

Evaluation of Policy-Based Lending Operations at the Caribbean Development Bank, 2017–2025

Volume 1: Final Evaluation Report



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Acronyms

ASYCUDA	Automatic System for Customs Data	IMF	International Monetary Fund
BERT	Barbados Economic Recovery and Transformation	MAPS	Methodology for Assessing Procurement Systems
BMC	Borrowing Member Country	MDB	Multilateral Development Bank
BNTF	Basic Needs Trust Fund	M&E	Monitoring and Evaluation
BoD	Board of Directors	MOPAN	Multilateral Organisation Performance Assessment Network
CA	Contribution Analysis	MTDS	Medium Term Development Strategy
CABEI	Central American Bank of Economic Integration	NAPs	National Adaptation Plans
CAF	Capital Adequacy Framework	NDCs	Nationally Determined Contributions
CARTAC	Caribbean Regional Technical Assistance Centre	NIS	National Insurance Scheme
CDB	Caribbean Development Bank	OBF	Outcomes-Based Financing
CSF	Countercyclical Support Facility	OECD	Organisation for Economic Co-operation and Development
CREAD	Climate Resilience Execution Agency for Dominica	OECS	Organisation of Eastern Caribbean States
CRO	Chief Risk Officer	OH	Outcome Harvesting
DAC	Development Assistance Committee (OECD)	OVE	Office of Evaluation and Oversight (IDB)
DDO	Deferred Drawdown Option	PBG	Policy-Based Guarantee
DFID	Department for International Development (United Kingdom)	PBL	Policy-Based Loan
DPO	Development Policy Operation	PBO	Policy-Based Operations
DPF	Development Policy Financing	PCR	Project Completion Report
DRM	Disaster Risk Management	PFM	Public Financial Management
DWG	Development Working Group (G20)	QCA	Qualitative Comparative Analysis
ERRP	Economic Recovery and Resilience Plan	RMF	Results Measurement Framework
ESR	Exogenous Shock Response	SBS	Sector Budget Support
EU	European Union	SP	Strategic Plan
EQ	Evaluation Question	SRC	Sector Reform Contract
FCL	Flexible Credit Line (IMF)	SOE	State-Owned Enterprises
FRC	Fiscal Responsibility Council	SDG	Sustainable Development Goal
FROC	Fiscal Resilience Oversight Committee	TA	Technical Assistance
FSC	Financial Services Commission	ToC	Theory of Change
G20	Group of Twenty	UK-CIF	United Kingdom Caribbean Infrastructure Fund
IDB	Inter-American Development Bank	WB	World Bank
IFI	International Financial Institution		

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Executive Summary

Caribbean Development Bank (CDB) has extensively made use of Policy-Based Lending (PBL) as a strategic instrument to support macro-fiscal stability, institutional reform, and resilience-building across its Borrowing Member Countries (BMCs). Given the instrument's growing importance and evolving design, the Bank commissioned this independent evaluation to assess its relevance, effectiveness, and future strategic positioning. **The evaluation concludes that the CDB should continue using Policy-Based Loans (PBLs) but ensure clear policy and institutional additionality through complementary operations grounded in technical assistance (TA). These engagements should prioritise a sequenced, programmatic, and development-oriented approach.**

The evidence indicates that PBLs are more likely to contribute to sustained reforms when they are cross-sector integrated from the outset, rather than primarily economics-led, anchored in coherent reform trajectories that are coordinated across sectors and with other development partners, rather than in discrete prior actions. Their impact will only be maximised if they are supported by grounded TA designed alongside the operation and oriented towards institutionalising the reforms beyond disbursement.

The analysis further shows that reliance on ex post evaluation and limited post-disbursement follow-up constrains the depth of reform and learning. This insight points to the need for a more systematic engagement that builds on CDB's comparative advantage, learning, and adaptation, and enables sector-integrated course correction during implementation, as well as PBL-governance and incentive arrangements that support reform continuity and sustainability, with a focus on development impacts rather than the speed of disbursement. In practical terms, this would require institutionalising structured post-disbursement engagement through ongoing evaluation and a diversified set of monitoring, evaluation, and learning methods—embedded within dynamic learning loops that enable continuous feedback, adaptive course correction, and sustained policy dialogue beyond loan closure.

The following summarises the main findings and the recommendations resulting from them:

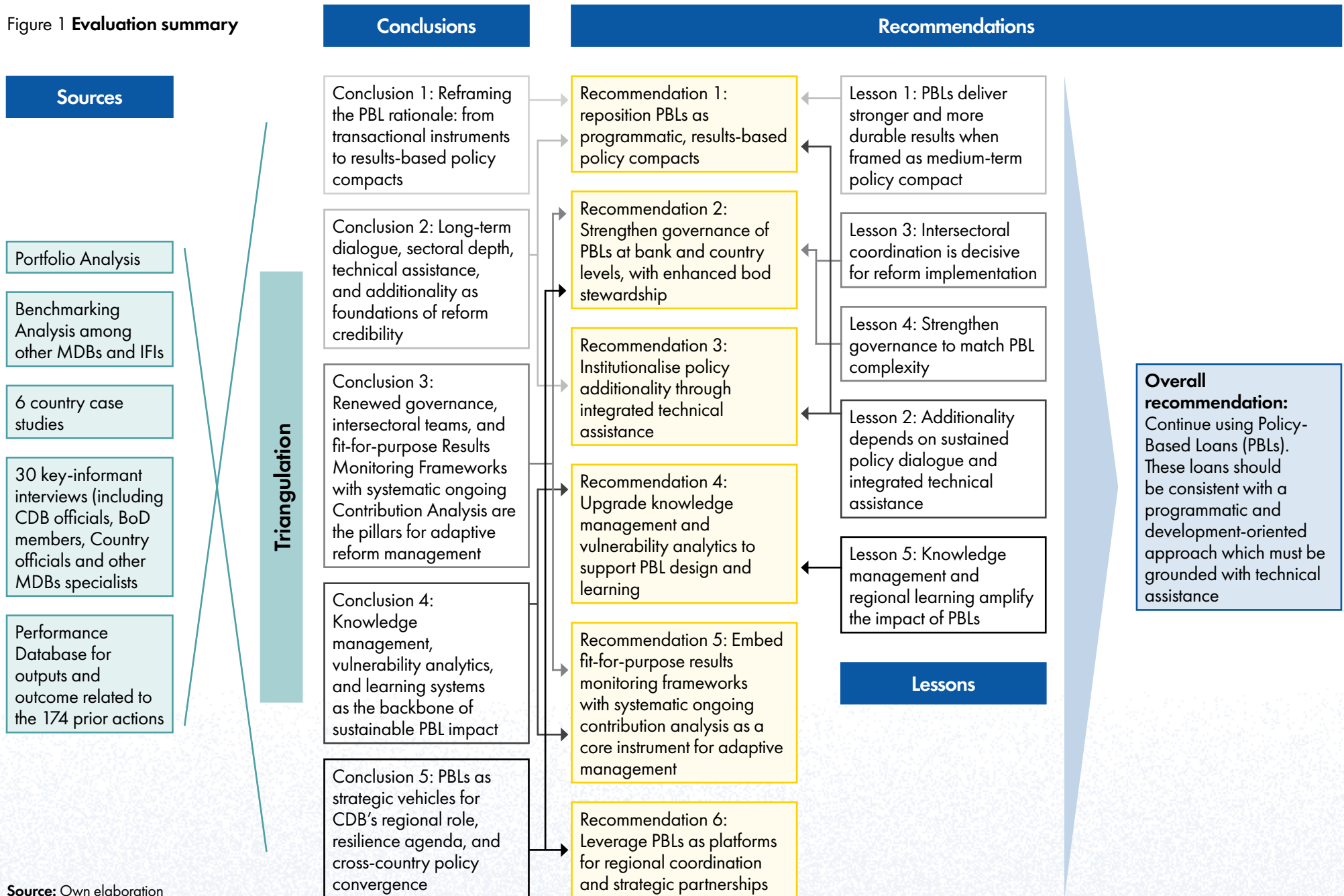
- 1. Reposition PBLs as programmatic, results-based policy compacts:** PBLs should evolve from stand-alone, compliance-driven operations into fully sequenced, medium-term policy compacts anchored in explicit theories of change and results frameworks. This shift strengthens the link between prior actions, institutional change, and development outcomes, allowing reform ambition to be

matched with appropriate sequencing, risk management, and learning.

- 2. Institutionalise policy additionality through integrated TA:** The durability of PBL-supported reforms increases when financing is complemented by TA across the reform lifecycle. Systematically integrating diagnostics, implementation support, and post-disbursement institutionalisation ensures that PBLs deliver policy, institutional, and knowledge additionality beyond liquidity.
- 3. Strengthen governance of PBLs at bank and country levels, with enhanced board of directors (BoD) stewardship:** More complex and cross-cutting PBLs require stronger governance. Intersectoral coordination at the country level, multidisciplinary Bank teams, and enhanced Board oversight involving periodic portfolio-level reviews that guide the programming of PBL allocations and focus them on key regional reform compacts, while assessing reform ambition, risks, and learning beyond individual operations to improve coherence, accountability, and engagement.
- 4. Upgrade knowledge management and vulnerability analytics to support PBL design and learning:** Treating knowledge systems and vulnerability analytics as strategic infrastructure enables cumulative learning and better prioritisation.
- 5. Embed fit-for-purpose results monitoring frameworks with ongoing contribution analysis (CA):** Reliance on ex post evaluation alone limits learning and adaptability. Embedding results monitoring and ongoing CA supports real-time adjustments to reform sequencing, TA, and risk mitigation, increasing the likelihood of achieving outcomes.
- 6. Leverage PBLs as platforms for regional coordination and strategic partnerships:** Selected programmatic PBLs can act as platforms for regional policy dialogue and coordination around shared vulnerabilities. Aligning PBLs with regional and global frameworks mobilises complementary resources, fosters peer learning, and reinforces CDB's regional role.



Figure 1 Evaluation summary



Source: Own elaboration

1 Introductory note to evaluation

This evaluation examines the use and performance of PBL by the CDB between 2017 and 2025, a period marked by heightened structural vulnerability, repeated external shocks, and an expanded strategic role for the instrument. The evaluation responds to the Bank’s need for an independent, evidence-based assessment of how PBLs have contributed to policy reform, institutional strengthening, and resilience-building in its BMCs, and how the instrument should evolve to remain fit for purpose in an increasingly complex and dynamic environment.

The **purpose** of the evaluation is twofold. **First**, it seeks to assess the relevance, effectiveness, coherence, and sustainability of CDB’s PBL operations in supporting reforms and development outcomes in BMCs between 2017 and 2025. This includes examining the extent to which PBLs addressed country priorities, contributed to fiscal and institutional outcomes, were coherent with other Bank instruments and partner support, and generated reforms likely to be sustained over time. **Second**, the evaluation has a forward-looking learning objective to inform the future design, governance, and use of PBLs within CDB’s operational toolkit. In this sense, the evaluation is intended not only as an accountability exercise but also as a strategic input into the Bank’s ongoing reflection on how PBLs can best support resilience, policy transformation, and regional coordination.

The report guides the reader from context and analytical foundations through findings, conclusions, and actionable recommendations. The report presents background information on CDB’s mandate, the rationale and evolution of PBLs, and the composition and characteristics of the PBL portfolio during the evaluation period. It then outlines the evaluation methodology and tools, including the theory-based approach, evaluation questions (EQs) aligned with the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) criteria, data sources, and triangulation strategy. The *Key Findings* section provides evidence-based answers to the EQs, organised around relevance, effectiveness, coherence, and sustainability. These findings inform the *Conclusions and Lessons Learned*, which synthesise comprehensive insights (both strategic and operational) on the performance and future positioning of PBLs. The report concludes with strategic and operational recommendations to support the implementation of next-generation, programmatic, and results-oriented PBLs within CDB.

The evaluation uses a theory-based and mixed-methods approach, combining contribution analysis (CA), outcome harvesting (OH), portfolio analysis, and qualitative comparative insights. The use of extensive stakeholder interviews and

field visits permitted the triangulation across multiple sources, strengthening the credibility of the findings. The evaluation also benefits from analysing a complete PBL portfolio over a critical period that includes both the crisis response and recovery phases, allowing it to explore the instrument’s adaptability.

Data availability and quality—particularly regarding medium- and long-term outcomes of policy reforms—constrain the ability to draw definitive causal claims. This particularly applies to the recent PBLs whose outcomes are still to emerge. Monitoring systems for PBLs have historically focused on prior actions rather than outcome tracking, limiting the depth of performance measurement. In addition, the evaluation assesses contribution, recognising that PBL-supported reforms unfold within multi-actor, multi-instrument environments. These limitations are acknowledged and mitigated through methodological triangulation, including extensive CDB staff and stakeholder interviews, in-field BMC beneficiary interviews, and careful, reflective interpretation of the evidence, to arrive at robust conclusions. *Chapter 3* provides further detail regarding the methodology.

2 Background information

2.1 Institutional Context and the Role of Policy-Based Lending at CDB

The CDB is a regional financial institution dedicated to supporting the economic and social development of its BMCs. Established in 1970 and headquartered in Barbados, the Bank’s mandate is to reduce poverty and transform lives through sustainable and inclusive growth. CDB operates in a uniquely vulnerable region characterised by small open economies, external debt pressures, heightened exposure to natural hazards and climate-related shocks, and external economic cycles. As such, the Bank is a financier and a development partner, offering TA and policy dialogue in addition to its lending services.

To operationalise its strategic goals, the CDB deploys a diverse mix of financial and non-financial instruments, including investment loans, TA, grants, guarantees, and PBLs. At the same time, outcomes-based financing (OBF) is gaining traction among governments, funders, and the private sector—including corporations and impact investors. Guerrero-Ruiz et al. (2025)¹ estimate that the cumulative volume of development finance disbursed through OBF up to 2024 may exceed US\$ 100 billion.

PBLs provide fast disbursement of budget support, contingent on the implementation of agreed-upon policy measures, often within macro-fiscal, governance, or resilience-building frameworks. Unlike traditional capital investment lending, PBLs emphasise reform implementation and operational changes

over physical outputs, making them particularly suitable for responding to fiscal crises, external shocks, and structural adjustment needs. Between 2017 and 2025, the CDB deployed **16 PBLs across 9 Caribbean countries**, totalling US\$750.7 million, to strengthen public financial management (PFM), stimulate a green and resilient recovery, enhance debt sustainability, and reinforce social protection frameworks. The approach has also integrated TA and grants, although to varying degrees across operations.

Importantly, between 2017 and 2025, the Bank's operations, including the PBLs, were guided by **three Strategic Plans (SPs)**: the 2015–2019 SP, the 2020–2024 SP, and the 2022–2024 SP Update. While the first focused on good governance, with interventions aimed at enhancing transparency, accountability, and macro-stability while creating budgetary space to protect social programmes during consolidation, the latter two SPs from 2020 adopted **Resilience** as a central organising principle. This includes the five mutually reinforcing resilience pillars, i.e., *social, environmental, production, financial, and institutional resilience*, supported by evidence-based decision-making innovation, and the cross-cutting themes of governance, gender, and regional integration. With the PBLs ultimately aiming at bringing about developmental impacts, it is also important to note that the five pillars and cross-cutting themes were designed to be “*more than the sum of their parts*,” promoting an integrated approach both horizontally—across the full range of CDB's instruments and activities—and vertically, from strategic to operational levels. These represent the key strategic context within which the PBLs were implemented in the evaluation period.

Moreover, the 2023 revised Policy-Based Operations (PBO) Policy and Guidelines formalise CDB's intent to modernise and strengthen the instrument by promoting greater programmatic sequencing, clearer results frameworks, and enhanced alignment with the Bank's resilience agenda. The policy recognises the need for more strategic, multi-operation approaches and for diversified policy-based modalities that go beyond traditional macro-fiscal stabilisation.

The COVID-19 pandemic further reinforced the dual purpose of PBLs. Several BMCs turned to the instrument to address immediate fiscal pressures and prevent destabilising expenditure cuts. Even under these conditions, policy matrices continued to incorporate institutional and governance reforms, indicating that the PBL mechanism functioned not only as countercyclical financing but also as a structured modality to sustain policy dialogue during crisis periods. The coexistence of short-term stabilisation objectives with reform-oriented measures reflects the expectation that PBLs address needs at different levels in small-state environments: in the **short term**, providing liquidity and strengthening access to external funding; in the **medi-**

um term, advancing institutional frameworks and building domestic implementation capacity.

The content and depth of the prior actions included in PBLs also mirror the administrative and political realities of BMCs. Legislative, regulatory, and systems-based reforms were common entry points, given their potential for durability and their alignment with limited administrative bandwidth. Conversely, reforms requiring multi-actor coordination, broad political consensus, or extended implementation horizons were less frequent and more modest in ambition. Such patterns indicate that the instrument during the period 2017–2025 adapted to feasibility constraints while retaining an orientation toward structural improvements.

2.2 Logics of interventions of PBLs at the CDB

PBLs are **financial instruments** designed to support the **implementation of structural reforms** by providing budget support to governments upon fulfilment of agreed policy conditions. The central objective of a PBL is to enable recipient countries to implement critical policy and institutional reforms, particularly in areas that contribute to macroeconomic stability, fiscal consolidation, improved governance, climate resilience, and sectoral transformation. The process begins when a country submits a formal request for budget support, typically in response to financial needs arising from fiscal gaps or external shocks.

CDB evaluates these requests against **four key criteria**:

1. The country's gross financing needs
2. Its macroeconomic stability (including debt sustainability and liquidity),
3. The robustness of its PFM systems, and
4. The strength of its proposed reform program. These reforms must align with CDB's strategic priorities, including climate resilience, disaster risk management (DRM), and fiscal governance.

The conceptual understanding of PBL operations is structured around four major theoretical and institutional building blocks, which together frame the logic of intervention for these instruments. The **first** building block framed PBLs primarily as instruments to restore macroeconomic balance through structural reforms anchored in conditionalities. The **second** repositioned PBLs as vehicles for national ownership, alignment with domestic development strategies, and results achievement in complex contexts, moving beyond a narrow focus on macroeconomic adjustment (e.g., through support to the Sustainable Development Goals (SDGs)). This shift embedded PBLs within the broader budget support agenda, emphasising country-led reforms and strengthened PFM systems. The **third**

building block further reinforced the role of PBLs in promoting accountability, transparency, and institutional strengthening. The **fourth** building block—most specific to CDB—emerged from the Bank’s SPs for 2016–2019 and 2020–2024, including the 2022 update, and marked a transition from a predominantly governance-focused agenda toward a five-pillar resilience approach encompassing fiscal, economic, social, environmental, and institutional dimensions.

Within this framework, PBLs are understood not only as instruments of budget support and reform but also as tools to strengthen the absorptive capacity of BMCs to engage with the Bank and implement the wider CDB portfolio. This dual role—addressing immediate liquidity needs while catalysing medium- and long-term reforms—requires a careful balance between normative ambition and implementation realities.

This output delivers **two early outcomes**. **First**, injecting liquidity into governments’ fiscal frameworks through budget support helps stabilise short-term financing needs, particularly during periods of economic or external stress. **Second**, it activates a sequenced, negotiated reform agenda aligned with country priorities and supported through technical dialogue. Together, these outcomes create a structured pathway for promoting good governance and policy coherence across key sectors.

The longer-term outcomes identified in the Theory of Change (ToC) of this intervention logic include the development of stronger institutional frameworks and the progressive enhancement of the five pillars of resilience: fiscal, productive, environmental, social, and institutional. At the core is **good governance**, defined as accountable public management, transparent fiscal decision-making, and effective regulatory frameworks. Anchoring reform implementation to a shared results framework and ensuring coordinated delivery enables BMCs to uphold governance standards that foster trust, efficiency, and legitimacy.

Improved governance strengthens institutional resilience to external shocks and expands governments’ ability to meet citizen commitments through more effective public spending and service delivery. By improving liquidity and institutional capacity together, PBLs also create more favourable conditions for the absorption and execution of the broader CDB portfolio. Stronger public systems, clearer reform priorities, and greater fiscal space support better project preparation, implementation, and monitoring, thereby maximising the developmental impact of both policy-based and investment lending across the Caribbean.

The intervention logic of PBLs is built on **four complementary rationales**:

1. They must provide timely budget support, giving BMCs liquidity to maintain public services and macroeconomic stability.
2. They should promote good governance through conditionalities and policy dialogue that strengthen transparency, accountability, and institutional effectiveness.
3. PBLs would enhance the absorptive capacity of the broader CDB portfolio by fostering stronger public systems, clearer reform pathways, and improved budget execution.
4. They must align with CDB’s strategic commitment to resilience, supporting reforms that advance fiscal sustainability, institutional robustness, and adaptive capacity in the face of shocks, which are key pillars of the Bank’s 2020–2024 SP.

