Report Number: ICRR0024146

1. Program Information

Country
Dominica

Practice Area (Lead)
Macroeconomics, Trade and Investment

Programmatic DPF

Planned Operations
0

Approved Operations
0

Operation ID
P174927

Operation Name
Dominica First COVID-19 Recovery DPC

L/C/TF Number(s)
IDA-68440

Closing Date (Original)
31-Dec-2021

Total Financing (USD)
25,000,000.00

Bank Approval Date
18-Mar-2021

Closing Date (Actual)
31-Dec-2021

	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	25,000,000.00	0.00
Revised Commitment	25,000,000.00	0.00
Actual	25,000,000.00	0.00

Country
Dominica

Practice Area (Lead)
Macroeconomics, Trade and Investment

Operation ID
P175847

Operation Name
Dominica Second COVID-19 Response and Re (P175847)

L/C/TF Number(s)	Closing Date (Original)	Total Financing (USD)
IDA-68440,IDA-71310	31-Mar-2023	30000000.00
Bank Approval Date	**Closing Date (Actual)**	
03-Jun-2022	31-Mar-2023	

	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

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Program Objectives and Pillars/Policy Areas

a. Objectives

The Project Development Objective (PDO) for the Commonwealth of Dominica COVID-19 Response and Recovery Programmatic Development Policy Credit (DPC) was originally defined as, "(i) saving lives, protecting livelihoods and preserving jobs; and (ii) strengthening fiscal policies, public financial management and debt transparency for a resilient recovery,*"* PD (p. 2, 18) and ICR (para. 5).

The PDO is not stated in either of the financing agreements (FAs) although both list the prior actions (PAs) (Schedule 1).

No changes were made to the PDO.

For the purpose of this ICRR, the PDOs of the series are taken to be:

- ***PDO1****: saving lives, protecting livelihoods, and preserving jobs.*
- ***PDO2****: strengthening fiscal policies, public financial management and debt transparency for a climate-resilient recovery.*

b. Pillars/Policy Areas

The DPC series had two mutually reinforcing pillars/policy areas:

- Pillar 1: saving lives, protecting livelihoods, and preserving jobs.
- Pillar 2: strengthening fiscal policies, public financial management, and debt transparency for a climate resilient recovery.

c. Comments on Program Cost, Financing and Dates

The total program cost for the two-credit DPC series was US$55,000,000. DPO1 comprised of an IDA credit of US$25,000,000 while DPO2 comprised an IDA credit of US$30,000,000. Both credits were fully disbursed as scheduled.

DPO1 was approved on March 18, 2021, became effective on May 5, 2021, and closed as scheduled on December 31, 2021. DPO2 was approved on June 3, 2022, became effective on June 23, 2022, and closed as scheduled on March 23, 2023.

3. Relevance of Design

a. Relevance of Objectives

Dominica, a small island developing state (SIDS) with a population of approximately 72,000 and GDP per capita of US$8,414, was still rebuilding after the 2017 Hurricane Maria damage when the COVID-19 pandemic occurred. By immediately halting tourism, the pandemic dealt an immediate blow to Dominica's slow economic recovery. The economic losses due to Hurricane Maria alone were estimated at 226 percent of GDP. This DPC series, the first of its kind for Dominica, sought to support the Government of the Commonwealth of Dominica (GoCD) in two ways: responding to the COVID-19 related crisis including the protection of lives, livelihoods and jobs, and laying the foundations for a broader economic recovery and social response that would enable Dominica to become more resilient to natural disasters. Given the Commonwealth of Dominica's fragile fiscal and debt situation in the aftermath of natural disasters, the first operation (DPC1) of the DPC supported fiscal and debt resilience to facilitate a resilient recovery. The second operation in the series (DPC2) would build on and deepen the fiscal and public financial management (PFM) reforms supported under DPC1.

Dominica's response to the pandemic was rapid in limiting community transmission. From the onset of the pandemic, the GoCD was effective in responding with appropriate measures to promptly test, treat, and isolate COVID-19 patients to prevent contagion. It imposed strict controls at the borders when the pandemic erupted, and closed them completely when the pandemic intensified, imposing a mandatory 14-day quarantine of nationals arriving from high-risk nations. As of May 2022, a cumulative total of twelve thousand positive confirmed cases and 63 deaths had been reported, while approximately 46 percent of the population had been vaccinated once and 42 percent was fully vaccinated. Economic support and stimulus measures were taken to protect vulnerable households and businesses, but the pandemic revealed important gaps in the social assistance system. The COVID-19 pandemic underscored the necessity of increasing Dominica's preparedness to simultaneously cope with disease outbreaks and other natural disasters. This DPC sought to address this need by strengthening social safety nets to support vulnerable groups, operationalize a disaster contingencies fund, and institute green procurement approaches.

Dominica's economy was severely disrupted through multiple channels including the total collapse in international tourism that is a critical source of income and employment, drop in workers remittances and foreign direct investments as global growth slowed, and falling Citizenship by Investment (CBI) revenues. Compared to a pre-COVID-19 forecast of 4.9 percent, the decline in economic growth was estimated at 10.0 percent in 2020 at the time of appraisal of this DPC. The actual drop in GDP was 16.6 percent in 2020.

The DPC played a critical role in supporting the GoCD by meeting Dominica's financing needs created by the fiscal response to recent natural disasters and the pandemic. The pre-COVID 2019 fiscal deficit was 9.9 percent of GDP largely due to Hurricane Maria, but in 2020, it was expected to improve to 1.9 percent of GDP. Instead, GoCD's fiscal response to the COVID-19 pandemic led to a spike in the fiscal deficit that was projected to rise to 10.2 percent of GDP, resulting in a significant financing gap. As a middle-income country, Dominica had limited room to benefit from a significant increase in grant financing. At most, the latter was expected to increase from 1.9 percent to 3.0 percent of GDP, falling substantially short of closing the financing gap. Given the highly concessional nature of Dominica's credit portfolio, debt relief through the Debt Service Suspension Initiative (DSSI) would provide only minimal relief. The provision of budget support through this DPC series was therefore important in filling the financing gap.

The DPC was fully aligned with Dominica's own strategy towards climate resilience. The GoCD's development vision and strategy was outlined in the National Resilience Development Strategy 2030 (NRDS) and the Dominica Climate Resilience and Recovery Plan (CRRP) 2020 - 2030. In March 2018, the government launched the Climate Resilience Execution Agency for Dominica (CREAD) to coordinate all recovery actions and projects aimed at building national climate resilience, as well as coordinating the implementation of the NRDS and the CRRP. At the time of appraisal of DPC1, GoCD was committed to the CRRP to rebuild Dominica as the "world's first fully climate resilient nation.", and "boosting Dominica's overall socioeconomic development trajectory." These GoCD objectives are reflected in the PDOs and pillars of this DPC. In line with CRRP targets, the government had begun to implement measures aimed at building-back-better following Hurricane Maria. Measures included more robust public infrastructure, improved housing, strengthening of health systems, climate resilient agriculture, geothermal power investment, and a fiscal consolidation of 6 percent of GDP over 6 years. This agenda, though challenging, was a clear step toward improving fiscal and climate resilience in a high-risk environment.

The DPC series was guided by the WBG Regional Partnership Strategy (RPS) for the OECS for FY15 -19 which was extended FY20, as well as the Performance and Learning Review (PLR) of the RPS. The objective of the RPS was to help lay the foundations for sustainable inclusive growth through two areas of engagement: (i) fostering conditions for growth and competitiveness, and (ii) enhancing resilience. This DPC series addressed the priorities noted in the RPS and the increased focus on macro-fiscal issues and resilience stated in the PLR. It was specifically designed to build on complementarities between strengthening resilience to climate change and natural disasters, and the fiscal aspects that arise from such recurrent climatic events, such as increased macroeconomic instability and rising debt levels. Reforms supported under this operation would contribute to the WBG's twin goals of ending extreme poverty and promoting shared prosperity.

This DPC was set within a broader international response to the COVID-19 pandemic crisis in Dominica. In addition to this operation, the WBG provided COVID-19 Fast Track Facility financing of US$2.5 million and activated Contingent Emergency Response Components (CERCs) of ongoing projects in the amount of US$11.8 million for immediate COVID-19 response to save lives and livelihoods. In early April 2020, the CERCs of two ongoing projects — the OECS Regional Health Project (P168539) and the Emergency Agricultural Livelihoods and Climate Resilience Project (P166328) — were activated to provide

US$6.6 million for urgent health-related needs and to assist farmers and strengthen food security. Subsequently, US$5.2 million was also activated from the CERC of the Housing Recovery Project (P166537) to finance social assistance for the vulnerable and those most affected by the crisis.

