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CARIBBEAN DEVELOPMENT BANK



EVALUATION REPORT

**CLUSTER COUNTRY STRATEGY AND PROGRAMME EVALUATION
OF OECS AND OVERSEAS DEVELOPMENT TERRITORIES
BORROWERS (2010-18)**

VOLUME I: WITH MANAGEMENT RESPONSE - APPENDIX 2

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James Melanson
Head, Office of Independent Evaluation

Executive Summary

Background

CDB's Office of Independent Evaluation (OIE) Five-Year Plan (2017) highlights Country Strategy and Programme Evaluations (CSPEs) as one of its key activities. This evaluation examined CDB's support to the region's small economies, including countries and territories that are members of the Organisation of Eastern Caribbean States (OECS). Following an evaluability assessment in 2017/18, OIE launched this evaluation in November 2018, and it was carried out between late January and July 2019.

The objective of this evaluation was to assess Bank programming and performance in up to ten of its Borrowing Member Countries (BMCs), using the OECD Development Assistance Committee (DAC) evaluation criteria of relevance, effectiveness, efficiency and sustainability. The evaluation is intended to inform the design and implementation of future Country Strategy Papers (CSPs) and programme interventions. The intended audiences for the evaluation are the CDB Board of Directors, CDB management and staff, governments of OECS member countries and territories, and CDB's other development partners.

Methods

The evaluation was guided by an evaluation matrix that outlined the evaluation foci, key evaluation questions, sub-questions and illustrative indicators that guided data collection and analysis. The evaluation used a mixed methods approach which allowed for triangulation of data from a variety of sources, thus strengthening the reliability of data and increasing the validity of findings and recommendations. The five-person evaluation team conducted individual and group interviews with more than 255 individuals and conducted country visits to Anguilla, Antigua and Barbuda, Dominica, Grenada, St. Lucia, St. Vincent and the Grenadines, and St. Kitts and Nevis. The team reviewed and analysed CDB documents, reports, and CSPs from the period 2010-2018, and conducted a review of the performance of CDB's policy-based loans portfolio in the OECS countries and territories. The evaluation team discussed preliminary findings, conclusions and recommendations with the Evaluation Advisory Group in March and July 2019.

Scope

The evaluation concentrated on CSPs and Bank programming in seven BMCs in the OECS over the period 2010-18, which corresponds with CDB's corporate strategic plans for the periods 2010-2014 and 2015-2019. The evaluation conducted only a cursory review of CDB support to Montserrat and Turks and Caicos as they received relatively modest support from CDB over the review periods. CDB support to the British Virgin Islands was not examined as no CSP was prepared.

Findings and Conclusions

Country Strategy design

CDB has invested considerably in designing CSPs for OECS borrowers. They are well nested within BMC and CDB strategic priorities and of generally high quality in their articulation. In addition to macroeconomic

and sectoral issues, CSPs have increasingly considered enhanced poverty analysis, gender equality, and climate resilience. The specification of country-level Results Management Frameworks has improved, with more clearly stated outcomes, SMART indicators, and sometimes expected gender equality results. However, the ambition of expected results has often exceeded actual achievement, both in scope and timeframe. Gender considerations generally show up in strategic outlines (i.e. actions, objectives, commitments), but are frequently not reflected in results frameworks. Capacity constraints, while acknowledged, are not consistently analysed or provided for in planned activities.

Country Strategy Management

Upfront investment in CSP design has not been matched by attention to and investment in implementation monitoring and evaluation at the country level. CDB supervision focuses primarily on the outputs of loans; its existing reporting systems do not capture information on the results of other types of CDB support including policy advice, knowledge products, and grants. While portfolio reviews are sometimes undertaken, planned mid and end of term assessments have not been common practice. Lesson learning from one cycle to the next has not been a strong point. As a result, CDB has scant information about its developmental performance at the country level in OECS countries, raising concerns about the added value of CSPs. Ownership of and responsibility for the overall CSP management process within the Bank is unclear.

Country Level Engagement

Stakeholders across OECS BMCs expressed appreciation for the technical contributions of CDB staff, but also an appetite for heightened Bank engagement over the Country Strategy life cycle. As it stands, there is generally good interchange during the Country Strategy design stage; there is scope for more integrated cross-sectoral consultation and involvement of gender machineries. Post-design there has been limited country-level follow-on. Stakeholders were not always advised of CSP approval or provided with a copy of the final strategy. Following inevitable staff turnover, new incumbents (even in quite senior positions) were sometimes unaware of the existence of a CDB strategy. Strategy outcomes were not monitored or managed on an ongoing basis or updated over time to reflect evolving Bank and/or BMC contexts. Finally, there was no regular platform for dialogue at the country level. (It was noted that other development partners do engage in such dialogue.) The Bank is organised by function rather than by country, understandable given its limited human resources. Arrangements such as cross department country teams have not been regularly mandated and utilised. BMC country focal points vary in their preparation and formal tasking for their roles. Nonetheless, CDB is consistently viewed as the development partner with superior understanding of national and regional context, and for which BMCs feel the greatest sense of ownership.

Sub-regional Engagement

OECS members share numerous common economic, environmental and social characteristics and face similar development challenges and vulnerabilities, which present opportunities for a strategic approach to sub-regional programming in the OECS. Current CDB engagement with sub-regional bodies in the sub-region is opportunistic and somewhat piecemeal. Regional cooperation and integration has been a CDB priority since 1970 and the CDB Board approved an Operational Strategy for RCI in 2008, but this strategy is not well known or used. The terms “Regional Cooperation” and “Regional Integration” are not formally distinguished from one another nor defined by the Bank. This contributes to some ambiguity in CDB’s approach and limits its potential effectiveness in sub-regional programming in the OECS.

Relevance

The most recent CSPs in the OECS countries were generally aligned with the national development priorities in each country, and largely aligned with CDB's mandate, relevant strategic objectives and its competencies over the review period. While CSPs identify BMC government capacities, gender equality and private sector development as key development challenges in the OECS countries, CDB provided modest support to address these challenges over the review period. In recent years, CDB made important strides in addressing gender equality as a cross-cutting theme in its operations. However, CDB country strategies and initiatives in the OECS countries have paid more attention to promoting equal participation and benefits than to addressing barriers and norms that adversely affect gender equality in the sub-region. CDB's expertise and flexibility in responding to evolving contexts were frequently identified as key enabling factors in the realisation of planned outcomes.

Effectiveness – Investment Lending

CDB support for the education sector in the OECS countries has been relatively effective in increasing learners' outcomes over the review period and has yielded some positive results related to students' access to and participation in education. It has also supported the OECS Secretariat in developing a sub-regional strategy and in improving teacher effectiveness in mathematics. There have been limited CDB-supported interventions at the institutional and governance levels, and these have had mixed results.

CDB support has helped to increase water service coverage in two countries and to reduce non-revenue water in another. It has had modest results in infrastructure development, institutional strengthening and legislative reform in the water sector in OECS countries over the review period.

CDB is in the first stages of supporting the renewable energy sector in the OECS countries. Interventions are beginning to develop more sustainable and affordable energy infrastructure through capacity building, institutional strengthening and other efforts. While interventions in the transportation and communication sector are still ongoing, innovative project outputs have the potential to set new standards. CDB's most significant contributions in DRM have been in assisting OECS countries to respond to disasters and join the Caribbean Risk Insurance Facility; there has been less emphasis on disaster mitigation. CDB has also supported regional initiatives and partnerships to address sub-regional DRM priorities.

CDB's support for financial intermediary lending has enabled some OECS citizens to access housing and education; it has had mixed success in supporting the productive sector. Due to the absence of information, the status and ongoing viability of the supported productive sector operations as well as the effects on the value-added in the identified sectors is not known. It is also not possible to judge the extent to which there were household improvements for targeted low and lower middle-income individuals in some countries. CDB has contributed to the short-term stability of two indigenous banks in the ECCU region, and to the legal and regulatory framework and ECCB's institutional capacities. The indigenous banking sector in the OECS continues to be fragile and in need of support.

Effectiveness – Policy-Based Lending

Policy-based loans have constituted a significant part of the Bank's OECS portfolio over the review period. As documented in the 2017 PBL evaluation, there has been a progression in practice, with relatively more focussed and achievable sets of Prior Actions and intended reform outcomes in recent years. Timeframes for implementation of reforms have often been longer than anticipated and technical assistance not always as

well documented as it could have been. Nonetheless, this review complemented the 2017 evaluation findings in observing reform actions across nine thematic areas, including in public financial management and the resolution of some banking and financial stability issues. Suggestions for further improvement of PBL practice are offered, notably for greater analytic attention to the quality of Prior Actions.

Implementation Issues

There have been frequent challenges to timely execution of investment projects in the OECS, occasioned by both process and capacity constraints. It was typical for respondents in this review to characterise these challenges as laying half with CDB and half with their own jurisdiction. In BMCs, limited numbers of qualified contractors, inadequate project management skills, centralised decision making, and changes over the political cycle were often cited as challenges. National procurement systems do not yet meet MDB standards. Looking at CDB, many felt that procurement processes were rigid and subject to lengthy and sometimes unnecessary no-objection processes. CDB has not yet taken advantage of the potential efficiencies of an e-payments platform. Moves are afoot within the Bank to address these, including a newly revised procurement policy, and possible reorientation of staff time towards greater supervision effort. Expeditious resolution will be critical for the Bank's reputation as an effective development partner.

Sustainability

Sustainability is an ongoing challenge for all development partners, particularly in small, limited capacity economies such as those of the OECS. Expected sustainability of observed results in the OECS is mixed. In some cases there have been issues with design (for example specification of materials); in others with inadequately supportive policy frameworks, or insufficient provisions for future maintenance. There does appear to be scope for greater emphasis on the good practices identified in the OIE's *Managing for Sustainability* study, further integrating them into guidelines and training for Bank staff (for example in institutional assessment).

Recommendations

1. CDB should re-think and re-engineer its Country Strategy (CS) planning and management processes for OECS borrowers, to be fit for purpose and make best use of limited institutional capacities. A revised approach should capitalise on the well-regarded front-end analytic work that is currently undertaken for CSPs, and seek to strengthen stakeholder engagement and results management over the full CS cycle.

CDB's Country Strategy Papers (CSPs) are regarded as well-written analytic documents by those OECS stakeholders who are familiar with them. They identify existing national development constraints and specify intended CDB support at the outset of the country strategy cycle. In best cases, they are informed by recently performed poverty and gender equality analyses, and involve consultation with a cross section of national stakeholders. This is a resource intensive effort, however, not matched by ongoing monitoring or engagement over the ensuing CS period (usually four years but sometimes extended). The Bank should more evenly deploy its own and BMCs' limited resources over the CS cycle, streamlining the analytic front-end and putting more effort into periodic review and country engagement. (It is worth noting that many BMC interlocutors expressed an appetite for more frequent engagement of this nature with the Bank.)

Multilateral Development Banks (MDBs) have a defined architecture for how they plan and manage assistance programmes with borrowing members. These outline the instruments and define the expectations for the various steps in the CS cycle. CDB need not hew to a particular formula or model, but as it transitions to an approach suitable to its own circumstances, it should take account of some common elements across other MDB country strategy processes that include:

- Sufficient diagnostic effort to outline current national development constraints, including gender inequality, survey the efforts of other development partners, and inform selectivity in how the Bank will allocate its resources, with consideration to explicitly reduce those gender inequality constraints identified.
- Articulation of a country-level results framework, with consideration for gender equality in each sector addressed through the CSP. Distinctions in the level of expected detail are possible – more specific for ongoing programmes and more indicative for future ones
- Appropriate Bank-Borrower engagement in joint CSP planning processes and joint learning processes (in the form of periodic reviews and end of cycle assessments). These processes should actively and consistently include national gender machineries.
- Written guidance, and training as necessary, that makes it clear for both staff and borrowers what is expected at each stage of CS planning and implementation.

As part of a re-engineered Country Strategy process, CDB should consider lengthening the timeframes over which it monitors and supports the important reforms introduced through its PBL lending in the OECS. As appropriate, the Bank should incorporate ongoing engagement on PBL reform actions into a revised country strategy management process.

2. To bring coherence, encourage sub-regional cooperation and integration, improve CDB visibility, and be better able to communicate about its performance, CDB should develop and implement an explicit sub-regional strategy for the OECS.

CDB has supported a number of OECS sub-regional entities and initiatives over the review period. In the absence of a sub-regional strategy, funded initiatives have been opportunistic, resulting in investments that can be fragmented by sector and institution. This prevents CDB and others from analysing and learning from successes and challenges in the OECS sub-region.

There is a strong rationale for CDB to develop and resource an OECS sub-regional strategy. There are many common economic, environmental and social characteristics, development challenges and vulnerabilities among the OECS countries that provide opportunities for enhanced synergies, effectiveness, impacts and efficiency at a regional level. Interviewed representatives of regional institutions and BMCs expressed strong support for greater clarity of CDB objectives at the sub-regional level. Finally, CDB has a long-standing commitment to RCI and important relationships with key sub-regional institutions.

A sub-regional strategy for the OECS should have the following characteristics:

- Take a strategic overview, identifying key areas where Regional Public Goods and heightened cooperation would benefit members
- Be “fit for purpose”, i.e. tailored to the human resource and financial capacities of the Bank and its sub-regional partners
- Include a results framework that can be feasibly monitored and adjusted over time to reflect changing contexts
- Outline formal review/evaluation guidelines that allow for periodic resolution of issues and reflection on progress, lessons
- Identify and describe important institutional relationships in the sub-region, and clarify roles and responsibilities for CDB and others throughout the management cycle including learning, accountability and relationship management
- Be supported by financial and human resources.

3. CDB should take steps to strengthen its capacities and systems to identify and address institutional capacity needs of OECS BMCs.

CDB’s limited success in building capacity in OECS institutions and organisations was a common finding across countries and sectors in this evaluation (noting that other Development Partners have faced similar challenges). Project designs did not take sufficient account of the sometimes complex and frequently long-term nature of institutional capacity building. This was due in part to the uneven emphasis on, and knowledge about, institutional capacity building among CDB staff.

CDB should consider the following measures:

- Resuscitate/update existing CDB frameworks and methodologies to conduct institutional assessments for the purposes of project design, supervision and evaluation.
- Develop a workshop on institutional analysis, development and supervision for CDB officers in order to: i) facilitate their awareness of issues associated with institutional analysis; ii) expose staff to current good practices in institutional arrangements; iii) develop their skills in designing and/or carrying out institutional analyses in the future.
- Given noted capacity limitations in the OECS countries, allocate increased resources for implementation support. CDB should move away from compliance supervision to providing technical assistance to countries to assist them in identifying and addressing capacity challenges. If/as required, CDB should consider contracting experts in institutional assessment to complement staff capabilities in this area.
- Develop/institutionalise a systematic framework/approach to improve project management and maintenance relevant to the OECS countries.

Acronyms

ACP-EU	African, Caribbean and Pacific – European Union
ARPP	Annual Review of the Performance of Project/Loans
BMC	Borrowing Member Country
BNTF	Basic Needs Trust Fund
CALC	Climate Action Line of Credit
CARICOM	Caribbean Community
CARTFund	Caribbean Aid for Trade and Regional Integration Trust Fund
CDB	Caribbean Development Bank
CDRRF	Community Disaster Risk Reduction Fund
CERG	Country Evaluation Reference Group
CPA	Country Poverty Assessment
CSSES-C	Canadian Support to the Energy Sector in the Caribbean Fund
CSME	CARICOM Single Market and Economy
CSO	Civil Society Organisation
CSP	Country Strategy Paper
CSPE	Country Strategy and Programme Evaluation
CTCS	Caribbean Technological Consultancy Services
DER	Development Effectiveness Review
DFI	Development Finance Institution
DFID	Department for International Development
DiMSOG	Disaster Management Strategy and Operational Guidelines
DRM	Disaster Risk Management
DRR	Disaster Risk Reduction
ECAMC	Eastern Caribbean Asset Management Company
ECCB	Eastern Caribbean Central Bank
EE/RE	Energy Efficiency/Renewable Energy
EHRDSI	Enhancing Human Resource Development and Promoting Social Inclusion
EIB	European Investment Bank
EISCSB	Enhancing Infrastructure, Sectoral Competitiveness and Supporting the Small Business Sector
EPA	Economic Partnership Agreement
ERG	Emergency Response Grant
GEPOS	Gender Equality Policy and Operational Strategy

OECS CLUSTER EVALUATION

IDB	Inter-American Development Bank
IFI	International Financial Institution
IMF	International Monetary Fund
IRL	Immediate Response Loan
Mn	million
MTE	Mid-term evaluation
NGO	Non-Governmental Organisation
OCR	Ordinary Capital Resource
ODT	Overseas Dependent Territory
OECD	Organisation for Economic Co-operation and Development
OECS	Organisation of Eastern Caribbean States
OIE	Office of Independent Evaluation
OPPM	Operational Policies and Procedures Manual
OSF	Other Special Funds
%	per cent
PBL	Policy-based loan
PCM	Project Cycle Management
PPAM	Public Policy Analysis and Management
PS	Permanent Secretary
RCI	Regional Cooperation and Integration
RERG	Regional Evaluation Reference Group
RMF	Results Management Framework
RRL	Rehabilitation and Reconstruction Loan
RVRE	Reducing Vulnerability to Natural Hazards and Reducing Environmental Risks
SDF	Special Development Fund
SEEC	Sustainable Energy for the Eastern Caribbean
SEF	Sustainable Energy Facility
SFDPG	Public-Sector Performance/Promoting Governance
SFR	Special Fund Resource
TA	Technical Assistance
TOR	Terms of Reference
UK	United Kingdom
UKCIF	United Kingdom Caribbean Infrastructure Partnership Fund
WB	World Bank

Glossary of Terms

BMC Stakeholder	Refers to a representative of the BMC government. Used interchangeably in the report with BMC representative.
CDB partner programmes	Special funding programmes that include financial contributions from third-party donors (e.g. UK, EIB, IDB) and are administered by the CDB.
CDB special TA programmes	CDB's own specific technical assistance (TA) programmes with separate staffing and financial arrangements (e.g. Basic Needs Trust Fund Programme; Caribbean Technological Consultancy Services Programme).
CSP Monitoring	Refers to ongoing review of a CSP programme during implementation
Emergency Response Grant (ERG)	An ERG is a grant not exceeding USD 200,000 designed to assist a BMC in its initial response to a disaster. ¹
Gender equality²	Gender equality (GE) refers to the equal rights, responsibilities, and opportunities of women, men, girls, and boys, and equal power to shape their own lives and contribute to society. It encompasses the narrower concept of <i>gender equity</i> , which primarily concerns fairness and justice regarding benefits and needs. Gender equality also refers to the transformational commitment needed to make equal rights and equal power a reality, within the human rights agenda. It requires that the interests, needs, and priorities of females and males be taken into consideration, in recognition of the great diversity within these groups. Gender equality benefits women and men, girls and boys, and should be of concern to all.
Gender mainstreaming	Gender mainstreaming means ensuring that gender perspectives and attention to the goal of gender equality are central to all activities, such as policy, programming and advocacy, and in all phases: planning, implementation, monitoring and evaluation, with a view to promoting equality between women and men and combating discrimination. Within the CDB, gender mainstreaming refers to the integration of gender-responsiveness into operational activities (projects, technical assistance, training) of the Bank.

¹ Source: DiMSOG, Section 4, Operational Guidelines for Support to Borrowing Member Countries.

² The terms Gender equality, Gender mainstreaming, Gender responsive and Gender-targeted approaches are commonly used in CDB's Gender Equality Policy and Operational Strategy (GEPOS), and are taken from the following sources: European Institute for Gender Equality; Global Partnership for Education Gender equality policy and strategy 2016-2020; Global Affairs Canada Policy on Gender Equality; Global Affairs Canada Canada's National Action Plan for Women Peace and Security; Global Affaires Canada Gender Equality: A Foundation for Peace; Canada's National Action Plan 2017-2022 for the Implementation of the UN Security Council Resolutions on Women, Peace, and Security; International Labour Organization; A manual for gender audit facilitators: The ILO participatory gender audit methodology (2nd Edition); UN Women UN Women Training Centre eLearning Campus; and UN-INSTRAW, Glossary of Gender-related Terms and Concepts.

Gender-responsive	Gender responsiveness means that a policy, project or approach is informed by an awareness of the causes and effects of inequality within gender norms, roles, and relations, the impact of the particular intervention, and that measures are taken to actively address causes and reduce those effects that pose barriers to gender equality.
Gender targeted approaches	Gender targeted approaches identify specific areas of marked inequality (for specific populations in a specific country, for example, or for a specific aspect of inequality), analyse the underlying factors contributing to this inequality, and design and implement interventions that target those factors. Targeted approaches are an important complement to mainstreaming approaches to advancing gender equality.
Immediate Response Loan (IRL)	An IRL is an emergency loan not exceeding USD 750,000, provided at a concessionary rate to the Government to meet its expenses for the clearing and cleaning of affected areas and for emergency restoration of critical infrastructure and essential public services. These activities could include the repair, replacement or the installation of measures to protect and restore vital economic infrastructure necessary for the resumption of social and economic activities. ³
OECS	The Organisation of Eastern Caribbean States was established in 1981 with the Treaty of Basseterre. It comprises independent and non-independent countries in the Eastern Caribbean, namely Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and The Grenadines, and the associate members of British Virgin Islands, Anguilla, Martinique and Guadeloupe. Martinique and Guadeloupe are not members of the CDB and therefore not part of this evaluation. For the purpose of this evaluation, the terms ‘OECS countries’ and ‘BMCs’ are used interchangeably.
Project supervision	Refers to ongoing review of the progress of a project during implementation
Regional cooperation and integration (RCI)	RCI, loosely defined, ⁴ is a process by which national economies become more interconnected through harmonised policies and procedures. RCI projects should not just be multi-country projects. At the minimum, the projects should address a common need and provide a framework for sharing knowledge, experience and technology. The projects should be driven by regionally agreed policies or strategies, or should potentially lead to a regionally agreed policy or strategy.
Regional Public Goods (RPG)	Regional public goods are those public goods or outcomes that can only be effectively produced if every country involved participates and supports, and where the development impact to be achieved through countries’ cooperation is demonstrably superior to what each country could have achieved individually.

³ Source: DiMSOG, Section 4, Operational Guidelines for Support to Borrowing Member Countries.

⁴ Source: CDB, undated. Guidance Note on RCI. Finalized

Rehabilitation and Reconstruction Loan (RRL)	An RRL is intended to help the government of the affected BMC achieve the objectives of its recovery strategy and specifically to rehabilitate social and economic infrastructure and to restore key economic sectors to better than pre-disaster operating levels while also building in precautions to reduce vulnerability to future disasters. In the analysis of vulnerability and risk, consideration should be given to both structural and non-structural mitigation measures. ⁵
Sectors/thematic areas	CDB has developed policies and operational strategies for sectors/thematic areas but does not have an official definition in the OPPM. It has identified 13 sectors/thematic areas: agriculture and rural development; education; energy; environment and disaster risk reduction (DRR); financial, business and other services; health; multi-sector; public sector management; social infrastructure and services; tourism; transport and communication; urban development and shelter; water and sanitation.

⁵ Source: DiMSOG, Section 4, Operational Guidelines for Support to Borrowing Member Countries.

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1 Introduction

1.1 Background

The CDB's Office of Independent Evaluation (OIE) Five-Year Plan (2017) highlights Country Strategy and Programme Evaluations (CSPEs) as one of its key activities. Among those planned is one of CDB's support to the region's small economies, including countries and territories that are members of the Organisation of Eastern Caribbean States (OECS).⁸ Following the recommendation of an evaluability assessment in 2017/18, OIE launched this evaluation in November 2018, and it was carried out between late January and May 2019.

According to its terms of reference (see Volume II, Appendix 1), the objective of this evaluation is to assess Bank programming and performance in up to ten of its Borrowing Member Countries (BMCs), using the OECD Development Assistance Committee (DAC) evaluation criteria of relevance, effectiveness, efficiency and sustainability. By assessing and interpreting past performance, and articulating forward-looking conclusions and recommendations, the evaluation is intended to inform the design and implementation of future CSPs and programme interventions. The intended audiences for the evaluation are the CDB Board of Directors, CDB management and staff, governments of OECS member countries and territories, and CDB's other development partners.

CSP and CSPE

The Country Strategy Paper (CSP) is the planning instrument that translates overall corporate priorities into country-specific ones. Prepared in consultation with the government, development partners, and other stakeholders, it identifies where the CDB can provide support in a results-oriented manner to achieve a country's development objectives and poverty reduction goals.

Country Strategy and Programme Evaluations (CSPEs) are higher level evaluation exercises, intended to build on self-evaluation of projects and programmes. They seek to assess the relevance of country strategies and provide a synthesis view of the effectiveness, efficiency, and sustainability of their programme interventions.

OECS sub-region

The OECS was created in 1981 by the Treaty of Basseterre in which seven Caribbean countries agreed to cooperate and promote unity. In 2010, the Treaty was revised to establish the OECS as an economic union, creating a single financial and economic space within which people, goods and capital move freely.

OECS members: Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, as well as the territories of Anguilla, the British Virgin Islands, Montserrat, Guadeloupe and Martinique.⁶⁷ Turks and Caicos Islands is not an OECS member, but as an Overseas Territory and CDB member was included in the scope of this evaluation.

⁶ The Associate Members Guadeloupe and Martinique are the most recent additions to the OECS, which joined in 2019 and 2015 respectively. They are not members of the CDB and therefore not part of this evaluation

⁷ Founding members (referred to as Protocol Members) are Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines. Anguilla, The British Virgin Islands, Martinique and Guadeloupe are Associate members, but are treated as full members for many of the Association's activities.

⁸ For the purposes of this report, we refer to all countries and territories selected for the evaluation as OECS countries and/or as BMCs.

As specified in the TOR, this cluster evaluation looks at trends across OECS countries rather than evaluating each country strategy and programme in full. As such, it does not always entirely reflect the nuances in diverse contexts or CDB support to each BMC.

For this evaluation, the OIE convened an Evaluation Advisory Group, (consisting of the Directors of Projects and Economics Departments), to provide feedback on the scope of work, evaluation design and work plan, findings and draft report. It also convened Country Evaluation Reference Groups (CERGs) composed of CDB country teams for individual OECS borrowers, and a Regional Evaluation Reference Group (RERG) consisting of CDB staff knowledgeable of CDB's regional programming in the OECS sub-region. The CERGs and RERG provided valuable contextual and programme information that was used to design country visits and to inform subsequent data collection at the country and regional levels.

1.2 Evaluation Methodology

The evaluation was guided by an evaluation matrix (see Volume II, Appendix 2) that outlines the evaluation foci, key evaluation questions, sub-questions and illustrative indicators that guided data collection and analysis. The review areas that ultimately guided data collection are outlined in Table 1.1⁹. Methods of data collection and limitations of the evaluation are discussed in Volume II, Appendix 3. See also a list of stakeholders consulted (Appendix 4) and documents reviewed (Appendix 5).

Table 1.1 *Evaluation Units of Analysis and Review Areas*

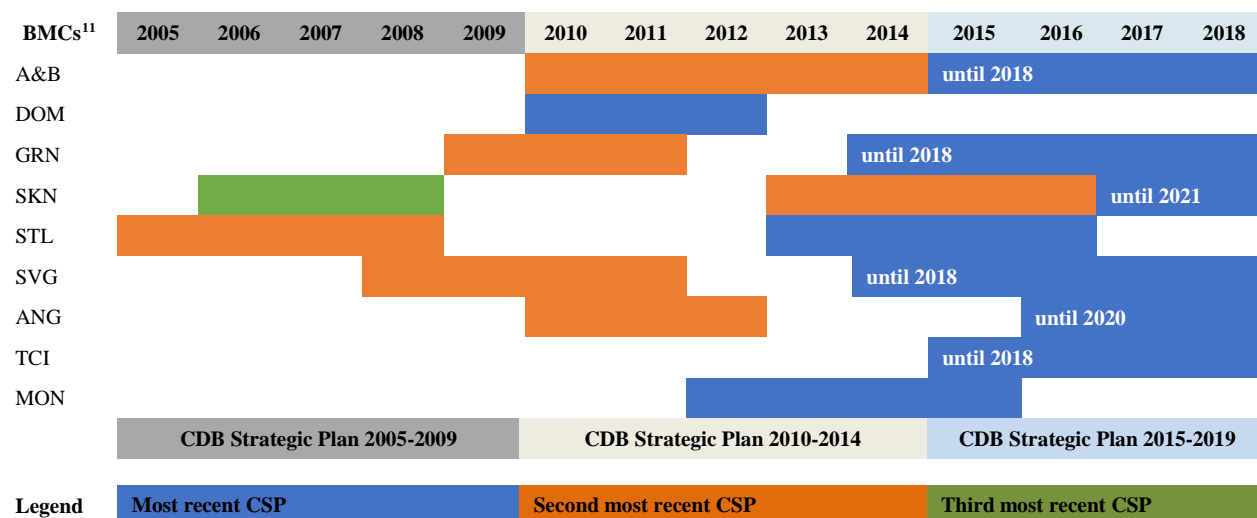
UNIT OF ANALYSIS	REVIEW AREAS
OECS Programming Context	<ul style="list-style-type: none"> • Analysis of key changes in relevant contexts (CDB internal, donors, and BMC) between 2010 and 2018 • Analysis of relevant changes in CDB's and donor contexts vis-à-vis country programme management
CDB Programme Management	<ul style="list-style-type: none"> • Efficiency of CDB's country programme management approaches (planning, design, approval, implementation, supervision, completion reporting, evaluation, risk management), including considerations related to quality, capacity, institutional and client relationships • Efficiency of CDB's management of cross-cutting areas (gender equality and sub-regional programming) • Recommendations and conclusions
OECS Country programmes	<ul style="list-style-type: none"> • <u>Relevance</u> of CSP and CDB interventions and with respect to CDB priorities, competencies and national priorities; Coherence of CDB's country portfolio; Extent to which realised outcomes are congruent with planned CSP objectives and results frameworks in OECS countries and CDB cross-cutting themes • <u>Effectiveness</u>: Frequency and types of outcomes realised in selected sectors in OECS countries • <u>Sustainability</u> (likely sustainability) of realised results in the country • <u>Enabling and limiting factors</u> • Recommendations and conclusions

⁹ The evaluation matrix included sub-regional programming as a distinct unit of analysis. Sub-regional programming was examined as part of CDB's approach to managing its cross-cutting areas and as part of the review of CDB sector/thematic effectiveness.

EVALUATION SCOPE

The evaluation concentrated on CSPs and Bank programming in seven BMCs in the OECS over the period 2010-18, which corresponds with CDB's corporate strategic plans for the periods 2010-2014 and 2015-2019. The evaluation conducted only a cursory review of CDB support to Montserrat and Turks and Caicos as they received relatively modest support from CDB over the review periods. The evaluation did not examine CDB support to the British Virgin Islands because no CSP was prepared. Figure 1.1 below shows the CSPs from 2005 to date. For the majority of BMCs,¹⁰ the evaluation period (2010-2018) covered roughly two CSP cycles, but in Dominica, Turks and Caicos Islands and Montserrat, CDB had only developed one CSP. For St. Lucia, the decision was to focus on the most recent CSP.

Figure 1.1 CDB Country Strategy Papers over the period 2005-18



While the evaluation focuses broadly on the period 2010-2018, the CSP period(s) were used as a framework for determining the scope of the portfolio to be reviewed for each country (see Appendices 6 and 9). The individual portfolios of each BMC included projects approved during the review period. Interventions whose approval preceded the review period were taken into account in the analysis to the extent that sufficient data was available. For each of the seven BMCs, the evaluation examined the results of CDB's support in up to three sectors/thematic areas, usually where financial disbursements were highest over the review period (see Table 1.2 and Appendix 6). Feedback from CERGs on the relative strategic importance of sector/thematic areas was also taken into account, and in a few instances additional sectors considered. Due to comparatively lower disbursements over the review period, CDB interventions in the following sectors/thematic areas were not examined during country visits: social infrastructure, tourism, urban development and shelter, and those coded as "multisector" interventions.

In addition, the evaluation reviewed available information about the outcomes of CDB's support to public sector management¹² (where applicable) and regional programming over the period.

¹⁰ i.e., A&B, GRD, SKN, SVG, ANG

¹¹ A&B (Antigua and Barbuda), DOM (Dominica), GRN (Grenada), SKN (St. Kitts and Nevis), STL (St. Lucia), SVG (St. Vincent and the Grenadines), ANG (Anguilla), TCI (Turks and Caicos Islands), MON (Montserrat).

¹² Majority of interventions in this sector/thematic area are PBLs.

Table 1.2 *Countries and Sectors/Thematic Areas Examined in the OECS Cluster Evaluation*

SECTORS/ THEMATIC AREAS	OECS COUNTRIES						
	A&B	DOM	GRN	SKN	STL	SVG	ANG
Financial, business and other services		✓	✓				✓
Education	✓		✓	✓	✓		
Agriculture and rural development			✓				
Environment and DRR	✓	✓				✓	✓
Transport and communication	✓					✓	
Water and sanitation		✓		✓	✓		
Energy ¹³				✓		✓	✓
Public Sector Management	✓		✓			✓	✓
Regional	✓	✓	✓	✓	✓	✓	✓

LIMITATIONS

The methodology had several minor limitations related to the goal-free approach, the evaluation scope, triangulation of data, profiling CDB support and the maturity or reviewed CDB investments. These are described in Appendix 3.

1.3 Report Overview

The evaluation report is organised in three volumes: Volume I includes the main evaluation findings, conclusions and recommendations, Volume II contains the appendices, and Volume III presents a review of Policy-Based Loans (PBLs) in the OECS.

Following this introduction, Section 2 of this volume provides a description of CDB support to the OECS countries over the review period and Section 3 presents the programming context. Section 4 presents the evaluation findings related to CDB programme management, while Section 5 assesses the performance of CDB programming in the selected sectors/countries visited (relevance, effectiveness and sustainability). Section 6 presents conclusions and recommendations. In addition to recommendations, the evaluation makes some suggestions for consideration throughout the report, which are identified by this icon:



¹³ Energy sector interventions cover projects in the area of renewable energy and energy efficiency and energy security.

2 CDB Support to OECS Countries

2.1 Introduction

This section provides an overview of CDB support to the OECS countries over the period 2010-18. It describes CDB support by country and sector and provides some insight into CDB's support for its corporate cross-cutting areas and Policy Based Loans (PBLs). Details on CDB support to the seven OECS members reviewed as well as to Montserrat and Turks and Caicos Islands are provided in Volume II, Appendix 7, while additional information on PBL support is found in Volume III. The analysis considers all interventions approved across all sectors/thematic areas during the respective review periods.

Types and sources of CDB support

CDB financial support to the OECS countries comprises capital loans, capital grants, TA grants and TA loans, as well as specialised funding mechanisms including policy-based loans (PBLs), Lines of Credit, Emergency Response Grants (ERGs), Immediate Response Loans (IRLs) and Rehabilitation and Reconstruction Loans (RRLs).

