

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 GUSTAV
JAMAICA**

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OFFICE OF INDEPENDENT EVALUATION

MARCH 2014

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EXECUTIVE SUMMARY

1. BASIC PROJECT DATA SHEET

Project Title:	Natural Disaster Management - Immediate Response Loan and Use of Funds - Consultancy Services - Tropical Storm Gustav - Jamaica
Country:	Jamaica
Sector:	Disaster Rehabilitation
Loan No.:	18/SFR-JAM
Borrower:	Government of Jamaica (GOJ)
Implementing/Executing Agency (EA):	National Works Agency (NWA)

CARIBBEAN DEVELOPMENT BANK (CDB) LOAN (\$'000)

<u>Disbursements (\$mn)</u>	<u>Ordinary Capital Resources</u>	<u>Special Funds Resources</u>	<u>Total</u>
Loan Amount	-	500.00	500.00
Use of Funds	-	20.00	20.00
Disbursed	-	505.27	505.27
Cancelled	-	14.73	14.73

<u>Project Milestones</u>	<u>At Appraisal</u>	<u>Actual</u>	<u>Variance (months)</u>
Approval by President	-	07/10/2008	-
Loan Agreement signed	NPD ¹	10/02/2009	-
Loan Effectiveness	NPD	14/05/2009	-

<u>CDB Loan</u>	<u>At Appraisal</u>	<u>Actual</u>	<u>Variance (months)</u>
First Disbursement Date	31/12/2008	07/07/2010	18
Terminal Disbursement Date (TDD)	31/12/2009	07/07/2010	6
TDD Extensions (number)	-	-	-

<u>Project Cost and Financing (\$mn)</u>	<u>At Appraisal</u>	<u>Actual</u>	<u>Variance (mn)</u>
CDB Loan	500.00	500.00	-
CDB Grant	20.00	5.27	14.73
Other Loan	-	-	-
Counterpart	520.00	520.00 ²	-
Total	1,040.00	1,025.27	14.73

<u>Terms</u>	<u>Interest Rate</u>	<u>Repayment</u>	<u>Grace Period</u>
CDB Loan	2.5%	32 equal and consecutive quarterly instalments	2 years

<u>Other Loan</u>	<u>Interest Rate</u>	<u>Repayment</u>	<u>Grace Period</u>
Other Loan	-	-	-

<u>Implementation</u>	<u>Estimated at Appraisal</u>	<u>Actual</u>	<u>Variance</u>
Start Date	08/02/2009	10/02/2009	2 days
Completion Date	31/10/2009	07/07/2010	8 months
Implementation Period	9 months	17 months	8 months

<u>Economic Rate of Return (%)</u>	<u>At Appraisal</u>	<u>Project Completion Report</u>
At Appraisal	Not applicable	-
Project Completion Report	Not applicable	-

¹ NPD – No Projected Date

² Estimated amount

1. PROJECT DESCRIPTION

2.01 Over the period August 28-29, 2008, Tropical Storm Gustav impacted Jamaica. Many communities in Kingston, St. Andrew and Portland were affected by flooding, wind damage and landslides with a few cases of storm surge. Considerable damage was sustained to the main road network, including the collapse of two major bridges. For example, extreme flows in the Hope River caused the Hope River Bridge on the A4 Highway (the main transportation link between the capital city, Kingston and the Parish of Saint Thomas) in Harbour View to collapse.

2.02 On September 9, 2008 CDB received a formal request from GOJ for an Immediate Response Loan (IRL) for cleaning and clearing of debris and restoration of essential services affected by Tropical Storm Gustav. On October 7, 2008, CDB approved 500,000 United States dollars (USD500,000) to assist GOJ in financing the cleaning and clearing of debris and restoration of essential services; and USD20,000 to assist in financing consultancy services to provide independent inspection and certification of works in connection with the project. The project was also financed by USD520,000 in counterpart funding from GOJ.

2.03 NWA in Jamaica was EA. As a condition precedent to first disbursement of the IRL, NWA was expected to designate a Project Coordinator (PC) to manage project implementation.

2.04 At the start of project implementation, CDB agreed with the EA that the resources of IRL would be utilised to reimburse NWA for works carried out to effect restoration and immediate repairs to damage to road infrastructure in the vicinity of the Hope River.