The first DPC in the series included policy reforms related to an effective economic and social response to the COVID-19 crisis, including the protection of jobs, livelihoods, and household consumption, as well as reforms laying the foundation for a robust recovery in support of Dominica's goal of becoming the first climate-resilient nation and commitment to significantly increase the share of renewables in electricity generation. This second operation in the series built on and deepened the fiscal and PFM reforms supported under DPC1. The second operation, DPC2, was amended to include reforms in support of fiscal consolidation, which is critical for investment in climate adaption and building buffers to deal with recurrent climatic events. DPC2 was complemented by a CAT-DDO (P177807) which sought to support: (a) the efforts of the Government of the GoCD to mobilize resources in the aftermath of a disaster triggered by climate-related or geophysical hazards, as well as public health-related events; and (b) the country's reform program to build comprehensive resilience to disaster and climate risks.

Both PDOs were highly relevant for Dominica's response to the pandemic and rested on firm analytic foundations.

PDO1 was directly relevant to Dominica's COVID-19 pandemic needs as it helped to save lives through testing, vaccinations and medical facilities, as well as protected livelihoods and jobs at a time when the financing gap of GoCD's budget exceeded 9 percent of GDP. PDO1 resonated the recommendations of the WBG's COVID-19 Crisis Response Approach Paper: "Saving Lives, Scaling-up Impact and Getting Back on Track." The PAs supporting PDO1 were aligned with Pillars 1 and 2 on "Savings Lives" and "Protecting the Poor and Vulnerable" in strengthening the health sector response to COVID-19, ensuring appropriate health protocols, implementing a COVID-19 Immunization Plan, and expanding cash and in-kind safety nets to help the poor in coping with the economic fallout of the pandemic. The PAs were also aligned with Pillar 3 of the Approach Paper on "Ensuring Sustainable Business Growth and Job Creation," which addressed the need for short-term liquidity to enterprises to preserve employment and economic linkages, reduce borrowing costs, and maintain trade flows.

PDO2 was relevant as it addressed fiscal management with the objective of laying the fiscal foundations for a climate resilient economy by focusing on fiscal policy, PFM and debt transparency. This was critical as Dominica is one of the most disaster-vulnerable economies in the world and the need for building a more climate resilient economy is paramount. The PAs supporting PDO2 on strengthening fiscal policies for a climate-resilient recovery were informed by the World Bank's 2019 Dominica Post-Disaster Public Financial Management Review. The PA on the adoption of the Fiscal Responsibility Framework (FRF) that placed public debt on a downward track and safeguarded debt sustainability was further supported by WBG Technical Assistance (TA) and reflected best practice in formulating and implementing FRFs in small states as noted in the publication "Fiscal Rules and Economic Size in Latin America and the Caribbean" (World Bank, 2020).

This was the first World Bank-financed DPC for Dominica. Given the GoCD's lack of experience with DPCs and the limited technical capacity due to the country's small size, a programmatic approach was believed to allow for a sustained reform engagement over time and greater support for the implementation of necessary follow-up actions to deepen and reinforce the reform effort. The Bank would support ongoing policy dialogue through the existing program and provide substantive TA, together with Dominica's other development partners, for key reforms. This programmatic approach would help facilitate capacity building, policy dialogue, and TA in support of Dominica’s reforms.

b. Relevance of Prior Actions

Rationale

Table 1: Objectives, Prior Actions (PAs) and Indicative Triggers (IT) for Dominica COVID-19 Response and Recovery DPO series

PAs and ITs under DPC1	PAs under DPC2
PDO1: ***Saving lives, protecting livelihoods, and preserving jobs***	
PA1 *(DPC1 PA1)*: The Recipient, through its Cabinet, has approved standardized protocols to ensure adequate COVID-19 testing through the Protocols for Entry into the Commonwealth of Dominica and the Action Plan for Entry into the Commonwealth of Dominica.	
PA2 (DPC1 PA2): The Recipient, through its Cabinet, has approved General Guidelines for the Managed Experience to limit the risk of COVID-19 transmission.	
PA3 (DPC1 PA3): The Recipient, through its Cabinet, has supported liquidity and continuity of businesses affected by COVID-19, by establishing the corporate income tax at a rate of 17 percent for companies that have retained or have agreed to retain at least 80 percent of their staff employed in January 2020. IT1: To ensure adequate capacity to deploy COVID-19 Vaccines, the Recipient has approved a COVID-19 Immunization Plan following directives from the World Health Organization (WHO). This trigger was dropped as vaccination plans were well developed, well implemented and hence the prior action was redundant.	
	PA4 (DPC2 PA1): The Recipient has issued a Cabinet decision to strengthen social programming and efficiency, by approving the establishment of a

	beneficiary registry and management information system for social programs, including a digital registration process and payment reconciliation mechanism.
PDO2: ***Strengthening fiscal policies, public financial management and debt transparency for a climate-resilient recovery.***	

PA5 (DPC1 PA4): The Recipient, through its Cabinet, has explicitly approved the development of a Fiscal Rules and Responsibility Framework that includes: (i) fiscal targets for public debt, (ii) the fiscal balance, (iii) wage bill ceilings, (iv) public expenditure growth limits with oversight provided by an independent fiscal council, and (v) temporary deviations to the rules to be allowed in specific situations such as natural disasters and unanticipated economic shocks. IT2: The Recipient, through its Parliament, has adopted a Fiscal Rules and Responsibility Framework that: (i) outlines fiscal responsibility principles; (ii) establishes measurable quantitative targets for spending, fiscal balances, wage bill ceilings and public debt levels; (iii) includes remedial mechanisms for ensuring adherence to stated target; and (iv) establishes a Fiscal Council and outlines its responsibilities for oversight and reporting. IT3: The Recipient has created the Fiscal Council and nominated and appointed its members. (DROPPED) IT4: The Recipient has revised its Financial Administration Act to require, among other measures, formulation and publication of a Medium Term Economic and Fiscal Framework to strengthen the legal framework for budget planning, preparation and Public Financial Management. (DROPPED)	**PA6** (DPC2 PA2): The Recipient: (a) through its Parliament, has adopted the Fiscal Responsibility Framework, 2021 to create fiscal space for a climate-resilient recovery by: (i) outlining fiscal responsibility principles; and (ii) establishing measurable quantitative targets for fiscal balances and public debt levels; and (b) through its Cabinet, has approved a new policy for the Tertiary Education Financial Aid Programme to reinforce the achievement of Fiscal Responsibility Framework targets, improve spending efficiency, and strengthen the composition of public expenditure by revising the application and eligibility criteria, reducing the amounts received by program participants, and instituting caps on total allowable amounts per applicant.
PA7 (DPC1 PA5): The Recipient, has funded its Vulnerability, Risk, and Resilience Fund, by opening a dedicated account at the ECCB, and depositing EC$500,000 (US$185,000) into said fund.	**PA8** (DPC2 PA3): The Recipient, through the Minister of Finance, has issued operating regulations for the Vulnerability, Risk, and Resilience Fund to ensure its adequate capitalization and effective operation.

