

**11<sup>th</sup> EDF**

**National Indicative Programme**

**(2014 – 2020)**

**for co-operation between**

**Saint Kitts and Nevis**

**and**

**the European Union**

## GENERAL CLAUSES

The Government of Saint Kitts and Nevis and the European Commission hereby agree as follows:

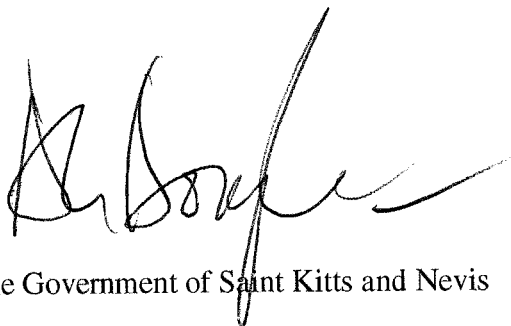
- (1) The Government of Saint Kitts and Nevis and the European Commission, hereinafter referred to as the Parties, determined the general orientations for cooperation for the period 2014-2020.

These orientations which are included in the National Indicative Programme, concern the European Union Aid in favour of Saint Kitts and Nevis and were drawn up in accordance with the provisions of Articles 2 and 4 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000, revised and signed in Luxemburg on 25 June 2005 and revised and signed in Ouagadougou on 22 June 2010. The National Indicative Programme is annexed to the present document.

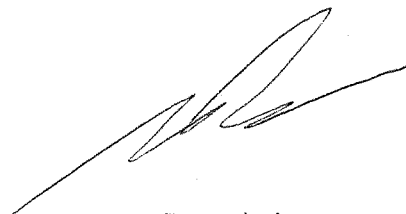
- (2) As regards the indicative programmable financial resources which the European Union envisages to make available to Saint Kitts and Nevis for the period 2014-2020, an amount of EUR 2.8 million is foreseen for the allocation referred to in Article 3.2 (a) of Annex IV of the ACP-EC Partnership Agreement (A-allocation). A B-allocation referred to in Article 3.2 (b) can be established to cover unforeseen needs. This allocation is at EUR 0 until a need arises. These allocations are not entitlements and may be revised by the Commission, following the mid-term and end-of-term reviews, in accordance with Article 5.7 of annex IV of the ACP-EC Partnership Agreement.
- (3) The A-allocation is destined to cover macroeconomic support, sectoral policies, programmes and projects. The National Indicative Programme concerns the resources of the A-allocation. It also takes into consideration financing from which Saint Kitts and Nevis benefits or could benefit under other European Union resources. It does not pre-empt financing decisions by the Commission.
- (4) The B-allocation is destined to cover unforeseen needs such as humanitarian, emergency and post emergency assistance, where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate exogenous shocks. The B-allocation shall be established according to specific mechanisms and procedures and does therefore not constitute a part of the programming.
- (5) Pending the entry into force of the Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting with the Council on the financing of European Union Aid under the multiannual financial framework for the period 2014 to 2020, financing decisions for projects and programmes can be taken by the Commission at the request of the Government of Saint Kitts and Nevis within the limits of the A- and B-allocations referred to in this document under the condition that sufficient financial resources are available in the transitional measures ("Bridging Facility") composed of uncommitted balances from the previous EDFs and from funds de-committed from projects or programmes under those EDFs. The respective projects and programmes shall be implemented according to the rules and procedures of the 10<sup>th</sup> EDF until the entry into force of the 11<sup>th</sup> EDF implementing rules and financial regulation.
- (6) The European Investment Bank may contribute to the implementation of the present National Indicative Programme by operations financed from the Investment Facility and/or from its own resources, in accordance with Articles 2c and 3 of the 11<sup>th</sup> EDF multi-annual financial framework for the period 2014-2020.

- (7) In accordance with Article 5 of Annex IV to the ACP-EC Partnership Agreement, the National Indicative Programme as well as the A-and B-allocations can be revised following the mid-term review and the end-of-term review or ad hoc reviews.

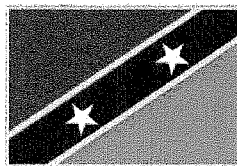
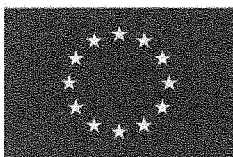
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For the Government of Saint Kitts and Nevis



