PUBLIC DISCLOSURE AUTHORISED

CARIBBEAN DEVELOPMENT BANK

**PROJECT COMPLETION VALIDATION REPORTS
WITH MANAGEMENT RESPONSE**

**POLICY-BASED LOAN
ANTIGUA AND BARBUDA
and**

**FIRST, SECOND, AND THIRD GROWTH AND RESILIENCE POLICY-BASED LOANS
GRENADA**

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**OFFICE OF INDEPENDENT EVALUATION
JANUARY 2023**

PUBLIC DISCLOSURE AUTHORISED

CARIBBEAN DEVELOPMENT BANK

MANAGEMENT RESPONSE

POLICY-BASED LOAN
ANTIGUA AND BARBUDA
and

FIRST, SECOND, AND THIRD GROWTH AND RESILIENCE POLICY-BASED LOANS
GRENADA

OFFICE OF INDEPENDENT EVALUATION
JANUARY 2023

MANAGEMENT RESPONSE TO THE PROJECT COMPLETION VALIDATION REPORTS

LOAN NO: 8/OR-ANT
POLICY-BASED LOAN: ANTIGUA AND BARBUDA

LOAN NO: 19/SFR-OR-GRN
FIRST GROWTH AND RESILIENCE BUILDING POLICY-BASED LOAN: GRENADA

The Economics Department (ED) agrees with the findings of the Antigua and Barbuda and the Grenada PCR Validation Reports. The Bank accepts the lowering of the Highly Satisfactory Sustainability rating for the Grenada PBL, which was too optimistic a rating, given that there is never full certainty as to whether project level benefits will be sustained. However, the ED differs on the justification provided for lowering the sustainability rating.

Sustainability:

The Grenada PCR rated Sustainability as Highly Satisfactory (4)
The PCVR lowered the Sustainability rating to Satisfactory (3)

The PCVR agrees with the Grenada PCR that the results under the Grenada programmatic PBL series were generally attained and that there was no reversal of reforms. The rating was, nonetheless, lowered from HS to S on the basis that Grenada's macroeconomic environment - economic growth, fiscal and debt outturns - had deteriorated because of the 2020 pandemic.

The Grenada PBO series sought to support 4 sets of outcomes, namely:

(i) Creating conditions for private investment in a sustainable manner.
(ii) Supporting improved public sector management and better targeting of SSN programmes.
(iii) Enhancing resilience against natural disasters; and,
(iv) Facilitating debt portfolio restructuring and enhancing debt management.

Sustainable and inclusive economic growth and fiscal/debt sustainability are important high-level country policy objectives that the operation sought to align with, however, these longer-term country goals (impact level) were not direct outcomes associated with (or could be directly attributed to) the activity-level benefits and results of the programmatic series. IMF's parallel policy reform support that strengthened the country's macroeconomic framework underpinned by the introduction of fiscal rules, aligned more closely with bringing about the country's macroeconomic stability goals.

Prior actions such as the leasing of idle Government-owned lands to facilitate the commercialization of agriculture, the adoption of trade facilitation measures to improve the ease of doing business, and the creation of an enabling governance framework in the tourism industry were some of the prior actions that focused on facilitating the creation of a *more enabling environment* at the industry/sector level, for encouraging higher levels of private investments in Agriculture and contributing, over time, to output expansion in the sector. PBL efforts also sought to enhance the targeting of social spending, to improve the sustainability of key Social Safety Nets (SSN) and safeguard vulnerable individuals during the country's economic adjustment transition. Grenada benefited from these reforms during the pandemic, even as SSN were built on and expanded during this crisis.

It is the view of the ED that the level of attribution ascribed by the PCVR (causal chain between the Bank's PBO to high-level, country outcome/objectives) in assessing the sustainability rating is too far removed from the PBL's results framework. Country development outcomes are influenced by a variety of factors. Sector-level/project benefits of the operation are expected to be sustained even as the long-term growth and sustainability goals may be temporarily delayed or derailed given the country's high vulnerability to shocks. The decline in growth in 2020 stemmed from exogenous factors (unrelated to GOGR's institutional and policy context), that were temporary in nature.

PUBLIC DISCLOSURE AUTHORISED

CARIBBEAN DEVELOPMENT BANK

PROJECT COMPLETION VALIDATION REPORT

POLICY-BASED LOAN
ANTIGUA AND BARBUDA

Head Office of Independent Evaluation	-	James Melanson
Reviewer	-	Ali Khadr

OFFICE OF INDEPENDENT EVALUATION
JANUARY 2023

CURRENCY EQUIVALENT

Dollars ($) throughout refer to United States dollars (USD) unless otherwise stated.

XCD1.00 = USD0.37
USD1.00 = XCD2.70

ABBREVIATIONS

%	-	per cent
ABST	-	Antigua and Barbuda Sales Tax
ASYCUDA	-	Automated System for Customs Data
BMC	-	Borrowing Member Country
CDB	-	Caribbean Development Bank
CPA	-	Country Poverty Assessment
DMU	-	Debt Management Unit
DMS	-	Debt Management Strategy
EDF	-	European Development Fund
EPPU	-	Economic Policy and Planning Unit
FDI	-	Foreign Direct Investment
GDP	-	Gross Domestic Product
GOAB	-	Government of Antigua and Barbuda
IMF	-	International Monetary Fund
mn	-	million
MTSP	-	Medium-term Strategic Planning
NPRS	-	National Poverty Reduction Strategy
OCR	-	Ordinary Capital Resources
OIE	-	Office of Independent Evaluation
PBL	-	Policy-Based Loan
PCR	-	Project Completion Report
PEFA	-	Public Expenditure and Financial Accountability
PFM	-	Public Financial Management
SBA	-	Stand-By Arrangement
SLC	-	Survey of Living Conditions
SSN	-	Social Safety Nets
USD	-	United States dollars
XCD	-	Eastern Caribbean dollars

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EXECUTIVE SUMMARY

POLICY-BASED LOAN DESCRIPTION

1. In the period leading up to the approval of the three-tranche Antigua and Barbuda policy-based operation (PBL) in late 2009, the country was in the midst of an economic crisis. Falling tourism receipts and foreign direct investment (FDI)-related construction activities following the 2008-09 global economic crisis brought about the worst recession in decades, as well as seriously aggravating long-standing fiscal imbalances. Real gross domestic product (GDP) fell by 7 per cent (%) in 2009 following average growth of about 6% annually over the preceding five years. The overall fiscal deficit widened from 6% of GDP in 2008, to about 19% in 2009, leading to the accumulation of a large stock of arrears (about 53% of GDP) to domestic and external creditors. The recession and associated fiscal crisis coincided with increasing problems in the financial sector, notably the collapse of the Stanford Group (the largest private conglomerate) and of the Trinidad-based CL Financial Group. Locally incorporated banks with large exposure to the Government also experienced a decline in deposits.

2. In response, the Government sought to implement additional measures to supplement a program already under way. Key components of that program included a simplified and more efficient tax structure, with several taxes replaced by the broad-based Antigua and Barbuda Sales Tax (ABST), the introduction of a market-based property tax, and the re-introduction of the personal income tax. On the expenditure side, a voluntary separation programme was offered to civil servants to reduce the Central Government (CG) wage bill. A debt strategy was developed and included a major debt inventory exercise and debt restructuring. Additional measures were introduced in the 2010 Budget to increase revenue by about 4.5% of GDP, broaden the ABST base, increase import duties, and introduce an excise tax on alcohol and tobacco. The 2010 Budget also sought expenditure savings of about 8% of GDP in order to achieve a 14.5 percentage points of GDP turnaround in the 2010 primary fiscal balance. Despite these efforts, in the absence of a comprehensive debt restructuring, the trajectory of the debt-to-GDP ratio would not be sufficiently tilted towards sustainability, especially when taking account of arrears. Accordingly, to resolve the large stock of arrears, the authorities opened discussions with creditors on a comprehensive restructuring of both domestic and external debt, aiming to achieve savings in interest payments of about 4.5% of GDP in 2010.

3. CDB's Antigua and Barbuda PBL was a three-tranche operation approved by the Caribbean Development Bank's (CDB) Executive Board on December 10, 2009. The loan amount was 30 million (mn) United States dollars (USD). The PBL was financed in its entirety from Ordinary Capital Resources (OCR). The first tranche was disbursed on September 17, 2010, the second on September 29, 2011, and the third on October 29, 2015, significantly behind schedule. In parallel, a three-year, USD117.8 Standby Arrangement (SBA) from the international Monetary Fund (IMF) was in place to support fiscal consolidation, approved by its Executive Board on June 7, 2010, significantly later than the originally envisioned date of January or February 2010. CDB also participated in the joint October 2009 IMF mission to conduct the annual Article IV review and to discuss the design of the SBA. In addition, the Eastern Caribbean Central Bank (ECCB) participated in formulating the macroeconomic projections underpinning the SBA and the PBL.

EXPECTED OUTCOMES

4. Under the first pillar of putting in place a strengthened framework for macroeconomic management, the PBL sought to achieve the following outcomes:

(a) A technical framework for medium-term strategic planning (MTSP) in place, including staffing for Economic Policy and Planning Unit (EPPU).
(b) The overall fiscal balance not to exceed 18% of GDP by December 2009.
(c) The overall fiscal balance not to exceed XCD8 mn.

(d) The CG primary balance, including grants, not to exceed XCD26.7 mn.
(e) A medium-term economic strategy completed.

5. Under the second pillar of revenue enhancement, reform was expected to result in the following outcome:

(a) Improved efficiency of revenue collection through the amendment of the ABST Legislation to reduce the number of zero-rated items.

6. Under the third pillar of strengthening expenditure management, reforms were expected to result in the following outcome:

(a) A strengthened legislative framework for PFM offering increased compliance with international standards, to be achieved through the preparation of draft procurement legislation and effective finance administration regulations as well as the completion of the Public Expenditure and Financial Accountability (PEFA) Assessment and approval of the proposed action plan by Cabinet.

7. Under the fourth pillar of strengthened debt management, reforms were expected to result in the following outcomes:

(a) Improved systems and processes for public debt management and a reduction of debt to sustainable levels, to be achieved through the preparation of a debt restructuring strategy, including scenarios and medium-term projections, no new accumulation of arrears on public debt, reactivation of the National Debt Coordinating Committee, full staffing of the Debt Management Unit (DMU), presentation to Paris Club and non-Paris Club creditors of the debt restructuring proposal and agreement reached with most, if not all, creditors on restructuring, and progress in implementing the debt management strategy (DMS).

8. Finally, under the fifth pillar of social transformation, reforms were expected to result in the following outcomes:

(a) Improved transparency and robustness of social safety nets (SSNs), to be achieved through the completion of a National Poverty Reduction Strategy (NPRS) with improved beneficiary targeting of social programs, full staffing of the Economic Policy Planning Unit (EPPU), and the completion of a Country Poverty Assessment (CPA) and Survey of Living Conditions (SLC).

