

CARIBBEAN DEVELOPMENT BANK



EXECUTIVE SUMMARY WITH MANAGEMENT RESPONSE

**PROJECT COMPLETION VALIDATION REPORT
SOCIAL INVESTMENT FUND - JAMAICA**

This Document is being made publicly available in accordance with the Bank's Information Disclosure Policy. The Bank does not accept responsibility for the accuracy or completeness of the Document. This is a redacted Document which excludes information which is subject to exemptions as set forth in the Bank's Information Disclosure Policy.

OFFICE OF INDEPENDENT EVALUATION

MARCH 2014

Any designation or demarcation of, or reference to, a particular territory or geographic area in this Document is not intended to imply any opinion or judgment on the part of the Bank as to the legal or other status of any territory or area or as to the delimitation of frontiers or boundaries.

PUBLIC DISCLOSURE AUTHORISED

CARIBBEAN DEVELOPMENT BANK



EXECUTIVE SUMMARY

PROJECT COMPLETION VALIDATION REPORT

SOCIAL INVESTMENT FUND – JAMAICA

MARCH 2014

EXECUTIVE SUMMARY

1. BASIC PROJECT DATA SHEET

Project Title:	Social Investment Fund - Jamaica
Country:	Jamaica
Sector:	Social Sector
Loan No.:	10/SFR-OR-JAM
Grant No.:	GA 10/JAM
Borrower:	Government of Jamaica (GOJ)
Executing Agency (EA):	Jamaica Social Investment Fund Limited (JSIF)

<u>Disbursements (\$'000)</u>	<u>OCR</u>	<u>SFR</u>	<u>Total</u>
Loan amount	7,123	7,005	14,128
Disbursed	7,123	7,005	14,128
Technical Assistance (TA) Grant	-	124	124
Disbursed	-	14 ¹	14 ¹
Cancelled	-	-	-
Use of Funds	-	120 ¹	120 ¹
Disbursed	-	-	-
Cancelled	-	-	-

<u>Milestones</u>	<u>Appraisal</u>	<u>Actual</u>	<u>Variance (months)</u>
Date of Loan Approval	1999-12-09	1999-12-09	-
Date of Loan Agreement	2000-02-21	2000-05-26	(3.2)
Date Conditions Precedent Satisfied	2000-04-20	2000-08-16	(3.9)
Date of Grant Agreement	2000-02-21	2000-05-26	(3.2)
Date Conditions Precedent Satisfied	2000-04-20	2000-08-16	(3.9)

<u>Caribbean Development Bank (CDB)</u>			<u>Variance (months)</u>
<u>Loan and Grant</u>	<u>Appraisal</u>	<u>Actual</u>	
First Disbursement Date – Loan	2000-07-31	2000-12-15	5
Terminal Disbursement Date (TTD) - Loan	2003-03-31	2006-12-20	45
TDD Extensions - Loan (number)	-	4	-
First Disbursement Date - Grant	2000-10-31	2003-12-11	37
TDD - Grant	2002-02-28	2004-04-14	25
TDD Extensions - Grant (number)		5	

<u>Project Cost and Financing (\$'000)</u>			<u>Variance (\$)</u>
Total Project Cost	19,397	18,912	(485)
CDB Loan	14,128	14,128	-
CDB Grant	124	14	(110)
CDB Use of Funds	120	-	(120)
Borrower's contribution	4,307	4,257	(50)
Beneficiaries and sponsors	718	383	(335)

<u>Terms</u>	<u>Interest Rate</u>	<u>Repayment</u>	<u>Grace</u>
CDB Loan – Ordinary Capital Resources	6.68%(variable)	17 years	5 years
CDB Loan – Special Fund Resources	2.50%	20 years	10 years

<u>Implementation</u>	<u>Appraisal</u>	<u>Actual</u>	<u>Variance</u>
Start Date	2000-06-01	2000-09-30	3
Completion Date	2002-06-30	2006-12-20	51
Implementation period (months)	24	75	48