For the European Commission



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For the European Commission



For the Government of Saint Kitts and Nevis

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## **LIST OF ACRONYMS**

ACP – Africa, Caribbean, Pacific  
AMSP – Accompanying Measures for Sugar Protocol Countries  
CARICOM – Caribbean Community  
CARIFORUM Caribbean Forum – Forum of the Caribbean Group of African, Caribbean and Pacific (ACP) States  
CDB – Caribbean Development Bank  
CIDA – Canadian International Development Agency  
CIF – Caribbean Investment Facility  
CRIP – Caribbean Regional Indicative Programme  
CSEP – Caribbean Sustainable Energy Programme  
CSME – CARICOM Single Market and Economy  
DIPECHO – Disaster Preparedness Programme  
DRR – Disaster Risk Reduction  
EC – European Commission  
ECCB – Eastern Caribbean Central Bank  
ECHO – European Commission Humanitarian Aid Office  
ECPA – Energy and Climate Change Partners of the Americas  
ED – Electricity Department  
EDF – European Development Fund  
EE – Energy efficiency  
EIA – Environmental impact assessment  
EIB – European Investment Bank  
EPA – Economic Partnership Agreement  
EU – European Union  
GDP – Gross Domestic Product  
GiZ – Gesellschaft fuer internationale Zusammenarbeit.  
GSKN – Government of St Kitts and Nevis  
HPI – Human Poverty Index  
ICT – Information and Communications Technology  
IDB – Inter-American Development Bank  
IFIs – International Financial Institutions  
IMF – International Monetary Fund  
LAC – Latin America and Caribbean  
MDG(s) – Millennium Development Goal(s)  
M&E – Monitoring and Evaluation  
NAO – National Authorising Office(r)  
NAS – National Adaptation Strategy  
NDS – National Development Strategy  
NEP – National Energy Policy  
NEVLEC – Nevis Electricity Company Limited  
NIA – Nevis Island Administration  
NIP – National Indicative Programme  
NSA(s) – Non-State Actor(s)  
NSP – National Strategic Plan  
OAS – Organisation of American States  
OECS – Organisation of Eastern Caribbean States  
PPP – Purchasing Power Parity  
PSDPG – Eastern Caribbean Private Sector Development Partners Group



PV – solar photovoltaic  
RE – Renewable energy  
RIP – Regional Indicative Programme  
ROC – Republic of China on Taiwan  
SIDF – Sugar Industry Diversification Foundation  
SIDS – Small Island Developing States  
SKELEC – St. Kitts Electricity Company  
SKN – St. Kitts and Nevis  
SMEs – Small and Medium Enterprises  
TA – Technical Assistance  
TCF – Technical Cooperation Facility  
UN – United Nations  
UNDP – United Nations Development Programme  
UNESCO – United Nations Educational, Scientific and Cultural Organization  
UNFCCC – United Nations Framework Convention on Climate Change  
US(A) – United States (of America)  
USAID – United States Agency for International Development  
WB – World Bank  
XCD – Eastern Caribbean Dollars

## **1. THE OVERALL LINES FOR THE EU RESPONSE**

### **1.1. Strategic objectives of the EU's relationship with the partner country**

The relations between St. Kitts and Nevis (SKN) and the European Union (EU) are underpinned by the Joint Caribbean-EU Partnership Strategy, the Cotonou Agreement and the CARIFORUM (Caribbean Forum–Forum of the Caribbean Group of African, Caribbean and Pacific States)–EU Economic Partnership Agreement (EPA). SKN and the EU share a long history, culture and a broad base of common values. Both share a commitment to global peace, progress and prosperity as well as to democracy, human rights, and the rule of law. The EU continues to be an active partner in supporting regional integration and cooperation, based on its own experience. The CARIFORUM-EU EPA builds a trade partnership for increased competitiveness, economic growth and development, supporting regional integration in the Caribbean and participation in the world trading system. The EU is firmly committed to implement its obligations stemming from the EPA and to assist SKN to implement the EPA.

Climate Change and its consequences are key obstacles to sustainable development and the achievement of the Millennium Development Goals. SKN is a Small Island Developing State (SIDS) with low-lying coastal zones and thus particularly vulnerable. This climate vulnerability exacerbates the already high and inter-linked social, economic and environmental vulnerabilities of the country. Hence, resilience building is an overarching goal of the NIP, guided by relevant EU (as outlined in the European Commission's Communication on Resilience<sup>1</sup>), and CARIFORUM policies. Resilience strategies should contribute to different policies, in particular Food Security, Climate Change Adaptation and Disaster Risk Reduction (DRR). In this context, the EU has consistently supported prevention and preparedness for crises in the most vulnerable countries and identified the need to integrate DRR and Adaptation to Climate Change, notably into both development cooperation and humanitarian response. SKN and the EU Member States, as signatories to the Kyoto Protocol, have worked together to advance climate change negotiations, and developed policies to reduce the impact of climate change and environmental degradation. They share an interest in achieving a comprehensive, fair and legally-binding outcome under the United Nations Framework Convention on Climate Change (UNFCCC).

The economy of SKN relies heavily on tourism and investment for development and hence is inherently susceptible to external factors. Working together to fight criminal networks is a priority of EU-SKN relations. Strengthening cooperation and capacity building as well as addressing the root causes behind criminal activity and its social impact are key aspects in this regard. SKN and the EU face a number of common global challenges and concerns and are committed to act in a coordinated manner to find joint responses at the international level. Together, SKN, with the fourteen CARIFORUM partner countries and the twenty-eight Member States of the EU represent forty-three (43) countries. The goal of this cooperation is to have a more decisive impact on topics of mutual importance.