IT5: The Recipient, through its Cabinet, has approved guidelines for the operation and management of the disaster contingencies fund.	
PA9 (DPC1 PA6): The Recipient has strengthened revenue mobilization, by: (i) reducing the percentage of the duty paid on vehicle imports authorized to be refunded to 50 percent; and (ii) increased the cooperation between its Comptroller of Customs and its Comptroller of Inland Revenue in the exchanging of data through the mutual operation, administration and implementation of an information technology system with the objective of ensuring increased taxpayer compliance.	
PA10 (DPC1 PA7): The Recipient, through its Cabinet, has taken measures to improve coverage and timeliness of the 2019 Debt Portfolio Review (DPR), by: (i) including loan guarantees in the 2019 DPR; (ii) submitting the DPR to Parliament; and (iii) publicly disclosing the DPRs on the Ministry of Finance website.	**PA11** (DPC2 PA4): The Recipient, through its Cabinet, has taken measures to strengthen debt transparency by requiring: (a) the preparation of DPRs on an annual basis; (b) the inclusion of all state-owned enterprise and statutory body debt in the annual DPRs; and (c) the disclosure of DPRs by September 30th each year.
	PA12 (DPC2 PA5): The Recipient, through its Cabinet, has approved initiatives for enhanced capital investment planning, appraisal and monitoring mechanisms, including explicit incorporation of objectives for increasing environmental resilience and reducing environmental and climatic vulnerability, to strengthen budget allocations, public investment planning, prioritization, and reporting.
PA13 (DPC1 PA8): The Recipient, through its Cabinet, has approved and disseminated for public consultation, the Public Procurement and	**PA14** (DPC2 PA6): The Recipient: (a) through its Parliament, has enacted the Public Procurement and Disposal of Public Property Act; and (b) through its

Disposal of Public Property Bill 2020 which strengthens public procurement practices, including defining parameters for emergency public procurement, introducing considerations for e-procurement and others to promote environmentally, socially and economically sustainable procurement.	Minister of Finance, has issued Public Procurement and Disposal of Public Property Regulations 2022, to strengthen the effectiveness, efficiency and transparency of public procurement and to incorporate climate-resilient and sustainable procurement into the public procurement process.
	PA15 (DPC2 PA7): The Recipient has: (a) through its Cabinet, approved the National Energy Policy; and (b) published the Energy Management Guidelines aligned with the Government's declared target of 100 percent renewable energy by 2030 to transition to more affordable, resilient and low-carbon energy systems and services.

Relevance of PAs

PDO1: Saving lives, protecting livelihoods, and preserving jobs

PA1 (DPC1 PA1) **and PA2** (DPC1 PA2)**, and IT1:** PA1 and PA2 directly supported PDO1 through a rapid GoCD response to limit the spread of the COVID-19 pandemic and save lives. **PA1** allowed the GoCD to apply standardized WHO protocols, testing, and an Action Plan for travelers entering Dominica at all ports of entry, thus containing the risk of transmission. Overall, the GoCD strengthened its health sector response. At the time of DPC1, the COVID-19 testing procedures and technologies were in their infancy. As the understanding of COVID-19 rapidly evolved, direct health and safety measures considered by the GoCD and supported by this DPC also evolved and several ITs that would have led to new PAs were dropped. **PA2** supported the Health and Safety Protocols for the Tourism and Hospitality industry, applied them to accommodation, transportation, vending and tour operators, and enforced them. The Environmental Health Department (EHD) of the Ministry of Health, Wellness and New Health Investment and the Quality Assurance Unit of Discover Dominica Authority (DDA) would undertake assessments to ensure adherence to the minimum requirements. In addition, EHD issued a Certificate of Approval to tourism facilities that met the minimum requirements. **IT1 in DPC1** was originally intended as a PA in DPC2 but was dropped. It would ensure adequate capacity to deploy COVID-19 Vaccines but since the GoCD approved a COVID-19 Immunization Plan following directives from the World Health Organization (WHO), and the vaccination plans were well developed, and well implemented, it was redundant. **Relevance of PA1: Highly Satisfactory (HS)**. **Relevance of PA2: Highly Satisfactory (HS)**.

PA3 (DPC1 PA3)**:** By reducing the corporate income tax rate from 25 percent to 17 percent for companies that had retained or agreed to retain at least 80 percent of their staff employed in January 2020, PA3 supported liquidity and continuity of businesses that were directly and negatively affected by economic downturn caused by the COVID-19 pandemic. Businesses were most affected in the tourism sector (20 percent of GDP), though not exclusively. The containment measures to control the spread of COVID-19 brought a near halt to tourism activities that affected the livelihoods of a substantive proportion of the population directly engaged in the sector, particularly women. In addition, industries and activities, such as agriculture, fisheries, arts, crafts, and cultural events and sites that support tourism also experienced a loss in income and earning potential. **PA3** supported PDO1 by helping to preserve livelihoods and jobs in businesses that committed to retain employees despite the economic downturn. **Relevance of PA3: Highly Satisfactory (HS)**.

PA4 (DPC2 PA1)**:** Dominica's social protection programs had major management and targeting-related weaknesses that rendered them ineffective in times of disasters when they were most needed (The *Dominica: Assessment of Social Protection,* World Bank, 2017). Due to the lack of automated processes, beneficiaries and benefits were difficult to track and led to duplications and inefficiencies in social spending, resulting in delays in the provision of assistance to affected households in the aftermath of climate shocks. Given that the duration of the economic crisis caused by the pandemic was unknown, there was a strong case for integrating the information bases to deliver an effective social protection response for the pandemic-related need but also during future climate-related disasters. An integrated system would allow for better targeting, focusing spending on lower income beneficiaries, reducing inclusion errors and improving the allocation of resources to those most in need, as measured by the indicator tracking the percentage of beneficiaries in the Public Assistance Programme (PAP) in the first two income level quintiles. **PA4** helped to strengthen social programming and efficiency by approving the establishment of a Single Beneficiary registry and management information system (MIS) for social programs, including a digital registration process and payment reconciliation mechanism. The Single Beneficiary registry would improve the continuity of social protection services during climate shocks given that it would be digital, and not dependent on paper or inaccessible records. It would also increase climate-relevant data in Dominica through its interoperability with disaster risk management systems and tracking of relevant socioeconomic indicators, such as age, gender, location, disability status, and poverty status. PA4 contributed directly to protecting livelihoods and efficient fiscal spending. **Relevance of PA3: Highly Satisfactory (HS)**.

PDO2: Strengthening fiscal policies, public financial management and debt transparency for a climate-resilient recovery*.*

As the pandemic subsided, DPC2 increasingly focused on PDO2/Pillar 2 in supporting a more climate-resilient recovery. The programmatic nature of the operational series allowed the flexibility to adapt to a changing environment and better support for the GoCD. This is appropriate in jurisdictions with limited capacity, as a programmatic approach can ensure more effective implementation and necessary additional support as required. The change to the objectives and the actions were intended to: (i) better align the pillar and its objectives with the supported PAs and the modest changes to triggers; (ii) better reflect the results indicators (RIs) and their contribution to stated PDOs; (iii) further enhance the focus on climate resilience in line with the Government's CRRP goals; and (iv) reflect recent lessons learnt from the implementation of similar reforms in other small island developing states. In contributing to maintaining fiscal and macroeconomic stability and reducing debt, PDO2 supported critical reforms to build a more robust fiscal framework that could generate savings, reduce debt loads, and create fiscal space to provide increased flexibility when natural disasters, pandemics and or other shocks materialized.

PA5 (DPC1 PA4) **and PA6** (DPC2 PA2)**, and IT2, IT3, IT4:** PA5 and PA6 were informed by the Dominica Post-Disaster Public Financial Management Review (World Bank, 2019) that identified existing PFM weaknesses in basic budget processes, including budget preparation and execution, and in developing and clarifying emergency-related PFM procedures. Public debt sustainability was especially emphasized. These PAs and ITs sought to establish fiscal discipline and rules to create fiscal space for a climate-resilient recovery. **PA5** under DPC1 triggered the development of a Fiscal Rules and Responsibility Framework (FRRF) and PA6 under DPC2 legislated the FRRF that included annual fiscal targets for reducing fiscal deficits and the public debt to GDP ratio and limiting public expenditure growth. Given the challenging timeframe and difficulties posed by the COVID-19 conditions, the fiscal targets were to be set for the following year when the economic trends would become clearer. As such, while PA5 and PA6 would make a significant contribution to PDO2, it was difficult to expect meaningful progress in achieving the annual fiscal targets during the duration of the DPC given the huge fiscal challenges posed by the pandemic. **PA6** excluded the spending and wage bill targets under the FRRF (set by IT2 and dropped by IT4) due to unanticipated resistance from public sector unions and the opposition as they viewed them as potentially limiting public sector wage growth and imposing legislative restrictions on wage negotiations. In addition, PA6 supported a new policy for the Tertiary Education Financial Aid Program to reinforce the achievement of FRRF targets, improve spending efficiency, and strengthen the composition of public expenditure. While PA5 and PA6 could potentially make significant contributions towards PDO2, it would be difficult to measure their contribution precisely. While the annual fiscal targets seemed beyond reach during the duration of the DPC, PA5 and PA6 set in motion the shift towards greater fiscal discipline that was urgently needed to prepare Dominica's fiscal system for climate-resilience. Of the three ITs (**IT2, IT3 and IT4**), IT2 overlapped with PA6, while IT3 and IT4 were dropped. The dropping of IT3 led to the exclusion of the fiscal council clause in PA5 due to time and capacity constraints although the concept remained in the plans. The monitoring and reporting function of the council would have fostered fiscal transparency. The dropping of IT4 led to the exclusion of the annual fiscal targets for the wage bill and fiscal spending. However, the risk of fiscal excess and dilution of PA5 and PA6 caused by the dropping of IT4 was offset partially by the retention of the annual targets for the fiscal surplus and public debt. The dropping of IT4 also led to the exclusion of the formulation and publication of a Medium Term Economic and Fiscal Framework (MTEFF) that would have strengthened the legal framework for budget planning, preparation and PFM but which could not be completed due to the paucity of time. The revision of the MTEFF depended on the revision of the GoCD's Financial Administration Act which was a time-consuming process. **Relevance of PA5: Satisfactory (S). Relevance of PA6: Satisfactory (S).**

