



1. Program Information

Country
St. Vincent and the Grenadines

Practice Area (Lead)
Macroeconomics, Trade and Investment

Programmatic DPF

Planned Operations
0

Approved Operations
0

Operation ID
P165220

Operation Name
SVG Fiscal Reform and Resilience DPF I

L/C/TF Number(s)	Closing Date (Original)	Total Financing (USD)
IDA-64170	31-Dec-2019	30,000,000.00

Bank Approval Date	Closing Date (Actual)
05-Jun-2019	31-Dec-2019

	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	30,000,000.00	0.00
Revised Commitment	30,000,000.00	0.00
Actual	30,000,000.00	0.00

Country
St. Vincent and the Grenadines

Practice Area (Lead)
Environment, Natural Resources & the Blue Economy

Operation ID
P169956

Operation Name
SVG 2nd Fiscal Reform & Resilience DPC (P169956)



L/C/TF Number(s) IDA-64170,IDA-67030,IDA-67040,IDA-69370	Closing Date (Original) 30-Jun-2023	Total Financing (USD) 90000000.00	
Bank Approval Date 25-Jun-2020	Closing Date (Actual) 30-Jun-2023		
	IBRD/IDA (USD)	Co-financing (USD)	
Original Commitment	90,000,000.00	0.00	
Revised Commitment	90,000,000.00	0.00	
Actual	90,000,000.00	0.00	
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2. Program Objectives and Pillars/Policy Areas

a. Objectives

The program document (PAD1) of the First Fiscal Reform and Resilience Development Policy Credit (DPF1) stated the Program Development Objective (PDO) as: *"to support the Government of St. Vincent and the Grenadines (GoSVG) in: (i) strengthening fiscal policy and public financial management; and (ii) strengthening climate resilience and adaptation."* (PAD p. v,12).

DPF2 expanded the PDO to include immediate economic relief and support for pandemic response and rephrased the PDO as: *"to support the GoSVG in: (i) responding to the COVID-19 pandemic to protect the vulnerable; (ii) strengthening fiscal resilience; and (iii) enhancing climate and disaster resilience,"* (PAD2 p. v, 20).

For the purpose of this ICRR, the PDO against which outcomes will be assessed are taken to be:

- **PDO1:** To respond to the COVID-19 pandemic to protect the vulnerable.
- **PDO2:** To strengthen fiscal resilience.
- **PDO3:** To enhance climate and disaster resilience.

The Financing Agreement (FA) did not include a PDO statement.

b. Pillars/Policy Areas



DPF1 had two Pillars. A third pillar was added in DPF2 to recognize and support the GoSVG's efforts to protect the vulnerable during the COVID-19 pandemic (ICR, p. 6-7). Key changes to the pillars include:

- The new pillar (responding to COVID-19 to protect the vulnerable) became the first pillar under DPC2.
- The first pillar from DPC1 became Pillar 2 in DPC2. The targets for two results indicators (RIs) under this pillar were revised to reflect the impact of the COVID-19 pandemic and the port modernization project.
- Pillar 2 from DPC1 was converted to Pillar 3 in DPC2 and revised to reflect activities related to the Cat DDO financing instrument. Under this pillar, six RIs were revised, one RI was dropped, and a new RI was added to accommodate changes within the scope of associated reforms and/or impact of the pandemic.

The three pillars of the operation correspond to the sub-objectives of the PDO, as follows:

(i) Pillar 1: Responding to COVID-19 to protect the vulnerable: This pillar supported select measures and programs instituted by the GoSVG to protect the vulnerable from the social and economic impacts of the pandemic. The prior actions (PAs) supported financial relief directed to vulnerable groups, including households and businesses most directly affected by the pandemic.

(ii) Pillar 2: Strengthening Fiscal Resilience: Improve fiscal sustainability by implementing policy reforms for stronger fiscal frameworks, managing public debt, and creating fiscal buffers. The package of reforms included: budget planning; the creation of fiscal buffers and fiscal rules; spending effectiveness and efficiency; domestic resource mobilization; and strengthening State Owned Enterprise (SOE) oversight to tackle contingent liabilities and transfers.

(iii) Pillar C: Enhancing Climate and Disaster Resilience: Develop resilience to climate-related and natural disasters by supporting environmental and disaster risk management (DRM) policies. The package of reforms included: land use planning and building codes; reduction in coastal sand mining; ocean governance and coastal and marine spatial planning; phase out of single-use plastic bags and standards for effluent discharges; strengthening the financial and institutional capacity of the Saint Vincent and the Grenadines Conservation Fund (SVGCF); and improving management of the fisheries and aquaculture sector.

c. Comments on Program Cost, Financing and Dates

The total financing of the series was US\$120.0 million which was fully disbursed. It comprised of:

- a. An IDA credit of US\$30.0 million for DPF1 which was approved on June 5, 2019, and closed as scheduled on June 29, 2023 (ICR, p. ii).
- b. An IDA credit of US\$20.0 million for DPF2 which was approved on June 25, 2020, and disbursed as scheduled on July 28, 2020 (ISR, p. 1).
- c. An IDA-financed Catastrophe Deferred Drawdown Option (Cat DDO) of US\$20 million was a part of DPF2. It was approved on June 25, 2020, and disbursed on April 12, 2021, following the eruption of La Soufriere volcano (ISR, p. 2).
- d. An IDA supplemental financing of US\$50 million which was approved and disbursed as scheduled on June 25, 2021 (ICR, p. 2) DPF2 was a hybrid operation in the amount of US\$40.0 million, consisting of two credits of a US\$20 million Development Policy Credit and a US\$20.0 million Cat DDO. Although the operation was originally conceived as a multi-sectoral DPF operation, these credits were combined into



single operation with a modified design to respond to the pandemic to minimize the administrative burden on the government at the onset of the COVID-19 pandemic.

In April 2021, the eruption of the active volcano, La Soufrière, created another emergency which prompted the government to trigger the drawdown of the Cat DDO. Supplemental financing of US\$50.0 million was approved to meet the significant humanitarian needs as well as recovery, rehabilitation, and reconstruction efforts (ICR, p. 5).

The supplementary financing operation was deemed the most appropriate vehicle to provide rapid financing that could be accessed by the GoSVG relatively quickly. However, having to simultaneously manage the demands emanating from the COVID-19 pandemic, the GoSVG had limited capacity to implement additional reforms that would have to accompany a new DPF series (ICR, p.5).

3. Relevance of Design

a. Relevance of Objectives

Country context: Saint Vincent and the Grenadines (SVG) is a middle-income, tourism-based, small island economy which is heavily reliant on its natural environment and highly vulnerable to natural disasters including hurricanes, and tropical storms. More than 90 percent of SVG's physical infrastructure (e.g., roads, airports, telecommunication networks) lies on a narrow coastal belt less than eight meters above sea-level and is highly susceptible to extreme weather event. SVG also has an active volcano which erupted in 2021.