The EU – SKN development cooperation portfolio has grown significantly in recent years, primarily due to the allocation of significant funds from the Accompanying Measures for Sugar Protocol Countries (AMSP); app. EUR 25 million for 2011-13, which was allocated through multi-sector budget support. An allocation of EUR 4.5 million has been provided under the 10<sup>th</sup> European Development Fund, primarily to fund Safety and Security interventions. The EU ranks as no. 1 in

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<sup>1</sup> COM(2012)586 final and SWD(2013)227 final

terms of the volume of aid provided to the country out of twenty-three (23) donors. The EU provides 65% (2010) of Official Development Assistance to SKN.

EU support and cooperation is provided in support of the efforts of SKN to recover from the effects of the global economic and financial crises, restore macro-economic stability, meet the Millennium Development Goals and undertake a transformation to a green economy. Linkages between the national and CARIFORUM regional programmes will be sought, as will the opportunity to leverage further funds for development interventions; one opportunity for this being the Caribbean Investment Facility (CIF). The EU support complements, and is based on, the analysis and projections of the SKN National Adaptation Strategy (2006 – 2017).

## **1.2. Choice of sector**

Subsequent to the closure of the sugar industry in July 2005, the Government formulated the National Adaptation Strategy (NAS) for the period 2006-2013 to outline the strategies for economic diversification and social development. The development of alternative energy sources was integrated as a vital component in the NAS. In this regard, the GSKN prepared a draft National Energy Policy (NEP) in 2011, with funding from the EU and other development partners, which identified the target of 60% generation of energy from renewable sources by the year 2020. The NEP underscores that the Federation aims to become the smallest 'green' nation in the Western Hemisphere with a sustainable energy sector providing reliable, renewable, clean and affordable energy services to all its citizens.

The need for energy reform in St. Kitts and Nevis is contextualised by the on-going economic transformation embarked upon by the Government, from an agriculture-based to services-oriented economy, which focuses primarily on high-end tourism. The resultant increase in economic activity including foreign direct investment, commercial and residential development, and immigration, has significantly affected the demand for electricity.

In 2010, St. Kitts spent XCD 61 million for the importation of petroleum and the relative share of energy expenditures in the household budget was 4.2% (as compared with 2.1% in the United Kingdom). Until 2005, the price for electricity was maintained relatively low, primarily through the provision of a subsidy provided by the Government. However, due to increases in the price of oil the Government introduced a fuel surcharge in St. Kitts in October 2005. Nevis introduced the surcharge two months later. A revision of the electricity tariff took effect in January 2011 with the aim of bringing the base tariff in line with the cost of producing electricity. Oil prices have continued to increase since the implementation of the fuel surcharge, and as a result, retail prices for electricity have doubled from late 2005 to August 2012. In 2013, the Government intervened to bring relief to electricity consumers by subsidising the fuel surcharge with the assistance of the St. Kitts and Nevis Sugar Industry Diversification Foundation (SIDF) to an approximate annual cost of XCD 8 million. Electricity prices have been reported to average USD 0.21 / kWh. As a comparison, electricity prices in the USA (Florida) are in the range of USD 0.05 – 0.08 / kWh.

In St. Kitts and Nevis electricity is primarily produced by small diesel fuelled generators, with only a very small percentage produced by solar and wind energy. Accordingly, the vulnerable position of the country is exacerbated given the very high dependency on imported fossil fuel for electricity generation as well as for transportation. Fuel is imported in St. Kitts under the PETROCARIBE Energy Cooperation Agreement with Venezuela. The petroleum derivatives are purchased at market prices, but the Government receives a credit from Petro-Caribe of up to 60% of the value per barrel under an interest rate of 1% over a period of 25 years. Nevis does not participate in the PETROCARIBE arrangement. High maintenance requirements and low reliability of small diesel gen-

sets have historically resulted in electricity outages although these incidences have decreased in recent years. The Government of St. Kitts and Nevis remains cognisant of the negative environmental impacts associated with diesel powered generation, especially for Small Island Developing States (SIDS).

The institutional framework of the energy sector is relatively robust. In April 2011, the St. Kitts Electricity Services Act was passed which resulted in the corporatisation of the former Electricity Department (ED), within the Ministry of Housing, Public Works, Utilities, Transport and Posts into a semi-autonomous utility. The St. Kitts Electricity Company (SKELEC) began its operations in August 2011. The divestment has reduced the GSKN's capital and recurrent costs and has resulted in an improvement in the efficiency of electricity generation and distribution. The Public Utilities Commission has "the power to regulate and oversee generally the overall use and supply of electricity in Saint Christopher [St. Kitts]."