The funding sources CDB draws upon to provide various types of funding include Ordinary Capital Resources (OCR), Special Development Fund (SDF), including Caribbean Technological Consultancy Services (CTCS) and the Basic Needs Trust Fund (BNTF), as well as Other Special Funds which cover partner programmes (see Appendix 8) and for some of which systematic and comprehensive information on approvals and disbursements has not been available.¹⁴

2.2 CDB Support by Country

Historically, CDB has been a key provider of development financing to OECS countries. From 1970 to 2008, the Bank allocated 60 per cent (%) of all its loans and grants to the OECS.¹⁵ While CDB has made efforts to diversify its portfolio, BMCs in the OECS continue to represent an important group in CDB's lending portfolio. In 2017, the OECS countries accounted for 42% of total approved CDB projects and 44% (USD479 million [mn]) of the total value of approved projects.¹⁶ Based on the information in CDB's project databases, the evaluation team put together an indicative portfolio of CDB interventions by country (see Appendix 9), which informs the discussion below. Data on approvals and disbursements are specific to the evaluation review period of each OECS country (see Section 1.2.2).

As shown in Figure 2.1 below, total approvals varied across OECS countries. Looking at the average yearly approvals for each country within their respective review periods, Antigua and Barbuda had the largest portfolio (yearly average of USD22.5 mn between 2010-18), followed by St. Vincent and the Grenadines (yearly average of USD19 mn between 2008-2018). The smallest average total approvals were recorded for Montserrat and Turks and Caicos Islands¹⁷. The largest portion of funding approvals to the OECS countries

¹⁴ Approvals for the period 2010-2018 were available for CTCS, BNTF, CSME, UKCIF, ACP-EU, SEEC, EPA, CDRRF, yet no disbursement information was available. Information on approvals and disbursements for other partner programmes are largely missing.

¹⁵ CDB 2010-2014 Strategic Plan, p.8.

¹⁶ 2017 CDB Annual Report on the Performance of the Portfolio, p. 4.

¹⁷ As noted above, TCI is not an OECS member, but as an ODT has been included in the scope of this review.

came in the form of loans,¹⁸ while grants constituted only a small portion of the resource envelope.¹⁹ Grants provided through special funding programmes marked in grey (partner programmes and CTCS, BNTF)²⁰ constitute a comparatively larger portfolio than regular CDB grant resources. Among the special funding programmes for which information on approvals was available, BNTF provided USD54.3 mn of total approvals during the respective review periods in Dominica, Grenada, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Montserrat.²¹ The United Kingdom Caribbean Infrastructure Partnership Fund (UKCIF) constituted another significant funding programme with a total of USD50.2 mn of approved projects in all reviewed OECS countries other than St. Kitts and Nevis, providing grant resources for infrastructure projects (roads, bridges, renewable energy, water, sea defence and ports, sanitation and wastewater management).²²

Figure 2.1 Total CDB loans and grants

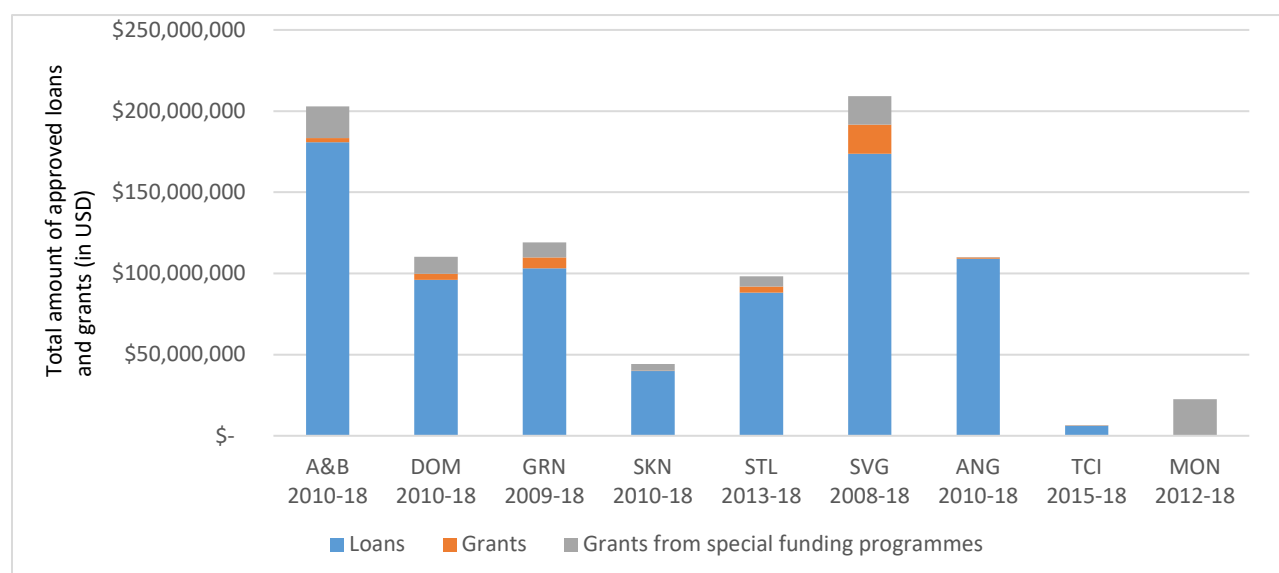


Figure 2.2 below provides an overview of the amount of funding CDB approved and disbursed to the OECS countries and TCI during their respective review periods.²³ Even though the review periods range from 3 years (TCI) to 10 years (SVG), a common trend across OECS countries is the relatively low levels of actual disbursements for projects approved during review periods. On average, the percentage of actual disbursements among OECS countries, excluding Montserrat,²⁴ is 56%.²⁵ A closer look at the project

¹⁸ Including capital loans, TA loans, Lines of Credit, PBLs, IRLs and RRLs.

¹⁹ Including ERGs, TA grants, and cap grants.

²⁰ Includes approved grants funded through CTCS, BNTF, ACP-EU, UKCIF, SEEC, EPA, CSME.

²¹ Antigua and Barbuda, Anguilla and Turks and Caicos Islands were not eligible for BNTF support during their respective review periods.

²² In Montserrat, the UKCIF provided the largest grant funding during the review period 2012-2018 (USD19.3 mn), as well as largest funding approvals overall.

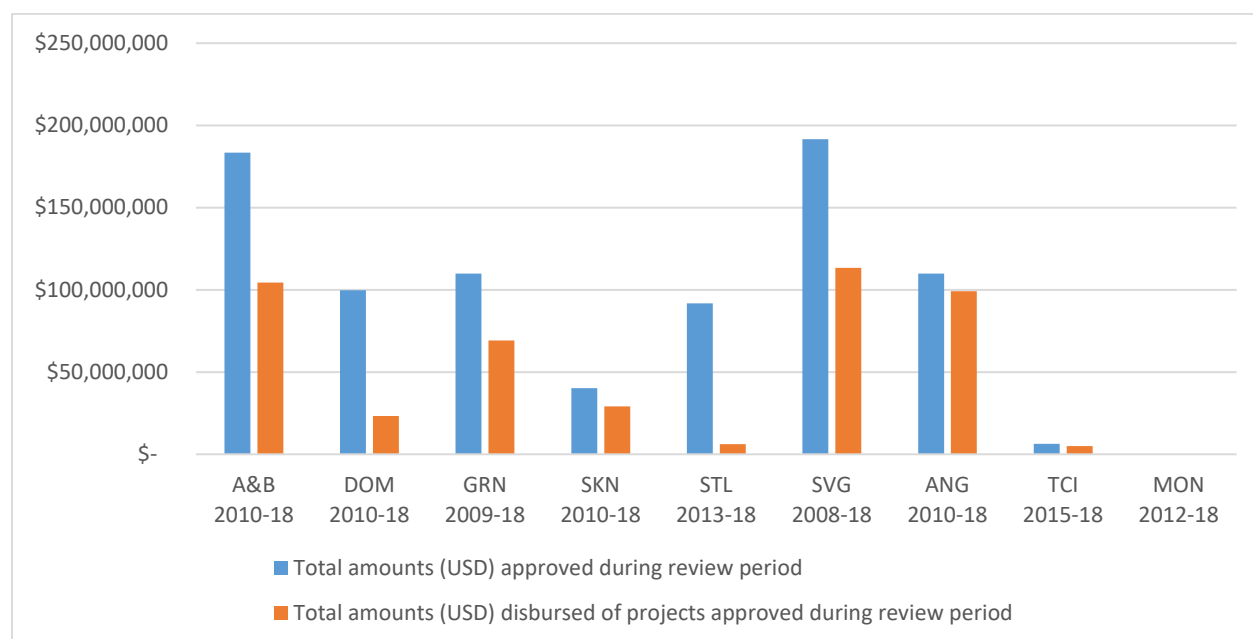
²³ This data excludes resources approved under CTCS, BNTF, ACP-EU, CSME, UKCIF, EPA, and SEEC as no information on disbursements is available.

²⁴ Montserrat did not have any approvals between 2012 and 2018.

²⁵ Total disbursements to date divided by total approvals. This percentage includes recently approved projects whose end-dates go well beyond the review periods. Hence, it does not reflect disbursement performance with the same accuracy as the ARPP's metric used to measure portfolio performance (i.e. the actual implementation period in relation to the usual *ex ante* period of six years).

portfolio of countries such as St. Lucia and Dominica with lower levels of disbursement provides a mixed story as to why. On the one hand, a number of projects with larger sums have been approved fairly recently and are currently being rolled out. However, a number of projects, for instance in DRM in Dominica were approved in 2011/12 and have recorded very low levels of disbursement to date, due to implementation delays, a topic further discussed in Finding 18. BMCs with high disbursement ratios (e.g. TCI with 79% and Anguilla with 90% of total approved amounts disbursed) have portfolios in which the majority of approvals and disbursements stem from PBLs.

Figure 2.2 *Total CDB funding approved and disbursed by country²⁶*



2.3 CDB Support by Sector

CDB databases of capital loans and grants²⁷ approved in the OECS contain 13 sector/thematic categories.²⁸ As shown in Figure 2.3 below:

- The majority of OECS borrowers (five or more) received CDB support for the following areas: environment and disaster risk reduction (DRR), energy, transportation, education, public sector management, financial, business and other services as well as multi-sectoral interventions. These represent key strategic objectives defined in CDB's Strategic Plans (see Section 5.2, Relevance).
- Fewer countries (four or less) received support for the water and sanitation, agriculture, tourism and social infrastructure, reflecting greater variations in BMC priorities in these sectors/thematic areas.

²⁶ This data excludes resources approved under CTCS, BNTF, ACP-EU, CSME, UKCIF, EPA, CDRRF and SEEC as no information on disbursements is available.

²⁷ Grants provided through BNTF, CTCS and partner programmes were excluded as these were not classified along CDB internal sector/thematic categories.

²⁸ These are: agriculture and rural development; education; energy; environment and disaster risk reduction (DRR); financial, business and other services; health; multi-sector; public sector management; social infrastructure and services; tourism; transport and communication; urban development and shelter; water and sanitation.

- CDB interventions over the review period were recorded in all but urban development and shelter.

A review of CDB support by sector/thematic area in the OECS indicates that:

- **Most sectors/thematic areas received loan and grant support:** In the majority of sectors/thematic areas CDB has provided both loans and grants. However, interventions categorised as multi-sectoral, social infrastructure and services and tourism that were approved during the review periods, received CDB support exclusively in the form of grants.
- **Interventions classified as public sector management ranked first in CDB approvals and disbursements:** A comparison of the total value of approvals for individual BMCs by sector/thematic area (see Figure 2.3 below) reveals that across all nine OECS countries, the largest overall amount of CDB funding went to public sector management with five BMCs receiving a total of over USD200 mn.²⁹ Most interventions in this sector/thematic area were PBLs.³⁰ As discussed in Section 5.3, PBLs have become one of CDB's most financially significant funding mechanisms to address the fiscal challenges of small island states and to support policy reforms and institutional changes aimed at improving the effectiveness of public policy. Over their respective review periods, five BMCs were each approved a PBL portfolio totalling USD25 mn or higher.³¹ A closer look by sector reveals that disbursement has been highest (at almost 100% disbursements of approvals) in BMCs for interventions in the area of public sector management³² and financial support provided to banking sector stabilisation.^{33 34}
- **Environment and DRR ranked second in CDB support:** The second most significant financial commitments by CDB in terms of size and number of BMCs supported were in the area of environment and DRR, reflecting the continuous high demand by the OECS countries in this area. In 2016, Dominica, Grenada, St. Lucia and St. Vincent and the Grenadines accounted for the largest share in CDB's environment and DRR portfolio due to damage caused by Tropical Storm Erika.³⁵

²⁹ These are ANG, A&B, GRN, SVG and TCI, within their respective review periods.

³⁰ All interventions approved during the respective review periods in Anguilla, Grenada, and Turks and Caicos Islands are PBLs. In Antigua and Barbuda, apart from a PBL (USD50 mn), two smaller TA grants were approved. In St. Vincent and the Grenadines, CDB approved a financial stabilization loan for the banking sector (USD37 mn) and a PBL (USD25 mn).

³¹ Except for Turks and Caicos Islands, which received a PBL of USD5 mn in 2015.

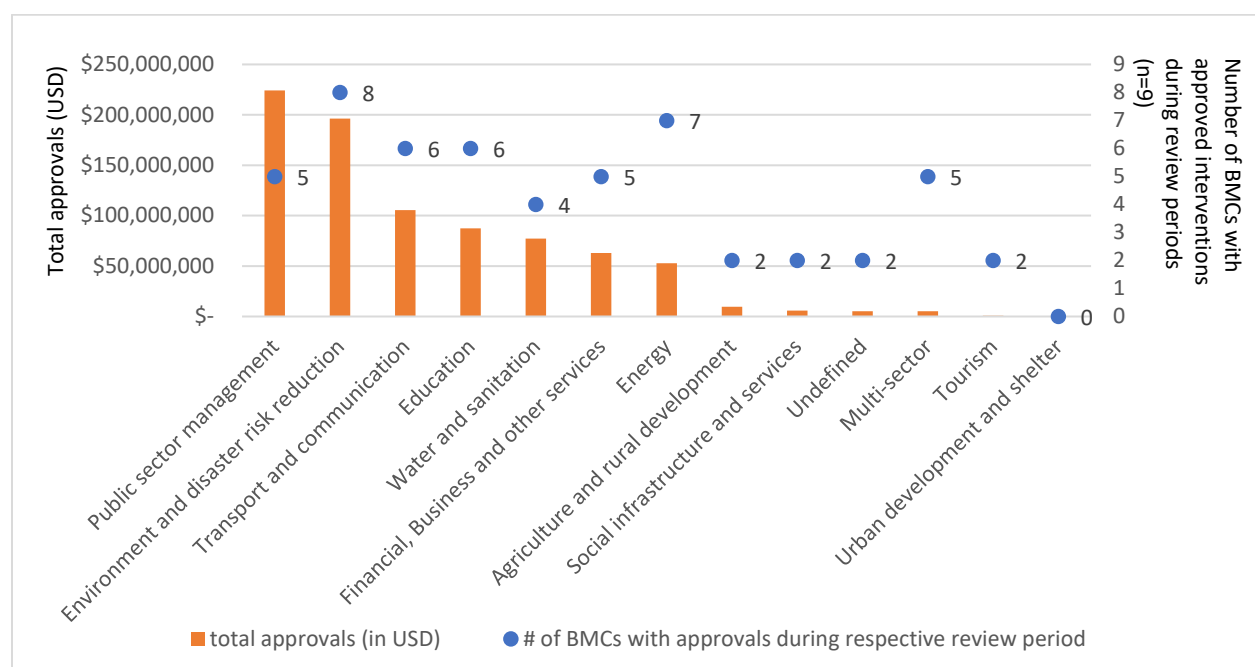
³² Largely due to the nature of PBL design where loans can be disbursed relatively quickly (in one or two tranches) once policy conditions are met.

³³ See for instance, the bank resolution in Anguilla and consolidated lines of credit to local banks funding student loan schemes in Grenada.

³⁴ There is no clear pattern of disbursement for interventions in other sectors, given that the total numbers comprise projects of different maturity and the types of support (loans vs. grants) are mixed in each sector.

³⁵ CDB's support to these countries was valued at USD115.8 mn or 68% of the total approved value in this sector. Source: 2016 CDB Annual Review of the Performance of the Portfolio, p.5f.

Figure 2.3 Total approvals across OECS countries by sector/thematic area ³⁶



2.4 CDB Support by Cross-cutting Area

REGIONAL COOPERATION AND INTEGRATION

RCI is treated as a cross-cutting theme under the current CDB Strategic Plan. In addition, SDF has defined RCI as a central funding priority and has established specific funding set-asides since SDF cycle 7 (see Section 4.3). While CDB databases track interventions categorised as “regional”, it is not clear whether all of those activities actively support regional integration and cooperation as defined by CDB. The RMF in CDB’s 2015-19 Strategic Plan includes several indicators measuring the RCI portfolio: a) the percentage of TA projects in support of RCI (as percentage of all TA financing)³⁷ and b) percentage of disbursements supporting RCI, which was subsequently changed to percentage of approvals supporting RCI (as a percentage of total financing).³⁸ These indicators measure CDB interventions across all BMCs and do not provide analysis at the sub-regional level. Comprehensive financial information on regional projects targeting OECS countries in particular is not available.³⁹ As such, the evaluation team could not draw upon existing CDB databases to put together a comprehensive financial analysis of the OECS sub-regional portfolio. Financial support coded as “regional”, including support directly provided to regional bodies (e.g. OECS Secretariat, ECCB), is exclusively in the form of grants. However, it is important to note that CDB

³⁶ There were no health or urban development and shelter projects during the review periods. The category “undefined” groups interventions listed in CDB databases without assignment to a specific category. The data presented in Figure 2.3 includes portfolios of Montserrat and TCI during their respective review periods.

³⁷ RMF level 3, indicator 16. According to annual DERs 2015-2017, indicator remains around the target value of 40% (2015: 42%; 2016: 38%; 2017: 46.5%).

³⁸ RMF level 3, indicator 15c. Annual DER reporting 2015-2017 on this indicator shows high fluctuations (2015: 1.2%; 2016: 7.2%, 2017: 1.3%).

³⁹ This is because CDB does not track OECS-specific projects, and its project databases do not track which BMCs benefit from initiatives coded as regional.

has provided support for Regional Public Goods and other priority areas for RCI (see section 4.4) in the form of both direct loans and/or grant support to BMCs, such as support for the LIAT airline,⁴⁰ OECS E-Government for Regional Integration (EGRIP), and the OECS regional procurement reform initiative.⁴¹

In addition to the set-asides described above, a number of partner programmes and initiatives have been established to advance specific sub-regional development objectives in the OECS member countries, especially in the area of renewable energy and energy efficiency. These include: the GeoSmart initiative, Geothermal Risk Mitigation Programme for the Eastern Caribbean, Sustainable Energy Facility for the Eastern Caribbean (SEF), and the Sustainable Energy for the Eastern Caribbean Programme (SEEC). These are fairly recent funding initiatives launched in 2015/16, most of which are currently in the process of implementing first projects in the sub-region.

Table 2.1 *Energy Efficiency/Renewable Energy (EE/RE) programmes focussing on OECS countries*

PARTNER PROGRAMME	ELIGIBLE BMCS	TOTAL FUNDING ENVELOPE
GeoSmart initiative	Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines	Funding sources under the GeoSmart Initiative: USD85 mn (SEF) USD80 mn (GCF) USD5.6 mn (Government of Italy) (Contributions from Government of New Zealand, Japan International Cooperation Agency, IDB, DFID, EU-CIF are unknown). Loans and grants
Geothermal Risk Mitigation Programme for the Eastern Caribbean	Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.	USD14 mn (EU-CIF) Grants
Sustainable Energy Facility for the Eastern Caribbean (SEF)	Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines	USD20 mn (IDB) USD19 mn (Clean Technology Fund) USD3.01 mn (Global Environment Facility) USD29 mn (CDB) Loans and grants USD85 mn of additional funds allocated in Dec 2018
Sustainable Energy for the Eastern Caribbean Programme (SEEC)	Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis,	USD12 mn (CDB) USD8.5 mn (other donors) Loans and grants

⁴⁰ See for instance two loans to Antigua and Barbuda and two loans to St. Vincent and the Grenadines since 2010.

⁴¹ OECS Public Procurement Reform: CDB is providing technical assistance to support procurement reform in Anguilla, Antigua and Barbuda, British Virgin Islands, St. Kitts and Nevis and Montserrat. This complements a DFID funded, World Bank executed intervention to support procurement reform in Dominica, Grenada, St. Lucia and St. Vincent and the Grenadines. The CDB project includes a public procurement assessment of the five countries using the Methodology for Assessment of Procurement Systems (MAPS), to inform downstream reform, as well as a professionalisation component for senior public procurement staff across all OECS BMCs

PARTNER PROGRAMME	ELIGIBLE BMCS	TOTAL FUNDING ENVELOPE
	St. Lucia, and St. Vincent and the Grenadines	

GENDER EQUALITY

Gender equality is defined as a cross-cutting theme in CDB's current Strategic Plan. In 2013/14, CDB developed the Gender Marker for Projects, an internal tool to assess the extent to which its projects are gender mainstreamed. As discussed in the 2018 Gender Equality Policy and Operational Strategy (GEPOS) evaluation, this tool has been widely used to rate projects at the appraisal stage.⁴² The RMF of the Strategic Plan includes an indicator that measures the percentage of approved loans or projects with a gender-specific or gender mainstreamed rating across all BMCs,⁴³ without aggregation by country or by sub-region. A comprehensive database on gender-specific and/or gender mainstreamed projects is currently not available within CDB. As such, the evaluation team could not determine the approval and disbursement of funds focussing on gender equality in the OECS.

Given these limitations, the evaluation team identified and reviewed CDB's programming related to gender equality where information was available through project-specific documentation and/or stakeholder interviews. The evaluation team also reflected gender-disaggregated data in analysis when available.

2.5 CDB PBL Support

2.5.1 Overview

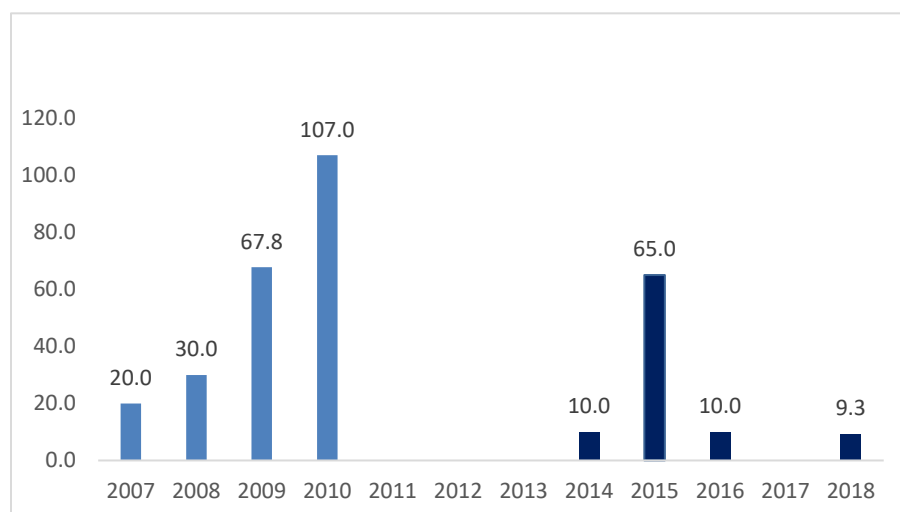
Since the introduction of PBLs in December 2006, the CDB has extended ten PBLs to five BMCs of the OECS and three PBLs to two overseas territories for a total value of USD319.1 mn.⁴⁴ The total amount of PBLs contracted per year is depicted in Figure 2.4 below.

⁴² The scoring code is: Gender specific (GS): 3.75-4 points; Gender mainstreamed (GM): 3-3.5 points; Marginally mainstreamed (MM): 1.5-2.75 points; NO: if projects score zero or 1.

⁴³ RMF level 3, indicator 14. Annual DER reporting 2014-2017 shows that CDB remained above its target of 55% of approved projects with a gender specific or gender mainstreamed rating (Baseline 2014: 37 %; 2015: 56%; 2016: 55%; 2017: 76%)

⁴⁴ In addition, a PBL guarantee was issued to St Kitts and Nevis in 2007.

Figure 2.4 Total amount of new PBLs contracted by OECS countries (USD mn)



Source: CDB's OIE

In the OECS, the top three PBL borrowers are: Antigua and Barbuda (USD80 mn), Anguilla (USD64.3 mn), and St. Vincent and the Grenadines (USD62 mn). All three countries have accessed the facility twice. As at end of 2018, the total amount outstanding (i.e. disbursed but not yet repaid) for PBLs to the OECS amounted to 14.2% of the total amount of all CDB loans outstanding.

Two “generations” of PBLs can be discerned from Figure 2.4: those contracted between 2007 and 2010 and which were based on the original policy framework of 2006, and those from 2014 to date which are based on the revised policy framework introduced in 2013.⁴⁵ No PBLs were contracted between 2011 and 2013, or in 2017. Appendix 6 (in Volume III) summarises the key features of each PBL extended from 2006 to date.

2.5.2 PBL Focus Areas

CDB has used PBLs to support reforms in a number of sectors in the OECS countries over the period 2006-18. This Review identified nine main focus areas: (1) Public Financial Management (PFM); (2) Public Debt Management (PDM); (3) Sectoral interventions (including the banking and finance); (4) Trade and Trade Facilitation; (5) Disaster Risk Management (DRM); (6) Macroeconomic Planning; (7) Project Management; (8) Public Sector Reform; and (9) Social Sector reform. These are described below.

Public Financial Management is by far the most common area of intervention. This focus area is quite wide and typically covers revenue policy and administration, and expenditure control as illustrated below.

- To enhance government revenue, the St. Lucia 2008, Grenada 2009 and Antigua and Barbuda 2010 PBLs included Prior Actions (PAs) dealing with the introduction of Value Added Tax. The Anguilla 2010 PBL reforms included the introduction of legislative amendments to strengthen revenue collection administration and collection, while the Antigua and Barbuda PBL of 2010 strengthened procurement legislation and compliance with international standards through the conduct of a Public Expenditure and Financial Accountability (PEFA) assessment. More recent

⁴⁵ The rest of this Report makes frequent reference to the two generations of PBLs.

PBL-supported reforms have been concerned with audit and tax agreements (Anguilla 2018 PBL) and the institution of a Sovereign Wealth Fund (TCI 2015 PBL).

- On the expenditure side, reforms have ranged from improving procurement (St. Lucia 2008 PBL; Grenada 2014-16 PBL); controlling the wage bill (Antigua and Barbuda 2010 PBL) or assisting countries divest in public enterprises (i.e. the commercialisation of government owned farms (Grenada 2014-16 PBL) or the selling of government owned shares in the electricity company (Anguilla 2018).

Public debt restructuring and management: PBL support in this area has been very important to help OECS countries deal with debt accumulation. SKN, Antigua and Anguilla undertook PBL-supported reforms to develop strategies to restructure their debt portfolio. Other areas of reforms are aimed at strengthening debt management systems and processes (e.g. Antigua 2010 PBL) or undertaking debt management assessment and strengthening institutional arrangements.

Sectoral reform programmes have included:

- Tourism (introduction of legislation to set up Tourism Authorities or developing strategic plan (St. Lucia 2008 PBL and SVG 2009 PBL) or strengthening the linkages between the tourism and agribusiness sector (Grenada 2014-16 PBL)
- Financial sector (introduction of Banking Act; resolving banking crises; or introducing legislative and institutional reform)
- Food safety (enactment of food safety legislation (Grenada 2014-2016 PBL)
- Energy (energy-related legislation and regulatory framework (Grenada 2014-2016 and Anguilla 2018 PBLs).

Trade and trade facilitation: Several countries have undertaken reforms in this area. This has included the introduction of the Automated System for Customs Data (ASYCUDA) World (St. Lucia 2008 PBL; Anguilla 2010 PBL; Grenada 2014-16 PBL; Antigua and Barbuda 2015 PBL); Public Private Partnerships (Grenada 2014-16 PBL; TCI 2015 PBL); the development of national export strategies (St. Lucia 2008 PBL); and enhancing the investment climate (TCI 2015 PBL).

Disaster Risk Management, Macroeconomic Planning Public Sector Reform and Social Sector Reform: A slight change of focus can be perceived in reform programmes implemented through 2nd generation PBLs. Prior to 2013, PFM and PDM were the two most frequent areas of reforms that benefitted from PBL support. Some countries also undertook reforms in the social sector such as the setting up of social safety nets. Post 2013, PBLs were developed in new areas such as disaster risk management. Assistance with Public Private Partnerships is also a new area of reform (Grenada 2014-16 PBL; TCI 2015 PBL).

3 Evaluation Context

3.1 Overview

This section provides an overview of the context in which CDB has provided assistance to the OECS. It looks at three dimensions:

- The OECS sub-regional context, exploring cross-cutting features and challenges among OECS countries
- The CDB internal context, looking at the evolution of its strategic priorities, programmes and operations
- The donor context in the sub-region.

3.2 OECS Regional Context

The OECS was founded in 1981 and has since expanded to a total membership of seven Protocol Members (Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and The Grenadines) and four Associate Members (Anguilla, The British Virgin Islands, Martinique and Guadeloupe). Since 2001, OECS countries have deepened economic integration by forming the OECS Economic Union in 2010 with the revised Treaty of Basseterre, and the Eastern Caribbean Central Bank (ECCB) assuming an active supervisory role of the currency since 1983.⁴⁶

OECS members share key economic, environmental and social characteristics and face similar development challenges and vulnerabilities. As noted in Volume III, PBL Review:

- They are among the smallest countries in the world, whether measured in terms of the size of their economy (as measured by GDP⁴⁷), land mass⁴⁸ or population
- They have open economies, a narrow resource base, small domestic markets and a high degree of economic specialisation which makes them particularly vulnerable to external shocks and prone to high volatility
- Although debt levels have been declining, most OECS countries have large debt burdens and achieving fiscal balance has been difficult for many
- Their location makes them particularly vulnerable to various types of natural disasters and the negative effects of climate change.

⁴⁶ All OECS Protocol members and Anguilla used the Eastern Caribbean Dollar. British Virgin Islands, Martinique, and Guadeloupe do not.

⁴⁷ In 2015, the combined GDP of independent OECS members was around USD 5.8 billion. Source: C. Gomez Osorio, K. Waithe, and S. Blenman, *Together for Prosperity in the OECS: Growth, Development, and Adversity in Small Island Developing States*, IDB, 2017.

⁴⁸ Population sizes range from 5,000 in Montserrat to 178,000 in St. Lucia (2011 estimates). Source: <https://www.oecs.org/edu-about>

ECONOMIC AND FINANCIAL CONTEXT

In the past decade, average per capita income growth has been stronger in the OECS than in other small economies and the wider Caribbean region.⁴⁹ Four OECS countries have the status of upper middle-income economies⁵⁰ and Antigua and Barbuda, Turks and Caicos Islands and St. Kitts and Nevis are currently classified as high-income economies. The early 2000s were marked by transition from agriculture and manufacturing to more diversified service-based economies. In particular, tourism replaced agriculture as the key revenue source, currently accounting for more than 50% of export earnings, at least 30% of GDP, and 30% of total employment among the independent OECS countries.⁵¹ The Overseas Territories are similarly dependent on tourism revenue. Anguilla for example experienced an almost 40% drop in visitors post-Hurricane Irma in 2017, leading to a contraction of its economy.⁵²

Given their small size and lack of economic diversification, OECS countries are highly vulnerable to external shocks. In addition to economic setbacks experienced through repeated natural disasters and periodic oil price surges, the 2008 global economic and financial crisis resulted in a significant decrease in revenues from tourism, remittances, Foreign Direct Investment and official development assistance. Many were left in critical economic and fiscal condition, facing high debt levels, fiscal imbalances and high unemployment. Limited institutional capacities and weak public financial management constituted additional challenges. CDB became actively involved in helping OECS members address these challenges, providing PBLs to all BMCs except Dominica (see Section 2.3).

The financial system in the ECCU is comprised of five foreign and 12 locally incorporated financial institutions (including commercial banks and non-bank financial institutions such as credit unions and insurance companies)⁵⁷. Prior to 2007, the ECCU region had experienced a period of rapid economic growth boosted by bank lending. The 2008 crisis had a severe negative impact on the financial sector in the ECCU. This situation was aggravated by the 2009 collapse of CL Financial Group and Stanford Group (see sidebar). Shortcomings in supervisory practices and gaps in the legal and regulatory frameworks in the ECCU left supervisors with little authority to address

The January 2009 **collapse of the CL Financial Group** based in Trinidad and Tobago, and of its two insurance subsidiaries (Colonial Life Insurance Company, British American Insurance Company) that oversee the operations within the Eastern Caribbean, left the ECCU with the highest financial risk exposure in the Caribbean (USD 2.1 billion)⁵³ estimated at the time to cost as much as 17% of total ECCU GDP.⁵⁴ According to the IMF, the causes of the crisis were the rapid growth in illiquid assets through connected exposures financed by comparatively liquid liabilities.⁵⁵

The bankruptcy of the Stanford Group cost the economy of Antigua and Barbuda around 20% of its GDP and led to a bank run with large withdrawals of deposits from the Bank of Antigua, its locally incorporated subsidiary.⁵⁶

⁴⁹ C. Gomez Osorio, K. Waithe, and S. Blenman, *Together for Prosperity in the OECS: Growth, Development, and Adversity in Small Island Developing States*, IDB, 2017, p.3f.

⁵⁰ Namely Dominica, Grenada, St. Lucia, St. Vincent and the Grenadines. OECS dependent territories are not included in the World Bank's Country Classification.

⁵¹ IEG, *Cluster Country Program Evaluation on Small States*, OECS Volume 1, 2016, p. 3.

⁵² CDB, *Regional Economic Summary 2018*, 2019, p.4.

⁵³ IMF (March 2011). IMF Country Report No 11/74 Trinidad and Tobago Country Report p.10

⁵⁴ Ibid. p.14

⁵⁵ Ibid

⁵⁶ C. Gomez Osorio, K. Waithe, and S. Blenman, *Together for Prosperity in the OECS: Growth, Development, and Adversity in Small Island Developing States*, IDB, 2017, p.30.