At the time of appraisal of DPF1, GDP growth was estimated at 2.0 percent, with medium term growth projected to reach 2.5 percent, driven by positive developments related to the tourism industry. The tourism sector accounts for approximately 25 percent of GDP and nearly 50 percent of total exports. However, the outlook was positive with the expectation that improvements in tourism infrastructure and connectivity with the newly constructed airport would contribute to moderately accelerated growth over the medium-term. A fiscal deficit of 2.0 percent of GDP was recorded in 2018, with debt to GDP at 73.0 percent, (from 82.9 percent in 2016). As a member of the Eastern Caribbean Currency Union (ECCU), SVG's monetary policy is managed by the Eastern Caribbean Central Bank. Like other ECCU members, SVG had committed to a public debt target of 60 percent of GDP by 2030.

SVG's macroeconomic policy framework was deemed adequate at appraisal. The projected improvement in growth over the short- and medium-term, consistently low inflation, and the GoSVG's commitment to reduce debt to sustainable levels provided a sound macroeconomic outlook for the country. GoSVG had also embarked on a series of policy reforms to improve its fiscal position, enhance blue growth prospects, and strengthen climate resilience. Reforms in expenditure control and tax policy to generate higher revenues and create fiscal buffers, as well as in the governance of state-owned enterprises (SOEs) to enhance transparency and improve oversight were being undertaken. However, COVID-19 interrupted progress. Tourism ceased in SVG during the pandemic and growth in 2020 contracted by 5.5 percent, down from a pre-COVID forecast of 2.3 percent. The COVID-19 pandemic also created new fiscal pressures. The deficit reached 6.2 percent of GDP in 2020 driven by pandemic-related expenses and lower than expected revenues. GoSVG announced a fiscal package for increased health spending, employment support and social measures. The volcanic eruption in 2021 created a significant need for resources to respond to both the humanitarian needs of the disaster as well as recovery, rehabilitation, and reconstruction demands. These simultaneous shocks further constrained GoSVG's limited capacity to implement additional reforms



and continue to implement the reform program which was intended to strengthen the macroeconomic framework.

World Bank Group (WBG) and country strategies: The PDO remained relevant and well-aligned with the 2018 Performance and Learning Review (PLR), and the WBG’s Regional Partnership Framework (RPF) for the Eastern Caribbean States (FY22-FY25). The PDO focused on the priorities of the RPF, particularly the high-level objective on Strengthened Resilience to Climate Change and Other Shocks, which will be achieved by (i) enhancing environmental protection and climate change response; and (ii) improving macro-fiscal policies, debt sustainability, and public financial management (PFM) (RPF, 2022).

The PDO was also relevant to SVG's National Economic and Social Development Plan (NESDP) 2013-2025 which aligns closely with the program’s objectives, prioritizing strong macroeconomic fundamentals, efficient public service provision, disaster preparedness and mitigation, natural resource conservation, environmental protection, and climate change resilience to achieve SVG’s long-term development vision (ICR, p.4). The GoSVG had developed a Climate Change Policy and a National Adaptation Plan (NAP) to strengthen its climate resilience. While SVG had a legal and institutional framework for managing disaster risks and had made significant strides in enhancing its disaster readiness capabilities, its policy framework governing disaster risk management (DRM) had a strong orientation towards disaster preparedness, response and recovery, but put less emphasis on disaster risk prevention and ex-ante risk reduction and financing. Some of the latter needs were supported by this operation. The DPF series was designed to support the GoSVG in advancing actions related to enhancing fiscal and climate resilience from the NESDP in an integrated manner and mainstream climate and disaster resilience into its broader development agenda.

b. Relevance of Prior Actions

Rationale

Table 1: Objectives, Prior Actions (PAs) and Indicative Triggers (ITs) for the SVG Fiscal Reform and Resilience DPF

PDO1: Responding to COVID-19 to Protect the Vulnerable	
DPF1	DPF2
	PA1 (DPF2-PA1): Approval of a supplementary income program for displaced hotel and other affected workers for up to three months and including support to taxi, water taxi and tour operators affected by the cancellation of cruise ships.
	PA2 (DPF2-PA2): Approved a support program for small businesses and cultural workers, as well as a direct support program for farmers and individuals engaged in the fishing sector.
	PA3 (DPF2-PA3): The National Insurance Service has approved a pre-payment program of pension benefits to pensioners and a Temporary Unemployment Benefit (TUB) designed to provide relief to employees who have directly lost income as a result of the effects of the pandemic and the government has approved a program of Interim Assistance



	Benefits (IAB) for vulnerable citizens who are neither pensioners nor social welfare beneficiaries.
PDO 2: Strengthening Fiscal Resilience	
PA4 (DPF1-PA1): The Recipient, through its Cabinet of Ministers, has required the annual preparation of a medium-term fiscal framework (MTFF), and related timetable for its preparation, that sets fiscal policy targets to anchor the fiscal account on a sustainable path.	PA5 (DPF2-PA4): The Recipient, through its Parliament, has approved a Parliamentary Fiscal Responsibility Resolution that outlines declaratory fiscal responsibility principles, and sets targets for spending, fiscal balances and public debt levels. [Trigger 1 in DPF1]
IT1-DPF1: The Recipient will approve a Parliamentary resolution that outlines declaratory fiscal responsibility principles and sets targets for spending, fiscal balances and public debt levels.	
PA6 (DPF1-PA2): The Recipient, through the House of Assembly, has approved a revised Public Procurement Act, which is aligned with international good practice.	PA7 (DPF2-PA5): The Recipient will adopt procurement regulations in support of, and as required by, the new Public Procurement Act. [Trigger 3 in DPF1]
IT3-DPF1: The Recipient will adopt procurement regulations in support of, and as required by, the new Public Procurement Act.	
PA8 (DPF1-PA3): The Recipient, through its Minister of Finance, has submitted to the House of Assembly, amendments to the Income Tax Act aimed at addressing transfer pricing issues.	PA9 (DPF2-PA6): The Recipient, through its Parliament, has approved a revised Tax Administration Act aimed at increasing transparency, consistency, and increasing domestic resource mobilization by facilitating compliance. [Trigger 4 in DPF1]
IT4-DPF1: The Recipient, through its Minister of Finance, has submitted to the House of Assembly, a revised Tax Administration and Procedures Act (TAPA) aimed at increasing transparency, consistency, and increasing domestic resource mobilization by facilitating compliance.	
PA10 (DPF1-PA4): The Recipient, through its Cabinet of Ministers, has issued an order mandating quarterly and annual financial reporting standards and requirements for State Owned Enterprises (SOEs).	
IT5-DPF1: The Recipient, through its Cabinet of Ministers, will strengthen SOE oversight by approving a broader SOE reporting framework, including the creation of a Monitoring and Oversight Committee and the definition of its composition, mandate, roles and responsibilities. (DROPPED)	



