

CARIBBEAN DEVELOPMENT BANK



SPECIAL DEVELOPMENT FUND (UNIFIED)

**MULTI-CYCLE EVALUATION OF THE
UNIFIED SPECIAL DEVELOPMENT FUND (1996-2004)**

SDF4 AND SDF V

September 2008

Multi-cycle Evaluation of the Unified Special Development Fund (1996-2004)

SDF 4 and SDF 5

Volume I –Final
Report

By:
Universalialia



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A c k n o w l e d g e m e n t s

Universalialia would like to thank the representatives from the Caribbean Development Bank, the government officials, stakeholders in the Borrowing Member Countries we visited, and the SDF Contributors, all of whom took time out to speak with us about the contributions of SDF 4 and 5 and the general evolution of the CDB's operational and strategic framework over the recent cycles of the SDF. The Evaluation and Oversight and Corporate Planning Divisions at the CDB provided much input to ensure the ongoing relevance of the study and to give us as much supporting documentation as was available to inform the evaluation.

Executive Summary

Introduction

Universalis is pleased to submit to the Caribbean Development Bank (CDB) this final report on the Multi-cycle Evaluation of the Unified Special Development Fund [SDF(U)] 4 and 5 covering the period 1996-2004. As outlined in the Terms of Reference, the objectives of the evaluation were to:

- determine whether the CDB has met the agreed obligations and commitments made during the replenishment and resolutions;
- identify the factors that have contributed to the advancement in the achievement of the core objectives of these two cycles and those constraining the achievement of results;
- identify SDF 4 and 5 contributions to development outcomes; and
- make recommendations which are forward looking and within the context of improving the administrative, policy and operational and monitoring and evaluation framework of future SDF replenishments.

Methodology

The methodology for this evaluation included document and file review, discussions with officers of the CDB, and discussions with representatives of the Contributors. Evaluation reports on specific projects, programmes, and sectors, and completion reports for two rural enterprise projects provided the primary source of information for the examination of the results of CDB operations. Field missions were conducted to four BMCs (Belize, Dominica, Guyana, and St. Lucia) to meet with representatives of Borrowing Member Countries (BMCs).

Several limitations to the evaluation are worth noting. These include: the absence of a culture of Management for Development Results (MfDR) at the CDB and at other MDBs during the time period under review; the limited SDF resources made available to each country, and the blending of these resources with Ordinary Capital Resources (OCR), which makes it difficult to establish direct relationships between the SDF and poverty reduction in the BMCs; the scope of the multi-cycle evaluation, which did not include a review of the effects of SDF projects on beneficiaries; the retrospective nature of the study and the corresponding challenges for corporate memory; and the fact that other thematic evaluations expected to contribute to an assessment of the two cycles were underway, but had not yet been completed at the time of writing this report.

Profile of SDF

SDF 4 marked CDB's new approach to achieving its mission by putting more emphasis on poverty reduction initiatives. The Resolution of Contributors to SDF 4 established that at least 40% of SDF 4 resources would be directed to poverty reduction projects. Contributors to SDF 4 also agreed to focus on less developed countries and to allocate more than 90% of SDF 4 resources to these countries.

The SDF 5 agenda called for the introduction of new tools and targets with the aim of strengthening the effectiveness of CDB's operations for poverty reduction. Among other commitments, 60 percent of SDF 5 resources had to directly target the poor and the poorest communities and the CDB aimed to develop or reinforce a set of delivery mechanisms, including a poverty prism and a modern system of project performance rating and evaluation, with the aim of improving CDB's effectiveness and efficiency.

Although the SDF has financed a substantial portion of CDB operations, its resources have gradually declined over time and, over the last years, have represented between 20%-30% of total CDB's net approvals. The increased use of the blending modality from SDF 4 to SDF 5 may be a result of the decline in contributions from SDF 4 (USD 1.25 million) to SDF 5 (USD 0.92 million).

Overall Relevance of SDF 4 and 5

The SDF has been relevant to BMCs because of its general accessibility, flexibility and country-level and poverty reduction focus. More specifically, stakeholders describe SDF relevance in terms of its advantageous lending conditions and grant availability, a wide sectoral coverage, its alignment with countries' poverty reduction strategies or national development plans, and finally, its focus on poverty reduction.

Despite these characteristics, some issues have been raised that will need to be addressed for SDF to remain relevant in the future, namely i) the balance between focus on specific areas and the varying needs of BMCs; ii) the limited amount of concessionary financing; and iii) the heavy procedures that are required to mobilise SDF resources in countries. In addition, the limitations of the SDF were described by respondents as i) overly ambitious targets and goals of the SDF 4 and 5, in particular given the absorptive capacity of CDB to deliver on diverse commitments; ii) a sector focus that is too broad; iii) CDB's limited promotion of the SDF in the region despite country visits by CDB Senior Management; and iv) limited coordination amongst non-regional Contributors in the definition of goals and objectives of the SDF 4 and 5.

SDF 4 and 5 Effectiveness

The report provides a two-part assessment of effectiveness by reviewing the extent to which the CDB met key commitments and targets with respect to poverty reduction and then analysing SDF-funded initiatives to explore their contributions in addressing poverty and vulnerability in the BMCs.

Meeting Targets and Commitments for Poverty Reduction – The CDB largely surpassed the poverty reduction targets that it set for the use of SDF 4 resources. A higher percentage of SDF 4 resources than originally planned were in fact allocated, approved, and disbursed in poverty reduction initiatives. The targets for resource allocation to poverty reduction proved more difficult to meet in SDF 5. This was mainly due to the ambitious level set by Contributors and to the fact that the target was based on assumptions with respect to BNTF levels, programming for Haiti and Suriname, and a large element of post-disaster “safety net” support for the poor. In addition, SDF 5 introduced many management changes at the CDB. The operational implications of the range SDF 5 commitments were not fully considered during the SDF 5 negotiations, which led to subsequent delays in implementation. SDF 5 improved slightly in comparison to SDF 4 in terms of disbursement, but some difficulties persisted due to factors at the CDB (development and administrative demands) and BMC weaknesses in terms of policy frameworks or institutional capacities.

CDB Contributions to Outcomes – The Evaluation Team found evidence of contribution to outcomes in important thematic areas of SF investments or special programme areas (such as BNTF). In the **education and human resources development** sector, the SDF 4 and SDF 5 projects reviewed had direct effects in terms of increased educational opportunities and employability in the education and HRD sector. In particular, the Evaluation Team found evidence of increased opportunities for primary and secondary education, improved opportunities for post-secondary education and increased employability. Between 1999 and 2003, for example, almost 5,000 students benefited from the Student Loan Scheme alone.

In the **rural development** sector, although the actual outcomes of the Rural Enterprise Development Projects were below expectations, the rationale for such projects continues to be strong as agriculture constitutes an important sector of the economy of these countries. The positive effects of the projects were i) the access to credit for agricultural production and other economic activities in the rural sector, benefiting people who would not otherwise have had access to such credit and the resulting opportunities for income generation; ii) the rehabilitation, emergence, development or growth of important economic activities in rural areas; and iii) the exploration of promising new areas of economic activity and development and dissemination of new techniques and approaches.

In terms of **targeted poverty reduction through BNTF**, while achievement of the BNTF 5 objectives was mixed, a number of positive changes occurred at the community level as a result of BNTF social infrastructure projects, such as access to better social infrastructure facilities, improved access to services, products and markets, enhanced community linkages and morale, and improved (health) conditions. The BNTF 5 encountered difficulties in meeting its targets for project approvals and disbursements, which were unrealistic considering the changes that had to be introduced and implemented at the CDB and in BMCs during the programme period.

In the **water and sanitation** sector, SDF-supported water supply projects visited for the evaluation have contributed to an improved water supply, but their effects have been limited to some degree by lack of institutional capacity and economic/financial factors. On the other hand, OECS waste management projects are likely to have strong institutional development impacts as they helped to build waste management authorities in several BMCs.