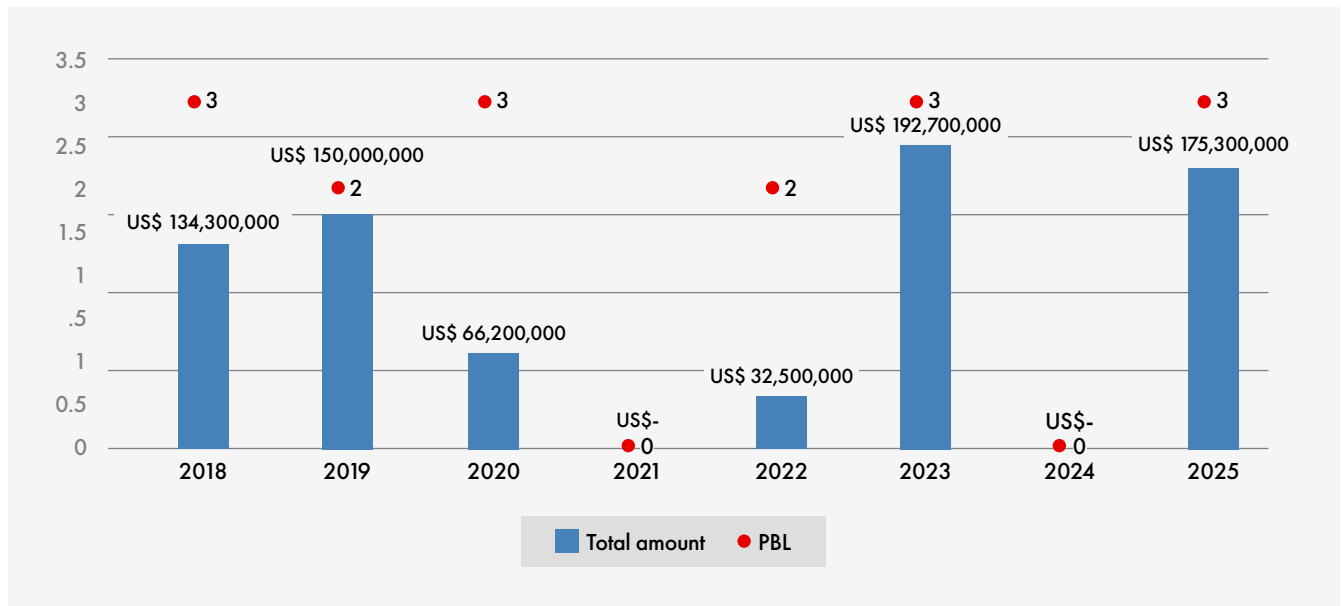
2.3 PBL Portfolio Analysis

This portfolio analysis—prepared as part of the Evaluation of PBL Operations at the CDB (2017–2025)—covers the **16 PBL operations** approved during the period. Together, these operations amount to US\$750.7 million and are financed entirely from Ordinary Capital Resources (OCR). The time-frame spans both the COVID-19 pandemic and the subsequent post-pandemic period. *Figure 2* shows the amounts disbursed and the number of PBL operations approved per year over the period of analysis. According to the information reviewed, this dynamic largely reflects countries’ budgetary needs, the structure of programmatic operations, and CDB’s resource availability, given the limit approved by the Board for the indicator defined as the ratio of PBLs and guarantees to total loans and guarantees.

In terms of **geographic distribution**, PBL resources were concentrated among the smallest and least developed CDB members, except for Guyana in 2025, which totalled US\$125 million. The Bahamas accounted for the largest volume of approved funding, with two programmatic operations—each consisting of two tranches—totaling US\$265 million, followed by Barbados (one programmatic operation totalling US\$150 million), St. Lucia (two PBLs totalling US\$61.9 million), and the British Virgin Islands (one PBL totalling US\$50 million).

A substantial share of the portfolio was structured as programmatic lending. Specifically, the PBL series for Anguilla (2018, 2021),² Antigua and Barbuda (2021), The Bahamas (2018–2019, 2023), Barbados (2018, 2019), Dominica (2025), and Guyana (2025)—representing 68.7% of the PBLs reviewed—were designed under a programmatic approach. However, only The Bahamas’ series was implemented in accordance with the originally planned number of operations and timeframe. For the remaining countries, available documentation indicates that the programmatic sequences were interrupted or suspended. The exceptions are Dominica

Figure 2 PBLs – Number and value of disbursements by year, 2018–2025



Source: Technopolis, based on official CDB documentation.

Note: this portfolio analysis excludes the COVID-19 Emergency Response Support Loans under the Debt Service Initiative, which were provided to Antigua and Barbuda (US\$13 million), Belize (US\$15 million), Dominica (US\$2.5 million), Grenada (US\$5.9 million), Suriname (US\$8.2 million), and St. Vincent and the Grenadines (US\$11.3 million). These loans were designed to assist the borrower in fulfilling its financial obligations to the Bank under its OCR.

and Guyana, where the series remains pending, as the first loan disbursement occurred only in 2025.³

An analysis of the financial terms shows that the average variable interest rate across the PBL portfolio was 4.56%. Rates ranged from a low of 3.30% (Anguilla and Antigua and Barbuda, 2021—the year with the lowest interest rates) to a high of 5.60% (St. Vincent and the Grenadines and Dominica, 2025—the year with the highest interest rates). On average, the PBL rate was 1.6 percentage points above the annual mean of the U.S. 10-year government bond yield over 2017–2024, while remaining broadly in line with the 2024 annual level (4.21%). When compared with 10-year sovereign bond yields in selected borrowing countries, CDB interest rates appear competitive: the sample average is 6.6%, which is 2.40 percentage points higher than the average PBL rate (2017–2025).

Regarding policy pillars and expected results, the 16 PBLs assessed, on average, include **11 prior actions** per operation, grouped into approximately five expected outcomes. Across the portfolio, prior actions are most frequently concentrated in public finance and budget management (approximately six actions per operation) and financial resilience (approximately six), followed by environmental resilience (approximately three) and public policymaking (approximately three).

Over time, the portfolio shows a clear shift toward environmental resilience, with the strongest emphasis in 2025 operations. In contrast, prior actions and expected outcomes

related to economic and social resilience are more heavily concentrated in operations approved during the pandemic and the immediate post-pandemic period. From a good-governance perspective, relatively few prior actions explicitly target anticorruption and integrity (although procurement-related measures may contribute indirectly), public employment and management, multi-level coordination, or trust and governance.

Taken together, these patterns suggest that PBL has helped finance urgent priority expenditures while supporting macro-economic stability in BMCs, which face heightened exposure to external shocks and disaster-related disruptions due to their vulnerability to natural hazards. This vulnerability is rooted in structural constraints, including limited economies of scale, export concentration, geographic remoteness from major markets, low economic diversification, reliance on external financing, and elevated exposure to natural hazards and climate change. Notably, over the period under review, PBL objectives have increasingly converged around environmental sustainability and climate resilience (including financing the implementation of National Adaptation Plans (NAPs) and Nationally Determined Contributions (NDCs)), reflecting a stronger alignment between PBL and resilience-oriented development priorities.

3 Evaluation methodology and tools

3.1 Purpose and scope of the evaluation

The primary objective of this endeavour is to evaluate CDB's

use of PBL as a strategic instrument to support reforms and provide timely financial assistance to BMCs during the period 2017–2025 in order to identify enablers, constraints, and lessons learned, and to provide actionable recommendations to improve the strategic use of PBLs. To achieve this objective, it assesses the relevance, effectiveness, and sustainability of CDB’s use of PBLs as a strategic instrument to support reforms and provide timely financial assistance to BMCs during the period 2017–2025. Reflecting the complexity and systemic nature of PBLs in advancing policy reforms and comprehensive resilience in BMCs, the assessment examined the contribution of PBLs—alongside complementary instruments offered and implemented by the Bank—to four development areas: *fiscal management, economic resilience, strengthened institutional capacity, and comprehensive resilience.*

The evaluation’s **four specific objectives** aimed to provide both a retrospective assessment and forward-looking insights into the CDB use of PBLs during the period 2017–2025. The evaluation:

First, determine the extent to which PBLs have achieved their intended development objectives, particularly in fiscal management, economic resilience, institutional strengthening, and comprehensive resilience as defined in the Bank’s SPs. This objective acknowledges the increasing strategic significance of PBLs within the Bank’s operational toolkit and the need to assess their contribution to long-term outcomes beyond financial disbursement.

Second, assessed the relevance and alignment of PBL-supported reforms with the national development priorities of BMCs and with CDB’s corporate strategies and regional goals. This addresses the need for the instrument’s strategic coherence, particularly during periods of economic crisis and structural reform, when alignment between lender and borrower priorities is critical.

Third, identified key enablers and constraints to achieve results, including the design logic of the operations, the nature of the conditionality frameworks, and the broader political and institutional context in which the reforms were implemented. It also examined whether reforms initiated through PBLs have been sustained or evolved beyond disbursement. This helps to determine not only whether results have endured, but also why, under what conditions, and through which institutional pathways.⁴

Fourth, assessed whether CDB has the capacity to design and deliver PBLs in ways that meaningfully advance its development mandate, and whether the Bank has the institutional readiness to manage and monitor these operations effectively.

3.2 Evaluation questions

The evaluation addressed the following overarching question: “To what extent have CDB’s PBLs contributed to supporting reforms and achieving development outcomes in BMCs during the period 2017–2025?”

The study sought to capture these development effects through context-appropriate metrics, enabling an assessment of both the effectiveness of the PBL instrument and the extent of CDB’s contribution to the observed PBL-related impacts.

To answer this question, **10 specific EQs** were identified to guide the evaluation. The OECD-DAC criteria informed these EQs with respect to relevance, coherence, effectiveness, efficiency, and sustainability.

3.2.1 Relevance

- EQ1: To what extent were PBLs aligned with BMCs’ priorities, CDB’s strategic objectives, and regional development needs?
- EQ2: How relevant were the policy areas and reforms supported, including their depth and ownership?

3.2.2 Effectiveness

- EQ3: To what extent did PBLs contribute to improved fiscal, economic, and sectoral outcomes (that would not have happened otherwise, or that would have taken longer to achieve)?
- EQ4: Did CDB achieve the reform objectives or institutional change in supported areas? Are CDB’s current Monitoring and Evaluation (M&E) systems set up to track outcomes from PBLs in the medium to long term?
- EQ5: How do PBLs compare in terms of effectiveness with other financing instruments (e.g., investment loans or TA)?
- EQ6: To what extent did PBLs provide the necessary financing to help governments meet their gross financing needs in a manner that supports improved debt sustainability?

3.2.3 Coherence

- EQ7: How well were PBLs integrated with other CDB operations and support instruments?
- EQ8: To what extent were PBLs coordinated with other development partners and Multilateral Development Banks (MDBs) to identify what becomes the comparative advantage and strategic positioning of CDB in delivering PBLs or budget support?

3.2.4 Sustainability

- EQ9: To what extent are the reforms and results supported by PBLs likely to be sustained?
- EQ10: What are the main drivers of sustainability or backsliding (e.g., political change, capacity, external shocks)?

3.3 Methodology and tools

3.3.1 Theory-based Evaluation Framework

The evaluation employed a theory-based methodology. These instruments operate through indirect, multi-layered pathways of influence across diverse national contexts and institutional conditions. A theory-based evaluation is most appropriate in these cases, as it draws on a wide range of evidence to objectively test the hypotheses co-developed with stakeholders regarding the extent to which the PBLs contributed to an observed change (or lack thereof).

This evaluation reconstructed a ToC for CDB's PBLs that encompassed four interlinked development objectives: **(i)** improved fiscal management, **(ii)** strengthened institutional performance, **(iii)** enhanced economic resilience, and **(iv)** comprehensive resilience. The inclusion of the fourth domain reflects CDB's evolving strategic priorities and the emphasis on resilience in the Bank's SP 2016–2019 and SP 2020–2024.

By using a ToC, this methodology provided a structured basis for assessing how and why change occurred, under what conditions, and the extent to which CDB-supported reforms contributed to the intended development results. It directly addressed the central question posed by the ToR—To what extent have CDB's PBLs contributed to supporting reforms and achieving development outcomes in BMCs during the period 2017–2025—as well as key EQs related to relevance, effectiveness, coherence, and sustainability. The ToC was validated through a participatory workshop with key CDB stakeholders and guided the design of the analytical framework for testing contribution hypotheses.

3.3.2 Evaluation Design and Methodological Toolkit

The evaluation integrated three interlinked and complementary methodologies: CA, OH, and Quasi-qualitative Comparative Analysis (QCA) along the ToC. A portfolio analysis and a benchmarking analysis against other International Financial Institution (IFIs) complemented this approach, contextualising the PBL operations within a broader framework of the Bank's pipeline.

The portfolio analysis provided a quantitative and structural overview of CDB's PBL operations between 2017 and 2025, examining the scale, composition, design features, and evolution of the PBL portfolio across countries and time. Using administrative data, Board papers, annual reports, and financial indicators, the analysis assessed trends in approvals and disbursements, instrument mix, programmatic versus stand-alone approaches, prior action design, alignment with resilience pillars and governance areas, and risk parameters, including liquidity exposure and pricing. It also enabled comparative

analysis across BMCs and reform themes and served as a core empirical input to the CA by identifying patterns, concentrations, and design dynamics, which were subsequently triangulated with case studies and OH.

The benchmark analysis complemented the portfolio review by situating CDB's PBL within the broader landscape of PBO across multilateral and bilateral development finance institutions. It employed a comparative, desk-based methodology that drew on institutional policies, evaluation syntheses, retrospectives, and operational guidance from major MDBs, bilateral donors, the International Monetary Fund (IMF), and the Group of Twenty (G20) OECD frameworks. The analysis traced the evolution of policy-based instruments, examined patterns of use, design features, governance arrangements, and evaluative evidence, and distilled cross-institutional lessons on selectivity, programmatic sequencing, results frameworks, and a resilience-oriented approach. This comparative perspective provided an external reference framework for assessing the relevance, coherence, effectiveness, and sustainability of CDB's PBLs and for informing forward-looking conclusions and recommendations for the Bank's strategic positioning.

Additionally, a IFIs was developed to track the triangulation of prior actions, compliance, and outcome achievement. The matrix provides a synthetic, qualitative overview of PBL performance across the portfolio, structured by thematic performance dimensions (rows) and sequential stages of the policy reform process (columns), from policy intent and adoption through implementation, institutionalisation, and learning. Each cell reflects a reasoned evaluative judgement (e.g. stronger, mixed, weaker), revealing a clear pattern in which performance is strongest at upstream stages and progressively weakens downstream. The matrix does not rely on scoring or weighting, but on triangulated evidence drawn from the portfolio analysis of PBL operations, review of Board and program documents, interviews with CDB staff and country counterparts, and insights from the benchmark analysis. It functions as an integrative tool to visualise contribution pathways, identify systemic bottlenecks, and support the synthesis between findings, conclusions, and recommendations.

Even when each method addresses a distinct dimension of the evaluation, and together they ensure analytical rigour, empirical depth, and actionable learning, two methodological tools remain as the core components of this evaluation. On the one hand, interviews served as the primary data-gathering technique, providing evidence for both OH and case studies. On the other hand, the testing of the contribution claims for the CA served as the primary analytical tool for producing findings and recommendations.

The approach combines theory-based evaluation with a set of interlinked and complementary methods. This integration allows the structuring of the triangulation of data by testing contribution claims through **multiple lenses**: CA provided structured analytical hypotheses linked to specific EQs and OECD-DAC criteria; OH captured unanticipated, emergent outcomes and ensures a richer understanding of context and institutional dynamics; while QCA enabled the identification of combinations of factors that condition the success or failure of reforms across different BMCs in in-depth case studies. This triangulated approach proved effective in mitigating attribution-related limitations and in contexts where documentary evidence was scarce.

3.3.3 Data sources and Triangulation

The methodological mix relied on **three data sources**: documentary evidence, stakeholder interviews, and factual performance data. Triangulation was supported primarily by the interviewers’ roles in the OH process and by cross-checking findings against factual performance data. The following figure shows how the different methods align with the data sources. It shows which evidence sources (top-right box) each fed into the three methodological approaches (middle section), and how these, complemented by the benchmarking exercise, informed the CA, based on triangulated evidence, much of which emerged from in-depth interviews, as the following subsection describes.

3.3.4 Interviews and field missions

In total, the evaluation team **conducted** 30 key-informant interviews/meetings, including 5 with BoD members and representatives, 7 with CDB specialists/staff (e.g., Strategy & Accountability, Risk, PBL coordinators/country economists/

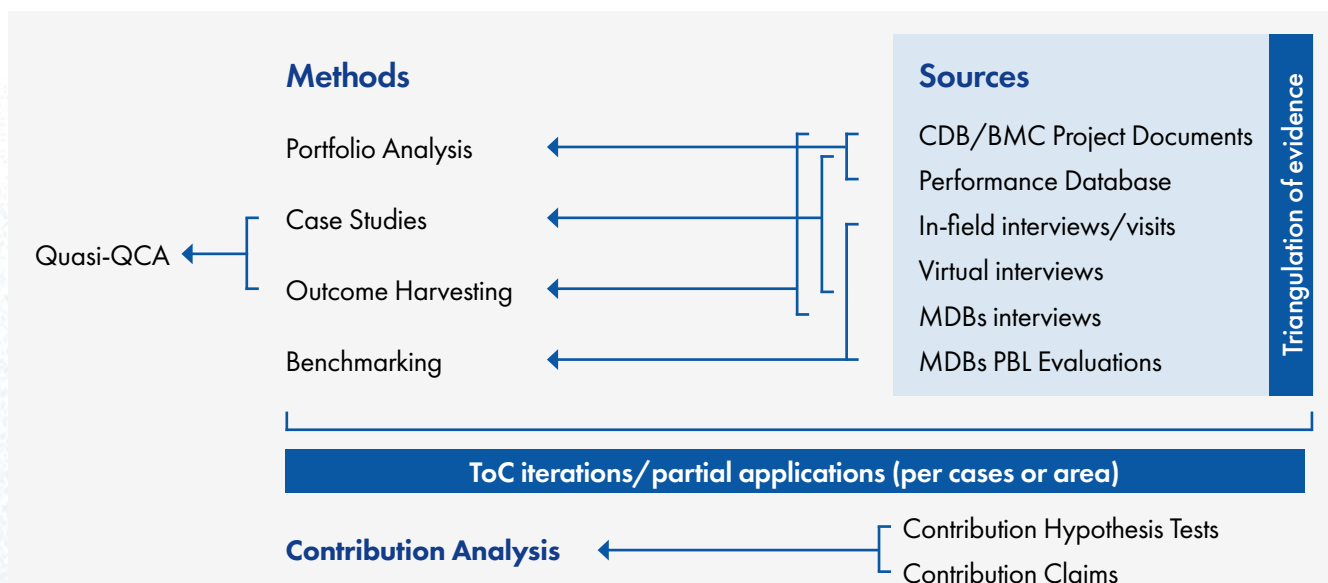
operations officers), and 18 with country stakeholders (e.g., Ministries of Finance, audit institutions, debt management, revenue administration, social services, gender, customs, and other sector agencies). In addition, the team conducted five country case studies (with three field missions to Antigua and Barbuda, The Bahamas, and Barbados), during which multiple in-country interviews were conducted with national institutions, thereby strengthening triangulation between documentary evidence and on-the-ground implementation realities.

The evaluation’s **main findings** draw systematically on evidence from five country case studies and one quasi-counterfactual comparator. Detailed country-specific findings, including contextual factors, prior action completion status, and stakeholder perspectives, are presented in the case study annexes (*Volume II*). To facilitate cross-country comparison and pattern identification, a Comparative Matrix summarising key findings by evaluation criterion is included in Section 5 below. This structure allows readers to access both the synthesised patterns relevant for strategic decision-making and the granular country evidence underpinning those conclusions.

3.4 Limitations

The evaluability assessment conducted by the evaluation team prior to commencing the study identified data gaps, their implications for the analysis, and potential mitigation strategies. These included the potential for uneven availability and quality of PBL documentation, limited evidence on post-disbursement outcomes and sustainability, and challenges of attribution in contexts with multiple reform actors. These limitations were anticipated and explicitly shaped the evaluation design. For example, in-field beneficiary interviews with

Figure 3 Alignment of data sources with evaluation methods and triangulation process



Source: Evaluation of Policy-Based Lending Operations at the Caribbean Development Bank, 2017–2025

stakeholders from the various BMC ministries provided rich evidence on post-disbursement outcomes and were triangulated with documentary evidence. The evaluation team applied this mitigation approach to each limitation identified by the evaluability assessment. The evaluation team implemented a mitigation strategy for each risk outlined in the inception report, thereby mitigating the risks, minimising limitations, and adequately triangulating the data required to arrive at robust findings and conclusions. Additionally, in institutions such as CDB, which have a strong mandate for evaluation, stakeholder fatigue is a key concern. The study team addressed this through regular feedback loops.

4 Key findings

This section presents the key findings of the evaluation, synthesising evidence from the portfolio analysis, benchmark review, document analysis, and stakeholder interviews to assess the performance of PBLs implemented by the CDB between 2017 and 2025. The findings are organised around the OECD-DAC evaluation criteria and aligned with the EQs, ensuring a structured and transparent assessment. They explicitly engage with the contribution hypotheses underpinning the CA, examining whether and how PBLs plausibly contributed to observed policy, institutional, and resilience-related outcomes. The section concludes by synthesising cross-cutting risks, constraints, and unresolved challenges affecting PBL performance, thereby setting the stage for the interpretive synthesis, lessons learned, and forward-looking recommendations.

4.1 Answer to the evaluation questions

4.1.1 Relevance

PBLs demonstrated consistently high relevance across BMCs, responding effectively to urgent fiscal, institutional, and resilience challenges during periods of acute vulnerability. The instruments were well-aligned with BMC priorities, CDB's strategic objectives, and regional development needs, with relevance strongest when PBLs were embedded in nationally owned reform programmes.

EQ1: Alignment with BMC priorities, CDB objectives, and regional needs

The evaluation finds strong alignment between PBLs and national priorities across the portfolio. All PBLs examined were implemented during periods of acute vulnerability: Antigua and Barbuda during COVID-19; Barbados amid a severe debt crisis; The Bahamas after Hurricane Dorian and COVID-19; Dominica following Hurricane Maria; and St. Lucia during the pandemic-induced tourism collapse. Prior actions directly addressed urgent national needs in fiscal management, disaster preparedness, social protection, and institutional strengthening.