<u>Economic Rate of Return (%)</u>			
At Appraisal	n.a. ²	n.a. ²	n.a. ²
Project Completion Report	n.a. ²	n.a. ²	n.a. ²

¹ No record of de-obligation/cancellation of these funds

² Not Applicable

2. PROJECT DESCRIPTION

2.01 In 1996, GOJ established JSIF Limited as one instrument in its poverty eradication programme and to execute the fifty million United States dollars (USD50 mn) JSIF project (JSIFP). JSIFP was financed by GOJ and loan and grant resources from various agencies. The main objective of JSIFP was to enhance the living conditions of poor communities through the provision of basic social and economic infrastructure.

2.02 JSIFP was assessed as successful in delivering services to poor communities. Demand for resources was expected to increase substantially as the impact of JSIF Limited's interventions became more visible; and to support ongoing efforts aimed at promoting social development at the community level.

2.03 In December 1999, CDB approved a loan of USD14.128 mn to GOJ, a grant of USD0.1.24 mn and use of funds of USD0.120 mn to assist in enhancing the capacity of JSIF Limited, the EA, to deliver services to poor communities. The total cost of the project was USD19.397 mn, with GOJ providing USD4.307 mn as counterpart financing. The components of the project were as follows:

TABLE 1: PROJECT COMPONENTS

Description	Amount (mn)
<i>(a) Financing of 160 social infrastructure projects</i>	14.361
Social infrastructure (56)	(6.63)
Economic infrastructure (35)	(4.971)
Social services (25)	(1.5)
Organisational strengthening (35)	(1.26)
Piloting the use of community-managed contracting for small projects (<USD10,000) as a means of accelerating the implementation process	
Piloting the use of a more holistic and comprehensive approach to the development of the poorest communities	
<i>(b) Institutional support:</i>	
JSIF Limited's staff consultants' fees, equipment and operating expenses	3.695
Capacity building of JSIF Limited's boundary partners	1.100
<i>(c) Technical Assistance: formulation of a strategy for closer collaboration between JSIF Limited and the Non-Governmental Organisations (NGO) community; conduct of an impact evaluation of JSIF Limited's interventions.</i>	0.142

2.04 At appraisal, the major risks to achieving the planned results were as follows:

- (a) the quality of the work performed by small contractors under the sub-projects;
- (b) erosion of the implementation capacity of public sector institutions normally responsible for providing social and economic infrastructure and delivering social services;
- (c) limited impact given the level of deprivation in poor communities and the then existing restriction to one sub-project per community;
- (d) loss of experienced JSIF staff;
- (e) limited sustainability of sub-projects due to inadequate funding to meet maintenance and other post-implementation operating costs; and

- (f) weak capacity of Parish Councils to implement and manage community infrastructure.

PROJECT OBJECTIVES OR EXPECTED OUTCOMES

2.05 The primary objective of the project was to improve the socio-economic conditions of poor communities by increasing their access to basic social and economic infrastructure, social services, and organisational strengthening activities which meet their needs and priorities.

EVALUATION OF PERFORMANCE AND OVERALL ASSESSMENT

Overall Assessment

2.06 The Project Completion Report (PCR) rated the overall performance of the projects as *Highly Satisfactory*. The Evaluator's overall assessment of project performance is *Satisfactory*. The PCR and the Evaluator had different ratings for sustainability given the Evaluator's assessment of the risks to sustaining the results achieved under the project.

Relevance

2.07 The PCR rated relevance of the project as *Highly Satisfactory* given that the project was included in CDB's Country Strategy for Jamaica and its contribution to improving the social and economic conditions of poor communities. The Evaluator noted that the sub-projects were assessed as reflecting the needs of the targeted communities; over 80,000 persons had directly benefitted from the project; and, at completion, the sub-projects were still relevant to the needs of the communities. The Evaluator also rates this criterion as *Highly Satisfactory*.