PA7 (DPC1 PA5) **and PA8, and IT5:** The PAs contributed to PDO2 by strengthening fiscal policy that reflected good practice pursued by efficient governments that need to respond to frequent natural disasters and climate shocks. As external shocks can negatively and significantly impact economic growth and vulnerable households, a rapid and adequate response is necessary to minimize their effects. In the absence of readily available resources such as a contingency fund like the VRRF, governments can lose valuable time in procuring resources by reallocating them from other priorities, thus compromising the speed and effectiveness of their response. **PA7** supported the creation and resourcing of the contingency fund VRRF, while **PA8** supported the issuance of operating regulations for the VRRF to ensure its adequate capitalization, management, and effective operation. WBG TA helped the GoCD to adopt best practice management guidelines for the VRRF. In 2020, deposits were expected to total EC$6 million annually (US$2.2 million), or about 0.4 percent of GDP per annum (PD, para 52). VRRF's existence and operation were expected to reduce fiscal and liquidity risks arising primarily from climate-related events, thus strengthening fiscal policy, improving PFM and supporting PDO2. IT5 was the same as PA8. **Relevance of PA7: Highly Satisfactory (HS). Relevance of PA8: Highly Satisfactory (HS).**

PA9 (DPC1 PA6)**: PA9** supported specific measures to reduce budgetary deficits through two forms of revenue mobilization: It reduced the percentage of customs duty paid on vehicle imports authorized to be refunded to 50 percent. Such discretionary expenditures were overly generous and a prominent feature of

Dominica's customs regime. The potential revenue that could be realized by reducing such exemptions was estimated between 3.0 to 5.0 percent of GDP (PD, para 29). This action directly helped to strengthen the fiscal policy objective of PDO2. PA9 also sought to increase cooperation between its Comptroller of Customs and its Comptroller of Inland Revenue in the exchanging of data through the mutual operation, administration, and implementation of an information technology system with the objective of ensuring increased taxpayer compliance. A harmonized and integrated system would identify inconsistencies, raise red flags automatically, and improve audit and oversight functions in both agencies. As the income tax base is highly concentrated in Dominica, harmonizing and integrating the two systems could lead to important efficiencies in tax administration, boost revenues and strengthen PFM in line with PDO2. **Relevance of PA9: Highly Satisfactory (HS).**

PA10 (DPC1 PA7) **and PA11**(DPC2 PA4)**:** These PAs focused on improving systematically Dominica's public debt transparency which was an important aspect of PDO2 and critical for a climate resilient recovery. As a part of DPC1, GoCD undertook measures to improve the content and coverage of the 2019 Debt Portfolio Review (DPR) by including loan guarantees which totaled about 14 percent of total public debt but were not publicly disclosed (PD, para 59, and DEMPA 2018). Prior to the DPC, the DPR was irregularly presented to Parliament and rarely to the public. PA10 required submission of the DPR to Parliament and publicly disclosing the DPRs on the Ministry of Finance website. PA11 built on PA10 by improving coverage and requiring all state-owned enterprise and statutory body debt to be included in the annual DPRs. PA11 also improved timeliness by mandating that the DPRs be prepared annually, and public disclosure be completed by September 30th each year. Prior to these DPC policy reforms, Dominica's DPRs did not include all public and publicly guaranteed and SOE debt. PA10 and PA11 helped in raising the standard of Dominica's debt reporting and transparency close to best practice. The actions undertaken by the GoCD were also an FY22 PPA under the Sustainable Development Finance Policy (SDFP). PA10 and PA11 were expected to help lower Dominica's public debt burden through parliamentary oversight and public scrutiny and promote greater accountability and informed decision making on public debt issues, contributing to PDO2 directly, but would be difficult to attribute to these PAs. **Relevance of PA10: Highly Satisfactory (HS). Relevance of PA11: Highly Satisfactory (HS)**.

PA12 (DPC2 PA5)**:** PA12 was a critical step in ensuring that new public investments were channeled into building climate resilient, sustainable, and inclusive infrastructure through appropriate capital investment planning, appraisal, and monitoring mechanisms. At the time of appraisal of DPC1, the total cost of transforming Dominica into a disaster-resilient state over twenty years was estimated at US$2.8 billion (five times Dominica's GDP). To ensure the effective and efficient implementation of such an ambitious public investment program, the GoCD approved a revised Public Sector Investment Program (PSIP) methodology that would address weaknesses in the existing public investment management framework and strengthen the resilience of the infrastructure portfolio. The revised PSIP supported the GoCD's National Resilience Development Strategy and was aligned with the Climate Resilience and Recovery Plan 2020—2030. The PSIP methodology also includes the requirement for project proposals to demonstrate the impact of investment projects on gender equality, a necessary foundation for a sustainable Dominica, though this clause was unlikely to be achieved within the timeframe of the DPC. By initiating the revised PSIP, PA12 strengthened PFM by incorporating environmental and climate resilience considerations in public investment planning and prioritization, taking a big step towards PDO2. **Relevance of PA12: Highly Satisfactory (HS).**

PA13 (DPC1 PA8) **and PA14** (DPC2 PA6): by strengthening the effectiveness, efficiency, and transparency of public procurement, these two PAs contributed to PDO2 by improved PFM in Dominica and facilitating its effort to build a climate-resilient economy. A new and modern procurement framework was needed to facilitate business continuity during external shocks and improve efficiency and transparency in the public procurement process. Reforms favouring climate resilient and socially responsible “green” public procurement processes would support Dominica’s objective to be the first climate resilient economy. **PA13** led to the approval and public consultation of the 2020 Public Procurement and Disposal of Public Property Bill which would strengthen public procurement practices, including defining parameters for emergency public procurement, introducing considerations for e-procurement and others to promote environmentally, socially and economically sustainable procurement. **PA14** led to the Parliamentary approval of the Public Procurement and Disposal of Public Property Act, and the issuance of Public Procurement and Disposal of Public Property Regulations 2022. The e-procurement system would enhance the efficiency and transparency and contribute to climate resilience during natural disasters by ensuring business continuity and access that was previously disrupted when physical access to the system was impossible. It would also ensure equal access to public procurement opportunities for female-owned businesses providing goods and services. These reforms would align Dominica’s public procurement system with international best practice and were supported by TA from the World Bank and the Caribbean Development Bank (CDB). **Relevance of PA13: Highly Satisfactory (HS). Relevance of PA14: Highly Satisfactory (HS).**

PA15 (DPC2 PA7)**:** PA15 is a new PA that was introduced in DPC2 to contribute to the PDO of a climate resilient economy in Dominica. It comprised the National Energy Policy (NEP) and the Energy Management Guidelines that were aligned with the Government's declared target of 100 percent renewable energy by 2030 to transition to more affordable, resilient and low-carbon energy systems and services. As the transition to a more affordable, resilient, and low-carbon energy system requires phasing out of fossil fuels in power generation and transport, the NEP has a medium- to long-term perspective, until 2030, but is expected to be reviewed every 5 to 10 years. While PA15 did not have any immediate implications for fiscal policy, indirectly, it would contribute to fiscal sustainability in the medium term through multiple channels. Dominica imports 97 of the petroleum that it uses for its energy consumption. Volatility in international oil prices translates into volatile demand for foreign exchange needed to pay for the oil imports, putting pressure on Dominica’s fiscal position, especially in times of natural disasters when tourism export revenues collapse. By encouraging the transition to renewable energy sources, the NEP would help to lower the demand for imported oil and release the foreign exchange pressure on the fiscus; combat rising energy costs; and reduce Dominica’s greenhouse gas emissions in line with its plans to be a fully climate-resilient economy. Given the importance of energy services’ contribution to the development of a resilient, growing economy, each of these factors would contribute to fiscal sustainability in the medium term. **Relevance of PA15: Moderately Satisfactory (MS).**

