------------|--|--------------------------------------|
| Loan / Grant Amount | €648,725 | USD24.8 mn | USD0.5 mn | USD30 mn | USD50 mn | USD7 mn |
| Country | St. Vincent and the Grenadines (SVG) | St. Lucia | Dominica | SVG | Suriname | Regional |
| Board Approval Date | May 2017 | March 2011 | June 2014 | May 2016 | May 2016 | December 2017 |
| Sector | Energy | Transport - Disaster Rehabilitation | Energy | Energy | Energy | Transport - Air |
| Original TDD | July 2018 | June 2013 | December 2015 | March 2020 | September 2016 | March 2023 |
| Actual TDD | December 2021 | August 2019 | July 2022 | December 2020 | September 2016 | March 2023 |

Summary of Project Performance

Core Evaluation Criteria:

- *Relevance*

Ratings for the relevance criteria ranged from Highly Satisfactory to Satisfactory, with an overall average rating of **Satisfactory**. All projects were assessed to be consistent with the country's development needs and priorities, as well as CDB's strategic objectives and corporate priorities. There was also good alignment with CDB's country strategy and programme within individual Borrowing Member Countries.

- *Effectiveness*

Notwithstanding the fact that not all planned outcomes had been achieved across all the projects, an average overall rating of **Satisfactory** signalled a positive contribution to development effectiveness across projects.

- *Efficiency*

The assessment of efficiency across projects was based on a qualitative assessment, which included factors such as implementation progress, timeliness in the delivery of inputs, and budget assessments. Of the six projects, three projects were assigned a Marginally Unsatisfactory due to delays in the implementation and project execution. This resulted in an overall average of **Marginally Unsatisfactory**.

- *Sustainability*

On average, sustainability was rated as **Satisfactory** based on the assessment that the benefits from the project were likely to be sustained.

Aggregate Performance Rating on Core Evaluation Criteria:

Based on the arithmetic average of the four core criteria: Relevance, Effectiveness, Efficiency, and Sustainability, overall project performance was found to be **Satisfactory**, indicating a high likelihood of the projects achieving development outcomes.

Complementary Criteria

- *Borrower Performance*

On average, a **Marginally Unsatisfactory** rating was assigned to Borrower Performance due mainly to poor implementation progress and lack of timely submission of progress reports.

- *CDB Performance*

Overall, the performance of Bank was assessed to be **Satisfactory** due to active commitment, participation, and support during project design and implementation.

- *Quality of Project Completion Reports*

The average quality of PCRs was rated **Marginally Unsatisfactory** due mainly to insufficient data and evidence to substantiate the self-assessment ratings, as well as the inconsistent use of the Project Completion Report guidelines.

ANNEX 1

EXECUTIVE SUMMARIES AND MANAGEMENT RESPONSES

**PROJECT TITLE: EMERGENCY SUPPORT LOAN – LIAT (1974) LIMITED –
REGIONAL**

EXECUTIVE SUMMARY

Project Summary

1. In December, 2017, the Caribbean Development Bank (CDB) approved a Public Sector Investment Loan in the amount of seven million United States dollars (USD7 mn) to the Governments of Barbados (GOBD); Antigua and Barbuda (GOAB); and St. Vincent and the Grenadines (GOSVG) as an Emergency Support Loan for LIAT (1974) Limited. No counterpart resources were included.
2. The Project consists of emergency working capital financing for the regional airline LIAT (1974) Limited, which suffered severe operating losses during September 2017 due to the impact of Hurricanes Irma and Maria on several island destinations. Specifically, the loan financing was to be provided to the majority Shareholder Governments of LIAT to allow for additional equity injections into the airline to assist with the required working capital.

Project Objectives

3. The project's overall objective was to address the immediate cash requirements of the airline and thereby forestalling action by creditors to recover amounts due, which could have resulted in the suspension of air transportation services to the most vulnerable of CDB's Borrowing Member Countries (BMCs).

Project background

4. The regional air transportation sector plays a crucial role in the Caribbean's development, as recognized in Chapter six of CARICOM's revised Treaty of Chaguaramas. Air transport is vital for facilitating travel, trade, and economic activity in many Caribbean countries, with over 90 per cent (%) of international passenger movement in the region occurring by air. CDB has been providing technical, financial, and other assistance to LIAT, the primary intra-regional carrier, for several decades to support dependable and cost-effective air transportation within the Caribbean region.
5. LIAT's services are critical for the continued viability and sustainability of the region's main industries, including agriculture, tourism, and other services. In 2012, LIAT's direct and catalytic impact on the economies it serves exceeded USD320 mn, contributing an estimated USD63 mn or 39% of the average long-stay visitor spend. The airline serves 15 destinations, operates more than 600 flights per week, and transports over one million passengers annually. For some Leeward and Windward islands, LIAT provides the only regular scheduled air service, making it essential for proper accessibility and mobility of residents and visitors.
6. Despite its importance, LIAT faces significant challenges. The airline has struggled to achieve commercial viability, experiencing continued losses and relying on shareholder support. Factors contributing to these difficulties include high fuel prices, increased competition, maintenance costs due to an aging fleet, and a challenging industrial relations environment. Additionally, the Caribbean aviation industry faces unique challenges, with CARICOM carriers experiencing a net margin of -15.4% in 2012-13 compared to the global industry average of 1.8%. This predicament highlights the dilemma faced by carriers like LIAT, which provide crucial social and economic services but struggle with profitability due to "thin routes" and other regional factors.
7. The 2017 Atlantic hurricane season severely impacted the Caribbean region, with a record number of intense storms, including multiple Category 5 hurricanes such as Irma and Maria. These hurricanes caused widespread devastation, particularly in Antigua and Barbuda, Dominica, the British Virgin Islands, Puerto Rico, Anguilla, and St. Maarten, affecting infrastructure, private property, and economic activity. The resulting uncertainty and reduced travel demand also impacted territories not directly affected by the

hurricanes, significantly reducing flight bookings and tourism for the 2017-2018 winter season. This created a cascading economic impact across the region, particularly for LIAT, a regional airline already in a precarious financial state.

8. Afterwards, LIAT faced an acute financial crisis, threatening its operational viability. A USD7 mn loan was requested to address critical working capital needs, ensuring the airline could continue operations through the remainder of 2017. The significance of the air transport sector in the Caribbean's socioeconomic development cannot be overstated, as it facilitates travel, trade, cultural connectivity, and access to international markets. The sector's challenges, however, are multifaceted, including cyclical issues like volatile fuel prices and economic downturns and structural problems such as high operational costs, governance weaknesses, and the unique logistics of operating in a region of small, non-contiguous islands.

9. Despite these challenges, LIAT and other regional carriers are essential in connecting the Caribbean, where over 90% of international travel depends on air transport. The structural peculiarities of the region, such as sparse intra-regional traffic, short flight routes, and the necessity for cross-subsidized operations, have perpetuated financial struggles for airlines. This underscores the need for a Regional Air Transport Policy to improve air access and foster economic resilience. Addressing these structural and operational inefficiencies is crucial for the long-term sustainability of regional air transport and its contribution to the Caribbean's development.

EVALUATION CRITERIA

10. The assessment focused on the project's relevance, effectiveness, efficiency, sustainability, and CDB's and the Borrower's performance.

Relevance

11. The Project Completion Report (PCR) rates Relevance as **Satisfactory**. The Ordinary Capital Resources (OCR) were provided to provide emergency working capital so that the airline could continue to operate in the face of substantial disruptions to its network. Therefore, the Project was satisfactory in meeting the needs of the airline and the Region. CDB's Strategic Plan 2015-19 identified regional cooperation and integration (RCI) as a key objective of the Bank. Considering this, and that benefitting a regional airline is consistent with the support for the provision of RPGs contemplated under CDB's mandate for supporting RCI, the evaluator provides a rating of **Highly Satisfactory**.

Effectiveness

12. The PCR does not indicate a rating for effectiveness. However, Efficacy is expected to be Satisfactory considering that the working capital support succeeded in stabilising LIAT's operations in the short term. After careful review, the Evaluator concurs with the PCR's rating of **Satisfactory**.