Effectiveness

2.08 The PCR rated effectiveness as *Satisfactory* based on the following justification

- (a) 176 sub-projects costing USD13.826 mn were implemented, compared to the target of 160 sub-projects costing USD14.361 mn;
- (b) over 90% of the sub-projects completed were located in communities with the highest incidence of poverty; and 28% of sub-projects were located in communities within the upper quartiles where pockets of severe poverty exist;
- (c) most of the projects were fully operational with only 10% of sub-projects reported as not in operation;
- (d) with respect to the formulation of a strategy for closer collaboration between JSIF Limited and the non-governmental organisation community, procurement procedures and manuals were upgraded; the project had played a critical role in conceptualising and finalising the community-based contracting approach for community-managed sub-projects; and this approach had been incorporated by multilateral and bilateral agencies in their community development programmes with JSIF Limited;
- (e) the pilot on the use of a more holistic and comprehensive approach to the development of the poorest communities was not implemented. There was not enough time to complete critical pre-pilot activities such as preparation of community plans, capacity building and

training; and the funds for the pilot were eventually diverted to address priorities arising from the passage of Hurricane Ivan in 2004;

- (f) with respect to the institutional support component of the project, there was inadequate data on the training conducted but it was estimated that approximately 20 representatives of JSIF Limited and other key stakeholders such as the Social Development Commission, NGOs, and community groups had benefitted from training funded under the project; and
- (g) the provision of resources to meet staff consultants' fees did not completely eliminate the risk of staff consultants turnover within JISIF Limited and the resignation of a few technical officers had some impact on the project.

2.09 The Evaluator is of the view that the primary development objective of contributing to poverty reduction in Jamaica was met. Outcomes were, however, not achieved within the timelines specified at appraisal. Having regard to the delays in project implementation, the Evaluator rates effectiveness as *Satisfactory*.

Efficiency

2.10 The PCR rated this criterion as *Satisfactory* as planned results were partially achieved; 75% of sub-projects were reportedly completed within or below budget; and the remainder experienced cost over-runs. The project also experienced significant delays. The reasons for the delays, as stated in the PCR, were Hurricane Ivan in 2004; the need to complete a World Bank-funded project; retention payments on a few sub-projects; and challenges associated with the reconciliation of statements of expenditures between CDB and JSIF. The overall project was completed 51 months after the planned completion date. The Evaluator therefore found that these reasons did not adequately account for the 51 months of delay. The Evaluator concurs with the PCR rating of *Satisfactory*.

Sustainability

2.11 The PCR rated this criterion as *Highly Satisfactory* given the level of capacity building already implemented by JSIF Limited at the local level; and JSIF Limited's track record and capacity to attract resources. The Evaluator, however, noted that the PCR identified the following as risks to the sustainability of the project:

- (a) GOJ's fiscal constraints, availability of resources to build on the momentum generated by JSIF Limited; and inadequate budgetary allocations for maintenance of completed sub-projects;
- (b) absence of an integrated and holistic approach to community development;
- (c) vulnerability of the community infrastructure, established under the project, to natural disasters;
- (d) the absence of social supervision and monitoring and evaluation capacity during implementation of sub-projects; and
- (e) the high frequency of cost overruns, especially for economic infrastructure sub-projects (e.g. roads and schools).

2.12 The Evaluator, therefore, rates sustainability as *Marginally Unsatisfactory*.

Performance of the Borrower and Executing Agency

2.13 The PCR rated the performance of the Borrower and EA as *Satisfactory* based on the following justification:

- (a) there were some delays but GOJ did provide JSIF Limited with the budgeted counterpart resources and the delays did not adversely impact project implementation;
- (b) despite some turnover (staff consultants) during project implementation, JSIF met time, expected quality and design standards with respect to the appraisal of the sub-projects;
- (c) JSIF's project management performance was commendable in terms of reporting to CDB, and managing the portfolio of sub-projects. Planned results were partially achieved; and
- (d) there was evidence of strong stakeholder engagement within the benefitting communities and by government agencies.