PBLs were most relevant when anchored in strong national coordination frameworks. In Barbados, the PBL was designed around the Government's Barbados Economic Recovery and Transformation (BERT) Plan, formulated through close consultation with the Social Partnership (government, labour, and the private sector), with its Monitoring Committee embedded within this institutional structure. Ministry officials attested that those reforms originated from the government's own programme rather than donor-driven conditions.

Similarly, in The Bahamas, reforms were described as fully government-led, anchored in the Post-Dorian and Post-COVID Action Plan. St. Lucia's PBLs were aligned with the Government's Economic Recovery and Resilience Plan (ERRP), with officials noting that PBLs enabled the maintenance of essential services during the crisis. The 2021 change of administration did not alter the core fiscal and resilience agenda, suggesting cross-party ownership.

Where PBLs lacked equivalent coordination frameworks, achieving relevance was more difficult. This is particularly evident in standalone PBLs, where reforms are not necessarily long-term and typically respond to exogenous shocks. Programmatic PBLs required to adjust their design for this long-term consideration and make them more relevant to complex policy compacts, even when it increases complexity in sequencing and execution. In Antigua and Barbuda, the CDB did not disburse the second tranche due to unmet indicative prior actions, partly attributed to the absence of a structured national reform programme. Dominica's context was distinct: the Exogenous Shock Response (ESR) PBL was anchored in national resilience strategies and coordinated with the World Bank, IMF/Caribbean Regional Technical Assistance Centre (CARTAC), and the European Union (EU) on complementary reform areas. The protracted preparation period (2018–2020) partly reflected the complexity of this coordination and the time needed to establish the institutional prerequisites for reform. The single-tranche design of the 2020 operation limited sustained engagement, although this has since been addressed through the 2025 Programmatic Resilience PBL.

The portfolio demonstrates strong alignment with CDB's SP 2020–2024 and its comprehensive resilience framework, supporting fiscal resilience through consolidation and debt management reforms; institutional resilience through procurement and PFM improvements; social resilience through safety net expansion; and environmental resilience through DRM frameworks and building codes. CDB staff confirmed that PBL appraisals increasingly required alignment with the Bank's strategic objectives and country priorities, particularly the resilience framework. In practice, most operations remained

anchored primarily in fiscal resilience. While this concentration may be appropriate given the acute fiscal vulnerabilities of BMCs, it raises the question of whether other resilience dimensions—social, environmental, institutional, and productive—are being systematically integrated into PBL design or addressed primarily as secondary spillovers. The evidence from the newer PBL operations shows a change in direction towards more sectoral PBLs.

While the PBLs were relevant to CDB’s various individual resilience pillars, there was no evidence that the strategic focus on comprehensive resilience necessarily translated into a systematic, intentional approach to designing comprehensive resilience into the PBLs. Nevertheless, the evaluation found that, in some case studies, prior actions exhibited cross-sector interactions. An example is prior action outputs in environmental resilience that support outcomes in financial resilience: reforms that expand risk-financing instruments reduce the scale of unplanned emergency spending (as observed in The Bahamas). Another example concerns reforms that improved targeting of social assistance, a social pillar output, thereby enhancing the country’s ability to mitigate disaster risk, an environmental pillar outcome (St. Lucia). However, while these are encouraging results, in most cases, they appear to be cross-pillar spillovers rather than interventions designed with the CDB’s comprehensive resilience lens—after the introduction of CDB’s Resilience Approach—as the prior actions were linked to one pillar, a related outcome and related indicators

PBLs addressed the defining structural vulnerabilities of the Caribbean region. External assessments characterise the area as highly vulnerable to climate-related disasters and dependent on global economic cycles, with severe disasters capable of increasing debt-to-GDP ratios by several percentage points, from which countries often fail to recover. The PBLs responded directly to these realities: Hurricane Dorian caused damage equivalent to 25% of GDP in The Bahamas; Hurricane Maria caused 226% of GDP in damage in Dominica; COVID-19 caused GDP contractions of 16–19% in tourism-dependent economies. PBLs provided countercyclical financing while supporting reforms to address underlying vulnerabilities.

EQ2: Relevance of policy areas, depth, and ownership
The policy areas supported were highly relevant, though depth varied significantly. The most successful reform areas included fiscal governance and PFM, where reforms in Barbados, The Bahamas, and St. Lucia produced durable legislative and institutional changes. Procurement reform proved remarkably effective, with The Bahamas establishing a procurement board, issuing new regulations, and requiring the publication of contracts. Revenue administration showed strong results in The Bahamas, where revenue-to-GDP

increased from 17–18% to 23.5%, described by officials as one of the most significant governance achievements in recent history.

Less successful areas included gender equality and social reforms, which faced political resistance in multiple countries. In The Bahamas, the gender policy update stalled due to political sensitivities and was replaced with alternative legislation. Complex institutional reforms requiring multi-actor coordination or extended timelines also showed lower success rates—the proposed National Investment Fund in The Bahamas was dropped because required processes exceeded the programme timeframe, and pension reform was removed due to insufficient political support.

The specificity of prior action shaped the depth of reform. Reforms with precise technical specifications achieved operational effectiveness, while vague objectives achieved only formal compliance. Country stakeholders emphasised that prior actions must be realistic, technically feasible, and politically viable within the limited PBL window. Country ownership was generally strong at the Ministry of Finance level but more uneven across implementing agencies, reflecting a structural feature of budget support: financing flows through the central government. At the same time, implementation depends on online agencies with varying capacities.

4.1.2 Effectiveness

PBL effectiveness varied considerably across countries and reform domains, shaped by the convergence of enabling conditions. When prior actions were specific and embedded in coordinated programmes with adequate implementation support, PBLs contributed to meaningful fiscal consolidation and institutional strengthening. Where these conditions were absent, prior actions achieved formal compliance but limited operational change.

EQ3: Contribution to fiscal, economic, and sectoral outcomes

The evidence demonstrates substantial PBL contributions to fiscal consolidation, with the most pronounced improvements in countries where PBLs were embedded within comprehensive multi-partner reform programmes.

Barbados presents the clearest fiscal transformation. The two PBLs, totalling US\$ 150 million and coordinated with IMF and IDB support around the BERT programme, contributed to a decline in public debt from approximately 170% to approximately 100% of GDP, to international reserves that cover 8–9 months of imports, and to primary surpluses exceeding IMF targets. Officials described a catalytic effect in which PBLs unlocked additional financing and restored fiscal credibility.

The Bahamas achieved similarly strong outcomes through its four-PBL series. Revenue-to-GDP increased from 17–18% pre-crisis to 23.5%, while the fiscal deficit narrowed to 0.5% of GDP. The programmatic structure enabled iterative reform deepening, with the Fiscal Responsibility Act and Fiscal Responsibility Council providing durable institutional anchors. St. Lucia showed medium-high effectiveness, with combined CDB-World Bank support helping narrow the overall deficit from approximately 11% of GDP to under 3%.

Dominica and Antigua and Barbuda present more complex pictures, though their contexts differ substantially. Dominica's ESR PBL was designed primarily as a resilience-building and crisis-recovery instrument in response to the compound shocks of Hurricane Maria and COVID-19, rather than as a fiscal consolidation operation. Assessed against its resilience-building objectives, the PBL achieved significant institutional outcomes: the National Building Code received Cabinet approval aligned with Organisation of Eastern Caribbean States (OECS) standards, procurement reform was initiated with CDB TA, and DRM frameworks were strengthened across multiple dimensions. Fiscal outcomes were more limited—debt rose to approximately 67.5% of GDP, and structural revenue challenges persisted—though these were not the primary targets of the ESR instrument. Antigua and Barbuda's incomplete programmatic series limited fiscal contribution, with the IMF continuing to identify significant challenges, including low tax revenue and unresolved arrears.

The Jamaica counterfactual demonstrates that fiscal reform is possible without CDB PBLs; however, Jamaica's context differs significantly, as it had access to larger IFI envelopes and established programmatic frameworks. For smaller, more vulnerable BMCs, CDB's PBLs provided financing and reform support that would otherwise have been difficult to mobilise. The speed of CDB disbursements and its contextual understanding of Caribbean realities provided value that larger MDBs could not replicate with the same responsiveness.

Sectoral outcomes are more difficult to attribute directly to PBLs. Customs and trade facilitation in Barbados improved significantly through the implementation of UNCTAD's Automatic System for Customs Data (ASYCUDA) and the expansion of the Trusted Trader Programme, which stakeholders described as transformative. Revenue administration modernisation in The Bahamas has produced measurable results through the Large Taxpayer Unit and related measures, thereby upgrading the tax management system, which continues to evolve. Social sector outcomes showed progress but remained constrained. Barbados' Job Start Plus programme achieved only about 100 annual placements, compared with an original target of 3,500, reflecting COVID-19 disruptions, a limited employer base, and an overly ambitious design.⁵

EQ4: Evidence of reform achievement and M&E systems

The evaluation finds substantial evidence of institutional change, though depth and durability vary considerably. Fiscal governance institutions demonstrate the most significant achievements: The Bahamas' Fiscal Responsibility Act enshrines targets in law with bipartisan oversight; Barbados' PFM Act 2019 expanded Ministry of Finance oversight; and St. Lucia's Public Debt Management Act and Medium-Term Debt Strategy represent durable institutional architecture. In Antigua and Barbuda, technical support from the CDB helped formalise the Macro Unit at the Ministry of Finance, which is responsible for monitoring core economic indicators and producing fiscal aggregates. However, it still lacks adequate size to make more long-term analyses, for example, the cost of tax benefits, and relies on the Eastern Caribbean Bank to generate GDP series.

Procurement systems strengthened across the portfolio represent the area in which CDB most consistently provided TA alongside PBL operations. In The Bahamas, the CDB worked with the IDB to support the legislative framework underpinning the launch of the e-procurement system, thereby enhancing transparency through the mandatory publication of contracts. In St. Lucia, CDB collaborated with the World Bank to develop procurement legislation. In Dominica, CDB provided direct TA to support the development of procurement manuals. In Antigua and Barbuda, despite incomplete overall reforms, CDB-supported procurement reform showed incremental but significant progress through the MAPS assessment and accompanying consultancy. Institutional change in DRM is mixed. Dominica's building codes received Cabinet approval, aligned with OECS standards, but the implementing agency operated under a time-limited mandate and faced an uncertain capacity transfer to permanent structures.

Institutional change in the social protection domain remains incomplete. In Antigua and Barbuda, the Social Protection Act was enacted, but the operational policy has not been approved. St. Lucia's targeting system was deployed and used for crisis response. A critical cross-cutting gap is the absence of reliable, integrated information systems across procurement, tax administration, and social protection, which hinders modernisation and limits governments' ability to monitor performance.

The evaluation identifies significant weaknesses in CDB's M&E capacity to track, within a structured M&E framework, PBL outcomes beyond the completion of prior actions. The Risk Management Office identified the absence of a structured M&E framework for prior actions as a significant weakness, noting that it is difficult to demonstrate the sustainability of reforms. While PBL Board papers include results frameworks with indicators and targets at approval

stage, the evaluation found limited evidence of systematic monitoring of reform outcomes during and after implementation. The gap lies not in the absence of indicators at design stage, but in the operational capacity to track whether prior actions translate into sustained institutional change beyond the point of disbursement. Comparable institutions have shifted toward real-time monitoring during execution rather than focusing primarily on loan approval. The consequence is that outcome-level effectiveness cannot be rigorously assessed in most operations, which represents both a finding and a methodological limitation.

EQ5: Comparison with other financing instruments

PBLs offer distinctive effectiveness characteristics. They provide rapid disbursement when investment projects cannot be mobilised quickly—the Guyana PBL moved from request to Board approval in six weeks, compared with the typically required six to twelve months. **PBLs create structured frameworks for policy dialogue that investment loans do not provide, and they deepen institutional relationships with Ministries of Finance. Country stakeholders emphasised that PBLs build ministry capacity, thereby facilitating subsequent operations.**

Limitations are equally clear. PBLs offer policy frameworks but provide limited support for implementation.

Across case studies, implementing agencies mainly relied on specialised partners—CARTAC, UNCTAD, the World Bank, and UNICEF—for TA rather than on CDB. The pattern is notable: revenue administration in The Bahamas depended on costly private consultancy, without TA from CDB or other regional development partners; Barbados’ revenue authority received assistance from CARTAC and UNCTAD. The exception is procurement reform, in which CDB was actively involved in providing TA across several countries—independently or jointly with other partners—and where reforms achieved comparatively stronger results.

PBLs are most effective when integrated with complementary instruments, though such integration was limited during the evaluation period.

The only case is Antigua and Barbuda’s procurement reform, in which CDB TA was directly aimed at enabling prior actions, but these were not ultimately achieved. Cross-MDB complementarity proved effective, with CDB providing policy conditionality and budget support, while specialised partners provided implementation support—an effective model that developed organically rather than by design. Bank officials expressed that this approach is an effective means of leveraging existing expertise while minimising duplication of effort.

EQ6: Financing and debt sustainability

PBLs provided significant contributions to BMC financing

needs during crisis periods. Barbados’ PBLs were explicitly designed to help meet gross financing needs during selective default when market access was constrained. The Bahamas’ series addressed financing gaps from Hurricane Dorian and COVID-19. St. Lucia’s combined CDB-World Bank support was described as critical for bridging the crisis period.

The relationship between PBL financing and debt sustainability is complex, though not neutral. PBLs often contribute positively to debt dynamics, as their interest rates are typically below market rates for instruments of similar tenor, thereby reducing the cost of public borrowing relative to available alternatives. Positive outcomes are evident in Barbados, where debt-to-GDP declined significantly and is on a trajectory toward the regional 60% target, and in The Bahamas, where fiscal consolidation helped stabilise debt. In Dominica, where the ESR PBL was designed primarily for resilience-building and crisis recovery rather than fiscal consolidation, debt has increased—reflecting the fiscal costs of compound disaster shocks rather than the failure of PBL-supported reforms. The operation’s contribution to debt dynamics should be assessed in the context of its concessional terms relative to market alternatives and its role in supporting institutional recovery. The IMF assesses a high distress risk in Antigua and Barbuda, where debt remains above sustainable levels, unresolved arrears persist, and discretionary tax benefits remain in place. Several stakeholders cautioned that if MDBs rely too heavily on PBLs, they risk falling into short-term stabilisation, which is more appropriately the IMF’s role, arguing that true resilience requires prudent borrowing, stronger fiscal management, and productive investment rather than budget support alone.

4.1.3 Coherence

Internal coherence—integration with other CDB instruments—was limited, with PBLs functioning essentially as standalone operations. External coherence—coordination with other MDBs—was considerably stronger, particularly where national reform programmes provided coordination frameworks. CDB’s comparative advantage lies in its regional proximity, contextual understanding, and trusted relationships, which enable effective partnerships within broader multi-stakeholder architectures.

EQ7: Integration with other CDB operations

Integration between PBLs and other CDB instruments was limited across the portfolio. PBLs functioned primarily as standalone budget support operations with minimal structured linkage to technical cooperation or investment projects.

In principle, PBLs are grounded in TA to the extent that, as with any other Bank loan instrument, their appraisal will sys-

tematically incorporate an assessment of the need for such assistance. This mandates that, at the design stage, teams will evaluate whether complementary TA is required to support diagnostics, implementation capacity, institutionalisation of reforms, or M&E systems. However, grounding PBLs in TA does not require that TA always accompany the loan as a parallel instrument; rather, that the need for such support should be explicitly assessed and integrated into the operational rationale, sequencing, and reform pathway.

Even then, there is no regular systematisation of the additivity of other operations with PBLs, nor in the preparation and support of the reform agenda, nor in the consolidation of reform effects through follow-up operations. This evaluation identified individual cases that enabled it to explore their dynamics and potential impact.⁶

In Barbados, PBLs combined budget support with analytical work and targeted TA. For instance, the Ministry of People Empowerment in Barbados received TA from the CDB to strengthen the social protection system. However, line agencies emphasised that most implementation support came from other partners rather than CDB. In The Bahamas, officials expressed interest in capital follow-up operations to reinforce PBL gains, suggesting natural sequencing potential that was not systematically planned. In Dominica, the PBL was designed alongside UK-CIF grants, BNTF grants, IDB operations, and the COVID Emergency Loan. While overall integration across these instruments was limited, procurement reform exemplified sequential complementarity: CDB supported the drafting of procurement legislation, while the World Bank subsequently developed regulations and provided capacity-building for staff—a division of labour that leveraged each institution’s strengths. The 2025 follow-up Programmatic Resilience PBL has deepened this engagement, facilitating enactment of the Public Procurement Act and supporting the appointment and training of the Public Procurement Board and Public Procurement Review Committee. St. Lucia provides the most substantial evidence of integration, with sequential PBLs that underpin the policy and financing backbone of broader CDB engagement, including safety nets, emergency response, and health-sector projects. In addition, CDB is currently providing TA in St. Lucia to strengthen the legislative framework governing bankruptcy and insolvency—a key governance initiative supported by the PBL to modernise the credit sector, improve the business environment, and foster private sector development. This represents a concrete example of CDB linking TA to PBL-supported reform objectives beyond the original programme period.

The limited integration of TA represents a significant gap. A clear constraint on scaling TA support is access to TA grant funds. Across the portfolio, procurement reform stands out as

the area in which CDB most consistently linked TA directly to PBL prior actions—providing support in The Bahamas (with IDB), St. Lucia (with World Bank), Dominica (directly), and Antigua and Barbuda (MAPS assessment and consultancy). Outside procurement, only the Macro Unit in Antigua and Barbuda received dedicated CDB TA directly linked to prior actions. Moreover, according to the Board paper for Guyana’s 2025 PBL, CDB, in collaboration with other development partners, was preparing TA projects to support the development of national safeguard policies and frameworks and to assist in revising national DRM plans and legislation.

This is consistent with the evaluation’s effectiveness findings, which show that TA-supported reforms achieved deeper institutionalisation than prior actions without such support. While CDB’s strategy envisions integrated, cross-sectoral PBL engagement, in practice, it remains largely concentrated within the Economics Department, with limited systematic involvement of sector divisions. The approach adopted in the more recent PBLs approved during 2025 (Guyana, Dominica and St. Vincent and the Grenadines) illustrate the potential benefits of this type of integration, at least when viewed from a planning-stage perspective.

Evidence of complementarity between PBL and investment projects is limited, indicating substantial untapped potential. For example, procurement reforms establish enabling conditions for investment projects, fiscal stabilisation improves the capacity for counterpart funding, and PFM strengthening enhances the environment for all operations. This demonstrates a logical sequence that was not consistently integrated into country engagement strategies. Feedback from country stakeholders supported the rationale for sequencing, as they indicated that PBLs were most appropriate when their government’s priorities centred on policy and institutional reform, considering that the country’s fiscal and administrative systems were not yet prepared for capital-intensive operations.

EQ8: Coordination with development partners and CDB comparative advantage

Coordination with other development partners varied significantly, from highly structured multi-partner frameworks to essentially parallel engagement. Barbados exemplifies the strongest coordination, with policy matrices developed collaboratively among the IMF, IDB, World Bank, and Capital Adequacy Framework (CAF) for the BERT programme. CDB conditions were described as closely aligned with government priorities and less prescriptive than those of larger institutions, enhancing ownership while maintaining coherence. St. Lucia and Dominica achieved similarly strong coordination, with PBLs explicitly designed to complement parallel World Bank operations. However, some officials noted coordination burdens and recommended better syn-

chronisation of mission scheduling and data requirements so that stakeholders could be present together and utilise the same information.

Weaker coordination characterised other cases. Antigua and Barbuda exhibited a fragmented coordination, with no structured MDB mechanism and the PBL operating primarily in parallel with other partner activities, thereby contributing to reporting gaps that prevented second-tranche disbursement. The evaluation acknowledged that the Antigua PBL operation reflected an attempt by CDB, in collaboration with the IMF and the Government of Antigua and Barbuda, to mitigate the effects of the pandemic.

In light of the evolving regional development landscape, the evaluation underscores the importance of clearly articulating CDB's strategic niche within the PBL space. CDB is uniquely positioned to exercise leadership in small states that fall outside the optimal operational focus of larger MDBs, leveraging its proximity, trust-based relationships, and contextual knowledge. Beyond country-level engagement, CDB can serve as an architect of programmatic regional policy compacts and as a coordinator of regional policy dialogue platforms that align reforms, TA, and financing across actors. Clarifying where CDB should lead, where it should co-lead with other institutions, and where it should complement broader initiatives would strengthen strategic selectivity and enhance the Bank's contribution to coherent and sustained development outcomes in the region.

A consistent division of labour emerged: CDB provides policy conditionality and budget support while specialised partners provide implementation support. This pattern developed organically, with the IMF addressing macro-fiscal issues, the World Bank providing complementary budget support and sector-specific TA, and specialised agencies (CARTAC, UNCTAD, UNICEF) supporting technical implementation.

Multiple evidence sources converge on CDB's distinctive comparative advantages: regional proximity and contextual understanding that global MDBs cannot match; trusted relationships facilitating policy dialogue; flexibility and responsiveness enabling faster crisis response; ability to work at more minor scales that larger MDBs cannot justify; and a convening role as a natural coordinator for Caribbean-specific approaches. Country officials emphasised CDB's responsiveness and contextual understanding of Caribbean fiscal realities as key differentiators. In Dominica, CDB's close relationships with line ministries and its detailed monitoring of economic and sectoral data enabled it to lead the drafting of procurement legislation, after which the World Bank provided complementary support for regulations and capacity-building—illustrating a sequential partnership model in which

CDB's proximity and institutional knowledge anchor broader multi-partner reform support.