PDO 3: Enhancing Climate and Disaster Resilience	
<p>PA11 (DPF1-PA5): The Recipient, through its Cabinet of Ministers, has adopted a partial ban of coastal sand mining and has established a monitoring mechanism for remaining active sites to gradually implement a sand mining ban and increase coastal resilience.</p>	<p>PA12 (DPF2-PA7): The Recipient, through its Cabinet, has adopted a time-based phase out of coastal sand mining throughout the national territory. [Trigger 8 in DPF1]</p>
<p>IT8-DPF1: The Recipient, through its Cabinet of Ministers has adopted a time-based phase out of coastal sand mining throughout the national territory.</p>	
<p>PA13 (DPF1-PA6): The Recipient, through its Cabinet of Ministers, has approved the National Oceans Policy and Strategic Action Plan, with a view to enhancing benefits from the marine environment to sustainable development, and has created the National Ocean Coordinating Committee to strengthen its capacity for ocean governance and coastal and marine spatial planning.</p>	<p>PA14 (DPF2-PA8): The Recipient, through its Minister of Health, Wellness, and the Environment, has phased out the importing, distribution and use of single-use plastic bags and plastic food service containers to reduce waste generation and marine pollution. [Trigger 9 in DPF1]</p>
<p>IT9-DPF1: The Recipient, through its Cabinet of Ministers, has phased out the use of single-use plastic bags to reduce waste generation and marine pollution.</p>	
<p>PA15 (DPF1-PA7): The Recipient, through the Board of the SVGCF has: (a) by amending its by-laws, strengthened SVGCF for financing and implementing environmental management, ecosystems conservation and climate resilience initiatives, including projects targeting women and girls, and (b) has signed a Partnership Agreement with the Caribbean Biodiversity Fund (CBF) to increase revenue generation for SVGCF.</p>	
<p>PA16 (DPF1-PA8): The Recipient, through its Cabinet of Ministers, has adopted the National Fisheries and Aquaculture Policy for improving management, sustainable use and development of fisheries and aquaculture resources and related ecosystems.</p>	
<p>IT10-DPF1: The Recipient has adopted national regulatory standards for effluent discharges, including minimum sewage effluent guidelines and a monitoring program for Priority Pollution Watch sites (PPWS).</p>	



<p>IT11-DPF1: The Recipient has adopted a national aquaculture business plan, with special activities targeting youth and women, to promote a sustainable seafood industry and reduce overfishing. (DROPPED)</p>	
<p>IT2-DPF1: The Recipient, through its Parliament approves regulations for the operation of the contingency fund.</p>	<p>PA17 (DPF2-PA9): The Recipient, through its Cabinet, has approved regulations for the operation of the contingencies fund. [Trigger 2 in DPF1]</p>
<p>IT6-DPF1: The Recipient, through its Minister of Physical Planning and Cabinet of Ministers, has adopted the revised administrative guidelines relating to the enforcement and application of OECS Building Codes to strengthen resilience to natural disasters.</p>	<p>PA18 (DPF2-PA10): The Recipient, through its Minister, has adopted revised Building Regulations in the Town and Country Planning Act relating to the enforcement and application of OECS Building Codes to strengthen resilience to natural disasters. [Trigger 6 in DPF1]</p>
<p>IT7-DPF1: The Recipient has complemented the Town and Country Planning Act with mandatory provisions on Environmental Impact Assessment, subdivisions of land, and display of advertisement, to strengthen land use and development planning with a view to increasing climate resilience and coastal protection. (DROPPED)</p>	
	<p>PA19 (DPF2-PA11) The Recipient, through its Cabinet, has approved the School Safety Policy to enhance physical, environmental, and social protection levels at education facilities.</p>

PDO1: Responding to COVID-19 to protect the vulnerable. PDO1 was supported by three PAs to provide targeted financial relief and support to protect vulnerable populations from the economic disruptions caused by the COVID-19 pandemic.

PA1 supported the provision of temporary income support to employees directly engaged in the tourism industry. Tourism, the main sector in SVG (contributed 25.0 percent of GDP and approximately 44.0 percent of employment) was directly affected by the pandemic containment measures and travel restrictions. Closure of the main ports of entry and the cessation of travel resulted in an abrupt end to tourism activity, affecting a substantial proportion of the population directly engaged in the sector. The temporary direct income support consisted of one-time payments in the case of taxi, water taxi, and tour operators and support for up to three months to those who had lost employment in hotels and the tourism sector. This was an important intervention to protect livelihoods. **Relevance of PA1: Highly Satisfactory (HS).**

PA2 extended the temporary income support to groups which were indirectly affected by the sudden stop to tourism activity, including households engaged in farming, fishing, and cultural sectors. Industries and activities, such as agriculture, fisheries, arts, crafts, and cultural events and sites that support tourism represented another segment of the vulnerable population. This support included additional support for the Farmers' Support Company; free seeds; subsidized inputs; and the provision of fishing boats and farm animals on generous terms which also benefitted small businesses. These measures were expected to minimize the poverty impact of the crisis by limiting income loss and closure of small businesses during the



pandemic so that individuals and households could maintain their consumption levels. **Relevance of PA2: Highly Satisfactory (HS).**

PA3 extended the temporary income support benefits to vulnerable groups which were not captured by other programs, particularly those not captured within the social safety net, those not benefitting from existing social assistance programs and those outside of the tourism sector who also lost their jobs. **Relevance of PA3: Highly Satisfactory (HS).**

PDO2: Strengthening Fiscal Resilience. PDO2 was supported by 7 PAs which focused on addressing weaknesses in public financial management (PFM) and strengthening fiscal policy.

PA4 supported strengthening fiscal policy by addressing budget planning. Prior to the DPF, SVG did not have a formal Medium Term Fiscal Framework (MTFF) process or a medium-term expenditure framework which adequately reflected GoSVG's budget, priorities, macroeconomic projections, changing demographics, and external economic conditions. PA4 addressed the lack of comprehensive, forward-looking fiscal planning and accountability mechanisms in SVG (PD1, p.13). The MTFF was initially designed with a 3-year horizon that established fiscal policy targets and a clear timeline for achieving them, ensuring that fiscal management aligned with sustainable budgeting practices. The timeframe was subsequently extended to 5 years given the COVID-19 pandemic and the port project, to better reflect and plan for the budgetary impact of those events (DPF2, p. 22). **Relevance of PA4: Highly Satisfactory (HS).**

PA5 supported the establishment of the Fiscal Responsibility Framework (FRF), which set out declaratory fiscal principles and established specific targets for public spending, fiscal balances, and debt levels to enhance fiscal discipline and accountability (PD2, p.22). Enactment of the FRF was an important step towards fiscal and debt sustainability and established the fiscal targets for primary surpluses (total expenditures less interest payments), growth in current expenditure, limits on the wage bill and a public debt target. The FRF includes oversight mechanisms to ensure compliance and requires the submission to Parliament of a fiscal adjustment plan by the Minister of Finance should budget performance not comply with FRF established targets. **Relevance of PA5: Highly Satisfactory (HS).**

PA6 sought to address longstanding challenges related to inefficiencies, delays, and lack of transparency in public procurement processes. PA6 supported the drafting of a new Public Procurement Act in accordance with international best practices and replaced the outdated legislation that governed procurement in SVG. An efficient system would be expected to enable more competition, transparency, and better value for money, generating efficiencies and fiscal savings over the medium term, in line with the PDO of strengthening fiscal resilience. **Relevance of PA6: Highly Satisfactory (HS).**

