

CARIBBEAN DEVELOPMENT BANK



EXECUTIVE SUMMARY WITH MANAGEMENT RESPONSE

PROJECT COMPLETION VALIDATION REPORT

SITES AND SERVICES PROJECT - GRENADA

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EVALUATION AND OVERSIGHT DIVISION

MAY 2012

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EXECUTIVE SUMMARY

1. BASIC PROJECT DATA

Project Completion Report (PCR) Validation	November 29, 2011	
PRN No.	3232	
Project Name	Sites and Services Project - Grenada	
Country	Grenada	
Sector	Social and Personal	
Financing (\$ mn)	Ordinary Capital Resources: 1.93	
Approval Date	December 9, 2005	
	<u>Approved</u>	<u>Actual</u>
Total Project Costs (\$ mn)	3.68	3.75
Loan (\$ mn)	1.93	-
Total Co-financing (\$ mn)	-	-
Borrower (\$ mn)	1.75	1.849
Approval Date	December 9, 2005	
Agreement Date	February 21, 2006	
Effectiveness Date	March 1, 2007	
Estimated Actual	March 1, 2007	
Terminal Disbursement Date	June 24, 2010	
Total Loan Disbursements (\$ mn)	1.93	
Evaluation Officer	Everton Clinton	
Quality Control Reviewers	Egene Baccus Latchman/Paul Morgan	
Deputy Director	Anne Bramble	

2. PROJECT DESCRIPTION

2.01 Damage caused by Hurricane Ivan on September 7, 2004, in Grenada, was extensive. Approximately 90 per cent (%) of the stock of about 31,100 houses was damaged by Hurricane Ivan with about 30% of the stock requiring complete replacement. The poor and vulnerable suffered the most as their houses were primarily of wood and poorly constructed.

2.02 Estimates from the Grenada Statistics Department suggested that following Hurricane Ivan, unemployment had increased to 18.5% as compared to 15% in 1998. Also, that the disparity in the levels of poverty may have widened with over 20% of female-headed households as opposed to only 12% of the male-headed households classified as poor. The passage of Hurricane Ivan also gave rise to the *new poor* comprising persons of middle-income status before the Hurricane who suffered loss of income, reduced earnings and who had inadequate or no property insurance.

2.03 In December 2005 at the 219th Meeting of the Board of Directors of the Caribbean Development Bank (CDB), the Board approved a loan to the Government of Grenada (GOG) of an amount not exceeding the equivalent of one million nine hundred and twenty seven thousand United States dollars (USD1.927 mn) from CDB's Special Funds Resources to assist with implementing a project which would contribute to addressing the country's housing crisis.

2.04 The project was executed through the Ministry of Social Development and Housing which utilised the services of the Agency for Reconstruction and Development (ARD) for project management. One of the conditions precedent to first disbursement of the loan was the development of a Priority Means Test (PMT) by GOG to manage the targeting of beneficiaries of the housing units to be established on the serviced lots. The lots were to be developed at Soubise Mount Gay.

PROJECT OBJECTIVES OR EXPECTED OUTCOMES

2.05 The project was intended to support GOG in its efforts at improving the shelter conditions of low-income households on a sustainable basis in the aftermath of Hurricane Ivan. Specifically, the project was expected to provide 116 serviced plots for house construction, with attendant infrastructure and amenities, for low-income and vulnerable households by April 2007.

EVALUATION OF PERFORMANCE AND OVERALL ASSESSMENT

Overall Assessment

2.06 The PCR rated the overall performance of the project as *Highly Satisfactory*. The variations between the PCR ratings and the Evaluator's ratings were not significant, except that the Evaluator has allocated a lower rating for Sustainability. The Evaluator rates the overall performance of the project as *Satisfactory*.

Relevance

2.07 The PCR rated this criterion as *Highly Satisfactory* given the project's contribution to the overall housing recovery programme and economic and social recovery of Grenada; and its delivery of housing to the most vulnerable and low-income households. In light of this situation, the Evaluator agrees with the PCR rating of *Highly Satisfactory*.

Effectiveness

2.08 During implementation, a high-density housing model was adopted; the project scope was revised; the target at the outcome level was increased to 180 serviced plots; and the associated infrastructure works were revised accordingly. The PCR rated this criterion as *Highly Satisfactory* as the project met the targeted number of serviced plots and other associated infrastructure works were completed as planned. The PCR, however, questioned the appropriateness of the indicator (i.e., number of serviced plots available for house construction) as a measure of achievement of the outcome.

2.09 The Evaluator agrees that there is some mismatch between the scope of the project, the outcome statement and the performance indicator. However, in light of the completion of 180 serviced plots and associated infrastructure and the proposed application of the PMT to manage the targeting of beneficiaries, the Evaluator rates this criterion as *Highly Satisfactory*.

Efficiency

2.10 The PCR rated this criterion as *Satisfactory* as actual cost exceeded planned by 3%; the project experienced implementation delays due to the change in scope and design; a lack of adequate project management following the dissolution of ARD; various changes in Permanent Secretaries, which delayed decision making and processing of payments; and unforeseen soil conditions.