EVALUATION OF PERFORMANCE

9. The Project Completion Report (PCR) was finalized on December 4, 2017 and was validated by the Office of Independent Evaluation (OIE) in August 2022. The Evaluator rates the overall performance of the PBL as *Satisfactory*, consistent with the rating in the PCR. With respect to the individual criteria, relevance, effectiveness, and sustainability were given satisfactory ratings, while efficiency received a marginally unsatisfactory rating, using the Performance Assessment System (PAS) 2013. This validation concurs with the ratings in the PCR.

BORROWER AND EXECUTING AGENCY PERFORMANCE

10. The Evaluator concurs with the PCR's rating of the Borrowing/Executing Agency's performance as *Satisfactory*. Most reform actions (outputs) were completed in 2010 and 2011, and 66.7% of the PBL was disbursed by end-2015. However, delays in the completion of the MTDS were experienced between

2011 and October 2015, contributing to the delay in disbursing the third tranche, although these delays were outside of the Government of Antigua and Barbuda's (GOAB) control. Throughout the life of the PBL, GOAB maintained its engagement with CDB and requested assistance for the completion of the MTDS.

THE CARIBBEAN DEVELOPMENT BANK'S PERFORMANCE

11. The Evaluator concurs with the PCR rating of *Satisfactory* with respect to CDB's performance. CDB demonstrated flexibility in response to changing economic circumstances and challenges by revising the scope of the PBL in 2010 to align the fiscal conditions with the IMF's SBA, thereby responding satisfactorily to a period of high economic uncertainty. CDB supervised the PBL on an ongoing basis, preparing at least one (and sometimes two) PSRs each year that provided useful information on GOAB's progress in meeting tranche release conditions, including the factors accounting for delays. In addition, CDB provided TA to GOAB to complete the MTDS in the form of staff support, following repeated failure to attract a consultant for the project.

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

Criteria	PCR[1]	OIE Review	Justification
Relevance	Satisfactory (3)	Satisfactory (3)	The PBL supported GOAB's efforts to improve fiscal and debt sustainability and entrench macroeconomic stability, necessary conditions for accelerating broad-based growth and development. Broad-based growth, employment creation, and poverty reduction were core pillars of Antigua and Barbuda's reform programme. A specific condition of the PBL was the development of a NPRS and staffing of the Social Policy Unit, which supported the completion of the CPA and SLC. The PBL resources helped GOAB to maintain social expenditures during its programme of fiscal austerity. The PBL was therefore satisfactorily tailored to the country's needs and challenges as well as the authorities' goals. The PBL was also well aligned with the Country Strategy for the period 2010-14, which focused on the following outcomes: achieving sustainable economic growth; promoting social development and social protection; assisting GOAB to implement credible public sector reforms; closing physical infrastructure gaps; and improving environmental management and natural resource conservation. Finally, PBL design and implementation was commendably coordinated with the IMF, which provided support through its SBA. The program results matrix was generally sound, although in some cases links between outputs and outcomes could have been tighter.
Effectiveness	Satisfactory (3)	Satisfactory (3)	The overall objectives of the PBL were broadly achieved. The last tranche of the PBL was delayed because of challenges experienced in the completion of the MTDS. Several successes were recorded during the implementation period. Fiscal and structural reforms implemented since 2009, coupled with the restructuring of external debt, have contributed to a marked improvement in Antigua and Barbuda's economic and fiscal situation, relative to the economic and financial crisis period. In 2014, growth of 6.2% ranked Antigua and Barbuda amongst the fastest growing of CDB's 19 Borrowing Member Countries (BMCs) and, for the first time since 2005, it achieved an overall surplus in 2014 and 2015 of 2.9% and 1.7% of GDP, respectively. By end-2017, public debt was reduced to

[1] The PCR used PAS 2013 scores and ratings.

Criteria	PCR[1]	OIE Review	Justification
			83.9% from its peak of 134.6% in 2004. Broadly, the policies have supported growth and macro-economic stability, with an average rate of growth of 5.1% between 2014 and 2016. Notwithstanding, some fiscal and debt constraints remain as the accumulation of arrears continues in light of severe cash flow constraints. During the life of the PBL, key program assessments and strategies were completed, including the MTDS, NPRS, CPA, SLC, and PEFA assessment. These achievements were, in addition to the strengthening of institutional systems and frameworks, geared towards greater transparency in policy reforms and targeting social protection.
Efficiency	Marginally Unsatis-factory (2)	Marginally Unsatisfactory (2)	The implementation period of the PBL was substantially longer than originally anticipated. There was a five-year delay from the time of first disbursement of the first tranche to disbursement of the third tranche primarily because of delays in completion of the MTDS. The terminal disbursement date had to be revised from June 30, 2012 to November 16, 2015.
Sustainability	Satisfactory (3)	Satisfactory (3)	Results from the program supported by CDB's PBL and the IMF's SBA were generally sustained, although setbacks were encountered during the COVID-19 pandemic. Growth over the period 2014-16 averaged 5.1% per year and 5.9% over 2018-19 before declining sharply to -20.2% in 2020 but recovering to 5.3% in 2021. Debt as of end-2016 had declined to 82.6% of GDP. The decline continued through 2019, with the ratio reaching 81.25% at end-2019. However, it rose sharply by 20 percentage points at end-2020 before once again assuming a progressive downward trend thereafter. In addition, government financing remains problematic as arrears (both domestic and external) continue to accumulate. Other reform dividends are expected to accrue as reforms become entrenched. Overall economic planning systems have improved with the establishment and staffing of a fully functional DMU and the assignment of a planning officer for national development priorities.
Composite (Aggregate) Performance Rating	**Satisfactory (3)**	**Satisfactory (3)**	This validation assesses the overall performance of the PBL as satisfactory given the satisfactory ratings for relevance, effectiveness, and sustainability, despite the less-than-satisfactory rating for efficiency.
Borrower & EA Performance	Satisfactory (3)	Satisfactory (3)	The Government completed most of the reform actions (outputs) in 2010 and 2011, and 66.7% of the PBL was disbursed by end-2015. However, delays in the completion of the MTDS spanned an inordinately lengthy period between 2011 and October 2015 but it was largely factors outside of GOAB's control that contributed to the delay in final disbursement. Throughout the life of the PBL, GOAB maintained close engagement with CDB and requested assistance for the completion of the MTDS.
CDB Performance	Satisfactory (3)	Satisfactory (3)	CDB undertook satisfactory supervision of the PBL, completing annual PSRs as required. PBL quality-at-entry was satisfactory, and CDB demonstrated flexibility in response to changing economic circumstances and challenges by allowing for the revision in scope in 2010 to align the fiscal conditions with the IMF's SBA. In addition, CDB provided TA to GOAB to complete the MTDS in the form direct support from its staff following repeated failure to recruit a consultant for the project.
Quality of PCR		Satisfactory (3)	The PCR provided a satisfactory qualitative overview of the status of the PBL and its results at completion.

LESSONS LEARNED

12. The Evaluator agrees with following lessons highlighted in the PCR:

(a) Structural changes and institutional strengthening take time, and the conditions of PBLs should reflect this reality in their design. There were some reversals by GOAB in staffing the Macro-Policy Unit and staff retention to monitor the operations of State-owned Enterprises.

(b) Greater detailed analysis of institutional capacity to undertake reforms needs to be undertaken, in an effort to ensure that necessary supporting TA is identified and provided.

(c) There is scope to align more closely the results chain with the outcomes identified. In this PBL, the outcomes identified were high-level outcomes, for which the outputs identified would not necessarily contribute directly to the outcomes identified. Going forward, the results chain should be clearly identified, and outcomes and outputs more closely aligned and attainable.

(d) It is observed that aligning outputs/targets with other development partners, particularly in this project, contributed to the delays. In designing a PBL with other development partners, cognisance must be taken of the outcomes of these partners against the strategic objectives, outcomes and outputs that are in alignment with CDB's own priorities.

(e) Setting fiscal and debt targets should account for changing macroeconomic conditions and external shocks.

1. BASIC PROJECT DATA SHEET

Project Titles:	Policy-Based Loan (PBL) Antigua and Barbuda
Country:	Antigua & Barbuda
Sector:	Multi Sector
Loan No.:	8/OR-ANT
Borrower:	Government of Antigua and Barbuda (GOAB)
Implementing/Executing Agency:	Ministry of Finance and Corporate Governance (MOF)

	CDB LOAN (USD mn)		
Disbursements ($mn)	**Ordinary Capital Resources**	**Special Fund Resources**	**Total**
Original Loan Amount	30.0	0.0	30.0
Total Loan Disbursed	30.0	0.0	30.0
Cancelled	-	-	-

Project Milestones	**At Appraisal**	**Actual**	**Variance (months)**
Board Approval	2009-12-10	2009-12-10	-
First Loan Agreement signed	2010-6-28	2010-06-28	-
First Loan Effectiveness[2]	2010-09-17	2010-09-17	-

CDB Loan	**At Appraisal**	**Actual**	**Variance (months)**
Disbursement Date 1st tranche	2010-9-17	2010-09-17	-
Terminal Disbursement Date (TDD)	2012-06-30	2015-11-16	40
TDD Extensions (number)	-	2	-

Project Cost & Financing ($mn)	**At Appraisal**	**Actual**	**Variance**
CDB Loan	30.00	30.00	-
CDB Grant	-	-	-
Counterpart (GOB)	-	-	-
Total	30.00	30.00	-

Terms	**Interest Rate**	**Repayment**	**Grace Period**
CDB Loan (OCR)	4.5 (variable)	12	5 years

Implementation	**At Appraisal**	**Actual**	**Variance (months)**
Start Date	2010-09-17	2010-09-17	-
Completion Date	2012-06-30	2015-11-16	40
Implementation Period (years)	3	5 yrs 11 mos	2 yrs 11 mos

Economic Rate of Return (%)	
At Appraisal	Not Applicable

[2] Date conditions to First Disbursement satisfied

2. PROJECT DESCRIPTION

Background

2.01 In the years preceding the approval of the three-tranche Antigua and Barbuda policy-based operation (PBL) in December 2009, the country was in economic crisis. Falling tourism receipts and foreign direct investment (FDI)-related construction activities following the 2008-09 global economic crisis brought about the worst recession in decades as well as seriously aggravating long-standing fiscal imbalances. Real gross domestic product (GDP) fell by 7% in 2009 following average growth of about 6% annually over the preceding five years. The overall fiscal deficit widened from 6% of GDP in 2008, to about 19% in 2009, leading to the accumulation of a large stock of arrears (about 53% of GDP) to domestic and external creditors. The recession and associated fiscal crisis coincided with increasing problems in the financial sector, notably the collapse of the Stanford Group (the largest private conglomerate) and of the Trinidad-based CL Financial Group. Locally incorporated banks with large exposure to the Government also experienced a decline in deposits.