⁵⁷ Source: <https://www.eccb-centralbank.org/p/structure-of-financial-system>

these issues. Since 2011, the sub-region has continued to face challenges, including: high competition between the indigenous and international banks, dependence on few economic sectors in most countries, prolonged levels of low economic growth, and modestly diversified bank portfolios. These contributed to a deterioration in the quality of bank assets (reflected in a sharp rise in non-performing loans (NPLs)⁵⁸ in several countries), insufficient loan provisioning levels and declining bank profitability. This situation threatened the viability of several banks and insurance companies in the region, including banks in Antigua and Barbuda, SVG, and Anguilla. CDB and a number of regional and international actors (IMF, WB, ECCB, and the UK government for its dependent territories) joined forces to stabilise the banking sector, providing financial and technical assistance to the ECCB and individual BMCs, as discussed in Section 5.3. In addition, measures were put in place to further strengthen the regulatory system. The ECCB underwent institutional changes to strengthen its regulatory, supervisory and oversight authority. In 2015, harmonised Banking Acts were approved by ECCU national parliaments which broadened ECCB capacities and harmonised legislation across member countries. In 2017, the Eastern Caribbean Asset Management Company (ECAMC) was created.

OECS economic and financial recovery from the effects of external shocks have been slow. CDB's 2018 country economic briefs identify Grenada and Antigua and Barbuda among the fastest growing economies in the region (with 5.2% and 3.5% growth rates respectively) as a result of improved tourism and construction activities. Revenues obtained through Citizenship by Investment programmes have supported economic growth in St. Kitts and Nevis.⁵⁹ Despite these positive trends, many OECS countries are still recovering and have not yet reached their pre-2008 economic growth rates and fiscal conditions, especially those affected by additional strains caused by natural disasters.⁶⁰ For instance, Anguilla (-2.4%), Dominica (0.5%) and St. Lucia (0.6%) were among the lowest performing BMCs in terms of GDP growth in 2018.⁶¹ In spite of progress achieved by some OECS countries in reducing their debt burdens (e.g. Grenada, St. Kitts and Nevis), the region still exhibits high debt levels that are above the average of other small states and above the 60% target of the ECCU.

SOCIAL CONTEXT

According to the United Nations Development Programme's Human Development Index,⁶² the independent OECS countries rank between 70 and 103 among 187 states worldwide. However, despite OECS members' status as middle and high-income countries and progress achieved on a number of social indicators in the past decade, poverty and high unemployment levels remain key challenges. Poverty rates in the OECS range from 18 to 38% (using each country's national poverty line, although in many cases the data is at least a decade old).⁶³ Youth unemployment rates are among the highest in the world. For instance, in Antigua and Barbuda, youth unemployment was three times higher than adult unemployment in 2011,

⁵⁸ NPLs as a percentage of total loans increased from 15.2% in 2012 to 17% in 2015. Source: C. Gomez Osorio, K. Waithe, and S. Blenman, *Together for Prosperity in the OECS: Growth, Development, and Adversity in Small Island Developing States*, IDB, 2017, p.28.

⁵⁹ CDB, *Regional Economic Summary 2018*, 2019, p.4.

⁶⁰ During 2010-14, overall growth in among independent OECS countries averaged 0.4% per year, while debt averaged almost 90% of gross domestic product. Source: IEG, *Cluster Country Program Evaluation on Small States*, OECS Volume 1, 2016, p. viii.

⁶¹ CDB, *Regional Economic Summary 2018*, 2019, p.3.

⁶² See <http://hdr.undp.org/en/countries>, last accessed on May 9, 2019.

⁶³ IEG, *Cluster Country Program Evaluation on Small States*, OECS Volume 1, 2016, p. 4.

compared to a world average of 2.2.⁶⁴ Women generally face higher levels of unemployment than their male counterparts in OECS countries.⁶⁵

Education

There have been many positive changes in the OECS regional context for education and training over the last two decades. Key achievements include: significant progress in some countries in implementing universal early childhood education; primary and secondary education that are almost universal with enrolment rates approaching 100% in some member states for students of compulsory school age; improved social support services available for vulnerable and at-risk students; good progress in harmonisation of the education system across the OECS; and common curricula have been developed in four core subjects at the primary level and two subjects at the lower secondary level.

Despite these successes, areas of concern remain: inadequate access at the pre-primary and tertiary levels; net enrolment at the pre-primary level for the region averages just over 66%; less than 15% of secondary school graduates go on to pursue post-secondary education and fewer than 10% of adults in the OECS have completed tertiary level education. Many do not possess the critical thinking skills required for today's labour market or for the projected higher levels of knowledge and skills for future economies; inequality has become more obvious and in some areas the most disadvantaged economically and socially may not be enjoying the benefits of the education system; gender disparities in performance are evident at all levels of the school system and there is declining participation of males at the upper secondary and tertiary levels; learners complete secondary schooling with insufficient formal qualifications to proceed to the next level of education; attracting and retaining qualified teachers has been difficult, particularly in some critical subjects like Mathematics, Science, English and ICT; and there is a high level of unemployment among graduates.⁶⁶ Youth unemployment rates and trends varied across OECS members, with the most rapid increases registered in St. Lucia (20.6%) and the lowest in Antigua and Barbuda (10%) over the period 2000-2012.⁶⁷

Gender equality

Gender inequality remains a consistent challenge across the Caribbean. As noted in the 2018 GEPOS evaluation, gender inequality manifests itself in a variety of gender-based discrepancies ranging from female access to the job market and wage inequality, gender-based violence and domestic violence, and lower school completion rates and higher exposure to gang violence and criminal activities among boys and young men. National gender machineries face capacity constraints given the limitations in human and financial resources and societal attitudes that often consider gender inequality a non-issue. Among the OECS countries, only Dominica and Grenada have National Gender Policies and Action Plans and Antigua and Barbuda is the only one with a National Strategic Action Plan on Gender-Based Violence (2013-2018).⁶⁸ In addition, apart from CDB-funded Country Gender Assessments conducted in 2014-2015,

⁶⁴ CDB, *Youth are our Future: The imperative of Youth Employment for Sustainable Development*, 2015. Accessed on May 13, 2019 via <https://www.caribank.org/publications-and-resources/resource-library/thematic-papers/study-youth-are-future-imperative-youth-employment-sustainable-development-caribbean>

⁶⁵ CDB, *Country Gender Assessments (CGAs) Synthesis Report*, January 2016, T1: Comparative summary of key gender equality indicators, p.19ff.

⁶⁶ OECS Education Sector Strategy (2017)

⁶⁷ Youth Employment in the Caribbean – April 2014: World Bank

⁶⁸ <http://caribbean.unwomen.org/en/caribbean-gender-portal>

countries overall have limited information on gender-related challenges due to the absence of systematic data collection practices.⁶⁹

Violence and gang culture

Citizen security is becoming a growing concern in the OECS.⁷⁰ The 2012 UNDP report on the Caribbean region shows increasing levels of violent crime.⁷¹ Social safety programmes and services are frequently underdeveloped and underfunded to address these challenges. Availability of firearms and drug trafficking further exacerbate the situation. The OECS has launched a range of initiatives to support member states, ranging from community-based crime and violence prevention programmes to the reform of juvenile justice systems in partnership with CDB and other donors (e.g. USAID).⁷²

ENVIRONMENTAL CONTEXT

The small islands in the OECS are highly vulnerable to natural disasters and the effects of climate change. Given their geographic location and topography, common natural events include hurricanes, torrential rainfalls and floods, volcanic eruptions,⁷³ earthquakes⁷⁴ and droughts. The effects of climate change have also increased the frequency and intensity of natural disasters in the sub-region, putting additional strains on countries' recovery efforts.⁷⁵ The year 2017 was unprecedented with multiple category 5 hurricanes impacting the islands of Anguilla, Barbuda, St. Kitts and Nevis, Turks and Caicos and Dominica. The damage caused by natural disasters⁷⁶ put significant strain on countries' limited fiscal space, resulting in large deficits, high public debt and negative impacts on economic growth. Figure 3.1 provides an indication of the level of damage caused by natural disasters in the OECS.⁷⁷ Hurricanes Irma and Maria in 2017, both Category 5, were particularly devastating to Anguilla, Dominica, BVI, and Antigua and Barbuda. In Anguilla, for instance, Hurricane Irma resulted in a decrease in tax revenues and an increase in post-disaster recovery expenses in 2018.⁷⁸ In Dominica, Tropical Storm Erika in 2015 is estimated to have caused damage of about USD483 mn (over 96% of GDP), including significant destruction to its agriculture

⁶⁹ Country Gender Assessments are available for Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, Anguilla, Montserrat, St. Lucia and St. Vincent and the Grenadines.

⁷⁰ https://www.vanderbilt.edu/lapop/antigua-and-barbuda/2016_OECS_Survey_Report_W_111716.pdf

⁷¹ UNDP, *Caribbean Human Development Report: Human Development and the Shift to Better Citizen Security*, 2012.

⁷² <https://www.oecs.org/jjrp2>

⁷³ According to the University of the West Indies Seismic Research Centre, "There are 19 'live' (likely to erupt again) volcanoes in the Eastern Caribbean. Of the countries covered in this review, Grenada, St. Vincent, St. Lucia, Dominica, St. Kitts & Nevis have 'live' volcanic centres, while other islands such as Anguilla, Antigua and most of the Grenadines (which are not volcanic) are close to volcanic islands and are, therefore, subject to volcanic hazards such as severe ash fall and volcanically-generated tsunamis."

⁷⁴ See <http://uwiseismic.com/General.aspx?id=16>

⁷⁵ Organisation of Eastern Caribbean States Systematic Regional Diagnostic (World Bank 2018). Caribbean resilience and recovery: Minimising the impact of the 2017 hurricane season on the Caribbean's tourism sector, World Travel and Tourism Council (United Kingdom, 2018).

⁷⁶ According to the International Database on Disasters of the Centre for Research on the Epidemiology of Disasters (CRED) the OECS independent countries accrued an estimated US\$1.58 billion in total damages between 2004 and 2016. Source: Centre for Research on Epidemiology on Disasters (CRED), International Database on Disasters EM-DAT database (<http://www.emdat.be/>).

⁷⁷ Source: IMF Executive Board Concludes 2018 Discussion on Common Policies of Member Countries of the Eastern Caribbean Currency Union (IMF, 2019).

⁷⁸ CDB, *Regional Economic Summary 2018, 2019*, p.4.

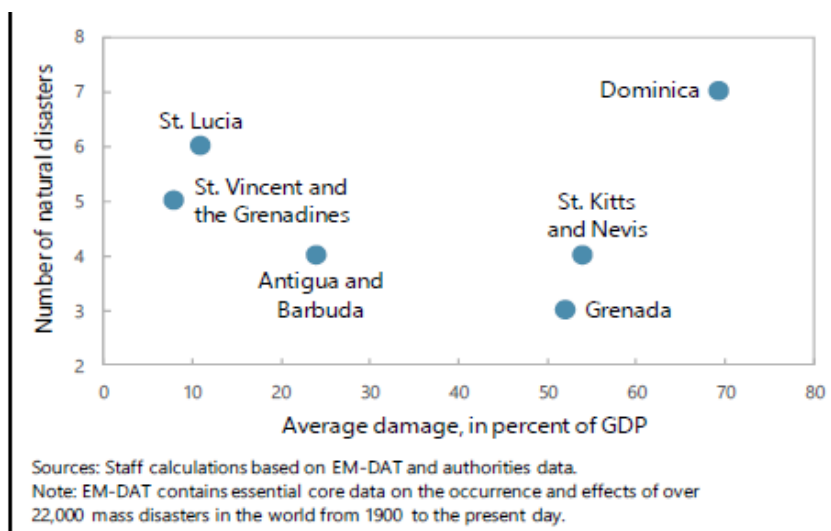
sector.⁷⁹ Data on the social impact of natural disasters is limited, yet studies highlight that women and men experience the results of disasters in different ways.⁸⁰ Displacement, access to post-disaster income opportunities and health risks pose differential challenges to communities depending on their age, gender, socio-economic background, race, and other social characteristics.⁸¹

Governments are increasingly anchoring climate change and disaster risk reduction in their national development plans and/or sectoral policies and strategies (as in SVG). Dominica, Grenada and St. Lucia have adopted climate change and DRR policies and strategies. Institutional coordination mechanisms for planning and response have been set up (e.g. National Climate Change Committee in St. Lucia, National Office of Disaster Services in Antigua and Barbuda). At the sub-regional level, the OECS and its Council of Ministers of Environment are playing a key role in fostering regional collaboration and exchange. Notwithstanding BMCs' awareness of the risks and challenges posed by natural disasters and climate change, measures to strengthen disaster risk mitigation are frequently less evolved (see sidebar).

OECS members are taking steps to develop National Adaptation Plans.⁸² In 2015, all six independent OECS members submitted individual National Determined Contributions to the United Nations Framework Convention on Climate Change, and ratified the Paris Agreement at Conference of Parties 21, while contributions of the British Overseas Territories Montserrat, TCI and Anguilla formed part of the UK's contribution.

The heightened prioritisation of disaster response (and increasingly disaster risk mitigation) is also reflected in borrowing from CDB, with 'environment and DRR' among the first three sectors/thematic areas with the largest CDB approvals during the review periods in Dominica, SVG, Antigua and Barbuda, Anguilla, and Turks and Caicos Islands.

Figure 3.1 Damage and Frequency of natural disasters in the ECCU



⁷⁹ C. Gomez Osorio, K. Waithe, and S. Blenman, *Together for Prosperity in the OECS: Growth, Development, and Adversity in Small Island Developing States*, IDB, 2017, p.16.

⁸⁰ ECLAC, UNIFEM, UNDP, "Grenada: A Gender Impact Assessment of Hurricane Ivan – Making the Invisible Visible", 2005.

⁸¹ Post-Disaster Needs Assessment Hurricane Maria September 18, 2017, A Report by the Government of the Commonwealth of Dominica, November 15, 2017; Leonard O'Garro, *GAP Analysis: Children and Climate Change in the Small Islands Development States (SIDS) of the Eastern Caribbean*, UNICEF Office for Barbados and Eastern Caribbean, Paper No 5, October 2009.

⁸² E.g. St. Lucia NAP 2018-2028, National climate Change Adaptation Plan for Grenada, Carriacou and Petite Martinique 2017-2021, St. Vincent and the Grenadines NAP.

POLITICAL CONTEXT

Overall all OECS countries have stable, parliamentary democracies with “well-established organisational structures, respect for the rule of law, and high degree of judicial independence.”⁸³ According to the 2018 values of the World Bank’s Governance Indicators, the OECS on average belonged to the top 20th percentile in terms of political stability and voice and accountability.⁸⁴

The governance structure differs between independent and dependent OECS member countries. In the independent states,

...the electoral system is a single member plurality system which has created a representative political order with politics in most islands being dominated by two parties. As in other countries, the dominance of two parties has led to significant political polarization, especially in the run-up to elections, and contributed to political business cycles.⁸⁵

Anguilla, the British Virgin Islands, and Montserrat remain overseas territories of the UK. They are internally self-governing, with the UK retaining responsibility for defence and foreign relations.

According to Inter-Parliamentary Union data from 2018, the female share of seats in OECS parliaments ranges from 11% in Antigua and Barbuda to 47% in Grenada⁸⁶.

3.3 CDB Context

CDB STRATEGIC PLANS

Between 2010 and 2018, CDB adopted two corporate strategic plans (2010-2014 Strategic Plan and 2015-2019 Strategic Plan) that outline the Bank’s core strategic priorities and planning for five-year periods. The plans cover a number of sectors and thematic areas that have remained consistent. The current Strategic Plan has two development objectives (supporting inclusive and sustainable growth and development, and promoting good governance) that are supported by a third strategic objective (enhancing organisational efficiency and effectiveness) and by three cross-cutting areas (RCI, GE, and energy security).

Key strategic changes between the last two Strategic Plans occurred in the following areas:

- New strategic priorities: citizen security
- Energy security became a cross-cutting theme in the current Strategic Plan. With the establishment of the Renewable energy/Energy efficiency unit under the Office of Vice President (Operations), the thematic area has gained significant momentum. The Unit’s responsibilities include project identification and resource mobilisation, including the management of key renewable energy-focused partner programmes, and coordination with the Economic Infrastructure Division, which is responsible for project implementation.
- Regional cooperation and integration (RCI) was defined as a cross-cutting theme for the first time under the current Strategic Plan.

CDB is currently preparing its next Strategic Plan (2020-2024).

⁸³ IEG, *Cluster Country Program Evaluation on Small States*, OECS Volume 1, 2016, p. 2.

⁸⁴ World Bank, Worldwide Governance Indicators, 2018 <https://info.worldbank.org/governance/wgi/#home>.

⁸⁵ IEG, *Cluster Country Program Evaluation on Small States*, OECS Volume 2, 2016, p. 8.

⁸⁶ https://data.worldbank.org/indicator/SG.GEN.PARL.ZS?most_recent_value_desc=true

CDB POLICIES AND STRATEGIES

Over the past decades, CDB has developed numerous policies and/or operational strategies to streamline its approach to priority sectors and thematic areas. Current sector/thematic policies and strategies are shown in Table 3.1.

Table 3.1 Overview of current CDB thematic/sector-specific policies and strategies⁸⁷

SECTOR/THEMATIC AREA	YEAR	TITLE
Gender Equality	2008, 2019	Gender Equality Policy and Operational Strategy
DRM	2009	Disaster Management Strategy and Operational Guidelines
Climate Resilience	2012, 2018	Climate Resilience Strategy
Energy	2015	Energy Sector Policy and Strategy
Private Sector	2016	Private Sector Development Strategy
Governance	2017	Draft Governance and Institutional Development Policy and Operational Strategy
Education	2017	Education and Training Policy and Strategy
Urban Development	2000	Urban Revitalisation Strategy and Operational Guidelines

While CDB is active in many other thematic areas/sectors (including water and sanitation, transportation and communication, agriculture, regional integration and cooperation, urban development and shelter, and citizen security), there are no corresponding current policies or strategies in place.

RESOURCES AND PROGRAMMES

As noted in Section 2.1, CDB draws upon a range of funding sources, such as Ordinary Capital Resources (OCR), Special Development Fund (SDF), including Caribbean Technological Consultancy Services (CTCS) and the Basic Needs Trust Fund (BNTF), as well as Other Special Funds which cover partner programmes.

Ordinary Capital Resources (OCR) are CDB's dominant funding source for lending operations, totalling USD827.2 mn or 71% in 2017 across its 19 BMCs; Antigua and Barbuda and St. Lucia are among the CDB's four largest borrowers.⁸⁸

The Special Development Fund (SDF)⁸⁹ was established in 1984 and constitutes CDB's concessional window. It is an important part of the Caribbean aid landscape and plays a key role in CDB operations, particularly in support of the Bank's mission in combatting poverty in the region. SDF makes up a significant portion of CDB's non-market resources, constituting 28% (USD319.3 mn) of CDB's lending operations across BMCs in 2017.⁹⁰ The 2010-18 period covers part of SDF 7 (2009-2012), SDF 8 (2013-16), and the current SDF 9 (2017-2020).

⁸⁷ CDB also has a technical assistance policy – TAPOS – which was developed in 2012.

⁸⁸ ARPP 2017, p. i.

⁸⁹ Formally referred to as the Unified Special Development Fund (USDF)

⁹⁰ ARPP 2017, p.i.

SDF 9 has specific “set-asides” in its budget outline that allocate defined amounts of funding to strategic objectives, namely agriculture and rural development, environmental sustainability (including climate change and sustainable energy), disaster response, regional cooperation, building the enabling environment for private sector development and capacity building in statistics and governance. Set-asides, defined in each SDF cycle, are grant funded (and usually implemented through TA). In addition, the Fund provides support for education, citizen security and gender equality, the last being a cross-cutting theme across projects for which there has not been a set-aside since SDF 8. The SDGs have been fully incorporated into SDF 9’s poverty reduction principles and are considered one of the core themes of the Fund, in addition to environmental sustainability and promoting regional cooperation.⁹¹

The Basic Needs Trust Fund (BNTF) is the Bank’s flagship poverty reduction programme, aiming for inclusive and sustainable economic growth. In 2015, CDB conducted a systematic examination of the BNTF governance structure and implementation modality. A new governance and operating model was proposed in 2016 that reflected changes in the project cycle, financial management and delivery mechanism. Contributors to SDF 9 supported the restructuring of BNTF and committed to increasing financial resources, in particular through increased partnership with the private sector, with a view to improving programme efficiency and development outcomes. The restructuring was approved in 2017, to be implemented under BNTF 9. The total allocation for the current programme is USD40.78 mn,⁹² which represents an increase from BNTF 8 (total allocation of USD10 mn) but a decrease from previous BNTF cycles, particularly from BNTF 7 (USD46 mn).^{93, 94}

SDF also includes specific allocations to the CTCS network, which was established in 1982 and constitutes CDB’s primary mechanism to support micro, small and medium-sized enterprises (MSME). It provides technical and financial assistance to businesses in a range of sub-sectors, including restaurants and hotels, cultural and creative industries, agriculture, fishing, construction, renewable energy and energy efficiency.

⁹¹ Universal Management Group, *Mid-Term Review of the Special Development Fund 9*, 2019.

⁹² The SDF 9 allocation is USD40 mn, the additional USD0.78 mn has been reallocated from BNTF 7 to Montserrat, which was given limited access to BNTF resources.

⁹³ Universal Management Group, *Mid-Term Review of the Special Development Fund 9*, 2019.

⁹⁴ Contributors agreed to have the seventh and eight cycles of BNTF implemented concurrently in order to align the subsequent SDF 9 and BNTF 9 cycles.

Alongside OCR and SDF, CDB provides funding through special funds and initiatives, which are established through bilateral and multilateral arrangements (see sidebar on partner programmes).

EVOLUTION OF CDB'S COUNTRY CLASSIFICATION SYSTEM

CDB's country classification system (CCS) determines BMCs' eligibility to access concessional funding through the SDF. The CCS is based on the Economic Vulnerability Index developed in 2000, which draws on traditional economic measures to determine a country's vulnerability. The CCS was last revised for the SDF 8, which classified BMCs into three country groups with varying degrees of access to CDB concessional funding as outlined in Table 3.2.

CDB partner programmes

Sustainable Energy for the Eastern Caribbean Programme (SEEC)
 UK Caribbean Infrastructure Partnership Fund (UKCIF)
 ACP-EU Natural Disaster Risk Management Programme (ACP-EU)
 CARICOM Single Market and Economy Standby Facility for Capacity Building (CSME)
 Community Disaster Risk Reduction Fund (CDRRF)
 Sustainable Energy Facility (SEF)
 GeoSmart Initiative
 CARIFORUM-European Union Economic Partnership Agreement (EPA) Standby Facility for Capacity Building
 Caribbean Aid for Trade and Regional Integration Trust Fund (CARTFund)
 Climate Action Line of Credit (CALC)
 Canadian Support to the Energy Sector in the Caribbean Fund (CSES-C)
 Geothermal Risk Mitigation Programme for the Eastern Caribbean
 Climate Action Framework Loan II

Table 3.2 *Current Eligibility of OECS Countries to Access Concessional Funding*

COUNTRY GROUP	COUNTRY	TERMS OF LENDING
Group 1 (Mainly OCR) Over USD 10,000 per capita GNP	Anguilla Antigua and Barbuda Bahamas Barbados BVI Montserrat SKN Cayman Islands Trinidad and Tobago TCI	Not eligible for concessional financing except as part of regional initiatives or disaster response. Interest rate – 1% Maximum Grace Period – 5 years Maximum Overall Maturity – 20 years
Group 2 (Blend of SDF and OCR) Between USD 2,000 and 10,000 per capita GNP	Belize Dominica Grenada Guyana Jamaica St. Lucia	Eligible for loans on SDF terms (concessional – 1% interest, 5 years grace, 25 years maximum maturity), usually blended with OCR. Group 2 countries receive a defined allocation over each SDF period

COUNTRY GROUP	COUNTRY	TERMS OF LENDING
	St. Vincent and the Grenadines Suriname	
Group 3 (Mainly SDF) Below USD 2000 per capita GNP	Haiti	Eligible for SDF grants, loans, (and in theory OCR); Group countries also receive a defined allocation. Interest rate – 1% Maximum Grace Period – 10 years Maximum Overall Maturity – 30 years

Despite their status as middle and high-income countries, many OECS countries still face a range of vulnerabilities, including exposure to climate change and natural disasters, high levels of poverty, crime rates and gang violence, youth unemployment, gender-based violence (GBV) and gender inequality, dependence on non-renewable energy resources. Past studies have shown that approximately 25% of all people currently living in poverty in the Caribbean (excluding Haiti) reside in Group 1 countries.⁹⁵

CDB's Economics Department has developed a concept paper on the multi-faceted nature of vulnerability and its measurement for small island states.⁹⁶ It proposes an update to CDB's Economic Vulnerability Index – expanding it beyond economic measures to consider social vulnerability and exposure to natural disasters and climate change.

⁹⁵ CDB, *Executive Summary: Special Development Fund (Unified) Country Classification System*, May 13, 2019.

⁹⁶ J. Ram, J. J. Cotton, *Measuring Vulnerability in Caribbean Small States*, 30 January 2019, CDB.

3.4 IFI/Donor context

There are two categories of development partners supporting the needs of the OECS region: International financial institutions (IFIs) and bilateral organisations.

IFIs

Aside from CDB, the other main multilateral development bank operating directly in the OECS sub-region is the World Bank, while the Inter-American Development Bank (IDB) and the European Investment Bank (EIB) operate indirectly, often through CDB. They provide significant amounts of development and investment financing as described in the sidebar; some (such as the World Bank) also provide support in response to disasters in the sub-region.

Historically, these IFIs tended to focus on economic diversification of the OECS region in an effort to help the region transition from an agricultural to a service-based economy. Like CDB, these IFIs are placing increasing emphasis on environmental issues, renewable and clean energy. The IFIs also support OECS member needs related to fiscal resilience, poverty reduction and regional security.

IFI Support to the OECS

Since 2006, the **World Bank**'s engagement with the OECS has been guided by regional partnership strategies (2006-09, 2010-14, 2015-19).⁹⁷ These strategies consistently focus on two pillars of development (strengthening resilience and improving competitiveness), each of which includes a broad range of objectives covering numerous sectors.⁹⁸ Between 2006 and 2014, approximately USD240 mn in IDA financing, USD18.5 mn in IBRD financing, and USD68 mn in trust fund grant financing was committed by the World Bank both to individual OECS countries and the wider OECS region.

The **Inter-American Development Bank** channels resources to OECS countries through the CDB. The MOU between CDB and IDB was renewed in 2017.⁹⁹ CDB and IDB collaborate on a variety of initiatives, in areas including renewable energy (e.g. the Sustainable Energy Facility programme) and private sector development for MSMEs (e.g. Compete Caribbean programme).

In 2012, the **European Investment Bank**, through the European Development Fund, provided EUR165 mn to support the implementation of the CARIFORUM-European Union Economic Partnership Agreement (EPA). The programme is being implemented over a seven-year period.¹⁰⁰

BILATERAL ORGANISATIONS

The governments of Canada and the United Kingdom have supported the development of the OECS for several decades. As is the case with the IFIs, the bilateral donors are placing increased emphasis on environmental issues and renewable sources of energy, and have supported the region in responding to environmental disasters. Canadian and UK priorities include supporting persons with disabilities. Canada places considerable emphasis on gender equality as well as institutional capacity building, with targeted support for building the region's capacities in the use of statistics. Through UKCIF, the UK is providing

⁹⁷ The World Bank, *Regional Partnership Strategy for the Organization of Eastern Caribbean States (OECS for the Period FY15-19*, October 17, 2014. Accessed on May 9, 2019 via <http://documents.worldbank.org/curated/en/681431468146985821/pdf/851560CPS0R201000Box385343B000U0090.pdf>

⁹⁸ Under pillar 'strengthening resilience', the World Bank Groups focuses on fiscal and debt sustainability, public sector performance, environmental and disaster risk management, climate resilience, social resilience. The pillar 'improving competitiveness' addresses the financial sector at the country and regional levels, business climate, sector linkages and value chains, and infrastructure services.

⁹⁹ <https://www.iadb.org/en/news/cdb-idb-sign-agreement-strengthen-partnership>

¹⁰⁰ 2015-2019 CDB Strategic Plan, p.11.

significant support for infrastructure development in the OECS region. There are some uncertainties about the outcome of Brexit and effects on the medium and long-term UK development support to the region.

In recent years, there is an increased presence of non-traditional donors (including Taiwan and China) in the region). Such donors are reported to have distinct characteristics including rapid loan review and approval processes, and nationality requirements for project employment.

DONOR COORDINATION

The OECS has formed different coordination groups for different sectors. For example, there is a Donor Coordinating Group for Education, whose members include CDB, the Caribbean Examinations Council, the World Bank, UNICEF, and the University of the West Indies as well as some other bilateral partners. Guided by the OECS education strategy, this group is tasked with working synergistically to support OECS in implementing the strategy.

4 CDB Programme Management in OECS Countries

4.1 Introduction

This section provides a review of how CDB engages with the OECS at the country level. In addition, it reviews CDB's approach to managing two of its cross-cutting priorities in the OECS region: Regional Cooperation and Integration (RCI) and Gender Equality (GE).¹⁰¹

4.2 Country Strategy and Programme Management

According to CDB's 2014 Operational Policies and Procedures Manual (OPPM), the Country Strategy Paper (CSP) is the primary planning instrument guiding CDB's operations in the Borrowing Member Country (BMC) to achieve the country's development objectives and poverty reduction goals (see sidebar)..

This section reviews how CSPs were used by CDB to plan, implement, supervise and evaluate OECS country programmes over the period 2010-18.

Country Strategy Papers (CSPs) are prepared in consultation with the government, development partners, and other stakeholders. It explains the country specific development context, the rationale for selecting CDB assistance, links to other development partners, the implementation and monitoring process, and evaluation criteria.

The CSP is the main document in which CDB establishes relevance, responsiveness, and results-orientation. It also establishes the economic rationale for each specific intervention—whether it is an investment project, a policy reform programme, a combination of the two, or technical assistance. ... it is a monitoring and evaluation tool for tracking performance over the CSP period.

The CSP is prepared as a concept document comprising a country strategy and an assistance programme that proposes specific interventions. The CSP also serves as an integrated business platform for public sector operations and private sector development initiatives that focus on improving private sector environment, public-private partnerships and other financial partnerships.

CDB, 2014. Operational Policies and Procedures Manual Volume 2: Identification, Preparation and Appraisal OPPM 2/A1 B p.1

¹⁰¹ The third cross-cutting area "energy security" was treated as part of review of CDB's energy sector activities.

Finding 1: CDB invests considerable resources in designing CSPs, and this is reflected in their high quality. A review of CSPs in the OECS over the review period indicates that they satisfy half of CDB’s quality-at-entry standards.

The OPPM provides detailed guidance to BMC country teams on how to develop CSPs.¹⁰² It describes the composition of a country team, identifies and describes the preparatory process, outlines a tool to assess seven quality-at-entry standards (listed in the sidebar), and describes review and approval processes.

A review of CSPs over the review period (see also Section 5.2) suggests that the country planning process is taken very seriously by CDB. In most countries, the majority of the seven quality-at-entry standards were met (i.e. standards a, b, d and e). The plans were generally well written, providing clear and comprehensive assessments of the country, social and environmental contexts and the country’s key development priorities and needs. As discussed below, the CSPs address aid agency coordination and outline the CDB country strategy and assistance programme. More recent CSPs show positive changes in the quality of the results frameworks (e.g. inclusion of SMART indicators, availability of baseline data, clearly stated objectives and outcomes, analysis of risks, as well as increased attention to gender equality).¹⁰³

There were nonetheless some standards not fully satisfied.

Reviewing the performance of previous CSPs: Quality-at-entry standard “c (Lessons Learned)” requires an assessment of CDB’s past country performance. Most reviewed CSPs described the longer-term country portfolio (since 1970s) and/or the portfolio approved under the preceding CSP (emphasising the distribution of loans, equity and grants approved over the period, the portfolio flow, loan disbursements and loan

CDB Quality-at-entry standards for CSPs

(a) **Economic, Thematic and Sector Work.** Identification of key development challenges and binding constraints to growth and poverty reduction through a broad country diagnosis embedded in economic and thematic sector work, leading to the identification of areas in need of government intervention.

(b) **Strategic Relevance.** Based on the country diagnosis, a critical assessment of the government’s development plan to determine if it can effectively address the identified development challenges and relax the binding constraints. Assessment of consistency with CDB’s strategic objective.

(c) **Lessons Learned.** Assessment of CDB’s past performance in assisting the BMC to identify lessons on what was done successfully in the past and should be continued, what was not successful and should be discontinued, and what new initiatives should be introduced.

(d) **Partner Coordination.** Assessment of the value-added of CDB operations against other aid agencies operating in the same BMC, with a view to promoting aid coordination and avoiding duplication.

(e) **Strategy Formulation.** Formulation of CDB’s strategy to complement the government’s efforts or pilot-test new ideas and initiatives, including selecting sectors and thematic areas for CDB intervention.

(f) **Proposed Assistance Programme.** Design of CDB’s assistance programme based on the strategy by identifying specific interventions in each selected sector or thematic area to address the identified constraints.

(g) **Monitoring and Evaluation.** Assessment of the quality of monitoring and evaluation arrangements, with emphasis on not only implementation but also outcomes, and a well-designed Results Framework.

CDB, 2014. Quality-at-entry of CSPs OPPM 2/A2 BP p.6

¹⁰² The 2014 OPPM was developed in the context of the CDB’s 2010-14 Strategic Plan; as a consequence, some references therein (e.g. CDB strategic objectives and corporate priorities and cross-cutting areas in the quality of entry tool) are out of date.

¹⁰³ CDB 2018 Final Report Evaluability Assessment of Country Strategy and Programme Evaluation for the Organisation of Eastern Caribbean States and the Overseas Dependent Territories.

approvals during the period). All CSPs except Dominica's 2010-12 CSP included a section on lessons learned from CDB's past engagement with the BMC, yet with some notable variation in content. Some included discussion and analysis of the planned/actual outcomes for the previous period (e.g. the CSP for Antigua and Barbuda for 2015-18) as well as a summary of developmental and operational lessons learned. However, others (e.g. Anguilla for 2016-2020, SVG for 2014-18 and SKN for 2017-2021) merely focused the planned/actual performance of the program on operational concerns, without discussing outcomes. This is at odds with the quality-at-entry tool, which notes the importance of addressing planned development outcomes, impacts and indicators. There was also some variation in the types of lessons recorded: some CSPs were overly focused on operational matters, with modest attention to developmental lessons. The CSPs would be more informative if they included information on planned versus actual outcomes, with explanations for variances and developmental lessons learned.

Partner coordination and consultations: Stakeholder consultations form an important part of the CSP design process. The OPPM describes field missions to BMCs involving “a wide cross-section of Government officials and other stakeholders” and foresees that the drafted CSP is reviewed and signed-off by BMC officials to ensure “endorsement of the strategy” and to strengthen BMC “commitment to the programme once implementation begins.”¹⁰⁴

- CDB's Quality-at-entry standard “d (Partner Coordination)”, focuses on coordination with **development partners**. All reviewed CSPs describe the activities of other development partners. However, the approaches used to describe and map development partners' activities in CSPs varies considerably (see sidebar).