In Nevis, the Geothermal Resources Advisory Committee, chaired by the Minister of Natural Resources, coordinates the renewable energy policy, according to the Nevis Geothermal Resources Development Ordinance (2008).

The power supply systems in the Federation are currently operated independently and are not interconnected. SKELEC is headquartered in Basseterre, St. Kitts and the Nevis Electricity Company Limited (NEVLEC) is headquartered in Charlestown, Nevis. The current peak electricity demand is approximately 24 MW in St. Kitts and 9.73 MW in Nevis. A pre-feasibility study on the St. Kitts and Nevis electricity interconnection undertaken by the Energy and Climate Change Partners of the Americas (ECPA) concluded that upon the production and sale of geothermal energy in Nevis, the cost of electricity can be significantly reduced in St. Kitts if the connection is established.

The above-mentioned NEP seeks to foster the development of an appropriate legal, institutional and economic framework, including management mechanisms, to stimulate sustainable energy reforms. In an effort to operationalise the NEP, the Government has embarked on several negotiations with private developers, donors and government partners, and to date renewable energy is being generated from solar and wind, and is in the preparatory stages with respect to geothermal. A number of energy efficiency measures have also been put in place.

In 2007, the Government of Cuba was instrumental in donating energy efficient light bulbs to the Federation, which were distributed without cost to the general public. In 2011, Government installed 66 solar panels on the Government Headquarters building, which currently supplies 30% (100 KW) of the electricity utilized by that facility. In 2012, efforts continued to diversify the sector through the installation of solar-powered street lights along a portion of the main road in the rural area, and energy efficient lighting in the vicinity of the Basseterre Valley and Frigate Bay. The Government has also demonstrated its commitment to energy reform by facilitating the establishment of the first solar panel manufacturing plant in the OECS at the C.A.P Southwell Industrial Park in St. Kitts in June 2013, and the launch of the region's first solar energy farm (1.3 MW) at the Robert Llewellyn Bradshaw (RLB) International Airport in September 2013.

In Nevis, the Nevis Island Administration (NIA) has operated a 2.2MW wind farm since 2010, and in St. Kitts negotiations are underway with respect to the construction of a 5.4 MW wind farm at BelleVue in the rural area. In addition, commercial operators and residential consumers are increasingly investing in renewable technologies such as solar panels and solar-powered water heaters, and utilizing energy efficient technologies. In 2013, the Sugar Industry Diversification Foundation (SIDF) committed to supporting this transformation of the sector by launching a programme to provide solar panels to approximately 300 affordable houses.

The implementation of additional renewable energy initiatives requires extensive planning particularly with respect to grid capacity. The St. Kitts Electricity Company (SKELEC) is currently undertaking the procurement process to facilitate the assessment of its infrastructural capacity in relation to the supply and distribution of renewable energy.

In conclusion, the energy sector in SKN is relatively well regulated, analysed and reported on. Sector related dialogue takes place in the framework of the Committee of Permanent Secretaries, the Investment Review Committee and various national development forums such as the annual National Consultation on the economy, which includes private sector representatives. Constraints of energy costs for economic development are well identified and appreciated by the Government. RE and EE is a priority sector for Government and hence are deemed appropriate sectors for EU-SKN development cooperation for EDF 11. Concentrating investments in sustainable energy is among the high priorities of the EU "Agenda for Change". Energy reform measures are already included in an EU financed general budget support operation and aim at preparing for the 11<sup>th</sup> EDF programme for example the execution of energy audits for the water sector and interconnectivity studies between St. Kitts and Nevis.

Additionally, RE / EE also addresses climate change and low-carbon development. Hence, the EU - SKN programme will contribute to achieving the EU proposal to make 20% of the EU overall budget for 2014-2020 "climate relevant". Possibilities to leverage additional funds to the sector exist, primarily from the Caribbean Investment Facility, and will be assessed further. Linkages with the energy component of the EDF 11 regional programme will also be explored. Increasing innovative financial instruments, including under facilities for blending grants and loans is a key feature of the EU "Agenda for Change" as well. EU support will take into account the equal and non-discriminatory access to energy services as integral to the enjoyment of socio-economic rights. Gender equality, participation of the most marginalized in equitable service delivery will be thus paid special attention to.

Lessons learnt will be taken into account during the implementation phase and in particular lessons learned will be into account during the identification and formulation phases so as to inform the choices for implementation.