PA7 built on PA6, with the adoption of regulations to facilitate implementation of the new public procurement Act. The application of regulations, as stipulated by the new procurement code, ensured timely implementation of the provisions of the new Act. The regulations included the establishment of procurement methods appropriate to the needs of the GoSVG, underpinned by requirements for transparency in the conduct of procurement proceedings (DPF2, p. 23). The Regulations also supported a modern organizational structure, including a Procurement Board, and provisions for improving the transparency of procurement and establishing the legal basis for the use of modern techniques, including framework agreements and e-procurement (DPF1, p. 15). **Relevance of PA7: Highly Satisfactory (HS).**

PA8 supported amendments to the Income Tax Act to address transfer pricing issues with the expectation that revenue collection would increase. SVG has a large presence of foreign companies, particularly in the



telecommunication and banking sectors, but the lack of effective transfer pricing tax measures is leading to significant under-taxation of such enterprises (DPF1, p. 15). While an important reform for strengthening revenue sources, contribution to fiscal resilience would depend on several factors including the financial performance of these companies, and compliance. **Relevance of PA8: Satisfactory (S).**

PA9 supported the enactment of a new comprehensive Tax Administration Act (TAA) (previously referred to as the Tax Administration and Procedures Act), aimed at enhancing the Inland Revenue Department's (IRD) ability to administer all tax laws and ensure the efficient collection of taxes and other fees (DPF2, p. 24). The new act clarified taxpayer responsibilities, protections and ensures time-bound settlement of taxpayer disputes. The TAA reflects international best practices, facilitates effective tax administration, and addresses several outstanding weaknesses (DPF2, p. 24). For example, the introduction of a unique taxpayer identification number is expected to facilitate the routine identification of taxpayers and together with improved access to third party information improve the effective monitoring of taxpayer obligations and compliance. With sufficient power to serve liens, seize assets, or collect taxes from third party debtors, the revenue authority is expected to enhance revenue collection and compliance. **Relevance of PA9: Highly Satisfactory (HS).**

PA10: Although commercial SOEs played an important role in SVG's economy, their non-transparent financial practices exposed GoSVG's public finances to hidden liabilities. Significant governance shortcomings in SOEs hindered the Ministry of Finance's ability to monitor their financial health, oversee performance and reduce their spending inefficiencies (DPF2, p. 24). PA10 sought to address this by mandating quarterly and annual financial reporting standards for SOEs to enhance transparency and governance. While the PA would contribute to improved oversight, it does not necessarily address the risks to fiscal sustainability and does not directly contribute to the objective of fiscal resilience without addressing the core issue of the financial viability of SOEs. The indicative trigger which would have strengthened this PA with a broader SOE reporting framework, was subsequently dropped in DPF2. **Relevance of PA10: Moderately Satisfactory (MS).**

PDO3: Enhancing Climate and Disaster Resilience. PDO3 had 9 PAs focused on sustainable resource management, disaster risk management integration, and financial resilience initiatives like the contingencies fund and Cat DDO.

PA11 supported a partial ban on coastal sand mining with a monitoring mechanism for the remaining active sites. This PA was the first step towards a complete ban on coastal mining. Prior to this intervention, sand mining had been uncontrolled and unregulated, leading to environmental degradation including beach erosion. The erosion of beaches led to endangered coastal housing and infrastructure, extended salt spray into significant acreages of productive land and led to habitat loss for certain flora and fauna. This first step was important for encouraging beach replenishment and restoration of sand dunes to augment SVG's natural defenses against hurricanes and storm surges and strengthen the resilience of its coastal areas. **Relevance of PA11: Satisfactory (S).**

PA12 strengthened PA11 with a time-based phase-out of coastal sand mining. Following an assessment of the economic, social, and environmental effects of alternative interventions, the GoSVG adopted a time-based plan to completely phase-out coastal sand mining by December 2020 (DPF2, p. 26). These reforms were expected to: (i) reduce dependence on coastal sand mining, as imported sand increasingly replaces the use of domestic sand; and (ii) eliminate further beach erosion at the Brighton and Diamond sites over time as these beaches naturally restore themselves, thereby increasing the resilience of these areas to climate change impacts (hurricane winds, storm surges) (DPF2, p. 26). Given the importance of sand to the



construction sector, sources of inland production and importation were identified and supplemented by measures to facilitate and lower the cost of importation. While these measures were well intended, it was unclear whether GoSVG had the ability to adequately monitor and control sand mining activity, and whether SVG had the capability to start adequate domestic production of sand to meet domestic demand at such short notice to satisfy the objective of climate and disaster resilience. **Relevance of PA12: Satisfactory (S).**

PA13 supported the approval of the National Oceans Policy and Strategic Action Plan and the establishment of the National Ocean Coordinating Committee. The policy and action plan provided a framework for integrated ocean governance which was an important reform given the significant role of the ocean in SVG's economy. The policy would be expected to enhance ocean governance and marine spatial planning, supporting resilience in critical sectors like tourism and fisheries. While this policy alone would not contribute directly to the objective of climate and disaster resilience, it would be a first step towards this objective and would require significant fiscal resources for implementation, monitoring, and effectiveness. **Relevance of PA13: Satisfactory (S).**

PA14 supported the phasing out of single-use plastic bags and food service containers. This measure was expected to help reduce waste generation and marine pollution. Given the significance of SVG's marine and coastal resources for the livelihoods for fisherfolk and key resources for nature-based tourism activities, marine litter, especially the accumulation of plastic in the ocean and coastal areas, presented several negative implications for fisheries, marine biodiversity, and tourism. PA14 was expected to contribute to reducing marine litter, improving health of the marine environment and increasing protection of SVG's marine and coastal environment (DPF2, p26). SVG imported approximately 453 tons of plastic bags annually. A phased approach was taken, with a ban on imports of plastic bags and plastic food service containers from March 1, 2020, and August 1, 2020, respectively, followed by a ban on the distribution, sale, and use of plastic bags and plastic food service containers from August 1, 2020, and January 1, 2021, respectively. Prior to this, in 2017, the GoSVG had banned imports of Styrofoam containers to reduce marine litter and improve health of the marine environment. Taken together these measures would contribute to the objective of climate resilience. **Relevance of PA14: Highly Satisfactory (HS).**

PA15 supported an amendment to the by-laws of the Saint Vincent and the Grenadines Conservation Fund (SVGCF) to strengthen its financial sustainability and to facilitate a partnership agreement with the Caribbean Biodiversity Fund (CBF). The revised by-laws set forth sustainable sources of revenues to support enforcement, infrastructure, monitoring needs and other activities that would contribute substantially to the conservation, protection, and maintenance of biodiversity within SVG's protected areas or any other area of environmental significance (DPF1, p. 21). The SVGCF was established in 2015, with the mandate to promote and contribute to the conservation, protection, management, and expansion of the National Protected Areas System. However, a lack of regulations on revenue sources and the absence of a budgetary allocation from the GoSVG hampered the ability of SVGCF to operate fully. **Relevance of PA15: Highly Satisfactory (HS).**