Efficiency

13. The PCR rates the expected "cost efficiency" as **Satisfactory**. While no economic analysis was carried out, it was expected that the economic and social benefits to be derived from efficient air service to CDB's BMCs would outweigh the costs in the long run. The evaluator concurs.

Sustainability

14. The PCR does not provide a rating for the project's sustainability (not applicable), given that the project met the immediate capital needs and, given its narrow focus, did not address the airline's long-term financial sustainability. Based on the previous, the Evaluator concurs with the non-applicability of a sustainability rating for the loan.

Performance of the Borrower and Executing Agency

15. The PCR rates the performance of the Borrower/Implementation Agency as **Satisfactory**, considering that the management team and staff at LIAT, along with the majority Shareholder Governments, provided

the necessary support to ensure successful project implementation. The Evaluator rates the Borrower's performance as Satisfactory due to the lack of information to validate all sub criteria in the Performance Evaluation System (PES).

Performance of the Caribbean Development Bank

16. The PCR provides a self-assessment rating of CDB's performance as **Satisfactory**. CDB collaborated with the majority of Shareholder Governments and LIAT to ensure the project's timely, efficient, and effective implementation. CDB staff verified that loan proceeds were used as envisaged and participated in all relevant meetings (Board Meetings and Finance and Audit Committee Meetings), providing specific guidance where required. The evaluator concurs.

OVERALL ASSESSMENT

17. The PCR rates the overall performance of the project as **Satisfactory**. The Evaluator rates overall project performance as Highly Satisfactory. This rating is based on an arithmetic average of four core evaluation criteria: Relevance (Highly Satisfactory), Effectiveness (Satisfactory), Efficiency (Satisfactory), and Sustainability (Not applicable).

SUMMARY RATINGS OF CORE EVALUATION CRITERIA AND OVERALL ASSESSMENT OF THE PROJECT

| Criteria | PCR | OIE Review | The reason, if any, for disagreement/Comments |
|---|--------------|---------------------|--|
| Relevance | Satisfactory | Highly Satisfactory | The rating in the PCR should be stated as Highly Satisfactory, considering the PPES 2001 guide equivalence. |
| Effectiveness | Satisfactory | Satisfactory | |
| Efficiency | Satisfactory | Satisfactory | |
| Sustainability | N/A | N/A | |
| Composite (aggregate) Performance Rating | Satisfactory | Highly Satisfactory | The relevance criterion. |
| Borrower Performance | Satisfactory | Satisfactory | |
| CDB Performance | Satisfactory | Satisfactory | |
| Quality of PCR | N/A | Satisfactory | The PCR uses the PPES instead of the PAS, limiting the available information and comparability for the PCVR. The PCR provides information on project design and implementation; however, not all criteria included in the PAS are identifiable in the PCR (for example, precise dates). |

Lessons

The PCR identified one lesson learned from the implementation of the project:

For organisations in satisfactory financial health, emergency measures that provide bridging assistance can be useful in overcoming short-term shocks. However, in situations where an organisation is already experiencing significant pre-emergency challenges, emergency interventions only perpetuate the crisis and should, therefore, be considered only as part of a wider plan to address the challenges faced by such organisations holistically in order to support the sustainability of the business.



MEMORANDUM

To: Strategic Advisory Team
thru' Director, Projects Department

Subject: Management Response – Office of
Independent Evaluation (OIE) Project
Completion Validation Report for
Emergency Support Loan – LIAT (1974)
Limited – Regional

From: Division Chief (Ag.)
Economic Infrastructure Division

Date: October 11, 2025

The Project Completion Report (PCR) team for the captioned project would like to thank the Office of Independent Evaluation (OIE) for its assessment and findings presented in the Project Completion Validation Report. The comments received from OIE during this exercise, specifically regarding the use of the Performance Assessment System in evaluating the PCR quality, are accepted and are expected to strengthen documentation of project performance, thereby contributing to enhanced development effectiveness across the Borrowing Member Countries of the Caribbean Development Bank.

A handwritten signature in black ink, appearing to read "Glen McCarvell".

Glen McCarvell
Officer in Charge
In the absence of
William Ashby
Division Chief (Ag.)
Economic Infrastructure Division

WA/TM:ap

cc: Serena Rossignoli, Head of Office of Independent Evaluation (Ag.), Office of Independent Evaluation

PROJECT TITLE: NATURAL DISASTER MANAGEMENT – REHABILITATION AND RECONSTRUCTION HURRICANE TOMAS- SAINT LUCIA

EXECUTIVE SUMMARY

PROJECT SUMMARY

1. Hurricane Tomas made landfall in St. Lucia as a Category 1 hurricane on October 30, 2010, leaving significant damage to road transportation infrastructure in several residential communities, agricultural lands, and tourism sites. Water production and supply infrastructure were severely affected, as well as the health and agriculture sectors which saw some hospitals and 75 per cent (%) of the banana crops being destroyed. Total losses were estimated at USD336 million (mn), representing 43.4% of the country's Gross Domestic Product.
2. Whilst the Government of St. Lucia (GOSL) had undertaken some restoration work, the magnitude of the rehabilitation of the physical infrastructure was beyond the capacity of the government's budget. Therefore, financial assistance was necessary to facilitate a response to the challenges that were being experienced.
3. On March 17 2011, the Board of Directors of the Caribbean Development Bank (CDB), approved a loan in the amount of seventeen million, nine hundred and sixty thousand United States dollars (USD17.96 mn) to assist GOSL in financing the rehabilitation and reconstruction on infrastructure which had been destroyed by Hurricane Tomas. An additional loan of USD6.86 million was approved on December 12, 2012 to facilitate a project rescope.

PROJECT OBJECTIVES

4. The main objective of the project was to assist GOSL in recovering from the impact of Hurricane Tomas, whilst improving resilience to excessive rainfall; and reducing risks associated with landslides and flood hazards.

EVALUATION CRITERIA

5. The assessment focused on the core evaluation criteria of *relevance, effectiveness, efficiency* and *sustainability*, as well as the complementary criteria of CDB and Borrowers' performance.

Relevance

6. The PCR rated Relevance as **Highly Satisfactory** due to the high priority placed by GOSL in recovering from the effects of Hurricane Tomas. In addition, the project was in alignment with the CDB's Strategic Plan, which included the promotion of environmental stability, disaster risk reduction, and climate resilience within Borrowing Member Countries. The Evaluator concurs with the **Highly Satisfactory** rating.

Effectiveness

7. Both the PCR and the Evaluator's rating of the achievement of outcomes equate to **Unsatisfactory** due to changes in the project's scale and scope, which negatively impacted project delivery and success.

Efficiency

8. The PCR does not provide a rating for Effectiveness, however, a rating of **Satisfactory** is reflected in the Project Supervision Report (PSR) with the justification that the Engineering Consultant followed the

least cost estimates and technically feasible options during project implementation. However, given that there were extensive implementation delays and cost overruns on some aspects of the project, the Evaluator assigns a rating of **Marginally Satisfactory** to project efficiency.

Sustainability

9. Notwithstanding the environmental and social concerns which remain as a result of some aspects of the project work not being implemented, both the PCR and the Evaluator concur with a **Satisfactory** assessment of the project's sustainability.

Performance of the Borrower and Executing Agency

10. Due to the overall poor construction and implementation progress, both the PCR and Evaluator rate the Borrower Performance as **Unsatisfactory**.

Performance of the Caribbean Development Bank

11. Both the PCR and the Evaluator rate CDB's performance as **Satisfactory**. Staff were responsive to requests for assistance and provided timely and steady guidance during project design and implementation.