2.11 The Borrower did not provide information on the actual GOCR contribution to the project. As such, it was not possible to compare the planned and actual unit cost of the plots delivered. The Evaluator therefore rated this criterion as *Satisfactory*.

Sustainability

2.12 The PCR rated this criterion as *Satisfactory* given the likelihood that GOCR's fiscal constraints and diminishing implementation capacity, due to the dissolution of ARD, will delay the establishment of housing units and the maintenance of infrastructure established under the project. In addition, the PCR noted that the use of high density housing, which was not envisaged at appraisal, could lead to negative social and environmental impacts. Given these risks, the Evaluator rates this criterion *Marginally Unsatisfactory*.

Performance of the Borrower and Executing Agency (EA)

2.13 The PCR rated this criterion as *Satisfactory*. The dissolution of ARD weakened implementation performance and along with high turnover of Permanent Secretaries, resulted in lengthy delays and non-compliance with financial reporting requirements under the Loan Agreement. The Evaluator disagrees with the PCR rating of Satisfactory and rates Borrower Performance as *Marginally Unsatisfactory*.

Performance of CDB

2.14 The PCR rated CDB's performance as *Satisfactory* but gives no justification for the rating. The Evaluator noted: (i) the design of the project was adequate to achieve the objective of improving shelter conditions and contributing to the quality of life of low-income households in Grenada on a sustainable basis; (ii) the project was included in the Grenada Public Sector Investment Programme and was consistent with the Grenada Reconstruction, Recovery and Development Programme; (iii) the project was consistent with CDB's strategic objective of fostering inclusive social development. The Evaluator therefore rates the performance of CDB as *Satisfactory*.

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

Criteria	PCR		OIE Review		Reason, if any, for Disagreement/Comments
	Score	Rating	Score	Rating	
Relevance	4	Highly Satisfactory	4	Highly Satisfactory	-
Effectiveness	4	Highly Satisfactory	4	Highly Satisfactory	-
Efficiency	3	Satisfactory	3	Satisfactory	-
Sustainability	3	Satisfactory	2	Marginally Unsatisfactory	GOCR's fiscal constraints may continue to affect project outcomes in the area of maintenance of sewerage systems and other infrastructure
Overall Assessment	3.5	Highly Satisfactory	3.25	Satisfactory	-
Borrower and EA Performance	-	Satisfactory	-	Marginally Unsatisfactory	Weak implementation capacity post ARD, non-compliance with loan covenants and lengthy delays
CDB Performance	-	Satisfactory	-	Satisfactory	

LESSONS

2.15 The PCR cited the following as important lessons learned:

- (a) Where a temporary project organisation (e.g. ARD) is used as an implementing agency (and particularly in a post-disaster scenario), more effective mechanisms are needed to manage communications with, and transfer learning to, the permanent agencies (e.g., Ministry of Housing). This improves implementation performance and the sustainability of the project beyond the implementation phase.
- (b) For sites and services projects, the design requirements of the sites must be explicitly linked to the type of housing units to be built. Conversely, housing unit designs should reflect the requirements imposed by the site design, as well as the socio-cultural needs of the eventual residents.

2.16 In addition, the Exit Workshop concluded the following:

- (a) A dedicated and well-functioning project implementation unit, such as ARD, is an effective mechanism for project implementation.

- (b) Greater donor coordination, including the use of harmonised procurement processes, is required to ensure that limited government technical resources are not overwhelmed during post-disaster project execution.
- (c) Project implementation schedules should be based on realistic estimates of the time required for procurement activities.
- (d) A mechanism should be put in place to ensure regular reporting on the use of counterpart resources.

PROJECT COMPLETION REPORT QUALITY

2.17 The PCR is comprehensive and covers key aspects of project design, implementation and management. The Evaluator rates the quality of the PCR as *Satisfactory*.

RECOMMENDATIONS FOR FOLLOW-UP

2.18 It is recommended that a Project Performance Audit Report (PPAR) is prepared within one year of this validation given the fact that some benefits are still to be realised. The PPAR should pay particular attention to the performance of the Contractor, Borrower and EA; the effectiveness of the PMT as a poverty targeting tool; cost efficiency; and social and environmental impacts.

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MANAGEMENT RESPONSE

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MANAGEMENT RESPONSE

1.01 The draft validation report was circulated by Evaluation and Oversight (EOV) on January 19, 2012. Social Sector Division (SSD) forwarded initial comments on January 27, 2012. Following meetings between EOV and SSD, amendments were made to the initial report and a final report was agreed by both parties on February 15, 2012.

1.02 The Projects Department notes the recommendation of the report concerning reconciliation of the PCR format with that of the existing Project Performance Evaluation System and, specifically, the inclusion of assessments of contractor/consultant performances in the PCR. We will review the current PCR and Project Supervision Report formats to effect suitable amendments.