Rationale

2.02 In response to the crisis, the Government sought to implement additional measures to supplement a program already under way. Key components of that program included a simplified and more efficient tax structure, with several taxes replaced by the broad-based Antigua and Barbuda Sales Tax (ABST), the introduction of a market-based property tax, and the re-introduction of the personal income tax. On the expenditure side, a voluntary separation programme was offered to civil servants to reduce the central Government wage bill. A debt strategy was developed and included a major debt inventory exercise and debt restructuring. Additional measures were introduced in the 2010 Budget to increase revenue by about 4.5% of GDP, broaden the ABST base, increase import duties, and introduce an excise tax on alcohol and tobacco. The 2010 Budget also sought expenditure savings of about 8% of GDP in order to achieve a 14.5 percentage points of GDP turnaround in the 2010 primary fiscal balance. Despite these efforts, in the absence of a comprehensive debt restructuring, the trajectory of the debt-to-GDP ratio would not be sufficiently tilted towards sustainability, especially when taking account of arrears. Accordingly, as well as to resolve the large stock of arrears, the authorities opened discussions with creditors on a comprehensive restructuring of both domestic and external debt, aiming to achieve savings in interest payments of about 4.5% of GDP in 2010.

2.03 The rationale for the PBL was to support the Government of Antigua and Barbuda (GOAB) in its efforts to undertake medium-term reforms to support: (a) a strengthened framework for macroeconomic and fiscal management; (b) a restoration of debt sustainability via improved systems and processes for debt management; (c) a strengthened institutional and legislative framework for PFM; (d) the development of transparent and robust safety nets; and (e) the growth and development agenda for poverty reduction.

2.04 CDB's Antigua and Barbuda PBL was designed as a three-tranche operation. It was approved by CDB's Executive Board on December 10, 2009 and amounted to three equal tranches of USD10 mn for a total of USD30 mn, funded exclusively from Ordinary Capital Resources (OCR). PBL design was closely coordinated with the IMF, which was initiating a three-year Standby Arrangement (SBA) with GOAB at the time. Through the initial period of the life of the PBL, implementation was also coordinated with the SBA. The PBL and the SBA were designed to support GOAB's program described above.

Expected Outcomes

2.05 The Antigua and Barbuda PBL sought to help bring about five sets of outcomes.

2.06 Under the first pillar of putting in place a strengthened framework for macroeconomic management, the PBL sought to achieve the following outcomes:

(a) A technical framework for medium-term strategic planning (MTSP) in place, including staffing for Economic Policy and Planning Unit (EPPU).

(b) The overall fiscal balance not to exceed 18% of GDP by December 2009.

(c) The overall fiscal balance not to exceed XCD8 mn.

(d) The central government (CG) primary balance, including grants, not to exceed XCD26.7 mn.

(e) A medium-term economic strategy completed.

2.07 Under the second pillar of revenue enhancement, reform was expected to result in the following outcome:

(a) Improved efficiency of revenue collection through amendment of the ABST Legislation to reduce the number of zero-rated items.

2.08 Under the third pillar of strengthening expenditure management, reforms were expected to result in the following outcome:

(a) A strengthened legislative framework for PFM offering increased compliance with international standards, to be achieved through the preparation of draft procurement legislation and effective finance administration regulations as well as the completion of the Public Expenditure and Financial Accountability (PEFA) Assessment and approval of the proposed action plan by Cabinet.

2.09 Under the fourth pillar of strengthened debt management, reforms were expected to result in the following outcome:

(a) Improved systems and processes for public debt management and a reduction of debt to sustainable levels, to be achieved through the preparation of a debt restructuring strategy, including scenarios and medium-term projections, no new accumulation of arrears on public debt, reactivation of the National Debt Coordinating Committee, full staffing of the Debt Management Unit (DMU), presentation to Paris Club and non-Paris Club creditors of the debt restructuring proposal and agreement reached with most, if not all, creditors on restructuring, and progress in implementing the debt management strategy (DMS).

2.10 Finally, under the fifth pillar of social transformation, reforms were expected to result in the following outcome:

(a) Improved transparency and robustness of social safety nets (SSNs), to be achieved through the completion of a National Poverty Reduction Strategy (NPRS) with improved beneficiary targeting of social programs, full staffing of the Economic Policy Planning Unit

(EPPU), and the completion of a Country Poverty Assessment (CPA) and Survey of Living Conditions (SLC).

Prior Actions and Tranche Release Conditions

2.11 The conditions to be satisfied prior to the approval of the PBL and prior to the disbursement of the second and third tranches, respectively, are summarized in Table 2.

Implementation Arrangements

2.12 The implementation arrangements for the PBL were for the Economics Department (ED) to monitor progress in the implementation of reforms and measures that would underpin the disbursement of the second and third tranches of the PBL through periodic country visits, desk reviews of information and reports supplied by Antigua and Barbuda's Ministry of Finance and Corporate Governance (MOF), and such other means as CDB might have deemed appropriate.

TABLE 2: PRIOR ACTIONS FOR BOARD PRESENTATION OF FIRST, SECOND AND THIRD PBOs

Prior Actions for PBL Approval	Second Tranche Release Conditions	Third Tranche Release Conditions
• Overall fiscal balance not to exceed 18% of GDP. • Amendment to ABST Legislation to reduce the number of zero-rated items. • Procurement legislation drafted. • Finance Administration Regulations are effective. • Debt restructuring strategy, including scenarios and medium-term projections and adaptable to CDB is developed. • No new arrears on public debt (CDB deferred compliance with this action owing to a delay in putting in place the IMF SBA). • National Debt Coordinating Committee to be reactivated. • CPA and SLC finalised.	• Technical framework for MTSP, including staffing for EPPU approved by Cabinet. • Overall fiscal balance not to exceed XCD8 mn (as aligned with IMF's SBA—Appendix 3.1). • CG primary balance including grants not to exceed XCD26.7 mn (as aligned with IMF's SBA – Appendix 3.1). • Completed PEFA Assessment and proposed action plan approved by Cabinet. • DMU fully staffed. • Presentation to Paris Club and non-Paris Club creditors of debt restructuring proposal acceptable to CDB. • No new arrears on public debt. • Completion of NPRS with improved beneficiary targeting of social programme. • EPPU fully staffed.	• Implementation of technical framework for MTSP commences. • A MTES prepared by the EPPU and approved by Cabinet. • Overall fiscal balance to be determined by IMF's SBA projections (as aligned with IMF's SBA). • CG primary balance including grants to be determined by IMF's SBA projections (as aligned with IMF's SBA). • Progress in implementing PEFA Action Plan. • New procurement Legislation enacted. • Agreement reached with most, if not all, of its Paris Club creditors for public debt restructuring. • Progress in implementing DMS. • No arrears on public debt. • Semi-annual and/or annual progress reports on implementation of NPRS, including performance indicators, prepared.

3. PROJECT COMPLETION REPORT REVIEW

Relevance

3.01 The Evaluator concurs with the PCR's rating of the relevance of the PBL as satisfactory. The PBL supported GOAB's efforts to improve fiscal and debt sustainability and entrench macroeconomic stability, necessary conditions for accelerating broad-based growth and development. Broad-based growth, employment creation, and poverty reduction were core pillars of Antigua and Barbuda's reform program. A specific condition of the PBL was the development of a NPRS and staffing of the Social Policy Unit, which supported the completion of the CPA and SLC. The PBL resources helped GOAB to maintain social expenditures during its programme of fiscal austerity. The PBL was therefore satisfactorily tailored to the country's needs and challenges as well as the authorities' goals.

3.02 PBL objectives were also well aligned with CDB's Country Strategy for the period 2010-14, which focused on the following outcomes: achieving sustainable economic growth; promoting social development and social protection; assisting GOAB to implement credible public sector reforms; closing physical infrastructure gaps; and improving environmental management and natural resource conservation. In addition, PBL objectives were congruent with CDB's Corporate Strategy at the time.

3.03 Finally, PBL design and implementation was commendably coordinated with the IMF, which provided parallel support for the authorities' program through its SBA. The program results matrix was generally sound, although in some cases links between outputs and outcomes could have been tighter.

Effectiveness

3.04 The Evaluator agrees with the PCR's rating of satisfactory for the effectiveness of the PBL. The overall objectives of the PBL were broadly achieved. The last tranche of the PBL was delayed because of challenges experienced in the completion of the MTDS. Several successes were recorded during the implementation period. Fiscal and structural reforms implemented since 2009, coupled with the restructuring of external debt, have contributed to a marked improvement in Antigua and Barbuda's economic and fiscal situation, relative to the economic and financial crisis period. In 2014, growth of 6.2% ranked Antigua and Barbuda amongst the fastest growing of CDB's 19 BMCs and, for the first time since 2005, it achieved an overall surplus in 2014 and 2015 of 2.9% and 1.7% of GDP, respectively. By end-2017, public debt was reduced to 83.9% from its peak of 134.6% in 2004. Broadly, the policies supported growth and macro-economic stability, with an average rate of growth of 5.1% between 2014 and 2016. Nevertheless, some fiscal and debt constraints remain as the accumulation of arrears continues in light of severe cash flow constraints.

3.05 With respect to strengthening the framework for macroeconomic management, by the end of the project, the framework for macroeconomic planning had been strengthened with the completion of the Medium-term Development Strategy (MTDS) and an overall improvement in fiscal and debt positions.

3.06 With respect to revenue enhancement, this was achieved at the time of disbursement. Tax revenue as a percentage of GDP grew from 19.2% in 2005, to 21.5% in 2008, with ABST amounting to 7.6% of GDP.

3.07 Regarding strengthened expenditure management, the first PEFA Assessment was completed in 2010, and a second one in 2015. The results of the 2015 Assessment indicated that, while the PFM system had slightly improved since the 2010 Assessment, many of its basic functionalities were not in place and required ongoing reform targets to be achieved. GOAB had continued to seek assistance from EU and CARTAC in implementing reforms. GOAB chose PFM and Revenue Reform as the focal sector for the

European Development Fund (EDF) Programme to enable GOAB to address the lack of many of the features of modern tax, customs and PFM processes, systems and institutions, required to raise sufficient resources and implement sound expenditure policies effectively, efficiently and transparently. As part of this process one key reform, the Automated System for Customs Data (ASYCUDA), was implemented.

3.08 With respect to strengthened debt management, GOAB successfully reduced the debt-to-GDP ratio from a high of 134.6% in 2004 to 83.9% at the end-2017. As of the date of the completion of the PCR, the DMU continued to operate and effectively manage the debt, guided by a MTDS. However, arrears remained an outstanding issue with the Paris Club and domestic creditors.