Overall Assessment

12. Details of the ratings and justification for differences between the PCR and Evaluator are summarised below:

SUMMARY RATINGS OF CORE EVALUATION CRITERIA AND OVERALL ASSESSMENT OF THE PROJECT

| Criteria | PCR | OIE Review | Reason if any for Disagreement/Comment |
|--|---|--|---|
| Strategic Relevance | Highly Satisfactory (4) | Highly Satisfactory (4) | |
| Effectiveness | Low Probability (1) | Unsatisfactory (1) | |
| Efficiency | Satisfactory (3) | Marginally Unsatisfactory (2) | There were extensive delays during project implementation and higher than budgeted cost on some project components. |
| Sustainability | Satisfactory (3) | Satisfactory (3) | |
| Composite (Aggregate) Performance Rating | Marginally Unsatisfactory (2.75) | Marginally Unsatisfactory (2.5) | |
| Borrower & EA Performance | Unsatisfactory | Unsatisfactory | |
| CDB Performance | Satisfactory | Satisfactory | |
| Quality of PCR | | Satisfactory | |



MEMORANDUM

To: Strategic Advisory Team

Subject: Management Response

From: Division Chief (Ag.),
Economic Infrastructure Division (EID)

Office of Independent Evaluation
(OIE) Project Completion Validation
Report - Natural Disaster Management
– Rehabilitation and Reconstruction
Hurricane Tomas – Saint Lucia (31/
SFR-OR-STL)

Thru': Director (Ag.), Projects Department
WMA

Date: October 21, 2025

We are pleased that there is general agreement with the findings of the Project Completion Validation Report and the Project Completion Report (PCR) assessments. In respect of the recommendations at Paragraph 5.03 of the validation report, it should be noted that the procurement of consultants and contractors by recipients of loan financing is undertaken by the Borrower and the contractual relationships are between the Borrower and contracted providers of services and goods. The Caribbean Development Bank (CDB) is not a party to contracts under this arrangement and would not be in a position to terminate contracts or enforce penalties. As part of the Project Supervision function, CDB staff advise and assist project managers to resolve problems experienced during implementation.

Both the PCR and OIE teams agree that it would be preferable to have designs completed and accepted for large and complex sub-projects under Rehabilitation and Reconstruction projects and we concur with the other lessons identified at paragraph 5.02.

A handwritten signature in black ink, appearing to read "WMAshby", written over a horizontal line.

William Ashby

WMA:ka

cc. Mr. Roberto La Rovere, Head of Evaluation, Office of Independent Evaluation

**PROJECT TITLE: ENERGY EFFICIENCY LINE OF CREDIT - PILOT PROJECT,
DOMINICA**

EXECUTIVE SUMMARY

Project Summary

1. In April 2014, DAIDB applied to CDB for a loan of USD500,000 to assist in financing a pilot initiative in financing energy efficiency (EE) and renewable energy (RE) solutions among participating micro, small and medium-sized enterprises (MSMEs) in Dominica. GOCD agreed to utilise resources from its Special Development Fund (SDF) allocation for the project. The project is part of an EE/RE programme being rolled out in selected Borrowing Member Countries (BMCs) that seeks to encourage greater use of EE/RE and clean energy technologies in BMCs as part of a wider CDB green economy initiative.

Project Objectives

2. This was a pilot project to demonstrate the benefits EE and RE among participating MSMEs in Dominica. It sought to enhance awareness and mitigate the high energy costs that negatively impact the operations of participating MSMEs and entailed: (a) enhanced savings in energy consumption from fossil fuels resulting from the implementation of Energy Efficiency Measures (EEMs) and the substitution of RE technologies by MSMEs in Dominica; (b) increased use of sustainable energy saving technologies by MSMEs in Dominica through increased awareness; and (c) enhanced capacity of DAIDB to identify, appraise and supervise EE/RE projects.

Project Background

3. At appraisal, GOCD's intentions for the energy sector were focused on encouraging EE, diversifying energy sources and reducing the reliance on fossil fuels. The primary constraints to EE in Dominica at the time of appraisal were: (a) restricted access to financial resources necessary for implementing EE options; (b) inadequate technical capacity to design, implement and maintain EE/RE systems; and (c) lack of awareness by some MSMEs about the different technologies available to improve output while reducing energy consumption. MSMEs in Dominica can benefit from adopting and implementing improved energy conservation, EE and the adoption of RE technologies, given their current characteristics in energy usage such as low levels of preventative maintenance; use of absolute lighting equipment; the use of inefficient mini split air conditioners; and lack of insulation of building envelopes.

4. In the context of its mandate for sustainable development, CDB had re-focused its attention on sustainable energy, and at the time of the appraisal report, was in the process of revising its Energy Sector Policy and Strategy as well as its lending products to better support the BMC thrust for transforming the energy landscape and achieving security in the sector. As part of this effort, CDB developed a pilot loan product for DFIs for EE/RE lending to MSMEs.

Evaluation Criteria

5. The assessment focused on the project's relevance, effectiveness, efficiency, sustainability, and CDB's and the Borrower's performance.

Relevance

6. The Project Completion Report (PCR) rates Relevance as Satisfactory. The project was aligned with the CDB mandate for sustainable development and the Energy Sector Policy and Strategy. The PCR considers that the pilot project was consistent with GOCD's medium-term policies and development strategy for the development of alternative energy and energy efficient interventions; and financing energy

efficient/renewable energy initiatives. This pilot project was designed to achieve objective (b) for supporting environmental sustainability and Disaster Risk Management (DRM), outlined in the Country Strategy Paper (CSP) 2010-12 under the theme: “strengthening environmental management and adaptation to climate change”. However, the PCR states that ‘recently’ the GOCD has pivoted its policy focus to tapping into the island’s geothermal energy potential, somewhat in contravention to solar. Hence the GOCD was no longer as supportive of individuals being removed from the energy grid but would rather have persons remain on the grid to support the incoming geothermal infrastructure.

7. In addition, changes in the economic environment, with the economic shocks of Hurricane Ericka and Hurricane Maria in 2015 and 2017 respectively and the COVID 19 pandemic in 2020 negatively impacted the risk appetite of businesses to seek funding for alternative energy sources.

8. Considering the previous, the Evaluator agrees with the PCR’s rating of **Satisfactory**.

Effectiveness

9. The PCR gives a rating of Marginally Unsatisfactory for Effectiveness. The PCR highlights that the pilot project as designed at appraisal did not achieve the impact-level objective. Of the four outcome indicators (total of 6 targets), only one was fully achieved and the rest were partially achieved. Of the two output indicators, one (output 2) was fully achieved though completed 5 years after the target date.

10. That said, to achieve output 2, only 29.5% of the CTCS Network TA grant was used for financing energy audits and walkthroughs. In total 29 walkthroughs were conducted in a range of sectors comprising tourism, manufacturing, commercial and food processing operations. The walkthroughs resulted in the completion of five full energy audits in the tourism and manufacturing sectors. DAIDB used the energy audit reports to formulate appraisal reports to support disbursement of the loan proceeds to two MSMEs that benefitted from the free audits (falling short of the target of five appraisals. The undrawn balance of USD250,000 was de-obligated at the request of DAIDB. In addition, the balance of USD48,000 for technical assistance was cancelled due to a lack of uptake of EE/RE projects.

11. After careful review, the Evaluator agrees with the PCR’s rating of **Marginally Unsatisfactory**.

Efficiency

12. The PCR assesses the cost efficiency of the project as Marginally Unsatisfactory. There was no mention of a cost-benefit assessment, economic rate of return (ERR) nor financial rate of return (FRR) in the PCR. Therefore, the assessment of efficiency provided by the PCR is qualitative in nature.

13. DAIDB’s performance throughout the project period did not satisfy CDB’s eligibility requirement in respect to profitability that requires a ROA of at least 1.0% annually. The FY2023 results reflected a decline compared to previous years, as DAIDB’s operations continue to be threatened by high levels of productive sector non-performing loans, and increased interest rates. While DAIDB was considered an effective conduit for intermediating CDB’s resources, it was only successful in reaching two MSMEs in the intended EE/RE market.

14. As noted in the PCR, during 2016 GOCD provided DAIDB with a Grant in the amount of XCD15 mn to fund MSME projects including EE/RE assistance on more competitive terms than that provided under this CDB loan. Having such resources available to DAIDB at zero interest rate and a mandatory interest set for onlending at 2% led to a loss of appetite for CDB's resources. After careful review, the Evaluator concurs with the PCR’s rating of **Marginally Unsatisfactory**.