Mapping development actor support to BMCs

Some CSPs provide a simple table with checkmarks, others go into more depth to describe development actor activities in a BMC. For instance, St. Lucia's 2013-16 CSP notes that other development partners' activities were taken into consideration in the formulation of CDB's strategies in the BMC and a detailed table is presented in the annex showing CDB's activities in relation to them.

In comparison, Anguilla's 2016-2020 CSP and Grenada's 2009-2011 CSP present tables with tick marks to indicate areas of thematic/sector support by partner.

Moreover, when CSPs discuss other development partners, it is not evident whether they were consulted by direct contact or simply desk review.

- In terms of **BMC consultations**, interviews during the field visits indicate that representatives of the Ministry of Finance (or their equivalent) and representatives of line ministries were actively engaged in, and generally comfortable with, the CSP design process. Consulted stakeholders that were in office during the CSP design process, generally reported that they were engaged in the CSP development process vis-à-vis their own sector. It was noted, however, that the CSP consultation process is often siloed by sector, and does not accommodate cross-sector coordination and collaboration to address instances where multiple sectors need to be involved (e.g. the need to engage with both the education and tourism sectors in relation to a planned tourism institute). In one country, most Ministry representatives reported that they had limited engagement in the CSP process and no access to the CSP document.

¹⁰⁴ 2014 OPPM 2/A2 BP, p.3f.

- Similarly, the national gender machinery is often on the margins of the CSP dialogue process (see sidebar). In addition, consultations focus on government stakeholders and do not consistently involve a wider set of beneficiaries (e.g. Teachers' Unions, CSOs, etc.). For example, in one instance, a planned beneficiary organisation was not aware that the CSP included support for them. One senior BMC representative who has engaged in the CSP processes over time indicated that they vary depending on the country economist – some being more consultative and strategic than others.

Engaging the national gender machinery in the CSP process

Country Gender Assessments (CGAs) and Enhanced Country Poverty Assessments (ECPA), among other sources, provide analyses of key developmental challenges and recommendations that are meant to feed into the preparation of CSPs. CGAs can help drive gender mainstreaming in CDB operations in BMCs, by providing statistics, sector-specific data, and qualitative information on GE that can inform the CSP dialogue.

The CSPs reviewed reference their respective CGAs to varying degrees. One limiting factor is who is involved in each of these processes. The CSP dialogue usually involves a wide range of stakeholders (e.g. government ministries, civil society organisations, private sector, and opposition parties). It constitutes an avenue for CDB to provide input on issues such as gender inequality even if this may not be a priority for the country's decision-makers and policy-makers.

However, while GEPOS Evaluation interview data from BMCs confirm that ministries responsible for gender affairs are involved and own the development of the CGA, the national gender machinery has often perceived less than full engagement in the CSP dialogue process.

Internal CDB Consultations: CDB staff contribute to CSP preparation through desk review (involving a large set of CDB staff) and/or by joining the country teams visiting the BMC (a smaller set of CDB staff). Most of the country teams for the CSPs reviewed¹⁰⁵ included CDB staff covering education and environment as well as social analysts and (civil) engineers; the teams for the most recent CSPs also included TCD staff.¹⁰⁶ Agriculture, DRM specialists, private sector and investment specialists were also consulted frequently. Interviews indicate that CDB's gender specialists are not consistently invited to participate in country visits during the CSP preparation phase¹⁰⁷; their involvement is often limited to telephone/email consultations with their country counterparts within the social sector. In terms of RCI, responsible staff do not typically participate in CSP design consultations; a review of CSPs (see Section 5.2) shows that RCI is not explicitly mentioned as a strategic priority.

This suggests the need for some improvements in CDB's CSP consultation processes to address noted shortcomings. These include: broadening the scope of consultations to include a wider set of beneficiaries (including the gender machinery), setting up mechanisms for cross-sector consultations and ensuring that the CDB BMC focal point is present in meetings across sectors. CDB should also clarify responsibilities for, and set up mechanisms/guidelines to ensure that cross-cutting thematic areas are systematically addressed in country consultations (e.g. reflecting this in the CSP quality-at-entry criteria).



¹⁰⁵ Excluding CSPs of A&B 2010-2014 and SVG 2008-2011, which did not provide breakdowns of country teams.

¹⁰⁶ Anguilla 2016-2020; SKN 2017-2021.

¹⁰⁷ Gender and Development staff took part in the preparation of 3 out of 10 CSPs reviewed.

Realistic results framework and plan:

The 2014 OPPM emphasises the “focus, selectivity, and realism”¹⁰⁸ of CSPs as key quality criteria. A review of the CSPs for the OECS countries suggests that one of the criteria associated with quality-at-entry standard “f (Proposed Assistance Programme)” related to a realistic results framework and plan (see sidebar) is not satisfied, with one notable exception.¹⁰⁹

Quality-at-entry standard f “Proposed Assistance Programme” - Indicator 4: *Realistic and achievable implementation plan and schedule for the assistance programme taking into consideration capacity of implementing agency and access to resources, including counterpart funds.*

CDB, 2014. Quality-at-entry of CSPs OPPM 2/A2 BP, Annex 3, p.8

The extent to which BMCs have adequate project planning and implementation capacities is a critical factor in determining how realistic and achievable the CSP is. A review of the most recent CSPs indicates that implementation is identified as a challenge in all seven OECS countries. In response, the CSPs frequently include various strategies to address these challenges including training (in areas including procurement, results-based management, project management); strengthening leadership capacities; strengthening development partnerships; as well as ongoing dialogue to assess country capacity needs. In addition, the majority of recent CSPs include support to build government capacities (e.g. in areas including legislative reforms, developing regulatory frameworks, developing assessment frameworks, and in decision-making). However, as noted elsewhere in this report, these strategies are often insufficient, under-resourced or delayed, with negative implications for implementation. (As discussed in Section 5.2, CDB does accommodate BMCs that face implementation challenges on a case-by-case basis at the project level.)

CSPs offered a comprehensive repertoire of thematic/sectoral objectives and interventions in their RMFs. Yet, while ambitious, they are often not realistic given the timeframes, country resources and contexts. In the majority of reviewed CSPs, the large number of CSP results areas and planned sector outcomes were not in alignment with: the proposed budgetary allocation for the period, CDB’s previous experience in the country with rate of disbursement, and the country’s historical implementation capacity. The clearest evidence of this disconnect is found in the regular variation in planned/actual disbursements by country (see Figure 2.2 in Section 2).¹¹⁰

Some things would be fairly difficult to implement without funding. In addition, the country has been constrained since the crisis and struggles with a lack of human resources.

A senior official in one BMC

¹⁰⁸ OPPM 2/A2 BP, p.2.

¹⁰⁹ A positive example was Anguilla CSP (2016-20) which noted that the CSP took a selective and focused approach in acknowledgement of the country’s borrowing constraints. (CDB, 2016) CSP 2016-20 Anguilla. PAPER BD 54/16. p.15.

¹¹⁰ For instance, under the 2010-2014 CSP for Antigua and Barbuda, CDB proposed an indicative resource envelope of up to USD90 mn. The total amount approved during the CSP period (until December 2014) was USD57.06 mn, of which USD32.62 mn was disbursed. Source: CDB, *Country Strategy Paper 2015-2018 – Antigua and Barbuda*, Appendix 6.

Finally, in several reviewed results frameworks, the expected sector outcomes frequently went far beyond the type of proposed interventions (technical assistance support) in the results framework (see sidebar for examples). This was common in sectors where TA grants were the main or only type of CDB support provided (e.g. tourism and social infrastructure).

Selected examples of unaligned CSP outcomes and interventions

Anguilla (CSP 2016-2020): The planned outcome of “improved ferry port facilities in order to support economic growth” was overly ambitious given planned support: TA for the redesign of Blowing Point Ferry and PPP support to review Blowing Point Ferry Terminal.

Antigua & Barbuda (CSP 2015-18): The planned outcome “improved linkage between tourism and agriculture” was similarly ambitious given planned support: TA to conduct feasibility of farming cooperatives.

Interviews suggest that BMCs were not involved in developing the RMF. RMF indicators were shared with line ministries at the end of the process, which limits their awareness and ownership. In fact, interviewed representatives in one country reported that they had not been consulted about the results framework and were uncertain about who set the indicators and what they meant.

Monitoring and evaluation roles and responsibilities: CDB’s quality-at-entry standard “g (Monitoring and Evaluation)” examines planned arrangements at the country level. A review of the CSPs indicates that about half of the criteria associated with this standard are satisfied, namely that they include a results framework, identify planned reporting, monitoring and evaluation processes and include some baseline data. Other criteria (such as BMC engagement in the monitoring and evaluation processes, the adequacy of needed hardware and software for, and the clarity of roles and responsibilities related to, monitoring and evaluation) are infrequently addressed. As discussed in Findings 2 and 3 below, it does not appear that planned reporting, monitoring and evaluation steps outlined in the CSPs were implemented as planned.

Finding 2: CDB does not have a systematic approach to CSP monitoring and implementation at the country level and does not offer comprehensive training and guidelines for all stages of the CSP management cycle. This affects the level of coherence of CSP design, implementation, supervision and evaluation practice across BMCs in the OECS.

The OPPM Volume 2 section on Country Programming¹¹¹ provides relatively modest guidance on CSP implementation and monitoring. The guidance consists of the statement in the sidebar as well as a template for the Country Strategy and Portfolio Review Report,¹¹² a required annual report (discussed in the next finding). This is in stark contrast to the guidance provided in Volume 4 of the OPPM (Supervision), which addresses supervision from the perspective of CDB investment lending projects, outlining roles and responsibilities of CDB and BMC representatives in all aspects of supervision visits, supervision reporting, evaluation and PCRs.

Implementation and Monitoring with highest priority being given to monitoring performance, utilising a revamped Country Strategy Brief (CSB) as the major instrument for reporting on performance. The Briefs/Reviews will be prepared annually during the period when no new CSP is scheduled for a BMC. The Brief should also provide a useful foundation for continuing dialogue between BMC and CDB on performance of the CSP.

(CDB, 2014. Operational Policies and Procedures Manual Volume 2: Identification, Preparation and Appraisal OPPM 2/A1 B p.4)

¹¹¹ 2014 OPPM 2/A2 BP: Country Programming.

¹¹² 2014 OPPM A/A2 BP, Annex 2.

Interviews and document review indicate that CDB does not have a consistent approach to implementation and monitoring at the country level. This is reflected in the variety and use of instruments to monitor the country portfolios. Interviewed CDB staff identified several types of implementation and monitoring instruments (including a CSP implementation tracker and country briefs (see sidebar below)), but these are not used on a regular basis across the OECS countries. It is also reflected in ambiguities about who is responsible for CSP monitoring. Interviewed staff in CDB's Projects and Economics Departments had different understandings of, or were unclear about, their responsibilities for CSP implementation and monitoring. While CDB country economists have primary responsibility for country programme design, responsibilities beyond the CSP design stage are not clearly assigned.

Examples of CSP Implementation and Monitoring Instruments

A **CSP implementation tracker** developed around 2017/18 (following a CDB Board of Governors' meeting) covers a select number of BMCs.¹¹³ The tool focuses mainly on planned to actual approvals, listing both CSP and non-CSP initiatives and provides brief notes on the status of the intervention, often limited to financial disbursements. The tool lists interventions along the CSP RMF and/or the CSP section listing the indicative areas of support, without capturing CDB's non-financial support to the BMC.

The Economics Department has prepared **country briefs** (approximately six pages in length) in preparation for high-level bilateral meetings with senior BMC officials held in the context of CDB's annual meetings.¹¹⁴ The OPPM manual does not refer to or include an outline for these briefs. Country briefs made available to the evaluation team included an overview of the country's macro-economic and socio-political context, key policy challenges and opportunities, and a short update on the country strategy, focusing on CDB's support in key outcome areas (list of interventions, allocations, and project implementation status). The briefs are prepared on an ad hoc basis.

CDB's Projects Department sometimes produces **country portfolio reviews**, particularly for larger borrowers. These can be done in preparation for CDB's annual meetings or at other times of the year. They in turn inform CDB's Annual Report on the Portfolio of Projects.

Feedback from BMC stakeholders suggests that country economists make occasional requests for **national macro-level socio-political and macro-economic data**.

CSP implementation is largely understood to mean the sum of individual project implementation efforts, which falls under the authority of the Projects Department. There is currently no mechanism in place to ensure country-level coherence of CDB interventions across sectors or across the various kinds of support provided by CDB (see sidebar). When asked for feedback on CSP implementation and monitoring, interviewed BMC representatives tended to focus on the project rather than programme level.

Monitoring and recognising CDB's "soft" support to BMCs

Interviewed CDB staff pointed out that the range of support provided to BMCs (e.g. policy dialogue, problem solving, technical expertise, etc.) is not fully captured. Monitoring and implementation tools and practices generally focus on CDB's financial support to a country. There are no guidelines around the kind of "soft support" CDB staff, including country economists, are expected/encouraged to provide. CDB staff report that such considerations are rarely reflected in their individual staff performance reviews.

¹¹³ The implementation tracker includes information on Anguilla, Antigua and Barbuda, Barbados, Belize, Grenada, Guyana, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, and Jamaica

¹¹⁴ The evaluation team reviewed two country briefs prepared in 2018 for Antigua and Barbuda and for Grenada.

In addition, interviewed CDB country economists indicated that there is no comprehensive training offered to ensure coherent practice and adherence to the OPPM guidelines throughout the CSP cycle.¹¹⁵ The main mechanisms for training new country economists are informal consultations and sharing of lessons learned by their predecessor as well as through practical experience gained during country familiarisation missions.¹¹⁶ Consulted OECS stakeholders indicated that country economists' level of engagement can vary significantly, which may stem in part from the absence of training and guidelines.

A final consideration relates to communication and coordination at the country level. Interviews suggest that there are no clearly established protocols for systematic information exchange/coordination between Projects and Economics Departments in CDB in relation to the status and performance of CSP implementation. CDB staff report that such processes tend to be informal, based on personal relationships and individual initiatives. Interviewed staff reported that the Vice President of Operations used to chair country meetings/country committees to track projects (which involved both economists and project staff). Such meetings are now limited to the design stage of CSPs. Country economists suggested that it would be useful to have more structured means of cross-departmental information exchange (such as regular meetings, IT platforms and so forth).

As for CDB's communication and information exchange with BMCs on CSP implementation, no formalised process or practice seems to be in place for sharing the various CDB monitoring outputs described above. Most OECS countries have a CDB focal point¹¹⁷ to keep track of interventions and act as liaison between the BMC and the Bank. The degree to which focal point roles and responsibilities are defined and formalised varies across the OECS; stakeholders reported that the role of the focal point is informal in some BMCs (e.g. A&B), while in others they have established structures of information sharing and decision-making (e.g. SKN and St. Lucia). Furthermore, focal points have varying knowledge and expertise in relationship management, and there is a lack of informative guidelines.

Interviewed CDB managers reported that the Business Process Review described in Section 3 is looking at the future of country strategy processes at the Bank, including their scope and purpose, and the extent to which they can strengthen engagement with BMCs. The Bank's Internal Audit Division has also reviewed the CSP process in two countries as part of a consultancy on the subject. As part of this ongoing analysis, it would be useful to clarify:

- The extent to which aspects of CSP implementation and monitoring beyond the project level may be overlooked/not systematically accounted for at the moment – including policy dialogue, knowledge products, problem solving at the country level, and cross-country support.
- The roles and responsibilities for CDB staff (including focal points) related to implementation and monitoring at the country level.
- What tools/reports/reviews should be regularly used for implementation and monitoring purposes and which are optional.

¹¹⁵ CDB does provide staff with a variety of other training opportunities including, for example, client engagement training and Results-Based Management training.

¹¹⁶ However, CDB staff noted that the feasibility of familiarisation missions is determined by budgetary constraints.

¹¹⁷ "Focal points" were often referred to by BMCs as "country officers" and were typically the person in CDB's Projects Department who had been assigned that role for a particular country.

- The various management processes required for effective management at the country level (including coordination, and communication within the Bank and with BMCs).

An eventual revision of the OPPM could provide more specific guidance in these areas.



Finding 3: While CDB has identified monitoring and evaluation mechanisms to assess CSP (country level) outcomes, they are used infrequently. Project supervision focuses primarily on outputs. As a result, CDB has scant information about its developmental performance in OECS countries.

According to the OPPM, CDB is required to produce annual Country Strategy and Portfolio Review Reports (see objectives in sidebar). These should include assessments of: the CSP's country, sector and portfolio contexts; the status of planned/actual outcomes; and the status of portfolio and programme implementation. The report is also supposed to assess the ongoing relevance of the CSP, the need for a change in the strategy and provide a summary of lessons learned. An Operational Note at the end of the Country Strategy and Portfolio Review Report Template states that the "country strategy/portfolio review process should be led by the Economist in charge of the country with the full participation of the respective portfolio managers and sector specialists of the core sectors related to the CSP."¹¹⁸ The evaluation team was unable to locate examples of such reports to validate if they are being prepared and used as intended.

Country Strategy and Portfolio Review Report: Objectives

To review country strategy and country/sector portfolio implementation progress and assess CDB's ongoing contribution to country and sector operational outcomes against the original performance indicators in the CSP results framework.

To detect positive and negative factors affecting portfolio performance and gauge the effectiveness of CDB supervision efforts.

To assess execution status of all operations and compliance with legal, operational and fiduciary obligations by the BMC and Executing/Implementing Agencies (EA/IA).

To identify risks or areas in need of improvement and agree with the BMC/EA/IA on specific measures to improve efficiency and the operations' likelihood of success.

(CDB, 2014) Operational Policies and Procedures Manual Volume 2: Identification, Preparation and Appraisal OPPM 2/A2 BP Annex 2. p.1

The OPPM includes a template for a Country Strategy and Portfolio Review Report and an Aide Memoire outlining the key findings from the review and recommendations for an Action Plan.¹¹⁹ Most of the CSPs reviewed did not mention these but instead foresaw a "mid-term review" of the CSP, with the purpose of providing a basis for possible adjustments, and/or regular portfolio reviews.

The majority of OECS CSPs describe two assessments: a **mid-term review (MTR)** and **end of strategy country strategy and programme review** (see sidebar for an extract from a recent CSP). However, these were not produced as foreseen. The one MTR produced over the review period contained detailed information on the

Planned CSP monitoring activities

"Strategy implementation will be monitored on a continuous basis and by the means of a mid-term review (MTR). The MTR will assess progress towards meeting expected sector outcomes in addition to assessing portfolio progress and the utilization of the envelope. An end-of-strategy evaluation will also be undertaken to assess its contribution to sector outcomes."

SKN CSP (2017-2021)

¹¹⁸ (CDB, 2014) Volume 2: Identification, Preparation and Appraisal OPPM 2/A2 BP Annex 2. P.4

¹¹⁹ 2014 OPPM 2/A2 BP Annex 2.

country context (recent economic and social developments), qualitative and quantitative reviews of progress towards expected outcomes as defined in the RMF, lessons learned, and commentary on the validity of CDB country strategy for the remaining period.

OIE has conducted one country strategy and programme evaluation (for Haiti in 2018) and commissioned this OECS cluster evaluation as a pioneering exercise. CDB does not have a history of carrying out evaluations of CSPs, and the OPPM does not include a requirement to conduct CSP evaluations. Instead, in preparation of a new CSP, country economists usually conduct a review of the previous one. This occurred for all CSPs reviewed,¹²⁰ though varying in depth and scope. Some CSPs provide a detailed assessment of results along the strategic objectives and/or RMF indicators, mapping specific outcomes,¹²¹ but the majority provide a more general discussion of portfolio performance (implementation and financial reporting) and an overview of CDB intended areas of contribution, with little to no discussion of outcomes achieved.

PROJECT SUPERVISION

CDB's project supervision¹²² systems pay most attention to project disbursements, activities completion and outputs, and gather little information on outcomes.

Volume 5 of the OPPM is dedicated to Implementation Completion Reporting and notes that implementation completion reports must be completed for CDB interventions as shown in the sidebar.

Previous CDB evaluations have noted the dearth of information on project outcomes. Based on the document review for this evaluation, the challenge continues:

Performance Assessment System (PAS): Each investment project, financial intermediary loan, policy-based operation and technical assistance intervention should be subject to an annual PAS review.

For **completion reporting**, ICRs are categorised according to the type of intervention that they relate to:

- (a) Project Completion Report (PCR)
- (b) Policy-Based Operation Completion Report (PBOCR)
- (c) Financial Intermediary Loan Completion Report (FILCR)
- (d) Technical Assistance Completion Report (TACR)

(CDB, 2014) Operational Policies and Procedures Manual Volume 5: Implementation Completion Reporting OPPM 5/A1 OP pp. 2-3

- Documents not available: PCRs could be found for a small proportion of completed interventions, even though the guideline is for completion within six months of project closure. Completion reports are not required for technical assistance projects.
- Project intervention design: Defined outcomes are often in fact closer to outputs.
- Reference to CSP RMFs: Country economists noted that the RMF was consulted at the design stage of new projects but not necessarily used for monitoring. Similarly, it is not clear to what extent PCRs are consulted by country economists to assess CSP implementation.

¹²⁰ Except for Dominica 2010-2012 CSP, which did not have a previous CSP.

¹²¹ Notable examples are St. Lucia CSP 2013-2016 (see Appendix 3.2); Grenada CSP 2014-2018 (see Appendix 2, Table 2).

¹²² At the project level, CDB refers to the ongoing review process as "project supervision", as distinct from the country level where it uses the term "monitoring".

- **Feedback on performance:** PCRs and Project Completion Validation Reports (PCVRs) are not regularly shared with BMCs; thus their views may not be systematically or adequately reflected in these documents.

The limited amount of such information has ripple effects in CDB: it means that there is limited quantitative information beyond macroeconomic data and limited qualitative information to assess CSP performance at other levels, including evaluations of CDB sector, thematic, country and overall corporate performance.

Due to the limited attention paid to reporting on CSP outcomes,¹²³ CDB lacks information on the development performance of its country programmes, and misses learning opportunities. This is not in keeping with best practices in the development community. Assuming that CSPs continue to be a primary instrument in its operations, CDB should consider adapting its practices for better assessment of outcomes at the country level.



Finding 4: The value-added and ownership of CSPs as currently practiced is unclear.

Other than justifying funding allocations to a country, the previous findings raise several questions about the purpose and value-added of CSPs in OECS countries.

In a number of BMCs, there have been notable time gaps between CSPs.¹²⁴ Feedback from various stakeholders at CDB suggest that these can occur due to BMC internal changes (elections), external shocks (disasters, economic crisis) limiting the country's borrowing capacities, or the country's perceived "readiness for a new CSP."¹²⁵ The 2014 OPPM foresees the utilisation of annual Country Strategy Briefs to bridge periods "when no new CSP is scheduled for a BMC."¹²⁶ The evaluation team located a small sample of such briefs. Based on their content, it is not evident if/how they are being used to bridge CSP periods. Country economists reported that, in theory, CSPs can be extended to bridge the time gap, yet there are no official guidelines in place to inform the practice at the Bank and in BMCs. In terms of reporting on progress towards outcomes between CSPs, St. Lucia's 2013-16 CSP was the only one to provide an overview of not only the previous CSP (2005-08) but interventions and support provided after the end of the last CSP (post-2008).

¹²³ CDB's insufficient attention to outcomes is evidenced by repeated critiques in previous evaluations. See for example 2018 GEPOS evaluation, 2018 Haiti Country Strategy and Programme Evaluation (2007-2015).

¹²⁴ SKN, SVG, STL, GRN. Similarly, Dominica has not had an updated CSP since the 2010-2012 CSP.

¹²⁵ Comment made by an interviewed economist

¹²⁶ OPPM 2/A2 BP, p.4.

CDB PERSPECTIVES

While CDB staff invest considerable time in developing CSPs, the CSPs are not managed over time to reflect evolving contexts and are not used to monitor and report on CSP performance at the country level. It is not evident that CDB's performance at the BMC level informs CDB corporate reporting. For example, CDB's Annual Report and Annual SDF Reviews instead emphasise activities, outputs, approvals and disbursements with modest, if any, attention to achievements at a country level.

Our analysis suggests that the Bank does not effectively use the CSP as its *primary planning instrument to guide CDB's operations in the Borrowing Member Country (BMC) to achieve the country's development objectives and poverty reduction goal* as stated in the OPPM. Some reported that CSPs tend to be used more to justify than to control or restrict CDB support to what was envisaged in the CSP. The majority of those interviewed confirmed that CSPs are not being well utilised and raised questions and concerns about the added value of CSPs, suggesting that little would be lost if they were eliminated given current CDB practices. Others, however, argued that CDB needs some type of instrument to anchor its support to a BMC strategically.

CDB comments about CSPs

If the CSP would not exist, CDB's portfolio would evolve organically. Is that really what we want? We would not give enough consideration to the key issues and to where it is best to invest money.

CSPs are useful to define the resource envelope and for knowing what is in the pipeline. It helps corporate to get an insight into the demands of the country.

CSP is generally written so it responds to the needs of the country at this point in time. These can change. CDB always tries to respond to the current needs of the country – even if new intervention is not reflected in CSP. If the project aligns with the bank's objectives, the project can move ahead.

BMC PERSPECTIVES

The OPPM does not outline steps to ensure widespread CSP ownership and awareness in BMCs once the CSP is approved. When asked about who is the “owner” of the CSP, many regarded the CSP primarily as a CDB internal document to guide/justify support to the BMC (see sidebar). In one country, the BMC representative noted that it has been a useful basis for reviewing the country's own developmental effectiveness in the absence of a current national development plan.

BMC representatives' perception of CSPs

In our country, it is not clear who takes responsibility for tracking the CSP. The CSP does not filter down to other departments in MoF. Knowledge of the CSP is limited to the Board representative.

“If you do not ask, you will not see it. - CDB should be more proactive in sharing the plan with other ministries.”

“CSP is CDB's reference document - to justify interventions.”

A search of CDB's website also shows that not all CSPs are readily accessible. According to some BMC stakeholders in the OECS countries, CSPs were circulated at the Permanent Secretary (PS) level. Even though not all stakeholders interviewed had been involved in the CSP design process (due to internal personnel changes, retirement, or were not invited to participate), feedback suggests that the diffusion of CSP-related information throughout governments is neither consistent nor maintained over time. In one BMC, government stakeholders had not been updated about the final approval of the CSP, believing that it was still under revision. In at least three countries, some government staff knew of the existence of the CSP, but were not familiar with its content given that it has not reached wider circulation beyond the PS. In a couple of other countries, interviewed Permanent Secretaries were not aware of the CSP; interviewed

Ministry staff who were employed at the time of the CSP development were aware of the CSP, but reported that it was not an actively used or consulted document.

LOOKING AHEAD

CDB should consider identifying a useful, realistic, inclusive and accountable management practice to guide, supervise and evaluate its support to BMCs. Options could include, but not be limited to:

- i) a project-based approach, driven by CDB sector and thematic strategies;
- ii) a bona fide country programme approach driven by CSPs that are updated over time to reflect emerging country priorities and realities;
- iii) a hybrid approach in which CDB is guided by CSPs in some countries, but not others.

Regardless of the approach taken, CDB needs to clearly define programme management roles and responsibilities and needs to clarify internal coordination mechanisms. These issues are addressed again in Section 6.



4.3 Management of CDB's Cross-cutting Areas

CDB's Strategic Plan (2015-19), defines three cross-cutting areas: regional cooperation and integration (RCI), gender equality and energy security. This section reviews how CDB manages the first two in its OECS countries. Energy security is examined as part of CDB programming effectiveness in Section 5.3. In addition to observations made during country field visits, document review, and interviews with CDB staff, the analysis of gender equality draws heavily on the findings of the 2018 OIE evaluation of CDB's Gender Equality Policy and Operational Strategy (GEPOS).¹²⁷

REGIONAL COOPERATION AND INTEGRATION (RCI)¹²⁸

Finding 5: Regional cooperation and integration has been a CDB priority since 1970. While the CDB Board approved an Operational Strategy for RCI in 2008, it is not well known or used, contributing to an opportunistic but not strategic approach to regional programming in the OECS.

The CDB Articles of Agreement (1970) identified two main purposes for the Bank: i) contributing to the harmonious economic growth and development of member countries in the region; and ii) promoting economic co-operation and integration among member countries in the Caribbean, noting the need for special and urgent regard to the needs of the less developed members of the region.

In 2008, the CDB Board approved an Operational Strategy for RCI during SDF 7 (2009-2012) to address what it identified as the Bank's main shortcoming in its approach to RCI (see sidebar). The Operational Strategy proposed several operational, programming and structural changes to address identified limitations:

The Bank's approach to RCI has been the absence of a prioritised thematic approach, resulting in diverse, relatively small TA projects. This situation reflects the relatively low ranking of RCI activities in CDB's work programmes, the absence of any focal point of responsibility for it, and the sparse professional resources devoted to it, ... (and the absence of an) entity dedicated to this area of work.

Supporting Regional Cooperation and Integration: An Operational Strategy (CDB, 2008) p. 17

¹²⁷ Universalia (2018). Evaluation of CDB's Gender Equality Policy and Operational Strategy (GEPOS)

¹²⁸ To date, CDB has not developed a formal definition of the terms "integration" and "cooperation".

- It identified three kinds of RCI interventions (regional public goods, transnational public goods and national/sub-regional public goods) and identified specific priorities related to each category where TA should be focused.
- It noted that an operational programme would be developed within this priority framework (see sidebar) according to the level of resources available under SDF 7.
- It noted that there might be complementary capital investment opportunities in areas such as RPGs, where the modalities of Bank support would need to be determined according to the circumstances, and according to resources available from both the Bank and other sources.
- The strategy included a set of criteria to be used as guidelines for determining the priority ranking of RCI projects (including urgency, development impact, the existence of transnational externalities and building block effects, transferability of practice, gaps in development partners' programmes and potential for follow up investments). It also included a results framework.
- It recommended that a Focal Point be designated within CDB, responsible for managing the RCI programme, inter-departmental coordination, and organising coordination among development partners. The focal point was to be placed under the direct responsibility of the President or the Vice-President (Operations), be composed of four staff members, and have the stature to propel RCI programming and the necessary cross Bank coordination.

CDB's current approach to regional programming does not appear to have evolved as envisaged in the Operational Strategy.

Proposed strategic priorities for CDB RCI support during SDF 7¹²⁹

(a) Regional Public Policy Goods (RPG)

Support to the CARICOM Development Fund (TA); Economic policy harmonisation, and development of a legal framework for doing business in a Single Economy; Strengthening regional trade and economic policy negotiating capacity (support for economic analysis and civil society participation); and Climate Change (research support).

(b) Transnational Public Goods (TPGs)

Infrastructure needs assessment and preparation (water, maritime transport); Agriculture and food security (selective needs assessment and operational arrangements); Energy (efficiency, conservation and renewable sources); and Health needs assessment and operational arrangements (for selective regional specialised common services).

(c) National/Sub-regional [Organisation of Eastern Caribbean States (OECS)] Public Goods Linked to RPGs/TPGs

Support for the OECS Development Strategy (selective components); Modernisation of the public sector and debt management; Education/skills linked to the labour market; and Energy (efficient urban transport and renewable energy projects).

On the one hand, the importance of regional integration and cooperation (RCI) has been reflected consistently in CDB's strategic plans and subsequent SDF cycles over the evaluation review period with different sets of priorities (see sidebar below for examples). There continues to be earmarked SDF support for RCI as well as access to CDB programmes (such as BNTF, CTCS and CSME) and sector budgets. In addition, CDB management's response to a recommendation in the mid-term evaluation of SDF 8 indicated that it intended to "extend and significantly increase its support to the implementation of the Region's RCI agenda especially in relation to regional cooperation and the provision of RPGs."¹³⁰

¹²⁹ Supporting Regional Cooperation and Integration: An Operational Strategy (CDB, 2008) p. iii.

¹³⁰ CDB, 2015. Management's Response to the Conclusions and Recommendations of the Mid-Term Review of SDF 8. Paper BD 139/15. p.11

A Focal Point for regional programming was established and situated in the Technical Cooperation Division (TCD) of the Projects Department. The RCI Focal Point unit has four staff positions, two of which are not filled.¹³³ Given the cross-cutting nature of RCI, its location in TCD (whose focus is TA) limits the potential authority and stature of the Focal Point in CDB. The staffing contingent of the unit may limit its ability to carry out the mandate as originally envisaged.

While the Bank's Operations Manual (2014) refers to the Operational Strategy as an RCI Policy,¹³⁴ it is not evident that it is being used or regarded as a policy:

- Interviews with CDB staff indicate that they are unaware that the Bank has a regional strategy.
- There is no reference to the Operational Strategy as either a policy or a strategy in reviewed CSPs, recent CDB documents (such as the mid-term evaluation of SDF 8, the SDF 9 Replenishment Paper) or in the policy section of the CDB website. Similarly, RCI is not consistently featured in CDB sector/thematic policies (see Section 5.3); in those instances where references are made, they tend to be general rather than specific.
- While the RCI Operational Strategy included a set of criteria for determining the priority ranking of RCI projects, interviewed CDB staff indicate that they are not used.

In practice, there are several sets of objectives and priorities that are intended to guide CDB support for RCI including the CDB strategic plans, SDF thematic priorities and CDB partner programme objectives (when relevant). These objectives and/or priorities are revised every four to five years or in anticipation of programme renewal. However, there is only general and limited reference to RCI in reviewed sector policies and strategies at the Caribbean wide level; there is no specific reference to the OECS sub-region. In addition, while RCI Operational Strategy and some persons interviewed indicate that the terms "Regional Cooperation" and "Regional Integration" have distinct meanings and implications, these are not formally distinguished from one another nor defined by the Bank, which contributes to some ambiguity in CDB's

RCI - CDB Strategic Plans

In each of the 2005-09 and 2010-14 Strategic Plans, RCI was identified as a specific CDB strategic objective with two foci: i) supporting the capacity of regional institutions and ii) supporting the provision of regional public goods.

In the current (2015-19) Strategic Plan, RCI is identified as a cross-cutting area. According to its current strategic plan, RCI provides an opportunity for the small countries of the Region to accelerate growth, reduce economic disparities and facilitate closer policy coordination and collaboration on a range of issues affecting their development including regional and global public goods.

RCI - Special Development Fund¹³¹

Direct support for RCI is focused on three areas of RPGs: (i) enhancing statistical data collection for improved policy-making and MfDR reporting; (ii) strengthening financial sector regulation and supervision for economic stability and growth; and (iii) improved intra-regional transportation for better movement of goods and persons.

RCI - SDF 9 Replenishment¹³²

Thematic priorities:

- a) Supporting the development of a more equitable environment for regional trade
- b) Enhanced protection of consumer interests in the Community
- c) Support for enhanced border security so as to facilitate intra-regional travel and improved trade facilitation.