PROJECT OBJECTIVES OR EXPECTED OUTCOMES

2.05 The main objective of the Project was to assist GOJ in the cleaning and clearing of debris and emergency restoration of critical infrastructure in affected areas in the aftermath of Tropical Storm Gustav.

EVALUATION OF PERFORMANCE AND OVERALL ASSESSMENT

Overall Assessment

2.06 The Project Completion Report (PCR) did not rate all of the core criteria (Relevance, Effectiveness, Efficiency and Sustainability) and therefore did not rate the overall performance of the project. The Evaluator rates the overall performance of the project as *Satisfactory*.

Relevance

2.07 The PCR did not provide a rating for this criterion. The Preliminary Impact Assessment for Tropical Storm Gustav, compiled by the Planning Institute of Jamaica, had identified damaged infrastructure critical to securing a resumption of social and economic activities. The restoration of the Hope River Bridge was deemed a high priority. The Evaluator therefore rates this criterion as *Highly Satisfactory*.

Effectiveness

2.08 The PCR rated this criterion as *Satisfactory*. The planned objective was to assist GOJ in the cleaning and clearing of debris and emergency restoration of critical infrastructure in affected areas in the aftermath of Tropical Storm Gustav. Project resources were actually used to finance the following:

- (a) supply of a 120 ft. x 3.15 m wide compact 200 modular bridge (Provided by NWA's Stores);
- (b) construction of temporary fording across Hope River at Harbour View, St Andrew;
- (c) launching of the compact 200 modular bridge across Hope River at Harbour View, St. Andrew; and
- (d) strengthening of the Compact 200 modular bridge across Hope River at Harbour View.

2.09 The planned objective was therefore achieved. There was, however, an eight-month delay in the completion of the disbursement and reporting elements of the project. The Evaluator concurs and rates effectiveness as *Satisfactory*.

Efficiency

2.10 The PCR rated this criterion as *Satisfactory*. NWA executed works using a force account basis which was seen as the most cost and time-effective approach. Delays were, however, experienced in the designation of the PC; identification of the appropriate works to be financed by the IRL; and compilation of the necessary documentation required for certification of the works. The Evaluator also rates this criterion as *Satisfactory*.

Sustainability

2.11 The PCR did not provide a rating for this criterion. The Evaluator notes that the project was intended to provide temporary crossing arrangements while NWA commenced the construction of a new permanent bridge. The temporary bridge was established but, before completion of the permanent bridge a subsequent heavy rainfall event washed away the temporary bridge, which had to be reconstructed. The Evaluator, rates sustainability as *Satisfactory*.

Borrower and Executing Agency Performance

2.12 The PCR rated the EA performance as *Satisfactory*, despite the delays experienced. The Evaluator noted that the project was executed over a period of 17 months instead of the planned period of 9 months. There were delays in meeting the condition precedent to first disbursement; identifying the works to be financed under the project; and providing the Certification Consultant with documentation to certify the payments. Given the delays, the Evaluator rates the Borrower's and EA's performance as *Marginally Unsatisfactory*.

CDB Performance

2.13 The PCR did not provide a rating for this criterion. The Evaluator rates CDB's performance as *Satisfactory* based on the following:

- (a) The Bank was responsive to the formal request from GOJ for financial assistance after the passage of the Tropical Storm.
- (b) CDB had reminded NWA on several occasions of outstanding issues requiring resolution to satisfy loan conditions.
- (c) CDB undertook a supervision visit to ensure that NWA identified works that the Certification Consultant could certify for payment.
- (d) Project files, containing monitoring and evaluation (M&E) data, were not adequately maintained. As such, it was difficult to access data on the reasons for the project delays experienced.
- (e) The undisbursed balance of the loan was not cancelled in a timely manner.

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		No rating	4	Highly Satisfactory	
Effectiveness	3	Satisfactory	3	Satisfactory	
Efficiency	3	Satisfactory	3	Satisfactory	
Sustainability		No rating	3	Satisfactory	
Overall Assessment		No rating	3.25	Satisfactory	
Borrower and EA Performance		Satisfactory		Marginally Satisfactory	EA was responsible for delays during implementation
CDB Performance		No rating		Satisfactory	-

LESSONS

2.14 The PCR identified the main lesson learned as the need to identify potential eligible works as quickly as possible for financing, after a disaster event. Early action will allow provisions to be made for data collection, preparation of the supporting documentation, verification and certification of payment for works, and therefore timely disbursement of loan funds.