Constraints on comparative advantage include limited financial weight relative to the IDB or the World Bank, exposure concentration within a small borrower base, limited TA resources, and insufficient sector expertise regarding BMCs' development needs. The evidence suggests that CDB is most effective when positioned as a policy framework developer and catalytic financier within broader multi-partner architectures, rather than as a comprehensive implementation support provider, leveraging its comparative advantages while acknowledging resource constraints.

4.1.4 Sustainability

Sustainability shows a mixed but generally positive outlook, with significant variation across reform domains. Reforms embedded in legal frameworks demonstrate the strongest sustainability prospects and have shown resilience to political transitions. Reforms dependent on sustained human resources, technical expertise, and additional financing face greater risks.

EQ9: The majority of reforms are likely to be sustained
Fiscal governance reforms show the strongest sustainability indicators. The Bahamas demonstrates the most robust architecture as its Fiscal Responsibility Act enshrines targets in law, the Fiscal Responsibility Council provides bipartisan oversight, and successive governments have maintained policy continuity. Officials viewed the fiscal framework as robust and likely to endure beyond CDB-supported operations. A cultural shift has occurred, with public attitudes toward taxation evolving as citizens associate tax payment with public service provision. Barbados shows similarly strong foundations with reforms embedded in law and operational systems, supported by technocratic consensus on preventing return to unsustainable debt patterns—though stakeholders cautioned against post-programme complacency. St. Lucia achieved a medium-high level of sustainability, with officials noting that reversing fiscal reforms would be politically and technically costly.

Dominica and Antigua and Barbuda present greater uncertainty regarding fiscal sustainability. Dominica adopted elements of a fiscal framework under the 2020 ESR PBL, but modern PFM legislation was prepared but not enacted during the evaluation period. CDB's approval of a follow-up Programmatic 2-loan Resilience PBL in March 2025 has since addressed several of these gaps: the Public Procurement Act was enacted and associated regulations finalised, with CDB and World Bank support; the Public Procurement Board and Public Procurement Review Committee were appointed by

Cabinet (January 2025); and CDB-led training was provided for board members. The second tranche, scheduled for June 2026, includes prior actions for Standard Bidding Documents and an operational manual for public procurement. This programmatic continuation demonstrates CDB’s institutional evolution toward sustained, sequenced engagement—a significant departure from the single-tranche approach of the original operation. Antigua and Barbuda established institutional foundations, but the incomplete second PBL left several reforms unfinished, and structural constraints persist, including high tax exemptions and unresolved arrears.

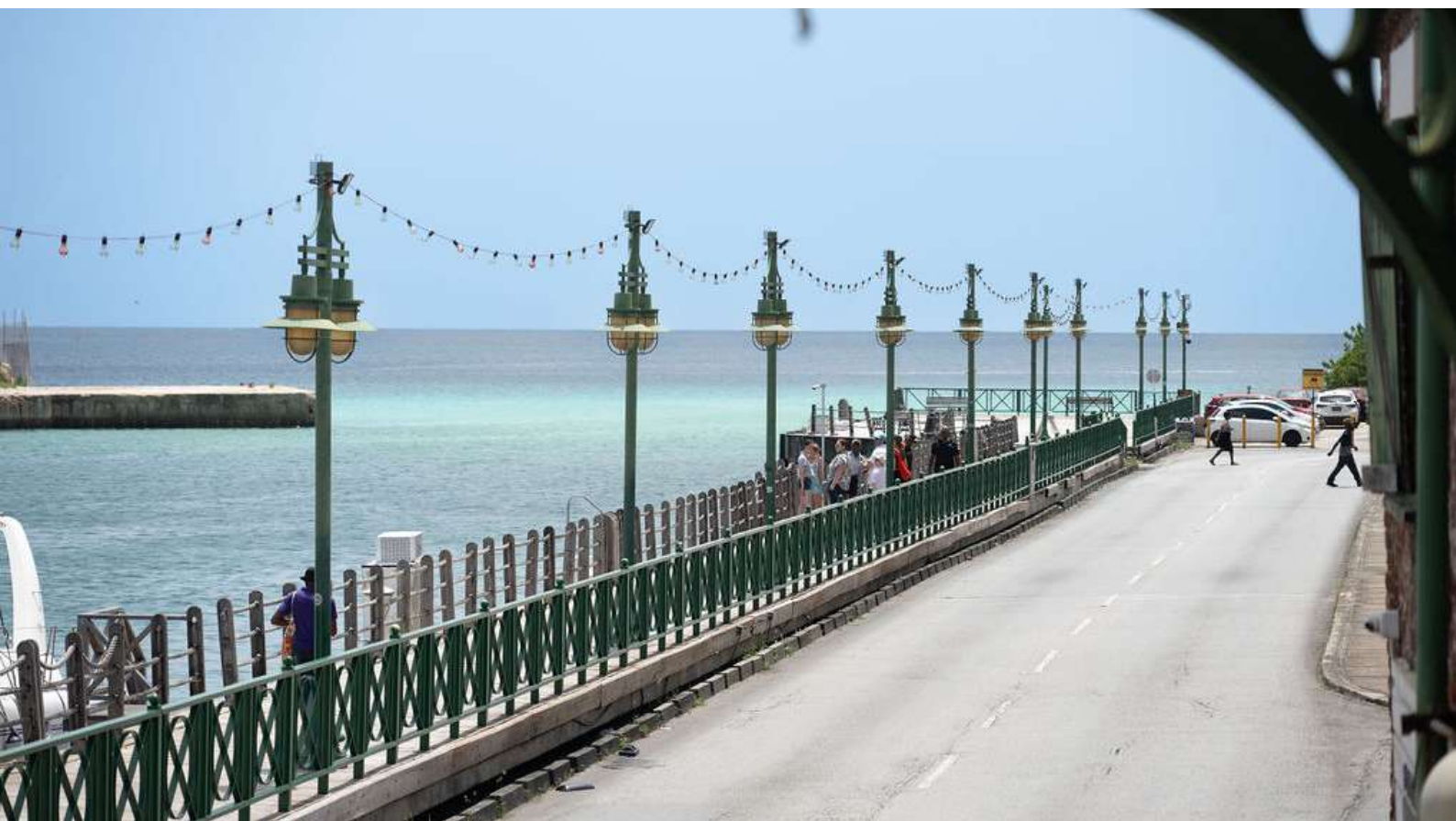
Procurement reform shows medium-high sustainability through institutionalised boards, regulations, and digital platforms. Revenue administration improvements face ongoing capacity and political economy challenges. DRM institutional reforms show mixed results: Dominica’s building codes have achieved high institutionalisation aligned with regional standards, but the transfer of implementation agency capacity to permanent structures remains uncertain. Social protection reforms face the most significant sustainability challenges due to capacity constraints and incomplete operationalisation of systems. Gender equality reforms show the weakest sustainability, having faced political resistance and either stalled or been substituted in multiple countries.

EQ10: Drivers of sustainability or backsliding

Six primary drivers support reform sustainability. Legislative and regulatory anchoring creates binding constraints that are costly to reverse—fiscal responsibility acts, PFM legislation,

and debt management frameworks demonstrate this effect. Institutionalised oversight mechanisms through independent bodies provide accountability outlasting individual administrations. Digital infrastructure creates network effects and efficiency gains that users value and that are technically difficult to reverse. Cross-party political consensus protects reforms from electoral vulnerability, as demonstrated by St. Lucia’s change of administration, the maintenance of the core fiscal agenda, and The Bahamas’ bipartisan membership of the Fiscal Responsibility Council. Demonstrated results that generate visible benefits create constituencies for continued reform. Programmatic continuity through multi-cycle engagement enables iterative deepening and reduces the risk of abandonment.

Seven primary factors threaten sustainability. Human resources and capacity constraints represent systemic threats across all countries, including turnover, retention challenges, and competition from the private sector. Political economy pressures, including tax concession culture and electoral cycles, threaten reforms lacking a broad consensus. External shocks—disasters, tourism downturns, commodity volatility—can derail reform trajectories, as the compound disasters in Dominica demonstrate. Programmatic discontinuity, resulting from interrupted or incomplete PBL series, leaves reforms unfinished and reduces CDB leverage. Dependence on external support creates risks when partner priorities shift. Policy-resource disconnect between policy adoption at the Cabinet level and resource allocation to implementing agencies constrains operationalisation. Lack of sector-specific contingency arrangements within fiscal frameworks threatens social and resilience gains during future crises.



Box 1 Why Barbados Worked – Lessons from a High-Ownership Model

The Barbados case stands out as the strongest performer among the five PBL countries evaluated. Several factors differentiated it from other cases and offer transferable lessons for future PBL design:

Home-grown reform programme with a medium- and long-term vision preceding the PBL. BERT was developed by the Government of Barbados before seeking IFI support, not in response to donor conditionality. Prior actions reflected policy commitments embedded in the government’s own reform agenda, rather than measures introduced primarily to meet external financing requirements.

Multi-partner coordination framework. BERT served as an umbrella framework aligning CDB, IMF, Inter-American Development Bank (IDB), World Bank, and Capital Adequacy Framework (CAF) around common pillars, reducing fragmentation. Officials noted CDB’s conditions were “*closely aligned with government priorities and less prescriptive than those of larger institutions.*”

Programmatic design with built-in continuity. The original four-PBL series design enabled sequential deepening of reforms and sustained policy dialogue, though only two operations were ultimately disbursed due to exposure limits.

Strong technical specificity in prior actions. Actions such as customs modernisation (ASYCUDA World), the Trusted Trader Programme, and the Public Financial Management Act 2019 had clear technical parameters and measurable outcomes—contrasting with vaguer governance commitments elsewhere.

Dedicated TA from specialised partners complemented the PBL. Revenue administration received support from CARTAC, while customs modernisation benefited from UNCTAD expertise. This combination of budget support and implementation capacity proved critical. In addition, CDB financed two TA interventions specifically designed to strengthen the social protection system under BERT. The first provided a Social Safety Net Specialist to support the Ministry of People Empowerment and Elder Affairs (MPEEA) and the Ministry of Finance in planning, managing, and coordinating social protection programmes. The second provided a Social and Gender Policy Advisor to enhance the capacity of MPEEA and the Ministry of Finance to integrate social and gender imperatives into the social protection pillar of BERT II and the broader socio-economic policy framework. These TA interventions highlight both the value of combining budget support with targeted implementation capacity and an opportunity for CDB to provide its own specialised TA during implementation, in line with national policy frameworks.

Social Partnership oversight mechanism. BERT was formulated through close consultation with the Social Partnership (government, labour, and the private sector), with its Monitoring Committee embedded within this institutional structure. This configuration ensured institutionalised oversight and broad-based political legitimacy, thereby helping to shield the reform process from electoral cycles.

Transferable lesson: PBLs achieve strongest results when they support nationally-owned reform programmes that pre-exist the financing request, operate within multi-partner coordination frameworks, combine budget support with dedicated TA, and embed oversight mechanisms that extend beyond the Ministry of Finance.



Source: Isabella Smith

Table 1 **Comparative Matrix: PBL Key Findings by Country**

Criterion	Antigua and Barbuda	Barbados	Dominica	St. Lucia	The Bahamas
RELEVANCE	<p>High</p> <p>Addressed COVID-19 macroeconomic impact (16% GDP contraction) and initiated structural fiscal/social protection reforms. Built on ongoing government initiatives.</p>	<p>High</p> <p>Directly targeted root causes of the 2018 fiscal crisis: 170% debt-to-GDP, declining reserves, and persistent deficits. Embedded in the government's BERT programme.</p>	<p>High</p> <p>Addressed compound shocks of Hurricane Maria (226% GDP damage) and COVID-19. Supported all five CDB resilience dimensions with OECS-aligned frameworks.</p>	<p>High</p> <p>Targeted structural vulnerabilities exacerbated by the COVID-19 tourism collapse (19% GDP contraction). Sequential design enabled crisis response to reform consolidation.</p>	<p>High</p> <p>Matched evolving needs post-Dorian and COVID-19. Supported fiscal governance, DRM, revenue administration, and social protection during successive shocks.</p>
COHERENCE (CDB Operations)	<p>Medium</p> <p>Built on earlier CDB support and TA for macro-fiscal management and procurement. However, complex actions lacked sufficient support; the NGEPS project misaligned with the PBL timeline.</p>	<p>Medium</p> <p>Part of a larger CDB engagement combining budget support with analytical work and TA. However, the TA could have been more robust at the sector level for implementation.</p>	<p>Medium</p> <p>Designed alongside UK-CIF grants, BNTF grants, IDB operations, and COVID Emergency Loan. CDB TA is directly linked to procurement reform (legislation drafting); The World Bank (WB) provided complementary regulations and capacity-building. Single-tranche design of 2020 ESR PBL limited ongoing dialogue, now addressed by the 2025 programmatic loan.</p>	<p>High</p> <p>Sequential PBLs formed the '<i>policy and financing backbone</i>' of broader CDB engagement, including Safety Nets, Emergency Response, and health-sector projects.</p>	<p>High</p> <p>Coherent with existing CDB engagement in resilience and public sector performance. Programmatic structure ensured internal coherence over time.</p>

Table 1 **Comparative Matrix: PBL Key Findings by Country (cont.)**

Criterion	Antigua and Barbuda	Barbados	Dominica	St. Lucia	The Bahamas
EFFECTIVENESS	<p>Medium</p> <p>PBL 1 prior actions completed (already underway). PBL 2 not disbursed due to unmet indicative actions. Liquidity is maintained, but structural weaknesses persist (60% revenue leakage from concessions).</p>	<p>High</p> <p>Clear macroeconomic impact: debt fell from ~170% to ~100% GDP; reserves cover 8–9 months of imports. Customs reforms ‘transformative’. Job Start Plus underperformed (3% of target).</p>	<p>Medium-High</p> <p>ESR instrument provided critical crisis-response and resilience-building support. National Building Code adopted and OECS-aligned. DRM and procurement frameworks strengthened. Single-tranche design limited sustained engagement, now addressed by the 2025 programmatic PBL.</p>	<p>Medium-High</p> <p>Fiscal-rules framework, Public Debt Management Act, MTDS delivered. Deficit narrowed from ~11% to <3% GDP. Progress strong centrally, slower in line ministries.</p>	<p>High</p> <p>Strongest revenue mobilisation: revenue-to-GDP rose from 17–18% to 23.5%. Tax administration transformation described as ‘most significant governance achievement’.</p>
SUSTAINABILITY (Institutional)	<p>Moderate</p> <p>Social Protection Act enacted; FROC established and reported to Cabinet; MFU created with CDB TA; Procurement Board appointed—legal frameworks in place.</p>	<p>Strong</p> <p>PFM Act 2019, State-Owned Enterprise (SOE) oversight dashboards, FSC restructuring, customs digitalisation, and NIS modernisation are all embedded and operational. Anchored in BERT with IMF oversight.</p>	<p>Moderate</p> <p>Building Code Cabinet-approved and OECS-aligned. CREAD mandate expired without clear transfer to permanent structures. PFM legislation prepared but not enacted under 2020 PBL; however, 2025 programmatic PBL facilitated enactment of the Public Procurement Act and appointment of PPB/PPRC.</p>	<p>Strong</p> <p>The fiscal-rules framework, the Public Debt Management Act, and the MTDS represent durable reforms; reversal would be politically and technically costly.</p>	<p>Strong</p> <p>The Fiscal Responsibility Act enshrines targets in law; the FRC provides institutionalised bipartisan oversight. Cultural shift: citizens link taxes to services.</p>

Table 1 **Comparative Matrix: PBL Key Findings by Country (cont.)**

Criterion	Antigua and Barbuda	Barbados	Dominica	St. Lucia	The Bahamas
SUSTAINABILITY (Operational)	Weak Absence of a centralised beneficiary registry; no reliable taxpayer database; no standardised procurement data. Staff shortages, high turnover, and limited technical capacity.	Strong Digital infrastructure advanced: e-filing for 7+ years, ASYCUDA operational. Risk: 'post-IMF complacency' now that external oversight ended.	Weak Repeated shocks limited the translation of reforms into improved implementation. DRM capacity is concentrated in a temporary agency—high dependence on partner TA.	Moderate Social protection, health financing, and climate policy are fragile—they depend on limited technical staff and sustained cross-ministry coordination.	Moderate 'One Tax Bahamas' platform rolling out 2024–2027. Risks include external shocks, human capital constraints, vendor dependence in IT, and legislative fragmentation.

Source: Synthesis of PBL case studies. Evaluation of Policy-Based Lending Operations at CDB, 2017–2025. See *Volume II, Annex L*.



4.2 Risk/Challenge Analysis

4.2.1 Regional and Country Context Factors

The Caribbean presents a unique operating context characterised by structural vulnerabilities that fundamentally shape PBL outcomes. Economic dependence on tourism and narrow production bases creates acute vulnerability to external shocks—COVID-19 caused GDP contractions of 16–19% in tourism-dependent economies. Climate and disaster exposure mean PBL-supported reforms operate in an environment of recurrent disruption, with severe disasters capable of increasing debt ratios by several percentage points. Fiscal fragility and elevated debt levels constrain the capacity to implement reforms. Small civil services with limited specialised expertise affect every stage of the PBL cycle.

The COVID-19 pandemic was the most significant contextual factor, precipitating a simultaneous revenue collapse and expenditure surge, creating urgent demand for budget support. PBLs approved during 2020–2021 necessarily prioritised crisis response, creating tension between immediate needs and longer-term transformation. Disasters—Hurricane Dorian (2019) and the aftermath of Hurricane Maria—similarly shaped specific country contexts, creating both reform urgency and implementation disruption.

Political economy dynamics significantly influenced outcomes. Countries with stable administrations showed more consistent reform progress. The presence of committed reform champions—whether political leaders or senior technocrats—emerged as critical. Specific reforms faced predictable resistance: reductions in tax concessions, pension reform, and gender policy all encountered political barriers despite their inclusion in PBL frameworks. The Barbados BERT programme’s development through social partnership dialogue fostered broad ownership, supporting implementation.

Institutional capacity varied significantly across BMCs. The Ministry of Finance’s capacity was generally adequate for PBL engagement, whereas the line ministry’s and the implementing agency’s capacities were often weak. Data infrastructure limitations constrained design, implementation, and monitoring—human capital challenges, including turnover and retention, affected all countries.

The presence or absence of national coordination frameworks significantly influenced effectiveness. Strong frameworks (BERT, Post-Dorian Plan, ERRP) provided structure for PBL alignment and domestic accountability. Where such frameworks were missing, implementation was more fragmented.

4.2.2 CDB Institutional Factors

CDB’s institutional constraints shaped the deployment and design of PBLs. The 33% portfolio cap limits the volume of

budget support during high-demand periods, creating tension with crisis-response needs. Country exposure concentration (which encompasses all CDB lending operations, not only PBLs) poses risks that require active management. Large PBL operations contribute to this concentration, and CDB has used instruments such as the Exposure Exchange Agreement with the Central American Bank for Economic Integration (CABEI) to diversify sovereign exposure and increase lending headroom. In practice, these constraints have truncated programmatic series—most notably in Barbados, where the original four-PBL series ended after two operations due to exposure limits—reducing the contribution to sustained transformation.

The Guyana PBL, approved in 2025, illustrates these dynamics. At US\$150 million, it is the largest PBL ever approved by CDB. Its impact extends to both country exposure—given Guyana’s increasing share of CDB’s portfolio—and the 33% portfolio cap, which limits the aggregate share of PBLs in the Bank’s outstanding loan portfolio. The Exposure Exchange Agreement with Central American Bank of Economic Integration (CABEI) partially offsets the concentration risk by enabling CDB and CABEI to swap their highest-exposure sovereign positions, thereby diversifying each bank’s portfolio. Nevertheless, the scale of recent PBL operations raises questions about the adequacy of the current 33% ceiling. CDB staff have noted that the cap creates tension between the Bank’s crisis-response mandate and its prudential framework, particularly when exogenous shocks drive demand for budget support.

Some stakeholders have suggested that disaster-response PBLs should be treated separately from the cap. In contrast, others have cautioned that raising or exempting the limit could shift CDB’s portfolio composition away from capital investment and toward budget support, with implications for the Bank’s development mandate. The evaluation finds that the portfolio cap framework warrants review in light of the Bank’s updated SP and the PBL portfolio programming, while balancing risk management with the operational flexibility required to respond to the Caribbean’s evolving vulnerability profile.

Internal capacity limitations affected PBL quality. The design and supervision concentration in the Economics Department limits sector specialists’ involvement, despite strategic expectations for cross-sector engagement; however, this evaluation acknowledges that the St. Vincent and the Grenadines DRM PBL (2025) and the Guyana Environmental PBL (2025) are notable and encouraging departures from this practice. Limited TA resources mean CDB’s influence diminishes after disbursement. Weaknesses in the M&E system impede adequate outcome tracking. Board members raised concerns about the timing of engagement, noting that PBLs often arrive without sufficient time for meaningful input.

4.2.3 Enabling and Constraining Factors

Enabling factors for PBL success include national reform programme ownership, providing coordination and accountability; multi-partner coordination amplifying resources and reinforcing credibility; political stability and championship enabling consistent implementation; crisis-driven momentum creating political space for difficult reforms; programmatic design enabling learning and deepening; specific feasible prior actions translating conditionality into operational change; and TA availability addressing capacity gaps.

Constraining factors include structural vulnerability and shocks disrupting implementation; capacity constraints limiting implementation depth; political economy resistance blocking sensitive reforms; absence of coordination frameworks fragmenting implementation; single-tranche or truncated design limiting sustained engagement; CDB exposure constraints preventing programmatic continuity; weak M&E reducing accountability and learning; and limited CDB TA integration creating implementation support gaps.