Rating

Highly Satisfactory

4. Relevance of Results Indicators

Rationale

Table 2: Results Indicators (RIs) for Dominica COVID-19 Response and Recovery DPO series

Results Indicator	Associated Prior Action	Relevance Rating	Baseline	Target	Actual Value	Actual Change in	Achievement Rating

						Results Indicator Relative to Targeted Change, in Percent	
PDO1: Saving lives, protecting livelihoods, and preserving jobs							
RI1. Number of persons tested for COVID-19	PA1	Highly Satisfactory	0 (2020)	12,000 (June 2021)	7,447 (June 2021)	62%	Substantial*
RI2. Number of accommodation facilities certified to operate under the Health and Safety Protocols	PA2	Highly Satisfactory	0 (2020)	50 (June 2021)	81 (2023)	Over 100%	Substantial*
RI3. The number of beneficiary entities benefiting from the 8 percent tax reduction by retaining 80 percent of staff	PA3	Highly Satisfactory	0 (2019)	25 (2022)	28 (2023)	Over 100%	Substantial*
RI4. Number of social programs integrated into the Beneficiary registry and Management Information System for Social Programs	PA4	Unsatisfactory	0 (2019)	2 (2023)	1 (2023)	50%	Negligible
RI5. Percentage of beneficiaries in the Public Assistance Program in the first two income level quintiles	PA4	Unsatisfactory	Est. 70% (2019)	5% higher than the baseline, of which female beneficiaries are 50% (2023)	Undetermined		Negligible
PDO2: Strengthening fiscal policies, public financial management and debt transparency for a climate-resilient recovery							
RI6. Expenditures under the Tertiary	PA5, PA6	MS	30 (2021)	18 (2023)	11 (2023)	Over 100%	[High]

Education Grant Program reduced by 40 percent (EC$ million)							
RI7. Cumulative amount of funds deposited into the Vulnerability Risk and Resilience Fund to respond to climate-related and other disasters (recognizing that deposits may be suspended during periods of disaster events) (EC$ million)	PA7, PA8	HS	0 (2019)	19.5 (2023)	19.8 (2023)	Over 100%	High
RI8. Percentage reduction in Cabinet authorized discretionary exemptions (EC$ million)	PA9	MU	2.2 (2019)	1.1 (2023)	8 (2023)	0%	Negligible
RI9. Number of joint audits undertaken	PA9	U	0 (2019)	5 (2023)	0 (2023)	0%	Negligible
RI10. Annual DPR available on a government website	PA10, PA11	MU	No (2019)	Yes (2020-2023)	Yes (2023)	100%	[High]
RI11. Percentage of new public investment projects funded in the 2023 annual budget, appraised in line with the PSIP methodology that account for the impact of natural disasters	PA12	U	0 (2019)	60 (2023)	Undetermined		Negligible
RI12. Percentage of new public investment projects funded in the 2023 annual budget, appraised in line with the PSIP methodology that	PA12	U	0 (2019)	25 (2023)	Undetermined		Negligible

account for gender-differentiated impacts to meet the needs of women							
RI13. Percentage of goods contracts (by value) including sustainability/climate considerations	PA13, PA14	MU	0 (2019)	25 (2023)	72 (2023)	Over 100%	[High]
RI14. Percentage of awarded public procurement contracts made available on a dedicated Government website	PA13, PA14	U	0 (2019)	80 (2023)	0 (2023)	0%	Negligible
RI15. Battery storage for distributed electricity is increased by 5 MW by 2023 to enable the electric system to integrate new renewable energy including geothermal and distributed renewable energy.	PA15	U	0 (2020)	5 (2023)	0 (2023)	0%	Negligible

Note: *Achievement ratings in the table reflect the level of achievement based on actual change relative to the targeted change of the RI. Where the achievement rating is shown in brackets, the RI is not deemed adequate for assessing achievement, and the ratings have been adjusted (noted in the Efficacy section);* * denotes rating based on additional information; [..] denotes a further downgrade to be taken in calculating Overall Efficacy due to Relevance of RI.

Relevance of Results Indicators

PDO1: Saving lives, protecting livelihoods, and preserving jobs

RI1: PA1 introduced standardized protocols to ensure COVID-19 testing of individuals entering Dominica through its various ports of entry and the Action Plan for Entry into Dominica. Individuals testing positive at the port of entry were quarantined to prevent transmission to local citizens and community spread that would lead to a largescale loss of lives, especially because of Dominica's weak medical infrastructure and unpreparedness to treat COVID-19 patients. RI1 measured the number of persons tested for COVID-19 and was highly relevant as it helped to support PA1 by measuring progress in testing. According to the ICR, at the time of design of DPC1, COVID-19 testing was deemed an important measure for containing the pandemic, as it would allow for those who tested positive to avoid contact with other individuals. However, the shortage of adequate test kits led to delays. When the test kits were readily available, testing using PCR and Rapid Antigen kits vastly exceeded expectations. GoCD instituted quarantine protocols that limited population exposure to individuals that tested positive and facilitated an eventual safe reopening of Dominica's borders. RI1 was easy to measure and track over the COVID-19 period, but its target was unrealistically set for June 2021 when the DPC became effective in May 2021. **Relevance of RI1: Highly Satisfactory (HS).**

RI2: In July 2020 when Dominica was undergoing a phased reopening, the largest threat to community spread was the tourism sector. PA2 instituted General Guidelines to limit transmission risk in the tourism industry, and transmission from tourists to the local population by applying Health and Safety Protocols for the Tourism and Hospitality industry to accommodation, transportation, vending and tour operators, and enforced them. EHD issued a Certificate of Approval to tourism facilities that met the minimum requirements. RI2 measured and tracked the number of accommodation facilities certified and helped minimize the risk of COVID-19 transmission originating from overseas visitors, thus directly contributing to saving lives although the exact number saved is not measurable. RI2 also protected livelihoods and preserved jobs by helping to maintain public confidence in Dominica's tourism sector by keeping tourist facilities open though the exact impact is also not measurable by the RI. **Relevance of RI2: Highly Satisfactory (HS).**

RI3: PA3 supported preserving livelihoods and protecting jobs by facilitating liquidity and continuity in businesses affected by COVID-19 through a reduction of 8 percent in the corporate income tax rate for businesses that retained at least 80 of their staff employed in January 2020. RI3 measured the number of businesses that achieved PA3. In DPC2, RI3 was maintained as it helped to track and support businesses as they endured the longer than expected duration of the pandemic and economic downturn. Again, it is not possible to quantify the number of jobs preserved. **Relevance of RI3: Highly Satisfactory (HS).**

RI4 and RI5: PA4 supported the development of a Single Beneficiary registry that would integrate all social programs into one digital database which would be tracked by a MIS. This was expected to enhance monitoring and administration of social programs and benefits, increasing effectiveness and efficiency, thus contributing to fiscal efficiency. **RI4** would measure the number of social programs integrated into the Beneficiary registry and help integrate about 20 social assistance programs, the PAP and the Over-70 years allowance. Although the actual number of beneficiaries was not tracked by RI4, the operationalization of the system would provide this information. RI4 would also protect livelihoods by enabling the GoCD to channel social protection financial transfers to those households most affected by the COVID-19 induced downturn. **RI5** measured the percentage of beneficiaries in the PAP in the first two income level quintiles and provided GoCD the information it needed to target beneficiaries in the lowest income quintiles. The Beneficiary database contained their social and economic household profiles, including gender. Unfortunately, ministerial changes led to severe delays in the development of the Registry and database because of which neither RI4 nor RI5 were measurable. **Relevance of RI4: Unsatisfactory (U). Relevance of RI5: Unsatisfactory (U).**

