

**CARIBBEAN DEVELOPMENT BANK**



**EXECUTIVE SUMMARY WITH MANAGEMENT RESPONSE**

**PROJECT COMPLETION VALIDATION REPORT**

**NATURAL DISASTER MANAGEMENT  
IMMEDIATE RESPONSE LOAN AND USE OF FUNDS – CONSULTANCY SERVICES  
TROPICAL STORM ARTHUR  
BELIZE**

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**OFFICE OF INDEPENDENT EVALUATION**

**NOVEMBER 2014**

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## EXECUTIVE SUMMARY

### 1. BASIC PROJECT DATA

|   |                             |  |                                 |
|---|-----------------------------|--|---------------------------------|
| <b>Project Title:</b>                           |                             | Natural Disaster Management - Immediate Response Loan and Use of Funds - Consultancy Services – Tropical Storm Arthur - Belize |                                 |
| <b>Country:</b>                                 |                             | BELIZE   |                                 |
| <b>Sector:</b>                                  |                             | Disaster Rehabilitation  |                                 |
| <b>Loan No.:</b>                                |                             | 54/SFR-BZE   |                                 |
| <b>Borrower:</b>                                |                             | Government of Belize (GOBZ)  |                                 |
| <b>Implementing/Executing Agency (EA):</b>      |                             | Ministry of Works  |                                 |
| <b><u>Disbursements (\$)</u></b>                | <b><u>OCR</u></b>           | <b><u>SFR</u></b>  | <b><u>Total</u></b>             |
| Loan Amount:                                    | -                           | 500,000.00   | 500,000.00                      |
| Use of Funds                                    | -                           | 20,000.00  | 20,000.00                       |
| Disbursed:                                      | -                           | 513,535.00   | 513,535.00                      |
| Cancelled <sup>1</sup> :                        | -                           | 0  | 0                               |
| <b><u>Project Milestones</u></b>                | <b><u>At Appraisal</u></b>  | <b><u>Actual</u></b>   | <b><u>Variance (months)</u></b> |
| Approval by President:                          |                             | 2008-08-25   | -                               |
| Loan Agreement signed                           | 2008-11-09                  | 2008-12-12   | (1.1)                           |
| Loan Effectiveness:                             | 2009-02-10                  | 2009-09-04   | (6.8)                           |
| <b><u>CDB Loan</u></b>                          | <b><u>At Appraisal</u></b>  | <b><u>Actual</u></b>   | <b><u>Variance (months)</u></b> |
| First Disbursement Date:                        | 2009-01-31                  | 2009-09-16   | (8.5)                           |
| TDD:  | 2009-06-30                  | 2009-12-16   | (5.5)                           |
| TDD Extensions (number):                        |                             | 1  |                                 |
| <b><u>Project Cost and Financing ('000)</u></b> | <b><u>At Appraisal</u></b>  | <b><u>Actual</u></b>   | <b><u>Variance</u></b>          |
| CDB Loan:                                       | USD500,000.00               | USD500,000.00  | -                               |
| CDB Grant:                                      | USD20,000.00                | USD13,535.00   | USD6,465.00                     |
| Counterpart:                                    | USD100,000.00               | USD100,00.00   | -                               |
| <b>Total:</b>                                   | <b>USD620,000.00</b>        | <b>USD613,535.00</b>   | <b>USD6,465.00</b>              |
| <b><u>Terms</u></b>                             | <b><u>Interest Rate</u></b> | <b><u>Repayment</u></b>  | <b><u>Grace Period</u></b>      |
| CDB Loan:                                       | 2. 5%                       | 10 years including grace period  | 2 years                         |
| Other Loan:                                     | NA <sup>2</sup>             | NA   | NA                              |
| <b><u>Implementation</u></b>                    | <b><u>At Appraisal</u></b>  | <b><u>Actual</u></b>   | <b><u>Variance</u></b>          |
| Start Date: <sup>3</sup>                        | 2009-01-01                  | 2009-09-04   | -                               |
| Completion Date:                                | 2009- 06-30                 | 2009-12-16   | (8.5) months                    |
| Implementation Period                           | 0.5 years                   | .29 years  | 1.08 (years)                    |
| <b><u>Economic Rate of Return (%)</u></b>       |                             |  |                                 |
| At Appraisal:                                   | NA                          |  |                                 |
| PCR:  | NA                          |  |                                 |