## 2. FINANCIAL OVERVIEW (INDICATIVE AMOUNTS)

<i><b>Sector of cooperation</b></i>	<i><b>Amount (EUR)</b></i>	<i><b>% of Total</b></i>
<i><b>Renewable Energy / Energy Efficiency</b></i>	<b>2,600,000</b>	<b>93</b>
<i><b>Measures in favour of civil society (NSA Panel)</b></i>	<b>25,000</b>	<b>1</b>
<i><b>Support measures</b></i>	<b>175,000</b>	<b>7</b>
<i>- Support measures NAO</i>	75,000	2
<i>- Support measures TCF</i>	100,000	4
<i><b>Total</b></i>	<b>2,800,000</b>	<b>100</b>

The EU response and National Indicative Programme may be complemented by operations financed by the EIB from the Cotonou Investment Facility and/or its Own Resources

### 3. EU SUPPORT PER SECTOR

#### 3.1. Renewable Energy / Energy Efficiency Sector (Indicative amount EUR 2.6 million)

3.1.1. The following overall and specific **objectives** will be pursued:

The **overall objective** is to support the energy sector goals of the Government, as defined in the draft 2013 National Energy Policy. The main elements of this policy are: i) increased diversification; ii) promoting smarter, efficient and innovative approaches. The principal policy objective for the management of the energy sector is to guarantee: “Efficient and well-coordinated planning and management activities to achieve sustainable supply, generation, distribution and use of energy”.

The **specific objective** is to develop a sustainable energy sector through the increased integration of renewable and energy efficient technologies in public facilities and social housing programmes, and to increase awareness, education and training in relation to renewable energy and energy efficiency.

3.1.2. For each of the specific objectives the main expected **results** are:

- Renewable energy (RE) and energy efficiency (EE) systems installed at public facilities (e.g. solar photovoltaic (PV) and small medium wind power systems).
- Renewable energy (RE) and energy efficiency (EE) systems installed at buildings of the social housing schemes provided for by the National Housing Corporation and the Ministry of Social and Community Development, Culture and Gender Affairs.
- Public awareness campaigns, education and training programmes developed and executed.

3.1.3. The main indicators for measuring the aforementioned results are contained in the sector intervention framework in Attachment 3.

3.1.4. **Donor coordination and policy dialogue** are:

The GSKN has embarked on an intensive renewable energy and energy conservation programme with support from the Republic of China on Taiwan (ROC), the Government of Cuba, the Organisation of American States (OAS), UNESCO, UNFCCC, and the European Union (EU). Interventions in the energy sector are coordinated by the Energy Unit of the Ministry of Housing, Public Works, Energy and Public Utilities. Details of international support are shown in Attachment 2. The Government endeavours to strengthen its relationship with GIZ and SIDS Dock in the context of the regional programmes of these institutions.

Furthermore, the Government has undertaken to establish a **National Energy Commission** by 2015 to function as a high-level advisory board in order to facilitate the effective planning and execution of energy sector reform objectives. The Government will upgrade the Energy Unit with the addition of qualified staff capable of planning, executing, managing, monitoring and evaluating the aforementioned objectives.

3.1.5. The Government's **financial and policy commitments**

In an effort to facilitate the transformation process after the closure of the sugar industry, a National Adaptation Strategy (NAS) 2006-2013 was formulated to outline the policy actions required to ensure the economic diversification and social development of the Federation. The Government having recognized that the NAS remains the primary document which underpins the continued development of St. Kitts and Nevis over the next five (5) years has extended the implementation period to 2017. A vital element within this development agenda remains the diversification and sustainability of the

energy sector which includes the integration of renewable energy and energy efficient technologies to enhance competitiveness and facilitate poverty reduction.

The vision of the Government is, as defined in the draft National Energy Policy, “to become an island nation with a sustainable energy sector where reliable, renewable, clean and affordable energy services are provided to all its citizens”. This will require a comprehensive transition towards a more sustainable energy balance where all stakeholders – government, utilities, businesses, NGOs, and citizens – participate and extract the benefits. The policy is based on the principle that energy services must become cleaner, more reliable and affordable.

The National Energy Policy will be updated in order to make provisions for private sector entities or individual households to generate renewable energy utilising their own plants while at the same time integrating with the national grid. In addition, issues related to feed-in tariffs, net metering, and other areas to facilitate integration of private energy supply with the national grid will be addressed. The goal is for producers of energy to capitalise on excess energy generated by transferring energy to the national grid with the expectation of receiving credits or compensation. This would provide the enabling environment for the increased utilization of renewable energy and income generation. Government policies are thus also geared towards creating an enabling environment for the private sector in the areas of renewable energy and energy efficiency.

Further policies and legislation will be revised or adopted with a view to achieving lower energy costs and achieving the goal of developing a green economy in the medium to long term. The Government intends to undertake a comprehensive assessment of the interconnectivity between St. Kitts and Nevis to ascertain the technical and financial requirements to facilitate the distribution of geothermal energy between the islands.

#### 3.1.6. **Environmental aspects**

Activities to be financed under 11<sup>th</sup> EDF will be executed in full compliance with the environmental policies, laws and regulations of the country. Investments will be guided by Government commitments under the St. Georges’ Declaration of Principles for Environmental Sustainability in the OECS. The Development Control and Planning Board (DCPB) will ensure that an environmental impact assessment (EIA) is undertaken for each renewable energy intervention proposed by the public or private sector, in order to ascertain any negative consequences to the natural environment. As an additional safeguard at identification and formulation phases, interventions will also be screened for environmental impact and climate change risk using relevant Guidelines.