In the **natural disaster risk management** (NDRM) sector¹, the CDB's assistance has had generally positive results, making indirect contributions to poverty reduction and reducing vulnerability to natural disasters in some cases. Several outputs and activities are found to contribute to poverty alleviation, including the restoration of key access routes, payments to farmers for reparation of infrastructure, and other reconstruction and recovery activities.

Finally, in the area of **capability enhancement/regional cooperation via technical assistance programming**, an independent evaluation of study of CDB's TA operations suggests that TA operations have broadly reflected a number of major policy guidelines provided by SDF Contributors, the Bank's strategic planning, and the relevant sector strategies developed during SDF 4 and 5. Although the majority of CDB's TA operations reviewed were rated as satisfactory or better on the criterion of efficacy (based on CDB's PPES), a significant number of projects did not achieve their planned results.

Overall, the multi-cycle evaluation finds that the SDF investments have generated a wide array of valuable outputs. Where evidence exists, it is possible to identify how these outputs are making contributions to development outcomes. The report also highlights several of the factors – both internal to the CDB and in the BMCs—that have limited or facilitated progress towards outcomes.

Effectiveness and Efficiency of Delivery Mechanisms

The SDF 5, in particular, introduced a number of key delivery mechanisms and operational changes to improve the CDB's performance.

¹ The assessment in this report is based on *preliminary* findings from an external evaluation study commissioned by the CDB on its NDRM assistance.

Millennium Development Goals (MDG) – The CDB collaborated with multilateral and bilateral agencies and BMCs to articulate the beginnings of a Caribbean-based MDG (CMDG) framework in 2004/05. The joint efforts to operationalise the CMDG framework took longer than expected and the use of the CMDGs by BMCs is still in early stages. CDB is, however, a small player in this field, which is being led by the UNDP and CARICOM. In moving forward, the Contributors and the CDB should determine a role that is appropriate for the CDB to play in the CMDGs given its capacity and the other actors involved.

Country Poverty Assessment (CPA) – CPAs play a vital role in the advancement of the Bank's work in the Caribbean region. CPAs have, for example, been used in the formulation of BMC Poverty Reduction Action Plans (PRAPs) as a measure for targeting the poorest people and their communities and for the allocation of BNTF 5 resources. CPAs have also helped to generate public interest on topics such as the high proportion of working poor in some countries and the poverty of households headed by single women. Nonetheless, there have been important delays in keeping the content of CPAs up to date. The CDB and Contributors might reinforce the importance of high-quality CPAs and give priority to their development and updating for the upcoming SDF cycle.

Country Strategy Papers (CSP) – CSPs provide the Bank with a key instrument to inform results-oriented programming and align the Bank's work with BMC priorities. Some progress has been made in making the CSPs more results-focused --the most recent CSPs for Belize, St. Lucia, and St. Kitts and Nevis illustrate this shift. The human resource constraints in the CDB continue to affect its capacity to achieve the desired outcomes for CSPs. The Bank has recently filled some of the vacant professional posts, but it is unclear if this will allow it to meet an ambitious CSP schedule. In the absence of an increased staffing commitment, the Bank's capacity to produce country strategies is bound to remain relatively low. CSPs should be given a priority in SDF 7 and could be reinforced through joint missions and analytical work with other donors.

Partnership and Extended Membership – During SDF 4 and 5, CDB actively developed partnership agreements with development agencies and donor countries in Europe and Asia. Overall, however, CDB has had limited results in meeting its partnership agenda due to a number of reasons, including: the unreliability of BMC procurement systems, divergence among donors on standards to ensure BMCs accountability, and CDB's due diligence procedures. CDB planned to expand its membership to the broader Caribbean but faced some obstacles in doing so during SDF 5. (Haiti did join the Bank in 2007, during SDF 6). The data collected for this multi-cycle evaluation suggest that the CDB inadequately assessed the level of resources, incentives, and skills required to develop partnerships and extend its membership.

Poverty Prism – The aim of the Poverty Prism is to better centre SDF in terms of its relevance to and impact on poverty through broad-based self-sustaining economic growth. Under SDF 5, the CDB developed and began to apply the Prism in its operations. The CDB, recognising the challenges associated with application of the Prism, developed a series of toolkits on how to integrate poverty reduction into different sectors. Interviews with CDB Operations Officers suggest that, although the Poverty Prism itself is not well known at the Bank, the importance of poverty reduction as an objective to be included in all projects and sub-projects is well articulated by staff.

Poverty reduction strategy (PRS) – The development of a PRS represents a significant step forward for the CDB and its BMCs in the harmonisation of development assistance around the MDGs and the Paris Declaration on Aid Effectiveness. The approval of the PRS took longer than expected – almost three years from the time of the first working paper to the last revision in October 2004; delays in the preparation and operationalisation of the PRS may have limited the performance of the Bank during this period.

Project Performance Evaluation System (PPES) –The PPES represents an important step in the improvement of the monitoring and evaluation (M&E) function at CDB, yet after seven years of implementation, it may be that the PPES is more complex than it needs to be and that its complexity is limiting its usefulness to management. The complexity is due to the extent of the criteria, challenges in applying the criteria, the fact that PPES scores are not regularly re-assessed, and that PSR information is not up to date. CDB may want to better align its project performance monitoring system with the criteria and approaches being used by the other MDBs, which have implemented systems with fewer criteria.

Management for Development Results (MfDR) – During SDF 5, CDB began to institutionalise its approach to RBM. Several important steps were taken fairly quickly and required changes in the processes and culture of the CDB. However, the Evaluation Team recognises that resource constraints have limited, and may continue to limit, the extent of MfDR implementation. MfDR requires staff time, which means a potential increase in transaction costs. MfDR was only one of the initiatives that the CDB adopted during SDF 5. Each initiative required human resource and system capacities that were not in place in 1996. As CDB tried to move forward in each of these areas, operations were often slowed down.

Conclusions

Overall, the study identifies a positive evolution in the approach of the CDB during SDF 4 and 5. The CDB has introduced significant changes in its strategy and policy frameworks, instruments and tools for guiding its programming, as well as in the systems it uses to plan, supervise, and evaluate its work. Despite limited data on outcomes, the evaluation team found indications that CDB has contributed to positive effects in BMCs that could and should lead to positive development outcomes.

Such changes do not occur quickly. CDB has faced constraints in trying to respond to its commitments in SDF 4 and 5, particularly in terms of capacities (human resources and skill mix) to keep pace with an expanded agenda. As CDB moves into SDF 7, it should consider how to simplify the scope of its commitments, so that it does not again accept enormous challenges within a zero-growth budget.

Considerations for SDF 7

The evaluation report provides policy, management and project level considerations for the CDB and its Contributors in finalizing negotiations for SDF 7.

Policy level

Holistic orientation and greater focus: continue to emphasise a country-based agenda. One of the themes emerging from this report is the need for the Bank to focus on areas that are clearly within its niche and not spread its resources too thin. To this effect, the CDB should consider:

- Reinforcing the country-based agenda that is at the heart of MfDR, including the role of CSPs;
- Reporting more on what it is trying to achieve as contribution to the MDGs and national plans;
- Strengthening its own results framework by linking CSP to corporate results;
- Introducing country strategy evaluations into its evaluation work programme.

If the CDB is to strengthen the country-based agenda, then it will also need to identify the implications of this for its resource capacities (human, financial, and systems).

Consolidate and simplify existing areas, rather than take on more issues and themes. The themes of SDF 7 are still defined in broad terms and at this stage it is imperative that the CDB carefully assess the implications of each of the themes and define its role and planned results in that area for the SDF 7 cycle. For example, what role will the CDB play with regard to addressing the MDGs? What are the implications for the organization of taking on such a role?

With regard to programming areas, the CDB might consider: ongoing support to BNTF; defining its particular comparative advantage in the environment, especially in the areas of climate change, risk assessment and disaster mitigation, preparedness and recovery; education sector, particularly through SLS and TVET; and economic infrastructure.

Play a more proactive role in regional cooperation and integration and clarify the organizational implications of such a role. It is incumbent on the CDB as a Pan-Caribbean development institution to be more proactive in regional efforts, (e.g. continuing to work effectively with CARICOM to develop a regional development strategy, which elaborates a more specific role for CDB). However, the first step in this regard is for the CDB to articulate (i) in what areas it will play a leadership role; (ii) what leadership means in the regional context; and (iii) the organizational implications (in terms of staffing, structure, systems, etc.) of playing that role.