<sup>1</sup> There is no evidence on file that USD6,465.00 of the UOF was cancelled as at the date of the PCVR

<sup>2</sup> NA - Not Applicable

<sup>3</sup> Implementation begins with satisfaction of conditions precedent

## **2. PROJECT DESCRIPTION**

2.01 In August 2008, in accordance with the authority contained in the Natural Disaster Management Strategy and Operational Guidelines, the President of the Caribbean Development Bank (CDB) approved an Immediate Response Loan (IRL) in the amount of five hundred thousand United States dollars (USD500,000) to the Government of Belize (GOBZ) to assist in financing the clearing and cleaning of debris and restoration of essential services damaged by Tropical Storm Arthur. The use of an amount not exceeding the equivalent of twenty thousand United States dollars (USD20,000) was also approved to assist in financing consultancy services to provide independent inspection and certification of works in connection with the project.

### **PROJECT OBJECTIVES**

2.02 The main objective of the project was to assist GOBZ in the clearing and cleaning of debris and the restoration of essential public services in the aftermath of Tropical Storm Arthur.

2.03 The planned project components were:

- (a) Restoration works: clearing, cleaning and restoration of services to affected areas;
- (b) Project Management: provision of project management services; and
- (c) Technical Assistance: consultancy for the independent certification of expenditures for goods and services financed by the project.

### **IMPLEMENTATION ARRANGEMENTS**

2.04 The Ministry of Works (MOW) coordinated all arrangements for the activities funded by the project. As a condition precedent to first disbursement of the IRL, the MOW designated a Project Coordinator (PC) to manage project implementation.

### **EVALUATION CRITERIA**

2.05 This Project Completion Validation Report (PCVR) assessed the performance of the project utilising evaluation criteria that are in line with best practice standards recommended by the Multilateral Development Banks Evaluation Cooperation Group and adopted at other Multilateral Banks. The assessment focused on project performance based on the Relevance, Effectiveness, Efficiency and Sustainability of the project as its core performance evaluation criteria and complementary criteria covering CDB's, Executing Agency's (EAs) and Borrowers' Performance, respectively.

### **OVERALL ASSESSMENT**

2.06 The overall assessment of project performance is Satisfactory. This rating resulted from a Highly Satisfactory performance under the Relevance criterion; Satisfactory performances under both the Effectiveness and Sustainability criteria; and a Marginally Unsatisfactory performance under the Efficiency criterion.

#### **Relevance**

2.07 Relevance was rated as Highly Satisfactory. The Preliminary Impact Assessment for Tropical Storm Arthur showed that the transport, roads and bridges sub-sector within the transport infrastructure sector, was the most badly damaged sector affected by the tropical storm. The restoration of critical transport infrastructure, including the Kendal and Mullins River Bridge Sites, the replacement of washed out culverts, and the restoration of secondary and cane roads and repairs to the Hummingbird

Highway and Southern Highways as a result of erosion damage, were required for the resumption of social and economic activities.

### **Effectiveness**

2.08 The Project Completion Report (PCR) assessed Effectiveness as Satisfactory in view of the achievement of the expected outcome: the emergency restoration of essential services, specifically for transportation services, in the three targeted districts of Corozal, Orange Walk and Stann Creek.