These contextual factors are largely beyond CDB's direct control. However, the Bank can improve effectiveness by designing operations that account for these factors, strengthening partnerships that address capacity gaps, and maintaining flexibility to adapt as contexts evolve. Context-sensitive design, shock-responsive flexibility, programmatic preference where feasible, capacity-realistic prior actions, coordination investment, M&E strengthening, and political economy attention all emerge as implications for future operations.

4.3 Overall Assessment

This section articulates the findings for each evaluation question, along with the main contribution hypothesis. The evaluation is evidenced by mapping PBL performance against the OECD-DAC criteria and interpreting it through a CA lens. It shows that PBLs are strongest on relevance, reflecting clear alignment with country priorities and CDB strategy, and that they have plausibly contributed to policy adoption and short-term reform momentum. This contribution weakens as reforms move toward implementation and institutionalisation, at which point effectiveness depends on coordination capacity and sustained support. Coherence is an enabling condition but is not sufficient in itself, whereas sustainability remains the most fragile dimension and the primary risk to long-term contribution.

As mentioned above, the 2023 revised PBO Policy and Guidelines formalise CDB's intent to modernise and strengthen the instrument by promoting greater programmatic sequencing, clearer results frameworks, and enhanced alignment with the Bank's resilience agenda. The policy recognises the need for more strategic, multi-operation approaches and for

diversified policy-based modalities that go beyond traditional macro-fiscal stabilisation. However, while the framework sets out an ambition for more structured, results-oriented, and potentially innovative PBL instruments, the evaluation finds that implementation remains uneven. In practice, many operations continue to reflect stand-alone designs, and the institutional systems required to fully operationalise programmatic compacts, integrated TA, and robust monitoring mechanisms are still in development and not yet embedded at the depth required to realise the policy's transformative intent.

While CDB has demonstrated solid capacity in the design of PBLs and in the timely processing and disbursement of operations, the evaluation finds that the institutional architecture required to deliver next-generation, programmatic PBLs is not yet fully consolidated. Strengths are evident in macro-fiscal dialogue and operational responsiveness; however, gaps remain in the systematic integration of TA across the reform lifecycle, in the robustness of data systems to monitor medium- and long-term outcomes, in the use of real-time or ongoing evaluation mechanisms to support adaptive management, and in the development of applied policy research tailored to regional contexts. Transitioning toward sequenced, results-based policy compacts will require reinforcing these capabilities, ensuring that design, implementation support, monitoring, and knowledge generation are structurally embedded within the Bank's operating model.

The following table presents a synthetic visual summary of the evaluation evidence, synthesising the main findings across the OECD-DAC criteria and illustrating how PBLs have performed as an instrument over the evaluation period. The graph consolidates portfolio-level patterns identified through portfolio analysis, benchmark review, and CA, highlighting areas of relative strength and persistent constraints. It is intended to support interpretation rather than standalone judgement, helping the reader quickly grasp the balance between relevance, effectiveness, coherence, and sustainability, and to visually frame the discussion of remaining risks, trade-offs, and strategic implications that are further developed in the narrative analysis.



Table 2 Summary of findings

Assessment of EQs with the lenses of the Contribution Hypotheses	CH0 – CDB possesses institutional, technical, and managerial capacities to design, implement, and monitor PBL operations effectively Partially Confirmed	CH5 – PBL design and structuring contribute to achieving targeted policy reforms and institutional change. Confirmed with Disclaimers	CH6 – PBL-supported reforms contribute to advancing CDB’s strategic objectives across five dimensions of resilience. Partially Confirmed with Variations	CH8 – PBL-supported reforms enhance enabling conditions for improved absorption of subsequent CDB operations. Plausible but Unverified
EQ1: To what extent were PBLs aligned with BMCs’ priorities, CDB’s strategic objectives, and regional development needs?	CDB demonstrated the capacity to design relevant PBLs aligned with BMC priorities and to disburse rapidly during crises. However, significant gaps exist in monitoring and evaluation systems, the integration of TA, and the involvement of sector specialists. The Bank’s capacity is stronger in design and disbursement than in implementation support and outcome tracking.	PBLs addressed the definition of structural vulnerabilities in the Caribbean region. The evaluation finds strong alignment between PBLs and national priorities across the portfolio.	The portfolio demonstrates strong alignment with CDB’s SP 2020–2024 and its comprehensive resilience framework.	Evidence of PBL targeting BMC priorities, however, no conclusive evidence of a causal link to subsequent capital investment or TA operations.
EQ2: How relevant were the policy areas and reforms supported, including their depth and ownership?		The policy areas supported were highly relevant, though depth varied significantly.	No pertinent findings in this regard.	Evidence of relevant policy areas with ownership; however, no causal link to subsequent capital investment or TA operations.
EQ3: To what extent did PBLs contribute to improved fiscal, economic, and sectoral outcomes?		The design of the PBLs explicitly contributed to improvements in fiscal and economic areas by closely aligning with the respective challenges in the BMCs, leading to incipient positive resilience outcomes in other sectors.	Substantial PBL contributions to fiscal consolidation. Outcomes related to other resilience pillars or to comprehensive resilience are more difficult to attribute directly to PBLs.	No relevant findings in this regard.
EQ4: What is the evidence of achievement of reform objectives or institutional change in supported areas?		The evaluation finds substantial evidence of institutional reforms, though depth and durability vary considerably.	Fiscal governance institutions demonstrate the most significant achievements. Institutional change in DRM is mixed. Institutional change in the social protection domain remains incomplete Outcome-level effectiveness cannot be assessed in most operations.	No relevant findings in this regard.

Key ○ No evidence ○ Limited evidence ○ Mixed results ○ Positive results

Table 2 Summary of findings (cont.)

Assessment of EQs with the lenses of the Contribution Hypotheses	CH0 – CDB possesses institutional, technical, and managerial capacities to design, implement, and monitor PBL operations effectively Partially Confirmed	CH5 – PBL design and structuring contribute to achieving targeted policy reforms and institutional change. Confirmed with Disclaimers	CH6 – PBL-supported reforms contribute to advancing CDB’s strategic objectives across five dimensions of resilience. Partially Confirmed with Variations	CH8 – PBL-supported reforms enhance enabling conditions for improved absorption of subsequent CDB operations. Plausible but Unverified
EQ5: How do PBLs compare in effectiveness with other financing instruments (e.g., investment loans or TA)?	CDB demonstrated the capacity to design relevant PBLs aligned with BMC priorities and to disburse rapidly during crises. However, significant gaps exist in monitoring and evaluation systems, the integration of TA, and the involvement of sector specialists. The Bank’s capacity is stronger in design and disbursement than in implementation support and outcome tracking.	PBLs offer distinctive effectiveness characteristics but their effectiveness is limited if deployed without solid reforms and supporting instruments.	PBLs offer distinctive effectiveness characteristics in that they act as catalysts to achieve sectoral resilience. However, high risk remains if implemented on its own.	PBLs build ministry capacity, thereby likely facilitating subsequent operations.
EQ6: To what extent did PBLs provide the necessary financing to help governments meet their gross financing needs in a manner that supported improved debt sustainability?		PBLs which were explicitly designed to help meet gross financing needs. Even if the PBL did not cover the total gross financial needs, the instrument generated the policy packages to guarantee the financial market access and the necessary external funding.	PBLs provided significant contributions to BMC financing needs during crisis periods (financial resilience).	No relevant findings in this regard.
EQ7: How well were PBLs integrated with other CDB operations and support instruments?		Reforms created potential which was not followed up systematically: Procurement reforms established enabling conditions for investment projects, fiscal stabilisation improved the capacity for counterpart funding, and PFM strengthening enhanced the environment for all operations.	Integration between PBLs and other CDB instruments was limited. This fragmented approach reduces the potential for building comprehensive resilience.	Evidence of PBL-investment project complementarity is limited, indicating substantial untapped potential of using the PBLs to systematically and intentionally preparing the institutional and fiscal capacities and complementing them with a pipeline of operations.
EQ8: To what extent were PBLs coordinated with other development partners and MDBs?		Coordination with other development partners varied significantly, from highly structured multi-partner frameworks to parallel, non-coordinated engagement.	No relevant findings in this regard.	No relevant findings in this regard.

Key ○ No evidence ○ Limited evidence ○ Mixed results ○ Positive results

Table 2 Summary of findings (cont.)

Assessment of EQs with the lenses of the Contribution Hypotheses	CH0 – CDB possesses institutional, technical, and managerial capacities to design, implement, and monitor PBL operations effectively Partially Confirmed	CH5 – PBL design and structuring contribute to achieving targeted policy reforms and institutional change. Confirmed with Disclaimers	CH6 – PBL-supported reforms contribute to advancing CDB’s strategic objectives across five dimensions of resilience. Partially Confirmed with Variations	CH8 – PBL-supported reforms enhance enabling conditions for improved absorption of subsequent CDB operations. Plausible but Unverified
EQ9: To what extent are the reforms and results supported by PBLs likely to be sustained?	CDB demonstrated the capacity to design relevant PBLs aligned with BMC priorities and to disburse rapidly during crises. However, significant gaps exist in monitoring and evaluation systems, the integration of TA, and the involvement of sector specialists. The Bank’s capacity is stronger in design and disbursement than in implementation support and outcome tracking.	Reforms designed to be embedded in legal frameworks have the highest level of sustainability. However, this requires technical, financial and cultural-political readiness which varied across the case studies and their PBLs.	Limited scope of the PBL as an instrument and the M&E guideline that affects the incentivisation to design a complete pipeline and feedback loop which would increase the likelihood for reforms to be sustained and the design of future operations.	Limited scope of the PBL as an instrument and the M&E guideline that affects the incentivisation to design a complete pipeline and feedback loop which increase the likelihood for reforms to be sustained and the design of future operations.
EQ10: What are the main drivers of sustainability or backsliding (e.g., political change, capacity, external shocks)?		Design drivers identified contributing to the sustainability of reforms: <ul style="list-style-type: none"> • Legislative and regulatory anchoring of reforms; • Creation of institutionalised oversight mechanisms; and • Programmatic continuity with multi-cycle engagement. Design challenges identified affecting sustainability: <ul style="list-style-type: none"> • Dependence on external support; and • Programmatic discontinuity, resulting from interrupted or incomplete PBL series. 	Lack of sector-specific contingency arrangements within fiscal frameworks threatens social and resilience gains during future crises.	PBL elements identified supporting sustainable enabling conditions for future CDB operations: digital infrastructure that creates network effects

Key ○ No evidence ○ Limited evidence ○ Mixed results ○ Positive results

Source: Own



4.4 Risk/Challenge Analysis – Regional and Country Context Factors

The Caribbean context should be explicitly framed as one characterised by high volatility, structural vulnerability, and recurrent, compounding shocks—economic, climatic, and geopolitical. In such environments, reform processes unfold under conditions of uncertainty and constrained fiscal space, requiring policy instruments that are both resilient and adaptable. The design of PBLs should therefore incorporate adaptive management principles, institutional buffers, and built-in flexibility mechanisms that allow for recalibration as conditions evolve. This perspective reinforces the recommendation to adopt ongoing, theory-based CA approaches, which can generate timely evidence, support course correction, and strengthen the durability of reforms in highly dynamic and shock-prone contexts.

5 Conclusions and lessons learned

5.1 Conclusions

PBLs remain highly relevant and strategically important instruments for the CDB, particularly in a region characterised by structural vulnerability, recurrent shocks, and increasing policy complexity. However, their continued effectiveness and development impact depend on a clear transition from transactional, crisis-driven operations toward programmatic, results-based policy compacts that are anchored in national priorities, sustained policy dialogue, and long-term institutional reform trajectories.

PBLs generate the greatest value when their additionality extends beyond financing to include policy credibility, institutional strengthening, access to regional and global knowledge, and the mobilisation of complementary TA. As the instrument expands into sectoral domains with the potential to address emerging challenges—such as climate change, DRM, digital and AI-related vulnerabilities, food security, and governance reforms—this additionality becomes essential to ensure reforms are feasible, coherent, and sustainable. Without it, PBLs risk reinforcing short-term compliance rather than enabling durable transformation.

It is crucial to recognise that PBL and investment project financing serve distinct but complementary functions within CDB's development toolkit. While PBLs support policy reform and macro-fiscal stabilisation, project lending addresses specific investment gaps and sectoral development objectives. A clearer strategic framework is needed to guide the allocation of resources between these instruments. The optimal balance should be informed by the macroeconomic cycle, the level of structural vulnerability, and the institutional capacity of BMCs, ensuring that each instrument is deployed where it can generate the greatest development value.

The evaluation also highlights that governance is a decisive factor in determining PBL performance. At the country level, intersectoral coordination and explicit validation of reform compacts are critical to sustaining reform momentum beyond individual operations and political cycles. At the institutional level, the evolution of PBLs requires corresponding changes in Bank-level governance, including stronger integrated teams, enhanced results and monitoring frameworks, and a more strategic role for the BoD in guiding reform ambition, risk appetite, and learning across the portfolio.

Lastly, the sustainability of PBL-supported reforms is closely linked to the strength of knowledge management, learning, and regional coordination mechanisms. When supported by robust analytics, fit-for-purpose Results Monitoring Frameworks with systematic ongoing CA, and structured cross-country exchange, PBLs can function as platforms for cumulative learning and regional policy convergence. In this role, CDB is uniquely positioned to leverage PBLs not only as financing instruments but as institutional platforms for resilience-building, collective problem-solving, and long-term development impact across the Caribbean.

Taken together, these findings point to a **clear strategic direction**: next-generation PBLs must be conceived, governed, and implemented as knowledge-driven policy compacts, embedded within sustained partnerships between CDB and its BMCs, and supported by adaptive governance and learning systems. Under these conditions, PBLs can continue to serve as a cornerstone of CDB's mandate—enhancing resilience, strengthening institutions, and supporting inclusive and sustainable development in the region.

5.1.1 Reframing the PBL rationale: from transactional instruments to results-based policy compacts

The evolution of PBLs confirms a **decisive shift** in their underlying rationale. PBLs are no longer best understood as transaction-based instruments, centred on the negotiation of discrete policy actions in which discrete reforms are exchanged for rapid-disbursing financing. Instead, both global practice and CDB's experience increasingly point toward a compact-based model, where PBLs formalise a shared, medium- to long-term reform agenda grounded in trust, alignment, and mutual accountability. Under this paradigm, the core value of PBL lies not in negotiating individual prior actions, but in its capacity to anchor a credible reform trajectory oriented toward measurable results.

This shift aligns with the growing move toward programmatic PBL approaches, in which sequenced operations are structured around a results framework and a sustained policy dialogue rather than treated as isolated crisis responses. CDB's recent

operations reflect this shift in practice. The 2025 Programmatic Resilience PBLs for Dominica and Guyana demonstrate a deliberate move toward sequenced, multi-tranche designs that embed prior actions within longer reform trajectories, accompanied by integrated TA. The Dominica case is particularly illustrative: the limitations of the 2020 single-tranche ESR PBL—including procurement legislation prepared but not enacted and CREAD’s time-limited mandate—are being directly addressed through the 2025 programmatic follow-up, with prior actions that require operational implementation rather than policy adoption alone.

It also enables the strategic use of derived policy-based instruments, such as guarantees and hybrid instruments, allowing policy compacts to be tailored to different vulnerability profiles, market conditions, and fiscal constraints. Within a programmatic approach, the Bank could also consider contingent or derivative instruments, which would help distinguish short-term stabilisation needs from longer-term structural reform objectives and allow each to be addressed through more tailored financing modalities. For the CDB, this reframing strengthens the role of PBLs as platforms for sustained engagement and reform continuity, rather than episodic liquidity tools.

Importantly, the compact-based approach heightens expectations for clarity of intent and a results-oriented approach. PBLs, therefore, require the development of explicit theories of change that link short-term policy measures to medium-term institutional outcomes and to longer-term resilience goals. This reframing positions PBLs as tools for strategic partnership and institutional transformation, strengthening their significance within CDB’s broader development mandate.

5.1.2 Long-term dialogue, sectoral depth, technical assistance, and additionality as foundations of reform credibility

As PBLs are evolving into programmatic and sectorally diversified instruments, **long-term policy dialogue** becomes central to their effectiveness. Reforms supported through PBLs are rarely the product of a single operation; they emerge from sustained engagement that enables governments and development partners to navigate political economy constraints, institutional capacity gaps, and shifting reform windows. In this context, the credibility of PBLs depends less on the speed of disbursement and more on the continuity and depth of engagement surrounding the instrument.

This dynamic becomes even more pronounced as PBLs expand beyond macro-fiscal domains into sectoral PBO, including climate policy, DRM, food systems, digital transformation, and AI governance. Sectoral PBLs increase the potential development impact of the instrument, but they also raise the bar in terms of analytical depth, institutional coordination,

and implementation capacity. In such contexts, the question of additionality becomes critical.

Additionality in PBLs should be understood not only in financial terms, but also in policy, institutional, and knowledge dimensions. PBLs add value when they enable reforms that would not have occurred—or would have occurred more slowly or with less coherence—without the instrument. This includes additionality through sustained policy dialogue, access to comparative and regional knowledge, alignment with global standards, and the mobilisation of complementary technical and institutional resources. Where PBLs are combined with targeted TA and sectoral expertise, they enhance reform credibility and deepen institutional change beyond what financing alone could achieve.

In this context, TA serves as a central vehicle for adding value. TA supports reform diagnostics and readiness assessments *ex ante*; addresses capacity and coordination constraints during implementation; and consolidates reforms *ex post* by supporting institutionalisation. Properly designed, TA provides the empirical foundation for policy compacts, ensuring that ambition is grounded in feasibility and that reforms generate lasting value. Without this additionality, PBLs risk becoming substitutive rather than transformative instruments.

5.1.3 Renewed governance, intersectoral teams, and fit-for-purpose Results Monitoring Frameworks with systematic ongoing Contribution Analysis as a pillar of adaptive reform management

The transformation of PBLs into programmatic, results-oriented and increasingly sectoral instruments requires a renewed governance architecture across the full PBL lifecycle. At the country level, this implies the deliberate construction of intersectoral reform teams that go beyond ministries of finance to include line ministries, regulators, planning bodies, and delivery agencies. Many contemporary reform agendas—particularly those related to resilience, climate, digital transformation, and vulnerability reduction—cannot be effectively advanced through siloed institutional arrangements.

BMCs play a central role in validating the priority and relevance of policy compacts, ensuring alignment with national development strategies, sectoral plans, and budgetary frameworks. This validation is essential to signal sustained political commitment and to anchor reforms beyond individual operations or political cycles.

Within the CDB, governance arrangements must support integrated Bank teams combining macroeconomic, sectoral, institutional, political economy, and M&E expertise. In this context, the role of the BoD—including representatives of non-

BMC countries—extends beyond transaction-level approval. The BoD has a strategic role in endorsing programmatic PBL approaches, guiding acceptable risk and reform ambition, and ensuring alignment between policy compacts and the Bank's long-term strategic objectives.

Non-BMC Board members add particular value by helping articulate PBL-supported compacts with complementary TA and global policy platforms, such as deforestation and sustainable land-use frameworks aligned with European standards, food safety regimes linked to export markets, AI governance platforms connected to global leaders, climate policy aligned with the Paris Agreement, and governance reforms informed by OECD practices.

Strong governance also requires fit-for-purpose Results Monitoring Frameworks, complemented by an ongoing, systematic practice of evaluation under a theory-based contribution framework, reinforced by process tracing of key reforms and selective OH, as core instruments for adaptive governance and institutional learning. In this model, CA is not conceived as an ex post validation exercise but as a continuous stewardship of the ToC, enabling systematic testing of whether policy actions effectively activate the institutional and behavioural mechanisms required to achieve development outcomes.

The effective operation of this approach depends on collaborative, cross-functional teams that integrate the Risk Office, the Strategic Accountability Office, the Economics Department (as the technical lead for PBLs), and the relevant sectoral specialists, working together across the policy cycle. This configuration ensures that risk signals, macro and sectoral dynamics, reform incentives, and implementation realities are jointly assessed, rather than treated in isolation. The structured use of process tracing and OH during implementation enables these teams to distinguish between formal compliance and effective change, identify early signs of policy drift or reform fragility, and ground policy dialogue in credible, real-time evidence.

Critically, this collaborative architecture must be coordinated by an independent actor to balance internal incentives for rapid disbursement with the analytical distance required for credible causal assessment. Acting as an honest broker, the independent coordinator facilitates disciplined interrogation of assumptions, supports cross-departmental sense-making, and enables timely revision of the ToC where evidence indicates misalignment. When endorsed by both BMC authorities and the BoD, this governance arrangement strengthens accountability, reduces reform risk, and embeds adaptive, evidence-informed policy management as a defining feature of programmatic PBL compacts.

5.1.4 Knowledge management, vulnerability analytics, and learning systems as the backbone of sustainable PBL impact

As PBLs expand in scope, duration, and thematic ambition, the sustainability of their impact increasingly depends on the strength of **knowledge management and learning systems** within the Bank and across its country partnerships. Programmatic and sectoral policy compacts generate complex bodies of knowledge—on reform design, political economy constraints, implementation bottlenecks, and institutional change—that must be systematically captured, curated, and reused if learning is to be cumulative rather than episodic. Without robust knowledge systems, valuable insights remain fragmented, limiting both country-level reform consolidation and regional impact.

For CDB, knowledge management must be repositioned as a strategic backbone of the PBL instrument, rather than a supporting function. Effective policy compacts rely on the Bank's ability to connect lessons across operations, sectors, and countries, and to translate experience into improved design and implementation over time. For BMCs, access to structured knowledge—through diagnostics, implementation notes, peer learning platforms, and evaluation findings—strengthens domestic ownership, supports evidence-informed decision-making, and reinforces accountability for reform trajectories.