3.09 With respect to social transformation and strengthening social safety nets, a national poverty reduction strategy (NPRS) was completed, as well as a country poverty assessment (CPA) and a survey of living conditions (SLC). Antigua and Barbuda ranked highly in terms of human development, with a Human Development Index (HDI) value of 0.786 in 2015. As of 2019, the HDI value remained fairly stable at 0.778. Unemployment, according to the 2015 Labour Force Survey (LFS), was 14.1%.

Efficiency

3.10 The Evaluator concurs with the PCR's rating of the efficiency of the PBL as marginally unsatisfactory. The implementation period of the PBL was substantially longer than originally anticipated. There was a five-year delay from the time of first disbursement of the first tranche to disbursement of the third tranche, primarily because of delays in completion of the MTDS. The terminal disbursement date had to be revised from June 30, 2012, to November 16, 2015.

Sustainability

3.11 The Evaluator assesses the sustainability of reforms and outcomes of PBL as satisfactory, concurring with the PCR's rating. Results from the program supported by CDB's PBL and the IMF's SBA were generally sustained, although setbacks were encountered during the COVID-19 pandemic. Growth over the period 2014-16 averaged 5.1% per year and 5.9% per year during 2018-19 before declining sharply to -20.2% in 2020 but recovering to 5.3% in 2021. Debt as of end-2016 had declined to 82.6% of GDP. The decline continued through 2019, with the ratio reaching 81.25% at end-2019. However, it rose sharply by 20 percentage points at end-2020 before once again assuming a progressive downward trend thereafter. In addition, government financing remains problematic as arrears (both domestic and external) continue to accumulate. Other reform dividends are expected to accrue as reforms become entrenched. Overall economic planning systems have improved with the establishment and staffing of a fully functional DMU and the assignment of a planning officer for national development priorities.

Borrower/Executing Agency Performance

3.12 The Evaluator concurs with the PCR's rating of Borrower/Implementing Agency performance as satisfactory. The Government completed most of the reform actions (outputs) in 2010 and 2011, and 66.7% of the PBL was disbursed by end-2015. However, delays in the completion of the MTDS spanned the period between 2011 and October 2015, much longer period than initially anticipated. That said, the delay in the final disbursement was due largely to factors outside of GOAB's control. Throughout the life of the PBL, GOAB maintained close engagement with CDB and requested assistance for the completion of the MTDS.

Caribbean Development Bank Performance

3.13 The Evaluator concurs with the PCR's rating of CDB performance as satisfactory. CDB satisfactorily supervised the PBL, completing annual PSRs as required. PBL quality-at-entry was satisfactory, and CDB demonstrated flexibility in response to changing economic circumstances and challenges by allowing for the revision in scope in 2010 to align PBL content with the fiscal conditions with the IMF's SBA. In addition, CDB provided TA to GOAB to complete the MTDS in the form of direct support from its staff following repeated failure to recruit a consultant for the project.

PBL Support for Cross-Cutting Themes

3.14 While the PBL did not provide explicit support for enhancing gender equity or climate change adaptation or mitigation, it provided important support for institutional strengthening, specifically in tax policy and administration and expenditure management, as well as in debt management and social safety nets.

CONCLUSION

SUMMARY RATINGS OF CORE EVALUATION CRITERIA AND OVERALL PERFORMANCE ASSESSMENT OF THE PROJECT

Criteria	PCR	OIE Review	Justification
Relevance	Satisfactory (3)	Satisfactory (3)	The PBL supported GOAB's efforts to improve fiscal and debt sustainability and entrench macroeconomic stability, necessary conditions for accelerating broad-based growth and development. Broad-based growth, employment creation, and poverty reduction were core pillars of Antigua and Barbuda's reform programme. A specific condition of the PBL was the development of a NPRS and staffing of the Social Policy Unit, which supported the completion of the CPA and SLC. The PBL resources helped GOAB to maintain social expenditures during its programme of fiscal austerity. The PBL was therefore satisfactorily tailored to the country's needs and challenges as well as the authorities' goals. The PBL was also well aligned with the Country Strategy for the period 2010-2014, which focused on the following outcomes: achieving sustainable economic growth; promoting social development and social protection; assisting GOAB to implement credible public sector reforms; closing physical infrastructure gaps; and improving environmental management and natural resource conservation. Finally, PBL design and implementation was commendably coordinated with the IMF, which provided support through its SBA. The program results matrix was generally sound, although in some cases links between outputs and outcomes could have been tighter.
Effectiveness	Satisfactory (3)	Satisfactory (3)	The overall objectives of the PBL were broadly achieved. The last tranche of the PBL was delayed because of challenges experienced in the completion of the MTDS. Several successes were recorded during the implementation period. Ffiscal and structural reforms implemented since 2009, coupled with the restructuring of external debt, have contributed to a marked improvement in Antigua and Barbuda's economic and fiscal situation, relative to the economic and financial crisis period. In 2014, growth of 6.2% ranked Antigua and Barbuda amongst the fastest growing of CDB's 19 BMCs and, for the first time since 2005, it achieved an overall surplus in 2014 and 2015 of 2.9% and 1.7% of GDP, respectively. By end-2017, public debt was reduced to 83.9% from its peak of 134.6% in 2004. Broadly, the policies have supported growth and macro-economic stability, with an average rate of growth of 5.1% between 2014 and 2016. Notwithstanding, some fiscal and debt constraints remain as the accumulation of arrears continues in light of severe cash flow constraints. During the life of the PBL, key program assessments and strategies were completed, including the MTDS, NPRS, CPA, SLC, and PEFA assessment. These achievements were, in addition to the strengthening of institutional systems and frameworks, geared towards greater transparency in policy reforms and targeting social protection.

Criteria	PCR	OIE Review	Justification
Efficiency	Marginally Unsatisfactory (2)	Marginally Unsatisfactory (2)	The implementation period of the PBL was substantially longer than originally anticipated. There was a five-year delay from the time of first disbursement of the first tranche to disbursement of the third tranche primarily because of delays in completion of the MTDS. The terminal disbursement date had to be revised from June 30, 2012, to November 16, 2015.
Sustainability	Satisfactory (3)	Satisfactory (3)	Results from the program supported by CDB's PBL and the IMF's SBA were generally sustained, although setbacks were encountered during the COVID-19 pandemic. Growth over the period 2014-16 averaged 5.1% per year and 5.9% over 2018-19 before declining sharply to -20.2% in 2020 but recovering to 5.3% in 2021. Debt as of end-2016 had declined to 82.6% of GDP. The decline continued through 2019, with the ratio reaching 81.25% at end-2019. However, it rose sharply by 20 percentage points at end-2020 before once again assuming a progressive downward trend thereafter. In addition, government financing remains problematic as arrears (both domestic and external) continue to accumulate. Other reform dividends are expected to accrue as reforms become entrenched. Overall economic planning systems have improved with the establishment and staffing of a fully functional DMU and the assignment of a planning officer for national development priorities.
Composite (Aggregate) Performance Rating		**Satisfactory (3)**	This validation assesses the overall performance of the PBL as satisfactory given the satisfactory ratings for relevance, effectiveness, and sustainability, the less-than-satisfactory rating for efficiency notwithstanding.
Borrower & EA Performance	Satisfactory (3)	Satisfactory (3)	The Government completed most of the reform actions (outputs) in 2010 and 2011, and 66.7% of the PBL was disbursed by end-2015. However, delays in the completion of the MTDS spanned an inordinately lengthy period between 2011 and October 2015, but it was largely factors outside of GOAB's control that contributed to the delay in final disbursement. Throughout the life of the PBL, GOAB maintained close engagement with CDB and requested assistance for the completion of the MTDS.
CDB Performance	Satisfactory (3)	Satisfactory (3)	CDB undertook satisfactory supervision of the PBL, completing annual PSRs as required. PBL quality-at-entry was satisfactory, and CDB demonstrated flexibility in response to changing economic circumstances and challenges by allowing for the revision in scope in 2010 to align the fiscal conditions with the IMF's SBA. In addition, CDB provided TA to GOAB to complete the MTDS in the form direct support from its staff following repeated failure to recruit a consultant for the project.
Quality of PCR		Satisfactory (3)	The PCR provided a satisfactory qualitative overview of the status of the PBL and its results at completion.

Other Criteria

4.01 Not relevant to this PBL.

Lessons

13. The PCR highlighted the following lessons, with which the Evaluator agrees:

(f) Structural changes and institutional strengthening take time, and the conditions of PBLs should reflect this reality in their design. There were some reversals by GOAB in staffing the Macro-Policy Unit and staff retention to monitor the operations of State-owned Enterprises.

(g) Greater detailed analysis of institutional capacity to undertake reforms needs to be undertaken, in an effort to ensure that necessary supporting TA is identified and provided.

(h) There is scope to align more closely the results chain with the outcomes identified. In this PBL, the outcomes identified were high-level outcomes, for which the outputs identified would not necessarily contribute directly to the outcomes identified. Going forward, the results chain should be clearly identified, and outcomes and outputs more closely aligned and attainable.

(i) It is observed that aligning outputs/targets with other development partners, particularly in this project, contributed to the delays. In designing a PBL with other development partners, cognisance must be taken of the outcomes of these partners against the strategic objectives, outcomes and outputs that are in alignment with CDB's own priorities.

(j) Setting fiscal and debt targets should account for changing macroeconomic conditions and external shocks.

Project Completion Report Quality

4.02 The Evaluator rates PCR quality as *Satisfactory*. The PCR provides adequate background and analysis to understand the context and relevance of the Antigua and Barbuda PBL, including the reforms supported and the expected outputs and outcomes. The evidence in support of the various ratings was also of adequate quality.