¹³¹ CDB, 2014. Operations Policies and Procedures Manual. Volume 1 A: Sector and Thematic Operational Policy OPPM 1/A5 OP: Regional Cooperation and Integration p.1

¹³² CDB, 2016. SDF 9 Strategic Focus Paper SDF 9 Replenishment. pp.25-27

¹³³ A coordinator and an operating officer; one of the currently unfilled positions is that of an economist.

¹³⁴ At the time of writing, it is not known when and how the RCI Operational Strategy was converted to an RCI policy.

approach and potential effectiveness. What appears to be missing is a comprehensive longer-term vision and strategy that provides clarity and consistency about CDB's overarching goals, objectives, priorities and strategies for addressing its regional cooperation and integration mandate over time, across all CDB funding sources (OCR and SFR) and policies. Such a vision and strategy could guide CDB decision-making related to RCI programmes and investments, as well as CDB monitoring and reporting on its performance in carrying out its mandate. The absence of such a vision and strategy contributes to a blurred understanding both at CDB and in BMCs of CDB's overall goals and its effectiveness in carrying out its mandate for RCI.



LOOKING AHEAD

CDB's mandate, strategic plans and SDF thematic priorities all emphasise its role in supporting regional and sub-regional cooperation and integration. CDB's challenge has been how to operationalise this priority in an effective way.

There are several reasons for the Bank to develop a sub-regional strategy to guide its support in the OECS:

- The OECS is a coherent sub-region whose member countries share common challenges and objectives reflected in the 1981 Treaty of Basseterre (through which member countries have agreed to cooperate with one another and promote unity among their members); as well as the establishment in 2010 of an economic union, creating a single financial and economic space within which people, goods and capital move freely.
- The development of an OECS vision/strategy would provide greater clarity on the Bank's priorities in the sub-region; a clearer basis for guiding and assessing the performance of future support; and help in communicating the Bank's performance story.
- A CDB OECS strategy might provide impetus to BMCs in the sub-region to be open to even greater cooperation and integration to address common challenges and vulnerabilities (see Section 2).

Strategic partnerships with OECS Secretariat

The OECS Secretariat has established strategic partnerships with organisations such as the World Bank and UNICEF, which give access to in-depth expertise. CDB has played a constructive partnership role in regional education initiatives. The Secretariat indicates interest in expanded strategic partnership with CDB, in areas such as youth and regional economic growth, regional ferry transportation and more.

It would be important for CDB to revisit the nature of its relationships with sub-regional organisations to identify how they might evolve from what some termed a “donor relationship” to a “strategic partnership” that provides sub-regional actors with ready access to the CDB's in-depth expertise. Current engagement with sub-regional bodies is promising but somewhat piecemeal (i.e. participation/financial support to regional meetings, workshops, TA provided to regional bodies (UWI, CTO, CWWA, CARILEC, CDEMA, etc.).



It would be helpful for CDB to clarify whether/how it wishes to operationalise a convening role in the sub-region as referred to in SDF 9 (see sidebar). Currently, the Bank is recognised for its efforts in the education sector, and increasingly in the renewable energy arena (especially geothermal), and in regional transportation (LIAT). Consideration could be given to whether CDB has the distinct competence, legitimacy and resources to play a similar role in other domains in the sub-region.

Convening role for regional integration

Contributors endorsed support for regional integration as a key priority for the Bank, with a potential lead role in selected areas, and welcomed the Bank's work in further defining a targeted and realistic role for both SDF and the Bank. They also encouraged the Bank to play an important "convening" role as a coordinator, bringing together the different actors and partners in the Region.

(CDB, 2016. Resolution Report of Contributors SDF 9 p.iii)

GENDER EQUALITY

Finding 6: Over the review period, CDB made important strides in addressing gender equality as a cross-cutting theme in its operations. To date, CDB country strategies and initiatives in the OECS countries (among others) have paid more attention to promoting equal participation and benefits than to addressing barriers and norms that adversely affect gender equality in the sub-region.

Since 2005, CDB strategic plans have paid attention to gender, initially as an objective within the strategic objective of fostering inclusive development (2005-09). Since 2010, it has been identified as a cross-cutting area albeit for quite different purposes: *broadening the poverty impact of its interventions* (2010-14) and *establishing gender mainstreaming practices inside the Bank* (2015-19).

In 2008, CDB developed a Gender Equality Policy and Operational Strategy (GEPOS) to mainstream gender-responsive and gender-targeted actions in lending and other operations of the CDB. GEPOS outlined the intended results of mainstreaming gender, and contributing to poverty reduction and sustainable development.

Following the 2012 assessment of GEPOS that found low levels of systematic and coordinated implementation of the operational strategy, CDB developed and adopted the Gender Equality Action Plan (GEAP) 2013-15,¹³⁵ aiming to build the Bank's institutional capacities to accelerate operationalization of the Gender Policy. The analysis and findings of the 2018 evaluation of GEPOS¹³⁶ are relevant for the current evaluation of OECS countries:

GEAP objectives (2013)

Enhance efficiency and effectiveness of gender mainstreaming in CDB's financial operations

Increase knowledge and visibility of gender equality issues among CDB staff, BMCs, development partners and other stakeholders

Improve effectiveness of gender mainstreaming in BMCs.

- The creation of GEPOS and subsequently GEAP represented important milestones for the Bank. CDB's strategic plans and sector policies and strategies are becoming more gender responsive both in the analysis of gender equality challenges in the region and the mainstreaming of gender into its operations.

¹³⁵ Subsequently extended to 2016.

¹³⁶ 2018. Evaluation of Gender Equality Policy and Operational Strategy (GEPOS), pp. i-vi

- The Bank's approach to achieving gender equality to date has been primarily through promoting equal participation in and benefit from CDB-funded work. This is insufficient to challenge unequal gender relations or shift restrictive gender norms.
- CDB has not sufficiently leveraged the different components of its own portfolio (for example, by linking CTCS training on entrepreneurship to access to finance) to deliver a more holistic approach.
- Internal factors that have affected gender mainstreaming include CDB capacity and the extent to which CDB staff is proactive in engaging BMCs in dialogue on gender inequalities. Externally, some BMCs have expressed demand for greater GE support from CDB, but the political will to prioritise GE is inconsistent across BMCs. A compounding factor is the lack of conceptual clarity on gender equality.

CSPs are still in the early stages of addressing gender. Those rated along CDB's Gender Marker for CSPs tool, were rated "gender mainstreamed" (GM).¹³⁸ As noted in the sidebar, CSPs have benefitted from Country Gender Assessments (CGAs); however, gender analysis does not yet inform all sections of the CSP, including the analysis of risks, and there are variations across countries.

Country Gender Assessments in OECS CSPs

As part of its implementation of the GEPOS, CDB commissioned Country Gender Assessments (CGAs) of 10 countries between 2011 and 2014 with resources from SDF 7.¹³⁷

The CSPs reviewed in the 2018 GEPOS evaluation reference their respective CGAs to varying degrees. CGAs are ideally prepared in time to inform the strategy and programming of new CSPs and the Bank's overall dialogue with the BMC on how to address and overcome gender inequalities. This was the case in Grenada, for example, where the timing of the CGA was well aligned with the CSP process. However, the timing of CGAs did not allow for results to be integrated in the Montserrat CSP 2012-15 or the St. Kitts and Nevis CSP 2013-16. Currently, there is no plan to update existing CGAs for new CSPs, and CGAs have not been commissioned for non-pilot countries.

(2018 Evaluation of Gender Equality Policy and Operational Strategy, p. 21)

¹³⁷ The assessments were conducted in 10 pilot countries between 2011-12 (St. Lucia, Belize, Anguilla [revised in 2015]) and 2013-14 (Dominica, Antigua & Barbuda, St. Kitts & Nevis, Grenada, Barbados, Montserrat and St. Vincent and the Grenadines). The key findings and recommendations of the 10 CGAs are also presented in the 2016 CGA Synthesis Report.

¹³⁸ The Gender Marker for CSPs was introduced as a gender mainstreaming tool in 2014. It is used to rate the extent to which a CSP has taken into account gender considerations and whether or not it has the potential to contribute to gender equality. The scoring code of the revised Gender Marker CSP (February 2018) is: Gender Mainstreamed (GM) if 3 to 4 points; Marginally Mainstreamed (MM) if 2 to 2.5 points; NO (i.e. no contribution) if 0 to 1.5 points. Among the CSPs reviewed, four CSPs were developed after the introduction of the tool and included ratings: Anguilla 2016-2020: GM (3.0); Antigua 2015-18: GM (3.0); Grenada 2014-18: GM (3.5); SKN 2017-2021: GM (3.5).

The analysis of a sample of OECS CSPs in the 2018 GEPOS evaluation¹⁴¹ found that gender considerations generally show up in strategic outlines (i.e. actions, objectives, commitments), but don't necessarily translate into the results framework (i.e. outcomes, outputs, [sex-disaggregated] indicators) or propose concrete gender-responsive and/or targeted projects and financial resources dedicated to the implementation of gender initiatives. This further hinders the tracking of specific GE activities and funding allocations, which is a general shortcoming of CDB's project portfolio.

CSPs reviewed generally included a standard paragraph stating that gender was to be mainstreamed and that a gender analysis would be performed for all projects, yet few elaborate on the specific measures to be put in place to ensure implementation (see sidebar for some examples cited from the GEPOS evaluation).

While gender components are sometimes included as outcomes, outputs, and indicators, the country strategies tended to omit gender analysis in their assessments of risks. This is a blind spot and is linked to inadequate attention to social and cultural norms and development models that impact the structure of the economies and are at the root of the material inequalities between women and men that CDB's work is seeking to address. Without a robust risk assessment, mitigation strategies are also compromised or not adequately considered.

Gender Equality in CSPs¹³⁹

The St. Lucia CSP (2013-16) presents a very basic understanding of the gender problematique, by simply counting the presence of women in sectors (e.g., election of female parliamentarians and the increasing number of women serving at senior levels in the public and teaching services). This CSP, which was prepared before the CGA, has limited gender analysis beyond the assertion that gender will be treated as a crosscutting issue. There is no recognition of issues such as the differential experience of poverty of female-headed households, labour force disparities, gender-based violence, or women's disproportionate burden of care in the private sector.

The Grenada CSP (2014-18) refers to data from the CGA and points to some of the key gender inequality challenges. Gender analysis is primarily in the section on the social context, with a few observations in the section on citizen security. Sections on human resource development, economic context, environmental vulnerability, private sector, are devoid of any gender analysis. The RMF addresses gender in the context of social development, where there are plans to finance interventions that support gender mainstreaming, sensitization, and that address GBV. Of note is that the Grenada CSP does provide strong commitments from CDB and the government of Grenada (GoG) to include gender analysis and sex-disaggregated data in planning, implementation and M&E at sector, programme, and project levels and to resource operations accordingly.¹⁴⁰ It also indicates that the CDB will provide assistance to support the implementation of the Grenada Gender Equality Policy and Action Plan (GEPAP).

¹³⁹ 2018 Evaluation of the CDB's Gender Equality Policy and Operational Strategy pp.24-25

¹⁴⁰ CDB and the GoG commit to include "gender analysis and sex-disaggregated data in planning, implementation, and M&E, at the sector, programme and project levels. This entails that the budgets have sufficient resources allocated for conducting gender analysis throughout the development cycle, including, but not limited to, situation analyses, appraisal and supervision reports, project completion reports and evaluation exercises. Indicators will be disaggregated by sex where available." See CDB, Country Partnership Strategy Grenada 2014-18, paragraph 2.03.

¹⁴¹ CSPs reviewed include Anguilla 2010-12 and 2016-2020 CSPs, Antigua and Barbuda 2010-14 and 2015-18 CSPs, St. Kitts and Nevis 2013-16 and 2017-2021 CSPs.

The vast majority of interviewed BMC stakeholders were aware that gender equality is a CDB priority and noted that CDB officers consistently raise it. It was regarded as a necessary part of doing business with CDB (see sidebar).

BMC stakeholder comments

CDB is big on gender.

There is no escaping the gender component with CDB.

CDB is good in integrating gender into its planning but I am curious to see it being implemented.

CDB has given good guidance – these are our projects but things like gender, climate resilience, they have had some influence; [CDB] thinking and our thinking coincide.

We do not have a gender equality problem.

[BMC] does not have a gender imbalance within the government.

There needs to be buy-in from the top [Ministerial level], a champion at the senior level, and dedicated trainers from the bottom.

Regarding the Project Implementation Unit, there was a minor issue of composition. CDB required that there be a gender specialist and we felt not necessary to spend additional funds on that. That was one of the matters that was not resolved.

Gender is required at the CDB Board, but leaders don't see it as an issue.

Some recommendations from the GEPOS evaluation were related to the design and use of Country Gender Assessments and CSPs (see sidebar). These have equal relevance for this evaluation, and could be taken into account should CDB decide to develop a more strategic approach to its work at the sub-regional level. At the same time, resourcing, and the potential reluctance of BMCs or even regional bodies to use scarce funding for gender equality objectives will need to be considered.



GEPOS Evaluation (2018) Recommendation

CDB should build on its experience with Country Gender Assessments and dialogue with BMCs to enhance Country Strategy Papers and develop a more strategic portfolio of investments that relate to gender equality.

The Country Gender Assessments should be updated to inform new CSPs. They should also be broadly disseminated and used not only by the relevant ministry in the BMC, but by CDB staff in different divisions. ...CDB may also want to consider a more targeted approach to the sectors that are analysed through a CGA so that data-gathering efforts are centred in areas that are aligned with the key priorities of the BMCs and the Bank.

Country Strategy Papers require a more strategic approach to GE, explicitly outlining potential CDB support to reduce gender inequality in the BMCs at all levels (strategic, operational and financial). The inclusion of a theory of change (ToC) in CSPs would help describe planned achievements. CDB should find ways to promote/advocate policy agendas that are more gender inclusive, as part of overall support to BMC governments' agendas and priorities. This could be achieved by actively including national gender machineries in the process as well as by ensuring that gender equality is taken into consideration in strategies for each sector addressed through the CSPs.

5 CDB Performance in the OECS Region

5.1 Introduction

Chapter 5 reviews CSP relevance, programme effectiveness at the national and regional levels, and sustainability or likely sustainability of outcomes.

5.2 Relevance

5.2.1 Overview

This section reviews Country Strategies and programmes for:

- Their relevance to BMC development challenges
- Their alignment with CDB's mandate, corporate strategic objectives and competencies
- The coherence of CDB's interventions in the OECS countries
- The extent to which sub-regional approaches figure in CDB's strategies and programmes in OECS countries.

5.2.2 Relevance to BMC development challenges

Finding 7: The most recent CSPs in the OECS countries are generally aligned with national development priorities, and identify capacity challenges and vulnerabilities.

ALIGNMENT WITH NATIONAL DEVELOPMENT PRIORITIES

According to the 2014 OPPM (p.6), one of the seven quality at entry standards for CSPs is strategic relevance: “based on the country diagnosis, a critical assessment of the government’s development plan to determine if it can effectively address the identified development challenges and relax the binding constraints. Assessment of consistency with CDB’s strategic objective.”

All recent CSPs¹⁴² provide a review of the country’s development priorities and challenges, drawing on the key national development framework document as well as, in the majority of CSPs, relevant sectoral/thematic strategies and plans. The most recent CSPs are generally aligned with BMCs’ national development strategies. Some are more explicit, providing clear outlines of how CDB’s planned support addresses national development priorities (best examples are SVG 2014-18 and Grenada 2014-18). As an exception, the Antigua 2015-18 CSP focuses largely on areas that CDB had supported in the past but does not outline its alignment with the national development plan.

¹⁴² Section 5.2.2 comments on the most recent CSPs

All reviewed CSPs prioritised private sector development and competitiveness (particularly support to micro, small and medium enterprises [MSMEs]) and climate change adaptation/resilience (particularly relating to infrastructure development). Education, promoting economic stability and energy were also key priority areas in most CSPs.

Gender was mentioned in all reviewed CSPs (see finding 7). CSP alignment with national gender priorities is difficult to assess, as few countries feature gender in their national development strategies and plans¹⁴³ and most lack a gender policy or action plan. Hence, in most cases, the overview of national development priorities does not include gender equality as a specific objective. Among the CSPs reviewed, St. Vincent and the Grenadines (2017-2021) is the only one to include gender inequality in both main development challenges and CDB strategic objectives.

ALIGNMENT WITH COUNTRY CAPACITIES

Most small island states face financial and human resource capacity limitations. All reviewed CSPs addressed this recurring issue, including: a) limited project planning and implementation capacity within ministries, some CSPs specifically mentioning M&E processes, coordination capacities; and b) limited institutional capacity of executing agencies (ministries, local banks, utilities), including shortcomings in legislative and regulatory frameworks, technical capacities, and financial management. Some CSPs note constraints at certain ministries (e.g. implementation capacity at the Ministry of Transport in SVG).

All CSPs propose mitigation strategies, with varying levels of specificity. Most interventions to strengthen project management are general (e.g. TA for institutional strengthening and capacity building initiatives, Project Cycle Management (PCM) and Public Policy Analysis and Management (PPAM) training, etc.). Some CSPs are more specific, for example to provide TA for the Antigua Ministry of Tourism and Energy to strengthen leadership in energy efficiency projects, or to review public service staffing and job classification in order to streamline public sector operations in Dominica. CSPs also aim to strengthen governance through legislative reforms, regulatory frameworks, and evidence-based decision-making.¹⁴⁴ However, CSPs are not systematic in incorporating these into the RMF and indicative resource envelope. In addition, as noted in Section 4.2, while CSPs acknowledge limitations in country capacities and vulnerabilities, the plans tend to be overly optimistic about what can be realistically accomplished during the CSP period.

¹⁴³ See for instance, 2007 Grenada National Strategic Development Plan; 2016-2020 Medium-term Development Strategy of Antigua and Barbuda

¹⁴⁴ The Grenada 2014-18 CSP proposes capacity strengthening for youth-at-risk programmes through the development of tools and framework. The St. Lucia 2013-2016 CSP discusses building ministry capacities to assess DRM and climate change risks and improve decision-making.

ATTENTION TO COUNTRY VULNERABILITIES

CSPs identified similar vulnerabilities across OECS borrowers: macro-economic and financial shocks (due to global economic crises, small economies, dependence on certain sectors) and natural hazards.

Measures to address them focused on fiscal stability, promotion of economic growth and diversification, climate resilience and disaster risk management through PBL and other types of programme support. The Caribbean Catastrophe Risk Insurance Facility (CCRIF) features in most CSPs as a way to mitigate climate risks. Other proposed measures were capacity building, policy dialogue, and working with other development partners in the region.

Policy-based loans

Beginning with addressing post 2008 fiscal challenges, and proceeding through the economic competitiveness reforms of second generation PBLs, OECS stakeholders have underscored the demand for this type of lending in their countries. PBL objectives have also been well grounded in the Bank's Strategic Plan and CSPs, so relevance is well established.

5.2.3 Relevance to CDB's mandate

Finding 8: The CSPs reviewed were largely aligned with CDB's mandate, relevant strategic objectives, and its competencies over the review period.

Overall, the CSPs reviewed¹⁴⁵ aligned with CDB's Strategic Plans (2010-14, 2015-19) (see appendix 10), which include a broad set of strategic priorities, reflecting the increasingly diverse and complex developmental needs of BMCs. Within those priorities, CSPs established country-specific targets in alignment with national development plans (or their equivalents) and with the work of other bilateral and multilateral development actors.

For the CSPs developed during the period of the **CDB 2010-2014 Strategic Plan**, the following key observations emerge:

- **Corporate strategic priorities:** The majority of objectives in reviewed CSPs are congruent with the broad corporate priorities of the 2010-14 CDB Strategic Plan.¹⁴⁶ CSPs define objectives that fall primarily under the following three CDB corporate strategic priorities: promoting broad-based economic growth and inclusive social development, supporting environmental sustainability and DRM, and promoting good governance. One notable exception is citizen security, which attracted increasing attention in the CSPs from 2010-14 (the CSPs of Grenada, SKN, St. Lucia and SVG all make mention of it), yet was not defined as a priority in CDB's Strategic Plan. However, CDB recognised the increasing importance of citizen security and set aside funding for it for the first time under SDF 8 and subsequently defined it as a priority area in the 2015-19 Strategic Plan.
- **Gender equality:** Gender equality is defined as a cross-cutting theme in both Strategic Plans. All but one of the CSPs¹⁴⁷ reviewed incorporate gender-specific objectives (see Appendix 11). However, these are not always framed by using the term 'gender equality', but more as reducing

¹⁴⁵ This section 5.2.3 looks at all CSPs that fall under the two most recent CDB Strategic Plans.

¹⁴⁶ Promoting broad-based economic growth and inclusive social development, supporting environmental sustainability and DRM, promoting good governance, fostering RCI, and gender equality (as a cross-cutting theme).

¹⁴⁷ Antigua and Barbuda CSP 2010-14 did not define gender equality as CDB's strategic priority in the country.

social vulnerability (including women and children) and strengthening social cohesion. Reviewed CSPs pay less attention to mainstreaming gender across CSP thematic strategic objectives (e.g. private sector development, education, etc.). Beyond objectives, GE is rarely reflected in CSP outcomes, outputs, activities and budget allocations. See Section 4.3 for a discussion of GE as a cross-cutting theme.

- **Regional cooperation and integration (RCI):** Across all CSPs developed under the 2010-14 Strategic Plan, fostering RCI is acknowledged as a CDB strategic priority but ultimately not reflected in CSP objectives. Efforts to strengthen collaboration and exchange between countries or discussions of regional goods remains largely outside the CSP framework. Some CSPs¹⁴⁸ mention that BMCs had the opportunity to benefit from CDB's regional initiatives, although they were not reflected in the country's resource envelope. The St. Lucia CSP 2013-16 is the only one reviewed that reflects on the development of regional partnerships and modalities for increasing access to services (post-secondary education). CSPs constitute an untapped avenue to strengthen RCI or integrate discussions on RCI as a cross-cutting theme.

RCI in CSPs

In SVG 2008-2011; SKN 2006-2008), the language around regional integration (i.e., efforts to strengthen OECS union, regional public goods etc.) and regional cooperation (e.g. joint approaches to the development of the tourism industry) was more explicit and detailed.

In its **2015-19 Strategic Plan**, CDB defined three overarching strategic objectives, each one containing several sub-categories of key strategic priorities (see Appendix 10).¹⁴⁹ The widened scope of priority areas includes citizen security and economic, fiscal and debt management (which had previously been subsumed under good governance), as well as the expansion of cross-cutting areas beyond gender equality to include energy security and regional cooperation and integration, which had previously been a stand-alone strategic priority. As for the alignment between the CDB 2015-19 Strategic Plan and the objectives of CSPs developed in this period, we observe that:

- **Strategic objectives:** CSPs reviewed broadly align with the strategic objectives of the CDB 2015-19 Strategic Plan. All CSPs identify objectives that fall under the following sub-categories of the CDB strategic priority “supporting inclusive and sustainable growth and development”: economic and social infrastructure, environmental sustainability, climate resilience and DRM, and private sector operations and development. In addition, economic, fiscal and debt management emerges as a key theme under the strategic objective “promoting good governance.” However, the 2017-2021 CSP for SKN considers CDB assistance with improving access to health services and to housing finance for low-income households as part of the CSP's strategic objective to enhance the protection for the most vulnerable in society. Health and housing are not typically areas that CDB engages in.
- **MfDR and evidence-based policy making:** CDB's increased effort to strengthen MfDR and evidence-based policy making (another listed priority in the 2015-19 Strategic Plan) has not been explicitly reflected in the CSPs' objectives. This could be either because it is not a priority for BMCs in the OECS countries or there may not be a pressing need.
- **Gender equality:** Gender equality is formally recognised as a cross-cutting theme in all CSPs developed during 2015-19 and is discussed as a stand-alone objective in one CSP (SKN 2017-

¹⁴⁸ See Dominica CSP 2010-2012, SKN CSP 2013-2016, St. Lucia CSP 2013-2016

¹⁴⁹ This review excluded objectives of the Strategic Plan focused on CDB internal reforms, i.e. strategic objective 3 “enhancing organisational efficiency and effectiveness continuing internal reforms”.

2021). However, despite formal acknowledgement of GE as a cross-cutting theme, similar to CSPs developed under the 2010-14 Strategic Plan, gender considerations are not systematically integrated and reflected in CSP objectives.

- **RCI:** Similar to CSPs developed under the 2010-14 Strategic Plan, most OECS CSPs in this period do not define RCI as a strategic objective. However, there are notable exceptions: the SKN 2017-2021 CSP includes indicative TA assistance to complete legislative reforms in order to comply with regional cooperation and trade agreements and standards, which is an example of regional integration through the harmonisation and standardisation of legislation between countries. Similarly, some CSPs¹⁵⁰ mention that BMCs had the opportunity to benefit from CDB's regional initiatives, although they were not explicitly reflected in the country's resource envelope.

5.3 Country Programme Effectiveness

5.3.1 Overview

This section assesses the effectiveness of CDB programming at the national and regional level in the OECS countries and territories reviewed over the period 2010-18 by:

- identifying key outcomes (intended or unintended) over the period and/or progress to date where outcomes have not been realised
- identifying key enabling/limiting factors
- examining the extent to which outcomes addressed country-specific vulnerabilities, institutional capacity challenges and gender equality considerations and the extent to which outcomes were aligned with what was planned in CSP results frameworks.

The findings and analysis were informed by visits to OECS countries and interviews with stakeholders, reviews of selected documents and CDB evaluations, and interviews with CDB staff. Readers should note that a complete measure of effectiveness would include at the least sex-disaggregated data and at the most a gender analysis of changes to equal access and participation of men and women in various sectors. However, this data is not available.

5.3.2 Outcomes and progress towards outcomes

Outcomes over the review period¹⁵¹ are grouped by type of support:

- investment lending and technical assistance support to the Education, Water, Environment/Disaster Risk Reduction, Transportation and Energy sectors/thematic areas

¹⁵⁰ Anguilla's 2016-2020 CSP suggests exploring mechanisms to access regional funds in support of gender mainstreaming, environment protection and increasing resilience to climate change. See also SKN 2017-2021 CSP.

¹⁵¹ Review looks at individual country portfolio of interventions within up to three priority sectors/thematic areas as defined in Section 1. The review focuses on interventions approved during the respective review periods. However, provided that sufficient evidence was collected on interventions whose approval dates preceded the review periods, these were also taken into account. The findings are based on evidence obtained through interviews with BMC stakeholders and CDB staff and document review.

- other forms of CDB lending, namely Policy Based Loans, Financial Intermediary Lending and Bank Capitalization.

INVESTMENT LENDING AND TECHNICAL ASSISTANCE

Finding 9: CDB support for the education sector in the OECS countries has been relatively effective in increasing learner outcomes. It has also increased students' access and participation over the review period. There have been limited CDB interventions at the institutional and governance levels, and these have had mixed results.

CDB has been a steady and important supporter of the education sector in the OECS countries. Over the last five decades, in response to the needs and priorities of the OECS and the wider region, this support has evolved from infrastructure support to enhance the learning environment at the primary and secondary education levels, to enhancing the quality of learning outcomes, enhancement of school management and support systems, effective planning and management of the education sector, higher quality and gender responsiveness of TVET training, and more recently to training of teachers and support services to families of children with Special Needs. In addition, CDB has supported tertiary level education through Student Loan Schemes with the intent of contributing to the human resource development of the country.

CDB's most recent education policy and strategy (2017) has an overarching goal and three objectives (see sidebar).¹⁵³

These are largely congruent with the Bank's 2004 Education and Training Policy and Strategy,¹⁵⁴ which was intended to: increase and broaden equitable access to educational opportunity, improve efficiency and effectiveness, strengthen institutional capacity, and enhance technological capability. The most significant difference between the two policies is the emphasis on governance in the 2017 policy, which also notes CDB's intent to support regional cooperation and integration.

CDB Education Policy and Strategy Goal and Objectives (2017)¹⁵²

The **overarching goal** of the Strategy is improved quality of education in BMCs leading to increased learner outcomes, producing a qualified, capable and representative workforce of diverse individuals, to reduce poverty and achieve inclusive social and economic development for the Region.

Access, Equity and Participation: Development of education and training systems which provide for equitable access and participation across all levels of the system

Efficiency, Relevance and Effectiveness: Enhanced efficiency, relevance and effectiveness of education and training to create systems which are responsive to national, regional and global labour markets.

Governance: Strengthened capacity to reform and manage education systems for the purpose of enhancing student outcomes.

As noted in Section 2, education was prominent among the sectors reviewed during this evaluation, examined in four of the seven country visits (Antigua and Barbuda, Grenada, St. Lucia and St. Kitts and Nevis).¹⁵⁵ CDB provided a combination of

¹⁵² CDB (2017). Education and Training Policy and Strategy Corrigendum Paper Bd 44/93 Rev. 1 Add. 4 Corr. 1. p.18

¹⁵³ In this section, we are using the latest CDB education policy to summarise identified results in a coherent way; we are not assessing CDB's performance on the basis of this relatively recent policy.

¹⁵⁴ CDB (2004). Education and Training Policy and Strategy

¹⁵⁵ The analysis also includes observations on some interventions in Dominica since the 2009 Eighth and 2017 Ninth Consolidated Lines of Credit (coded as 'financial, business and other services' project) included financing for student loans alongside funds for housing, agriculture and tourism. In addition, the evaluation team conducted PCVRs for the 2009 Education Enhancement Project in Dominica, two education projects in Grenada and two other education projects in St. Lucia, the results of which are reflected in this section.

loans and grants to these BMCs for purposes including: the construction of classrooms at primary, secondary and tertiary levels; the purchase of educational equipment, furniture, tools, and materials; training programmes for teachers, principals, industry experts, and administrators; and lines of credit to development banks to enable students to pursue tertiary-level training in a range of disciplines relevant to the job markets in their countries.

CDB provided grants to the OECS Secretariat to support a number of regional technical assistance initiatives listed in the sidebar, and participated in OECS's Education Development Advisory Group. An analysis of support to the education sector over the review period is found in Appendix 12.

CDB TA support to the OECS

OECS Education Sector Strategy (ESS)

OECS Youth Strategy: Creating Possibilities by the Youth for The Youth – Regional

A Regional Educational Leadership Conference and Workshop for the Organisation of Eastern Caribbean States (OECS) Member States – Regional

Improving Teacher Effectiveness in Mathematics in Basic Education

Increased learner outcomes:

Document review and site visits indicate some positive results related to the overall goal of the CDB education policy:

- **Targeted Caribbean Secondary Education Certificate (CSEC) pass rates** were exceeded in St. Lucia (5% increase between 2008 and 2017) and met in Dominica (6% increase from 2002 to 2014). In Grenada, there were mixed results: two of the three rehabilitated schools achieved their targeted increases of 13% and 2% over the 2009-2014 period, but expected outcomes were not realised in the third school because the planned rehabilitation was postponed.
- **Expected increases in Common Entrance Exam (CEE) pass rates** were exceeded by more than 10% in Grenada over the period 2002 – 2010, with the exception of one primary school. However, the situation was mixed in St. Lucia where targets were exceeded for English, but not met for Mathematics, over the period 2010 to 2017.
- **Targeted reductions in repetition rates** were not achieved at the primary level in Dominica and Grenada from 2002 to 2017. In Dominica, secondary schools met the reduction target of 12% for Form 3 during the 2009-2014 period.

CDB education objective – access, equity, participation: Document review and site visits indicate that the most visible results are increased access and participation but limited evidence of change in equity¹⁵⁶ over the review period:

- **Enrolment in TVET** subjects has increased. Targets were exceeded by more than 10% in two of three schools rehabilitated in Grenada over the period 2012-16 and by 0.9% in St. Lucia over the period 2008-2017. Dominica met the 8% target over the 2009-2014 period
- **Post-secondary matriculation requirements for boys** were exceeded by 4% in Grenada over the period 2012-16; Grenada was the only country with this outcome indicator.
- **School rehabilitation/refurbishment:** Schools were rehabilitated or refurbished in A&B (8 schools), Dominica (7 secondary schools), Grenada (3 out of 5 targeted secondary schools), SKN (9 schools) and St. Lucia (9 schools). In Grenada, because the cost of construction was underestimated for one school, construction was postponed to the next CDB funding project. In the other secondary school in Grenada, delays were related to GOG fiscal constraints.

¹⁵⁶ Due to lack of availability and reporting on sex-disaggregated outcome indicators we cannot comment on equity at this time.

CDB education objective – efficiency, relevance and effectiveness: There is some evidence that the education systems in Dominica, Grenada and St. Lucia are beginning to accommodate labour market needs, evidenced by increased enrolment in TVET subjects. There was limited/no progress in SKN (project is delayed) and A&B (a plan to train teachers to vet assessors for Caribbean Vocational Qualification (CVQ) instruction did not happen due to a shortage of funds and delays in addressing the recommendations of a completed consultancy). There were recorded increases in the number of trained and graduate teachers over the period 2008-2017. The planned targets were met in St. Lucia. While there were increased numbers of trained teachers at the primary and secondary levels in Dominica, the targets were not met at either level. The targets were not achieved in Grenada (225 principals and teachers were trained and certified by 2016 instead of the 500 expected by 2013).

Another CDB contribution was the creation of a Summer Institute that provides professional development for teachers (A&B) and a Teachers' Resource Centre in SKN. CDB has supported teacher education in several countries over the period (which has benefitted 2,653 teachers to date), as well as education management information systems. However Abustar, an education management information system developed with CDB support, has been abandoned by OECS countries due to the limited user-friendliness of the system. Maintenance policies and plans were developed for the Ministries of Education in several countries, but as noted in Section 5. 4 (Sustainability of Outcomes), there is little evidence that they are being implemented.

CDB education objective – governance: For this third and most recent policy objective, results are mixed. While support is reported to have helped increase the capacities of the Ministry of Education in SKN to plan and reform the curriculum, there has been limited implementation of the recommendations of the SPEED evaluation in Grenada (intended to help the government determine future objectives and interventions to develop the education sector).¹⁵⁷

CDB has provided lines of credit to support student loan schemes (SLS) in Grenada, SKN¹⁵⁸ and Dominica, St. Lucia and St Vincent and the Grenadines¹⁵⁹. CDB also earmarked loans for the disadvantaged through the Grenada Development Bank, but none have been on-lent to date. Given current methods of data collection and reporting (which focus on the numbers of persons who receive training or student loans in

Most of the students benefitting from the SLS have completed their studies and some are gainfully employed and contributing to the development of Dominica and the wider Region. Some of the SMEs assisted by this loan are still viable and in business; although some would have exited due to economic and other difficulties. All the new homeowners have continued to enjoy their homes, which have improved their living conditions.