### **Efficiency**

2.09 Efficiency was rated as Marginally Unsatisfactory. The main issues during implementation were the delays in the designation of a PC and further delays by MOW in both the identification of works that were considered to be eligible for CDB's financing and the compilation of the necessary documentation for independent certification of expenditures for goods and services by the CDB Consultant. The time taken to designate a PC resulted in a seven month delay in satisfying the conditions precedent to first disbursement.

### **Sustainability**

2.10 The Evaluator rated Sustainability as Satisfactory as a result of the ownership and commitment of the GOBZ to this IRL intervention. Other contributing factors were the satisfactory completion of works and restoration of services to critical facilities which enabled Belize to quickly resume its normal activities and initiate planning for medium and long term recovery and rehabilitation following the storm.

### **Borrower and EA Performance**

2.11 The PCR rated the EA's performance as Satisfactory. There were some delays in identifying the works that were eligible for CDB financing and in compiling the necessary documentation for the CDB Consultant to certify the works. The PCR indicates that the Consultant's payment certification was timely and accurate, and reporting was exemplary. The Evaluator rated the Borrower's performance as Marginally Unsatisfactory on the basis that the Borrower was not timely in meeting the loan effectiveness requirements and took a considerable time to provide the Certification Consultant with the necessary documentation to perform the necessary due diligence exercise.

### **CDB Performance**

2.12 The Evaluator concurs with the Satisfactory ratings of the Project Supervision Reports and rates CDB's performance as Satisfactory. The Evaluator notes that the Bank was quick to respond to the formal request from GOBZ for financial assistance after the damage caused by Tropical Storm Arthur to the country, and provided adequate supervision and guidance to the EA.

**TABLE 1: SUMMARY RATINGS OF CORE EVALUATION CRITERIA  
AND OVERALL ASSESSMENT OF PROJECT**

| Criteria  | PCR/PSRs <sup>4</sup> |              | OIE Review <sup>5</sup> |                           | Reason if any for Disagreement/Comment   |
|---|-----------------------|--------------|-------------------------|---------------------------|--|
|   | Score                 | Rating       | Score                   | Rating                    |  |
| Strategic Relevance                             | None                  | None         | 4                       | Highly Satisfactory       | PCR failed to provide a rating.  |
| Poverty Relevance                               |                       |              |                         |                           |  |
| Effectiveness                                   | None                  | Satisfactory | 3                       | Satisfactory              |  |
| Efficiency                                      | None                  | None         | 2                       | Marginally Unsatisfactory | PCR failed to provide a rating.  |
| Sustainability                                  | None                  | None         | 4                       | Satisfactory              | PCR failed to provide a rating.  |
| <b>Composite (Aggregate) Performance Rating</b> | None                  | None         | <b>3</b>                | <b>Satisfactory</b>       | PCR failed to provide criteria ratings.  |
| Borrower & EA Performance                       | Not Applicable        | Satisfactory | Rated only              | Marginally Unsatisfactory | Borrower was not timely in meeting conditions precedent to first disbursement and providing documentation to Certification Consultant. |
| CDB Performance                                 | Not Applicable        | Satisfactory | Rated only              | Satisfactory              | -  |
| <b>Quality of PCR</b>                           |                       |              | Rated only              | Unsatisfactory            | The PCR only partially complied with the Guidelines for PCR preparation.   |

### Lessons

2.13 The PCR identified the following lesson:

#### **Measures to facilitate certification of works for NDM Projects**

- (a) Potential eligible works need to be identified by the EA as quickly as possible after a disaster event and steps put in place by the EA to document the extent of damage as well as the cost incurred in restoration. This would permit the Certification Consultant to accurately verify and certify payment for the works.

<sup>4</sup> Refer to Appendix 1 – PCR PPES Scores and Ratings converted to PAS Scores and Ratings using Table 6: Equivalence Matrix, Page 9. PAS Manual Volume 1: Public Sector Investment Lending and TA.

<sup>5</sup> PAS System applied.