PDO2: Strengthening fiscal policies, public financial management and debt transparency for a climate-resilient recovery

RI6: PA5 and PA6 sought to establish fiscal discipline to create fiscal space for a climate-resilient recovery. The main mechanism was the FRRF that included annual fiscal targets for reducing fiscal deficits, public debt to GDP ratio and limiting public expenditure growth. Candidates for fiscal targets including increases in the wage bill and fiscal expenditure ceiling targets that typically account for the bulk of the budget were later excluded from the FRRF due to political pressure. PA6 added reforms requiring expenditure cuts in the Tertiary Education Financial Aid Program to achieve the FRRF targets but financial aid expenses are only a small part of the overall budget. Since RI6 could measure and track cuts in financial aid expenditures alone, it was clear that it would not be an adequate indicator for tracking progress in PA5 and PA6 that applied to a much broader set of fiscal variables covered by the FRRF. In addition, while chopping expenditures on student financial aid was needed in Dominica, the longer-term implications of drastic cuts in human capital development in Dominica facilitated by the Tertiary Education Financial Aid Program had not been studied. **Relevance of RI6: Moderately Satisfactory (MS).**

RI7: PA7 and PA8 supported the establishment and funding of the contingency fund VRRF to enable GoCD to respond to climate-related and other disasters. This financing source was set up to immediately address damages and losses caused by frequent, but less severe hazard events. It is also to be used to address emergency response expenditures to more severe events for which other sources of immediate liquidity are not available. The VRRF was set up with TA support from the World Bank and ECCB and was based on international best practice. RI7 measures and tracks the VRRF's funding status which is key for reducing fiscal and liquidity risks arising from climate-related events. It is a relevant measure of PA7 and PA8's progress towards PDO2 - strengthening fiscal sustainability for a climate-resilient recovery. **Relevance of RI7: Highly Satisfactory (HS).**

RI8 and RI9: Given Dominica's discretionary exemptions on imported vehicles, PA9 reduced the tax exemptions on imported vehicles by 50 percent with the goal of raising additional fiscal revenues relatively quickly. Vehicle exemptions a relatively large exemption category and was under the direct and immediate control and discretion of the authorities. RI8 was to measure the percentage reduction in Cabinet authorized discretionary exemptions. It was a weak indicator as the impact of the adverse economic environment on households and businesses substantially increased the demand for relief and exemptions, leading to an almost four-fold increase in exemptions. Perhaps a simple flat tax that did not involve official discretion and was reasonable given the adverse economic environment would have helped increase fiscal revenues instead of RI8 that was dependent on discretionary control. PA9 also sought to increase cooperation between Customs and Inland Revenue in the exchange of data with the objective of increased revenue mobilization when the databases of the agencies were harmonized and integrated. RI9 measured the number of joint audits undertaken as a proxy for the increased cooperation. It was a weak indicator as there was no evidence to suggest that the number of joint audits would automatically translate into increased revenues. RI9 did not measure PA9's contribution to PDO2. Moreover, it was well known that the databases were difficult to harmonize, especially in the absence of any mutually beneficial motive for the agencies to do so. **Relevance of RI8: Moderately Unsatisfactory (MU). Relevance of RI9: Unsatisfactory (U).**

RI10: RI10 sought to improve debt transparency to support PDO2 by focusing on the coverage and timely reporting of the DPR to the parliament and public. By verifying whether the Annual DPR was available on a government website, RI10 measured only one aspect (public disclosure) of debt transparency. Undoubtedly, publishing the annual debt report is an effective way to improve debt transparency and reduce debt vulnerabilities, directly in line with DPO2. However, the other critical elements of PA10 and PA11 were not measured at all, making it difficult to gauge whether the PAs were adequately supporting PDO2. RI10 ignored the comprehensive coverage of public debt sought by the PAs and which was essential for meaningful reporting to the Parliament and public. This included all loan guarantees, debt of SOEs and statutory body debt. Timely publication is also important and RI10 ignored the September 30 reporting deadline required by the PAs. **Relevance of RI10: Moderately Unsatisfactory (MU).**

RI11 and RI12: By introducing the new PSIP methodology, PA12 sought to ensure that the new public investments were channeled into building climate resilient, sustainable, and inclusive infrastructure through appropriate capital investment planning. The PSIP methodology would ensure that investments in building resilience against climate-related natural disasters were consistent with a stable macroeconomic framework. It also required project proposals to demonstrate the impact on gender equality. Through the revised PSIP, PA12 strengthened PFM by incorporating environmental and climate resilience considerations in public investment planning and prioritization. RI11 measured the percentage of new public investment projects funded in the 2023 annual budget whose appraisal was consistent with the PSIP methodology and which also accounted for the impact of natural disasters. RI12 measured the percentage of new public investment projects funded in the 2023 annual budget, appraised in line with the PSIP methodology that account for gender-differentiated impacts to meet the needs of women. Both RI11 and RI12 were ineffective indicators as they could not be measured without a system that implemented the PSIP methodology. The ICR notes (p.37, 38) that while the PSIP methodology was approved, implementation was planned for fiscal year (FY23/24) whereas the DPC closed in March 2023. **Relevance of RI11: Unsatisfactory (U). Relevance of RI12: Unsatisfactory (U).**

RI13 and RI14: PA13 and PA14 strengthened the effectiveness, efficiency, and transparency of public procurement by introducing a modern procurement framework that was technology-driven and favored climate resilient and socially responsible "green" public procurement processes with defined parameters. They would improve transparency through e-procurement systems and contribute to climate resilience during natural disasters by ensuring business continuity and access. They would also ensure equal access to public procurement opportunities for female-owned businesses providing goods and services. RI13 measured the percentage of goods contracts (by value) including sustainability/climate considerations. Those without climate considerations were noted as involving basic goods purchases without any environmental, sustainability, or climate considerations. While RI13 was a useful indicator, it is unclear to what extent it rigorously applied the climate resilient and socially responsible "green" public procurement criteria since the government website was not set up. It is also unclear if the e-procurement system is fully functional. For this reason, RI13 is rated Moderately Satisfactory. RI14 measured the percentage of awarded public procurement contracts made available on a dedicated Government website. This RI was intended to demonstrate the implementation of the new procurement standards and processes. Increasing transparency in public procurement through the publication of procurement contracts is required under the new legislation. RI14 is rated Unsatisfactory as the new procurement website is not set up. **Relevance of RI13: Moderately Satisfactory (MS). Relevance of RI14: Unsatisfactory (U).**

RI15: PA15 introduced the National Energy Policy (NEP) and Guidelines to support the Government's declared target of 100 percent renewable energy by 2030 by transitioning to more affordable, resilient and low-carbon energy systems and services, including in the tourism and hospitality sectors. The NEP prioritizes energy efficiency and renewable energy. RI15 measured the increase in the battery storage for distributed electricity by 2023 to enable the electric system to integrate new renewable energy including geothermal and distributed renewable energy. The RI would indicate and measure progress toward renewable energy sources in pursuit of a more climate resilient recovery and economy, including the development of geothermal resources, wind and solar. Battery storage capacity is a key requirement for effective use of such renewable energy sources. RI15 was another poor indicator as it was not measurable due to delays in the implementation of the battery installation unit. **Relevance of RI15: Unsatisfactory (U)**.