(CDB, 2018. PCR Eighth Consolidated Line of Credit Dominica Agricultural Industrial Development Bank)

keeping with project objectives of increasing access to tertiary education), there is no information to assess the envisioned impacts of these interventions on the OECS workforce, poverty and/or social and economic

¹⁵⁷ CDB did provide TA to the GoGR to assess the status of implementation of SPEED II, following the destruction of education facilities by hurricanes in 2004 and 2005. Among constraints reported by the consultancy: absence of consistent, dynamic leadership and a results-oriented culture; weak planning, monitoring and evaluation; an EMIS that is only partially operational.

¹⁵⁸ The scheme was eventually cancelled in SKN as the SLS terms and conditions were not competitive with the private sector.

¹⁵⁹ At the time of writing, the evaluation team lacked consolidated information on outcomes.

development. Despite stated importance of gender equality and poverty in reviewed appraisal documents¹⁶⁰, supervisory and completion reports contain little if any information on these considerations.¹⁶¹

At the **sub-regional level**, identified results in education over the review period were:

- CDB's involvement was integral to implementation of the OECS Education Sector Strategy (ESS). The ESS was endorsed by the Council of Education Ministers and has become the overarching education strategy for the OECS region. BMCs have developed and aligned their national strategies and plans to the ESS. CDB supports the ongoing implementation of the Strategy. The OECS Commission and its member territories are proposing to undertake a review of the OECS Education Sector Strategy after the first five years of implementation (2012-2017). Support has been secured through grant support from the Global Partnership for Education, the United Nation Children's Fund (UNICEF) and CDB.
- The CDB-supported report on improving teacher effectiveness in mathematics for basic education in the OECS produced a Framework for Action, which has since been presented to and adopted by the OECS Council of Education Ministers. The next step will be for OECS to develop and resource an implementation strategy for this initiative.

CDB supports an ongoing initiative to improve the capability and increase the accountability of leaders and managers through professional development workshops held during the summer vacation period. The outcomes expected are qualified leaders in place across the education system and education leaders and managers having access to continuing professional development. For sustainability, CDB staff noted that the Bank will continue to support the training-of-trainers model as well as the mainstreaming of school leadership and management programmes in national teacher's colleges, including the franchising of relevant UWI diploma and degree programmes within the Joint Board of Teacher Education (JBTE) system.

The need to identify and share good practice in Early Childhood Development in the Caribbean Community was a recommendation of National Early Childhood Development Coordinators. In response, CDB supported the development of a Caribbean Early Childhood Good Practice Guide to be disseminated to Ministries of Education and others responsible for early childhood care and development.

¹⁶⁰ Emphasis at appraisal tends to be on gender disaggregated data rather than gender equality analysis.

¹⁶¹ One notable exception is the PCR for Dominica which reports that 40 males and 54 females received SLS support. Reviewed files indicate that 62 student loans were approved in Grenada; however, the sex of recipients is not recorded.

Finding 10: CDB support has helped to increase water service coverage in two countries and to reduce non-revenue water in another. It has had modest results in infrastructure development, institutional strengthening and legislative reform in the water sector in OECS countries over the review period.

CDB is one of several organisations that have supported the water and sanitation sector in the OECS countries. Other key players include the World Bank and Global Affairs Canada. A large number of regional entities are also involved in the management of the water sector, including the OECS Secretariat (see sidebar).

While CDB did not have a water and sanitation policy over the review period, it supported four BMCs (Dominica, Grenada, SKN and St. Lucia). CDB staff report that the Bank is currently working with the Inter-American Development Bank to develop a regional strategic plan for the water sector. This would be in keeping with the spirit of recommendations of a 2015 CDB study (carried out by Cole Engineering) which recommended that the Bank play a major role in supporting the water sector with financing or institutional support and that it work through established regional institutions.¹⁶²

Regional institutions focused on the water and sanitation sector

Caribbean Association Water and Sewerage Authority (CAWASA)
 Caribbean Public Health Agency (CARPHA), formerly Caribbean Environmental Health Institute (CEHI)
 Centre for Resource Management and Environmental Studies (CERMES), University of the West Indies
 The Caribbean Community Climate Change Centre (CCCCC)
 Global Water Partnership Caribbean (GWP-C)
 Caribbean Institute of Meteorology and Hydrology (CIMH)
 Caribbean Water and Wastewater Association (CWWA)
 Organisation of Eastern Caribbean States Secretariat (OECS)

The water and sanitation sector was reviewed in three of the seven country visits (Dominica, SKN and St. Lucia). CDB provided a combination of loans and grants to these BMCs for multiple purposes including infrastructure support, institutional and human capacity building, legislative and institutional frameworks and staff training. In addition, the African, Caribbean and Pacific – European Union (ACP-EU) programme supported regional interventions (water sector studies and training of trainers for key stakeholders). An analysis of CDB support provided to the water and sanitation sector in the select OECS countries over the review period is found in Appendix 13.

Document review and site visits to the three countries identified the most significant results as:

- Enhanced service coverage in Nevis (99% household coverage).
- An estimated reduction in non-revenue water¹⁶³ in Nevis from 31% in 2015 to 24% in 2018.¹⁶⁴
- An improved legal and regulatory framework and the establishment of a Regulator in St. Lucia (2009).

Water infrastructure: In Dominica, plans to upgrade and develop the water infrastructure were delayed due to the impact of hurricanes and the need for project redesign. In St. Lucia, bulk meters were not installed

¹⁶² Cole Engineering (2015) Final Report for the Assessment of the Water Sector in the Caribbean

¹⁶³ Non revenue water (NRW) is water that has been produced and is "lost" before it reaches the customer.

¹⁶⁴ Based on the Nevis Water Department's 2015-2018 data on water consumption and water production.

as planned due to problems with the quality of the meters. In Nevis, infrastructure upgrades led to an increase in the quality and size of water pipes and in water storage capacity with benefits as noted above.

Progress has been modest in terms of **developing institutional capacities** within the water sector bodies as envisaged in SKN, St. Lucia and Dominica. In Nevis, a water resources management unit has been established, employing one manager. However, envisaged plans to help transition the Nevis Water Department into a financially viable entity were not realised due to delays by the Nevis administration in deciding on the most appropriate way forward (see sidebar).

Corporatization of the Nevis Water Department

Planned consultancies (water audit, tariff study) have not taken place as planned, and there are insufficient resources remaining in the project to support these planned studies. Plans to provide a transition consultant to SKN to improve the technical and commercial operations of the entity and guide the corporatization process did not happen given the context described above. To date, the project has concentrated mainly on increasing the supply of potable water in the country.

In St. Lucia, a CDB-supported study to inform improvements in operational efficiency was completed but the recommendations were not implemented because of a change in administration and government priorities. While the project financed studies and identified recommendations aimed at strengthening the Water and Sewage Company Inc. (WASCO) these were not pursued, and the water utility currently faces several financial and institutional capacity limitations. In Dominica, plans to enhance the capacity of the Dominica Water and Sewage Company Inc. (DOWASCO) to deliver better service to consumers has been delayed due to the design changes that were necessary for the installation of the transmission lines after the impact of successive hurricanes and floods during the implementation period.

CDB has initiated capacity building and human resource development interventions through the partner fund ACP-EU. It has produced a toolkit for policy makers and planners, conducted a water sector study in four pilot countries in the OECS including SKN and Dominica, and has provided training on policy-making and planning for the integration of climate resilience in the water sector. Information on the outcomes of these region-wide projects is not available.

Interventions aimed at **strengthening the legislative and institutional framework** have had mixed results: There were some notable changes in St. Lucia as noted above, but in SKN, the water resources management legislation has not yet been amended as intended (in 2015).

Access to potable water is an increasing challenge in the OECS countries. CDB interventions recognise the need to encourage sustainable consumption behaviours by the public, including **public education initiatives**. In Nevis, for instance, CDB allocated a small portion of the funding for the development of a communication plan to support increased public awareness of the need to conserve water. However, this had no discernible effect on public awareness of the value of water.

Finding 11: CDB is in the first stages of supporting the renewable energy sector in the OECS countries. Interventions are beginning to develop more sustainable and affordable energy infrastructure through capacity building, institutional strengthening and other efforts.

Energy efficiency and renewable energy (EE/RE) are cross-cutting themes in CDB's current Strategic Plan. In 2015, the Bank launched an Energy Sector Policy and Strategy (ESP). It aims to increase energy security and sustainability and to enable economic growth (see sidebar). Regional cooperation and integration is encouraged, and there is specific reference to the OECS energy strategy.

Support in this sector was provided to seven OECS countries (excluding TCI, Montserrat), of which three were examined through in-country visits (Anguilla, SKN and SVG).¹⁶⁵ There were loans and grants for infrastructure support and strengthening institutional capacities in selected utilities (see Appendix 14).

CDB Energy Sector Policy and Strategy (2015)

Objectives:

- (a) To assist BMCs with the timely provision of adequate, affordable, reliable, sustainable, and clean energy services, to all segments of the society
- (b) To establish the energy sector as a dynamic economic sub-sector; advancing the development of a "green" economy, and supporting climate resilience
- (c) To be a key regional energy sector development financier, to serve as a catalyst for attracting concessionary resources to the Region, and as an intermediary for financial and technical assistance resources for BMCs

The following achievements related to **infrastructure support for adequate, affordable, reliable, sustainable, and clean energy** were noted:

- Street light retrofitting projects are underway in all three countries. In A&B, the most advanced in implementation, utility representatives report USD3 mn savings generated to date. Some challenges were noted with regard to the disposal of mercury and sodium bulbs, which was not sufficiently thought through at the design stage. In addition, citizens in A&B expressed concerns regarding the limited 'reach' of the new street lights.¹⁶⁶ Savings acquired through the new street lighting are expected to pay for maintenance and replacements; moreover, the new lightbulbs have a longer life expectancy.
- In Anguilla, the installation of a solar plant for electricity generation purposes was reported to have exceeded planned outcomes. In addition, the country's experience with this type of renewable energy is reported to have contributed to a positive image of the island and has generated an appetite by stakeholders to explore RE options in the future. Hurricane Irma damaged the plant in 2017, but plans are underway to rebuild it.

¹⁶⁵ In A&B, the evaluation team met with stakeholders working on the 2016 Street Light Retrofitting project, which was subsequently also considered for this analysis.

¹⁶⁶ Citizens desired the light glare to fall on private property as well as on the road, as a safety/security precaution.

In keeping with CDB's objective of being a **key financier and catalyst in the regional energy sector**, the Bank focuses heavily on resource mobilisation and on acting as an intermediary for (concessional) financing and technical assistance, by managing a number of partner programmes (SEF, SEEC, Geosmart Initiative and the Geothermal Risk Mitigation Programme for the Eastern Caribbean). CDB's contribution to the development of a "green" economy through the exploration of renewable energies is still in its early stages and primarily focuses on geothermal energy with some involvement in solar energy.

CDB has played a key brokering role in organising financial and technical support for geothermal exploration in SVG. It has used the Bank's bona fides to bring numerous financiers to the table (including IDB, GEF, DFID, GoSVG and the private sector) to support exploratory drilling, considered a risky investment. Innovative financial engineering has included a mix of contingent grants and loans. Ownership structure, private participation, and agreed return on equity have continued to evolve through facilitated negotiation. Drilling has commenced. If reserves are proven, a major plant could be commissioned by 2021, supplying a substantial percentage of SVG's energy needs. In St. Kitts, CDB recently approved a consultancy for legal advisory services for a Geothermal Energy Agreement and an ESIA for the test-drilling phase.

In terms of **institutional development and capacity building**, results have been mixed:

- With CDB support, the electricity department in St Kitts (SKELEC) was corporatized in 2011 but remains 100% government-owned. Interviewed staff report that energy supply is more consistent since corporatization, and note improvements in management. SKELEC is reported to have a large amount of debt that was transferred from the previous electricity department. Its financial viability is not known; its last audited financial statements were in 2013/14.
- All three countries received support for energy audits of public buildings (including through the SEEC programme), which were completed in SKN and Anguilla and with several delays reported for SVG. However, financial resources for the implementation of recommendations are currently a challenge in both countries with completed reviews.
- Finally, CDB is supporting SKN in strengthening its legislative and institutional framework for the management of energy. This is in early stages of development.

CDB has provided direct support to the OECS Secretariat in the past with a large TA grant of USD1.5 mn in 2010 for the development of a sub-regional energy efficiency strategy, the strengthening of national legal frameworks and regulations for energy management, and raising public awareness on energy efficiency.¹⁶⁷ Interviewed CDB staff report that geothermal energy will be a big focus for the Bank in the future. At the **sub-regional** level there are plans to build institutional capacities in the OECS Secretariat as well as a pool of technical/analytical expertise that countries can draw upon (such as through a retainer with OECS) to support BMCs that do not have the necessary know-how and capacity to handle geothermal exploration. CDB staff report that more work needs to be done to address legislative and regulatory reform in the sub-region, and that the Bank is currently working with the OECS Secretariat for this purpose.¹⁶⁸

¹⁶⁷ CDB regional TA intervention titled "Sustainable Energy for a Competitive OECS", approved in October 2010.

¹⁶⁸ CDB recently approved a regional TA grant (March 2019) to assist the financing of a geothermal capacity strengthening roundtable and workshop for the four main OECS countries currently pursuing geothermal explorations, namely Dominica, Grenada, SVG, SKN.

Finding 12: While interventions in the transportation and communication sector are still ongoing, innovative project outputs have the potential to set new standards.

CDB provided support for the transportation and communications sector in six OECS countries over the period, as well as loans and TA support for LIAT. In terms of approvals, the transportation sector makes up the third largest portfolio in the OECS, 33% of which (USD35.08 mn out of USD105.5 mn) is allocated to support LIAT. The evaluation examined CDB support for the transportation sector in two countries (A&B and SVG) which included support for road infrastructure and institutional strengthening as well as support to LIAT (see Appendix 15).

Consultancy to develop a CDB transportation strategy and policy

The consultancy will) determine priority areas of intervention as well as appropriate financing modalities, establish an implementation strategy and improve the monitoring and evaluation (M&E) framework of interventions by CDB, and better support its BMCs in the implementation of policies, strategies, projects and programmes geared towards addressing their respective transport challenges.

CDB 2016 Technical Assistance - Transport Sector Study and Preparation of a Transport Sector Policy, Strategy and Operational Guidelines - Caribbean Development Bank Corrigendum Paper Bd 22/16 Corr. 1

The most significant outcome to date is the completion of the South Leeward Highway in SVG. Stakeholders report significant savings in travel time and that safety concerns have been addressed along the Leeward section between Kingstown and Layout. There was damage to link roads during highway construction, but this has been repaired. The unspent project balance is being used to address concerns raised by stakeholders (including inadequate pedestrian space, road signage, provision of bus stops) before the project is completed. As well, the Windward highway corridor has been kept operational in spite of hazard event damage, through RRL support.

The two transportation projects in A&B (UKCIF-funded Road Infrastructure Rehabilitation project and the Second Road Infrastructure Rehabilitation project) are ongoing. While in relatively early stages of implementation, both projects have included **innovations** with the potential to set new standards for practices in the sector.

- One was the development of Gender Equality Guidelines for Implementing Infrastructural Projects in the Ministry of Works (MoW). This included training for selected stakeholders as well as training of trainers.¹⁶⁹ However, the GE guidelines have not been followed up with specific measures to ensure implementation, nor have they been endorsed by senior management, which limits the potential effects and impact on MoW practices.
- The second was the launch a Community Liaison Officer consultancy within the UKCIF project. This person is responsible for ongoing communication with local communities regarding planned and ongoing transportation projects, acting as a liaison between the beneficiaries and government stakeholders – a practice that was previously underdeveloped. The community reports that they engage in regular interaction with the Officer. Efforts are underway to replicate this approach in the Second Roads project.
- The UKCIF project is also supporting the development of project implementation capacities with the MoW, intended to benefit all projects in the sector.

¹⁶⁹ Ministry of Works Antigua and Barbuda, *Final Report on Institutional Capacity Building in Gender Sensitization for Road Infrastructure Rehabilitation Works*, November 2018.

CDB provided loans of USD65 mn to LIAT's shareholder countries¹⁷⁰ in 2013, intended to improve the airline's financial performance and operational effectiveness. The loans enabled LIAT to augment its fleet, acquire spares, train its pilots, and support capacity building in audit and other areas. CDB provided an emergency financing loan in 2017, and supported a consultancy that made recommendations on LIAT viability, effectiveness, and efficiency.

LIAT managers interviewed in February 2019 noted some important achievements, including on-time performance of 83%, a strike-free year in 2018, and an annual passenger load of 70%. However, the airline is not profitable, for a variety of reasons including passenger loads, costly maintenance (some of which needs to be done in Canada due to the lack of upgraded facilities in Antigua), the industrial relations climate, labour costs, and the impact on operations of hurricanes. In March 2019, the airline reached out to OECS countries for over USD5 mn in emergency funding. This led to new commitments from LIAT's existing shareholders, the addition of a new shareholder (Grenada), and a financial commitment from St Kitts and Nevis.

Interviewed managers made specific reference to the value of the CDB-supported consultancy, which examined LIAT and the transportation sector in the region. They described the study as the 'most important review' done in its history. There is apparent agreement that the airline needs restructuring, but it lacks the financial resources to meet the estimated cost of implementation (USD165 mn over five years). It is reported that there is mixed willingness and/or ability of OECS members to become equity shareholders in LIAT, even though most rely heavily on it for regional travel.

CDB's Vice President, Operations recently announced a new regional initiative aimed at developing national maritime strategies for seven OECS member countries (see sidebar).

Grenada now a LIAT shareholder

Grenada's investment in the Antigua-based airline comes as regional governments work on a plan to save the island-hopping carrier from going under.

Minister of Trade, Industry and CARICOM Affairs Oliver Joseph made the announcement at the government's weekly conference last Tuesday, saying that Grenada had pledged its continued support.

Joseph said the island would provide funding under a Minimum Revenue Guarantee (MRG) framework – which the shareholders have been pushing for from islands that benefit from LIAT's service. Under the MRG model, governments would pay a minimum guaranteed amount to LIAT if passenger numbers on flights fell short.

OECS Business Focus May 10, 2019

Maritime Security Project of Regional Security System

The Bank's financing will support the development of national maritime strategies for each of the RSS member countries – Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines. The project will also see the creation of an overall Regional Maritime Security Strategy and Implementation Plan which will incorporate the needs of the individual country plans, as well as capacity building and training for the relevant stakeholder agencies.

Monica Bennett (Vice President, Operations, CDB) speaking at the RSS Council of Ministers meeting in St. Vincent and the Grenadines April 9, 2019

¹⁷⁰ LIAT shareholders are Antigua and Barbuda, Barbados, Dominica and St. Vincent and the Grenadines. Grenada became a LIAT shareholder in May 2019.

Finding 13: CDB's most significant DRM contributions have been in assisting OECS members recover from disasters, and in joining the Caribbean Risk Insurance Facility. There has been a more modest emphasis on disaster mitigation. CDB is slowly expanding its collaboration and cooperation with other development partners to address sub-regional DRM priorities.

Environment and disaster risk reduction have been central areas of CDB activity for over two decades. Given the high levels of vulnerability of OECS small island states to natural disasters and environmental challenges, CDB has become a key supporter of disaster response efforts. CDB's approach over the review period was anchored in its 2009 Disaster Management Strategy and Operational Guidelines (DIMSOG) and its 2012-17 Climate Resilience Strategy (CRS) (see sidebar). The DIMSOG and CRS overlap in the area of reducing climate-related disaster risks. The DIMSOG defines the strengthening of partnerships to maximize disaster risk management and to advance regional cooperation and integration as a key principle; the CRS seeks to assist regional institutions to address climate resilience. Neither document outlines specific strategies for the OECS.

As noted in Section 2, 'environment and DRR' ranked second in CDB's overall support to the OECS countries. The evaluation team reviewed the environment and DRR-related activities in four out of seven BMCs and over 40 discrete initiatives.¹⁷¹

Information on the performance of CDB's support was incomplete in some countries given the immaturity of projects,¹⁷² the limited availability of

CDB Disaster Management Strategy and Operational Guidelines (2009) – Goal and Objectives

The overarching goal of the Strategy is to contribute to sustainable development and poverty reduction in the BMCs by reducing the burdens caused by disasters due to natural hazards and climate change through effective DRM.

The purpose of the Strategy has three key themes:

- (a) support BMCs efforts to reduce risks related to natural disasters and climate change, and to facilitate rapid and appropriate assistance to the BMCs in response to disasters in an effort to assist in the revitalization of their development efforts;*
- (b) strengthen the Bank's effectiveness in supporting its BMCs to systematically reduce the risks related to natural disasters and climate change; and*
- (c) collaborate with other Development Partners to increase the effectiveness of donor interventions in DRM and CCA.*

CDB Climate Resilience Strategy (2012-2017) - Goal and Objectives

The overarching goal of the Strategy is to contribute to the sustainable development and poverty reduction efforts of BMCs through the implementation of a transformative climate resilient policy and investment financing strategy for BMCs.

The CRS Programme has the following objectives:

- Establish and operationalise a robust Environmental Sustainability Risk Framework for CDB's operations.*
- Mobilise concessional resources for financing climate adaptation and mitigation in BMCs.*
- Assist BMCs and regional institutions to design, finance and implement policies, strategies and investment programmes to address climate resilience and deliver on their wider sustainable development objectives.*
- Partnerships and cooperation with other development partners and Regional Institutions towards climate resilience of BMCs.*

¹⁷¹ Antigua and Barbuda, Dominica, St. Vincent and the Grenadines, Anguilla.

¹⁷² In Antigua and Barbuda, almost all projects within the period reviewed (2010-18) were approved in response to Hurricane Irma in late 2017. In comparison, Dominica experienced numerous disasters (2011 Layou floods, tropical storms Ophelia (2011) and Erika (2015), 2013 torrential rainfalls and flood events, 2017 Hurricane Maria) in response to which CDB has provided several rounds of funding.

project documentation, and uneven access to involved BMC stakeholders.

Disaster response

Most CDB interventions were in response to damage caused by extreme weather events that have affected large parts of the OECS sub-region, including severe hurricanes, tropical storms, torrential rainfall and trough events causing flooding and landslides. The disaster response portfolio included CDB financial instruments developed for post-disaster response, including Emergency Response Grants (ERGs), Immediate Response Loans (IRLs) (generally assisted by small grants for consultancies to supervise the IRL) and Rehabilitation and Reconstruction Loans (RRLs).

CDB made important contributions in two OECS countries:

- Two RRLs provided directly to energy utilities (e.g. DOMLEC, ANGLEC) have recorded high performance with the majority of system infrastructure re-established within a few months. In both Anguilla and Dominica, CDB contributions supported ongoing restoration activities of the utilities and were deemed essential in providing the necessary financial resources for the acquisition of materials and manpower. In Anguilla, 98% of the network was restored, connecting 90% of customers (the remaining 10% consisted of buildings that were not ready to be connected to the grid). Even though ANGLEC had already begun reconstruction works when CDB funding was confirmed, CDB funds were deemed essential by BMC stakeholders in accelerating its pace and scope. Similarly, in Dominica, the loan agreement was signed with CDB when about 50% of restoration was completed; 99% of the transmission and distribution system was reportedly restored, with the exception of remote areas or cases with special legal challenges (i.e. right of way). The restoration of DOMLEC's generation is currently at 80%. A 20% gap in customer access was noted for properties which have not been fully restored.
- The RRLs in the countries generally had institutional capacity building components that included Climate Vulnerability Risk Assessment and an institutional assessment study for DOMLEC; a business continuity plan and cost of service study for ANGLEC; and improving the climate resilience of the facilities and developing standard operating procedures for disaster response for the Ministry of Transport and Works in SVG. Based on the information available in Anguilla and Dominica, these components did not progress at the same speed as the infrastructure component and were still being implementing at the time of writing.

In the small number of IRLs for which information was available, loans have been used for the clean-up of debris and clearing of roads in Dominica, SVG and Barbuda. In SVG, the IRL funds reportedly supported the re-establishment of social and economic activities in various communities in North Windward and Marriagua.

CDB also provided post-disaster loans to cover BMC's debt service obligations to the Bank, offering a liquidity buffer during rehabilitation efforts (e.g. Anguilla, Antigua and Barbuda). In Anguilla, the Hurricane Recovery Support loan was reported to have helped maintain government's ability to provide critical services and operations and minimize the risk of further social and economic instability. While these loans have recorded quick disbursements, at the time of writing, the evaluation team lacked information on results in Antigua and Barbuda.

Over the years, CDB has helped to establish and support the Caribbean Catastrophic Risk Insurance Facility (CCRIF), a parametric insurance fund. In 2017, 4 OECS members and TCI benefited (along with Haiti and Bahamas) from an USD50.7 mn pay-out in response to hurricanes Irma and Maria.

Disaster mitigation

As outlined in the 2018 DIMSOG evaluation, CDB's activities targeting disaster mitigation are less defined and have not evolved as much as CDB's post-disaster interventions. CDB's portfolio of proactive assistance¹⁷³ in the countries reviewed is significantly smaller than its post-disaster response, with a small set of interventions approved for St. Vincent and the Grenadines.¹⁷⁴ One BMC stakeholder noted that CDB was "not really on my radar" when it comes to disaster mitigation, citing stronger relationships with the Caribbean Disaster Emergency Management Agency (CDEMA) and other regional actors. In 2009, CDB provided loans to encourage five of the OECS countries to join the Caribbean Risk Insurance Facility.¹⁷⁵ In the BMCs reviewed, Anguilla and Antigua and Barbuda have sustained their membership since and benefitted from CCRIF funds given the severity of recent extreme weather events. Both countries had a positive perception of the funding mechanism.

Environmental sustainability

CDB support to strengthen BMC approaches to environmental sustainability in the countries reviewed focused primarily on land use. In both Anguilla and Dominica,¹⁷⁶ CDB provided funding to support more effective governance of land use through planning and policy development. In Dominica, the National Land Use Policy was approved in 2014; a draft national physical development plan was completed in 2016 but has not been adopted to date. Country stakeholders reported stronger awareness due to an extensive consultation process, yet noted a lack of enforcement of the policy. The draft plan integrated DRM and DRR considerations following Storm Erika in 2015. In Anguilla, the implementation of the 2012 TA for development of a policy on land use and environmental management started in 2014 and the draft policy was supposed to go to public consultation in March 2019.

Regional initiatives and partnerships

CDB's support to and collaboration with other development partners and regional institutions is expanding but still in its early stages. CDB in coordination with the OECS Secretariat has mobilised concessional financing from other development actors such as GIZ and IDB for initiatives such as the preparation of Nationally Determined Contribution strategies.¹⁷⁷

¹⁷³ DIMSOG (p.7) defines 'proactive assistance' as a) institutional strengthening and capacity building for DRM and climate change response; b) development of databases and monitoring tools for DRM and climate change adaptation including support for scientific modelling of climate change; c) mainstreaming of DRM and climate change adaptation into economic and physical planning processes, and business continuity planning; d) implementation of risk reduction measures (preparedness, mitigation and prevention); and e) building of community DRM and climate change resilience.

¹⁷⁴ These include grant support to develop a proposal for designing a strategic programme for climate resilience approved in 2010, CDRRF funding for a project on volcano-ready communities approved in 2017, a loan and grant for Disaster Risk Reduction and Climate Change Adaptation aimed at reducing the vulnerability of communities in main cities to extreme rainfalls and other climate change impacts approved in 2016.

¹⁷⁵ Anguilla, Antigua and Barbuda, SKN, STL, TCI.

¹⁷⁶ CDB grant for Anguilla approved in 2012 for building effective governance for land use planning and environmental management was coded as "multisector" by CDB but was discussed by key environmental stakeholders and therefore considered within this review. Dominica received a TA grant for the development of a national land use policy and national physical development plan in 2012.

¹⁷⁷ See for instance, 2009 technical cooperation agreement signed with IDB in the context of the "Mainstreaming of Disaster Risk Management in OECS Countries" grant, and the 2019 ratification of grant from Deutsche Gesellschaft Fuer Internationale Zusammenarbeit (GIZ) to Support Implementation of the OECS Nationally Determined Contributions in four pilot countries (St. Lucia, SVG, SKN and Dominica).

CDB has been a contributor to CDEMA, using the Agency as an intermediary for implementing ERGs for example. The 2018 DIMSOG evaluation noted that some countries have found the process of using CDEMA to implement ERGs helpful, yet procedural challenges regarding expense documentation remain,¹⁷⁸ despite CDB-funded consultancy services to CDEMA to design a strengthened procurement and contract management policy and related training workshops. In April 2019, CDB supported a TA for consultancy services to further address these challenges by strengthening CDEMA's procurement and contract management procedures.¹⁷⁹ CDB also provided direct grant resources to CDEMA through the ACP-EU funding programme in 2017. One consultancy (which is still ongoing) has been used to hire consultants to assess emergency response procedures in four CDEMA participating states, including St. Lucia. This was followed by a regional workshop on lessons learned and future strategies. A second (2017) consultancy (which should be completed by December 2019) supports the implementation of a model safe school programme to incorporate and mainstream risk and disaster management considerations in education sector policies, planning and operations in A&B, Dominica, SKN, St. Lucia, and SVG among other BMCs. CDB has been one of several development partners working to strengthen building codes across the region – a crucial step in improving resilience to natural hazard events. The OECS Secretariat has been a coordinating point for these efforts, organising conferences jointly with CDB and looking to update the original pan-Caribbean “CUBiC”¹⁸⁰ standard. There is further work to be done in building national capacities for enforcement, engagement of insurers, etc.¹⁸¹ OECS Ministers have directed the Secretariat to engage with CDB in up-scaling these efforts. To support OECS members in preparing their Nationally Determined Contributions (pursuant to the 2015 Paris Agreement¹⁸²), CDB has worked with GIZ in delivering TA at the country level. The German donor agency was however frustrated with what they perceived as onerous Bank process needed to implement the relatively small dollar amounts involved.

CDB has also worked with the OECS Secretariat to kick-start RE/EE efforts in the region, for example co-sponsoring a conference with the International Renewable Energy Association on geothermal development (see also Finding 11). A key discussion point has been how to account for the variance in contexts across BMCs (which have recorded different levels of progress with using their own models) and provide adequate guidance in the future. Stakeholders feel there is much more that could be done in all of these areas and that a more formal general agreement between the Secretariat and the Bank would facilitate efforts to build capacity, provide guidance and strengthen regulatory frameworks.

See also Appendix 17 on the effectiveness of Disaster Risk Management.

¹⁷⁸ DIMSOG evaluation, p.18.

¹⁷⁹ 2019 “Enhanced Regional Disaster Risk Management Procurement and Logistical Capacity”.

¹⁸⁰ The Caribbean Uniform Building Code.

¹⁸¹ The World Bank is reportedly making the implementation of strengthened building codes a condition of its policy-based lending in some countries.

¹⁸² The Paris Agreement requires each Party to prepare, communicate and maintain successive Nationally Determined Contributions to achieve long-term goals for adaptation and mitigate the impacts of climate change and foster climate resilience.

CDB SUPPORT FOR INTERMEDIARY LENDING, BANK CAPITALIZATION AND POLICY-BASED LOANS

Finding 14: CDB’s support for financial intermediary lending has enabled some OECS citizens to access better housing and education. It has had mixed success in supporting the productive sector in two countries.

CDB’s involvement in financial intermediary lending to the productive and social sectors is guided primarily by the Private Sector Policy and Operational Guidelines of CDB, and contributes to:¹⁸³

- CDB’s strategic objective of supporting inclusive and sustainable growth and development within its BMCs
- CDB’s corporate priorities of increased and equitable access to high quality education and training and “improved quality and coverage of economic and social infrastructure”.

CDB provided consolidated lines of credit (CLC) to five national development banks (NDB) in the region: the Grenada Development Bank (GDB), the Dominica Agricultural and Industrial Development Bank (DAIDB), the Anguilla Development Board (ADB), the St. Lucia Development Bank, and Turks and Caicos (local bank). This review focuses on CDB lines of credit provided to three OECS countries (Dominica,¹⁸⁴ Grenada and Anguilla) mainly to support the productive sector, housing and student loans.

Grenada

In 2015, CDB approved a fourth consolidated line of credit (USD10 mn) for the Grenada Development Bank (GDB), intended to enhance sustainable development, economic growth and poverty reduction through increased viability and expansion of productive sectors, SMEs, and human resource development (see sidebar for main outcomes). While mainly funded from OCR, SDF funds were added to support students from financially disadvantaged households to attend tertiary level training and for MSMEs to use energy efficiency/renewable energy.

The Grenada Development Bank (GDB) has its origins in the Grenada Agricultural Bank established in 1965. The primary purpose of the GDB is to assist in the economic development of Grenada by providing financial and technical assistance in the areas of Agriculture, Fisheries, Tourism, Industry, Housing, Small Business Development and Human Resource Development. Over the period 1970–2015, CDB made six loans to GDB totalling USD20.8 mn.

GDB’s financial performance has improved over time, evidenced by its profitability in 2017, the reduction in non-performing loans (NPLs) from 40 % to 5% in 2019, and the doubling of its loan portfolio between 2014 and 2018. However, there has been mixed progress in utilising the fourth consolidated line of credit for the intended purposes (see sidebar):

GDB Anticipated Project Outcomes

Students attend and graduate from tertiary level training programmes
Improved profitability in MSMEs
Increased home ownership and improved housing stock

¹⁸³ Appraisal Report - PAPER BD 37/17

¹⁸⁴ The 2017 9th CLC included a grant of USD35,000 to improve the institutional capacity of DAIDB to assess and manage climate risk in its project appraisal processes.

- Most productive loans are in the transportation sector (mini-buses). While agriculture is a government priority, GDB has supported only one loan to the sector (which is regarded as risky) and only a few to the manufacturing sector. Such loans have generally supported the acquisition of equipment and buildings. CDB regulations limit support for working capital, which is a disadvantage for start-up and expanding businesses. GDB noted that it may have insufficient numbers of staff to support the productive sector, since its business support unit moved to the Grenada Industrial Development Corporation.
- There has been limited demand for loans to encourage the use of EE/RE technology by MSMEs. Reported reasons include the limited ability of MSMEs to take on debt, and the absence of a supportive regulatory environment that encourages uptake.

Overall, while GDB has made strides in improving loan performance and reducing risk, it has not made significant inroads in lending to the productive sector, which would otherwise be considered central to its development mandate.

Dominica

Over the period 1971–2017, CDB made several loans to the Dominica Agricultural Industrial and Development Bank (DAIDB), including nine lines of credit (LOCs) and eight student loan schemes with a total value of USD58.2 mn. DAIDB has also served as executing agency for some CDB loans and has received CDB grants to support its restructuring and capacity building programme.

The Dominica Agricultural Industrial and Development Bank (DAIDB), popularly known as the AID Bank, was established by an Act of Parliament in 1971. The primary objectives of the AID Bank are to promote and influence economic development in the Commonwealth of Dominica and to mobilize funds for the purpose of such development. The Bank's core business is to provide loans for productive and social sectors of the economy. The productive sector comprises agriculture (and fisheries); industry (inclusive of manufacturing, services and transportation); infrastructure; and tourism, while the social sector refers to education and housing.