2.14 Additional lessons noted by the Evaluator:

**Communications**

- (a) Communications between Government Ministries and the Bank which could positively impact project implementation should be more timely to maximise the potential for achievement of project benefits; and

**Difficult Conditions**

- (b) In keeping with the provisions of the Disaster Management Strategy and Operational Guidelines, consideration could be given to modifying the conditions precedent to first disbursement for IRLs, which may be difficult for the Borrowing Member Countries (BMCs) at a critical time, while recovering from the effects of a natural disaster and could further contribute to project delays.

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## **MANAGEMENT RESPONSE**

### **INTRODUCTION**

1.01 Management welcomes this PCVR on the Immediate Response Loan (IRL), Tropical Storm Arthur – Belize as it is the first PCVR for an IRL type project in Belize. IRLs play a special role as one of CDB’s primary response mechanisms to assist its BMCs following a natural disaster.

### **COMMENTS ON RECOMMENDATIONS**

2.01 We note the recommendations made with respect to Communications and Difficult Conditions. With respect to that relating to “Difficult Conditions” we must point out that it has always been the practice to keep Conditions Precedent in IRLs to the minimum needed to ensure efficient implementation and to protect the interests of CDB. Thus the only condition precedent is the one relating to the designation of the PC to provide management services for all aspects of implementation. An IRL is significantly different from a standard capital project because the activities to be undertaken utilising CDB funds, the cost of those activities, and the counterpart financing, are not clearly identified at the time of appraisal of the IRL. No appraisal mission to the country is conducted prior to the IRL. The funds are provided to the governments of BMCs for the purpose of clearing and cleaning of affected areas and restoration of critical infrastructure and essential services. The activities/works, in many cases, are already completed by the time the IRL is approved by the President. CDB engages a Consultant to certify only that the amounts for which reimbursements are being sought are reasonable for the type of works/activities undertaken.

### **COMMENTS ON RATINGS**

3.01 While there was general congruence between the Project Completion Report (PCR) and the PVCR we do not accept the rating on PCR quality for the following reasons:

| PCVR Comment   | Management Response  |
|--|--|
| <p>The PCVR rates the PCR quality as unsatisfactory based on the following:</p> <p>(a) <b>The PCR only partially complied with the Guidelines for PCR preparation.</b></p> <p>OIE is aware that Projects Department uses a different format and approach for PCRs in respect of IRLs.</p> <p>However, OIE is of the opinion that the rating and justification with regard to the four criteria as laid out in Evaluation Policy and PCR Guidelines are critical components of any loan.</p> <p>We understand the need for a simplified format. However, such a format should not undermine the ability to fully assess project performance as well as learn lessons from project implementation.</p> | <p>We do <b>not</b> accept this statement as correct for the following reasons:</p> <p>(i) CDB does <b>not</b> assess PPES scores in the preparation of Staff Reports for IRLs nor the preparation of annual Project Supervision Reports. Therefore none are assigned for PCRs;</p> <p>(ii) With overall damage, as a result of Arthur, estimated at over USD26 mn, CDB’s contribution through this loan to the reconstruction effort was relatively small. At Appraisal, only a nominal counterpart contribution is provided as CDB’s Policies <b>do not require</b> a counterpart contribution for this type of operation, although it is recognised that Governments may need to spend large sums in the clean-up and restoration of critical infrastructure and essential services. Given that there were several agencies involved in contributing to the clean-up and restoration effort, it would be extremely difficult to ascertain the exact amount of Government’s counterpart contribution;</p> <p>(iii) CDB has no guidelines for the preparation of IRL PCRs. This current format was used previously for the PCR with respect to IRL – Gustav – Jamaica and is based on the format used by the Asian Development Bank and which was provided to Staff by the former head of OIE.</p> <p>We take this opportunity, however, to express our willingness to collaborate with OIE in developing a revised PCR format for IRLs that would more appropriately address the requisite criteria in the Evaluation Policy and PCR Guidelines.</p> |