PA16: SVG's fisheries faced significant challenges from overfishing and climate change. The fisheries sector provided significant employment, with approximately 3,000 people engaged in marine coastal and deep-sea fisheries activities and other jobs including pre-and post-harvesting and selling (DPF1, p. 22). However, SVG faced a sharp decline in fish stocks with a decline in the country's annual captures by almost 70 percent between 2007 and 2016 (from 4,788 tons to 1,467 tons). The adoption of the National Fisheries and Aquaculture Policy (FAP) aimed to support sustainable fishing practices and promote aquaculture initiatives to help the sector adapt to an increasingly uncertain future and declining fish stocks, while contributing to food security (DPF1, p.22-23). This policy would also support the health of marine ecosystems which served



as natural barriers against disasters, enhancing overall climate resilience for SVG. **Relevance of PA16: Highly Satisfactory (HS).**

PA17 supported the approval of regulations for the operationalization of a Contingencies Fund. The guidelines outlined the modalities for accumulation of funds, and established clear rules and criteria for access, disbursement, use, and public reporting on contingencies fund finances to ensure transparency and accountability in the use of funds (DPF2, p. 28). Natural disasters divert resources from key priorities, negatively affecting economic growth and development progress. Over the last 20 years, SVG experienced average annual losses of US\$21 million from hydrometeorological events, of which the GoSVG would need to cover about 15-25 percent to address its public sector contingent liabilities (DPF2, p. 27-28). The Contingencies Fund would complement the Cat DDO, providing access to liquidity immediately following a natural disaster. To resource the fund, the general VAT rate was increased by one percentage point from 15 to 16 percent and the VAT rate on tourist accommodations and other tourist related activities was increased by one percent from 10 to 11 percent to directly resource the contingencies fund. In addition, Cabinet approved the Climate Resilience Levy Act which contributed to the capitalization of the Contingencies Fund by making a provision for US\$3 to be collected per night per visitor staying in a hotel for up to 30 days (DPF2, p. 28). This reform was an important component in building climate and disaster resilience. **Relevance of PA17: Highly Satisfactory (HS).**

PA18 supported the adoption of revised Building Regulations under the Town and Country Planning Act to facilitate enforcement of the updated Organisation of Eastern Caribbean States (OECS) Building Codes. Damages from climate-related and geophysical disasters to SVG's physical infrastructure imposed high reconstruction and rehabilitation costs on both the GoSVG, and private entities. The Building Regulations in the Town and Country Planning Act provided the regulatory framework for the implementation of the OECS Building Codes, which set forth building standards to prevent or mitigate the damage caused by natural disasters, particularly hurricanes and earthquakes (DPF1 p. 29). The updated Codes would cater to both private and public structures, with differentiation between sizes and uses of construction in residential housing, and specifically tailored to the country context, on the standards required for protecting buildings from hurricanes of categories 3 and 4 (DPF2, p. 29). This reform would contribute to strengthening the design standards for new buildings in SVG, thereby improving their ability to withstand the impact of disasters, particularly hurricanes and earthquakes, with the potential to contribute to building resilience if enforced. **Relevance of PA18: Highly Satisfactory (HS).**

PA19 supported the School Safety Policy, which sought to enhance physical, environmental, and social protection levels at educational facilities. Approximately one fifth of SVG's educational facilities were dual purposed and served as shelters during natural disasters, underscoring the need for ensuring their structural soundness and having comprehensive disaster management plans in place (ICR, p. 18). This heightened the need to ensure that the buildings were structurally sound, comprehensive disaster management plans were in place for each institution, and contingency plans were in place to allow schooling to resume as soon as possible following an emergency (DPF2, p. 29). The PA contributed to the standardization and mainstreaming of climate and disaster risk management planning in SVG's educational institutions which was expected to contribute to improvements in construction and maintenance standards for school buildings and the introduction of safety procedures, thereby strengthening SVG's emergency preparedness. **Relevance of PA19: Highly Satisfactory (HS).**

Rating



Highly Satisfactory

4. Relevance of Results Indicators

Rationale

Table 2. Results Indicators Relevance and Achievement

RI description	Associated PA(s)	RI relevance	Baseline	Target	Actual value as of target date	Actual change in RI relative to targeted change	Most recent value available	RI achievement rating
PDO1: Responding to COVID-19 to protect the vulnerable								
RI1a: Number of beneficiaries from the supplementary income program	PA1	HS	Baseline (2020): 0	Target (2021): 1,400	Actual (2021): 2,190	156%	n/a*	High
RI1b: Percentage females	PA1	HS	Baseline: 0	Target (2021): 45%	Actual (2021): 57%	128%	n/a*	High
RI2: Number of beneficiaries from the support program.	PA2	HS	Baseline (2020): 0	Target (2021): 400	Actual (2021): 5,964	1491%	n/a*	High
RI3: Number of beneficiaries who received prepayments, TUB benefits, and IAB support.	PA3	HS	Baseline (2020): 0	Target (2021): 3,500	Actual (2021): 3,576	102%	n/a*	High
PDO2: Strengthening Fiscal Resilience								
RI4: Public debt convergence to the ECCU target of 60% of GDP by 2030.	PA4, PA5	MS	Baseline (2017): 73.5%	Target (2020): 84.4%	Actual (2020): 84.9%	95.4% - (compared to the Target, this RI was almost fully achieved. See para 29 of ICR.)	85.7% (2023)	Substantial



RI5: Analysis of government-wide procurement spending published by MOF.	PA6, PA7	S	Baseline (2017): No analysis	Target (2020): Analysis completed and published (Yes)	Actual (2020): Yes	100%	Analysis completed but not published (No, 2023).	Substantial
RI6: Revenue from taxes on income and profits.	PA8, PA9	MS	Baseline (2017): EC\$151 million	Target (2020): EC\$150 million (revised)	Actual (2020): EC\$143 million	-5%	EC\$152.13 million (2023)	Modest
RI7: Analysis of the performance of commercial SOEs published.	PA10	MS	Baseline (2017): 0	Target (2020): 1	Actual (2020): 0	0%	0 (2023)	Negligible
PDO3: Enhancing Climate and Disaster Resilience								
RI8: Volume of domestically mined coastal sand reduced.	PA11, PA12	MS	Baseline (2018): 35,370 m3	Target (2021): 0 m3	Actual (2021): 29,735 m3	16%	40,230 m3 (2023)	Substantial
RI9: Imported single-use plastic bags reduced.	PA13, PA14	MS – data availability problem as plastic bags could not be separated from other plastic imports. Rating MS. ICR para 35.	Baseline (2017): 453 tons	Target (2021): 0	Actual (2021): Not available	0%	Not available (2023)	Modest **[additional data]
RI10: Increase in number of Saint Vincent and the Grenadines Conservation Fund's sustainable revenue sources.	PA15	S	Baseline (2018): 0	Target (2021): 2	Actual (2021): 2	100%	2 (2023)	High
RI11: Number of aquaculture business plans prepared.	PA16	MS	Baseline (2018): 0	Target (2021): 2	Actual (2021): 0	0%	0 (2023)	Modest