2.14 The Evaluator noted that JSIF Limited had built successful strategic partnerships with boundary partners and was well-regarded in the public and private sectors, civil society and with international development partners. From the data presented, the Evaluator was unable to assess JSIF Limited's performance in managing project risks including, for example, those associated with the maintenance of community infrastructure. The Evaluator rates the performance of the Borrower and the EA as *Satisfactory*.

Performance of CDB

2.15 The PCR rated this criterion as *Satisfactory* given that CDB staff had provided comments on project outputs or general queries and had issued no-objection responses in a timely manner. The Borrower and EA also rated CDB's performance, during project preparation and implementation, as *Satisfactory*. The Borrower and EA, however, noted that CDB staff should have provided Back-to-Office Reports and Aide Memoires in a more timely manner; and the quality of supervision was, at a point, impacted by the reorganisation activities within the Bank.

2.16 The Evaluator also rates CDB's performance as *Satisfactory* based on the following:

- (a) the Appraisal Report was consistent with the Bank's quality-at-entry requirements;
- (b) the Borrower and EA were generally satisfied with the Bank's performance;
- (c) the quality of project supervision seems to have fluctuated during project implementation;
- (d) staff undertook ex-post reviews of sub-projects which did not require CDB's prior approval on a no-objection basis;
- (e) given the complexity of the project, more attention should have been given to tracking and maintaining accurate records of expenditure; and ensuring timely treatment of undisbursed balances on project completion; and
- (f) there were occasions when CDB was tardy in addressing important issues, which arose during project implementation, caused delays and affected the rate of disbursement. These issues included the reconciliation of statements of expenditures between JSIF and CDB.

TABLE 2: SUMMARY RATINGS OF CORE EVALUATION CRITERIA AND OVERALL ASSESSMENT OF PROJECT

Criteria	PCR		OIE Review		Reason, if any, for Difference in Rating
	Score	Rating	Score	Rating	
Relevance	4	Highly Satisfactory	4	Highly Satisfactory	
Effectiveness	3	Satisfactory	3	Satisfactory	
Efficiency	3	Satisfactory	3	Satisfactory	
Sustainability	4	Highly Satisfactory	2	Marginally Unsatisfactory	GOJ's ongoing fiscal constraints and the ability to maintain assets and continue to build social capital in the targeted communities.
Overall Assessment	3.5	Highly Satisfactory	3.0	Satisfactory	
Borrower and EA Performance		Satisfactory		Satisfactory	
CDB Performance		Satisfactory		Satisfactory	

Institutional Development Impact

2.17 The PCR rated the institutional development impact as *Highly Satisfactory* as the project had contributed to the strengthening of JSIF Limited, including its capacity for closer collaboration with NGOs; and had also contributed to the strengthening of community groups. The Evaluator concurs and also rates this criterion as *Highly Satisfactory*.

LESSONS

2.18 The PCR identified the following as lessons learned:

- (a) greater emphasis should be placed on monitoring and evaluation, including monitoring the utilisation of recommended maintenance procedures and the availability of resources for maintenance;
- (b) public relations and social marketing are critical inputs to building capacity and promoting ownership at the community level; and
- (c) maintenance training and manuals should be an integral component of infrastructure sub-projects to promote community participation and ownership and to reduce the cost of maintenance.

2.19 In addition to the above, the Evaluator has identified the following:

- (a) pilot initiatives should be designed, monitored and evaluated in keeping with the rigour expected for pilot projects;

- (b) where the period of implementation exceeds appraisal projections by more than three years, the implementation performance of the project should be assessed at senior levels within the Bank; and
- (c) undisbursed balances should be cancelled or de-obligated in a timely manner at project completion.