Analytical tools such as the Multidimensional Vulnerability Index (MVI) play a pivotal role in this architecture. By providing a shared and credible evidence base, the MVI supports joint prioritisation between CDB and BMCs, enabling differentiated policy responses and tailored instrument mixes that reflect structural vulnerability rather than income level alone. By providing an integrated measure of a country's vulnerability—especially for Small Island Developing States—it supports the Bank's cross-sectoral comprehensive approach. When used consistently, vulnerability analytics can systematically guide the selection of reform areas and sectors, the calibration of ambition, and the choice between loans, guarantees, and other policy-based instruments within broader compacts.

The evaluation highlights that strengthening national data systems is essential for the sustainability of policy-based reforms. M&E frameworks should not be designed solely to meet reporting requirements of MDBs, but to serve national governance, planning, and decision-making processes. In small, capacity-constrained states, fragmented and uncoordinated data demands from multiple partners risk overburdening institutions and diverting limited resources from the strategic use of information. In this context, this evaluation explicitly recognises the need to support national capacity development in statistics, evaluation, and applied policy research.

This includes fostering collaboration with regional universities and research centres, and promoting the production of context-specific knowledge that strengthens domestic analytical capability, informs adaptive reform processes, and enhances long-term institutional resilience.

Learning-oriented instruments further enhance this ecosystem by embedding feedback loops into implementation. Ongoing evaluations allow reform teams to adjust course, manage risk, and respond to emerging constraints as reforms continue. When combined with structured TA and thematic learning platforms, they enable cross-country exchange and peer learning, transforming individual reform experiences into regional public goods.

Ultimately, **strengthened knowledge** systems enable PBLs to function as vehicles for continuous learning, in which reform experience accumulates across time and space. This capacity is essential if CDB is to scale successful approaches, support innovation in policy design, and maintain relevance in an increasingly complex development landscape. Without it, even well-designed PBLs risk producing short-term outputs rather than generating durable, transferable development impact.

5.1.5 PBLs as strategic vehicles for CDB's regional role, resilience agenda, and cross-country policy convergence

Repositioned as programmatic, sectoral, and knowledge-driven instruments, PBLs have the potential to become **central pillars** of CDB's evolving regional role. Beyond providing financing, CDB is uniquely positioned to serve as a convener, coordinator, and articulator of resources in the Caribbean, aligning policy dialogue, TA, and financing from multiple MDBs, IFIs, and partners around shared reform compacts aligned with national priorities. In this configuration, PBLs serve not merely as lending instruments but as platforms for structured engagement and regional coordination.

This role is particularly salient in the context of the Bank's resilience strategy, where many of the most pressing challenges—climate change, DRM, food security, digital and AI-related vulnerabilities, and institutional fragility—are inherently regional and systemic. Programmatic and sectoral PBLs provide a mechanism to anchor these agendas at the country level, promote regional coherence and policy convergence, and enable countries to learn from one another and align reforms with global frameworks and standards. To act as a convener and coordinator through PBLs, CDB requires confirming its strategic mandate, modernising its programmatic compact-based PBL design, decisively integrating financing and TA, investing in a robust local-focused analytical leadership, deepening its Board stewardship, particularly in this kind of complex, systemic operations, and promoting a formal

partnership frameworks that align incentives toward sustained reform and regional coordination.

CDB's capacity to act as an operator or coordinating platform for other MDBs and IFIs further strengthens this potential. The Disaster Response PBL is, perhaps, a good example of leveraging PBLs as a platform for regional policy dialogue and coordination within the DRM policy space. Notwithstanding, a key constraint is PBL headroom.

When PBLs are designed around nationally validated reform programmes and coordinated with other development partners, they can reinforce policy coherence and reduce fragmentation. However, this coordination function depends on the existence of a broader strategic framework—whether a government-led programme (such as BERT) or CDB's Country Engagement Strategy—within which the PBL operates as an implementing instrument rather than the coordinating platform itself. At the same time, PBLs can reinforce CDB's role as a regional forum for policy dialogue, thereby facilitating the structured cross-pollination of reform experiences and standards among BMCs.

The evaluation found that PBLs aligned with regional frameworks—such as OECS standards in Dominica's building code reforms—demonstrated stronger institutionalisation and transferability potential. Stakeholders in multiple countries identified CDB's contextual understanding of Caribbean fiscal realities, established relationships with ministries, and its flexibility in designing operations calibrated to small-state capacities as comparative advantages over larger IFIs. These findings suggest that CDB's regional positioning contributes to reform credibility, though systematic peer learning and cross-country technical exchange mechanisms were not consistently embedded in PBL design.

5.2 Lessons learned / to be learned

The evaluation of PBLs confirms that their effectiveness is shaped more by the strategic logic that guides the instrument's conception, governance, and embedding within longer-term reform processes than by individual design features. As PBLs evolve toward more programmatic, sectoral, and results-oriented approaches, the lessons below highlight the conditions under which the instrument generates sustained development impact. These lessons are systemic in nature and apply across countries, sectors, and reform contexts.

5.2.1 PBLs deliver stronger and more durable results when framed as medium-term policy compacts

PBLs are most effective when conceived as policy compacts anchored in a shared reform trajectory, rather than as transactional exchanges of financing for discrete policy

actions. Programmatic approaches that sequence operations around results frameworks enhance coherence, reform ownership, and sustainability. This compact-based logic clarifies expectations, strengthens accountability, and shifts the focus from short-term compliance toward medium-term institutional change.

5.2.2 Additionality depends on sustained policy dialogue and integrated technical assistance

The evaluation found that PBLs generated the strongest additionality when embedded in sustained policy dialogue and complemented by TA. In Barbados, CARTAC's support for revenue administration and UNCTAD's expertise in customs modernisation proved critical to the implementation's success. In The Bahamas, Ministry officials identified follow-up technical cooperation as essential to consolidating PBL-supported reforms. However, this integrated model was not consistently applied: in Antigua, an implementing agency official noted the absence of CDB technical support, and similar gaps were identified in Dominica.

Beyond operational TA, the evaluation identified a broader knowledge gap. CDB does not systematically produce policy papers that synthesise regional experiences, document success stories, or analyse common challenges across BMCs, nor does it consistently convene knowledge creation and dissemination events—such as regional policy dialogues, practitioner workshops, or communities of practice—to translate operational experience into shared learning for policy practitioners across the Caribbean. Such knowledge products could inform PBL design, strengthen policy dialogue, and position CDB as a regional knowledge hub—not merely a financing provider. The absence of this function limits both the Bank's ability to learn across operations and its long-term advisory relationship with member countries. These findings suggest that PBL additionality depends not only on integrated TA but also on sustained investment in knowledge infrastructure that connects individual country experiences to regional learning.

5.2.3 Intersectoral coordination is decisive for reform implementation

As PBLs expand into sectoral and cross-cutting reform areas, effective intersectoral coordination becomes a decisive determinant of success. Intersectoral country teams—linking ministries of finance with line ministries, regulators, and delivery agencies—are essential to translate policy commitments into sustained implementation. This lesson is well illustrated by the PBLs in Guyana and St. Vincent and the Grenadines, where environmental specialists were central to the design of the operations and remained actively involved throughout implementation. Their engagement complemented the fiscal dialogue by embedding environmental governance objectives

into the reform agenda, ensuring that prior actions, condition monitoring, and outcome tracking reflected cross-cutting environmental and institutional considerations. This approach enabled coordination across multiple institutions and stakeholders, broadened the beneficiary base, and strengthened the prospects for longer-term impact. At the operational level, similarly integrated Bank teams—combining macroeconomic, sectoral, institutional, and M&E expertise—enhance coherence across the PBL lifecycle and improve the likelihood that reforms move beyond formal adoption toward durable results.

5.2.4 Strengthen governance to match PBL complexity

As PBLs have evolved toward more programmatic, results-based, and sectorally diversified instruments, the evaluation shows that governance arrangements must evolve in parallel. Evidence indicates that traditional, transaction-focused oversight—centred primarily on individual approvals—has limited capacity to manage the complexity, sequencing, and long-term reform trajectories associated with modern PBLs. Experience from peer institutions reinforces this lesson: *the IDB has shifted toward stronger M&E approaches during execution, while the World Bank requires timely completion reporting, which is reviewed by its independent evaluation function.* These practices underscore the importance of governance models that emphasise ongoing oversight, learning, and strategic stewardship rather than approval alone.

For CDB, this evolution would involve:

1. Endorsing programmatic approaches as multi-year sequences rather than standalone operations;
2. Setting parameters for acceptable risk and reform ambition;
3. Ensuring alignment with Country Engagement Strategies; and
4. Promoting learning across the PBL portfolio through systematic results reporting (completion reports with defined deadlines).

5.2.5 Knowledge management and regional learning amplify the impact of PBLs

As part of CDB's ongoing strategic modernisation and institutional review processes, there is an opportunity to consolidate its role as a knowledge hub with local relevance. Robust knowledge management systems are essential for translating individual PBL experiences into cumulative institutional and regional impact. Structured learning, vulnerability analytics, and cross-country exchange enable reforms to be adapted, transferred, and scaled across contexts. When leveraged strategically, PBLs can serve as platforms for regional policy convergence and resilience-building, reinforcing the CDB's role as a convener and knowledge broker.

6 Recommendations

The overall recommendation for CDB from this evaluation is it should continue using PBLs but ensure clear policy and institutional additionality through complementary operations grounded in TA. These engagements should prioritise a sequenced, programmatic, and development-oriented approach.

The following detailed recommendations translate the evaluation’s conclusions and lessons learned into concrete, actionable measures to strengthen the design, governance, and impact of PBLs within the CDB. They are structured to address both strategic and operational dimensions of reform, ensuring alignment with the evolving role of PBLs as programmatic, results-based policy compacts. The recommendations respond directly to the OECD-DAC evaluation criteria by enhancing relevance through stronger alignment with national priorities and regional challenges; improving effectiveness via integrated TA, adaptive management, and clearer results frameworks; reinforcing coherence through renewed governance arrangements and regional coordination; and strengthening sustainability by investing in knowledge management, learning systems, and long-term institutional capacity.

To strengthen prioritisation and build a robust, strategically aligned PBL pipeline within the 33% limit, CDB should institutionalise a formal prioritisation framework anchored in strategic relevance, vulnerability metrics, reform readiness, and catalytic regional impact. This should be operationalised through a rolling multi-year PBL pipeline, reviewed annually at the Management and Board levels, to guide sequencing and allocation decisions across countries and themes. Systematic integration of vulnerability analytics—such as fiscal exposure, climate risk, and structural fragility—would support objective allocation choices, while upstream reform-readiness

diagnostics and targeted TA would help prepare “pre-compact” countries in advance of approval. Enhanced Board oversight through annual portfolio programming reviews would reinforce strategic stewardship, including explicit prioritisation of key regional reform compacts and coordination with other MDBs to share burden across thematic areas—ensuring that CDB leads where it has a comparative advantage and co-leads or complements partners in broader, multi-actor reform platforms.

To ensure clearer articulation between the recommendations and solid institutional learning, each recommendation includes a set of tools to operationalise it, as well as preliminary indicators to measure progress in its implementation. For example, proposals to strengthen results frameworks and adaptive management must feed into updated training modules for operational and country economists. Recommendations on regional coordination and policy sequencing should inform the development of internal guidance notes and communities of practice that foster cross-country and cross-sectoral exchange. Moreover, lessons on the role of TA and reform ownership should be formalised into learning loops that connect evaluation findings to the design of new PBLs, peer learning sessions, and policy dialogue tools.

The recommendations are intentionally organised by priority and framed along two tiers: **(i) short-term** actions that can be implemented within CDB’s existing institutional arrangements, and **(ii) medium-term** reforms that would require adjustments to policies, governance frameworks, or systems and are therefore contingent on management and Board decisions. Together, they provide a practical roadmap for implementing next-generation PBLs that deliver a durable development impact and support CDB’s strategic objectives in a context of heightened vulnerability and complexity.

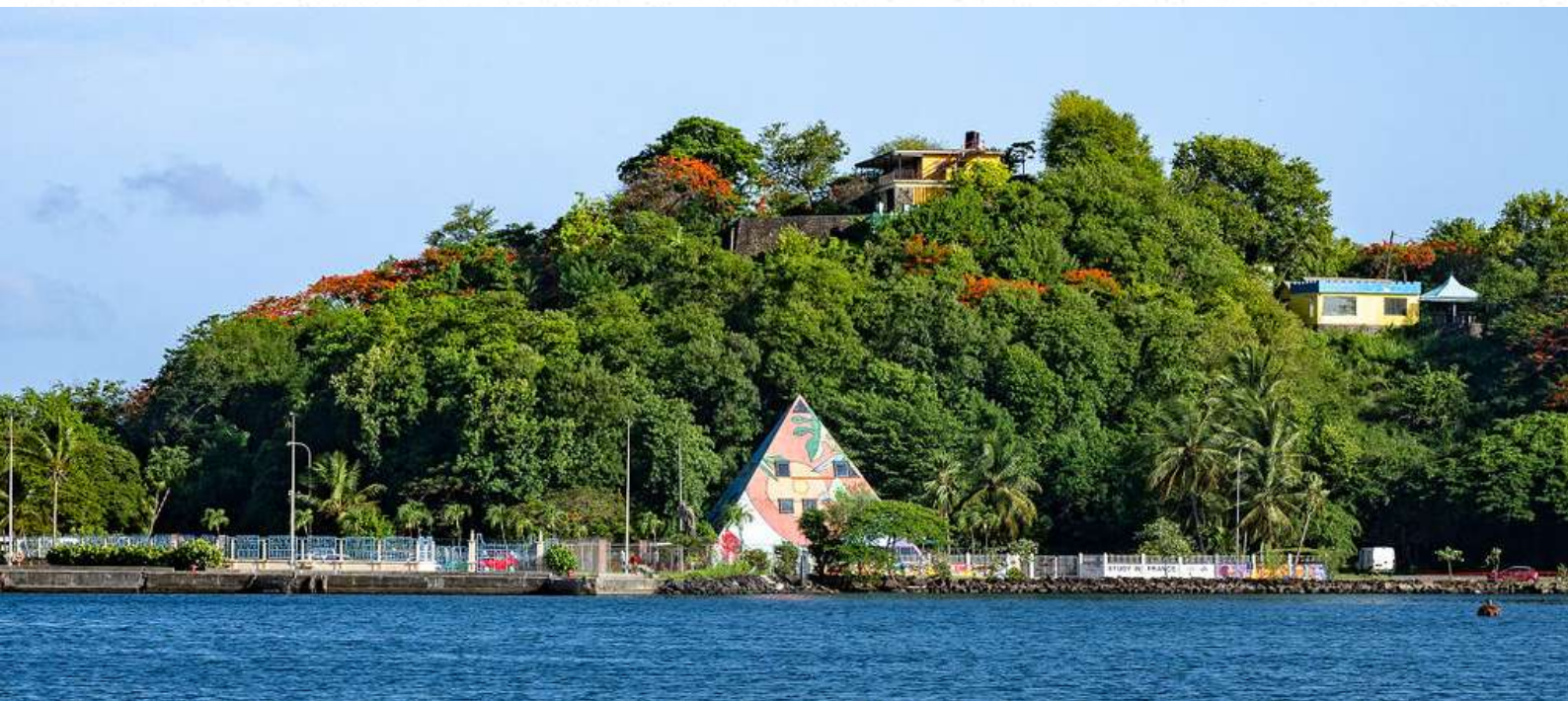
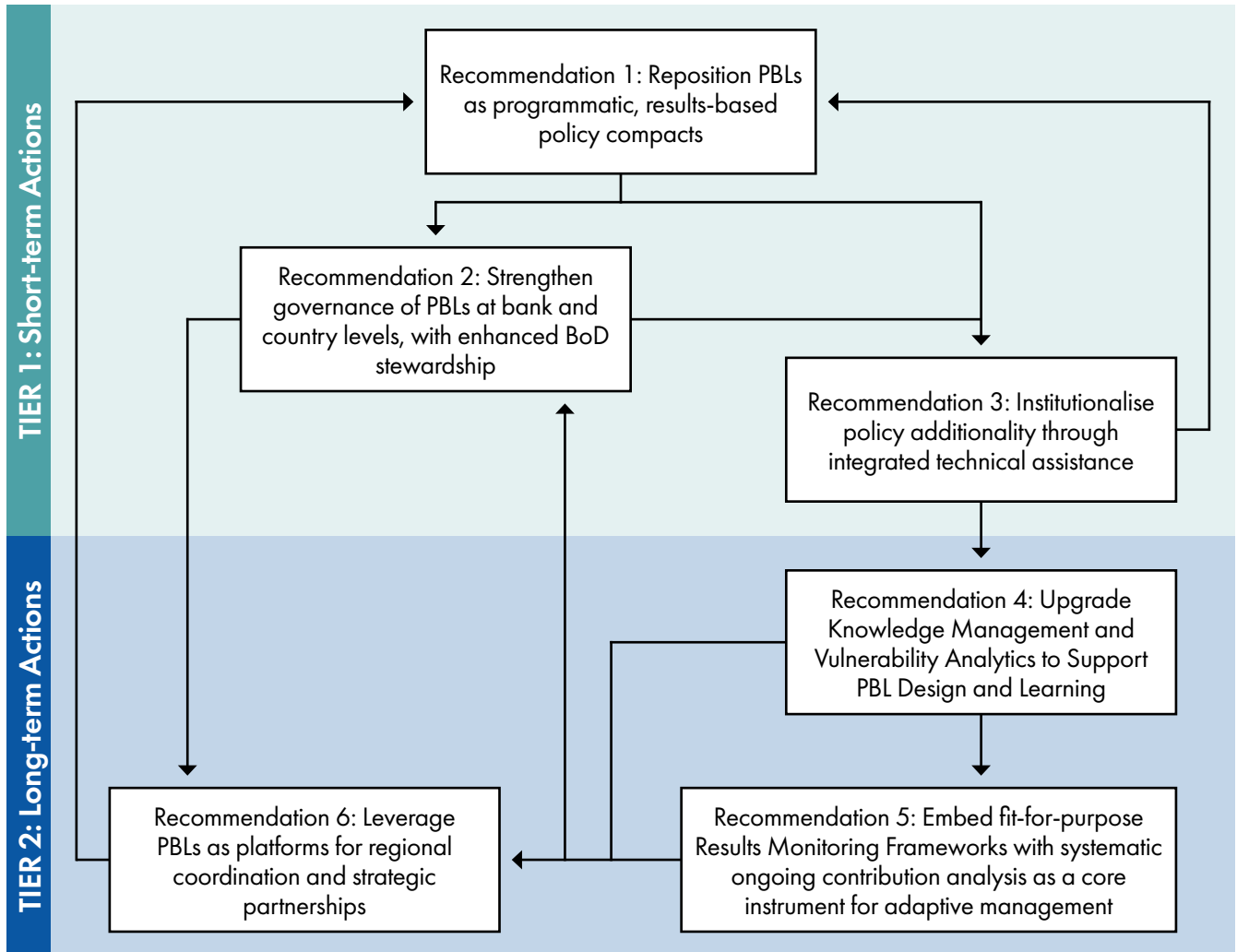


Figure 4 Sequencing of recommendations



Source: Own

6.1 Chart of recommendations

Recommendation 1: Reposition PBLs as Programmatic, Results-Based Policy Compacts. Shift from transaction-based PBLs to sequenced, medium-term policy compacts anchored in results frameworks.

Action:

1. Revise PBL operational guidelines to explicitly prioritise programmatic approaches (multi-operation series or sequenced instruments) where reform depth and institutional change are required.
2. Require every PBL to include a compact narrative articulating: reform vision, sequencing logic, results pathway, and links to national priorities.
3. Mandate an explicit ToC and results framework connecting prior actions to medium-term institutional and outcome-level results.
4. Pilot the systematic use of derived policy-based instruments (e.g. guarantees, hybrid instruments) within compacts where fiscal space or risk-sharing objectives justify them.

Responsible Unit: Economics Department (lead); Operations Departments; Office of the Vice-President (Operations).

Timeline: Short–medium term (12–24 months).

Operational considerations for implementing this recommendation

Tools required:

- Revised PBL Guidelines and Concept Note templates
- Standard ToC and Results Framework templates
- Programmatic PBL design checklist
- Internal review compliance tool focused on results logic (quality-at-entry tool)

How to measure progress:

- % of new PBLs designed as programmatic or sequenced operations
- % of PBLs with an explicit ToC and results framework

- Evidence of results indicators beyond prior-action completion in PBL documents
- Portfolio review showing diversification of policy-based instruments used

Recommendation 2: Strengthen Governance of PBLs at Bank and Country Levels, with Enhanced BoD Stewardship. Adapt governance arrangements to the increased complexity and strategic role of modern PBLs.

Action:

1. Require BMCs to formally designate intersectoral reform teams for sectoral and cross-cutting PBLs.
2. Establish integrated Bank task teams combining macroeconomic, sectoral, institutional, political economy, and M&E expertise.
3. Introduce a PBL portfolio programming (based on prioritised policy compacts and national demands) and review at the Board level, focused on reform ambition, risk exposure, learning, and alignment with strategy.
4. Strengthen Board engagement on programmatic PBLs through thematic briefings and learning notes, introducing an early-stage reform consultation with the Board.

Responsible Unit: Office of the President and Vice-President (Operations); Corporate Services; Board Secretariat and the BoD.

Timeline: Medium term (12–24 months).