Sustainability

15. The PCR rates the project's sustainability as Marginally Unsatisfactory. DAIDB has been impacted by macro environmental challenges such as Hurricanes Erika and Maria that severely impacted Dominica's tourism industry and economy in FY 2015 and FY 2017. These environmental challenges were followed by the COVID-19 pandemic in FY 2020 which forced many hotels and restaurants to close for business. Closure of most of the tourism plant led to lay-offs and increased unemployment, which in turn impacted the debt-service capacity of many of DAIDB's clients resulting in increased non-performing loans. However, the PCR notes that GOCD's commitment and willingness to implement EE/RE initiatives to support MSMEs will be the most important factors supporting sustainability given its policy shift towards geothermal energy.

16. Several assumptions were not consistent throughout the course of the project lifetime. At impact level, the assumption 'Dominica maintains a facilitating regulatory environment for EE/RE initiatives' did not consider shifting government priorities in terms of preferred type of EE/RE technology, thus the pivot to geothermal investments negatively affected the uptake from MSMEs in the evolving EE/RE policy landscape. One of the key assumptions at outcome level, 'demand for products and services sustained', did not hold true, which negatively impacted the outcomes (a) Enhanced savings in energy consumption from non-renewable sources by participating MSMEs in Dominica and (b) Increased use of sustainable energy saving technologies by participating MSMEs in Dominica. Similarly at output level, the assumption that the 'enabling regulatory and policy environment that encourages borrowing for EE/RE investments' was problematic due to the government's recent focus on geothermal investment and thus reluctance to remove users from the national energy grid, so that they would be able to support the incoming geothermal infrastructure.

17. CDB's CTCS network provided technical support to MSMEs receiving the five free audits. Ongoing support for the project was provided by CDB's Energy Unit and included assistance under CDB's Sustainable Energy for the Eastern Caribbean programme, a facility co-financed by CDB and the European Union - Caribbean Investment Facility (EU-CIF). DAIDB is an experienced institution capable of managing the project risks associated with this project and had access to specific technical assistance from CDB's CTCS programme for MSMEs requiring critical support. However, there has been a reduction in demand for credit across all sectors as MSMEs has delayed or deferred planned investments due to the COVID-19 pandemic, and this has resulted in lower than anticipated uptake under this facility.

18. After careful review, the Evaluator concurs with the PCR's rating of **Marginally Unsatisfactory**.

Performance of the Borrower and Executing Agency

19. There was good participation from the Dominica Agricultural Industrial and Development Bank (DAIDB), in the design and preparation stages and high-level support for the project. The PCR reports that the DAIDB complied with most conditions of the loan; however, it had some difficulty satisfying at all times the loan condition that required DAIDB to satisfy the Eastern Caribbean Central Bank's Prudential Guidelines (ECCBPG) and CDB's benchmarks in respect to loan quality and profitability.

20. In terms of implementation, five DAIDB clients benefitted from free energy audits under this EE/RE project, but uptake for the loan resources was slower and lower than anticipated. Two clients took a loan from DAIDB to fund the identified EE/RE investment. DAIDB experienced challenges with generating demand for the funds, given a number of challenges within the EE/RE sector including the availability of cheaper government funding. In addition, the devastating impact of Hurricane Maria and Irma in 2017 delayed the utilisation of resources even further. The DAIDB made some attempt to develop strategies to enhance marketing and awareness of the CDB funded EE/RE project for uptake, with little result.

21. The uptake of the CDB Loan was lower than anticipated at appraisal with USD180,897 or 36.2% of the approved resources disbursed to sub-projects after 8 years of implementation. The unwithdrawn balance of USD250,000 (50% of the approved loan) was cancelled at the request of DAIDB.

22. There were major issues with the accuracy of record-keeping and funds accounting and there was a significant delay in accounting for an outstanding balance of USD69,000 to fully document the advance. Since the time of writing the PCR this has now been accounted for.

23. The Evaluator agrees with the PCR rating which concluded the Borrower's performance was **Marginally Unsatisfactory**.

Performance of the Caribbean Development Bank

24. The PCR provides a self-assessment rating of CDB's performance as Highly Satisfactory. CDB provided advice and responded in a timely manner to enquiries from DAIDB throughout project implementation.

25. In terms of Quality at Entry, the appraisal and results projected were robust enough to be able to demonstrate those results at the completion of that intervention (had they been achieved). The DAIB was able to comply with most loan conditions, although not all. The project design did not however consider the risk of DAIB refocusing its priorities on other RE technologies, and the effect that this would have on the energy policy environment and this project.

26. In terms of Quality of Supervision CDB reporting seems transparent and realistic, however there is some content that appears to be repeated in the annual supervision reports and PCR (e.g. copied from the appraisal without an update). In addition, two of the outcome indicators never had targets allocated to them, nor is there a record of the results achieved for them. The CDB made adjustments to facilitate the project success where possible, such as amending the qualifying criteria for a SMEs. Given the multiple external factors affecting the success of the project, e.g. the shift in RE priorities of the GOCD, availability of resources with more favourable conditions for MSMEs from the GOCD, and Hurricanes Irma and Maria in 2017, the CDB was likely limited in terms of finding solutions to ensure achievement of development objectives.

27. In contrast to the PCR, the Evaluator rates CDB's performance as **Satisfactory**, in light of the above factors.

Overall Assessment

28. The PCR does not explicitly provide the project's overall performance rating, however based on the criteria ratings it would have scored 2.5 which falls at the upper threshold of the **Marginally Unsatisfactory** rating. Based on the analysis in this document and the available data, the Evaluator also rates overall project performance as **Marginally Unsatisfactory**. This rating is based on an arithmetic average of four core evaluation criteria: relevance (Satisfactory), effectiveness (Marginally Unsatisfactory), efficiency (Marginally Unsatisfactory), and Sustainability (Marginally Unsatisfactory).

29. Details of the ratings and justification for differences between the PCR and Evaluator are summarised below.

**SUMMARY RATINGS OF CORE EVALUATION CRITERIA AND OVERALL ASSESSMENT
OF THE PROJECT**

| Criteria | PCR | OIE Review | The reason, if any, for disagreement/Comments |
|--|-------------------------------|---|---|
| Relevance | Satisfactory (3) | Satisfactory (3) | |
| Effectiveness | Marginally Unsatisfactory (2) | Marginally Unsatisfactory (2) | |
| Efficiency | Marginally Unsatisfactory (2) | Marginally Unsatisfactory (2) | |
| Sustainability | Marginally Unsatisfactory (2) | Marginally Unsatisfactory (2) | |
| Composite (aggregate) Performance Rating | Not given. | Marginally Unsatisfactory (the score of 2.5 is the upper limit for this rating) | The PCR does not include an overall performance rating. However, using the individual ratings, the overall rating criteria of the PCR would have been the same as the OIE review composite rating. |
| Borrower Performance | Marginally Unsatisfactory | Marginally Unsatisfactory (2) | |
| CDB Performance | Highly satisfactory | Satisfactory (3) | The project does not fulfil the 'highly satisfactory' criteria on loan conditions; institutional analysis and risk assessment; missing outcome indicator reporting; and non-reporting by DAIB of some funding |
| Quality of PCR | N/A | Satisfactory | |

Lessons

30. The PCR identified three lessons from the implementation of the project which are listed here:

- Having access to well trained staff with credit underwriting and monitoring skills are vital to ensuring sound credit decisions and achieving sound performance of business enterprise portfolios.
- EE in industry and buildings should be promoted through commercial financing and in particular through Line of Credits (LOC) dedicated to financing projects that qualify as EE investments. The proposed interest rates on subloans of up to 6% may approximate commercial levels in some of the DFIs, however, the other on-lending terms can be considered as concessionary.
- It is important to identify local financial intermediaries (FIs) that are interested in EE lending and to let the FI identify, appraise, and approve a subloan itself, without further approvals from any government body or a development partner.