The net positive impact of energy reform interventions on the environment is documented in the National Energy Policy. The net positive environmental impact of such interventions is also documented in several donor analyses on energy reform.

#### 3.1.7. The overall **risk assessment** of the sector intervention:

The Government has identified the following risks for developing the renewable energy sector; i) programme delays due to inadequate support, information or resources; ii) scheduling conflicts between ministries; iii) inadequately qualified human resource to staff Energy Unit; iv) indifference by general public & poor public response to initiatives; v) capacity of grid to incorporate additional renewable energy; vi) inability to implement energy efficient or renewable energy measures; vii) severe damage caused to new technologies due to hurricanes or other inclement weather. The risk mitigation framework is provided in Attachment 5.

These risks (also including risks from natural disasters) will be integrated in a risk informed investment approach.

#### **4. MEASURES IN FAVOUR OF CIVIL SOCIETY**

In line with the Cotonou Agreement and its Annex IV an indicative amount of EUR 25,000 is set aside in support of civil society organisations, specifically the Non-State Actors (NSA) Advisory Panel. This allocation may also be used to finance actions linked to cross cutting issues.

The expected results from this allocation are: i) enhanced consultative and participatory processes and involvement of civil society in sector dialogue; ii) stronger involvement of NSA's in the planning and implementation of energy sector actions.

In recognition of the complementary role and invaluable contributions made by Non-States Actors (NSA) to the social and economic advancement of SKN, the Government has successfully established its second NSA Panel comprising representatives from twelve (12) recommended categories/sectors. The tenure of panel members is a maximum of two (2) years. Although a number of current stakeholders from the environment sector are currently on the Panel, the incorporation of further actors may be beneficial to the 11<sup>th</sup> EDF energy reform programme.

#### **5. B-ALLOCATION**

A B-allocation is included for unforeseen needs (specifically relevant for fragility situations). This allocation is EUR 0 until a need arises. In case of necessity, a Financing Decision to meet an unforeseen or urgent need can be taken.

#### **6. SUPPORT MEASURES**

##### **6.1 Measures to support or accompany the programming, preparation or implementation of actions**

An indicative amount of maximum EUR 100,000 is foreseen for the Technical Cooperation Facility (TCF), which aims to improve the planning and implementation of development projects and programmes financed by the European Union (including the EDF and the Sugar Facility), strengthen the capacity of Government services and support the involvement of Non-State Actors in EU projects and programmes.

##### **6.2 Support to the National Authorizing Officer**

An indicative amount of maximum EUR 75,000 is foreseen for support to the National Authorising Officer. This component seeks to maintain and improve the institutional capacity necessary for the efficient and effective planning, utilization, monitoring and implementation of EU development assistance and cooperation in St. Kitts and Nevis. A key component will be to ensure adequate visibility of EU interventions in SKN. Further, the NAO will be integral to the process of assisting the Country to access resources under the Caribbean Regional Indicative Programme (CRIP), the Caribbean Investment Facility (CIF) as well as other EU thematic funds including for research.

#### **Attachments**

1. Country at a glance



2. Donor matrix showing the indicative allocations per sector
3. Sector intervention framework and performance indicators
4. Indicative timetable for commitment of funds
5. Risk mitigation framework

**Attachment I: Country at a glance**

St Kitts and Nevis	Unit	2010 (or earlier)	2011	2012	2013	Source
<b>POLITICAL</b>						
<b>Status / political rights / civil liberties</b>	Score (F = Free; PF = Partly Free; N = Not Free) / 1 = the most free and 7 the least free rating.	F/1/1	F/1/1	F/1/1	F/1/1	Freedom House
<b>SOCIAL / VULNERABILITY</b>						
<b>Population</b>	Number	52,352	52,971	53,584	-	World Bank
<b>Human Development Index</b>	Index / rank	0.745	0.745	0.745/72	-	UN
<b>Life expectancy at birth, total</b>	Years	-	-	-	-	World Bank
<b>School enrolment primary</b>	%	105	-	-	-	World Bank
<b>Homicides</b>	Number per 100,000 population (change from year before)	20 (-7)	-	-	-	UN
<b>Poverty (headcount index)</b>	%	21.8 (2008)	-	-	-	CDB
<b>Unemployment</b>	%	-	-	-	-	CDB
<b>GINI</b>	0 – 1 coefficient	0.40 (2009)	-	-	-	CDB
<b>EVI (Environmental Vulnerability)</b>	Index	359 = Highly Vulnerable				UNEP
<b>Fuel imports</b>	(% of merchandise imports)	4	3	-	-	World Bank
<b>Pop. Living in areas of elevation &lt; 5 meters</b>	%	22,12 (2000)	-	-	-	Centre for International Earth Science Information Network (CIESIN)
<b>Disaster risk reduction progress</b>	Score (1 to 5): 1= worst	-	4	-	-	World Bank
<b>ECONOMICAL</b>						