RI12: Level of funds in the contingencies fund.	PA17	HS	Baseline (2017): No funds	Target (2022): EC\$50 million	Actual (2022): EC\$39 million**	78%	EC\$47 million (2023)	High
RI13: Share of permit applications for new buildings approved in compliance with the updated building codes guidelines.	PA18	HS	Baseline (2018): 0%	Target (2022): 100%	Actual (2022): 100%	100%	100% (2023)	High
RI14: Number of schools used as emergency shelters that have completed comprehensive disaster management plans and submitted to the Ministry of Education.	PA19	HS	Baseline (2019): 11.1% [5/45]	Target (2022): 44.4% [20/45]	Actual (2022): 10.4% [5/48]	-2%	13% [7/54] (2023)	Modest

*The program ended in 2021

**Recapitalized amount following complete disbursement of funds made for volcanic eruptions

*** RI achievement rating adjusted based on additional information, see efficacy section.

PDO1: Responding to the COVID-19 Pandemic to protect the vulnerable.

RI1a and **RI1b** was adequate to measure the number of tourism affected beneficiaries of the income support program, including the share of women beneficiaries. The indicator was clear, and measurable. **Relevance of RI1a and RI1b: Highly Satisfactory (HS).**

RI2 adequately captured the number of beneficiaries including households engaged in farming, fishing, and cultural sectors. The indicator was measurable. **Relevance of RI2: Highly Satisfactory (HS).**

RI3 was useful in measuring the number of beneficiaries of the extended income support program. RI3 was simple, and a reasonable indicator to measure progress of PA3. **Relevance of RI3: Highly Satisfactory (HS).**

PDO2: Strengthen Fiscal Resilience.

RI4 sought to measure the achievement of PAs 4 and 5, which addressed fiscal planning and responsibility. While RI4 would have been adequate for the achievement of PDO2, strengthening fiscal resilience, it was not an appropriate indicator for the PAs under the DPF series. At the appraisal of the DPF series in 2018, SVG was already at high risk of debt distress. It is unlikely that instituting the MTFF and the FRF would contribute directly to reducing the debt to GDP ratio by 4.0 percentage points in 2-years, (originally designed to fall from a baseline of 76.4 percent of GDP (2017) to 72.0 percent (2020) without a fiscal adjustment program in place. In addition, the debt to GDP ratio is affected by other factors such as economic growth and emergency expenditures due to external shocks (which are common in SVG) that are not at government’s discretion as evident during the COVID-19 pandemic and volcanic eruption. As such, at the time of appraisal of DPF2, due to the impact of



COVID-19, the baseline was revised to 73.5 percent (2017) and target 84.4 percent (2020). **Relevance or RI4: Moderately Satisfactory (MS).**

RI5 focused on the operationalization of PA6 and PA7, the new Procurement Act and related regulations. RI5 was a reasonable indicator for public procurement. Although it does not capture the actual objective of strengthening fiscal resilience, it does capture transparency and accountability as it relates to the publishing of government-wide procurement spending by MEF. The indicator was clear and measurable. **Relevance of RI5: Satisfactory (S).**

RI6 sought to measure the impact of PA8 and PA9 with regards to amendments to the Tax Administration Act. RI6 was broadly inadequate to measure the impact of the changes to address transfer pricing and greater compliance. In addition, other factors could potentially contribute to an increase in taxes on income and profits. **Relevance of RI6: Moderately Satisfactory (MS).**

RI7 was a simple indicator to measure the publication of the financial performance of commercial SOEs but did not indicate the timeliness of the publications, and the means of publication. **Relevance of RI7: Moderately Satisfactory (MS).**

PDO3: Enhance Climate and Disaster Resilience.

RI8 sought to monitor the progress of PA11 and PA12, as it relates to the volume of sand mined in SVG. The indicator was not suitable for the PAs since the link between volume of sand mined and beach erosion could not be clearly established at locations such as Drripp beach (ICR, p.21). A more useful measure may have been the number of active sand mining sites among the four beaches identified. While RI8 does not directly measure progress towards reducing beach erosion or the objective of climate and disaster resilience, it is a reasonable first step. **Relevance of RI8: Moderately Satisfactory (MS).**

RI9 sought to measure the progress of PA13 and PA14, as it relates to the importation of single use plastic bags. The import data for single use plastic bags could not have been extracted from available import data due to classification issues, hence the data for the indicator is not readily available. **Relevance of RI9: Moderately Satisfactory (MS).**

RI10 measured the progress of PA15, and the number of revenue sources secured by the SVGCF. RI10 was simple and measurable. **Relevance of RI10: Satisfactory (S).**

RI11 aimed to measure the impact of PA16, the Fisheries and Aquaculture Policy. The RI was clearly defined and easily measurable, but not an adequate measure of the effectiveness of the policy. The expectation that the policy would result in an increase in interest and the number of aquaculture business plans was too highly pitched. Other factors would also influence the private sector's interest in aquaculture. Further, the RI does not measure progress towards the objective of building climate and disaster resilience. The policy does have a role to play in encouraging PPP investments in the sector. **Relevance of RI11: Moderately Satisfactory (MS).**

RI12 was directly relevant to the Contingencies Fund (PA17). RI12 measured the level of funds in the contingencies fund, which is easily measurable and for which data would be readily available. **Relevance of RI12: Highly Satisfactory (HS).**



RI13 sought to measure the effectiveness of PA18 and compliance with the new building codes. The share of permit applications for new buildings in compliance with the updated codes is easily measurable, clear and for which data would be relatively easy to capture. **Relevance of RI13: Highly Satisfactory (HS).**

RI14 adequately measured the progress in PA19, which mandated the preparation of these plans, as well as progress towards PDO3. **Relevance of RI14: Highly Satisfactory (HS).**

Rating

Satisfactory

5. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

Responding to COVID-19 to protect the vulnerable

Rationale

RI1a and RI1b: The supplementary income-support program for displaced hotel and other affected workers for up to three months benefitted 2,190 people, exceeding the target of 1,400. Of the total beneficiaries, 57.4 percent were women. **Achievement rating: High.**

RI2: A total of 5,964 beneficiaries received assistance from the support program for small businesses and cultural workers, and direct support to farmers exceeding the target of 400. The largest group of beneficiaries was farmers (5,000), who were not previously registered with the GoSVG before the program. **Achievement rating: High.**

RI3: The number of beneficiaries of the Temporary Unemployment Benefit (TUB) and Interim Assistance Benefits (IAB) reached 3,576, exceeding the target of 3500. Sailors who were unemployed due to the cessation in cruises during the pandemic and were not contributing to the GoSVG's pension programs were the primary beneficiaries of IAB program. **Achievement rating: High.**

The rating of the achievement of Objective 1 was **Highly Satisfactory**, given the high achievement of the 3 RIs.