MEMORANDUM

To: Strategic Advisory Team
Thru' Vice-President (Operations)

Subject: Management Response – Office of
 Independent Evaluation (OIE)
 Project Completion Validation
 Report, Energy Efficiency Line of
 Credit – Pilot Project – Dominica

From: Division Chief
 Private Sector Division (PSD)

Date: November 12, 2025

The Project Completion Report (PCR) team in PSD agrees with the assessment and findings of the Project Completion Validation Report submitted by OIE. Both the PCR team and OIE agree that there were some valuable lessons learnt from the implementation of this Project, which are already incorporated in the design and implementation of the current projects under implementation and are also informing the appraisal of projects under consideration..

.....
 Lisa Harding,
 Division Chief

cc. Stephen Lander, Coordinator, Development Finance, PSD
 Jacqueline Nugent, Operations Officer, PSD

**PROJECT TITLE: BUILDING RESILIENCE OF THE ELECTRICITY SECTOR
INFRASTRUCTURE TO GEOPHYSICAL AND CLIMATE-RELATED HAZARDS –
SAINT VINCENT AND THE GRENADINES**

EXECUTIVE SUMMARY

Project Summary

1. The "Building Resilience of the Electricity Sector Infrastructure to Geophysical and Climate-Related Hazards" project in St. Vincent and the Grenadines, approved by the Caribbean Development Bank in May 2017 with a €648,725 grant from the ACP-EU-CDB NDRM Programme, aimed to enhance the resilience of the country's electricity infrastructure against natural hazards and climate change impacts. This initiative addressed the lack of explicit consideration for these factors in infrastructure planning and follows a significant 2013 storm event that severely damaged hydroelectric facilities. The project encompasses four key consulting services: conducting a Climate Risk and Vulnerability Assessment, developing a comprehensive risk profile of the electricity sector, identifying investment needs for climate resilience and natural hazards mitigation, and preparing detailed designs for upgrading hydropower infrastructure. By assisting VINLEC, the local electricity company, in developing a comprehensive investment programme and detailed infrastructure upgrade designs, the project aims to improve long-term resilience, supporting economic development, gender sensitivity, and citizen security in the region.

Project Objectives

2. The overall objective of this project was to support St. Vincent Electricity Services Limited (VINLEC) in strengthening the resilience of St. Vincent's electricity network to climate and geophysical hazards. More specifically, the expected results of the project were: (a) strengthened capacity of SVG to provide electricity infrastructure resilient to natural hazards and climate change (CC) impacts ; and (b) a technically and economically feasible project that will result in improved reliability of the hydropower electricity infrastructure that is resilient to geophysical and climate related hazards.

Project background

3. Saint Vincent and the Grenadines (SVG), an archipelagic state in the Windward Islands, faces significant vulnerability to various natural hazards due to its location in a seismically active zone and the Atlantic hurricane belt. The country is susceptible to rapid onset hazards like hurricanes, floods, volcanic eruptions, and earthquakes, and slow onset hazards such as drought and sea level rise. Climate variability is expected to intensify these meteorological hazards, potentially impacting the country's economic and fiscal stability. A significant storm event in December 2013 highlighted this vulnerability, causing extensive damage to infrastructure, with the electricity sector suffering losses of \$8.5 million USD, including a 50% reduction in hydropower production capacity.

4. The Government of SVG (GOSVG) aims to reduce dependence on imported energy by expanding the use of indigenous resources, particularly hydropower. VINLEC, the national electricity company, operates with a total installed capacity of 58.3 MW, including 5.6 MW from three hydropower plants. However, these hydropower facilities, being the oldest in VINLEC's portfolio, require constant repairs and maintenance. The changing climate may exacerbate existing vulnerabilities and increase the cost of finding efficient long-term solutions for the electricity sector, representing approximately 2.5% of the country's GDP. This situation underscores the need for resilient and sustainable energy infrastructure to support SVG's economic development and environmental goals.

EVALUATION CRITERIA

5. The assessment focused on the project's relevance, effectiveness, efficiency, sustainability, and CDB's and the Borrower's performance.

Relevance

6. The PCR does not include a rating for Relevance. It states that the project demonstrated a high level of commitment to increasing the electricity sector's resiliency to natural hazards and climate vulnerability in the country. The PCR also indicates that the project was consistent with CDB's strategic objectives, corporate priorities, and SFR themes. However, no mention of alternatives or use of lessons learned is identified at the AR.

7. Considering the previous, the Evaluator rates relevance as Satisfactory.

Effectiveness

8. The PCR does not rate effectiveness in the project performance section. After careful review, the Evaluator gives a Satisfactory rating considering the achievement of outputs and outcomes stated in the PCR. This rating considers that a capital project proposal (one of the three outputs, was not prepared) and that impact was rated as Marginally Unsatisfactory.

Efficiency

9. The PCR does not give a rating for efficiency. After reviewing the available information, the evaluator gives efficiency a rating of Marginally Unsatisfactory. This takes into account that one output was not achieved and that there were delays in the overall execution of the project.

Sustainability

10. The PCR does not give a rating but mentions that the proposed design to improve the hydroelectric system infrastructure will enable VINLEC to safeguard the system from future climate change-related hazards. In addition, the ESIA has considered the social, gender, and environmental factors relevant to the designs. VINLEC has reviewed and accepted the designs that will be used to inform works to enhance the resilience of the hydro infrastructure. This justification is mentioned about the projects' sustainability in terms of the probability of sustaining the flow of benefits generated by the project for the target population and of achieving future (i.e., longer-term) outcomes and impacts. However, there is no information about VINLEC having enough and sufficiently trained staff to follow up the design and implementation of the capital project.

11. Based on the previous, the Evaluator rates the Sustainability criterion as Satisfactory.

Performance of the Beneficiary

12. The PCR does not include an assessment and rating of the performance of the Beneficiary. The PCR also lacks complete information to assess the performance of VINLEC. However, it is stated that VINLEC provided the required financing as a counterpart and that after delays in appointing a Project Coordinator (PC), the PC effectively supervised and managed the consultants' work. Using the available information, the Evaluator rates the Beneficiary performance as Satisfactory.

Performance of the Caribbean Development Bank

13. The PCR does not provide a self-assessment rating of CDB's performance. As part of the listing of critical factors influencing the projects' performance, the PCR states that CDB staff provided continuous support to VINLEC throughout the entire project lifecycle to ensure challenges were addressed as quickly as possible. The Evaluator rates CDB's performance as Satisfactory, particularly in light of the lack of information in the PCR to conduct a detailed assessment.

Performance of the consultant

14. The PCR does not provide a rating for the consultant's performance. The Evaluator rates this performance as Satisfactory in light of the consultant's good response to challenges faced during implementation and additional information available in the PCR.

OVERALL ASSESSMENT

15. There is no overall rating in the PCR. The Evaluator rates overall project performance as Satisfactory. This rating is based on an arithmetic average of four core evaluation criteria: Relevance (Satisfactory); Effectiveness (Satisfactory); Efficiency (Marginally Unsatisfactory); and Sustainability (Satisfactory).

16. Details of the ratings and justification for differences between the PCR and Evaluator are below.

SUMMARY RATINGS OF CORE EVALUATION CRITERIA AND OVERALL ASSESSMENT OF THE PROJECT

| Criteria | PCR | OIE Review | The reason, if any, for disagreement/Comments |
|---|---------------|---------------------------|---|
| Relevance | Not available | Satisfactory | |
| Effectiveness | Not available | Satisfactory | |
| Efficiency | Not available | Marginally Unsatisfactory | |
| Sustainability | Not available | Satisfactory | |
| Composite (aggregate) Performance Rating | Not available | Satisfactory | |
| Beneficiary Performance | Not available | Satisfactory | |
| CDB Performance | Not available | Satisfactory | |
| Consultant Performance | Not available | Satisfactory | |
| Quality of PCR | N/A | Unsatisfactory | |

Lessons

17. The PCR identified one lesson learned from the implementation of the project. The main measures undertaken to mitigate the impact of the COVID-19 pandemic on the project activities include:

- a) Technology can provide virtual access to sites under extreme environmental conditions thereby minimising travel and related costs and reducing exposure to dangerous environments. Technology can also be used for virtual client and stakeholder engagement thereby minimising contact in a pandemic situation.