<b>GDP Growth</b>	%	0	2	-1	-	World Bank
<b>Public deficit</b>	% GDP	-7.8	2	-3*	-	Global Finance
<b>Debt</b>	% GDP	163.6	153.4	151.2*	-	Global Finance
<b>Current Account Balance</b>	% GDP	-30.6	-28.7	-27.8	-26.8*	Economy Watch
<b>Inflation</b>	%	1	5.4	2.8		Global Finance
<b>Global Competitiveness</b>	Rank/score/change	-	-	-	-	World Economic Forum
<b>Rating Agencies</b>	Rate	-	B1 (MIS:2011)	-	-	S&P; MIS; FR
<b>Rating Agencies</b>	Rate	-	-	-	-	S&P; MIS; FR
<b>FDI, net inflows</b>	BoP, current US\$ (millions)	133,775,934	114,056,140	-	-	World Bank
<b>Net ODA and official aid received</b>	Current US\$ (millions)	11,420,000	15,750,000	-	-	World Bank
<b>EU Import from / EU Export to</b>	Value: € million	6.3/59.6	5.2/29.7	5.1/58.3	-	EU
<b>GOVERNANCE</b>						
<b>Control of Corruption</b>	% / score	82/ 1.05	-	-	-	Transparency Internat.
<b>Doing Business</b>	Points/Rank	-	92	96	-	World Bank-IFC

\* Estimation; \*\* Forecast

## Attachment II: Donor Matrix

No	Project / Programme	Budget (EUR)
1	<b>European Union (EU)</b> – The GSKN benefited from collaboration between the EU and the OAS through the implementation of the <i>Caribbean Sustainable Energy Programme (CSEP)</i> which has been instrumental in advancing energy reform in St. Kitts and Nevis including the implementation of two (2) energy audits.	19,154
	In 2010, the <b>European Investment Bank (EIB)</b> provided a line of credit to the St. Kitts and Nevis Development Bank for the support of SME's and renewable energy reform, of which a total of USD 1 million has been allocated to date.	5,893,620
2	<b>Organisation of American States (OAS)</b> – In collaboration with the GSKN, the OAS has undertaken an economic study to facilitate the interconnection of geothermal energy between St. Kitts and Nevis, in respect of the development of geothermal energy on Nevis. Other initiatives include the conduct of sustainable energy workshops for energy and educator stakeholders in the Caribbean and two (2) small scale energy audits conducted on both islands during the period July – August 2012. The OAS through the Energy and Climate Partnership of the Americas (ECPA), in collaboration with the EU Energy Initiative, published the Energy Policy and Sector analysis in the Caribbean 2010-2011 analysing the potential for energy reform for several OECS territories.	TBC
3	<b>Caribbean Community (CARICOM)</b> – In September 2012 the CARICOM implemented the 3rd Caribbean Sustainable Energy Forum to stimulate dialogue on energy policy. The GSKN spearheaded a street fair entitled “Energy Expo’ in collaboration with CARICOM and the OAS to facilitate public awareness on energy efficiency through renewable energy.	41,255
4	<b>Organization of Eastern Caribbean States (OECS)</b> – The OECS launched an Energy Management Awareness Campaign in 2012 for the OECS territories which is ongoing.	6,201
5	<b>Republic of China on Taiwan (ROC)</b> – The Government of the ROC provided the GSKN with over one hundred solar-powered street lights in select rural areas. In the urban area, the ROC has provided over one hundred energy efficient street lights. The ROC has also provided financial and technical assistance in the installation of solar panels at the Government Headquarters building (100 KW) and the Robert Llewellyn Bradshaw (RLB) International Airport (1.3 MW).	5,159,864
6	<b>UNESCO (United Nations Educational, Scientific and Cultural Organization)</b> – In 2013, a UNESCO Environmental Conference was held on the island of Nevis to promote dialogue among regional stakeholders with respect to the impact of human behaviour on the environment.	TBC
7	<b>United Nations Framework Convention on Climate Change (UNFCCC)</b> – St. Kitts and Nevis (SKN) signed to the Convention in June 1992. SKN submitted its Initial National Communication (INC) to the UNFCCC Secretariat in 2001. The Second National Communication (SNC) will expand and report on the work done in the years since the submission of the INC and outline key outputs and areas that need to be addressed and/or strengthened. The consultancy for preparation of the SNC was mobilized in July 2012 and is expected to be completed by December 2013.	489,170
8	<b>Sugar Industry Diversification Foundation (SIDF)</b> . In 2013, the Sugar Industry Diversification Foundation (SIDF) committed to supporting the transformation of the energy sector by launching a programme to provide solar panels to approximately 300 affordable houses.	3,315,161
<b>10</b>	<b>TOTAL APPROXIMATE</b>	<b>15,102,402</b>