Enhance and Deepen MfDR at the corporate level. CDB is taking some steps to integrate MfDR through ongoing consultancies. As it continues these initiatives, we recommend that CDB consider how the three pillars (at the country and regional level, at the institutional and corporate level, and through partnerships, harmonisation and alignment) can be more strongly linked together rather than treated as separate or parallel initiatives. The emphasis on MfDR will also help the CDB to address the concern raised in this report about the lack of information on results and particularly the contributions to development outcomes

Continue strengthening capacity for MfDR at the BMCs. The CDB should continue collaboration with IDB (Program to Implement the External Pillar of the Medium Term Action Plan for Development Effectiveness - PRODEV) to assist OECS countries in developing action plans to improve performance, management, monitoring and evaluation capacity of the public sector. The PRODEV capacity building is as important as project management training and in fact, there may be opportunities to enhance the core curriculum of CDB's project management training so as to ensure greater linkages to concepts and approaches of MfDR.

Management Level Considerations

At corporate level, strengthen investment and TA information on results. If the CDB would like to report on its contribution to development results, it will need to change the way it reports on operations, which would not only require guidelines, but also need to be reflected in staff training programs and in incentives/rewards systems for management and staff. Thus, the CDB might consider:

- Revising supervision reports and completion report format and content (results orientation);
- Adopting a system of quality control of these reports, as recommended by the ongoing consultancy;
- Developing incentives and measures for ensuring that adequate completion reports are available for every project.

Continue to strengthen monitoring and evaluation functions in CDB and support greater evaluation capacity in BMCs. There are several areas in which the CDB could strengthen its monitoring and evaluation functions, which may have implications for staffing skills and resourcing of both Operations and the Evaluation Division.

CDB should consider:

- simplifying the system based on PPES in order to align its project monitoring criteria and approach with those being applied by the other MDBs;
- reinforcing the monitoring function at the CDB, which is in the Projects Department, and the compliance with quality at entry criteria;
- strengthening its systems for capturing performance information on projects through supervision reports and completion reports.

If completion reports were available for all projects, the ex-post evaluation function could be replaced by more strategic areas of evaluation and evaluation capacity building that could include:

- greater work at country level, such as evaluations of Country Strategies that would review the Bank's support across sectors;
- strategic thematic evaluations, such as, for example, an assessment of the Bank's contributions to education or to regional cooperation and collaboration;
- building a grant for evaluation into the loan to the BMCs, so that the monitoring and evaluation component, and ex-post evaluation if needed, can be commissioned by the executing agency;
- supporting alternatives to strengthen capacity for M&E at the country level (through TA to specific units or ministries, training programmes, support for regional training initiatives, etc).

Enhance development partnerships: strengthen leadership, incentives and processes for harmonisation. CDB articulate how it will enhance partnerships, as well as the implications for Senior Management and Operation Staff of such a commitment. Once the approach to partnerships is better defined, the Bank could consider developing incentives and strengthening operational processes so that coordination and harmonisation are incorporated into annual work plans.

Improve capacity to implement. In order to meet expectations for SDF 7, the CDB will need to ensure that it has the right staffing, both in terms of levels of staff and skill mix. In addition, it may want to consider adopting alternative staffing arrangements. If the capacity to take on certain commitments does not exist in the Bank, CDB should be able to contract out a multidisciplinary team. For example, the CDB could distinguish between conventional supervision (compliance) and a more facilitative monitoring role that includes coaching project partners in resolving their problems. This might require a two-person team approach that is at least partially outsourced.

Project Level Considerations

At the project level, there are five considerations that emerge based on factors that appear to have constrained the effectiveness of SDF. CDB should continue to explore how to:

- Improve BMC capacity to manage projects given that institutional factors often limit the potential effects of projects. The limitations arise from inadequate systems or HR capacity in the BMC executing agency.
- Make project procedures and requirements more flexible. The evaluation reports (NDRM and BNTF) often comment on the need for CDB to explore how it can introduce more flexibility in the application of its procedures.

- Meet the challenges of poverty targeting. This will require improving information, resources, facilitation skills, or outreach necessary to identify, select and effectively reach the target groups during implementation.
- Adapt project design to the realities of beneficiaries so that adequate staffing—with the necessary skills-- can be arranged for project implementation.
- Enhance project sustainability by adopting a more proactive approach to ensuring that infrastructure maintenance is included in loan design and follow up.

A c r o n y m s

AIDS	Acquired Immune Deficiency Syndrome
AWPD	Annual Work Programme and Budget
BMC	Borrowing Member Country
BNTF	Basic Needs Trust Fund
BOD	Board of Directors
BOG	Board of Governors
CARD	Community Initiated Agricultural Rural Development Project
CARICOM	Caribbean Community
CARIFORUM	Caribbean Forum of African, Caribbean and Pacific (ACP) States
CARTAC	Caribbean Regional Technical Assistance Centre
CBO	Community Based Organisation
CDB	Caribbean Development Bank
CDERA	Caribbean Disaster Emergency Response Agency
CDF	Comprehensive Development Framework
CEE	Common Entrance Examination
CIAC	Community Implemented and Advisory Committee
CIDA	Canadian International Development Agency
CLO	Community Liaison Officer
CMDG	Caribbean Millennium Development Goal
CNA	Community Needs Assessment
CPA	Country Poverty Assessment
CPI	Continuous Performance Improvement System
CPS	Composite Performance Score
CSME	Caribbean Single Market and Economy
CSP	Country Strategy Paper
CTCS	Caribbean Technological Consulting Services
CXC	Caribbean Examinations Council
DFI	Development Finance Institutions
DFID	Department for International Development
DOWASCO	Dominica Water and Sewerage Company

A c r o n y m s

DPLPS	Dame Pearlette Louisy Primary School
DPPWG	Partners Poverty Reduction Working Group
DREP	Dominica Rural Enterprise Project
EDF	European Development Fund
EOV	Evaluation and Oversight Division
ERG	Emergency Relief Grant
ETVET	Enhancement of Technical and Vocational Education and Training
EU	European Union
FAO	Food and Agriculture Organisation
GOG	Government of Guyana
GOSL	Government of Saint Lucia
HIPC	Heavily Indebted Poor Country
HIV	Human Immunodeficiency Virus
HRD	Human Resources Development
ICT	Information and Communications Technology
IDB	Inter-American Development Bank
IDMAG	International Development Management Advisory Group
IFAD	International Fund for Agricultural Development
IFI	International Financial Institutions
IRL	Immediate Response Loan
IT	Information Technology
JSIF	Jamaica Social Investment Fund
LFA	Logical Framework Analysis
M&E	Monitoring and Evaluation
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
MfDR	Managing for Development Results
MIS	Management Information System
MPWC	Ministry of Public Works and Communication
MSE	Micro and Small-scale Enterprise
MTE	Mid-Term Evaluation
NAT	National Assessment Team

A c r o n y m s

NDRM	Natural Disaster and Risk Management
NGO	Non Governmental Organisation
NPRS	National Poverty Reduction Strategy
OAS	Organisation of American States
OCR	Ordinary Capital Resources
ODA	Official Development Assistance
OECS	Organisation of Eastern Caribbean States
OM	Operations Manual
PAHO	Pan-American Health Organisation
PIU	Project Implementation Unit
PMU	Project Management Unit
PPES	Project Portfolio Evaluation System
PPI	Portfolio Performance Index
PPMS	Project Portfolio Management System
PRAP	Poverty Reduction Action Plan
PRES	Poverty Reduction Effectiveness Situation
PRODEV	Program to Implement the External Pillar of the Medium Term Action Plan for Development Effectiveness
PRS	Poverty Reduction Strategy
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
PSC	Project Steering Committee
PSDD	Private Sector Development Division
PSR	Project Supervision Report
PSSDDG	Poverty and Social Sector Development Donors Group
QAE	Quality at Entry
RAS	Resource Allocation Strategy
RBM	Results-Based Management
REDP	Rural Enterprise Development Project
REP	Rural Enterprise Project
RPG	Regional Public Good
RRL	Rehabilitation/Reconstruction (Capital) Loan