Source: DAIDB Website

The most recent approval was a ninth consolidated line of credit of USD12 mn in 2017 to assist DAIDB in providing finance for student loans and for low and lower-middle income housing. This LOC also included a grant of USD35,000 intended to help DAIDB assess and manage climate risks and address gender equality in its project appraisal processes.

A review of the performance of the 8th LOC indicates that the planned numbers of loans to the housing sector was met (32 low and middle-income families benefitted), although the Bank was competing with a government housing loan programme that offered cheaper mortgages. The planned number of loans to the productive sector was almost met. The PCR noted that USD5 mn of those loans led to USD14.3 mn in total investments. Support was provided to 40 small and medium-sized enterprises (of which 4 were reported to be female-headed enterprises). Of the 40 SMEs, 14 were engaged in agriculture, 14 in

8th LOC Objectives and Outcomes (from PCR)

1. Expanded productive capacity: Increase in the value added in the agricultural, industrial and tourism sectors
2. Improved human capital: Increase in numbers of tertiary level graduates and skilled professionals
3. Enhanced living conditions: Improvements in housing quality and amenities

industry and 12 in tourism related activities. However, reviewed reports contained modest if any information on the extent to which the envisaged outcomes were realised.¹⁸⁵

As noted in the sidebar, the PCR provides incomplete information on the status and ongoing viability of the supported businesses, the effects on the value-added in identified sectors, and no specific information that could be used to judge the extent to which there were household improvements for targeted low and lower middle-income individuals.

Some of the SMEs assisted by this loan are still viable and in business; although some would have exited due to economic and other difficulties. All the new homeowners have continued to enjoy their homes, which have improved their living conditions.

CDB, 2018. PCR Eighth Consolidated Line of Credit Dominica Agricultural Industrial Development Bank

Anguilla

CDB was the Anguilla Development Bank's (ADB) major source of financial support until 2005, providing a total of USD13.637 mn via five consolidated lines of credit. ADB received support for institutional, managerial and operational capacity building in the late 1990s to improve and sustain its viability. There were also several rounds of CTCS support since 2005 used to enhance and diversify the productive sectors in Anguilla through

The Anguilla Development Bank (ADB) is a statutory organisation established under the Anguilla Development Board Ordinance (1978). It was originally established to stimulate and facilitate national development with particular emphasis on productive sector development, concentrated in the provision of financial and technical assistance to the productive sector in areas of fishing, agriculture, tourism and industry. Over time it expanded its loan portfolio to provide affordable and accessible loan financing for first time homeowners and to support the higher education needs of Anguilla through student loans in various fields of study.

skills development and to support experimentation of economic products and services. The fifth and final consolidated line of credit (USD5 mn) approved by CDB in 2005 was intended to assist ADB in supporting increases in viable productive sector enterprises, homeowners with improved housing stock, and trained personnel at technical, vocational and professional levels.

The evaluation team was unable to obtain information about the specific outcomes of this initiative due to the absence of CDB documentation and the long time that has elapsed since the initiative was approved. The ADB reports that its financial performance was adversely affected by the 2008 economic crisis and by Anguilla's financial crisis in 2010. At the moment it is breaking even financially. However, due to Anguilla's indebtedness, the ADB is unable to borrow for on-lending, especially for the productive sector. At the time of writing, most of ADB's loans were allocated for housing and education needs (reported to be 70% of its loan portfolio), with the remaining 30% used for the productive sector and ADB staff loans.

Overall, the three NDBs reviewed are engaged in relatively modest lending to the productive sector, and their support to tertiary education and housing is subject to increasing competition from commercial banks. They face ongoing tension in balancing a social development mandate with market competitiveness and financial viability.

¹⁸⁵ The PCR identified two lessons learned related to lack of tracer studies and insufficient attention to gender analysis in the project.

Finding 15: CDB’s support has contributed to the short-term stability of two indigenous banks, strengthening the legal and regulatory framework in the ECCU region, and building ECCB’s institutional capacities. Issues of fragility in the sector remain.

Commercial banks are the backbone of the financial system and the intermediation process within the ECCU. According to the Eastern Caribbean Central Bank (ECCB), there are 12 locally incorporated and five foreign incorporated financial institutions (including commercial banks, as well as other non-bank financial institutions such as credit unions and insurance companies) licensed under the 2015 Banking Act.

In response to the challenges faced by the OECS banking sector since 2008 (see Section 3.2), CDB along with the IMF and the World Bank became actively engaged in the ECCU, forming a Task Force in 2011 which diagnosed and made recommendations to address noted challenges. The Task Force has guided IMF and World Bank technical assistance (with CDB, DFID and Government of Canada financial support) through several grants since 2011. CDB has also provided policy-based loans, investment loans and/or technical assistance to the banking sector in several ECCU countries (see sidebar).

CDB support for the ECCU Banking Sector

St Vincent and the Grenadines (Loan: 2010)

Anguilla (Loan: 2016)

ECCB (TA financed through four regional grants: 2008-2015)

A review of CDB support in SVG and Anguilla revealed the following:

St. Vincent and the Grenadines

In 2010, CDB provided a USD37 mn policy-based loan to the Government of SVG to restructure the public sector debt portfolio of the National Commercial Bank (SVG) Limited (NCB). The Government intended to divest the Bank to a private stakeholder to ensure its financial sustainability and preserve confidence in the banking sector.

The project was partially successful in realising planned outcomes. The National Commercial Bank (currently operating as the Bank of St Vincent and the Grenadines (BOSVG)) avoided insolvency and made notable improvements in its financial ratios over time, most of which are now within prudential limits (see sidebar). The BOSVG reports that it has consistently made profits since 2010, although it faces competition in interest rates from international banks, which have relatively lower costs of operation (only one branch as opposed to the BOSVG’s multiple branches in country). In addition, there is evidence that BOSVG has taken steps to strengthen its governance, operations and strategic position.

National Commercial Bank

At the end of 2018, the Bank reported that it had a total loan/deposit ratio of 80% which is within Eastern Caribbean Central Bank Prudential Guidelines (ECCBPG) requirements.

Unsatisfactory loans as compared to loans and advances at end of 2018 were 6% with 50% provisional coverage, with an objective of having 100% coverage. The NPL ratio (6%) was slightly higher than ECCBPG acceptable limits (5%)

In terms of liquidity, the Bank reported that it had 20% vs a guideline minimum of 8%.

However, one of the planned outcomes related to the divestiture by the Government of SVG did not unfold as intended. According to reviewed documents, the Government divested 51% (rather than 80%) of its

ownership to EC Financial Holdings in 2010. In 2017 the Government repurchased 31% of the shares and now owns 43% of BOSVG after an intended merger with a St. Lucia Bank did not proceed¹⁸⁶.

Anguilla

In 2015, CDB approved a USD22 mn bridge capitalization loan to the Government of Anguilla (GOA), intended to unwind insolvent legacy banks that had been under the conservatorship of ECCB since August 2013. The resolution through a bridge bank, the National Commercial Bank of Anguilla Limited (NCBA), was intended to allow the ECCB and GOA to take control of the two legacy banks under a Purchase and Assumption¹⁸⁷ resolution tool that allowed for the transfer of the operation to a healthy bank.

While the CDB loan was approved by its Board in 2015, it was held in escrow by ECCB until 2018, as one of the loan conditions (the Purchase and Assumption agreement) was not finalised. The loan was eventually disbursed by ECCB to GOA in 2018, following dialogue by CDB with ECCB and GOA.¹⁸⁸ At the time of data collection, the Purchase and Assumption resolution was not finalised. The delay in transferring the loan to NCBA has constrained its ability to make loans.

Initial fears that there might be an exodus of clients from NCBA did not materialise. This was due to the public's preference for indigenous banks in Anguilla; more recently, some foreign banks have decided to pull their operations out of Anguilla (due to lack of profitability) which should help boost the number of NCBA's potential customers.

However, the original plan (for the transfer of the good assets to the NCBA and the transfer of the bad assets to the Receiver General for collection) was not realised, with adverse effects on the bank's liquidity. At the time of writing, the bank resolution is incomplete; NCBA has been unable to produce financial statements since its creation in 2016. The transfer of some NPLs to NCBA has required it to create a department to follow up on the NPLs, with negative effects on its operational costs, profitability and liquidity. Since NCBA is owned by GOA (which has high levels of indebtedness), NCBA is unable to borrow for on-lending purposes, restricting its lending activities and potential profitability. There are concerns about the commercial viability of NCBA.

Sub-regional level

CDB (along with the IMF and the World Bank) has actively supported ECCB in addressing gaps in the legal and regulatory frameworks and institutional capacities of the banking sector. Notable outcomes over the 2010-18 period reported by CDB in reviewed reports include:¹⁸⁹

- Revisions made to the ECCU Banking Act (2015)

¹⁸⁶ <https://www.bankofsaintlucia.com/news-details/259/statement-on-partial-divestment-of-shares-in-bank-of-st-vi>

¹⁸⁷ A resolution tool that allows for the transfer of a troubled bank's deposits to a good bank, and the take-over of a troubled bank's problem assets by a receiver

¹⁸⁸ When GoA requested support for the 2018 PBL, CDB anticipated potential concern from its Board about the lack of disbursement of the Bank Resolution loan-and took steps to hasten the disbursement by negotiating with the key players (ECCB, GoA)

¹⁸⁹ Source: CDB Appraisal document for Anguilla Bank Resolution (2016)

- Enhancement in ECCB supervision and regulation related to capital deficiencies.
- The creation of the Eastern Caribbean Asset Management Company (ECAMC), which became operational in 2017. ECAMC is in early stages of institutionalisation (see sidebar).

ECAMC has a dual mandate to: (i) conduct asset management business, including the purchase (in whole or in part), dealing with, managing and/or disposing of assets or liabilities from/of approved financial institutions (AFIs); and (ii) be the receiver for failed financial institutions

While the support provided to date had some immediate benefits, document review and interviews¹⁹⁰ indicate that there are areas of continuing fragility in the OECS banking sector. While the ECCB regional target for NPLs is 5%, only one bank in the ECCU (Grenada) is reported to have met it; most banks are reported to face NPLs in the double digits and up to a high of 25%.

There are still challenges of financial viability for some indigenous banks, and a need to continue developing the ECCB's capacity to supervise and regulate (see sidebar). The ECAMC is relatively new and working its way toward full execution of its mandate.

Banking sector stability in the OECS has been treated as a regional public good, appropriately so. CDB's support, jointly with other IFIs, has facilitated positive contributions by the ECCB to improved prudential regulation, and potentially by the ECAMC to necessary restructuring. Given ongoing challenges, the sector would appear to merit the Bank's continuing attention and engagement.

CDB/WB support to ECCB

CDB/WB provided capacity building support to ECCB's bank supervision department; however, this takes time. ECCB reports that it has hired and trained 10 new bank examiners and that TA has allowed it to overhaul its on-site examination reports and produce them more quickly than in the past (currently finalizing at least 50% of its reports within two months, much better than in the past when it could take 12-18 months). ECCB feels that its revised reporting template is more direct and useful to Directors and that the quality of reports has improved. Under the new Banking Act, ECCB is required to carry out on-site inspections of sub-regional banks every three years, and reports that it was meeting this standard at the end of 2018.

Finding 16: In several OECS countries CDB's policy-based loans contributed to short term fiscal and debt management and incentivised reforms, particularly in public financial management. They also facilitated financial and banking sector stability in two OECS countries. Reform programmes often unfolded over longer timeframes and required more substantial Technical Assistance than originally envisaged.



While PBLs' fiscal liquidity effects are discernible in the short term, the reforms they facilitate unfold over longer periods and in the presence of confounding factors. As well, there are usually multiple MDB lenders involved in each lending initiative. This makes outcome verification and direct attribution challenging. That said, both the 2017 PBL evaluation and this

Attribution of results

A number of lending operations were conducted in partnership with other international financial institutions (e.g. both the Grenada 2014-16 and Anguilla 2017 PBLs benefitted from Development Policy Loans of the World Bank and the IMF's Extended Credit Facilities). Direct attribution to CDB's involvement is therefore not possible although its contribution has been positive.

¹⁹⁰ The evaluation team was unable to arrange an interview with ECCB representatives to discuss this initiative.

review made observations on general trends in CDB PBL performance, illustrated by some specific examples.

A review of the effectiveness of CDB's PBLs in the OECS takes into account the dual objectives of the instrument (see sidebar).

Assisting OECS countries meet urgent financial needs

PBL Objectives

Provide beneficiary countries with liquidity to help them meet urgent financial needs; and

Support countries' policy and institutional reforms.

Since all PBOs stem from a funding need by the borrowing country and PBL disbursements provide a direct contribution to national budgets, planned budgetary support objectives can be considered to be achieved de facto.

CDB is reported to have played a critical role in averting a banking crisis and ensuring the stability of the financial sector as described below and detailed in Volume III (Appendix 8).

- The PBL loans to SVG and Anguilla were prompted by the decline in economic activity caused by the 2008-2009 global financial crisis. In SVG, this led to declines in tourist arrivals, foreign direct investment and workers' remittances. The economic downturn also put stress on the financial sector (as described

Given its large exposure to the public sector, the state-owned **National Commercial Bank (SVG) Ltd (NCB)** started building up large increases in non-performing loans as the Government experienced difficulties servicing its loans due to the tight fiscal situation. The NCB was the largest commercial bank in SVG with assets of Eastern Caribbean Dollars (ECX) 784.2 mn at the end of 2009 (equivalent to about 27% of financial sector assets and 40% of commercial bank assets). NCB also accounted for nearly half (45.8%) of total bank deposits and 46.6% of total bank loans in that year.

- in the sidebar). As noted in Exhibit 4.1, CDB support helped SVG avoid the collapse of the NCB, which would have had serious repercussions both economically and socially in SVG and could have had wider regional impact through a contagion effect. It also contributed to the establishment of some important legislation related to cooperatives, insurance and money services and the establishment of a unit charged with supervision and regulation of non-bank financial institutions.
- CDB support helped Anguilla avoid bankruptcy by restructuring its debt. Government representatives report that the PBL contributed to some important changes in Anguilla legislation, regulations and practices in keeping with the conditions of the loan. Following the launch of Anguilla's Fiscal Responsibility Act the country and its key partners closely monitor the country's debt situation using three new debt benchmarks. In 2018, CDB provided Exogenous Shock Response (ESR) PBL support to Anguilla in the aftermath of hurricane Irma. While implementation is ongoing, progress has been made in launching an interim goods tax for 2021 and in controlling government expenditure on staff salaries.
- In Antigua and Barbuda, the 2015 PBL loan was instrumental in supporting efforts to resolve the Antigua and Barbuda Investment Bank (ABI Bank) insolvency. Proceeds from the first tranche of the PBL were utilized to support the execution of the Purchase and Assumption Agreement of the Assets and Liabilities of ABI Bank by the Eastern Caribbean Amalgamated Bank (ECAB) – the purchasing bank – the receiver of ABI Bank and the Government of Antigua and Barbuda.

Assisting OECS countries make policy and institutional reforms

CDB has made notable contributions to reform implementation in OECS countries in six of the nine main focus areas identified in Section 2.5.2. These are summarised in Table 5.1 below and detailed in Volume III (Appendix 8). However, as also noted in Volume III (Appendix 8), there are several examples where individual measures (especially those contained within first generation PBLs) did not fully materialise or reforms took much longer than originally planned. Some PAs also had to be re-specified or waived. That said, there are no cases of wholesale failure of a reform programme leading to the cancellation of a PBL as experienced by other Regional Development Banks elsewhere in the world.

Table 5.1 *PBL-driven reforms in OECS countries*

FOCUS AREAS FOR REFORMS	NOTABLE REFORMS
Public Financial Management (PFM)	<p>CDB assisted Antigua, Anguilla and Grenada introduce PFM and Audit legislation as early as 2009/2010.</p> <p>Both Antigua and Barbuda, and Anguilla introduced revenue administration and policy legislation as part of PBL-led reforms. St. Lucia, Grenada and Antigua and Barbuda have introduced VAT or reduced zero rated items while SVG addressed the issue of Income and Corporate taxes. The CDB is assisting Anguilla address audit and tax agreement issues as part of the 2018 PBL (on-going)</p> <p>On the expenditure control side, CDB PBL-driven reforms have been key in assisting countries divest from public enterprises as was the case in Grenada (through the commercialisation of government owned farms) and in Anguilla (by the selling of government-owned shares in the electricity company, as part of an on-going PBL).</p> <p>In other countries, government expenditure has been successfully curtailed by controlling the wage bill (Antigua and Barbuda).</p>
Public Debt Management (PDM)	<p>CDB assisted St Kitts and Nevis, Antigua and Barbuda, and Anguilla deal with debt crises. At the same time, the CDB has helped strengthen PDM institutions, systems and processes in those countries as well as in Grenada and SVG.</p>
Sectoral interventions	<p>PBL-driven reforms in SVG and Antigua and Barbuda dealt with financial/banking crises. In SVG this was followed by legislative and institutional reforms.</p> <p>PBL reforms have contributed to the tourism sector introducing legislation and setting up Tourism Authorities in St. Lucia and SVG in 2008 and 2009 respectively and in Grenada (2014-2016).</p>
Trade and Trade Facilitation	<p>CDB PBLs assisted Grenada develop a National Export Strategy and introduced ASYCUDA in several countries including St. Lucia, Anguilla, Grenada and Antigua and Barbuda.</p>
Disaster Reduction Management	<p>Latest PBLs to Grenada (2014-2018) and Anguilla (2018) have included innovative reforms in the area of DRM including the legislation and elaboration of building standards and codes.</p>
Social Sector	<p>PBL-led reforms have seen successful interventions in the preparation, review or implementation of social safety nets in St. Lucia, Grenada, Antigua and Barbuda, and Anguilla.</p>

Potential for improved PBL implementation in the OECS

The 2017 PBL Evaluation generated six recommendations for improving the Bank's policy-based operations. This cluster CSPE was not mandated and did not have the resources to analyse PBL lending in the same depth as the 2017 exercise. Nonetheless, through document review and stakeholder interaction it is possible to advance some suggestions for improved OECS PBL implementation in the future.

This evaluation identified a number of areas where CDB's practice of policy-based lending could be further improved (see Volume III for a detailed analysis).



1. Sequencing and Quality of PAs

The 2017 Evaluation Report (Recommendation 2) points to the importance of sequencing PAs over a longer period of time and ensuring that they build upon each other, especially in the case of programmatic and multi-tranche interventions. For more recent PBLs in the OECS this is indeed taking place.

There is however scope for paying more attention to the quality of PAs. This would require CDB to adopt a conceptual framework, defining what constitutes low, medium or high depth actions and the likelihood that they will lead to sustainable reforms. Such an approach might be similar to the one used by the IDB, adapted to fit CDB's circumstances.

2. Better documentation of how PAs are determined

CDB's Revised PBL Framework (2013) states that: "Some reform actions may be completed prior to approval of the loan, provided such actions emanated from the discussions related to the intended PBO and were agreed between the country and CDB staff prior to their implementation." This review found that available documentation on loan processes does not provide enough information to allow the reader to verify whether this requirement has been met. In developing appraisal documents for future PBLs, staff should better document the deliberation process for agreed PAs.

3. Technical Assistance

Several studies¹⁹¹ have found that the use of Technical Assistance can be very important for the successful implementation of PBLs, especially when there is a low level of institutional capacity in the borrowing country. The 2017 PBL Evaluation refers to CDB's use of TA (e.g. Findings 7 and 16 and Conclusion 4), and points to the fact that TA was not always provided to its full potential, due in part to pricing issues.

Although loan documentation examined during the course of this Review makes reference to the use of TA, it did not do so in a way that made it possible to fully appreciate its extent and effectiveness. This may be due to the fact that TA has often been provided by different partners such as the Caribbean Regional Technical Assistance Centre, the Eastern Caribbean Central Bank (via the Canadian-funded Debt Management Advice Service), and/or the United Nations Conference on Trade and Development (UNCTAD). There are indeed merits to the provision of 'independent' and 'specialised' TA in certain situations. Nevertheless, more direct examination of the use of TA (from all sources) in design and monitoring documents, (including provider, scope, and effect on the reform programme), would allow for a better appreciation of its role and contribution.

4. Potential for Regional Public Good PBLs

¹⁹¹ See Appendix A of the 2017 PBL Evaluation which includes a discussion on the use of TA in budget support loans and PBLs and provides relevant references.

The 2013 revised PBL Framework makes provision for Regional Public Good (RPG) PBLs aimed at assisting in the “development and strengthening of the policy and institutional framework to advance regional cooperation and integration.” Resources can be accessed by one or more countries to support policy and institutional reforms at the regional level. So far, no Regional Public Good PBL has been implemented, either at regional or sub-regional level. This likely arises from the fact that policy dialogue is generally conducted at the national level.

The OECS would be ideally placed to benefit from such a facility, and is in fact mentioned in the Framework as a potential beneficiary. Moreover, there are existing sub-regional agencies that could be potential stakeholders and partners.

While ensuring that access to PBLs remains demand driven, the CDB could engage in an outreach exercise to remind OECS countries of the availability of this option.

5. Using PBLs to build *ex-ante* resilience

The OECS in recent years has experienced two types of external shock – global economic downturns and natural disasters. There is a growing awareness of the importance of building *ex-ante* resilience to these rather than responding as they arise.

Many of the reform measures included in PBLs to date (such as effective public financial management) will no doubt contribute to building fiscal space and help OECS countries cope with future shocks. There is potential to do more. For example, in the case of natural disasters, building fiscal buffers may help countries finance reconstruction and provide safety nets for the worst affected. As well, incentivizing improved physical planning and building codes, greater use of environmental and social impact assessments, and mapping of regions prone to flooding, among others, could reduce damage and loss of life caused by future disasters.¹⁹² The 2018 Anguilla Exogenous Shock PBL goes in this direction.

5.3.3 Key enabling/limiting factors

A review of CDB support to the OECS countries revealed a number of factors that either enabled or limited the progress of CSP interventions in realising planned outcomes.

¹⁹² The example used raises the issue of whether there should be a link between CDB’s project funding and PBLs to finance necessary investments for disaster risk management.

Finding 17: CDB's expertise and flexibility in responding to evolving contexts were frequently identified as key enabling factors in the realisation of planned outcomes.

CDB EXPERTISE

CDB staff is generally very well respected for its relevant sector/thematic expertise, country knowledge, flexibility and commitment to the OECS countries. The vast majority of interviewed country-level stakeholders expressed satisfaction with the expertise provided by CDB staff throughout the project management cycle and even beyond the project context.¹⁹³ They appreciated the extensive (country/sector/thematic) knowledge that CDB staff provides during the design stage, and its flexibility to respond quickly and appropriately to unforeseen events (e.g. rapidly approving a change in a project intervention following a hurricane in Anguilla to help restore power) or to country/government limitations and challenges during implementation.

BMC comments on CDB staff

Whatever the country's needs, CDB has always an answer - they are ready to fund projects.

CDB officers are a library of information.

CDB provides advice outside the box...They are always available to bounce things off of each other.

Generally, CDB has been helpful and tries to be helpful.

CDB is a library of information. The [CDB officer] went through a long list of consultations and developed an intervention that best fit the local context and needs.

The Bank understands the [BMC] context more than any other entity.

Cited in particular were expertise in the areas of education, (renewable) energy, and water, and the ability to develop interventions that best fit local context and needs. BMC stakeholders also mentioned cases in which CDB staff provided support beyond the project context (including assistance to the Anguilla Development Board for strategic planning and in relation to changing its loan management system). CDB's communication with BMC stakeholders was rated fairly positively in terms of accessibility and reliability. However, some pointed to delays in response when CDB staff members are on travel status, and when there is turnover and internal transition.

CDB FLEXIBILITY

In response to changes in the country and/or sub-regional contexts of the OECS countries from 2010-18, CDB made changes in OECS country portfolios so that its programming remained relevant.

As noted in Section 3.2, the regional and national contexts of the OECS countries have changed considerably since 2010. These include changes in political administrations and priorities, financial challenges and economic crises, and several environmental and climatic events that had negative impacts on BMC progress towards meeting their development targets.

Over the period, there is evidence that CDB mainly responded to changing needs in OECS within the duration of a CSP by adapting its country-specific programming. Consulted BMC

CDB always tries to respond to the current needs of the country – even if a new intervention is not reflected in CSP. If the project aligns with the Bank's objectives, the project can move ahead.

Country Economist

¹⁹³ There was one notable exception related to an industry in which CDB has no internal technical expertise.

stakeholders were positive about CDB's ability to develop responses (sometimes creative) to support BMCs in challenging contexts. For example:

- CDB approved post-disaster support¹⁹⁴ in Antigua and Barbuda after Hurricane Irma even though funding for disaster risk management was not part of indicative programming in its 2015-2018 CSP.
- Financial approvals for the Seventh Power Project in Anguilla in 2017 were redirected to support rehabilitation and reconstruction efforts by Anguilla Electricity Company Ltd. (ANGLEC) post-Hurricane Irma.
- A financial envelope of more than USD15 mn for geothermal exploration in St. Vincent and the Grenadines was approved in 2016 to develop the country's renewable energy capacity, which goes beyond the TA support proposed in its 2014-2018 CSP.
- In some cases where BMCs were limited in their borrowing capacities (due to, for example, the effects of the 2008 economic and financial crisis) and BMCs were not eligible for CDB's concessionary funds through SDF, some CDB staff developed regional grant-based initiatives to address similar needs in several BMCs. This allowed financially challenged BMCs to benefit from CDB's support despite their budgetary constraints.
- CDB staff have played an important financial brokering role with other donors (particularly in relation to EE/RE programming).
- For the 2010 Antigua and Barbuda PBL, CDB proved to be flexible by making required scope adjustments and there was also an alignment of CDB's targets with those of the IMF in the context of the Stand-By Arrangement. In Anguilla, the government appreciated CDB support in guiding GoA through the PBL process.

While CDB has shown flexibility in its programming, there are currently no established procedures for making changes to CSPs during their lifespan to reflect strategic shifts in BMCs or the region as a whole. The 2014 OPPM foresees annual country portfolio review missions and a CSP mid-term review,¹⁹⁵ which are designed to collect relevant information on the status of CDB's support, and on the basis of which necessary adjustments to CSPs could be made. As indicated in Section 4.2, these monitoring tools are not used in a regular manner and there is no established framework or coherent practice in place to make adjustments. As such, despite significant changes in OECS contexts over the period, CDB staff report that CSPs reviewed for this evaluation have never been revised. As noted in Section 4.2, this raises questions about the purpose of the CSPs, if they are, as stated in the OPPM, to serve as the "primary planning instrument guiding CDB's operations in a BMC."¹⁹⁶

¹⁹⁴ Including a Rehabilitation and Reconstruction Loan of USD28.7 mn, a Hurricane Reconstruction Support Loan of USD1.8 mn, and an Immediate Response Loan of USD750,000 in addition to grant support.

¹⁹⁵ The OPPM provides a template for the preparation of a Country Strategy and Portfolio Review Report (see OPPM 2/2A, Annex 2).

¹⁹⁶ OPPM 2/A2 BP, p.2.

Finding 18: The performance of most CDB country programmes in the OECS countries has been adversely affected by implementation delays, with costs for both BMCs and CDB.

With a few notable exceptions (interventions associated with PBLs and bank resolutions), there are common and consistent implementation challenges in the OECS portfolios. These have varied by country and sector over time. Frustration with CDB processes was so high in some countries that representatives indicated that if their country had the financial standing to borrow from local banks, even at higher interest rates, they would be willing to do so to avoid the CDB's lengthy processes.

While some persons interviewed felt that countries could learn from CDB processes, many BMC representatives raised concerns about CDB's existing procurement processes:

- The rigidity and lengthy duration of the processes (which can take years in some exceptional instances), as well as a “one-size-fits-all” approach, which does not sufficiently allow for the adjustment of requirements according to size and type of intervention
- Perceived duplication between CDB and BMCs' own procurement systems (some of which have been developed/enhanced with CDB support)
- Delays associated with CDB's no-objection procedures in some countries (e.g. Grenada, St. Lucia)
- The receipt of conflicting information from CDB about procurement processes which necessitates the BMC to provide additional information that was not originally asked for
- CDB staffing issues (due to staff changes, sickness and/or out-of-office travel)

BMC views on CDB procurement processes

CDB's structure is very rigid, some accommodation for flexibility (e.g. during project roll-out) is needed.

CDB process intends for transparency and to get the best results at the end of the process. The government structure can learn from that process.

I believe implementation issues are on both sides. Procurement issues are the largest hurdle, also contract management and dealing with consultants performing badly; from our side not always quick and timely. Some lack of awareness of CDB's own procurement procedures on our side. This is still a source of frustration.

Both procurement process and capacity in SL need improvement. Evaluation of bids is a skill that is learnt, not just because you are an engineer.

CDB could be potential partners if the procurement process does not take too long.

When we apply to CDB, it is because it is very urgent.

Views on CDB procurement processes in the energy sector

Process very long - CDB is very rigid (they will not budge until you give them what they ask for); little consideration of local context.

CDB's structure is very rigid, some accommodation for flexibility (e.g. during project roll-out) is needed.

Comparing procurement processes of country vs. CDB's: the government process is not as diligent. CDB process intends for transparency and to get the best results at the end of the process. The government structure can learn from that process.

- The limited number of qualified suppliers in some BMCs/the OECS region. CDB systems require three quotes, while BMCs report they struggle to find even one potential contractor.¹⁹⁷ This was also raised as a constant in the implementation of post-disaster initiatives.
- Procedural inefficiencies with ERGs in contexts where quick response is expected.
- Delays in reimbursement of expenditures, and more generally the absence to date of an e-payment platform.
- Required design changes due to changing availability of funds from other donors, recurrence of natural disasters, and/or technical design shortcomings.

CDB needs to tailor its specifications to smaller companies. Its processes very often put a strain on our resources as we try to meet all of their specifications.

BMC representative

CDB appears well aware of BMC concerns and is in the process of taking some measures¹⁹⁸ to address them. In March 2019 the CDB Board was presented with a discussion paper that proposes several changes to CDB's current practices to address the varying procurement needs and contexts of different BMCs. Among the changes proposed are elimination of some restrictions on the source and origin of goods, increase in emphasis on sustainable procurement practices, and the increased leveraging of technology

CDB Procurement Policy and Procedures

It is recognised that modern procurement systems require a suitable range of procurement approaches and selection methods to provide the necessary flexibility for developing "fit-for-purpose" solutions. Therefore, the new Procurement Framework seeks to provide a larger "toolbox", from which suitable procurement strategies can be crafted to reflect the project context, the specifics of the goods, works and services to be procured, the market conditions and the capacity of the Recipient.

CDB, 2019. Discussion Paper: Procurement Policy and Procedures for Projects Financed by CDB Paper Bd 21/74 Add. 6 and Paper Bd 27/70 Add. 3 p. i

and the use of Alternate Procurement Arrangements, which should address many BMC concerns (see Appendix 18 for a list of proposed revisions). In addition, the document proposes several measures to support implementation of the new policy including capacity building for CDB staff and consultants, technical support and capacity building for BMCs, financing as well as monitoring and review of the effectiveness of the policy. The revised policy is expected to become effective in November 2019.

Other reasons commonly cited for implementation delays included:

¹⁹⁷ BMC representatives in several countries reported that local contractors typically do not meet CDB requirements, and their proposals are rejected frequently.

¹⁹⁸ Measures include maintaining a roster of procurement specialists to assist at critical points in BMC procurement processes; e-training for public sector officials on CDB procurement guidelines; and longer term a regional procurement training centre established jointly with the WB.

- **Weak or very limited project management capacities in BMCs** (government departments and parastatals alike). Such concerns were frequently identified in project supervisory reports, Project Completion Reports and in interviews. CDB has been trying to address this challenge by providing additional project funding for hiring project consultants and/or setting up Project Implementation Units. The Project Cycle Management (PCM) and Public Policy Analysis and Management courses offers formal training for BMC staff in project management and procurement.

Education Sector: The countries faced a number of common challenges in implementing education related interventions over the period, including fiscal constraints, leadership and capacity issues in the MoE in some countries (Grenada and A&B) and some PMU related constraints (Grenada and St. Lucia). These challenges resulted in significant delays (7 to 9 years) in some countries (Grenada and St. Lucia).

Water Sector: Two countries faced implementation delays due to challenges in establishing or resourcing the PMU (Dominica and St. Lucia) or changes in government administration and/or priorities (Dominica, St. Lucia). There were reported delays of three years in Dominica to six years in St. Lucia. All of the recent projects in St. Lucia are delayed by one year.

Energy Sector: A number of studies and paperwork in preparation of the project in Anguilla was reported as burdensome given capacity limitations at the utility.

- **Disasters as well as economic or political changes in BMCs** can lead to changes in country priorities, and reduced interest in or capability to follow through with a planned intervention. Recurrent natural disasters also negatively affected progress in previous DRM interventions.
- **Project design shortcomings** require additional review or processes to revise the project approval documents by the BMC and CDB. It was reported that Environmental and Social Impact Assessments (ESIAs) were in some cases not completed in time to inform initial decision-making, and in others were not rigorous enough, contributing to implementation issues. Natural disaster response is further complicated by changing availability of funds from other donors, which require BMCs to adjust project designs in short periods of time.

These delays are costly to BMCs. In addition to the 1% commitment fee associated with undisbursed loan balances; they also present opportunity costs for CDB as loan capital is tied up. While some of these delays can be mitigated over time through CDB or BMC actions (such as proposed actions to enhance procurement capacities in BMCs), it is not possible to mitigate others (delays due to disasters). However, the noted frequency of implementation delays should be better accounted for in CSP and project designs, which as noted in Section 4.2 are often unrealistic.



5.3.4 How CSP expected outcomes addressed country-specific challenges

Finding 19: Reviewed CSPs identify public sector capacities, gender equality and private sector development as key development challenges in the OECS countries. CDB provided modest support to address these challenges over the review period.

One of the evaluation sub-questions asks about the extent to which CSP expected outcomes address country-specific vulnerabilities, institutional capacity challenges and gender equality considerations. (Country-specific vulnerabilities were discussed in Section 5.3.2 and thus are not addressed here.)

INSTITUTIONAL CAPACITY

On a positive note, the evaluation team found that the PPAM/PCM programme was frequently and positively identified as a general capacity building measure that BMC staff in all OECS countries remembered and benefitted from. However, at the time of writing, there is no information available about the outcomes of this programme and if or how the general training will be used to address specific institutional challenges. Furthermore, it is not clear if this programme will be continued in the future by CDB or other training institutes in the OECS region.