2.15 The Evaluator notes the following additional lessons learned which are relevant to this project

- (a) *Readiness to Implementation:* The institutional capacity of the EA should be assessed during the design stage of the project to minimise the risk of delays during execution.

- (b) *Project Information and Documentation:* Relevant M&E data should be collected and files containing this data must be adequately maintained.
- (c) *Project Closeout:* Undisbursed balances should be cancelled or de-obligated in a timely manner at project completion.
- (d) *Risk Management:* Identification of potential risks and relevant mitigation strategies should form part of the Appraisal Report for IRLs.

2.16 The Evaluator also notes other lessons learned from the experiences of the World Bank that are relevant to this Project:

- (a) Even more than “conventional” development projects, interventions dealing with natural disasters, need strong M&E systems. This is essential to demonstrating, to financing agencies, that funds are being well-spent.
- (b) Implementation timelines should be based on a specific assessment of national and local capacity in the post-disaster situation, not on “normal” circumstances.
- (c) Response projects need to be developed and implemented rapidly, using streamlined procedures, wherever possible.

COMMENTS ON PCR QUALITY

2.17 The Evaluator rates the PCR quality as *Marginally Unsatisfactory* based on the following:

- (a) *Comprehensive Project Cost Data:* The PCR provided details on the budgeted and actual contributions from the CDB loan and works covered by CDB loan resources. The PCR did not provide details on budgeted and actual counterpart funds; works covered by counterpart funds; or an explanation of variances between budgeted and actual expenditure.
- (b) *Performance Ratings:* Ratings were not provided for several of the performance criteria.
- (c) *Lack of Information on the Reason for the Implementation Issues:* The PCR did not adequately analyse the reasons for major delays and implementation challenges.

RECOMMENDATIONS FOR FOLLOW-UP

2.18 No follow-up by 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 additional lessons to be learnt than those identified in the PCR and those included from other Multilateral Development Banks.

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1.01 The Draft Project Completion Validation Report (PCVR) was reviewed by Staff of the Economic Infrastructure Division (EID) and comments forwarded to the Office of Independent Evaluation on December 16, 2013. A final version of the PVCR was sent to EID on February 10, 2014.

1.02 We welcome the PCVR on the Immediate Response Loan, Tropical Storm Gustav – Jamaica as it is the first for an IRL type project which is one of the Bank’s response mechanisms to assist Borrowing Member Countries following a natural disaster.

COMMENTS ON RECOMMENDATIONS

1.03 We note the recommendations made with respect to risk identification and mitigation, reporting on counterpart resources and monitoring and evaluation but, in our view they do not take into consideration the peculiar nature of an IRL. 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 Borrowing Member Countries 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

1.04 While there was general congruence between the PCR and the PVCR, we do not accept the rating on PCR quality for the following reasons:

PCVR Comment	Management Response
<p>The Evaluator rates the PCR quality as marginally unsatisfactory based on the following:</p> <p>(a) Comprehensive Project Cost Data: While the PCR provided details of the budgeted vs. actual project costs for CDB’s financial contribution to the project, no details were provided (except an estimated total amount) for the budgeted vs. actual project costs for the Counterpart Funds together with an explanation of their variances from budgeted and the status of the activities and outputs which were funded by the Borrower’s contribution.</p> <p>(b) Performance Ratings: No ratings were given for several of the performance criteria.</p>	<p>(a) With overall damage as a result of Gustav estimated at over USD100mn, CDB’s contribution through this loan to the reconstruction effort was miniscule. At Appraisal, only the minimum counterpart contribution to comply with CDB’s Lending Policy is allocated, although it is recognised that Governments may need to spend millions in the clean-up and restoration. Given that there were large numbers of agencies involved in contributing to the clean-up and restoration activities, it would be extremely difficult to ascertain the exact amount of Government’s counterpart contribution.</p> <p>(b) CDB does not assess the scores of the Project Performance Evaluation System in the preparation of Staff Reports for IRLs nor the preparation of annual Project Supervision Reports.</p>