A c r o n y m s

SDF	Special Development Fund
SDF(O)	Special Development Fund Other
SDF(U)	Special Development Fund Unified
SFR	Special Fund Resources
SLCs	Survey of Living Conditions
SLS	Student Loan Scheme
SPARC	Support for Poverty Assessment and Reduction in the Caribbean
STL	Saint Lucia
SVG	Saint Vincent and the Grenadines
SwAp	Sector-wide Approach
TA	Technical Assistance
TCI	Turks and Caicos
TCICC	Turks and Caicos Islands Community College
TVET	Technical and Vocational Education and Training
UFW	Unaccounted-for-Water
UN	United Nations
UNDP	United Nations Development Fund
USAID	United States Agency for International Development
USD	United States Dollar
VP	Vice-President
WB	World Bank

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1. Introduction

The Special Development Fund (SDF) was established by the Charter of the Caribbean Development Bank (CDB) in 1970 to help finance projects of high developmental priority in Borrowing Member Countries (BMC) at more advantageous conditions – longer maturities, longer deferred commencement of repayment, and lower interest rates – than those that apply to CDB's Ordinary Capital Resources (OCR). The SDF received financial support from several contributors and lenders which required compliance with a variety of rules and conditions that made the Fund's administration complex. In 1983, to overcome such inefficiencies in managing the Fund, the CDB Board of Directors (BOD) established a separate pool of funds within the SDF with simpler rules – the Unified Special Development Fund or SDF (U). The SDF (U)² is funded with contributions provided on a four-year basis by regional Contributors³ and non-regional Contributors.⁴

Since its establishment, there have been six cycles: SDF 1 from 1983 to 1987, SDF 2 from 1988 to 1991, SDF 3 from 1992 to 1995, SDF 4 from 1996 to 2000, SDF 5 from 2001 to 2004, and SDF 6 from 2005 to 2008. At the time of writing, the meetings of Contributors for the seventh replenishment of the Fund (SDF 7) had begun.

Universal Management Group, a monitoring and evaluation firm based in Canada, was contracted in January 2008 to carry out a Multi-cycle Evaluation of the Unified Special Development Fund 4 and 5 (1996 – 2004). This document constitutes the Final Report of the Multi-cycle Evaluation.

As outlined in the Terms of Reference (see Volume II, Appendix VII), the objectives of the evaluation were to:

- determine whether the CDB has met the agreed obligations and commitments made during the replenishment and resolutions;
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- identify SDF 4 and 5 contributions to development outcomes; and
- make recommendations which are forward looking and within the context of improving the administrative, policy and operational and monitoring and evaluation framework of future SDF replenishments.

This report is organised into seven chapters. Following this introduction, Chapter 2 provides an overview of the evaluation methodology, and Chapter 3 presents a profile of the SDF 4 and 5. Chapters 4, 5 and 6 present the findings of the evaluation on the relevance and effectiveness of the Fund and the effectiveness and efficiency of delivery mechanisms. The final chapter presents conclusions and recommendations to be considered in the ongoing discussions on the 7th replenishment of the Fund.

² In this report, SDF will be used to refer to SDF(U).

³ Regional Contributors include BMCs (Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, British Virgin Islands, Cayman Islands, Commonwealth of Dominica, Grenada, Guyana, Haiti, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Turks and Caicos) and non-BMCs (Colombia, Mexico, and Venezuela).

⁴ Non-regional Contributors are Canada, Germany, Italy, UK, and China. The Netherlands was a non-regional Contributor from SDF 1 to SDF 4. All non-regional Contributors are non-borrowing countries.

2. Methodology

The methodology for the evaluation was based on the approved evaluation matrix presented in Volume II, Appendix I, which outlines the main issues and evaluation questions (relevance, effectiveness, efficiency and programme administration) and the potential sources of data and methods of collection. The evaluation team consisted of four members, led by Dr. Marie-Hélène Adrien. The members of the evaluation team and their respective roles in the study are described in Volume II, Appendix II. The study was carried out between February and August 2008. The Evaluation Team used a mix of qualitative and quantitative techniques in data collection and analysis. The main components are briefly described below.

Field Missions

The Evaluation Team made three visits to CDB headquarters in Barbados, to meet with CDB staff and senior management, and conducted field missions to four BMCs between April and June 2008 to identify broad points of effectiveness of the two SDF cycles and their relevance to BMCs, and to generate insights on CDB's contributions to development outcomes, particularly in priority thematic areas of the two SDF cycles. The schedule of field visits is provided in Volume II, Appendix II.

Country Selection

The countries selected for field visits (Belize, Dominica, Guyana, and St. Lucia) are less developed countries that have been the greatest beneficiaries of the SDF. The Evaluation Team used four main criteria for identifying the countries to be visited: (i) the largest users of the SDF, based on the percentage of SDF resources approved; (ii) SDF project portfolios that reflect the diversity of SDF 4 and 5 programming instruments (loans, technical assistance grants, and other grants) in most of the thematic areas; (iii) the number of completed projects in the portfolio; (iv) countries that were not the subject of other evaluations (e.g., Jamaica, the second-largest user of SDF, is the subject of a concurrent evaluation on CDB's assistance to Natural Disaster Risk Management - NDRM).

The SDF portfolio by theme for the selected countries is presented in Volume II, Appendix III.

Stakeholders Consulted

A total of 64 stakeholders were consulted for the evaluation. A complete list is provided in Volume II, Appendix IV.

In the BMCs, interviews were conducted with central and line ministries, project managers, and beneficiaries of SDF-funded projects (in Belize and Dominica). Other donors from multilateral development banks and bilateral agencies were interviewed in Guyana. The team interviewed staff and senior management at the CDB, three members of the CDB BOD, directors from non-regional member countries, and SDF Contributors of the United Kingdom, Canada and China. A focus group was conducted in Belize with selected representatives of regional Contributors from BMCs.

A short survey intended to broaden consultation and complement other forms of data collection was sent to 37 members of the BOD and Board of Governors (BoG); only two responded.

Document Review

The Evaluation Team reviewed a variety of corporate documents, including SDF Annual Reports, SDF Mid-Term reviews and performance reviews, CDB Strategic Plans, annual project portfolio reviews, and CDB lending policies, among others. The list of documents reviewed is presented in Volume II, Appendix V.

Desk Review of CDB Projects

The Evaluation Team initially selected a sample of 79 projects for file review, focusing on completed projects that had not been subject to evaluation. However, Project supervision reports (PSRs) were available only for 53 projects. The list of projects is provided in Volume II, Appendix VI.

The desk review included:

- 53 projects approved between 1996 and 2004 that were funded through a country allocation formula. The Evaluation Team reviewed 46 PSRs covering 53 projects⁵ (representing 11 percent of the SDF 4 and SDF 5 projects, and 18 percent of the net approvals of the two cycles).
- 18 regional projects that were supported through fixed allocations for regional initiatives. Since regional projects are usually funded through CDB's Technical Assistance (TA) programme, PSRs were not available for these projects. Instead, the primary source of information was the 2007 evaluation of CDB's TA operations.

The sample's focus on completed projects resulted in an SDF 4 bias (80 percent of the completed projects and 90 percent of the resources expended were drawn from SDF 4). However, this approach made sense given CDB's need for insights on its contributions to development outcomes.

Evaluation reports on specific projects, programmes, and sectors, and completion reports for two rural enterprise projects provided the primary source of information for the examination of the results of CDB operations.

The results of the NDRM Assessment were made available in draft form in August 2008 and were integrated in this draft report. The results of the Caribbean Technological Consulting Services (CTCS) evaluation were not yet available.

Limitations

There were a number of limitations to the evaluation. The first was that the multi-cycle evaluation was tasked with reporting on the development outcomes of CDB capital projects and technical assistance in different sectors. However, these SDF initiatives were designed at a time when neither the CDB, nor other multilateral development banks (MDBs), were explicitly identifying and managing towards development outcomes. Management for Development Results (MfDR) only began to take hold among the MDBs during the SDF 5.