ANTIGUA AND BARBUDA PBL
POLICY AND RESULTS MATRIX

Prior Actions for PBL Approval	Second Tranche Release Conditions	Third Tranche Release Conditions	Results at the End of the Project
• Overall fiscal balance not to exceed 18% of GDP. • Amendment to ABST Legislation to reduce the number of zero-rated items. • Procurement legislation drafted. • Finance Administration Regulations are effective. • Debt restructuring strategy, including scenarios and medium-term projections and adaptable to CDB is developed. • No new arrears on public debt (CDB deferred compliance with this action owing to a delay in putting in place the IMF SBA). • National Debt Coordinating Committee to be reactivated. • CPA and SLC finalised.	• Technical framework for MTSP, including staffing for EPPU approved by Cabinet. • Overall fiscal balance not to exceed XCD8 mn (as aligned with IMF's SBA—Appendix 3.1). • CG primary balance including grants not to exceed XCD26.7 mn (as aligned with IMF's SBA – Appendix 3.1). • Completed PEFA Assessment and proposed action plan approved by Cabinet. • DMU fully staffed. • Presentation to Paris Club and non-Paris Club creditors of debt restructuring proposal acceptable to CDB. • No new arrears on public debt. • Completion of NPRS with improved beneficiary targeting of social programme. • EPPU fully staffed.	• Implementation of technical framework for MTSP commences. • A MTES prepared by the EPPU and approved by Cabinet. • Overall fiscal balance to be determined by IMF's SBA projections (as aligned with IMF's SBA). • CG primary balance including grants to be determined by IMF's SBA projections (as aligned with IMF's SBA). • Progress in implementing PEFA Action Plan. • New procurement Legislation enacted. • Agreement reached with most, if not all, of its Paris Club creditors for public debt restructuring. • Progress in implementing DMS. • No arrears on public debt. • Semi-annual and/or annual progress reports on implementation of NPRS, including performance indicators, prepared.	• By the end of the project, the framework for macroeconomic planning had been strengthened with the completion of the MTDS and an overall improvement in fiscal and debt positions. • An analysis of VAT/Sales Tax in the Caribbean revealed that 64 % of all sales (aggregated turnover) were either zero-rated or exempt, 50% of imports were not subject to the VAT, of which 73 % were zero-rated, or 27 % were exempt. However, tax revenue as a percentage of GDP grew from 19.2% in 2005, to 21.5% in 2008, with ABST amounting to 7.6% of GDP. • The first PEFA Assessment was completed in 2010, and a second one in 2015. The results of the 2015 Assessment indicated that, while the PFM system has slightly improved since the 2010 Assessment, many of its basic functionalities are not in place and required ongoing reform targets to be achieved. GOAB has continued to seek assistance from EU and CARTAC in implementing reforms. GOAB chose PFM and Revenue Reform as the focal sector for the EDF Programme to enable GOAB to address the lack of many of the features of modern tax, customs and PFM processes, systems and institutions, required to raise sufficient resources and implement sound expenditure policies effectively, efficiently and transparently. As part of this process one key reform, ASYCUDA, has been implemented.

Prior Actions for PBL Approval	Second Tranche Release Conditions	Third Tranche Release Conditions	Results at the End of the Project
			• GOAB successfully reduced the debt-to-GDP ratio from a high of 134.6% in 2004 to 83.9% at the end-2017. The DMU continues to operate and effectively manages the debt, guided by a MTDS. However, arrears remain an outstanding issue with the Paris Club and domestic creditors. • A national poverty reduction strategy (NPRS) was completed, as well as a country poverty assessment (CPA) and a survey of living conditions (SLC). Antigua and Barbuda ranked highly in terms of human development, with a Human Development Index value of 0.786 in 2015. The latest official data (2007) shows that 18% of the population is poor, 3.7% indigent, and 10% vulnerable to poverty in the event of a major economic shock or natural hazard. Unemployment, according to the 2015 Labour Force Survey (LFS), was 14.1%.

PUBLIC DISCLOSURE AUTHORISED

CARIBBEAN DEVELOPMENT BANK

PROJECT COMPLETION VALIDATION REPORT

FIRST, SECOND, AND THIRD GROWTH AND RESILIENCE POLICY-BASED LOANS
GRENADA

OFFICE OF INDEPENDENT EVALUATION
JANUARY 2023

Head Office of Independent Evaluation	-	James Melanson
Reviewer	-	Ali Khadr
Quality Control Reviewers		

CURRENCY EQUIVALENT

Dollars ($) throughout refer to United States dollars (USD) unless otherwise stated.

USD1.00 = XCD2.70
XCD1.00 = USD0.37

ABBREVIATIONS

%	-	per cent
ASYCUDA	-	Automated System for Customs Data
CDB	-	Caribbean Development Bank
DPL	-	Development Policy Loan
ECERA	-	Eastern Caribbean Energy Regulatory Authority
EFF	-	Extended Fund Facility
FSO	-	Fund for Special Operations
GDP	-	Gross Domestic Product
GTA	-	Grenada Tourism Authority
IMF	-	International Monetary Fund
IDB	-	Inter-American Development Bank
MDMS	-	Medium-Term Debt Management Strategy
mn	-	million
MNIB	-	Marketing and National Importing Board
MOF	-	Ministry of Finance
OCR	-	Ordinary Capital Reserves
PBO	-	Policy-Based Operations
PCR	-	Project Completion Report
PURC	-	Public Utilities Regulatory Commission
RE	-	Renewable Energy
SEED	-	Support for Education, Employment and Development
SFR	-	Special Fund Reserves
SME	-	Small and Medium Sized Enterprises
SSN	-	Social Safety Network
USD	-	United States dollars
WB	-	World Bank
PPP	-	Public-Private Partnerships

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APPENDICES

EXECUTIVE SUMMARY

POLICY-BASED LOAN DESCRIPTION

1. The years leading up to the appraisal and approval of the first policy-based operation (PBO) in the three-loan series were characterized by serious economic difficulties for Grenada. These were initially encountered as a result of two major hurricanes in 2004 and 2005, and later compounded by other shocks, including fuel price increases and the 2008-09 global economic crisis. Between 2009 and 2012, GDP contracted every year (except in 2011, when it was stagnant) before rebounding by 2.7% in 2013. Fiscal imbalances resulted in a growing debt burden, despite Grenada benefiting from a restructuring of 40% of its debt in 2005, which resulted in a reduction of its debt service payments by 35%, eventually leading to default on debt service payments in 2013. The deterioration in conditions persisted in spite of a PBO from CDB in 2009 and an IMF program in 2010, which went off-track the following year.

2. CDB's Growth and Resilience PBO series was a three-operation programmatic series. The PBOs were approved by CDB's Executive Board on July 17, 2014, October 15, 2015, and December 8, 2016, respectively. The PBOs amounted to USD10 million (mn) each for a total of USD30 mn, funded by OCR (USD12 mn), SFR (USD12 mn), and the Inter-American Development Bank (IDB) Fund for Special Operations (FSO) (USD6 mn). The series was part of a coordinated package of support involving the IMF and World Bank in addition to CDB. The IMF provided support through a three-year Extended Fund Facility (EFF), while the World Bank provided a three-year development policy loan (DPL). The package was aimed at supporting the Government's program aimed at restoring macroeconomic stability and sustainable economic growth.

EXPECTED OUTCOMES

3. Under the first pillar of creating conditions for private investment in a sustainable manner, the series sought to achieve the following outcomes:

   (a) Improved performance of the tourism sector, with broader linkages to local small and medium-sized enterprises (SMEs) and agri-businesses, leading to an 8% increase in tourism receipts over five years.

   (b) A modernized agri-business sector, with the introduction of leasing of Government-owned agricultural estates to private entities, leading to an increase in the area cultivated as leased Government-owned agricultural estates; an increase in the number of farmers served by the Marketing and National Importing Board (MNIB); and an increase in the percentage of licensed food premises and street food premises that have been inspected by the Food Safety Authority under the Food Safety Act.

   (c) Enhanced border control agency coordination, to be achieved through an increase in the number of the number of border control agencies processing trade transactions through ASYCUDA World as well as an increase in the number of agencies sharing trade and taxation related information through ASYCUDA World.

   (d) An enabling environment for private investment through improved infrastructure by PPPs in place, as evidenced by a progressive increase in the share of PPP projects under development that conform to the processes and requirements defined in the PPP Policy.

   (e) Improved regulatory framework as demonstrated by the increased share of installed power generation capacity from renewable energy (RE) technology and full operationalization of Public Utilities Regulatory Commission (PURC).

4. Under the second pillar of supporting improved public sector management and better targeting of Social Safety Network (SSN) programs, reforms were expected to result in:

(a) Improved performance management through the formal establishment by the Ministry of Education of job descriptions with clearly defined competencies and responsibilities for the key task areas of public administration, including planning, monitoring results, and strategic personnel management.

(b) Increased transparency of public procurement processes through a gradual increase in the share of contract awards that are published.

(c) Improved targeting by the Support for Education, Employment and Development (SEED) Program of poor and vulnerable households and use of the targeting instrument to objectively identify beneficiaries, to be achieved through a progessive increase in the share of SEED Program beneficiary households identified in the Phase-out Plan as ineligible and non-vulnerable transitioning out of the program.

5. Under the third pillar of enhanced resilience against natural disasters, reforms were expected to result in the following outcomes:

(a) A more professional construction sector producing structures that are more resilient to natural disasters and better adapted to climate change, to be achieved through an increase in the share of the membership of the Grenada Institute of Professional Engineers registered in accordance with the 2015 Engineering Act as well as through the establishment of a Building Inspection Unit at the Ministry of Works.

6. Finally, under the fourth pillar of improving the long-term debt sustainability of Government operations, reforms were expected to result in:

(a) A progressive reduction in the share of public and publicly guaranteed debt with a maturity of less than 90 days.

EVALUATION OF PERFORMANCE

7. The Project Completion Report (PCR) was validated by the Office of Independent Evaluation (OIE) in July 2022. The Evaluator rates the overall performance of the PBL as *Satisfactory*, consistent with the rating in the PCR. Relevance, effectiveness, efficiency, and sustainability were given highly satisfactory, satisfactory, satisfactory, and satisfactory ratings, respectively, using the Performance Assessment System (PAS) 2013 criteria. There was thus concurrence between validation ratings and those of the PCR, with the exception of sustainability (see 3.10).

BORROWER AND EXECUTING AGENCY PERFORMANCE

8. The Evaluator concurs with the PCR's rating of the Borrowing/Executing Agency's performance as *Satisfactory*, given its efforts to monitor implementation progress of the operation and its implementation of reforms on the agreed schedule, which facilitated the approval of the second and third operations in the series on the anticipated schedule. The Borrower was also diligent in consulting with a broad range of stakeholders in finalizing the design and monitoring implementation of the reform program.

THE CARIBBEAN DEVELOPMENT BANK'S PERFORMANCE

9. The Evaluator concurs with the PCR rating of *Highly Satisfactory* with respect to CDB's performance. CDB responded quickly to the request for support and worked closely with the Government to design a programmatic series that supported reforms that were critical to the restoration of macroeconomic stability, including debt sustainability, and growth, and was well calibrated to the Government's implementation capacity. CDB also did a commendable job of coordinating with the other two key development partners, the IMF and the World Bank, including designing a shared policy matrix with the World Bank.