MEMORANDUM

To: Strategic Advisory Team
thru' Director, Projects Department

Subject: Management Response – Office
of Independent Evaluation (OIE)
Project Completion Validation
Report for Building Resilience of
the Electricity Sector
Infrastructure to Geophysical and
Climate-Related Hazards – Saint
Vincent and The Grenadines

From: Division Chief, (Ag.)
Economic Infrastructure Division

Date: November 11, 2025

The Project Completion Report (PCR) team for the captioned project would like to thank the Office of Independent Evaluation (OIE) for its assessment and findings presented in the Project Completion Validation Report.

The absence of the Project Assessment System (PAS) score ratings in the original Project Completion Report (PCR) constrained the Office of Independent Evaluation's (OIE) ability to fully assess performance under the prescribed validation framework. Nevertheless, the PCR contained the relevant technical, financial, and implementation details necessary to support an objective review of project outcomes.

Management is of the view that the overall project rating determined by OIE warrants revision from Unsatisfactory to Marginally Unsatisfactory. While recognising the absence of the PAS scoring, in all other areas the assessment of the PCR was satisfactory.

.....
William Ashby
Division Chief (Ag.)
Economic Infrastructure Division

WA/AA/VK:kw

cc: Roberto La Rovere, Head of Office of Independent Evaluation, Office of Independent Evaluation

PROJECT TITLE: GEOTHERMAL DRILLING PROJECT – ST. VINCENT AND THE GRENADINES

EXECUTIVE SUMMARY

Project Summary

1. Since 1991, several studies on geothermal energy (GE) prospects in St. Vincent and the Grenadines (SVG) were conducted, but no exploratory drilling had occurred, and resource estimates were based on preliminary geoscience data. In 2013, a comprehensive study, following a letter of intent between the Government of St. Vincent and the Grenadines (GOSVG), Reykjavik Geothermal (RG), and Light and Power Holdings (now ECI), focused on the Wallibou hot spring and Mount Soufrière areas. The findings suggested the volcanic system could host a greater than 200°C geothermal reservoir, prompting surface exploration and plans for exploratory drilling. The project’s justification included its high-risk profile, limited technical capacity within GOSVG, a small market of qualified developers, lack of early concessional financing, and the transparency and credibility of private sector sponsors. A special purpose vehicle, St. Vincent Geothermal Company Ltd. (SVGCL), was created to execute drilling through a competitive tender process, with a decision to drill full-sized exploratory wells for resource evaluation and potential commercial exploitation.

2. The Geothermal Drilling Project in St. Vincent and the Grenadines aimed to explore the potential for commercial exploitation of geothermal energy in the La Soufrière region. The project was implemented by SVGCL and was approved by the Caribbean Development Bank (CDB) on May 16, 2016. The project began on January 30, 2013, and concluded with an exit workshop on November 25, 2021.

3. On May 16, 2016, CDB approved a first loan in the amount of 26.96 million (mn) United States dollars (USD), and two later loans on October 5, 2018, and August 24, 2020, to reach the amount of USD30.075 mn to the GOSVG for the Geothermal Drilling Project.

4. A first additional grant was approved under board paper BD 64/16 Add 1, to provide a total of USD6.987mn of financing to the project to replace project funding withdrawn by a private sector partner in SVGCL upon exiting the Project. Funds were also added to cover the cost of drill rig fuel and drilling services. A second additional grant was approved under board paper BD 64/16 Add. 2 for adding USD2.435 mn to cover the cost of additional stimulation and rework of the three exploratory wells to improve steam flow. There was a counterpart contribution of USD10.224 mn.¹

Project Objectives

5. The overall objective of the geothermal project in SVG was to evaluate the potential for commercial exploitation of geothermal energy resources in the La Soufrière region. This ambitious engagement involved conducting exploratory drilling to gather empirical data regarding the geothermal resource's viability for electricity production. The project aimed to drill and assess three full-sized exploratory geothermal wells, collect sufficient geological and reservoir performance data to inform potential developers, and produce a comprehensive feasibility study on the resource's characteristics and the potential for continued geothermal resource development. Additionally, the project sought to enhance the technical capacity of local staff and stakeholders in geothermal energy development, ensuring long-term sustainability and knowledge transfer.

6. Beyond the technical aspects, the project had broader goals that encompassed environmental compliance, partnership development, and cost management. The execution of the project was to be carried out in accordance with national and international environmental and social laws, demonstrating a

¹ These amounts, as well as dates of implementation and disbursements are not consistent throughout the PCR.

commitment to responsible resource exploitation. The initiative also aimed to establish collaborations with private sector companies for the future construction and operation of a geothermal power plant, targeting a cost of generation not exceeding USD0.15 per kilowatt-hour (KWh). Importantly, the project was designed to lay the groundwork for future geothermal development projects not only in SVG but also in the wider Caribbean region. While the project successfully confirmed the predicted temperatures of the geothermal resource, it encountered challenges related to the permeability of the rock structure, which affected the potential for sustained steam flow necessary for conventional geothermal power generation.

Project background

7. GOSVG is focusing on diversifying its energy supply by increasing the use of renewable energy sources. To this end, SVGCL has been established to develop a geothermal power project that aims to produce approximately 10-15 megawatts (MW) of energy from the La Soufrière Volcano in northern St. Vincent. This project represents the first attempt to harness geothermal energy in the country and involves exploratory drilling and testing of three geothermal wells on 1-2 well pads, along with necessary infrastructure improvements like water systems and road enhancements.

8. The exploratory drilling phase is crucial as it will inform investment decisions regarding the potential construction of a geothermal power plant. If successful, it would significantly reduce electricity production costs by substituting fossil fuels with locally sourced geothermal energy. CDB is involved in financing this phase, providing concessional funding of \$9.5 mn to mitigate the financial risks associated with resource exploration.

9. St. Vincent has been identified as having significant geothermal potential due to its volcanic activity. Since 1991, various studies have estimated geothermal resources ranging from 100 MW to as much as 890 MW. Preliminary investigations have indicated favorable conditions for geothermal energy, leading to the decision to advance to exploratory drilling.

10. The project is committed to adhering to national guidelines and international environmental standards. An Environmental and Social Impact Assessment (ESIA) has been prepared to evaluate the potential impacts of the drilling activities. Stakeholder engagement is a key component of the project, ensuring that the community is involved and informed throughout the process.

EVALUATION CRITERIA

11. The evaluator used the Performance Assessment System (PAS,2014) to do the assessment, focusing on the project's relevance, efficiency, effectiveness, and sustainability, and CDB's and Borrower's performance. The Project Completion Report (PCR) considered the Project Performance Evaluation System (PPES, 2001), focus on the project's strategic relevance, poverty relevance, efficacy, cost-effectiveness, institutional development impact and sustainability, and CDB's and the Borrower's performance.

Relevance

12. The PCR rates Strategic Relevance as **Highly Satisfactory**. This rating considers that CDB's Energy Sector Policy and Strategy (2015) has as one of its areas of focus "promoting infrastructure to provide affordable, clean, sustainable and reliable energy supply" through the use of renewal energy technologies for utility-based energy supply infrastructure expansion. The project provided data for evidence-based decision making for commercial development of the geothermal resource. The 2014-18 Country Strategy Paper for SVG made an allocation of \$0.3mn in grant resources for use by GOSVG to finance consultants to "provide advisory services with respect to geothermal development and to support its formulation of a roadmap for expanded use of renewable energy". Advisory support services for stakeholder engagement were provided through the services of a community liaison officer.