Tracing CDB contributions to development outcomes in the BMCs is challenging for a number of other reasons.

- 1) The limited SDF resources available to each country make it unlikely that a statistically significant relationship can be established between SDF initiatives and poverty reduction in the BMCs. A similar finding came out of the review of Asian Development Fund VIII and IX operations.⁶ In Guyana, for example, the CDB provided only between 4 percent (2000) to 6 percent (2005) of Guyana's Official Development Assistance (ODA).⁷ It may be, however, that in certain sectors in the Organisation of Eastern Caribbean States (OECS) countries (education, for example), CDB is making a more significant investment in relation to other development partners.

⁵ The PSRs on consolidated lines of credit cover more than one project.

⁶ Asian Development Bank, Operations Evaluation Department, *Special Evaluation Report on Asian Development Fund VIII and IX Operations*, December 2007, p. 18

⁷ IDB, Guyana Country Programme Evaluation, June 2007.

- 2) The CDB often blends its Ordinary Capital Resources (OCR) with SDF resources in providing loans to the BMCs, thus making it difficult to separate out the effects of SDF.
- 3) The CDB does not have adequate evidence of its contribution to results: The Bank lacks baseline information for its projects; there is a scarcity of reporting on results achievement (even at the level of outputs) in PSRs; there are very few completion reports; and there is limited ex-post evaluation or follow-up documentation that would allow for tracing contributions to outcomes from individual operations or from sectoral investments. One of the few sources available, the PSRs, were found to be inconsistent in terms of the completeness and quality of their information.
- 4) The results-oriented Country Strategy Papers (CSPs), which could provide a basis for assessing the Bank's contribution to BMC development goals at the country level, were still in incipient phases during SDF 4 and SDF 5.
- 5) The resources allocated to the multi-cycle evaluation did not allow for field work to gather data on project effects on beneficiaries in all of the BMCs. Only in Belize and Dominica was it possible to meet community beneficiaries associated with a small number of SDF projects.
- 6) Two thematic evaluations that could have added significant value to this multi-cycle review were taking place concurrently: the NDRM Assessment, and the evaluation of the CTCS. The CTCS evaluation was not available at the time of writing, and, as noted above, preliminary findings of the NDRM were analysed and integrated into this report.

Another limitation to this evaluation was its timing as a retrospective study that examined an 8-year period that ended in 2004. First, there was clearly some fatigue among CDB stakeholders who had already heard from other studies about the Bank's strengths and weaknesses during that period. In addition, it was difficult to find respondents who had worked on SDF 4 and SDF 5 projects, and those who were available often had limited recall about the CDB and the SDF role during that period.

For a study of this nature to be relevant today, it must be situated in the context of operational shifts that were introduced under SDF 6 and that are being considered in current negotiations for SDF 7. For this reason, the Evaluation Team has given special consideration in this report to the potential policy implications for SDF 7.

3. Profile of SDF

3.1 Introduction

In order to provide the reader with the context and background for the evaluation findings that are presented in the following three chapters, this chapter presents a brief a profile of the SDF, including its priorities, funding allocation system, and its relation to other CDB resources.

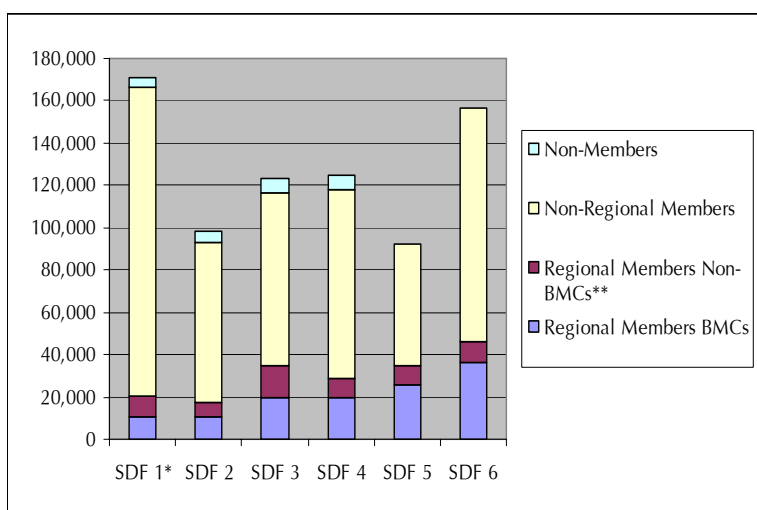
3.2 SDF Themes and Priorities

Due to the increasing role of the private sector in the financial flows to developing countries, CDB's initial focus on employment and infrastructure projects has slowly moved to poverty reduction projects that target the poor and low-income groups. The SDF themes and priorities are defined during the negotiations for each of the replenishments. The SDF 4 and 5 introduced themes or emphases for the CDB's operations, as well as new ways of operating as an institution. This evolution is illustrated in Appendix I of this document. As discussed in section 6, the most recent replenishment cycles have gradually introduced new tools – such as the Caribbean-specific Millenium Development Goals (CMDGs), the Poverty Prism, and the Country Poverty Assessment (CPA) – to increase the effectiveness of CDB's operations in terms of poverty reduction.

3.3 Contributions

Contributions and pledges to the SDF over its six cycles of operation have totalled United States dollars (USD) 766.4 million. Of this figure, non-borrowing members have contributed 84 percent and borrowing members have contributed 16 percent. As shown in Exhibit 3.1, contributions to the Fund have varied considerably over the years – from a high of USD 171.0 million in SDF 1 to USD 0.92 million during SDF 5. The significant decrease from SDF 4 to SDF 5 can be attributed to the Netherlands stopping its contributions after SDF 4 and France's withdrawal in October 2000. In addition, Italy, China and Germany decreased their contributions by 76 percent, 78 percent and 53 percent respectively.

Exhibit 3.1 Contributions to SDF (USD '000)



* The SDF 1 contributions include amounts originally contributed to earlier special funds

** Mexico's contribution in 1984 and 1988 (USD 5million and USD 3.33 million) was to 'SDF Other' [SDF(O)]

Source: CDB, Special Development Fund Sixth Replenishment. SDF Mid-Term Review. September 2007, p. 11.

The decrease in total contributions resulted in a decline in SDF 4 and SDF 5 programme levels⁸ in comparison to previous cycles.⁹ However, as a result of increased contributions from Canada and United Kingdom, the SDF 6 programme level reached USD 257.5 million, the highest level to date.

3.4 Allocation of Funds

SDF resources are channelled to BMCs or regional initiatives or organisations, through either loans or grants, for projects that respond to their needs within the CDB strategic framework.

Country Classification

SDF classifies countries into four groups that distinguish less developed countries from more developed countries (as articulated in the CDB Articles of Agreement). The four country groups are based on the following criteria: per capita income, economic diversification, quality of physical infrastructure, level of external debt and debt servicing, and fiscal performance.

The classification groups have been used for the following purposes:

- establishing country allocations;
- setting terms and conditions for SDF lending;
- providing a basis for the blending of SDF and OCR funding at the country level.

As of SDF 5, the country group classification is no longer used to establish country allocations of SDF resources (these are now established with a resource allocation strategy described below) but is still used for setting terms and conditions and blending.

The country groups have changed over time, and the most recent country group classification is shown in Exhibit 3.2.

Exhibit 3.2 Country Group Classification

GROUP	COUNTRY
1	Bahamas, British Virgin Islands, Cayman Islands
2	Anguilla, Antigua and Barbuda, Barbados, Trinidad and Tobago, Turks and Caicos Islands
3	Belize, Dominica, Grenada, Jamaica, Montserrat, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines
4	Guyana, Haiti, Suriname

Source: CDB, Resolution and Report of Contributors on SDF 6; p. 37

According to this classification, countries in Group 1 are not entitled to receive allocations from SDF except in the case of regional projects, technical assistant projects, projects aimed at promoting good governance, and projects focused on poverty.¹⁰ Countries in groups 2, 3, and 4 are entitled to receive allocations from SDF, but the terms of lending vary by group. The terms of SDF lending for the four country groups and for regional projects applied in SDF 6 are presented in Appendix II of this document.