Operational considerations for implementing this recommendation

Tools required:

- Country-level governance and coordination templates
- Internal guidance on integrated team composition
- Board dashboard on PBL portfolio performance and risks
- Portfolio-level learning briefs for the Board

How to measure progress:

- % of sectoral PBLs with formal intersectoral country teams
- Evidence of multidisciplinary Bank team composition in PBL documentation
- Frequency and quality of Board-level portfolio discussions on PBLs
- Reduced implementation delays linked to coordination failures

Recommendation 3: Institutionalise Policy Additivity through Integrated Technical Assistance. Ensure that PBLs deliver clear policy, institutional, and knowledge additivity beyond financing.

Action:

1. Introduce a mandatory Additivity Statement at the PBL concept stage, specifying financial, policy, institutional, and knowledge additivity.
2. Design integrated TA packages aligned to each stage of the PBL lifecycle: diagnostics and readiness (pre), implementation support (during), and institutionalisation (post).
3. Align TA milestones explicitly with reform steps and PBL disbursement triggers.
4. Use TA outputs as inputs to policy dialogue, compact validation, and reform recalibration.

Responsible Unit: Operations Departments (lead); Technical Assistance and Trust Funds Unit; Economics Department.

Timeline: Short term (6–12 months for guidelines; ongoing implementation).

Operational considerations for implementing this recommendation

Tools required:

- Additivity Assessment Tool (light diagnostic)
- Integrated PBL–TA design matrix
- TA pipeline linked to PBL portfolios
- Trust fund and grant coordination mechanism

How to measure progress:

- % of PBLs supported by TA at more than one lifecycle stage
- Evidence that TA findings inform reform adjustments or sequencing
- Stakeholder feedback on the usefulness of TA for implementation

Recommendation 4: Upgrade Knowledge Management and Vulnerability Analytics to Support PBL Design and Learning. Position knowledge systems as strategic infrastructure for cumulative PBL impact.

Action:

1. Develop a centralised PBL knowledge platform capturing design rationales, reform pathways, TA outputs, and evaluation findings.
2. Systematically integrate the MVI into PBL prioritisation, compact design, and instrument selection.
3. Promote thematic and cross-country learning events linked to PBL portfolios (e.g. climate, DRM, digital governance).
4. Ensure lessons learned are fed back into guidelines, staff training, and Board discussions.

Responsible Unit: Economics Department (lead); Strategy and Accountability Office with the role of a Knowledge Management Unit; Office of Independent Evaluation (advisory role).

Timeline: Medium to long term (24 months onwards).

Operational considerations for implementing this recommendation

Tools required:

- Digital PBL knowledge repository
- MVI application guidance for operational teams
- Thematic learning briefs and communities of practice
- Knowledge capture protocols linked to project closure and evaluation

How to measure progress:

- Usage metrics of the PBL knowledge platform
- Evidence of MVI-informed prioritisation in PBL design documents
- Number and quality of cross-country learning activities
- Incorporation of lessons into updated operational guidance

Recommendation 5: Embed fit-for-purpose Results Monitoring Frameworks with systematic ongoing Contribution Analysis as a Core Instrument for Adaptive Management. Use ongoing evaluations systematically to support learning, risk management, and reform course correction.

Action:

1. Define clear criteria for when ongoing evaluations are required (e.g. programmatic PBLs, high-risk reforms, multi-sectoral compacts).
2. Integrate ongoing evaluations into PBL governance structures, with defined feedback loops to management and country counterparts.
3. Use ongoing evaluation findings to adjust reform sequencing, TA deployment, and risk mitigation strategies in real time.
4. Build internal capacity to commission, interpret, and act upon ongoing evaluation findings.

Responsible Unit: Strategy and Accountability Office, Office of Independent Evaluation (advisory); Operations Departments; Economics Department.

Timeline: Medium term (12–24 months).

Operational considerations for implementing this recommendation

Tools required:

- Ongoing evaluations, methodological guidance tailored to PBLs

- Learning loop protocols (decision points, feedback mechanisms)
- Ongoing evaluations synthesis templates for management and Board use
- Internal training on adaptive management and learning

How to measure progress:

- % of eligible PBLs supported by ongoing evaluations
- Evidence of management decisions informed by ongoing evaluation findings
- Stakeholder perception of improved adaptability and learning

Recommendation 6: Leverage PBLs as Platforms for Regional Coordination and Strategic Partnerships.

Use PBLs to reinforce CDB's regional convening role and resilience agenda.

Action:

1. Position selected programmatic PBLs as anchor platforms for coordinating MDBs, IFIs, and bilateral partners around shared reform compacts.
2. Align PBL-supported reforms with global and regional frameworks (e.g. climate agreements, food standards, digital and AI governance).
3. Use PBLs to convene regional policy fora and peer-learning mechanisms on shared vulnerabilities.
4. Formalise partnership arrangements linked to PBL objectives and results.

Responsible Unit: Office of the Vice-president; Economics Department; Strategic and Accountability Office with the task of advancing External Relations and Partnerships.

Timeline: Medium–long term (18–36 months).

Operational considerations for implementing this recommendation

Tools required:

- Partnership and coordination frameworks linked to PBLs
- Regional policy dialogue and convening mechanisms
- Memoranda of understanding with strategic partners
- Monitoring tools for partnership contributions and leverage

How to measure progress:

- Number of PBLs acting as coordination platforms for multiple partners
- Volume and diversity of non-CDB resources mobilised alongside PBLs
- Evidence of policy convergence or peer learning across countries

7 Management Response – Implementation of Evaluation Recommendations

Title:	Evaluation of Policy-Based Lending Operations at the Caribbean Development Bank, 2017-2025	
Due date of Management Response:	April 13, 2026	
Coordinator of Management Response:	Jason Cotton/Ronald James	Head of Evaluation: Roberto La Rovere
Submission of Management Response:		

General comments on the evaluation	<p>Management welcomes the independent Evaluation of Policy-Based Lending (PBL) operations at the Caribbean Development Bank (CDB/the Bank), covering the period 2017-2025 (the Evaluation). The Evaluation arrives at an important juncture where the Bank is undertaking a significant strategic change process. Guided by the direction and focus of the Bank’s recently approved 10-year Strategic Plan, the rolling-out of a comprehensive internal diagnostic process that includes a workforce analysis and the Bank’s first Multilateral Organisation Performance Assessment Network institutional assessment, will underpin necessary internal reforms aimed at strengthening institutional effectiveness and the Bank’s operating model to better respond to the challenges facing its borrowing member countries (BMCs), while ensuring the Bank’s continued evolution as a fit-for-purpose development partner.</p> <p>The Evaluation is also timely coming on the heels of requests by some members of the Board of Directors for a discussion on the effectiveness of PBL. PBL limits, portfolio concentration, the transformational nature of the policy reforms, the strategic use and programming of a limited financing envelope, projections for returning to compliance, and the importance of maintaining headroom and managing risk are key engagement points. This PBL Evaluation is an essential input, therefore, to the Bank’s change process, providing in-time, independent, essential insights and lessons for learning and continuous improvements that will guide and build on past PBL reforms to strengthen the strategic framework and help ensure that PBL remains a legitimate and effective tool for supporting the Region’s development.</p> <p>CDB formally introduced PBL in 2005 (<i>Paper BD 72/05 Add.1, entitled Policy Paper: A Framework for Policy-Based Lending</i>) to strengthen the Bank’s lending framework and broaden its focus from investment lending to improve its responsiveness and enhance overall development effectiveness. PBL, as a critical and complementary addition, provides for fast-disbursing country budget support within a strategic framework that is fully aligned with corporate and national priorities and policy agendas, and are conditional on borrowing countries fulfilling a set of agreed-upon policy and institutional reforms.</p> <p>Since its introduction, PBLs have provided fast-disbursing financial support during macroeconomic crises. Importantly, within a limited envelope, these operations have also supported the coherent build-out of good policies, measures and governance practices in strategically important areas in BMCs, including procurement, taxation reform, revenue administration and mobilisation, fiscal sustainability and public finance management (PFM), strategic oversight of state-owned enterprises, public debt management, disaster preparedness and management, social protection and environmental management for preserving biodiversity, protecting ecosystems and managing natural resources sustainably, among other areas. These are all important for embedding more efficient, enabling environments in BMCs (addressing institutional capacities, legal and regulatory bottlenecks, service delivery and other structural constraints), and for preserving macro-social stability, in which inclusive and resilient economic growth and poverty reduction can take place. The Evaluation acknowledges this, finding substantial evidence of coherence and relevance, and of meaningful institutional change and strengthening, highlighting some unevenness, with social sector outcomes being constrained.</p> <p>The policy framework governing PBL has been reviewed and revised over the past two decades (<i>Paper BD 72/05 Add.11, entitled A Framework for Policy-Based Operations – Revised</i>), to strengthen</p>
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General comments on the evaluation

procedures and guidelines for administering policy-based operations (PBOs), and better anchor operations within CDB's overall risk management and lending limit control framework. This ongoing assessment and the modifications to the instrument reflect the Bank's commitment to strengthen its effectiveness. These modifications have led to, inter alia, the broadening of the type of PBOs to include Sector, Exogenous Shock Response and Public Goods, the introduction of instrument variants—multi-tranche, single-tranche and programmatic—and the introduction of policy-based guarantees (PBGs) for better strategic fit and relevance. In 2023, as BMCs experienced increasing and more frequent and severe natural disasters with significant demand for quick-disbursing financing, CDB made a progressive move by introducing a disaster response (DR) PBO that incentivises ex-ante disaster resilience reforms. In addition, the Bank's pivot has seen collaboration with the World Bank (WB) in line with efforts to strengthen partnerships, to enhance scale, harmonise, and bring additionality and increasing depth to reform changes in BMCs.

PBL activities have correlated closely with periods of economic and natural hazard shocks in BMCs, making adherence to the PBL policy limit challenging. The PBL policy limit (share of total loans and guarantees outstanding) has been adjusted on two occasions (*Board Papers BD72/05 Add. 6 and Add. 8 refers*), largely reflecting a growing financing need associated with multi-county shocks that have affected the Region. The 2013 revision to the policy framework provided for an increase in the PBL limit from the 20% set in 2005, to 30%. A further increase to 33% followed in December 2015 when the Bank strengthened its financial and risk control framework on the establishment of a centralised Office of Risk Management in 2013. In 2022, in the wake of the Coronavirus Disease (COVID-19) pandemic and catastrophic hurricanes in 2017, 2020 and 2025, the PBL limit was temporarily increased to 38%, with a planned return to 33% by the end of 2023 extended to December 2026.

The cumulative impacts of the COVID-19 pandemic, together with headwinds related to current geopolitical tensions and recurring high-impact hurricanes—Joaquin (2015), Matthew (2016), Irma (2017), Dorian (2019), Beryl (2024) and Melissa (2025)—have fuelled chronic macroeconomic shocks, intensifying the need for affordable recovery resources and also the urgency with which reforms that would enhance resilience need to be undertaken. The economic cost of natural hazards in small Caribbean states, measured as a share of gross domestic product (GDP), is well above the global average and has risen markedly over recent decades, both because disasters are occurring more frequently and because their damage is larger relative to the small size of Caribbean economies. Against this backdrop, the demand for PBL has been sustained with the Bank approving US\$235 mn in 2024/25 to support recovery, macro-stability and environmental resilience reforms (Dominica, Saint Vincent and the Grenadines, and Guyana). Based on portfolio projections in the approved work programme and budget, the Bank expects to return compliant with the PBL limit of 33% by December 2026.

The PBO remains a critical instrument to support BMCs in responding to these headwinds and the policy and reform imperatives. With this, management accepts the overall strategic direction of the Evaluation and recognises that the findings and recommendations reinforce and, in several respects, deepen the reform trajectory already underway. Management is, therefore, broadly aligned with the Evaluation's emphasis on: (a) programmatic and results-based PBL design; (b) the centrality of technical assistance (TA) across the reform lifecycle, where possible; (c) stronger governance arrangements at both CDB and country levels; and (d) the need for fit-for-purpose results monitoring frameworks (RMFs) and ongoing contribution analysis to better track PBL outcome post-implementation and assess sustainability, as important elements for strengthening strategic and operational processes.

To this end, the Evaluation "calls for a decisive shift from transactional, crisis driven operations toward sequenced, medium-term policy compacts anchored in robust results frameworks and sustained policy dialogue". However, the Bank is already pivoting in the recommended direction and approach. The evaluation report acknowledges that a substantial share (68.7%) of the 16 PBLs reviewed between 2017-2025 were structured as programmatic lending. Past PBL operations demonstrate this shift to PBOs anchored in programmatic, medium-term policy compacts and sustained policy dialogue

General comments on the evaluation

(including operations with Barbados, Anguilla, Dominica, and The Bahamas), with assessed supporting TA in each PBO. The Evaluation highlights the strong case of the Barbados PBL approach. This approach was mirrored in the Anguilla PBL approved in 2018 (Programmatic Stability and Resilience Building), where design and implementation were led and monitored by multi-partner and Government oversight, that leveraged technical analysis by the Caribbean Regional Technical Assistance Centre (CARTAC) and the United Nations Agency for Children. A technical consultative group with Anguilla's key external development partners was established comprising the United Kingdom (UK) Foreign, Commonwealth and Development Office (FCDO), UK Department for International Development, Eastern Caribbean Central Bank, CARTAC, and CDB that met regularly to facilitate collaboration and consensus around Anguilla's policy and programme needs and requirements for recovery. As part of this process, the Government of Anguilla demonstrated readiness and a strong commitment to the operation. Notwithstanding the strengths of the programmatic PBL design, management also recognises that long-term policy dialogue can precede a single tranche PBL facility.

The Bank agrees that TA is central, and notes that it has played a key role in leveraging and informing PBL design and/or implementation. TA needs are assessed and have been provided collaboratively, in some instances, through engagement with development partners such as WB/the International Monetary Fund (IMF)/CARTAC, in support of macro-resilience reform. Such TA and knowledge work provided the analytical base for PBL support to Barbados (PBLs 2018 and 2019) and Anguilla (tax reform/design), and provided technical capacity support to advance prior action implementation in the case of Saint Lucia (Bankruptcy and Insolvency Framework), Antigua (Macro-advisor, 2022), and Dominica (Procurement Bill and digitisation), and more generally in support of procurement reform (Organisation of Eastern Caribbean States (OECS) Public Procurement Reform Project funded by CDB).

Management highlights contextual considerations that also frame the Bank's response. The 33% PBL portfolio cap, while prudent from a risk-management standpoint, creates operational tension with the Bank's crisis-response mandate, a tension that any revised PBO Policy and future review of the cap framework will need to address. The design and eligibility conditions for accessing the DR PBO help manage demand and achieve a reasonable trade-off between potential liquidity availability from the Bank and likely country needs if there are hazard events affecting multiple countries in any given year. This resource challenge was recognised and stated in the Bank's February 2023 Board submission where management proposed an extension of the temporary increase in the PBL limit and the exclusion of the crisis-response DR PBO from the policy limit to accommodate increasing demand. The paper noted that, in time, most BMCs will become eligible for resources from the DR PBO and that the scope of CDB's response would be constrained, circumscribed by its policy and limits frameworks. Relatedly, the utilisation of PBL resources in support of sector loans has effectively narrowed PBL headroom and will restrict the Bank's ability to provide a rapid response in the event of arising or impending natural hazard crisis during 2026.

The Bank is actively managing its PBO portfolio to return to compliance by year-end 2026. However, to ensure that CDB maintains its relevance while doing so, and its ability to drive focused disaster risk management (DRM) improvements among BMCs, CDB faces a difficult conundrum to identify and mobilise appropriate resources to ensure that it can respond to the emergency financing needs of its BMCs in the aftermath of a hazard event. In addition to the DR PBOs, the Bank is considering complementary contingent disaster financing options to boost response, as part of a focused effort to mobilise resources.

In the interim, to help manage demand pressures, the Bank can consider a carve-out—a fixed portion of available PBL resources within the ceiling to meet DR programming. This would be a determined and fixed amount that would allow the Bank to provide quick-disbursing financing assistance that is aligned with the prescribed limit in the policy framework of US\$25 mn or 1.5% of GDP per BMC, for select countries, allocated on a first-in basis in the wake of a natural disaster. Though limited, this approach helps prioritise early financial programming and allows for greater certainty around the disaster

General comments on the evaluation	<p>response allocation pipeline. More ideally, to ensure the Bank can fulfil its crisis response mandate without constraining other essential PBL programming, consideration of an added allocation of US\$ 100 mn-US\$ 125 mn above the 33% PBL ceiling set aside for DR annual operations, (instead of a carve-out from within the existing pool) would add about 3% to the PBL ratio. The Bank will keep this under review as part of its broader reflection on enhancing disaster financing modalities.</p> <p>Additionally, the Revised PBO Framework (approved in 2023) identifies the criteria that guides the country programming/prioritisation of DR PBOs. This includes: (a) written confirmation by CDB to the BMC on their eligibility based on progress with the implementation of their DRM country work programme (agreed between the BMC and CDB prior to the event); (b) adequate macroeconomic policy framework; and (c) provision of a damage and loss assessment that corroborates the extent of the damage (at least Level 2).</p> <p>The Bank’s comparative advantage as a regional financier that combines proximity, trust, and technical relevance is a strategic asset that must be deliberately deepened as PBLs become more complex and sectoral in scope. All BMCs, except the Cayman Islands, have benefitted from PBL operations. Management notes that the resource cap often limits the development and design of PBL operations. The pace and scope of reform implementation will need to be better calibrated to the Bank’s institutional capacity, staffing and budget constraints, in balance with the evolving demand profile of BMCs. Several recommendations of the Evaluation address medium-to-long term process and system changes, such as knowledge management infrastructure and ongoing supervision systems, that will require phased investment and, in some cases, Board-level decisions on policy or resource allocation.</p> <p>Importantly, the 2026 Evaluation concludes that “CDB should continue using PBLs, while ensuring clear policy and institutional additionality grounded in technical assistance...and a development-oriented approach”. The Bank welcomes this position as validation, and formal support and recognition by the evaluation of the instrument’s strategic importance, relevance and effectiveness; and acknowledges the need to strengthen and improve operations in the identified areas. This finding is consistent with Management’s assessment of the importance of the instrument to provide support to institutional reform, capital investment and resilience building across BMCs. Management responses to each of the six recommendations are provided below.</p>
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Management Responses to Evaluation Recommendations

Evaluation Recommendation #1 ('what')	
Reposition PBLs as Programmatic, Results-Based Policy Compacts: Shift from transaction-based PBLs to sequenced, medium-term policy compacts anchored in results frameworks and explicit theories of change.	
Lead entity (‘who’ is responsible)	Participating boundary partners (‘who else’)
<ul style="list-style-type: none"> • Economics Department • Projects Department 	<ul style="list-style-type: none"> • Strategy and Development Effectiveness Department (SDED) • Office of Independent Evaluation (OIE) – advisory • BMC authorities • Office of the Vice-President (Operations)
Overall management response	
(‘if’ – accepted, partially accepted, rejected)	(‘how’ – in 250 words or less to explain response)
<input type="checkbox"/> Accepted <input checked="" type="checkbox"/> Partially Accepted <input type="checkbox"/> Rejected	Partially Accepted Many Caribbean challenges are medium-to-long term, including fiscal sustainability, climate resilience. Programmatic PBL supports reform sequencing and allows for gradual institutional change in a capacity-constrained country context; and encourages, inter alia, coherence across reforms. This is especially valuable where reforms are politically or technically

<input type="checkbox"/> Accepted <input checked="" type="checkbox"/> Partially Accepted <input type="checkbox"/> Rejected	<p>complex, as with the Bank’s PBL support for Anguilla’s revenue reform that spanned political cycles and two political administrations.</p> <p>Management affirms that programmatic results-based PBLs with a stronger focus on outcomes is the preferred option, especially where country conditions and reform agendas are conducive to sustained engagement over multiple operations. Single-tranche operations addressing urgent or narrowly defined policy needs may nonetheless be warranted in specific circumstances, such as where the Bank resource headroom limits its ability to incentivise sustained reform continuity or where operations with development partners offer an efficient means of filling resource gaps.</p> <p>The Bank therefore prefers a balanced, exception-based approach, one that prioritises programmatic engagement without mandating it across all contexts. This preserves instrument flexibility where it is genuinely needed, especially in capacity constrained vulnerable states. Standalone operations can also serve a constructive purpose, laying the groundwork for future programmatic engagement, as the Bank’s support to Dominica has demonstrated.</p> <p>The existing revised PBOs Policy and Guidelines establishes a framework for programmatic sequencing, clearer results frameworks, and alignment with the Bank’s resilience agenda. In addition to past operations that supported crucial reform such as in Barbados (designed as 4-loan programmatic series) and Anguilla (designed as a 3-loan programmatic series), the 2025 approvals of programmatic PBLs for Dominica and Guyana, both structured as programmatic, sequenced operations embedded in explicit national reform trajectories, are concrete demonstrations of this direction.</p> <p>An explicit theory of change (TOC), connecting prior actions to medium-term institutional outcomes and longer-term resilience goals, is an established feature of PBLs. Anchored in RMFs, it provides the basis against which the Bank assesses whether emerging evidence remains consistent with the intended change pathway. Management recognises, however, that the rigour and specificity of TOC design can be further strengthened, and work toward that end has already commenced and will continue to inform the preparation of future operations.</p> <p>As part of the Managing for Development Results Action Plan, the Bank is committed to complete and publish guidelines and templates for preparing RMFs for policy-based loans, in addition to investment projects, TA operations, and the Country Engagement Strategy (CES) (target: September 2026). Efforts to enhance internal quality-at-entry, focused on results logic, will involve training for country economists and operations officers.</p>
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Suggested lines of action			
Lines of action	Key actions to be implemented	Timeline	
		Start date	End date
Update PBL operational guidelines and Concept Note/Board Paper templates to emphasise programmatic sequencing and explicit TOC.	Working with SDED, develop standard TOC and Results Framework templates for PBLs. Introduce a quality-at-entry review mechanism to assess results logic prior to Board presentation.	Q3 – 2026	Q4 – 2027
Pilot the use of derived policy-based instruments (e.g., guarantees, contingent instruments) within programmatic compacts where risk-sharing objectives apply.	The PBL Policy established the basis for PBGs since 2013, to be used to guarantee a portion of debt service on a sovereign borrowing or bond issue in support of policies and reforms agreed with CDB. The Bank formally		

Suggested lines of action			
Lines of action	Key actions to be implemented	Timeline	
		Start date	End date
Pilot the use of derived policy-based instruments (e.g., guarantees, contingent instruments) within programmatic compacts where risk-sharing objectives apply.	The PBL Policy established the basis for PBGs since 2013, to be used to guarantee a portion of debt service on a sovereign borrowing or bond issue in support of policies and reforms agreed with CDB. The Bank formally piloted its use under the framework in 2014 (Grenada), although the first such guarantee operation was undertaken in 2006 in support of debt restructuring in Saint Kitts and Nevis.		
Provide staff training on programmatic PBL design, TOCs, and results-based frameworks.	Deliver internal training modules for Operations staff.	Ongoing since June 2025	Continuous

Evaluation Recommendation #2 ('what')

Strengthen Governance of PBLs at Bank and Country Levels, with Enhanced BOD Stewardship: Adapt governance arrangements to the increased complexity and strategic role of modern PBLs, including intersectoral country teams, integrated Bank task teams, and portfolio-level Board reviews.