13. Considering the previous, and the information reviewed, the Evaluator gives a **Highly Satisfactory** rating.

Effectiveness

14. The PCR does not rate effectiveness. However, it gives a rating of Satisfactory for efficacy. The PCR supports this rating due to its successful drilling of three geothermal wells, which confirmed reservoir temperatures despite challenges with rock permeability. It also contributed to local capacity building in geothermal project management and complied with environmental and social standards, supported by strong political backing.

15. After careful review, the Evaluator concurs with the PCR's rating of **Satisfactory**.

Efficiency

16. The PCR assesses the cost efficiency of the project as **Satisfactory**. The combination of an efficient procurement process, timely management of challenges, strong financial oversight, and effective leadership contributes to justifying a satisfactory rating for cost efficiency. The evaluator concurs with the PCR's rating.

Sustainability

17. The PCR rates the sustainability of the project as of Low Probability, indicating that the expected PPES rating for this criteria was Unsatisfactory. It indicates that the project's sustainability is supported through financial, institutional, environmental, and technical measures. Although the exploratory drilling activities funded by CDB financing have been completed and the wells are not currently generating financial activity, the financing agreements include provisions for further development if the geothermal resource proves commercially viable. SVGCL, the project's implementing body, along with GOSVG, has built valuable capacity in geothermal drilling and project management, which will support future resource development. The project complied with both national and international environmental and social standards, ensuring the protection of health, safety, and the environment throughout its execution. Technically, the site remains secure, and plans are in place to mitigate potential environmental risks if commercial development does not proceed, including proper decommissioning and monitoring for ecosystem recovery.

18. Based on the previous, the Evaluator rates Sustainability as **Marginally Unsatisfactory**, which, after converting from PPES rating to PAS, concurs with the PCR rating.

Performance of the Borrower and Executing Agency

19. The PCR rates the performance of the Borrower/Implementation Agency as **Satisfactory**. Justification for the rating is that constant and timely communications and discussions with CDB ensured sufficient additional funds were available to finance planned project activities beyond budget due to unforeseen circumstances. Additionally, it is stated that the counterpart contribution to the project was 23 per cent (%) of the overall USD40.3 mn total project cost; the project management team professionally dispatched their duties with no issues during project implementation; SVGCL demonstrated strong leadership and overall ownership of the project ensuring that critical decision points were addressed in a timely manner to manage contract and project costs.

20. The Evaluator rates the Borrower's performance as **Satisfactory**, due to underperforming coordination and cooperation mechanisms. This rating concurs with the rating provided in the PCR.

Performance of the Caribbean Development Bank

21. The PCR provides a self-assessment rating of CDB's performance as **Satisfactory**. The PCR mentions that during implementation, CDB provided effective and timely supervision and feedback to client

queries. CDB provided support to facilitate negotiation of a shareholder's agreement and a power purchase agreement. After Emera (Caribbean) Incorporated ECI withdrew from the project due to protracted inconclusive negotiations, CDB provided financing to cover the financing gap that was created. CDB provided a second additional grant to cover the additional cost of well stimulations and well deviations to account for unforeseen geological issues.

22. The Evaluator rates CDB's performance as **Satisfactory**, particularly because there was an acceptable level of technical, economic, financial, social, institutional, and risk analysis and justification, because the lack of coordination of the interagency was not considered a risk at appraisal.

OVERALL ASSESSMENT

23. The PCR does not rate the overall performance of the project. The Evaluator rates overall project performance as **Satisfactory**. This rating is based on an arithmetic average of four core evaluation criteria: Relevance (Highly Satisfactory); Effectiveness (Satisfactory); Efficiency (Satisfactory); and Sustainability (Marginally Unsatisfactory).

24. Details of the ratings and justification for differences between the PCR and Evaluator are summarised below.

TABLE 1: SUMMARY RATINGS OF CORE EVALUATION CRITERIA AND OVERALL ASSESSMENT OF THE PROJECT

| Criteria | PCR | OIE Review | The reason, if any, for disagreement/Comments |
|---|---|---------------------------|---|
| Relevance | Highly Satisfactory (strategic) Satisfactory (Poverty) | Highly Satisfactory | |
| Effectiveness | Satisfactory (Efficacy) | Satisfactory | |
| Efficiency | Satisfactory | Satisfactory | |
| Sustainability | Unsatisfactory | Marginally Unsatisfactory | |
| Composite (aggregate) Performance Rating | Satisfactory | Satisfactory | |
| Borrower Performance | Satisfactory | Satisfactory | |
| CDB Performance | Satisfactory | Satisfactory | |
| Quality of PCR | N/A | Marginally Unsatisfactory | Use of PPES criteria and standards affects the rating negatively. |

Lessons

25. The PCR identified six lessons learned from the implementation of the project:

a. Private sector involvement through the Public-Private Partnership (PPP) structure benefited the project. The government and the private sector partnered from the outset and this was

set-up so that the partnership had all necessary capabilities (technical, operational, and financial) to bring the project from start to finish in a way that will facilitate future benefits, like concessional financing, to flow through to power price paid by the energy consumer of SVG. Commercial arrangements with the private sector should be pursued only after the resource is quantified due to the inherent risks in negotiating agreements around an unquantified resource.

b. The Project represents a successful first intervention by CDB in funding GE development and utilising: (i) the contingent recoverable grant instrument for de-risking the project; and (ii) investment grant resources for enabling government's equity participation in the investment project.

c. A key lesson is that a multi-partner approach can be useful when adopting new innovative financing for GE development. Financing partners (CDB/Inter-American Development Bank [IDB]/European Union [EU]/Foreign, Commonwealth and Development Office [FCDO]) have played an important and strategic role in designing the package of innovative financing for successful implementation of this project. The project financing facility was effective.

d. The Environment and Social Management Plan (ESMP), grievance redress mechanism, stakeholder action plan, should all be approved at least, three months prior to the start of any project. The Environmental, Health and Safety (EHS) budget should be included in the project financing and the Community Liaison Officer (CLO) should be involved at the early stages of implementation. These systems must be in place to enable smooth operations. Construction should not be allowed to start if these are not in place, as it will be very difficult to mitigate any issues after construction starts. Key Government agencies should be involved actively in the monitoring of EHS activities during the project.

e. Following the resettlement action plan (RAP)/Grievance Redress Committee resolutions, compensations took too long to be paid to affected persons. Government reimbursements to relocated farmers should follow a documented process which is not encumbered by the regular government operations in the involved agencies.

f. Ensure active and documented community representation during project implementation to facilitate public buy-in.



MEMORANDUM

To: Strategic Advisory Team
thru' Director, Projects Department

Subject: Management Response – Office
of Independent Evaluation (OIE)
Project Completion Validation
Report for Geothermal Drilling
Project – Saint Vincent and The
Grenadines

From: Division Chief (Ag.),
Economic Infrastructure Division

Date: November 11, 2025

The Project Completion Report (PCR) team for the captioned project would like to thank the Office of Independent Evaluation (OIE) for its assessment and findings presented in the Project Completion Validation Report.

The overall conclusions of the PCVR are considered reasonable, and the lessons and methodological observations provide valuable insights to strengthen future project reporting, quality assurance, and consistency in performance evaluation across the Bank.

.....
William Ashby
Division Chief (Ag.)
Economic Infrastructure Division

WA/AA/VK:kw

cc: Roberto La Rovere, Head of Office of Independent Evaluation, Office of Independent Evaluation

PROJECT TITLE: ENERGY SECTOR POLICY-BASED LOAN
SURINAME

EXECUTIVE SUMMARY

Project Summary

1. On May 16, 2016, the Caribbean Development Bank (CDB) approved a loan in the amount of fifty million United States dollars (USD50 mn) to the Government of Suriname (GOS) for the Energy Sector Policy-Based Loan. The PBL incorporates several critical lessons learnt from previous operations, namely: (a) stakeholder ownership of the reform programme; (b) donor coordination; and (c) the use of a programmatic approach which allows for greater flexibility.

Project Objectives

2. The project's overall objective was to support GOS in implementing a series of institutional, policy, and legislative reforms to stabilise the economy and provide a platform for sustainable growth and development. This was done primarily by strengthening the regulatory framework and improving the supply and operational efficiency of the critical energy sector.