⁸ Programme level is calculated as the sum of the following items: commitment authority carryover; expected net income; loan repayments; pledged contributions; and structural gap.

⁹ See CDB, Annual Report 2006 and Financial Projections 2007-2009: "Building Capacity and Reducing Poverty in the Caribbean". March 2007; p. iii.

¹⁰ Before the introduction of the resource allocation strategy (RAS) in SDF 5, allocations to countries in Group 1 were not subject to these limitations.

Resource Allocation Strategy (RAS)

During SDF 5, a new RAS was developed with the aim of increasing the effectiveness of resource utilization. The RAS formula considers and balances two components: country needs, measured in terms of vulnerability, and their absorptive capacity, that is, their capacity to make use of concessionary resources effectively. Thus, the formula provides an incentive for good policy and institutional performance.

BMC and Regional Allocations

Data on SDF allocations are presented in Appendix II of this document and are briefly summarised below.

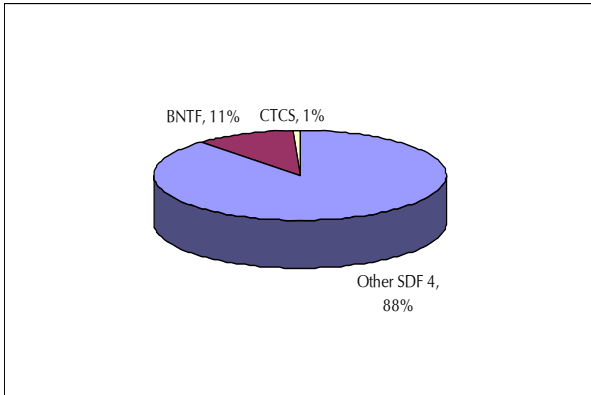
- From SDF 4 to SDF 6, country allocations totalled USD 301.3 million, representing 52% of the total sum of the programme levels of the last three cycles. As shown in the graphic below, country allocations have represented the most important share of SDF resources during the fourth and fifth cycles.
- While most SDF resources are directed to BMCs, a quota has always been set aside for regional projects. Most regional projects are small technical assistance projects that fund activities such as conferences, workshops, and training. Over time, regional projects have increasingly focused on good governance and institutional strengthening with the aim of supporting regional cooperation and integration and increasing the effectiveness of certain operations. Under SDF 4, Contributors expected the projects to benefit primarily the member countries of the OECS. Following the recommendations of the *Performance Review* of SDF 4, for the operational strategy of SDF 5, CDB identified key areas to be targeted through regional initiatives such as Human Immunodeficiency Virus (HIV)/Acquired Immune Deficiency Syndrome (AIDS), health sector reform, education, environmental protection and regulation, and international trade.
- In SDF 4 and SDF 5, regional projects represented 10 - 13% of total SDF allocations approved (see Appendix II). The amount allocated has fluctuated from USD 7 million in SDF 4, to USD 5 million in SDF 5, to USD 10 million in SDF 6 for regional integration and the provision of regional public goods (RPGs). The recent increase can be attributed to the high priority given to regional cooperation in CDB's 2005-2009 Strategic Plan.

SDF Allocations for Special Programmes

SDF resources are also directed towards two special programmes: the Basic Needs Trust Fund (BNTF) and the TA programme, which includes the CTCS. The BNTF is known as the CDB's flagship poverty reduction initiative. The BNTF represented between 5% and 21% of the SDF approvals in the 4th and 5th cycles, respectively. Further information on BNTF is provided in section 5.

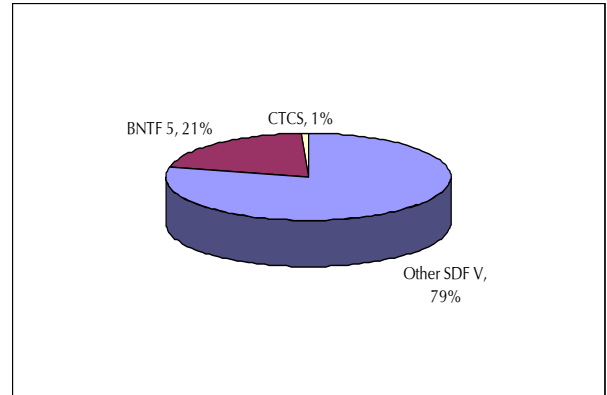
Under CDB's charter, the provision of technical assistance is one of the principal functions of the Bank and represents an important complement to its investment lending and broader advisory roles. The CTCS, a sub-programme of CDB's TA, is a network operated by the Private Sector Development Division (PSDD) of the CDB in cooperation with regional and national institutions, laboratories, industrial enterprises, and consultants. CTCS contributes to strengthening private sector capabilities by linking people who have business and technical experience with businesses that need consulting advice and assistance. The CTCS represented a small amount (about 1%) of SDF approvals in both SDF 4 and 5. The BNTF and CTCS approvals in SDF 4 and SDF 5 are presented in Exhibits 3.3 and 3.4.

Exhibit 3.3 BNTF and CTCS Approvals – SDF 4



Source: CDB, SDF Annual Report data in excel files "sdf4Loans &Grants.XLW"

Exhibit 3.4 BNTF and CTCS Approvals – SDF 5



Source: CDB, SDF Annual Report data in excel files "sdf5Loans &Grants01_03Newthemes.XLW"

3.5 SDF in Relation to Overall CDB Operations

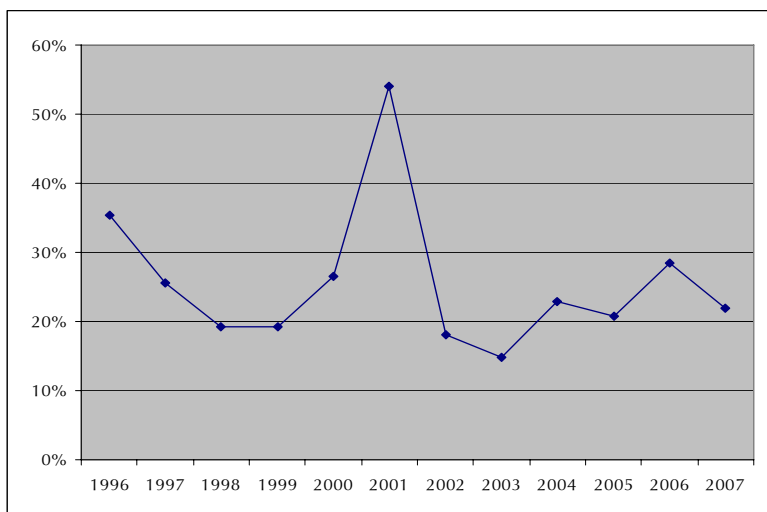
SDF represents an important source of financing for CDB to achieve its mission. In comparison to OCR, SDF resources are seen as the soft side of CDB operations as they are associated with more advantageous lending conditions. CDB blends these two types of resources for several reasons:

- The availability of SDF resources;
- The desire to spread limited concessionary resources over a number of projects (in some cases to broaden CDB's influence on institutional or policy issues);¹¹
- The assessment that specific project components, such as institutional strengthening, may be more suitable for SDF financing.

Although the SDF has financed a substantial portion of CDB operations, its resources have gradually declined over time and, over the last years, have represented between 20%-30% of total CDB's net approvals (see Exhibit 3.5). The peak in 2001 was most likely due to the approved allocation of USD 32 million for BNTF, which was financed entirely through SDF grants. Without that amount, the share of SDF net approved resources in 2001 would have been around 30%.

¹¹ Briefing Note on the Special Development Fund Unified (2007) as reported by Rideau Group Consultants, SDF (U) 6 Mid-Term Review. November 2008, p. 105.

Exhibit 3.5 Percentage of Net Approvals from SDF over Total Net Approval from CDB Funds



Source: CDB, data in excel file "SDFTotalApp96-07.xls"

The increased use of the blending modality from SDF 4 to SDF 5 may be a result of the decline in contributions from SDF 4 (USD 1.25 million US) to SDF 5 (USD 0.92 million US).