Rating

Highly Satisfactory

OBJECTIVE 2



Objective

Strengthening fiscal resilience

Rationale

RI4: The public debt target was expected to be met under the assumption that the GoSVG's adherence to the fiscal rules and targets set out in the FRF would reduce the debt to GDP ratio. However, the pandemic and subsequently the volcanic eruption had significant implications on the GoSVG's fiscal space and adherence to the FRF was suspended temporarily. The baseline was initially 76.4 percent but subsequently adjusted to 73.5 percent to reflect data revisions, and the target adjusted upwards from 72.0 percent to 84.4 percent to reflect the impact of the pandemic and the port modernization project. Due to the negative impact of the pandemic on the GoSVG's fiscal position this target was impacted, with public debt being 84.9 percent at end-2020. An improvement, or movement towards the 60 percent ECCU debt target would have been considered an achievement, however, an increase in the debt to GDP ratio signifies significant debt related vulnerabilities. This indicator is considered substantially achieved, given that the increase in debt was not significant, and a 95.4 percent achievement given the circumstances of COVID-19 and the volcanic eruption.

Achievement rating: Substantial.

RI5: Ministry of Finance (MOF) has released analyses of GoSVG's procurement spending since 2017, with the most recent analysis published in 2021, achieving the target of RI5 (ICR, p.20). The ICR noted that after program completion, analysis for procurement spending for 2022 and 2023 had been completed but not published. **Achievement rating: Substantial.**

RI6: Revenue from taxes from income and profits was EC\$143 million at the target date (2020), below the target of EC\$150 million. The target was adjusted downward from EC\$165 million to EC\$150 million to reflect the impact of the pandemic. However, at the end of 2023, the actual revenue was EC\$152.3 million, above the baseline. **Achievement rating: Modest.**

RI7: The SOE performance analysis was not published at the target date of 2020. This was due to competing demands for the GoSVG to manage the COVID-19 response and subsequent volcanic eruption, (ICR, p. 18). **Achievement rating: Negligible.**

PDO2 is rated Moderately Satisfactory with the achievement of one RI rated Modest, two rated Substantial and one rated Negligible.

Rating

Moderately Satisfactory

OBJECTIVE 3

Objective

Enhancing Climate and Disaster Resilience

Rationale



RI8: The volume of coastal sand mining recorded at the end of 2021 was 29,735m³ which did not meet the target of 0. The target of zero was based on the assumption that there would be a 100 percent reduction in coastal sand mining by 2021 with the cessation of sand mining at all four beaches. Initially the GoSVG adopted a partial ban on coastal sand mining that ceased sand mining at two beaches (DPF1). This reform was subsequently strengthened to eliminate coastal sand mining from all four sites by 2021 through the adoption of a time-based phase out plan under DPF2, with sand needed for construction being acquired from inland sources such as the Rabacca River or through imports thereafter (ICR, p.21). Sand mining has completely ceased at three of the four sites - Diamond, Brighton, and Richmond beaches since the adoption of the phase-out plan but continues at Dripp beach due primarily to sediment deposited by the river, which surged since the volcano eruption and not beach sand. While 29,734.7 m³ of sand was mined at Dripp in 2021, this RI is considered partially achieved because of the elimination of sand mining at three of the four beaches (ICR, p.21). **Achievement rating: Substantial.**

RI9: Data on importation of single-use plastic bags was not available. GoSVG was unable to provide data on the number of single-use plastic bags imported during the target year and in 2023 since the import data could not be disaggregated by type of single-use plastic bags (ICR, p.21). The ICR noted that the MOF and the Central Water and Sewerage Authority (CWSA) reported that the import and use of food containers had completely stopped since the ban came into effect in January 2021, but plastic bags are still being imported in small quantities and one plastic bag manufacturer continues producing them domestically (ICR, p. 21). The ICR recognizes the progress made, particularly in completely ceasing the importation and use of food containers, hence the rating is upgraded from Modest to Substantial. **Achievement rating: Substantial.**

RI10: The number of sustainable revenue sources for the SVGCF increased from 0 to 2. The two revenue sources included the CBF and the IAF and receipts of EC\$672,624 from CBF and EC\$359,980 from IAF (ICR, p.22). By end-2022, SVGCF had financed 11 projects that supported beach and coral reef restoration, farmland soil regeneration, assessment of the marine and coastal environment following the volcanic eruption (ICR, p. 22). **Achievement rating: High.**

RI11: No aquaculture business plans were prepared by the target date of 2021. Despite not having developed any aquaculture plans, the Fisheries division shifted its focus from aquaculture more broadly to sea moss production (ICR, p. 22). The GoSVG, in collaboration with the Nature Conservancy (TNC), had been working together to demarcate areas for sea moss production, and developing standards for sea moss plots and a licensing system. At the end of 2023, there were four sea moss production sites in SVG with a total of 20 producers, some of whom had formed a cooperative. While this was not a planned outcome under this series, it emphasizes how the GoSVG appropriately adjusted its priorities on aquaculture to respond to the challenges posed to the sector by the pandemic and the volcanic eruption. **Achievement Rating: Modest.**

RI12: At the target date (2022), the contingencies fund had EC\$39.3 million in reserves. However, the fund had deposits amounting to EC\$30.5 million by January 2020, and as a result the target was revised to EC\$50 million by 2022 in DPF2 (ICR, p.23). Despite the overall funding level of EC\$39.3 million reported for 2022 being below this target, this RI is considered achieved since the amount reported is the recapitalized amount following almost complete depletion of funds in 2021 (EC\$27 million). The fund has been steadily accumulating resources since then, with each year's allocation exceeding that of the preceding year. In early 2024, the fund stood at EC\$61.1 million (ICR, p. 23). **Achievement rating: High.**



RI13: 100% of permit applications for new buildings approved followed the updated building code guidelines at the target date (2022). The ICR noted that the Physical Planning Unit (PPU), the agency overseeing the construction of private entities, has been carrying out inspections to ensure that new buildings comply with the building codes once a permit is granted and has observed an improvement in the disaster resilience of new buildings constructed in recent years (ICR, p.23). **Achievement Rating: High**

RI14: At the target date, 5 schools used as emergency shelters had completed DRM plans, which is unchanged from the baseline in 2019 and below the target of 20 out of 45 schools. The 2022 target of 44.4 percent (20 out of 45) was not achieved, with no new schools submitting DRM plans. By end-2023, 54 schools were being used as emergency shelters of which 7 (13 percent) had submitted DRM plans to MOE (ICR, p. 24). Progress on this RI was affected by virtual learning instituted by SVG's schools during the pandemic and the continuation of virtual learning following the volcanic eruption due to many schools being utilized as shelters (ICR, p. 24). However, the Ministry of Education had initiated a safe school recognition program with support from development partners with 16 schools, of which 14 are emergency shelters, identified as pilots and were receiving support on undertaking a comprehensive safety assessment and developing a safety plan (ICR, p. 24). **Achievement rating: Modest.**

Rating

Satisfactory

Overall Achievement of Objectives (Efficacy)

Rationale

The overall Efficacy rating is Satisfactory.