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

Criteria	PCR[1]	OIE Review	Justification
Relevance	Highly Satisfactory (4)	Highly Satisfactory (4)	The objectives of the programmatic series were precisely aligned with those of the Government's program and with the country's needs and challenges in the wake of the 2013 debt default and the period of contracting or stagnant output and growing fiscal imbalances. They were also fully aligned with CDB's Country and Corporate Strategy. There was also high-quality coordination and collaboration with the other principal development partners in preparing and implementing the series, and strong ownership of the reform program by the Government and key domestic stakeholders. The results framework for the series was of good quality and generally embodied a clear "line of sight" between reforms supported and outcomes sought.
Effectiveness	Satisfactory (3)	Satisfactory (3)	The programmatic series was broadly effective at achieving the objectives (outcomes) set out in the results framework. Of 17 outcome indicators for the series, 7 were exceeded, 3 achieved as expected, 4 partially achieved, and 3 had not yet been achieved by the end of 2018. All indicators that had not been met or only partially met were expected to be achieved by mid-2019. Aside from the specific achievements, the series helped restore stability in the macroeconomy as well as improve fiscal and debt sustainability. Growth outcomes also significantly improved during the implementation of the series. The restoration of fiscal balance was underpinned by the Fiscal Responsibility Act and was projected to achieve fiscal and debt sustainability over the medium term. The improvement in growth was driven in part by the important number of business climate reforms implemented, but also positive developments in the external environment, including stronger demand in key export markets, a rebound in tourism demand, and recovery in the agricultural sector.
Efficiency	Satisfactory (3)	Satisfactory (3)	The programmatic series' objectives were largely met and therefore justified in relation to the financial cost. The transactions costs of CDB's delivery of support were kept to a minimum through harmonization with the World Bank's Development Policy Loan (DPL), thereby minimizing reform fatigue, and implementation of the series was coordinated with the IMF's EFF. All operations under the series were approved and disbursed under the original schedule and following the initial design (although the objectives underwent a sight reformulation in the second operation), leaving the series' scope and results framework unchanged.
Sustainability	Highly Satisfactory (4)	Satisfactory (3)	There was no reversal of reforms, and results achieved under the programmatic series were generally sustained, facilitated by the broad-based ownership of the reform program among stakeholders in the country. Growth remained vigorous through 2018, although it was weaker in 2019, before output contracted by almost 14% in 2020 as a result of the COVID-19 pandemic. However, it is estimated to have rebounded healthily in 2021. The primary and overall fiscal balances sustained improvements through 2019, bolstered by the stronger fiscal rules, but again declined in 2020 as a result of the pandemic. Debt as a ratio of GDP continued to decline through 2019, but rose again in response to the pandemic, although it has since declined and is expected to achieve sustainable levels by about 2025. Implementation risks during the programme were mitigated through technical assistance (TA) and advice provided by CDB.

[1] The PCR used PAS 2013 scores and ratings.

Criteria	PCR[1]	OIE Review	Justification
Composite (Aggregate) Performance Rating	**Satisfactory (3)**	**Satisfactory (3)**	This validation assesses the overall performance of the programmatic series as satisfactory on the strength of its high relevance and its satisfactory effectiveness, efficiency, and sustainability.
Borrower & EA Performance	Satisfactory (3)	Satisfactory (3)	The Government was diligent in implementing conditions under the programmatic series on schedule and to satisfactory quality standards. Its monitoring of the series' implementation was satisfactory. Its outreach to a broad range of domestic stakeholders was commendable.
CDB Performance	Highly Satisfactory (4)	Highly Satisfactory (4)	CDB responded speedily to the request for support with the preparation of the programmatic series, and in so doing coordinated commendably with the other key development partners in the design and implementation of the series, which helped minimize transaction costs. Quality-at-entry was high, with a credible results framework, consultations with stakeholders, and the choice of reforms to be supported well calibrated to the Government's implementation capacity. Close coordination with the Government was maintained throughout the implementation of the series, and important TA and advice delivered.
Quality of PCR		Satisfactory (3)	The PCR provided a satisfactory qualitative overview of the status of the programmatic series and its results at completion.

LESSONS LEARNED

10. The Evaluator agrees with following lessons highlighted in the PCR:

(a) Almost all targets were met, which points to the adequate consideration of capacity constraints and the required supervision and advisory for the PBL. While the operation was aided by the presence of IMF and WB, increased supervision and technical advisory support have proven to be vital aspects of high implementation progress.

(b) Despite capacity constraints, the Government of Grenada pursued the full suite of reforms. This was aided by the strong country ownership during the program and has proven to be one of the most crucial aspects of the success of the program.

(c) The Government of Grenada has remained resolute and committed to the post-reform process, facilitated by continued supervision and engagement by CDB. The sustainability of the program outcomes is reinforced by continued post program engagement.

1. BASIC PROJECT DATA SHEET

Project Titles:	First Growth and Resilience Policy-Based Loan (PBL)/Second Growth and Resilience PBL/Third Growth and Resilience PBL
Country:	Grenada
Sector:	Multi Sector
Loan No.:	19/SFR-OR-GRN
Borrower:	Government of Grenada
Implementing/Executing Agency:	Ministry of Finance, Planning, Economic Development, and Physical Development

	CDB LOAN AND GRANT (USD mn)		
Disbursements ($mn)	**OCR**	**SFR**	**Total**
Original Series Amount	12.0	12.0	24.0
Total Loan Disbursed	12.0	12.0	24.0
Cancelled	-	-	-

Project Milestones	**At Appraisal**	**Actual**	**Variance (months)**
Board Approval (Original Series)	2014-07-17/ 2015-10-15/ 2016-12-08	2014-07-17/ 2015-10-15/ 2016-12-08	-
First Loan Agreement signed	2014-08-27	2014-08-27	-
First Loan Effectiveness[2]	2014-11-30	2014-11-30	-

CDB Loan	**At Appraisal**	**Actual**	**Variance (months)**
First Disbursement Date	2014-11-30	2014-11-30	-
Terminal Disbursement Date (TDD)	2017-11-30	2017-11-30	-
TDD Extensions (number)	-	-	-

Project Cost & Financing ($mn)	**At Appraisal**	**Actual**	**Variance**
CDB Loan	24.00	24.00	-
CDB Grant	-	-	-
Counterpart (GOB)	-	-	-
Total	24.00	24.00	-

Terms	**Interest Rate**	**Repayment**	**Grace Period**
CDB Loan (SFR)	-	-	-
CDB Loan (OCR)	4.5 (variable)	12	5 years

Implementation	**At Appraisal**	**Actual**	**Variance (months)**
Start Date	2014-11-30	2014-11-30	-
Completion Date	2017-11-30	2017-11-30	-
Implementation Period (years)	3	3	-

Economic Rate of Return (%)	
At Appraisal	Not Applicable

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[2] Date conditions to First Disbursement satisfied

2. PROJECT DESCRIPTION

Background

2.01 During the several years prior to the appraisal and approval of the first policy-based operation (PBO) in the three-loan Growth and Resilience programmatic PBO series, Grenada experienced grave economic difficulties. Their onset can be traced back to two major hurricanes in 2004 and 2005 (Ivan and Emily). In the ensuing years, difficulties were compounded by other shocks, including fuel price increases and the 2008-09 global economic crisis. Between 2009 and 2012, GDP contracted every year (except in 2011, when it was stagnant) before rebounding by 2.7% in 2013. Persistent fiscal imbalances resulted in a growing debt burden, even though Grenada benefited from a restructuring of 40% of its debt in 2005, which resulted in a reduction of its debt service payments by 35%. Eventually, the mounting debt burden led to a default on debt service payments in 2013. The deterioration persisted despite a PBO from CDB in 2009 and an IMF program in 2010 that went off-track the following year.

Rationale

2.02 In response to Grenada's economic difficulties, the authorities announced a program aimed at supporting the restoration of macroeconomic stability and sustainable economic growth. The program aimed to introduce fiscal rules in order to improve fiscal balances and to implement key growth-enhancing reforms that reduced the difficulty in doing business, reduced uncertainty, and increased investor confidence.

2.03 CDB's Growth and Resilience programmatic series was justified because: (i) acquiring external financing on reasonable terms was necessary to reverse the debt default and ensure continuing steady debt service, and such financing could not be acquired on manageable terms from private markets, given Grenada's credit rating; and (ii) the series would support fiscal consolidation towards the restoration of debt sustainability, a necessary condition for restoring sustainable growth and progress in social and economic development.

2.04 CDB's Growth and Resilience PBO series was designed as a three-operation programmatic series. The PBOs were approved by CDB's Executive Board on July 17, 2014, October 15, 2015, and December 8, 2016, respectively. The PBOs amounted to USD10 mn each for a total of USD30 mn, funded by OCR (USD12 mn), SFR (USD12 mn), and the Inter-American Development Bank (IDB) Fund for Special Operations (FSO) (USD6 mn). The series was part of a coordinated package of support involving the IMF and World Bank in addition to CDB. The IMF provided support through a three-year Extended Fund Facility (EFF), while the World Bank provided a three-year development policy loan (DPL). The package was aimed at supporting the Government's program aimed at restoring macroeconomic stability and sustainable economic growth.

Expected Outcomes

2.05 The Growth and Resilience PBO series sought to help bring about four sets of outcomes:

<u>Creating Conditions for Private Investment in a Sustainable Manner</u>

(a) Improved performance of the tourism sector, with broader linkages to local small and medium-sized enterprises (SMEs) and agri-businesses, leading to an 8% increase in tourism receipts over five years.

(b) Modernizing the agri-business sector through: the introduction of leasing of Government-owned agricultural estates to private entities, leading to an increase in the area cultivated as leased Government-owned agricultural estates; an increase in the number of farmers served by the Marketing and National Importing Board (MNIB); and an increase in the percentage of licensed food premises and street food premises that have been inspected by the Food Safety Authority under the Food Safety Act.

(c) Enhanced border control agency coordination, to be achieved through an increase in the number of the number of border control agencies processing trade transactions through ASYCUDA World as well as an increase in the number of agencies sharing trade and taxation related information through ASYCUDA World.

(d) An enabling environment for private investment through improved infrastructure by PPPs is in place, as evidenced by a progressive increase in the share of PPP projects under development that conform to the processes and requirements defined in the PPP Policy.

(e) Improved regulatory framework as demonstrated by the increased share of installed power generation capacity from renewable energy (RE) technology and full operationalization of Public Utilities Regulatory Commission (PURC).

Improving Public Sector Management and Targeting of SSN Programs

(a) Improved performance management through the formal establishment by the Ministry of Education of job descriptions with clearly defined competencies and responsibilities for the key task areas of public administration, including planning, monitoring results, and strategic personnel management.

(b) Increased transparency of public procurement processes through a gradual increase in the share of contract awards that are published.

(c) Improved taargeting by the SEED Program of poor and vulnerable households and use of the targeting instrument to objectively identify beneficiaries, to be achieved through a progessive increase in the share of SEED Program beneficiary households identified in the Phase-out Plan as ineligible and non-vulnerable transitioning out of the program.

Enhancing Resilience against Natural Disasters

(a) A more professional construction sector producing structures that are more resilient to natural disasters and better adapted to climate change, to be achieved through an increase in the share of the membership of the Grenada Institute of Professional Engineers registered in accordance with the 2015 Engineering Act as well as through the establishment of a Building Inspection Unit at the Ministry of Works.