PCR QUALITY

2.20 The Evaluator rates the quality of the PCR as *Satisfactory*. The PCR provided detailed information on project design and implementation, identified lessons learned and recommended follow-up actions.

RECOMMENDATIONS FOR FOLLOW-UP

2.21 No follow-up for the Office of Independent Evaluation is required. The Evaluator does not consider that a Project Performance Audit Report would provide significantly more information or identify other lessons to be learnt than contained in the PCR.

PUBLIC DISCLOSURE AUTHORISED

CARIBBEAN DEVELOPMENT BANK



MANAGEMENT RESPONSE

**PROJECT COMPLETION VALIDATION REPORT
SOCIAL INVESTMENT FUND - JAMAICA**

MARCH 2014

MANAGEMENT RESPONSE

1.01 This loan, approved in 1999, was the first of two loans to support GOJ's commitment to social development and poverty reduction measures as reflected in its Social and Economic Support and Poverty Eradication Programmes, to be implemented through JSIF. JSIF was established by GOJ in 1996 to be a key instrument to improve the quality of basic social and economic infrastructure and to provide access to basic social services for low-income Jamaican citizens. The Evaluator's overall assessment of project performance is *Satisfactory*. This rating is consistent with the rating of the PCR team and is important in the context of the project demonstrating proper use of development resources.

COMMENTS ON RATINGS

1.02 Management is concerned by the variation in scoring of "Sustainability of the Project" under the heading of **Evaluation of Performance (PCR Assessment and Validation)** in the Project Completion Validation Report from *Highly Satisfactory* to *Marginally Unsatisfactory*.

PCVR Comment	Management Response
<p>(a) The Evaluator considers the main risk of sustainability of the project is likely to be the fact that GOJ's fiscal constraints may curtail the availability of resources to maintain the investments and to continue to build social capital in the targeted poor areas.</p>	<p>The PCR team noted that this was a major risk highlighted in the Project Appraisal Report and the necessary measures were put in place at the project design stage to minimise this risk - the development of manuals, training and institutional strengthening activities. The PCR indicated that while there is uncertainty about the adequacy of GOJ's resources to maintain the investments that in the majority of cases beneficiaries have taken ownership and have provided assistance in the area of routine maintenance. A key output of the project was the development of the community-based contracting approach for the implementation and operation of community-based interventions. These actions should reduce the frequency and cost of routine maintenance by line ministries. This is supported by the Project Impact Evaluation Report (2006) which found that 89% of Project infrastructure was operational more than 2 years after implementation. In the circumstances, we do not believe that the variation in sustainability scoring is substantiated."</p>
<p>(b) The Evaluator is of the view that performance ratings should have been provided on contractors and consultants involved in all three components of the project, namely, Sub-Projects, Institutional Support and Technical Assistance.</p>	<p>The PCR team notes that the issue of contractor/consultant performance is a new feature in the updated/revised PCR template. As a result, this indicator would not have been applicable in 2002 when the project was being implemented and would not have been the focus of annual project supervision reports. JSIF's work involves a large number of contractors/consultants (approximately 200 for the CDB-funded project). An approach would have to be devised to treat with this large number of small contractors/consultants.</p>
<p>(c) The Evaluator assesses that JSIF has been unsuccessful in funding interventions in very poor (Quartile 4) communities</p>	<p>The PCR team reported that JSIF was successful in reaching some of that Quartile. While the majority of sub-projects were implemented in Quartile 3 and 4 communities, they were implemented in areas where people were living in extreme poverty (classified as Quartile 4). In addition, this assessment would have been difficult to make since no specific targets were set at appraisal.</p>

1.03 Management has accepted the following two recommendations made in the report and wish to:

- (i) acknowledge that when project implementation exceeds appraisal projections by more than three years senior management should formally assess reasons for delays with a view to determining appropriate actions to be taken; and
- (ii) report that the recommendation with respect to the cancellation and de-obligation of undisbursed balances has been acted on.