### Attachment III: Sector intervention framework and performance indicators

Sector: Renewable Energy / Energy Efficiency		
Specific objective: To develop a sustainable energy sector through the increased integration of renewable and energy efficient technologies in public facilities and social housing programmes, and to increase awareness, education and training in relation to renewable energy and energy efficiency.		
Expected Results	Indicators <sup>2</sup>	Means of verification
<ul style="list-style-type: none"> <li>Renewable energy (RE) and energy efficiency (EE) systems installed at public facilities (e.g. solar photovoltaic (PV) and small medium wind power systems).</li> <li>Renewable energy (RE) and energy efficiency (EE) systems installed at buildings of the social housing schemes provided for by the National Housing Corporation and the Ministry of Social and Community Development, Culture and Gender Affairs.</li> <li>Public awareness campaigns, education and training programmes developed and executed.</li> </ul>	<ul style="list-style-type: none"> <li>Number of Certificates of acceptance for RE/EE measures (possibly including street lighting) installed in public facilities provided by the Ministry of Housing, Public Works, Energy and Public Utilities.</li> <li>Number of Certificates of completion for the works and/or delivery of supplies for the installation and retrofitting of RE/EE at social housing schemes.</li> <li>Status of school curriculum and training material for renewable energy and energy efficiency programmes for teachers;</li> <li>Number of teachers trained to execute training programmes in academic and technical and vocational training institutions; and students reached per year; Number of training courses delivered on RE/EE per year ;</li> <li>existence of available public awareness material; promotion of public awareness information by various media</li> <li>RE systems: Additional Electricity production from renewable sources with the EU support (MWh)</li> <li>% of Electricity production from renewable sources in the energy country mix;</li> <li>Energy consumption;</li> </ul>	<ul style="list-style-type: none"> <li>EU reports: progress reports, monitoring and evaluation reports</li> <li>GoSKN reports</li> </ul>

The results, indicators and means of verification specified in the present annex may need to evolve to take into account changes intervening during the programming period.

<sup>2</sup> Baselines will be included in the Action documents at the latest

Attachment IV. \_\_\_\_\_ Template for Indicative timetable for commitments

	Indicative allocation (million EUR)	2014	2015	2016	2017	2018	2019	2020
<b>SECTOR – Renewable Energy and Energy Efficiency</b>	<b>2.600</b>	<b>0</b>	<b>2.60</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other measures (support to civil society)</b>	<b>0.025</b>	<b>0</b>	<b>0.025</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B- allocation</b>	N/A							
<b>Support measures</b>	<b>0.175</b>	<b>0</b>	<b>0.175</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
• Measures to support or accompany the programming, preparation or implementation of actions	0.100	0	0.100	0	0	0	0	0
• Support to the National Authorising Officer	0.075	0	0.075	0	0	0	0	0
<b>Total Commitments</b>	<b>2.800</b>	<b>0</b>	<b>2.800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Attachment V – Risks Mitigation Framework

RISKS	MITIGATION
Programme delays due to inadequate support, information or resources provided by Line Ministries and NIA; scheduling conflicts between ministries	<ul style="list-style-type: none"> <li>• Ministry of Housing, Public Works, Energy and Public Utilities to provide support to the Office of the NAO in ministerial coordination during project implementation</li> <li>• Energy Unit upgraded and made operational in initial project phase to act as a key coordination support department</li> </ul>
Inadequately qualified human resource to staff Energy Unit	<ul style="list-style-type: none"> <li>• National scholarship programmes and Ministry of Education encourage the acquisition of skills / expertise in the energy sector, particularly renewable energy</li> <li>• Regional recruitment</li> </ul>
Indifference by general public; poor public response to initiatives	<ul style="list-style-type: none"> <li>• Sustained public awareness programme and educational initiatives such as workshops for the private sector, NGOs, and the public sector. School education campaigns will be an important feature.</li> </ul>
Capacity of grid to incorporate additional renewable energy is lower than anticipated	<ul style="list-style-type: none"> <li>• SKELEC / NEVLEC commitment to upgrade the grid as required in the long term</li> </ul>
Inability to implement energy efficient or renewable energy measures	<ul style="list-style-type: none"> <li>• Dialogue undertaken with property owners on long term benefits of interventions</li> </ul>
Severe damage caused to new technologies (e.g. street lighting, solar panels) due to hurricanes or other inclement weather	<ul style="list-style-type: none"> <li>• Inter-Ministerial Energy Committee works with National Emergency Management Agency to incorporate mitigation actions in national disaster response plan.</li> <li>• Development Planning and Control Board works to incorporate building standards with respect to new household, commercial and public sector technologies.</li> </ul>
Operation and Maintenance (O&M) of the renewable energy systems installed and energy efficiency measures: Insufficient budgeting and funding for adequate and required O&M, resulting in systems not fulfilling intended designs.	Clearly define the responsibilities at the institutional level including the possible need of specific O&M financial contributions from the Beneficiary