Rating

Moderately Unsatisfactory

5. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

Saving lives, protecting livelihoods, and preserving jobs

Rationale

RI1: Number of persons tested for COVID-19 was only 7,447 (62 percent of the target of 12,000) in June 2021 as the GoCD did not have sufficient test kits due to the temporary global shortage. However, considering the additional information that (i) testing picked up speed as soon as additional kits became available; (ii) the total number of PCR and Triple Antigen tests conducted was 232,914 in October 2023; (iii) the GoCD instituted an additional quarantine protocol to limit population exposure to individuals that tested positive, the achievement is rated Substantial. The target was overly ambitious as the operation became effective in May 2021 and the target was set for June 2021. The achievement of RI1 is assessed substantial. **Achievement Rating RI1: Substantial.**

RI2: The number of accommodation facilities certified to operate under the Health and Safety Protocols increased from zero in 2020 to 81 in 2023, falling short of the target of 50 in June 2021. However, achievement is judged Substantial based on additional information which reflects an overall positive outcome: as of May 2022, a total of 12,161 positive confirmed cases and 63 deaths had been reported, while approximately 46 percent of the population had been vaccinated once and 42 percent was fully vaccinated. The GoCD was effective in applying the Health and Safety Protocols for the Tourism and Hospitality industry to tourism accommodations and enforcing EHD certification to minimize the risk of COVID-19 transmission originating from overseas visitors and enable the safe reopening of the tourism sector. The achievement of RI2 is assessed as substantial. **Achievement Rating RI2: Substantial.**

RI3: The number of beneficiary entities benefiting from the 8 percent tax reduction by retaining 80 percent of staff hired in January 2020 was exceeded and considered so useful for protecting jobs and livelihoods that it was retained throughout DPC2. RI3 is therefore rated as substantial. **Achievement Rating RI3: Substantial.**

RI4: The number of social programs integrated into the Beneficiary Registry and Management Information System for Social Programs could not be measured as the registry was not established due to ministerial changes and is rated negligible. **Achievement Rating RI4: Negligible.**

RI5: The percentage of beneficiaries in the Public Assistance Program in the first two income level quintiles could not be measured as the Beneficiary Registry that was to facilitate the measurement was not established. The achievement of RI5 is therefore rated negligible. **Achievement Rating RI5: Negligible.**

Rating

Moderately Unsatisfactory

OBJECTIVE 2

Objective

Strengthening fiscal policies, public financial management and debt transparency for a climate-resilient recovery

Rationale

RI6: The expenditures under the Tertiary Education Grant Program were reduced to EC$11 million from EC$30 million, exceeding the target of EC$18 million by more than 100 percent leading to an achievement rating of high. However, this achievement is downgraded to Substantial due to the MS relevant rating of the RI. **Achievement Rating RI6: Substantial.**

RI7: The cumulative amount of funds deposited into the Vulnerability Risk and Resilience Fund to respond to climate-related and other disasters (recognizing that deposits may be suspended during periods of disaster events) reached EC$19.8 million, exceeding the target of EC$19.5 million. Therefore, the achievement of RI7 is assessed as high. **Achievement Rating RI7: High.**

RI8: The percentage reduction in Cabinet authorized discretionary exemptions in import taxes on imported vehicles was ineffective as public pressure during the pandemic had the opposite effect and increased exemption from the baseline of EC$2.2million in 2019 to EC$8 million in 2023. The achievement of RI8 is therefore assessed as negligible. **Achievement Rating RI8: Negligible.**

RI9: The number of joint audits undertaken by the departments of Customs and Inland Revenue was 0 instead of the target of 5. The achievement of RI9 is therefore rated as negligible. **Achievement Rating RI9: Negligible**.

RI10: Although the target of posting the Annual DPR on a government website was fully achieved and qualifies for a rating of high, due to the relevance rating of moderately unsatisfactory, the achievement rating for RI10 is downgraded to modest. **Achievement Rating RI10: Modest.**

RI11: The percentage of new public investment projects funded in the 2023 annual budget, appraised in line with the PSIP methodology that account for the impact of natural disasters was indeterminate. Therefore, the achievement of RI11 is rated negligible. **Achievement Rating RI11: Negligible.**

RI12: The percentage of new public investment projects funded in the 2023 annual budget, appraised in line with the PSIP methodology that account for gender-differentiated impacts to meet the needs of women was indeterminate. Therefore, the achievement of RI12 is rated negligible. **Achievement Rating RI12: Negligible.**

RI13: The percentage of goods contracts (by value) including sustainability/climate considerations was 72 percent and exceeded the target of 25 percent, earning an achievement rating of high. However, due to RI13's relevance rating of moderately unsatisfactory, the achievement rating of RI13 is downgraded to modest. **Achievement Rating RI13: Modest.**

RI14: The percentage of awarded public procurement contracts on a dedicated Government website was zero as the website was not established, leading to a negligible achievement rating. **Achievement Rating RI14: Negligible**.

RI15: Instead of an increase of 5 MW in the battery storage for distributed electricity by 2023 to enable the electric system to integrate new renewable energy including geothermal and distributed renewable energy, the actual increase was zero, leading to an achievement rating of negligible. **Achievement Rating RI15: Negligible**.

Rating

Moderately Unsatisfactory

Overall Achievement of Objectives (Efficacy)

Rationale

The achievement of both objectives is rated Moderately Unsatisfactory. Under PDO1, the PAs that focused on saving lives and preserving livelihoods and jobs were rated as Substantial. Despite delays, Dominica was remarkably efficient in containing COVID-19 infections, community spread and the death toll. The PAs related with the establishment of a technology-driven social protection system that would have integrated all social protection databases, facilitated better targeting of vulnerable quintiles, and paved the path toward a fiscal system that was more climate resilient was not established, and pulled down the rating of PDO1 to Moderately Unsatisfactory.

Under PDO2, the efficacy of the individual RIs related with scaling back fiscal expenditures on a Tertiary Education Grants Program and establishing a contingency fund to respond better to natural disasters is rated High. However, efficacy ratings are Negligible for most fiscal measures related with revenue mobilization, other expenditure reduction programs, procurement, renewable energy and other reforms focused on climate-resilient public investment spending, leading to an overall Moderately Unsatisfactory rating for PDO2.

Given that the efficacy of both PDO1 and PDO2 is rated Moderately Unsatisfactory, the overall efficacy rating for the DPC is also Moderately Unsatisfactory.

In summary, the first-ever DPC for Dominica appropriately identified COVID-19 and outstanding macroeconomic challenges following climate disasters as its key policy pillars. However, the policy reforms sought by the 15 PAs spanning revenue mobilization, expenditure cuts, debt transparency and wide-ranging social protection, public investment and procurement reforms were too many and too ambitious in scope for the GoCD's limited capacity and archaic systems. As a result, with its resources spread too thin, achievement was relatively impressive in containing the losses from COVID-19 that was and should have been the priority but slipped or failed in most fiscal areas. From the progress reported to date, it seems that GoCD is still interested in most of the reforms, but implementation remains slow.

Overall Efficacy Rating

Moderately Unsatisfactory

6. Outcome

Rationale

With the relevance of the PAs rated Highly Satisfactory but Efficacy rated Moderately Unsatisfactory, the Overall Outcome rating is Moderately Unsatisfactory.

a. Rating

Moderately Unsatisfactory

7. Risk to Development Outcome

With the pandemic winding down, or at least under relative control, the risk that a COVID resurgence will jeopardize achievements to date is minimal. Therefore, there is little risk to PDO1 focused on saving lives, protecting livelihoods, and preserving jobs. Moreover, Dominica now has systems in place to effectively handle such a resurgence, both in terms of addressing the health implications of a pandemic and programs to support livelihoods and business continuity.

There are, however, several risks to PDO2 focused on strengthening fiscal policies, public financial management and debt transparency for a climate resilient recovery. As the ICR correctly notes, the risks to achieving a climate resilient recovery relate to factors beyond the Bank and Dominica´s control. The most prominent risk is natural disasters, especially frequent weather events, that seem to be intensifying with ongoing climate change. These could exacerbate Dominica’s fiscal and public debt challenges in the near term.

Global events and trends could also worsen Dominica’s fiscal challenges. Weak global demand could trigger a drop in tourism receipts as well as workers’ remittances. High oil prices caused by the ongoing wars or new ones could also lead to larger fiscal deficits and shocks to household incomes. Given Dominica’s dependence on Citizenship-by-Investment revenues, risks related to global geo-political developments, both upside and downside, can be significant.

While the benefits of improved public financial management and debt transparency are likely to continue, at least for a while, related risks cannot be ruled out.

8. Assessment of Bank Performance

a. Bank Performance – Design

Rationale

The Bank provided effective and timely support to Dominica, especially as the COVID-19 pandemic followed on the heels of Hurricane Maria. The Bank drew upon an impressive array of analytical work to inform the design of the first DPC for Dominica. For example, the Dominica Social Protection Assessment (World Bank, 2017) clearly identified areas where social spending could improve in terms of efficiency and effectiveness and contributed to the design of the Single Beneficiary Registry and Management Information System (MIS). The report on Fiscal Rules and Economic Size in Latin America and the Caribbean (World Bank, 2020), and Review of Fiscal Rule Frameworks in place in Grenada, St. Vincent and the Grenadines, and Bahamas informed the design of the FRRF in Dominica. These studies were also useful inputs in the decision to drop the inclusion of the Fiscal Council that was originally included in the FRRF to provide oversight and monitoring. Moreover, the Post-Disaster Public Financial Management (PD-PFM) Review provided recommendations in the areas of the PSIP methodology for the assessment of capital investment projects, the need for fiscal transparency, and management of disaster risk financing. The establishment of the contingency fund, the VRRF, was based on Catastrophe Risk Financing in Developing Countries (World Bank, 2009) which identified steps on how to mitigate the economic and fiscal impacts of disasters including the importance of contingency funds. The E-Government Procurement (e-GP) Readiness Assessment Report of St. Lucia, Grenada, and Dominica (World Bank, 2017) that provides direct knowledge of identified procurement reform needs in Dominica motivated the procurement reforms.