3. The PBL supported reforms towards achieving the following objectives: (a) the development of a sustainable power sector framework; and (b) the stabilisation of the macro-economy. Supporting these two broad objectives were four outcomes and eight prior actions. The outcomes were geared towards: (i) strengthening the regulatory and legal framework of the power sector; (ii) improving the efficiency of the supply of power; (iii) phasing elimination of the electricity subsidy over a 12-month period in 2015/16; and (iv) improving the quality of debt statistics.

Project background

4. Given the constrained financial resources and the high demand for social services, the Ministry of Social Affairs and Housing (MSAH) offered a disjointed menu of services. These challenges were further compounded by the spatial distribution of the population, enduring capacity issues facing MSAH, and the absence of a central beneficiary registry to indicate beneficiaries' points of contact with the social care system.

5. The gravity of the macro-social situation in Suriname, and the urgent financing need, justified the Policy-based Loan (PBL) in 2016. The PBL was geared towards correcting the macroeconomic imbalances to mitigate against social hardships and set the foundation for reinvigoration of output growth over the medium term. It intended to provide a platform for CDB to intensify its engagement with Suriname towards encouraging competitiveness and social reforms for support under a possible second PBL in 2017, envisaged at the time of appraisal. The PBL appraisal report identified some of the pressing social challenges, which remain and could be addressed going forward, including: (a) fragmentation of social programmes; (b) need for an updated and better-targeted social beneficiaries register; (c) strengthened data quality; (d) pressures of an aging population; and (e) public health expenditure on the fiscal accounts, among others.

EVALUATION CRITERIA

6. The assessment focused on the project's relevance, effectiveness, efficiency, sustainability, and CDB's and the Borrower's performance.

Relevance

7. The Project Completion Report (PCR) rates Relevance as Highly Satisfactory. The PCR considers that the PBL supported GOS' efforts to correct the macroeconomic imbalances urgently and to set the foundation for reinvigorating economic growth in the medium-to-long term. The PBL was consistent with

CDB's strategic objective of supporting inclusive growth and sustainable development and promoting good governance. In the short term, the PBL also provided financial resources that could, in part, be used for targeted social programmes to alleviate possible social hardships temporarily.

8. Considering the previous, the Evaluator concurs with the PCR's rating of Highly Satisfactory

Effectiveness

9. The PCR gives a rating of Satisfactory for Effectiveness. The PCR indicates, for this rating, that the objectives of the Project were: stabilising the macro economy; strengthening the regulatory framework; and improving the efficiency of supply and the operational sustainability of the energy sector. These objectives were achieved at the time of project appraisal. At the time of the elaboration of the PCR the decision to partially reverse the increase in electricity prices undermined, to some extent, the long-term stabilisation of the economy. However, at the time of the elaboration of the PCVR, information available for CDB, indicates that the GOS has regained momentum on its reform programme including increasing electricity prices¹. After consideration of the contextual change that occur after the PCR, the evaluator rates Effectiveness as Highly Satisfactory.

10. After careful review, the Evaluator concurs with the PCR's rating of Satisfactory.

Efficiency

11. The PCR assesses the cost efficiency of the project as Highly Satisfactory, given that the disbursement of the single tranche was done in a timely manner – within one month of Board approval. This was important given the severe macroeconomic challenges in Suriname at the time. The Evaluator concurs with the rating in the PCR and rates Efficiency as Highly Satisfactory.

Sustainability

12. The PCR rates the project's sustainability as Marginally UnSatisfactory. The PCR considers that the improvements to the legislative and institutional framework for the energy sector will assist in placing the power sector on a more sustainable platform and will be the first steps in implementing a sustainable energy system.

13. Based on the previous and careful review of the available information, the Evaluator rates Sustainability as Marginally Unsatisfactory which concurs with the PCR rating when considering a 4 level scale as indicated in the PAS.

Performance of the Borrower and Executing Agency

14. The PCR rates the performance of the Borrower/Implementation Agency as Marginally Unsatisfactory, indicating that the political commitment to undertake the planned increases in electricity prices weakened soon after the commencement of the Economic Reform Programme. The Evaluator also rates the Borrower's performance as Marginally Unsatisfactory.

Performance of the Caribbean Development Bank

15. The PCR provides a self-assessment rating of CDB's performance as Satisfactory. This rating is justified as CDB demonstrated its ability to respond quickly to the need of a BMC and to disburse the Loan in a timely manner. The Evaluator rates CDB's performance as Satisfactory, particularly in light of the clear links between the expected outcomes and the country strategy and CDB's development objectives.

OVERALL ASSESSMENT

16. The PCR does not explicitly provide the project's overall performance. The Evaluator rates overall project performance as Satisfactory. This rating is based on an arithmetic average of four core evaluation criteria: relevance (Highly Satisfactory), effectiveness (Highly Satisfactory), efficiency (Highly Satisfactory), and Sustainability (Marginally Unsatisfactory).

17. Details of the ratings and justification for differences between the PCR and Evaluator are summarised below.

SUMMARY RATINGS OF CORE EVALUATION CRITERIA AND OVERALL ASSESSMENT OF THE PROJECT

| Criteria | PCR | OIE Review | The reason, if any, for disagreement/Comments |
|---|---------------------------|---------------------------|---|
| Relevance | Highly Satisfactory | Highly Satisfactory | |
| Effectiveness | Satisfactory | Highly Satisfactory | |
| Efficiency | Highly Satisfactory | Highly Satisfactory | |
| Sustainability | Marginally Unsatisfactory | Marginally Unsatisfactory | |
| Composite (aggregate) Performance Rating | Not available in the PCR | Satisfactory | The PCR does not include an overall performance rating. However, using the available ratings and the overall rating criteria, the PCR also rates as Satisfactory. |
| Borrower Performance | Marginally Unsatisfactory | Marginally Unsatisfactory | |
| CDB Performance | Satisfactory | Satisfactory | |
| Quality of PCR | N/A | Marginally Unsatisfactory | |

Lessons

18. The PCR identified three lessons from the implementation of the project which are listed here:

1. Strong government ownership and commitment to the reform process is critical for the successful implementation of the reform agenda.
2. Deep structural changes and institutional strengthening take time, and the conditions of PBLs should reflect this reality in their design.
3. It is important to address institutional and capacity constraints in the implementation of the reform programme.

**MANAGEMENT RESPONSE TO THE
PROJECT COMPLETION VALIDATION REPORT**

LOAN NO. 1/OR-SUR – SURINAME

ENERGY SECTOR POLICY-BASED LOAN

1. The Draft Project Completion Validation Report (PCVR) was reviewed by staff of the Economics Department, and we agree with the findings of the Office of Independent Evaluation.
2. The Economics department would like to note the following correction to the Project Completion Report (PCR) which was discovered during the review of the PCVR. The PCR rated the sustainability of the Suriname Energy Sector Policy-Based Loan as Marginally Unsatisfactory. This rating was based on the justification that the partial reversal in the increase of the electricity tariff will continue, in the long term, to perpetuate the inefficient and costly subsidy and place adverse pressure on the operation of the Suriname electricity company.
3. The available information to date does not support the above statement that the *“partial reversal in the increase in the electricity tariff will continue in the in the long term and perpetuate the inefficient and costly subsidy”*. Under the Government of Suriname’s (the Government) first International Monetary Fund (IMF) programme in 2016, the authorities failed to stay the course regarding the reduction of electricity subsidies following popular discontent against austerity measures in 2016-17, which also contributed to the abandonment of the IMF programme. However, under the IMF Extended Fund Facility 2021-24, which Suriname successfully completed in March 2025, the Government was successful in reducing electricity subsidies from 3.8% in 2021 to 2.3% in 2024. A further reduction to 1.5% of gross domestic product is targeted under Budget 2025 that was approved in August this year.
4. This evidence supports the view that a sustainability rating of Satisfactory would have been more appropriate for the loan rather than Marginally Unsatisfactory as included in the PCR.



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