Lead entity (<i>'who' is responsible</i>)	Participating boundary partners (<i>'who else'</i>)
<ul style="list-style-type: none"> • Economics Department • Projects Department • SDED 	<ul style="list-style-type: none"> • Vice President (Operations) Office • BMC finance and line ministries • Board Secretariat • Board of Directors
Overall management response	
(<i>'if' – accepted, partially accepted, rejected</i>)	(<i>'how' – in 250 words or less to explain response</i>)
<input type="checkbox"/> Accepted <input checked="" type="checkbox"/> Partially Accepted <input type="checkbox"/> Rejected	<p>Partially Accepted</p> <p>Management partially accepts the substance of this recommendation. The Bank's current practice aligns with the proposal to establish integrated, multidisciplinary Bank task teams for complex and cross-sectoral operations, and the formalisation of intersectoral reform teams at the country level for sectoral PBLs.</p> <p>Board engagement early in the PBL design cycle is flagged in the Evaluation as a good practice to adopt, hence the proposal for more systematic Board engagement on programmatic PBLs. Management remains open to facilitating such engagement that adds strategic value and that supports strategic and fiduciary oversight and direction focused on reform coherence and risk. This does not extend to operational design and implementation decisions, which would add to the Board's administrative burden and leave full responsibility and accountability for implementation with Management.</p> <p>To this end, Management proposes to provide early notification of new PBL operations through sharing approved early-stage PBL concept papers or what the Bank terms Initiating Memorandum (IM). The IM is an early-stage screening assessment that ensures PBLs are deployed only where policy reform is strategic and fundamental. It evaluates macroeconomic stability, public financial management capacity, sector relevance, impact, reform commitment and capacity and complementarity with other CDB and development partner operations. This initiative proposes to enhance transparency, provide opportunity for upfront Board</p>

Overall management response			
<i>(‘if’ – accepted, partially accepted, rejected)</i>		<i>(‘how’ – in 250 words or less to explain response)</i>	
<input type="checkbox"/> Accepted <input checked="" type="checkbox"/> Partially Accepted <input type="checkbox"/> Rejected		validation of strategic direction and alignment, and of the programmatic approach and TOC. This maintains operational flexibility and responsiveness and does not imply advance approval of the content or continuation of future operations within a programmatic series, which will continue to be considered in accordance with established approval processes. Consistent with CDB’s standard governance arrangements, Management remains responsible and accountable for country-specific policy choices, sequencing, and implementation, ensuring that strategic oversight and operational effectiveness are appropriately balanced. Portfolio reviews will be provided for within the Bank’s Annual Review of the Performance of the Portfolio of Projects Under Implementation (ARRP). Country Strategy Completion and Mid-Term Reports will also report more broadly on country outcomes progress and the Bank’s contribution to achieving outcomes for PBO within, and that have exited, the portfolio. This will allow for more systematic outcomes monitoring and tracking.	
Suggested lines of action			
Lines of action	Key actions to be implemented	Timeline	
		Start date	End date
Require formal designation of intersectoral country reform teams for sectoral and cross-cutting PBLs.	Already in-train.	N/A	
Establish integrated Bank task teams combining macroeconomic, sectoral, institutional, political economy, and monitoring and evaluation (M&E) expertise for complex PBLs.	Already in-train. The Bank also, on a need basis, can out-source required expertise to assist the design of complex PBL and develop programme reforms for engaging with country where the specialist knowledge is not resident or weak in the Bank/country. This approach is adopted to aid the design and proposed reform focus of the Suriname PBL.	N/A	
Strengthen Board engagement on programmatic PBLs through thematic briefings, learning notes, and early-stage reform consultations.	The Board Secretariat organises learning sessions for Board members.	Ongoing	Continuous
	Incorporate PBL portfolio briefings within the ARPP.	2026	Continuous
	Notify the Board of Directors of the approval of an IM. Initiate with the next PBL that enters the pipeline.	TBD	

Evaluation Recommendation #3 (‘what’)

Institutionalise Policy Additionality through Integrated Technical Assistance: Ensure that PBLs deliver clear policy, institutional, and knowledge additionality beyond financing by systematically integrating TA across the reform lifecycle.

Lead entity <i>(‘who’ is responsible)</i>	Participating boundary partners <i>(‘who else’)</i>
<ul style="list-style-type: none"> • Operations • SDED 	<ul style="list-style-type: none"> • BMC implementing agencies. • CARTAC, regional TA providers, other Multilateral Development Banks (MDBs) including IMF. • OIE – advisory.

Overall management response			
<i>(‘if’ – accepted, partially accepted, rejected)</i>		<i>(‘how’ – in 250 words or less to explain response)</i>	
<input type="checkbox"/> Accepted <input checked="" type="checkbox"/> Partially Accepted <input type="checkbox"/> Rejected		<p>Partially Accepted</p> <p>Management partially accepts this recommendation noting, however, that TA is not always suited for all scenarios, especially if the policy reform/commitment at a particular stage of a PBL cycle is quite straightforward and there may be little or no net benefits of added TA.</p> <p>The Evaluation understates the integration of TA within and alongside PBL operations in the Bank. Deploying TA to support PBO is already an established feature of the Bank’s practice, rather than an emerging aspiration. The procurement reform area is particularly instructive across several country PBL operations where CDB has consistently linked TA to prior action implementation, providing a strong template that has been progressively replicated across other reform domains, and illustrative of a broader pattern in which TA has been deployed to inform medium-term policy reform priorities, deepen reform implementation, and amplify the durability of PBL-supported outcomes. Management, however, agrees that the identification of TA needs and opportunities overall could be more structured, and documenting additionality at the concept stage would strengthen both the quality of operations and the Bank’s ability to demonstrate its value through PBL.</p> <p>The Bank plays a central role in financing development in BMCs and providing significantly more affordable, long-term resources. Through various partnership arrangements and members, CDB affords access to concessional resources in the form of both loans and grant financing, but limited availability of these resources relative to demand, is a key constraint to any significantly scaling of TA integration, particularly for higher-income BMCs that are not eligible for most concessional TA windows, or where access is limited to alignment with special thematic areas such as climate and adaptation resilience themes, with particular focus on environmental resilience. The Bank is in the process of developing its first Resource Mobilisation Strategy, 2026-2035, an important effort to identify and mobilise additional resources for BMCs. More diverse funding strategies would offer CDB greater flexibility in designing country support programmes for BMCs currently restricted from access.</p>	
Suggested lines of action			
Lines of action	Key actions to be implemented	Timeline	
		Start date	End date
Introduce a mandatory Additionality Statement at the PBL concept stage (IM), specifying financial, policy, institutional, and knowledge additionality.	Include an Additionality Statement in IM commencing with the next PBL operation that enters the pipeline.	Next PBL operation	Continuous
Design integrated TA packages aligned to each stage of the PBL lifecycle.	The Bank’s project appraisal and supervision processes incorporate TA need assessments and delivers appropriate TA on an as-needed basis, subject to resource availability. The Bank’s TA resources are finite, and this line of action to design TA packages aligned to each stage of the PBL lifecycle would be constrained by limited resources.	N/A	

Suggested lines of action			
Lines of action	Key actions to be implemented	Timeline	
		Start date	End date
Map available fund and grant resources to support TA integration, particularly for higher-income BMCs.	The Bank currently manages the mapping and strategic deployment of grant resources for TA, as demanded. The Bank has a limited pool of grant resources, particularly for higher-income BMCs.	N/A	

Evaluation Recommendation #4 ('what')

Upgrade Knowledge Management and Vulnerability Analytics to Support PBL Design and Learning: Position knowledge systems and vulnerability analytics as strategic infrastructure for cumulative PBL impact.

Lead entity (<i>'who' is responsible</i>)	Participating boundary partners (<i>'who else'</i>)
<ul style="list-style-type: none"> • Research and Statistics, Economics (lead) • SDED (Knowledge Management function) 	<ul style="list-style-type: none"> • Projects/Information Technology Departments • Communications Department • OIE – advisory • Regional universities and research partners • Other MDBs/International Financial Institutions (IFIs)
Overall management response	
(<i>'if' – accepted, partially accepted, rejected</i>)	(<i>'how' – in 250 words or less to explain response</i>)
<input type="checkbox"/> Accepted <input checked="" type="checkbox"/> Partially Accepted <input type="checkbox"/> Rejected	<p>Partially Accepted</p> <p>Management partially accepts this recommendation and acknowledges the need to strengthen knowledge management and enhance the Bank's positioning as a leading regional knowledge partner. Management agrees that knowledge systems and analytics must be centrally repositioned as a strategic backbone of the PBL and other operations in the Bank. Management views this as a medium-to-long term investment and acknowledges that building robust knowledge systems will require dedicated resources, staff capacity, and governance arrangements.</p> <p>The Multidimensional Vulnerability Index (MVI) is useful to inform vulnerability decisions aligned to the three broad dimensions of sustainable development (economic, social and environmental) and decisions related to access and allocation of concessional finance. As a selectivity lever for policy reforms, it is less useful. This is because the MVI provides a quantitative assessment of structural vulnerability and resilience that does not capture the policy reforms undertaken by the country to mitigate these structural constraints. Also, the MVI does not provide insight into the country's macroeconomic stability and debt sustainability, strength of their policy reform programme and government ownership, and institutional and implementation capacity—all of which are important in decision making related to PBL.</p> <p>There are active plans to strengthen the knowledge function within the organisational structure that include establishing the Caribbean Development Bank Academy (CDBA) for capacity development, policy dialogue, research, and knowledge sharing, and the setup of a Research and Statistics Division within the Economics Department, with dedicated resources (though limited), for knowledge creation and management to better support policy dialogue and advocacy—key to PBL operations. Management expects these established positions will be filled in 2026 and 2027, while acknowledging that its staffing capacity will be limited due to small size. Management also expects the research function will rely heavily on closer collaboration with regional universities and research centres to help strengthen context-specific analytical capacity and develop, over time, knowledge bases and platforms</p>

Overall management response			
<i>(‘if’ – accepted, partially accepted, rejected)</i>		<i>(‘how’ – in 250 words or less to explain response)</i>	
<input type="checkbox"/> Accepted <input checked="" type="checkbox"/> Partially Accepted <input type="checkbox"/> Rejected		<p>For macroeconomic themes, this will complement similar learning already provided by other institutions, including CARTAC, that provide ongoing capacity training and learning for officers in BMCs in key reform areas such as PFM, procurement, DRM, debt management and sustainability, and macroeconomic programming.</p> <p>The Bank also currently utilises other platform/mechanisms and has used these, including its Caribbean Development Dialogue online platform and seminar series, to promote discussion and to share on key thematic areas of focus such as debt and fiscal, and procurement. The Bank plans to better integrate and align such learning events with the work requirements of the Research Division, once fully operationalised.</p>	
Suggested lines of action			
Lines of action	Key actions to be implemented	Timeline	
		Start date	End date
Develop a centralised PBL knowledge platform capturing design rationales, reform pathways, TA outputs, and evaluation findings.	<p>The Bank intends to develop a knowledge base. However, having a knowledge platform specific to PBL may not be feasible as compared with centralising common thematic knowledge which has been generated across multiple areas, be it from PBL, intermediary lending, capital investments, research work, and so on. The Bank can approach the harnessing of knowledge in different ways that are to be determined as the Bank builds out its knowledge base.</p> <p>The Bank will create a centralised PBL reform database. At a high level, such a database can help improve transparency, accountability, learning, and policy effectiveness.</p>	Q4 – 2026	Continuous
Systematically integrate the MVI into PBL prioritisation, compact design, and instrument selection.	Apply the MVI to guide PBL programming/prioritisation in CES design.	Q4 – 2026	Continuous
Promote thematic and cross-country learning events linked to the PBL portfolio.	CDBA will leverage PBL and other operation findings as learning for BMC practitioners.	Q2 – 2027	Continuous

Evaluation Recommendation #5 (‘what’)

Embed fit-for-purpose Results Monitoring Frameworks with systematic ongoing Contribution Analysis as a Core Instrument for Adaptive Management: Strengthen M&E systems for PBLs to enable real-time learning, adaptive management, and course correction beyond prior-action compliance.

Lead entity	Participating boundary partners
<i>(‘who’ is responsible)</i>	<i>(‘who else’)</i>
<ul style="list-style-type: none"> • SDED • Operations Area 	<ul style="list-style-type: none"> • OIE – advisory and methodology support • BMC ministries and implementing agencies

Evaluation Recommendation #5 ('what')

Embed fit-for-purpose Results Monitoring Frameworks with systematic ongoing Contribution Analysis as a Core Instrument for Adaptive Management: Strengthen M&E systems for PBLs to enable real-time learning, adaptive management, and course correction beyond prior-action compliance.

Lead entity (‘who’ is responsible)	Participating boundary partners (‘who else’)		
<ul style="list-style-type: none"> • SDED • Operations Area 	<ul style="list-style-type: none"> • OIE – advisory and methodology support • BMC ministries and implementing agencies 		
Overall management response			
(‘if’ – accepted, partially accepted, rejected)	(‘how’ – in 250 words or less to explain response)		
<input type="checkbox"/> Accepted <input checked="" type="checkbox"/> Partially Accepted <input type="checkbox"/> Rejected	<p>Partially Accepted</p> <p>Management accepts the principle of this recommendation and concurs that the M&E architecture for PBL focuses on prior-action compliance, as well as outcome tracking.</p> <p>Management agrees that RMFs for PBLs should be designed as tools for adaptive management and that ongoing, theory-based contribution analysis should be embedded within programmatic PBL governance. PBL supervision is an on-going function through implementation that tracks prior action implementation and adaptation, where necessary.</p> <p>Contribution analysis involves assessing whether existing outcome evidence is consistent with TOC. In supervision, this means that the Bank does not just verify, for example, that a Ministry has passed a regulation (prior action), it asks whether the regulation is changing behaviour downstream and whether the Bank’s TA and policy dialogue explains the changes (TOC).</p> <p>Downstream outcomes tracking after full disbursement will require a strengthening in supervision and self-assessment processes. Management will better incorporate this approach of continuous outcomes tracking of PBL operations within the CES monitoring and self-assessment process where the Bank captures and reports on progress on country outcomes. Strengthening M&E capacity within the Bank and among BMC counterparts is currently ongoing.</p>		
Suggested lines of action			
Lines of action	Key actions to be implemented	Timeline	
		Start date	End date
Define criteria for when ongoing contribution analysis is required and develop a graduated methodological approach by operation type.	Work with OIE to develop methodological guidance on ongoing contribution analysis tailored to PBL type and contexts.	Q3 – 2026	Q2 – 2027
Strengthen PBL RMFs to track outcomes beyond prior action compliance.	Work with SDED to revise RMF design standards for PBLs to require and improve outcome-level and intermediate-level indicators.	Q2 – 2026	Q4 – 2027
Build internal capacity to commission, interpret, and act upon contribution analysis findings.	Adaptive management training is ongoing for Operations staff.	Ongoing	Continuous

Evaluation Recommendation #6 ('what')

Leverage PBLs as Platforms for Regional Coordination and Strategic Partnerships: Use PBLs to reinforce CDB's regional convening role and resilience agenda by positioning selected programmatic PBLs as anchor platforms for coordinating MDBs, IFIs, and bilateral partners around shared reform compacts.

Lead entity (<i>'who' is responsible</i>)	Participating boundary partners (<i>'who else'</i>)		
<ul style="list-style-type: none"> • Operations Area 	<ul style="list-style-type: none"> • Office of the Vice-President (Operations) • SDED – External Relations and Partnerships function 		
Overall management response			
(<i>'if' – accepted, partially accepted, rejected</i>)	(i'how' – in 250 words or less to explain response)		
<input type="checkbox"/> Accepted <input checked="" type="checkbox"/> Partially Accepted <input type="checkbox"/> Rejected	<p>Partially Accepted</p> <p>Management accepts this recommendation while affirming CDB's unique positioning as the only dedicated development institution located within, and serving only the Region, with the proximity, contextual knowledge, and trusted relationships necessary to convene and coordinate reform agendas across the Caribbean. The Evaluation's finding that CDB's comparative advantages, speed of response, small-state expertise, and established Ministry relationships, are precisely a part of CDB's value-added proposition that shapes how the Bank positions itself within multi-partner architectures.</p> <p>The Bank has coordinated with MDBs and bilateral partners around shared reform compacts. The Barbados and the Anguilla PBOs (where CDB aligned its PBL engagement, design and reform conditions with those of the IMF, CARTAC, the Inter-American Development Bank, WB, Development Bank of Latin America and the Caribbean, FCDO) provide a strong model for replication where government-led multi-partner coordination frameworks existed. CDB has also actively worked in close partnerships with WB on PBOs (Saint Lucia, Dominica) in recent years and actively participates in in-country annual IMF Article IV missions and reform discussions around shaping shared reform consensus.</p> <p>Management notes that the deliberate alignment of PBL-supported reforms with regional and global frameworks is an established feature of the Bank's operational practice. The practice of embedding PBL reform agendas within broader regional and global normative frameworks reinforces reform credibility, signals policy coherence to other development partners, and strengthens the mobilisation of complementary resources.</p> <p>Management notes that partnership frameworks linked to PBL objectives, including existing Memoranda of Understanding and operational co-financing arrangements, are already in place and continue to be deepened as the portfolio evolves. Management is committed to advancing this further in a progressive and deliberate manner, with the most active multi-partner operations in the current pipeline serving as the immediate focus for enhanced alignment and formalisation.</p>		
Suggested lines of action			
Lines of action	Key actions to be implemented	Timeline	
		Start date	End date
Position selected programmatic PBLs as anchor coordination platforms for MDB, IFI, and bilateral partner alignment around shared reform compacts.	This is ongoing. The Bank primarily collaborates with WB and has completed several joint PBL operations with this institution. An annual collaboration meeting with both institutions facilitates and anchors this coordination across selective work programme activities that includes PBL.	N/A	

Suggested lines of action			
Lines of action	Key actions to be implemented	Timeline	
		Start date	End date
Align PBL-supported reforms with global and regional frameworks (climate agreements, OECS standards, digital/ Artificial Intelligence governance, governance norms).	Where national strategies in BMCs are aligned with the Sustainable Development Goals and other such global/regional frameworks and agreements, PBL-supported reforms are, in turn, aligned with country priorities and related policy agendas, regional debt targets and fiscal sustainability objectives, for instance.	N/A	
Use PBLs to convene regional policy fora and peer-learning mechanisms on shared vulnerabilities and reform experiences.	The Bank will leverage its knowledge base (Recommendation 4) as a vehicle for structured cross-country learning.	Q3 – 2027	Continuous

Endnotes

- Guerrero-Ruiz, A. et al. 2025. Outcomes-based financing in the new financing for development architecture: Lessons and opportunities for governments, development partners, and Multilateral Development Banks. OECD Development Co-operation Working Papers, No. 119, OECD Publishing, Paris, <https://doi.org/10.1787/badd168e-en>.
- The years shown in parentheses indicate the approval year of each disbursement and help distinguish the operations analysed for each country.
- The PBL operations for Dominica and Guyana in 2025 were out of scope of this evaluation given that execution was at a very early stage, however, the data collection process included interviews and comparison from their design process supporting the cross-cutting analysis and to explore potential lessons learned from these cases.
- When direct data is unavailable, proxy indicators (e.g., policy continuity, recurrent expenditure patterns, follow-up investment projects) and reconstructed datasets will be used to assess whether enabling conditions for sustainability are present.
- The evaluation conducted interviews with the Ministry of Labour, Social Security and the Third Sector (MLST) and other implementing agencies in Barbados. The Ministry of People Empowerment and Elder Affairs (MPEEA), which received two CDB-funded TA interventions to strengthen social protection capacity under BERT, was not directly consulted as a separate entity during the field mission.
- The lack of documentation regarding additionality between operations is also prevalent in other MDBs (see IDB’s OVE evaluation of PBLs from 2024) and common challenge among IFIs.