Improving the Long-Term Debt Sustainability of Government Operations

(a) progressive reduction in the share of public and publicly guaranteed debt with a maturity of less than 90 days.

Prior Actions for Each PBO

2.06 The conditions to be satisfied prior to the approval of the PBO and the disbursement of the second tranche, respectively, are summarized in Table 2.

Implementation Arrangements

2.07 The implementation arrangements for the PBO series were for the Economics Department (ED) to monitor progress of the implementation of reforms and measures that would underpin the approval and disbursement of the second and third PBOs in the series through periodic country visits, desk reviews of information and reports supplied by Grenada's Ministry of Finance, Planning, Economic Development, and Physical Development (shortened to the Ministry of Finance, or MOF, in this report), and such other means as CDB might have deemed appropriate.

TABLE 2: PRIOR ACTIONS FOR BOARD PRESENTATION OF FIRST, SECOND AND THIRD PBOs

Prior Actions for PBO 1	Prior Actions for PBO 2	Prior Actions for PBO 3
• The Recipient's Parliament has enacted the GTA Act, establishing the institutional framework for the governance of the tourism sector. • The plan to commercialize government agricultural estates is approved by Cabinet, and the tender procedure and request for proposal are issued. • The Recipient's Customs Bill establishing i*nter alia:* (i) procedures for electronic processing of trade transactions; (ii) procedures for recordkeeping and audit powers by the Customs and Excise Division of the MOF; and (iii) accountability procedures and delegation of authority in decision-making has been submitted to Parliament. • The Recipient has endorsed a public sector modernization policy establishing *inter alia* procedures for: (i) strategically realigning public sector employment; (ii) strengthening management of selected agencies; and (iii) developing a results focus in planning and budgeting. • The Recipient has adopted a policy framework for the strengthening of the design and programming of the Recipient's SSNs. • The Recipient's Cabinet has approved: (i) the Grenada Building Code and the Grenada Building Guidelines; and (ii) the Physical Planning and Development Control Bill, 2014, for submission to Parliament.	• The new GTA has established a regulatory framework and organizational structure, which includes a permanent public-private dialogue platform to ensure the design and implementation of a shared tourism policy. • The tendering procedures and Request for Proposals are issued for commercialization to private investors of at least three government-owned agricultural estates. • GOGR has enhanced border agency coordination by: (i) having all technical border control agencies processing trade transactions through ASYCUDA World; and (ii) establishing a single payment point for the private sector to comply with all border agencies whose revenues are transferred to GOGR's Consolidated Fund. • Cabinet has approved a policy framework for PPPs that is immediately applicable to all investment projects. • Cabinet has approved the policy for the amendment to the Electricity Supply Act based on the adopted policy changes towards a competitive cost of electricity. • Public sector employment structures in three ministries and one government department are aligned with the functions and tasks of government entities, in line with the recommendations of the human resources audit conducted in 2010-2013. • The Recipient has established eligibility criteria for application of the targeting instrument and started its implementation. • The Recipient's Cabinet has approved the Revised Road Traffic Bill. • The Recipient's Cabinet has approved a Medium-Term Debt Management Strategy (MDMS).	• GTA's Strategic Marketing and Product Development Policy are formally approved by GTA's Board and by Cabinet. • Cabinet approval of the reform of MNIB, transforming MNIB into a service provider of market information, product quality and standards, logistics and aggregation services, on a voluntary and pro-competition basis in alignment with international best practices. • MOF has established an institutional framework for PPPs, including a designated team within MOF with responsibility for PPPs, and processes and policies for managing the fiscal implications of PPPs. • Cabinet has approved the policy for independent regulation of the energy sector, including defining the role and function of the Eastern Caribbean Energy Regulatory Authority (ECERA), or an independent regulator such as the Public Utilities Commission in case ECERA is not fully functional. • A public sector employment policy in the education sector has been approved, aimed at optimizing the employment structure, and initial recommendations of the 2014 Organizational Assessment have been implemented. • Cabinet has approved enforcement mechanisms to support regulatory and physical planning, design standards and construction practices policies. • A Procedures Manual accompanying the MDMS has been adopted by the Recipient's MOF.

3. PROJECT COMPLETION REPORT REVIEW

Relevance

3.01 The Evaluator agrees with the PCR Assessment that the relevance of the Growth and Resilience programmatic PBO series was highly satisfactory. The series' objectives were precisely aligned with those of the Government's program, which sought to restore fiscal balance and debt sustainability as well as sustainable growth. They were also fully aligned with Grenada's development challenges and needs in the wake of the debt default. Finally, they were also precisely aligned with CDB's corporate and country strategies. In particular, the objectives of the PBO series were consistent with the Bank's strategic objectives of inclusive growth and development and of promoting good governance. The PBO series also aligned with the operational framework and strategy for SDF 8. Under the overarching objective of Poverty Reduction and Human Development, the series supported agriculture and rural development, economic and fiscal adjustment, and private sector development. Finally, under the core theme of Environmental Sustainability and Climate Change, the series supported disaster risk reduction and management, and climate change mitigation and adaptation.

3.02 In the Evaluator's view, the series' relevance of design was also high. The results framework was of high quality, and generally embodies a clear "line of sight" from the outputs of the operation to the desired outcomes. Reforms supported by the PBO series were realistically calibrated to the Government's institutional capacity for implementing and sustaining the reforms. Finally, there was commendable coordination with other partners, notably with the World Bank in the design of the operation, where a common results matrix was developed.

Effectiveness

3.03 The Evaluator agrees with the PCR's rating of satisfactory for the effectiveness of the PBO series. The series helped restore stability in the macroeconomy as well as improve fiscal and debt sustainability. Growth outcomes also significantly improved during the implementation of the series. The restoration of fiscal balance was underpinned by the Fiscal Responsibility Act and was projected to achieve fiscal and debt sustainability over the medium term. The improvement in growth was driven in part by the important number of business climate reforms implemented, but also positive developments in the external environment, including stronger demand in key export markets, a rebound in tourism demand, and recovery in the agricultural sector.

3.04 The programmatic series was also broadly effective at achieving the objectives (outcomes) set out in the results framework. Of 17 outcome indicators for the series, 7 were exceeded namely:

- the increase in tourism receipts;
- the increase in the area cultivated as leased Government-owned agricultural estates;
- the increase in the percentage of licensed food premises and street food premises that have been inspected by the Food Safety Authority under the Food Safety Act;
- the increase in the share of renewable energy (RE) in total installed power-generation capacity;
- the increase in the share of SEED Program beneficiary households identified in the Phase-out Plan as ineligible and non-vulnerable that have transitioned out of the program;
- the decrease in the share of public and publicly-guaranteed debt with a maturity of less than 90 days;

- and the increase in the percentage of provisions for loan losses to non-performing loans (NPLs) for the banking sector.

3.05 Three outcomes were achieved as expected, namely:

- the increase in the number of agencies sharing trade and taxation related information through ASYCUDA World
- the increase in the share of PPP projects under development that conform to the processes and requirements defined in the PPP Policy
- and the development by the Ministry of Education of formal job descriptions with clearly defined competencies and responsibilities for the key task areas of public administration, including planning, monitoring results, and strategic personnel management.

3.06 Four outcomes were partially achieved, namely:

- the number of Government-owned agricultural estates leased to private entities;
- the number of farmers served by the Marketing and National Importing Board (MNIB);
- the number of border control agencies processing trade transactions through ASYCUDA World;
- and the operationalization of the Public Utilities Regulatory Commission (PURC).

3.07 Finally, three outcomes had not been achieved as of end-2018, namely:

- the publication of contract awards;
- the share of the membership of the Grenada Institute of Professional Engineers registered in accordance with the 2015 Engineering Act;
- and the establishment of the Building Inspection Unit at the Ministry of Works.

3.08 However, all indicators that had not been met or only partially met were expected to be achieved by mid-2019.

Efficiency

3.09 The Evaluator concurs with the PCR's rating of the efficiency of the programmatic series as satisfactory. The programmatic series' objectives were largely met and therefore justified in relation to the financial cost. The transaction costs of CDB's delivery of support were kept to a minimum through harmonization with the World Bank's Development Policy Loan (DPL), with a common results framework, and implementation of the series was coordinated with the IMF's EFF. All operations under the series were approved and disbursed under the original schedule and following the initial design (although the objectives underwent a sight reformulation with in the second operation) leaving the series' scope and results framework unchanged. Reforms were also implemented on the agreed schedule and to satisfactory quality standards.

Sustainability

3.10 The Evaluator assesses the sustainability of reforms and outcomes of the Growth and Resilience programmatic series as satisfactory, diverging slightly from the PCR's rating of highly satisfactory. However, the Evaluator acknowledges that the setbacks to sustainability occurred largely as a result of the COVID-19 pandemic, and that the PCR was authored prior to the pandemic. In this regard, the Evaluator agrees that the PCR's rating of highly satisfactory was likely justified from the vantage point of when the PCR was prepared. It is also true that there was no reversal of reforms. Results attained under the programmatic series were generally sustained, facilitated by the broad-based ownership of the reform program among stakeholders in the country. Growth remained vigorous through 2018, although it was weaker in 2019, before output contracted by almost 14% in 2020 as a result of the COVID-19 pandemic. Nevertheless, output is estimated to have rebounded healthily in 2021. Improvements in the primary and overall fiscal balance were sustained through 2019 owing to the stronger fiscal rules. However, they deteriorated again in 2020 as a result of the pandemic. Consistent with the fiscal balance trajectory, debt as a ratio of GDP continued to decline through 2019 but increased once more in response to the pandemic. However, the debt to GDP ratio has since declined and is expected to achieve sustainable levels by about 2025. Implementation risks during the programme were mitigated through technical assistance (TA) and advice provided by CDB.

Borrower/Executing Agency Performance

3.11 The Evaluator concurs with the PCR's rating of Borrower performance as satisfactory. The Government diligently implemented the conditions under the programmatic series on schedule and to satisfactory quality standards. Its monitoring of the implementation of the series was satisfactory. Its outreach to a broad range of domestic stakeholders was commendable and helped ensure the satisfactory sustainability of reforms and outcomes under the series.

Caribbean Development Bank Performance

3.12 Finally, the Evaluator concurs with the PCR's rating of CDB performance as highly satisfactory. CDB responded speedily to the request for support with the preparation of the programmatic series, and in so doing coordinated commendably with the other key development partners, namely the World Bank and the IMF, in the design and implementation of the series. This helped minimize transaction costs and reform fatigue. Quality-at-entry was high, with a credible results framework and thorough consultations with stakeholders. The selection of reforms to be supported by the series was well calibrated to the Government's implementation capacity. Close coordination with the Government was maintained throughout the implementation of the series, and important CDB TA and advice were delivered.