The limited success in addressing institutional/capacity challenges in specific institutions and organisations (identified in CSPs and/or project appraisal documents alike) was a recurrent evaluation finding. Common reasons for this situation included the following:

- The intended results of capacity building components were often not realised within the project timeline (or in some cases within the CSP period). There were various reasons: unrealistic expectations of what might be accomplished during the project period; insufficient financial resources or inappropriate resources to realise expected results; and insufficient attention to the need for institutional capacity building expertise on implementation teams.
- The OPPM includes guidance to on how to carry out an institutional capacity assessment as part of project appraisals. Interviews indicate that some CDB staff are not familiar with these guidelines and have limited experience in this area. While CDB invested in training some staff in such methodologies a decade or so ago, most of those staff have left CDB and the Bank no longer offers training in this area.
- Long delays in project implementation meant that budgets originally intended for “softer components” such as capacity building (e.g. some of the studies associated with the water utility in Nevis) were instead utilised for other purposes (increased project management costs associated with the implementation delay).

CDB Staff

Capital projects are our bread and butter – the engagement model is structured around capital projects. TA is often used as a sweetener....TA should become a properly used instrument. We should get away from too many random TAs.

Finally, if/when capacity building results are realised, they may not be captured in CDB reports both because they are not specifically identified in results frameworks and because Bank monitoring and evaluation practices do not measure outcomes beyond the project duration.

To address noted challenges, CDB should consider the following measures:

- Resuscitate/update existing CDB frameworks and methodologies to conduct institutional assessments for the purposes of project design, supervision and evaluation.
- Develop a workshop on institutional analysis, development and supervision for CDB officers in order to: i) facilitate their awareness of issues associated with institutional analysis; ii) expose staff to current good practices in institutional arrangements; and iii) develop their skills in designing and/or carrying out institutional analyses in the future. If/as required, CDB should consider contracting experts in institutional assessment to complement staff capabilities in this area.



- Given noted capacity limitations in the OECS countries, allocate increased resources for the supervision function. CDB should move away from compliance supervision to providing technical assistance to the countries to assist them in identifying and addressing capacity challenges.

GENDER EQUALITY

In terms of gender mainstreaming, an analysis of appraisal documents for CDB projects in OECS countries for the projects' potential contributions to gender equality found that projects varied considerably in terms of the extent to which they were gender mainstreamed¹⁹⁹, i.e., some were fully mainstreamed, some were partly mainstreamed while were not mainstreamed at all.

Gender components in reviewed CDB projects tend to focus on the following types of activities: raising awareness, gender sensitization, training activities and hiring consultants to ensure that gender was considered in the design of building or education initiatives.

The review did not include any gender-specific (or gender-focused) projects as these are predominantly part of CDB's social infrastructure interventions, which were not covered in this evaluation.

The review also found that project appraisals rarely explored underlying causes of gender inequality. In future, CDB could require project appraisals to identify gender norms to avoid the potential of reinforcing restrictive gender norms. Written guidance, and training as necessary, that makes it clear for both staff and borrowers what is expected at each stage of CS planning and implementation, including supervision and evaluation. Once identified, the project designs could then identify mitigating strategies to address such restrictions.



The evaluation team did not find any cross-fertilization between projects with regard to GE within a certain sector (one notable exception is the UKCIF and 2nd road project in A&B) or across sectors. In 2017, CDB produced a series of concept notes on integrating gender equality into various sector operations, including education, housing, water, transportation, private sector, energy, trade and PPPs. These offer a potential to strengthen CDB's gender equality efforts by identifying key priorities and challenges at higher levels, based on which country-specific interventions can be formulated. Future CSPs could draw upon the notes to develop a more strategic sector-wide approach.



Finally, interviews and document review (and the GEPOS evaluation) indicate that gender equality outcomes are not systematically tracked in BMCs or by CDB, and that there is limited knowledge among those interviewed about the status of GE components. As a consequence, it is not possible to confidently assess results achievement to date. CDB needs to continue to reinforce the need to report on gender outcomes.



PRIVATE SECTOR DEVELOPMENT AND COMPETITIVENESS

While CSPs prioritised private sector development and competitiveness (particularly support to MSMEs), these were not convincingly translated into programme initiatives. CDB support typically took the form of Consolidated Lines of Credit to development banks in the OECS (with modest success in the productive sector as noted in Finding 14) or technical assistance through the CTCS programme (the outcomes of which are not systematically documented by CDB).

¹⁹⁹ Given that the Gender Marker for Projects tool was introduced in 2013/14, only a portion of the OECS country portfolios have been reviewed for their potential contribution to gender equality.

As the Bank enters its next cycle of strategic planning, and with an ongoing transformation process unfolding, it will wish to consider what renewed priority and staff skill mix will position it to more effectively facilitate MSME development and the consequent economic and employment benefits this can bring.



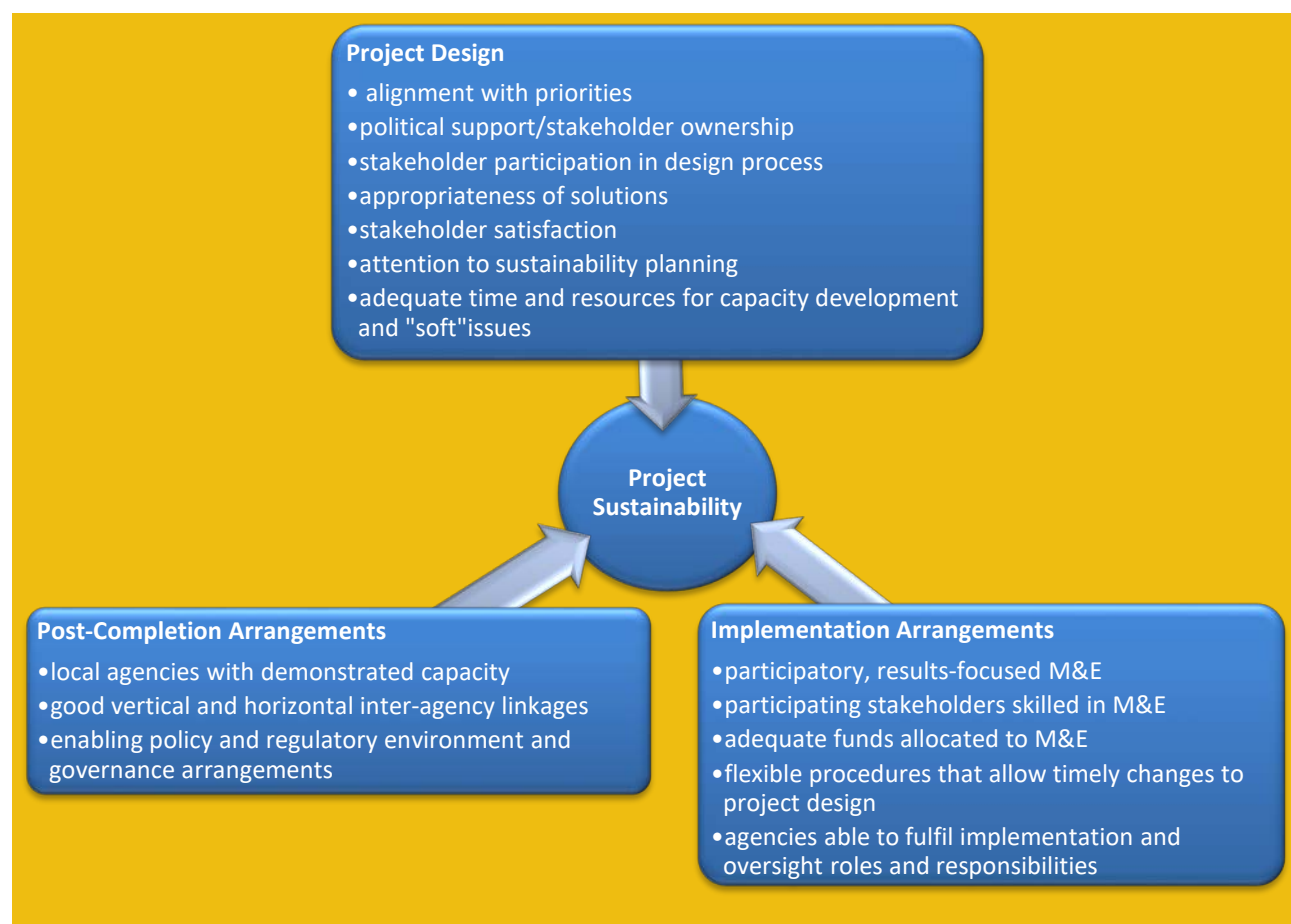
5.4 Sustainability of Outcomes

The 2016 Evaluation of the Sixth and Seventh Cycles of the Special Development Fund recommended that CDB engage in planning for sustainability of project benefits to improve its development effectiveness. Following on this recommendation, OIE undertook a study²⁰⁰ in 2017 to review CDB performance as well as best practice from other MDBs, and provide some practical guidance on “managing for sustainability” as well as entry points for future action. The study included a useful conceptual framework and guidelines that identified steps that CDB staff should take during the design, monitoring and implementation phases, as well as post project completion arrangements (see Figure 5.1).

The purpose of this section is to examine the sustainability of outcomes supported by CDB in the OECS countries. It comments on the extent to which identified results were sustained (or are likely to be sustained), identifies the factors supporting or hindering sustainability of results (including national government abilities to sustain results), and identifies approaches used by CDB to encourage and support sustainability of results. The analysis draws upon the aforementioned guidelines as appropriate.

²⁰⁰ Board Paper 85/2017-B3 Synthesis Report: Managing for Sustainability

Figure 5.1 *Managing for Sustainability – A Conceptual Framework*²⁰¹



Finding 20: Sustainability of project results in the OECS countries over the review period was mixed, due to some shortcomings in the project design, implementation and post completion phases.

The 2017 CDB *Managing for Sustainability Study* reported that 5% of reviewed investment projects were rated highly satisfactory, 49% satisfactory, 39% marginally unsatisfactory and 7% unsatisfactory²⁰² in terms of sustainability of results. It was not possible to carry out a similar comprehensive assessment in this evaluation, given the very limited number of available PCRs and PCVRs.

Interviews and reviews of available project documents suggest that the majority of the reviewed, completed OECS projects as well as many ongoing projects are experiencing (or likely to experience) challenges in sustaining results. Notable exceptions are the results of the PBL interventions on the macro-economic contexts and practices of A&B, Anguilla, Grenada and SVG; and the street lighting projects in A&B and St. Kitts and Nevis. These interventions stood out as there was sufficient attention to sustainability planning in the project design, strong stakeholder ownership, appropriateness of solutions, sufficient numbers and types of trained staff to take responsibility for achievements in the future, as well as adequacy of stakeholder financial resources to support/maintain achievements, good practices identified in Figure 5.1.

²⁰¹ Ibid, p.iii

²⁰² The analysis used 25 CDB evaluation and validation reports generated over the period 2007-2016, covering 41 investment projects and a number of Technical Assistance interventions.

However, as shown in Appendix 19, there are several examples where these and other good practices identified in the *Managing for Sustainability Study* were not sufficiently adhered to, with negative implications for the sustainability of results. For example:

- During the **design phase**, results have been or may have been adversely affected by insufficient stakeholder ownership/political support (as well as inadequate allocation of resources) for increasing awareness or changing cultural practices about water and energy conservation and gender equality in OECS countries. In other instances, insufficient attention to the appropriateness of solutions has had negative effects on the sustainability of school infrastructure in Grenada and water infrastructure in St. Lucia, and the absence of sustainability planning in student loan programmes in all three countries has limited the potential effectiveness of this programme.
- During the **implementation phase**, stakeholders report that CDB's strength is in its flexibility to respond positively to changing contexts (such as assisting Anguilla in restoring electricity after a hurricane in 2017). On the other hand, CDB's supervisory practices and reports to date (as discussed in Section 4.2) tend to focus and report mainly on the status of disbursements and activities; the various good practices related to M&E defined in the conceptual framework (including stakeholder engagement, adequacy of M&E resources and M&E skills) are less present.
- During the **post-completion phase**, ongoing challenges to the sustainability of results include: reported stakeholder capacity limitations to follow up/implement/maintain results in the water sector (Dominica) and the transportation sector (A&B) and limited earmarked financial resources for the water and energy sectors in several OECS countries and for transportation in SVG. Delays in making policy and legislative changes are affecting the long-term viability of the water sector in Dominica and Nevis and the energy sector in Anguilla.

"Always saw WB teams monitoring projects, but not CDB. Because budget for monitoring missions was shot down at the Board. Feels projects could have much more momentum. EU also sends teams to monitor. So CDB suffers from not having financial resources to monitor and follow up."

BMC Representative

Sustainability is an ongoing challenge for all development partners, particularly in small, limited capacity economies such as those of the OECS. That said, it is not clear if the good practices identified above are sufficiently integrated into CDB guidelines or training programmes for CDB officers. The evaluation team heard various suggestions from stakeholders on how to improve sustainability, including the possibility of mounting special financing instruments to ensure post completion maintenance requirements. Institutional strengthening in the education sector would also help sustain outcomes. The "Managing for Sustainability" report outlines possibilities as well. As the Bank moves forward with strategic and transformation planning, it will want to ensure that this fundamental element of successful development interventions is adequately addressed.



6 Conclusions and Recommendations

6.1 Introduction

This chapter presents the evaluation team's conclusions and recommendations. The recommendations build on the considerations identified throughout the report.

6.2 Conclusions

COUNTRY STRATEGY DESIGN

CDB has invested considerably in designing CSPs for OECS borrowers. They are well nested within BMC and CDB strategic priorities and of generally high quality in their articulation. In addition to macroeconomic and sectoral issues, CSPs have increasingly considered enhanced poverty analysis, gender equality, and climate resilience. The specification of country-level Results Management Frameworks has improved, with more clearly stated outcomes, SMART indicators, and sometimes expected gender equality results. However, the ambition of expected results has often exceeded actual achievement, both in scope and timeframe. Gender considerations generally show up in strategic outlines (i.e. actions, objectives, commitments), but are frequently not reflected in results frameworks. Capacity constraints, while acknowledged, are not consistently analysed or provided for in planned activities.

COUNTRY STRATEGY MANAGEMENT

Upfront investment in CSP design has not been matched by attention to and investment in implementation monitoring and evaluation at the country level. CDB supervision focuses primarily on the outputs of loans; its existing reporting systems do not capture information on the results of other types of CDB support including policy advice, knowledge products, and grants. While portfolio reviews are sometimes undertaken, planned mid and end of term assessments have not been common practice. Lesson learning from one cycle to the next has not been a strong point. As a result, CDB has scant information about its developmental performance at the country level in OECS countries, raising concerns about the added value of CSPs. Ownership of and responsibility for the overall CSP management process within the Bank is unclear.

COUNTRY LEVEL ENGAGEMENT

Stakeholders across OECS BMCs expressed appreciation for the technical contributions of CDB staff, but also an appetite for heightened Bank engagement over the full Country Strategy life cycle. As it stands, there is generally good interchange during the Country Strategy design stage; there is scope for more integrated cross-sectoral consultation and involvement of gender machineries. Post-design there has been limited country-level follow-on. Stakeholders were not always advised of CSP approval or provided with a copy of the final strategy. Following inevitable staff turnover, new incumbents (even in quite senior positions) were sometimes unaware of the existence of a CDB strategy. Strategy outcomes were not monitored or managed on an ongoing basis or updated over time to reflect evolving Bank and/or BMC contexts. Finally, there was no regular platform for dialogue at the country level. (It was noted that other development partners do engage in such dialogue.) The Bank is organised by function rather than by country, understandable given its limited human resources. Arrangements such as cross department country teams have not been regularly mandated and utilised. BMC country focal points vary in their preparation

and formal tasking for their roles. Nonetheless, CDB is consistently viewed as the development partner with superior understanding of national and regional context, and for which BMCs feel the greatest sense of ownership.

SUB-REGIONAL ENGAGEMENT

OECS members share numerous common economic, environmental and social characteristics and face similar development challenges and vulnerabilities, which present opportunities for a strategic approach to sub-regional programming in the OECS. Current CDB engagement with sub-regional bodies in the sub-region is opportunistic and somewhat piecemeal. Regional cooperation and integration has been a CDB priority since 1970 and the CDB Board approved an Operational Strategy for RCI in 2008, but this strategy is not well known or used. The terms “Regional Cooperation” and “Regional Integration” are not formally distinguished from one another nor defined by the Bank. This contributes to some ambiguity in CDB’s approach and limits its potential effectiveness in sub-regional programming in the OECS.

RELEVANCE

The most recent CSPs in the OECS countries were generally aligned with the national development priorities in each country, and largely aligned with CDB’s mandate, relevant strategic objectives and its competencies over the review period. While CSPs identify BMC government capacities, gender equality and private sector development as key development challenges in the OECS countries, CDB provided modest support to address these challenges over the review period. In recent years, CDB made important strides in addressing gender equality as a cross-cutting theme in its operations. However, CDB country strategies and initiatives in the OECS countries have paid more attention to promoting equal participation and benefits than to addressing barriers and norms that adversely affect gender equality in the sub-region. CDB’s expertise and flexibility in responding to evolving contexts were frequently identified as key enabling factors in the realisation of planned outcomes.

EFFECTIVENESS – INVESTMENT LENDING

CDB support for the education sector in the OECS countries has been relatively effective in increasing learners’ outcomes over the review period and has yielded some positive results related to students’ access to and participation in education. It has also supported the OECS Secretariat in developing a sub-regional strategy and in improving teacher effectiveness in mathematics. There have been limited CDB-supported interventions at the institutional and governance levels, and these have had mixed results.

CDB support has helped to increase water service coverage in two countries and to reduce non-revenue water in another. It has had modest results in infrastructure development, institutional strengthening and legislative reform in the water sector in OECS countries over the review period.

CDB is in the first stages of supporting the renewable energy sector in the OECS countries. Interventions are beginning to develop more sustainable and affordable energy infrastructure through capacity building, institutional strengthening and other efforts. While interventions in the transportation and communication sector are still ongoing, innovative project outputs have the potential to set new standards. CDB’s most significant contributions in DRM have been in assisting OECS countries to respond to disasters and join the Caribbean Risk Insurance Facility; there has been less emphasis on disaster mitigation. CDB has also supported regional initiatives and partnerships to address sub-regional DRM priorities.

CDB’s support for financial intermediary lending has enabled some OECS citizens to access housing and education; it has had mixed success in supporting the productive sector. Due to the absence of information, the status and ongoing viability of the supported productive sector operations as well as the effects on the

value-added in the identified sectors is not known. It is also not possible to judge the extent to which there were household improvements for targeted low and lower middle-income individuals in some countries. CDB has contributed to the short-term stability of two indigenous banks in the ECCU region, and to the legal and regulatory framework and ECCB's institutional capacities. The indigenous banking sector in the OECS continues to be fragile and in need of support.

EFFECTIVENESS – POLICY-BASED LENDING

Policy-based loans have constituted a significant part of the Bank's OECS portfolio over the review period. As documented in the 2017 PBL evaluation, there has been a progression in practice, with relatively more focussed and achievable sets of Prior Actions and intended reform outcomes in recent years. Timeframes for implementation of reforms have often been longer than anticipated and technical assistance not always as well documented as it could have been. Nonetheless, this review complemented the 2017 evaluation findings in observing reform actions across nine thematic areas, including in public financial management and the resolution of some banking and financial stability issues. Suggestions for further improvement of PBL practice are offered, notably for greater analytic attention to the quality of Prior Actions.

IMPLEMENTATION ISSUES

There have been frequent challenges to timely execution of investment projects in the OECS, occasioned by both process and capacity constraints. It was typical for respondents in this review to characterise these challenges as laying half with CDB and half with their own jurisdiction. In BMCs, limited numbers of qualified contractors, inadequate project management skills, centralised decision making, and changes over the political cycle were often cited as challenges. National procurement systems do not yet meet MDB standards. Looking at CDB, many felt that its procurement processes were rigid and subject to lengthy and sometimes unnecessary no-objection processes. CDB does not yet take advantage of the potential efficiencies of an e-payments platform. Moves are afoot within the Bank to address these, including a newly revised procurement policy, and possible reorientation of staff time towards greater supervision effort. Expeditious resolution will be critical for the Bank's reputation as an effective development partner.

SUSTAINABILITY

Sustainability is an ongoing challenge for all development partners, particularly in small, limited capacity economies such as those of the OECS. Expected sustainability of observed results in the OECS is mixed. In some cases there have been issues with design (for example specification of materials); in others with inadequately supportive policy frameworks, or insufficient provisions for future maintenance. There does appear to be scope for greater emphasis on the good practices identified in the OIE's *Managing for Sustainability* study, further integrating them into guidelines and training for Bank staff (for example in institutional assessment).

6.3 Recommendations

Recommendation 1: CDB should re-think and re-engineer its Country Strategy (CS) planning and management processes for OECS borrowers, to be fit for purpose and make best use of limited institutional capacities. A revised approach should capitalise on the well-regarded front-end analytic work that is currently undertaken for CSPs, and seek to strengthen stakeholder engagement and results management over the full CS cycle.

CDB's Country Strategy Papers (CSPs) are regarded as well-written analytic documents by those OECS stakeholders who are familiar with them. They identify existing national development constraints and

specify intended CDB support at the outset of the country strategy cycle. In best cases, they are informed by recently performed poverty and gender equality analyses, and involve consultation with a cross section of national stakeholders. This is a resource intensive effort, however, not matched by ongoing monitoring or engagement over the ensuing CS period (usually four years but sometimes extended). The Bank should more evenly deploy its own and BMCs' limited resources over the CS cycle, streamlining the analytic front-end and putting more effort into periodic review and country engagement. (It is worth noting that many BMC interlocutors expressed an appetite for more frequent engagement of this nature with the Bank.)

Multilateral Development Banks (MDBs) have a defined architecture for how they plan and manage assistance programmes with borrowing members. These outline the instruments and define the expectations for the various steps in the CS cycle. CDB need not hew to a particular formula or model, but as it transitions to an approach suitable to its own circumstances, it should take account of some common elements across other MDB country strategy processes that include:

- Sufficient diagnostic effort to outline current national development constraints, including gender inequality, survey the efforts of other development partners, and inform selectivity in how the Bank will allocate its resources, with consideration to explicitly reduce those gender inequality constraints identified.
- Articulation of a country-level results framework, with consideration for gender equality in each sector addressed through the CSP. Distinctions in the level of expected detail are possible – more specific for ongoing programmes and more indicative for future ones
- Appropriate Bank-Borrower engagement in joint CSP planning processes and joint learning processes (in the form of periodic reviews and end of cycle assessments). These processes should actively and consistently include national gender machineries.
- Written guidance, and training as necessary, that makes it clear for both staff and borrowers what is expected at each stage of CS planning and implementation.

As part of a re-engineered Country Strategy process, CDB should consider lengthening the timeframes over which it monitors and supports the important reforms introduced through its PBL lending in the OECS. As appropriate, the Bank should incorporate ongoing engagement on PBL reform actions into a revised country strategy management process.

Recommendation 2: To bring coherence, encourage sub-regional cooperation and integration, improve CDB visibility, and be better able to communicate about its performance, CDB should develop and implement an explicit sub-regional strategy for the OECS.

CDB has supported a number of OECS sub-regional entities and initiatives over the review period. In the absence of a sub-regional strategy, funded initiatives have been opportunistic, resulting in investments that can be fragmented by sector and institution. This prevents CDB and others from analysing and learning from successes and challenges in the OECS sub-region.

There is a strong rationale for CDB to develop and resource an OECS sub-regional strategy. There are many common economic, environmental and social characteristics, development challenges and vulnerabilities among the OECS countries that provide opportunities for enhanced synergies, effectiveness, impacts and efficiency at a regional level. Interviewed representatives of regional institutions and BMCs expressed strong support for greater clarity of CDB objectives at the sub-regional level. Finally, CDB has a long-standing commitment to RCI and important relationships with key sub-regional institutions.

A sub-regional strategy for the OECS should have the following characteristics:

- Take a strategic overview, identifying key areas where Regional Public Goods and heightened cooperation would benefit members
- Be “fit for purpose”, i.e. tailored to the human resource and financial capacities of the Bank and its sub-regional partners
- Include a results framework that can be feasibly monitored and adjusted over time to reflect changing contexts
- Outline formal review/evaluation guidelines that allow for periodic resolution of issues and reflection on progress, lessons
- Identify and describe important institutional relationships in the sub-region, and clarify roles and responsibilities for CDB and others throughout the management cycle including learning, accountability and relationship management
- Be supported by financial and human resources.

Recommendation 3: CDB should take steps to strengthen its capacities and systems to identify and address institutional capacity needs of OECS BMCs.

CDB’s limited success in building institutional/capacity in OECS institutions and organisations was a common finding across countries and sectors in this evaluation. Project designs did not take sufficient account of the sometimes complex and frequently long-term nature of institutional capacity building. This was due in part to the uneven emphasis on, and knowledge about, institutional capacity building among CDB staff.

CDB should consider the following measures:

- Resuscitate/update existing CDB frameworks and methodologies to conduct institutional assessments for the purposes of project design, supervision and evaluation.
- Develop a workshop on institutional analysis, development and supervision for CDB officers in order to: i) facilitate their awareness of issues associated with institutional analysis; ii) expose staff to current good practices in institutional arrangements; iii) develop their skills in designing and/or carrying out institutional analyses in the future.
- Given noted capacity limitations in the OECS countries, allocate increased resources for implementation support. CDB should move away from compliance supervision to providing technical assistance to countries to assist them in identifying and addressing capacity challenges. If/as required, CDB should consider contracting experts in institutional assessment to complement staff capabilities in this area.
- In concert with other Development Partners, promote a systematic framework/approach to improve project management and maintenance relevant to the OECS countries.

APPENDIX 1 LIST OF FINDINGS

- Finding 1: CDB invests considerable resources in designing CSPs, and this is reflected in their high quality. A review of CSPs in the OECS over the review period indicates that they satisfy half of CDB's quality-at-entry standards.
- Finding 2: CDB does not have a systematic approach to CSP monitoring and implementation at the country level and does not offer comprehensive training and guidelines for all stages of the CSP management cycle. This affects the level of coherence of CSP design, implementation, supervision and evaluation practice across BMCs in the OECS.
- Finding 3: While CDB has identified monitoring and evaluation mechanisms to assess CSP (country level) outcomes, they are used infrequently. Project supervision focuses primarily on outputs. As a result, CDB has scant information about its developmental performance in OECS countries.
- Finding 4: The value-added and ownership of CSPs as currently practiced is unclear.
- Finding 5: Regional cooperation and integration has been a CDB priority since 1970. While the CDB Board approved an Operational Strategy for RCI in 2008, it is not well known or used, contributing to an opportunistic but not strategic approach to regional programming in the OECS.
- Finding 6: Over the review period, CDB made important strides in addressing gender equality as a cross-cutting theme in its operations. To date, CDB country strategies and initiatives in the OECS countries (among others) have paid more attention to promoting equal participation and benefits than to addressing barriers and norms that adversely affect gender equality in the sub-region.
- Finding 7: The most recent CSPs in the OECS countries are generally aligned with national development priorities, and identify capacity challenges and vulnerabilities.
- Finding 8: The CSPs reviewed were largely aligned with CDB's mandate, relevant strategic objectives, and its competencies over the review period.
- Finding 9: CDB support for the education sector in the OECS countries has been relatively effective in increasing learner outcomes. It has also increased students' access and participation over the review period. There have been limited CDB interventions at the institutional and governance levels, and these have had mixed results.
- Finding 10: CDB support has helped to increase water service coverage in two countries and to reduce non-revenue water in another. It has had modest results in infrastructure development, institutional strengthening and legislative reform in the water sector in OECS countries over the review period.
- Finding 11: CDB is in the first stages of supporting the renewable energy sector in the OECS countries. Interventions are beginning to develop more sustainable and affordable energy infrastructure through capacity building, institutional strengthening and other efforts.
- Finding 12: While interventions in the transportation and communication sector are still ongoing, innovative project outputs have the potential to set new standards.

- Finding 13: CDB's most significant DRM contributions have been in assisting OECS members recover from disasters, and in joining the Caribbean Risk Insurance Facility. There has been a more modest emphasis on disaster mitigation. CDB is slowly expanding its collaboration and cooperation with other development partners to address sub-regional DRM priorities.
- Finding 14: CDB's support for financial intermediary lending has enabled some OECS citizens to access better housing and education. It has had mixed success in supporting the productive sector in two countries.
- Finding 15: CDB's support has contributed to the short-term stability of two indigenous banks; to strengthening the legal and regulatory framework in the ECCU region; and to building ECCB's institutional capacities. Issues of fragility in the sector remain however.
- Finding 16: In several OECS countries CDB's policy-based loans contributed to short term fiscal and debt management and incentivised reforms particularly in public financial management. They also facilitated financial and banking sector stability in two OECS countries. Reform programmes often unfolded over longer timeframes and required more substantial Technical Assistance than originally envisaged.
- Finding 17: CDB's expertise and flexibility in responding to evolving contexts were frequently identified as key enabling factors in the realisation of planned outcomes.
- Finding 18: The performance of most CDB country programmes in the OECS countries has been adversely affected by implementation delays, with costs for both BMCs and CDB.
- Finding 19: Reviewed CSPs identify public sector capacities, gender equality and private sector development as key development challenges in the OECS countries. CDB provided modest support to address these challenges over the review period.
- Finding 20: Sustainability of project results in the OECS countries over the review period was mixed, due to some shortcomings in the project design, implementation and post completion phases.

CARIBBEAN DEVELOPMENT BANK



MANAGEMENT RESPONSE

**VOLUME I – EVALUATION REPORT
CLUSTER COUNTRY STRATEGY AND PROGRAMME EVALUATION OF OECS AND
OVERSEAS DEVELOPMENT TERRITORIES BORROWERS (2010-18)**

MANAGEMENT RESPONSE

Cluster Country Strategy and Programme Evaluation of OECS and ODT Borrowers (2010-18)

General Comments

The report provided a number of useful insights. It reinforced the important role that the strategy process plays in the operations of the Bank; identified some weaknesses in the process, thereby suggesting ways in which the process can be fine-tuned to make it more effective; and reinforced the importance of some recent innovations that have been made to the process. The report also made a case for the preparation of a sub-regional strategy, given the existence of a more advanced integration process, the ongoing provision of technical assistance to the sub-region through sub-regional organisations, and the existence of some unique capacity constraints within the sub-region.

The analysis provided useful guidance on the role of the strategy process and useful insights that can be used to improve the strategy development, monitoring and implementation process. The report found that strategies tend to be overly optimistic about what can be achieved during the strategy period, given the capacities of the countries; and that there is a need for more frequent monitoring of the implementation of strategies. The report also suggested that there is a need to analyse and provide for capacity constraints in the strategy; focused on areas of support, such as policy dialogue and knowledge products in the strategy; and provided more support to address gender equality and private sector development.

The findings of the report will be used to make further adjustments to the strategy process, and to guide any other improvements that can increase efficiency and the development impact.

Recommendations	Response (Accepted/Accepted with Reservations/Rejected) (Brief comment only if needed)	Commitments/Actions	Responsibility Centre	Target Completion Date (Y/M/D)
<p>1. CDB should re-think and re-engineer its Country Strategy (CS) planning and management processes for the Organisation of Eastern Caribbean States (OECS) borrowers, to be fit for purpose and make the best use of limited institutional capacities. A revised approach should capitalise on the well-regarded, front-end analytic work that is currently undertaken for Country Strategy Papers (CSPs), and seek to strengthen stakeholder engagement and results management over the full CS cycle.</p>	<p>Agree</p> <p>Some adjustments have been made to the process in developing the strategy for Saint Lucia that will address these concerns. This revised process incorporates an implementation and monitoring framework that consists of a quarterly update, which will be prepared by the CDB team, in collaboration with country officials, and shared with the Advisory Management Team (AMT). The framework will allow constant monitoring of outcomes but, more importantly, will help to identify and address capacity constraints and other bottlenecks, and facilitate the implementation of measures to address these constraints and bottlenecks. While Management is in agreement that PBL reforms should be monitored beyond the normal completion report timeline, these reforms are not necessarily focused on CSP implementation. It will be more effective to monitor specific capacities related to implementation at the sector or project level, or those that can specifically affect project implementation.</p>	<p>Adjustments will be incorporated into the Operational Policies and Procedures Manual after a period of testing.</p>	<p>ED</p>	<p>21/06/30</p>

Recommendations	Response (Accepted/Accepted with Reservations/Rejected) (Brief comment only if needed)	Commitments / Actions	Responsibility Centre	Target Completion Date (Y/M/D)
<p>2. To bring coherence, encourage sub-regional cooperation and integration, improve CDB visibility, and be better able to communicate about its performance, CDB should develop and implement an explicit sub-regional strategy for the OECS.</p>	<p>Agree</p> <p>There is a strong case for a sub-regional strategy to be developed for the OECS area. The area is at a more advanced stage of integration than the broader Caribbean Community (CARICOM) region; CDB has been providing technical assistance at the sub-regional level through sub-regional organisations, such as the OECS Secretariat and the Eastern Caribbean Central Bank; there are similarities in the human resource and financial capacities in the sub-region; and there are some Regional Public Goods and Regional Cooperation and Integration that uniquely apply to the sub-region. The sub-regional strategy will of course not be a replacement for national strategies, as the development context, national strategies and priorities across the sub-region are sufficiently diverse that they merit separate strategies and results frameworks. As noted above, the report suggests how the national strategy process can be improved. The sub-region accounts for more than 36% of CDB's loans outstanding, and two of the top five exposures are OECS countries. This underlines the continued importance of national engagement strategies.</p>	<p>A sub-regional strategy will be prepared.</p>	<p>ED/PD/CSD</p>	<p>20/09/30</p>

Recommendations	Response (Accepted/Accepted with Reservations/Rejected) (Brief comment only if needed)	Commitments/Actions	Responsibility Centre	Target Completion Date (Y/M/D)
<p>3. CDB should take steps to strengthen its capacities and systems to identify and address institutional capacity needs of OECS Borrowing Member Countries (BMCs).</p>	<p>Agree</p> <p>Regarding the first three detailed recommendations, the Bank has:</p> <p>(a) a Governance toolkit with checklists and templates for completing assessments at different levels (project/institutional, country, sector), with political economy analysis permeating all levels; and</p> <p>(b) a strategy for building the capacity of operational staff, based on the toolkits at the CDB and country levels. The tools are also being incorporated in new work instructions and operational guidelines as part of an ongoing initiative to improve the business processes.</p> <p>Regarding the recommendation to “develop/institutionalise a systematic framework/approach to improve project management and maintenance relevant to the OECS countries”, the Project Preparation and Management/Project Cycle Management training was delivered to civil servants in all BMCs, and the programme evaluation (due end 2019) will make recommendations for sustainability and continuity. The training material has been handed over to all training coordinators in the civil service. Additionally, work is underway to convert the face-to-face training to online courses specifically targeted at civil servants.</p>	<p>Draft Governance Assessments Toolkits be re-submitted to AMT.</p> <p>Capacity building in the use of the toolkits</p>	<p>TCD</p>	<p>20/04/30</p> <p>20/12/01 – 21/04/30</p>