3.6 SDF 4 and 5: Key Commitments and Themes

SDF 4 Key Commitments and Themes¹²

SDF 4 marked CDB's new approach to achieving its mission by putting more emphasis on poverty reduction initiatives. The Resolution of Contributors to SDF 4 established that at least 40% of SDF 4 resources would be directed to poverty reduction projects in the following areas:

- Rural and urban community development;
- Small-scale enterprise credit and associated TA programmes;
- Continuation of the BNTF Programme;
- Skills training for the youth and the unemployed;
- Shelter upgrading for low income housing; and
- Programmes to address gender issues which militate against broader participation of both sexes in economic activity.

The other themes eligible for SDF funding were human resources development, environment and sanitation, institutional strengthening, and other infrastructure (i.e., essential socio-economic non-financially self-liquidating physical infrastructure).

Contributors to SDF 4 also agreed to focus on less developed countries (i.e., countries in groups 3 and 4) and to allocate more than 90% of SDF 4 resources to these countries. They also recommended funding programmes and projects that supported country assistance strategies and that paid adequate attention to gender issues in SDF project design and implementation.

¹² While SDF funding is usually provided in four-year replenishments, SDF 4 was extended by one year as a result of the People's Republic of China joining the Bank in 1998, near the end of the SDF 4 cycle.

SDF 5 Key Commitments and Themes

The SDF 5 framework outlined in the Resolution of Contributors and in the corresponding Action Plan represented an ambitious programming and operational agenda for the CDB.

The new agenda, shaped on the basis of the recommendations of the Performance Review of SDF 4, called for the introduction of new tools and targets with the aim of strengthening the effectiveness of CDB's operations towards poverty reduction. Most of the recommendations in the Performance Review of SDF 4 were translated into SDF 5 commitments which included:

- 60 percent of SDF 5 resources directly targeted to the poor and the poorest communities;
- Focusing on poverty through three core priorities: capability enhancement, good governance, and vulnerability reduction;
- The development of Caribbean-specific Millennium Development Goals;
- The use of the Poverty Prism;
- The development of a modern system of performance rating and evaluation;
- The revision of the resource allocation strategy;
- The increased use of Country Poverty Assessment;
- The enhancement of partnership development; and
- The elaboration of strategies on poverty reduction and governance to enhance the policy framework.

For the fifth cycle, Contributors initially agreed on new contributions of USD 125 million to support a minimum programme level of USD 185 million. However, the programme level target was eventually fixed at USD 210 million (as two new members, Haiti and Suriname, were expected to join the Bank during SDF 5) and the corresponding level of contributions to support the programme level target was fixed at USD 150 million.

On the basis of categories identified in the Performance Review of SDF 4, the previous SDF 4 themes were reorganised in SDF 5 around the three core priorities of Capacity Enhancement, Good Governance and Vulnerability (see Exhibit 3.6).

Exhibit 3.6 SDF 5 Core Priorities

CORE PRIORITIES	AREAS	PROGRAMMES
Capacity Enhancement	Making Resources for Enterprise Development More Widely Accessible	<ul style="list-style-type: none"> • Rural Enterprise Development • CTCS Network • Micro and Small-scale Enterprise (MSE) Development
	Linking Training to Production and Market Opportunities	<ul style="list-style-type: none"> • Human Resource Development • Pro-Poor Private Sector Development
	Equitable Public Investment in Essential Infrastructure	
	Sustainable Management of the Natural Resource Base	

CORE PRIORITIES	AREAS	PROGRAMMES
Good Governance	<ul style="list-style-type: none"> • Developing capacity for improved policy formulation and economic management; • Strengthening implementation capacity and improving the delivery of public services; • Improving accountability in the public sector and in regional institutions; and • Establishing strong legal and regulatory frameworks, especially in relation to private sector development • Public Sector Reform • Promoting Transparency • National Information and Communications Technology (ICT) Strategies • Social Partnerships and Participation • Developing Closer Regional Integration and Cooperation for Joint Action 	
Vulnerability	Expanding Opportunities to Acquire Essential Assets and Make Productive Use of Existing Assets	Human Settlements Upgrading, Shelter Development and Special Mortgage Programmes
	Enabling Universal Provision of Basic Social Services and Services to Groups with Special Needs	<ul style="list-style-type: none"> • The BNTF and Social Investment Funds • Basic Education • Early Childhood Education and Protection of Children at Risk • Basic Health Care – Health Promotion and Disease Prevention
	Improving Management and Preparedness For Natural Disasters and Other Major Risks	<ul style="list-style-type: none"> • Disaster Mitigation, Relief and Rehabilitation • HIV/AIDS Epidemic

Source: CDB. Replenishment of the Resources of the Special Development Fund (SDF 5). A Partnership for Poverty Reduction in the Caribbean. Report of Contributors on SDF 5. Final Text of the SDF 5 Agreement. Approved by Contributors and the Board of Directors December 13, 2001; Appendix 4.

4. Overall Relevance of SDF 4 and 5

In analyzing the overall relevance of SDF 4 and 5, the Evaluation Team considered several broad areas of inquiry:

- Issues and conditions faced by BMCs during both replenishments;
- Adaptive capacity of SDF to the changing circumstances;
- Integration of SDF with national planning and the work of other development partners;
- CDB responsiveness to BMC needs; and
- Integration of SDF 4 and 5 with the other activities of the CDB.

Finding 1: Given its key features in terms of accessibility, flexibility and country-level and poverty reduction focus, SDF has been and remains highly relevant to BMCs.

The Evaluation Team collected strong evidence on the relevance of SDF for BMCs. Both the evaluation reports reviewed and the government representatives interviewed in the five BMCs visited confirm the need for and ongoing relevance of SDF. SDF relevance is anchored to four main characteristics:

- 1) **Advantageous lending conditions and grant availability.** The main characteristic of SDF is its advantageous lending conditions. Most BMCs are characterized by the small size of the population as well as the openness of their economies, with limited fiscal capacity and high levels of public debt, highly vulnerable to changes in the global economy and to natural disasters, given that most are located in the hurricane belt. These financial and economic constraints hinder BMCs' capacity to budget for capital investments. Gaining access to capital at lower interest rates and with longer deferred commencement of repayment enable BMCs to execute projects that they would otherwise not be able to implement. By making use of SDF or by blending SDF with OCR, the lending conditions are more advantageous for BMCs than OCR alone. In addition, BMCs can also access SDF grants to finance projects that either provide and assure wide access to social infrastructure (e.g., with BNTF resources) or for institutional strengthening.
- 2) **Wide sectoral coverage.** SDF provides funding for a variety of sectors. During the focus group held with 10 representatives of Contributors from BMCs they noted several key sectors covered by SDF, including rural development and agriculture sectors, as well as support to capacity building initiatives. This wide coverage allows BMCs to address their priorities in different sectors and enhances flexibility in the use of resources.
- 3) **Alignment with countries' poverty reduction strategies or national development plans.** The gradual introduction of country strategy papers during SDF 4, and their revision and strengthening under SDF 5, have contributed to the alignment of SDF funding with BMCs' development priorities as stated in poverty reduction papers or national plans. The *SDF 4 Performance Review* reported that SDF 4 projects were rated very highly in terms of their relevance to country strategies and development plans. This result was confirmed by stakeholders interviewed during the field missions as well as by the desk review of the selected projects.
- 4) **Focus on poverty reduction.** There was broad consensus among stakeholders interviewed on the relevance of SDF 4 and SDF 5 focus on poverty reduction. As noted in section 3, a variety of mechanisms were introduced during these two cycles to target the poor and low-income households. This shift was welcomed by representatives of regional Contributors

from BMCs and BMC government representatives who commented that the new measures introduced under SDF 4 and 5 target the most vulnerable population more effectively. For example, the BNTF 5 required the development of poverty maps at the community level to identify pockets of poverty in the BMCs.

Finding 2: SDF stakeholders interviewed raised some issues that will need to be addressed for SDF to remain relevant in the future.

In spite of its ongoing relevance, several limitations to the SDF were noted by the stakeholders interviewed.