Overall Efficacy Rating

Satisfactory

6. Outcome

Rationale

The relevance of PAs was Highly Satisfactory, efficacy was Satisfactory, and the outcome rating is Satisfactory.

a. Rating



Satisfactory

7. Risk to Development Outcome

Fiscal and macroeconomic risks remain a major threat to sustaining progress. Strengthening fiscal resilience will require sustained reform and efforts to reduce the debt burden. However, SVG remains vulnerable to natural disasters, and even with the contingencies fund, there is the possibility that any large disaster will derail progress on fiscal and debt sustainability and undermine efforts towards greater climate and disaster resilience as disaster recovery, reconstruction and rehabilitation takes precedence.

8. Assessment of Bank Performance

a. Bank Performance – Design

Rationale

The Bank's performance at design reflected a substantial effort to integrate lessons learned from similar operations both within SVG and from other small island developing states (SIDS). Lessons from comparable operations informed key design choices, such as the establishment of the contingencies fund in Grenada and Dominica, experience of enforcing SOE monitoring in Grenada and the Safe Hospital initiative in SVG informing the School Safety Policy (PA19).

The analytical underpinnings of the PAs and RIs were robust, grounding the theory of change in relevant and rigorous studies. Analytical work informed many PAs, such as the Public Expenditure and Financial Accountability (PEFA) assessment of SVG (World Bank, 2012) informing PA4 and PA5 and "Thoughts on a Contingency Fund for SVG" (World Bank, 2018) informing PA17. While the overall design reflected relevant diagnostic findings and was well-articulated to the country context, several RIs could have been selected with greater care to better highlight the achievements of the DPF series. As an example, RI4 measuring the debt to GDP ratio is known to suffer from attribution challenges, especially in small island states where natural disasters are frequent and lead to spikes in emergency expenditures (and debt) and/or sudden drops in GDP, making it difficult to distinguish progress in debt reduction. RI8 (volume of sand mined at the beaches) and RI9 (single use plastic bags imported) could not be measured. As the ICR itself notes, both could have been substituted with measures for which good data was readily available. Selecting the number of beaches where sand mining was ceased/continued would have been a more efficient metric for RI8 as it reflected the substantial progress SVG made in ceasing sand mining following the ban. The use of plastic containers (including single use plastic bags) for which import data is readily available could have been a better indicator for RI9 as it would have flagged the significant progress made in curbing the use of plastic containers and marine pollution.

The project documents (PAD) outlined the primary risks to achieving the PDOs, including macroeconomic, institutional capacity limitations, fiduciary and environmental risks, and proposed mitigation measures to address these. The macroeconomic risks were expected to be mitigated by engagements under the program and while the risks remained high, SVG did manage to maintain an adequate macroeconomic policy framework throughout program implementation despite the multiple shocks. Capacity constraints in the government were



acknowledged as a key risk to implementation, and the PAD identified ongoing technical support from the Bank and collaboration with development partners to bolster capacity as part of the risk management strategy. Finally, the PAD also highlighted the inherent risk of natural disasters and climate change, which the operation was also designed to help manage. This materialized when the volcano erupted in 2021, for which the contingencies fund, established through the policy framework, and the Cat DDO provided the much-needed liquidity.

Finally, the Bank collaborated and coordinated with a large number of different regional and international partners, including the International Monetary Fund (IMF), ECCB, Organization of Eastern Caribbean States (OECS), the Caribbean Regional Technical Assistance Centre, Caribbean Disaster Emergency Management Agency and the Caribbean Development Bank. These consultations were instrumental in aligning the operation's objectives with SVG's strategic priorities, enhancing the relevance and credibility of the design.

Rating

Satisfactory

b. Bank Performance – Implementation

Rationale

Integrating the Cat-DDO into the operation reduced the administrative burden for the counterpart, allowing GoSVG to build on the first operation's progress while navigating the added pressures of the COVID-19 pandemic. The original PDO's flexible design facilitated this adaptation, with some triggers from the first operation converted to Cat-DDO PAs. This integration showed the team's adaptiveness, attentiveness to client capacity, and readiness to provide tailored solutions.

Implementation support was constrained by travel restrictions due to COVID-19 and only one ISR mission was undertaken (ICR, p.27). The same restrictions also affected TA activities such that supervision and support was provided virtually.

Rating

Highly Satisfactory

c. Overall Bank Performance

Rationale

Overall, Bank Performance is rated **Highly Satisfactory**.

Overall Bank Performance Rating



Highly Satisfactory

9. Other Impacts

a. Social and Poverty

The operation was expected to have significant social impacts by providing direct assistance to vulnerable populations in response to COVID-19, and the contingencies fund, which disbursed to support the response to the volcanic eruption in 2021. These interventions were expected to help alleviate the impact on the vulnerable populations and reduce the poverty impact.

b. Environmental

The operation was expected to have significant environmental impacts, including through a phase out of coastal sand mining and single-use plastic bags and food containers. The ICR reported that "the phase out of sand mining on Brighton, Diamond, and Richmond beaches is enabling their gradual replenishment, which will eventually restore their ability to act as natural defenses against storms," and that "the ban on single-use plastic bags and food containers has significantly reduced the accumulation of plastic litter on beaches, in water bodies and environmentally sensitive areas, improving the health of their flora and fauna," (ICR, p. 25). Other engagements under the program are likely to have environmental impacts, such as increased financial support to conservation and the SVGCF, efforts to improve fisheries management, enhanced ocean governance, and improved environmental consideration in public procurement, etc. However, neither the results framework nor the ICR were able to provide evidence on their environmental impact.

c. Gender

Job loss caused by the COVID-19 pandemic was concentrated in sectors where women are overrepresented. Women made up 57 percent of the beneficiaries who received supplementary income through program support (PA1) (ICR, para 25 & para30). However, there was no additional evidence provided on the impact of this support.

d. Other

10. Quality of ICR

Rationale



The ICR provided a coherent, clearly written narrative of the context, rationale, objectives, actions, and results of the DPF series. It provided additional evidence of successes and setbacks in implementation, including useful data updates. Challenges and risks were also highlighted. The ICR was consistent with the guidelines.

a. Rating

Substantial

11. Ratings

Ratings	ICR	IEG	Reason for Disagreement/Comments
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Highly Satisfactory	Ability of the team to adapt the program to multiple shocks
Relevance of Results Indicators	---	Satisfactory	
Quality of ICR	---	Substantial	

12. Lessons

IEG adopts the lessons in the ICR and adds one lesson emerging from the review.

Flexibility in the design of operations can be useful for Small States, particularly where capacity is low. The WB’s ability to integrate the Cat DDO within a broader DPF operation demonstrated the level of flexibility and learning. It also showed the ability of the team to adapt and adjust the design of the program to suit the government’s limited capacity. Targeted technical assistance (TA) and tailored project design was essential for achieving desired development outcomes in DPF operations.

13. Project Performance Assessment Report (PPAR) Recommended?

No