Programmatic Series Support for Cross-Cutting Themes

3.13 While the programmatic series did not provide explicit support for enhancing gender equity, it provided important support for climate change adaptation and institutional strengthening. The approval under the series of enforcement mechanisms to support regulatory and physical planning, design standards, and construction practices policies will help advance adaptation to climate change. Regarding institutional strengthening, the series supported the strengthening of the Government's capacity to regulate PPPs, its capacity for performance management in the education sector, its capacity to manage the SEED program, and its debt management capacity. Finally, to broaden political support for the reforms, the Government was diligent in consulting regularly with a broad range of private sector, labour union, and civil society organizations.

4. CONCLUSION

SUMMARY RATINGS OF CORE EVALUATION CRITERIA AND OVERALL PERFORMANCE ASSESSMENT OF THE PROJECT

Criteria	PCR	OIE Review	Justification
Relevance	Highly Satisfactory (4)	Highly Satisfactory (4)	The objectives of the programmatic series were precisely aligned with those of the Government's program and with the country's needs and challenges in the wake of the 2013 debt default and the period of contracting or stagnant output and growing fiscal imbalances. They were also fully aligned with CDB's Country and Corporate Strategy. There was also high-quality coordination and collaboration with the World Bank and the IMF in preparing and implementing the series, and strong ownership of the reform program by the Government and a broad range of domestic stakeholders. The results framework for the series was of good quality and generally embodied a clear "line of sight" between reforms supported and outcomes sought.
Effectiveness	Satisfactory (3)	Satisfactory (3)	The programmatic series was broadly effective at achieving the objectives (outcomes) set out in the results framework. Of 17 outcome indicators for the series, 7 were exceeded, 3 achieved as expected, 4 partially achieved, and 3 not yet been achieved by the end of 2018. All indicators that had not been met or only partially met were expected to be achieved by mid-2019. Aside from the specific achievements, the series helped restore stability in the macroeconomy as well as improve fiscal and debt sustainability. Growth outcomes also significantly improved during the implementation of the series. The restoration of fiscal balance was underpinned by the Fiscal Responsibility Act and was projected to achieve fiscal and debt sustainability over the medium term. The improvement in growth was driven in part by the important number of business climate reforms implemented, but also positive developments in the external environment, including stronger demand in key export markets, a rebound in tourism demand, and recovery in the agricultural sector.
Efficiency	Satisfactory (3)	Satisfactory (3)	The programmatic series' objectives were largely met and therefore justified in relation to the financial cost. The transaction costs of CDB's delivery of support were kept to a minimum through harmonization with the World Bank's Development Policy Loan (DPL), thereby minimizing reform fatigue, and implementation of the series was coordinated with the IMF's EFF. All operations under the series were approved and disbursed under the original schedule and following the initial design (although the objectives underwent a sight reformulation with in the second operation), leaving the series' scope and results framework unchanged.
Sustainability	Highly Satisfactory (4)	Satisfactory (3)	There was no reversal of reforms, and results achieved under the programmatic series were generally sustained, facilitated by the broad-based ownership of the reform program among stakeholders in the country. Growth remained vigorous through 2018, although it was weaker in 2019, before output contracted by almost 14% in 2020 as a result of the COVID-19 pandemic. However, it is estimated to have rebounded healthily in 2021. The primary and overall fiscal balances sustained improvements through 2019, bolstered by the stronger fiscal rules, but again declined in 2020 as a result of the pandemic. Debt as a ratio of GDP continued to decline through 2019, but rose again in response to the pandemic, although it has since declined and is expected to achieve sustainable levels by about 2025. Implementation risks during the programme were mitigated through technical assistance (TA) and advice provided by CDB.

Criteria	PCR	OIE Review	Justification
Composite (Aggregate) Performance Rating		**Satisfactory (3)**	This validation assesses the overall performance of the programmatic series as satisfactory on the strength of its high relevance and its satisfactory effectiveness, efficiency, and sustainability.
Borrower & EA Performance	Satisfactory (3)	Satisfactory (3)	The Government was diligent in implementing the conditions under the programmatic series on schedule and to satisfactory quality standards. Its monitoring of the series' implementation was satisfactory. It commendably reached out to a broad range of domestic stakeholders in designing and implementing the program.
CDB Performance	Highly Satisfactory (4)	Highly Satisfactory (4)	CDB responded speedily to the request for support with the preparation of the programmatic series, and in so doing coordinated commendably with the World Bank and the IMF in the design and implementation of the series, which helped minimize transaction costs and reform fatigue. Quality-at-entry was high, with a credible results framework, consultations with stakeholders, and the choice of reforms to be supported well calibrated to the Government's implementation capacity. Close coordination with the Government was maintained throughout the implementation of the series, and important CDB TA and advice were delivered.
Quality of PCR		Satisfactory (3)	The PCR provided a satisfactory and comprehensive overview of the implementation status and results of the programmatic series at completion.

Other Criteria

4.01 Not relevant to this programmatic series.

Lessons

4.02 The Evaluator agrees with following lessons highlighted in the PCR:

(a) Almost all targets were met, which points to the adequate consideration to capacity constraints and the required supervision and advisory for the PBL. While the operation was aided by the presence of IMF and WB, increased supervision and technical advisory has proven to be vital aspects of high implementation progress.

(b) Despite having capacity constraints, the Government of Grenada pursued the full suite of reforms. This was aided by the strong country ownership during the program and has proven to be one of the most crucial aspects of the success of the program.

(c) The Government of Grenada has remained resolute and committed to the post-reform process, facilitated by continued supervision and engagement by CDB. The sustainability of the program outcomes is reinforced by the continued post program engagement.

Project Completion Report Quality

4.03 The Evaluator rates PCR quality as *Satisfactory*. The PCR provides adequate background and analysis to understand the context and relevance of the programmatic series, including the reforms supported and the expected outputs and outcomes. The evidence in support of the various ratings was also adequate.

GRENADA GROWTH AND RESILIENCE PBO SERIES
POLICY AND RESULTS MATRIX

Prior Actions under PBO 1	Prior Actions under PBO 2	Prior Actions under PBO 3	Results (December 2016)
he Recipient's Parliament has enacted the GTA Act, establishing the institutional framework for the governance of the tourism sector.	The new GTA has established a regulatory framework and organizational structure, which includes a permanent public-private dialogue platform to ensure the design and implementation of a shared tourism policy.	GTA's Strategic Marketing and Product Development Policy are formally approved by GTA's Board and by Cabinet.	Increase in tourist receipts Baseline (2013): $307 million Target (2016): 8% increase
The plan to commercialize government agricultural estates is approved by Cabinet, and the tender procedure and request for proposal are issued.	The tendering procedures and Request for Proposals are issued for commercialization to private investors of at least three government-owned agricultural estates.	Cabinet approval of the reform of MNIB, transforming MNIB into a service provider of market information, product quality and standards, logistics and aggregation services, on a voluntary and pro-competition basis in alignment with international best practices.	Increase in total output of commercialised agricultural estates Baseline (2013): 350 tons Target (2016): 100% increase Increase in the number of farmers serviced by MNIB Baseline (2013): 1,623 Target (2016): 3,000
The Recipient's Customs Bill establishing i*nter alia:* (i) procedures for electronic processing of trade transactions; (ii) procedures for recordkeeping and audit powers by the Customs and Excise Division of the Ministry of Finance (MOF); and (iii) accountability procedures and delegation of authority in decision-making has been submitted to Parliament.	GOGR has enhanced border agency coordination by: (i) having all technical border control agencies processing trade transactions through ASYCUDA World; and (ii) establishing a single payment point for the private sector to comply with all border agencies whose revenues are transferred to GOGR's Consolidated Fund.		Reduction of the clearance time of border control procedures by half. Baseline (2013): approximately six working days Target (2016): approximately three working days
	Cabinet has approved a policy framework for PPPs that is immediately applicable to all investment projects.	MOF has established an institutional framework for PPPs, including a designated team within MOF with responsibility for PPPs, and processes and policies for managing the fiscal implications of PPPs.	Increase in the share of PPP projects under development that are proceeding according to the processes and requirements defined in the PPP Policy. Baseline (2013): 0% Target (2016): 100%

APPENDIX 1

Prior Actions under PBO 1	Prior Actions under PBO 2	Prior Actions under PBO 3	Results (December 2016)
	Cabinet has approved the policy for the amendment to the Electricity Supply Act based on the adopted policy changes towards a competitive cost of electricity.	Cabinet has approved the policy for independent regulation of the energy sector, including defining the role and function of the Eastern Caribbean Energy Regulatory Authority (ECERA), or an independent regulator such as the Public Utilities Commission in case ECERA is not fully functional.	Implementation of a new mechanism for electricity tariff setting. Baseline (2013): There is no existing electricity tariff setting mechanism. Target (2016): New electricity tariff setting mechanism is implemented.
The Recipient has endorsed a public sector modernization policy establishing *inter alia* procedures for: (i) strategically realigning public sector employment; (ii) strengthening management of selected agencies; and (iii) developing a results focus in planning and budgeting.	Public sector employment structures in three ministries and one government department are aligned with the functions and tasks of government entities, in line with the recommendations of the human resources audit conducted in 2010-2013.	A public sector employment policy in the education sector has been approved, aimed at optimizing the employment structure, and initial recommendations of the 2014 Organizational Assessment have been implemented.	Better alignment of the government employment structure with the recommendations of the HR audits. Baseline (2013): Functions and tasks in government entities are not aligned with the recommendations of the HR audits. Target (2016): Functions and tasks in government entities that employ at least 70% of the total government workforce as well as HR and payroll information are aligned with the recommendations of the HR audits.
The Recipient has adopted a policy framework for the strengthening of the design and programming of the Recipient's SSNs.	The Recipient has established eligibility criteria for application of the targeting instrument and started its implementation.		Increase in the number of social programmes using the targeting tool to identify beneficiaries. Baseline (2013): 0 Target (2016): 3
The Recipient's Cabinet has approved: (i) the Grenada Building Code and the Grenada Building Guidelines; and (ii) the Physical Planning and Development Control Bill, 2014, for submission to Parliament.	The Recipient's Cabinet has approved the Revised Road Traffic Bill.	Cabinet has approved enforcement mechanisms to support regulatory and physical planning, design standards and construction practices policies.	Increase in the proportion of new public/commercial buildings and private housing built in safe regulated areas, in accordance with regulatory acts. Baseline (2013): 0 % Target (2016): 50 % Increase in the percentage of engineers registered. Baseline (2013): 0% Target (2016): 40 %
	The Recipient's Cabinet has approved a Medium-Term Debt Management Strategy (MDMS).	A Procedures Manual accompanying the MDMS has been adopted by the Recipient's MOF.	Decrease of the share of debt with a maturity of less than 90 days. Baseline (2013): 17 % Target (2016): 10 %