The operation was designed based on sound analytical underpinnings, World Bank analysis and that of other development partners. Furthermore, the team was resourceful in using analytical underpinnings developed by other institutions, such as the Public Investment Management Assessment of the IMF and the Feasibility Study for resilience of the transmission network and Master Plan for Resilient Electrical System supported by the French Development Agency (AFD, for its acronym in French).

The ambition of the PAs was very high. While each of the PAs was highly relevant for Dominica's macroeconomic challenges, collectively the set of 15 covered a wide array of fiscal areas that included revenue mobilization, expenditure cuts, fiscal deficits, debt transparency and limits, procurement system reform, social protection system reform, capital investment project assessment reform and methodology for a climate resilient economy, fiscal framework design and adoption, contingency fund, and energy policy. The overall coverage of areas and issues was too large for a small state government that was already grappling with the reconstruction related with Hurricane Maria and the COVID-19 pandemic. A smaller set of policy reforms could have been more successful for more fiscal policy reforms to be fully implemented. Most of the reforms under PDO2 related to strengthening fiscal policies, public financial management and debt transparency for a climate-resilient recovery were initiated but could not be completed for lack of capacity or time.

The energy sector reform (PA15) focused on the transition to renewable energy was overly complex for a one- or two-year DPC operation and could have been pursued with a separate IPF operation. The GoCD was already not able to address all reforms under DPC1 and DPC2 and did not have the capacity to attend to an economy-wide energy reform requiring the transition to renewable energy. No progress was made in this area.

Several targets and timelines were unrealistic. As an example, even though the effectiveness date of DPC1 was May 2021, the target for RI1 and RI2 was set for June 2021. Some of the RIs seem to have been selected without verification of available data to facilitate measurement. RI8 related with Cabinet approved discretionary exemptions of taxes on vehicle imports was not achieved because the sentiment was to extend not curtail the exemptions. RI9 related to the number of joint audits conducted by the Customs and Inland Revenue authorities was not achieved because their databases were not harmonized. Several RIs related with systemic reforms that moved entire systems from manual to automated processing and would have introduced largescale efficiency gains failed because government departments could not set up the websites or electronic databases. This happened in the areas of procurement, PSIP reforms, social protection, and debt transparency reforms. Systemic changes for a select set of areas or a phased program may have had a better chance of successful implementation than all reforms squeezed into a one or two year period.

Rating

Moderately Satisfactory

b. Bank Performance – Implementation

Rationale

The Bank aided Dominica through TA for specific activities and throughout the design/preparation and implementation of the series and played a key role in helping the program meet expectations, especially in the context of the pandemic. TA played a crucial role in advancing the development agenda towards a climate resilient recovery, in support of the fiscal rules framework, contingency fund management, public investment planning, and procurement reform. The first operation focused more on the pandemic response, and as the pandemic continued and the Government's response to the pandemic was recognized as being well-managed and effective, the Bank was able to adapt the second operation towards recovery. The design of the original PDO allowed for this flexibility, reflecting positively on the team's understanding of GoCD's priorities.

There was a strong dialogue and collaboration between the Bank and government authorities. Completing several supported reforms would not have been possible without Bank engagement and Bank provided TA. Despite the limited Bank budget available for the provision of TA, the Bank was instrumental in ensuring that the Fiscal Rules Framework represented best practice in incorporating appropriate objectives, feasible targets, and adjustment mechanisms. Similarly, Bank TA was critical in the development of operating guidelines for the Vulnerability, Risk, and Resilience Fund. Furthermore, the Bank's engagement in the new Procurement legislation and particularly in drafting of related procurement regulations ensured that the legislation and regulations reflected best international practice. These activities would not have been possible without Bank TA support.

The cooperation between the Bank and the authorities was exemplary. The Bank helped the GoCD with the content and drafting of the Debt Portfolio Review. Even after the completion of these reforms, the GoCD continues to share drafts of the annual DPRs before publication to solicit Bank advice on content and presentation. This illustrates the level of engagement and meaningful cooperation between the Bank and the authorities. The provision of ongoing TA throughout the operation and subsequently resulted in a near constant monitoring of reform progress and regular contact with the authorities.

The Bank could have done better in monitoring implementation. The ICR notes that "it is recognized that the Bank should have better monitored the implementation progress of the results indicators. Some of the individual results indicators were not achieved due to capacity constraints and competing demands within the administration. With stronger monitoring of specific indicators, several of the delays and oversights around some of these indicators could have been noted and relevant TA brought in to bear to ensure their completion. The Bank should have reviewed ongoing progress more regularly against the result indicators. In hindsight some of these failings could have been easily addressed by the provision of TA, and if resources had been available," (ICR, para 74).

Rating

Moderately Satisfactory

c. Overall Bank Performance

Rationale

With Bank Design and Bank Implementation ratings being Moderately Satisfactory, the Overall Bank Performance rating is also judged Moderately Satisfactory.

Overall Bank Performance Rating

Moderately Satisfactory

9. Other Impacts

a. Social and Poverty

This DPC has had a clear and positive impact on poverty. The short-term impact on poverty reduction can be attributed mostly through PAs 1, 2, and 3 in DPC1 and PA 1 in DPC2, which were focused on limiting the impact of the COVID-19 pandemic by saving lives, protecting livelihoods, and preserving jobs. The support provided through these operations to the COVID-19 testing protocols, entry requirements, the certification of COVID-19 compliant tourist facilities, and supporting liquidity and continuity of businesses affected by COVID-19, unambiguously limited household exposure to COVID-19 and helped maintain consumption levels among the most vulnerable households. These measures could also have a positive long-term effect by improving human capital, productivity, and stimulating economic growth.

b. Environmental

The DPC-supported policy reforms are not expected to have significant negative environmental effects and may have some positive effects due to their support for climate change mitigation and adaptation.

c. Gender

Women have clearly shared in the benefits though given limitations in data availability; this is difficult to quantify. The supported measures enhanced the effectiveness of social protection programs and helped maintain business continuity and jobs. This is likely to have benefited women to a greater extent given they were disproportionately affected by the pandemic crisis and that job losses were concentrated in the tourism and retail sectors where employment levels among women are highest (PD1, p. 21, Table 8). However, several indicators could have included greater gender disaggregation, though again this is limited by data availability. To ensure these measures effectively promoted gender outcomes, it is necessary to collect and analyze gender disaggregated data and implement gender-sensitive budgeting in the near term. The latest poverty survey is for 2008.

d. Other

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10. Quality of ICR

Rationale

The ICR is well-drafted and systematically followed IEG's recommended method for presenting an ICR. It is comprehensive in coverage, internally consistent in the narrative presented and well written. It pieces together sound evidence from both operations and presents a coherent discussion. All PAs and RIs were properly presented and discussed. The exception was a numbering issue (RI10). The main shortcoming of the ICR is in its self-assessment of efficacy where little consideration is paid to the dates when the numerical targets were achieved. There an absence of discussion related to the delay of over a year in the achievement of some targets and the specific date when the target was meant to be achieved (RI1 – RI3).

a. Rating

Substantial

11. Ratings

Ratings	ICR	IEG	Reason for Disagreement/Comments
Outcome	Moderately Unsatisfactory	Moderately Unsatisfactory	
Bank Performance	Satisfactory	Moderately Satisfactory	Too many complex PAs, unrealistic RI targets and insufficient TA .
Relevance of Results Indicators	---	Moderately Unsatisfactory	
Quality of ICR	---	Substantial	

12. Lessons

The ICR presents four lessons with which IEG concurs.

13. Project Performance Assessment Report (PPAR) Recommended?

No