The representatives of regional Contributors from BMCs identified the following issues that need to be addressed:

- The balance between focus on specific areas and the varying needs of BMCs;
- The limited amount of concessionary financing;
- The heavy procedures that are required to mobilise SDF resources in countries. Given that local capacities in some BMCs are so limited, the administrative requirements of the SDF appear cumbersome and present challenges. For example, in Belize and St-Lucia the micro credit projects for low-income housing put significant reporting pressures on the credit unions, including the requirement to provide data on gender and age of borrowers. While a limited number of credit unions used some grant money to computerize their systems, the majority relied on one loan officer to meet the requirement. In Dominica, St-Lucia, and Belize, financial institutions all reported that the intermediary organisations rarely had the capacities to meet the SDF requirements, which led these financial institutions to fill the gap and provide training to intermediary credit unions.

The representatives of non-regional Contributors, although very supportive of SDF 4 and 5 as a flexible mechanism to address poverty issues in the region, identified several limitations. Some were inherent to the nature of the Fund while others were related to CBD's management of the Fund or to the role of non-borrowing members in the SDF. Among these they mentioned:

- Overly ambitious targets and goals of the SDF 4 and 5, in particular given the absorptive capacity of CDB to deliver on diverse commitments it makes during SDF negotiations (operational and strategic or organisational shifts that require time to implement);
- Sector focus too broad – non-regional Contributors highlighted areas which, in their views, were more important than others, including agriculture and employment generation initiatives (micro and small-scale enterprise programmes);
- CDB's limited promotion of the SDF in the region. In spite of country visits by CDB Senior Management for the development of the CSP, the perception is that CDB is not sufficiently present in the BMCs. This perception, which should be nuanced,¹³ is partially due to the fact that the CDB does not have regional offices, while other donors do. In the context of a zero-growth budget, the additional offices would be impossible to justify. As a result, CDB is not present in some multi-donor meetings in the BMCs; and
- Limited coordination amongst non-regional Contributors in the definition of goals and objectives of the SDF 4 and 5, which may have resulted in the ambitious targets and goals.

¹³ The CDB may not be present in all multi donor fora but it has made efforts to be in BMCs for more informal discussions.

5. SDF 4 and 5 Effectiveness

5.1 Introduction

This chapter analyses the effectiveness of SDF. We divide the analysis into two sub-sections. The first reviews the extent to which the CDB met key commitments and targets with respect to poverty reduction. The second analyses SDF-funded initiatives to explore their effectiveness in addressing poverty and vulnerability in the BMCs. Based on the information available, the chapter reports on the extent to which SDF-supported projects, programmes and activities relative to thematic and priority areas have achieved or are expected to achieve or contribute to development outcomes.

5.2 Meeting Targets and Commitments for Poverty Reduction

Finding 3: The CDB largely surpassed the poverty reduction targets that it set for the use of SDF 4 resources.

Overall, the CDB met its commitment in terms of using SDF resources for poverty reduction. As shown in Exhibit 5.1, most SDF resources were allocated, approved, and disbursed in poverty reduction initiatives. Both the Performance Review of SDF 4 data and current data suggest that approximately 51.4% of SDF 4 resources targeted poverty reduction initiatives, which was higher than the planned target of 40%.

Exhibit 5.1 SDF 4 Indicative Allocations, Net Approvals and Disbursements* of Lending Programme by Theme

Theme	Indicative Allocation	Estimated Allocation (%)	Net Amount Approved from SDFU	Net Amount Approved from SDFU (%)	Amount Disbursed from SDFU	Amount Disbursed from SDFU (%)
Environment, Water and Sanitation	29,000	18.1%	22,738	12.4%	17,531	77.1%
Human Resources Development	17,500	10.9%	27,058	14.8%	23,995	88.7%
Institutional Strengthening	29,500	18.4%	24,047	13.1%	13,368	55.6%
Other Infrastructure	12,000	7.5%	14,941	8.2%	9,523	63.7%
Poverty Reduction	72,000	45.0%	94,123	51.5%	72,616	77.2%
Total	160,000	100.0%	182,907	100.0%	137,033	74.9%

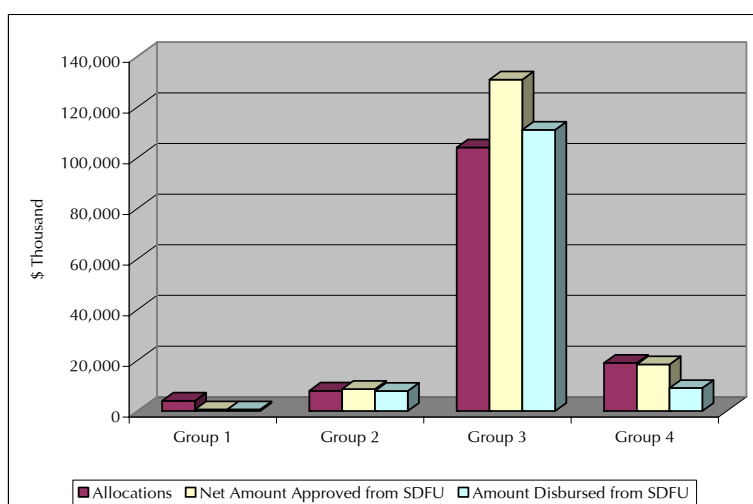
Source of data on indicative allocations: CDB, Resolution of Contributors to SDF 4 with Report of Meetings of Contributors on May 10 and October 17, 1994 and February 10, May 9, and October 20, 1995 as Schedule 3, p. 7. Source of data on approvals and disbursements: CDB, SDF Annual Report data in excel files "sdf4Loans &Grants.XLW"

* Disbursement as at June 2007

In addition, the SDF 4 Performance Review found that 55 percent of SDF 4 commitments directly benefited the poor, primarily as a result of the implementation of the following programmes: the BNTF and other social and community investment in poor communities, support for micro and small enterprises, rural enterprise development, low income housing, basic education, and the "safety net" support provided by CDB's disaster response programmes. (Note: If the resources used in response to Hurricane Lenny are not included, the percentage drops to 49 percent.)

As noted above, Contributors to SDF 4 also agreed to focus on less developed countries (i.e., countries in groups 3 and 4) and to allocate 91 percent of SDF 4 resources to these countries. A higher percentage was actually approved: 94 percent of SDF 4 resources were directed to projects to be implemented in country groups 3 and 4 (Exhibit 5.2).

Exhibit 5.2 SDF 4 Allocations, Net Approvals and Disbursements* by Country Group



Source of data on estimated allocations: CDB, Resolution of Contributors to SDF 4 with Report of Meetings of Contributors on May 10 and October 17, 1994 and February 10, May 9, and October 20, 1995 as Schedule 3, p. 8. Source of data on approvals and disbursements: CDB, SDF Annual Report data in excel files "sdf4Loans &Grants.XLW"

* Disbursement as at June 2007

The Performance Review of SDF 4 also found evidence of increased consideration of gender issues in SDF project design and implementation, and a link between country strategies (where available) and CDB activities to better target poverty reduction.

Progress in Achieving SDF 5 Commitments

Finding 4: The targets for resource allocation to poverty reduction proved more difficult to meet in SDF 5.

As reported in the Mid-Term Review of SDF 6, only 49.7 percent of loan and grant approvals directly targeted the poor, below the target of 60 percent for poverty reduction.¹⁴ The difficulty in reaching the objective was attributed to the ambitious level set by Contributors and to the fact that the target was based "on certain assumptions with respect to BNTF levels and programming for Haiti and Suriname, as well as the starting base of SDF 4, with its large element of post-disaster "safety net" support for the poor."¹⁵ Furthermore, SDF 5 introduced a number of management changes, which are analyzed in subsequent sections of the report. The capacity implications of the varied commitments that the CDB made in SDF 5 were not fully understood at the time of the negotiations. Capacity issues affected the Bank's ability to deliver on this target of poverty reduction programming.¹⁶

Nonetheless, the funding for BNTF, which is focused on poverty reduction, has increased (in dollar terms) from 11 percent of SDF 4 to 21 percent of SDF 5 approvals, as illustrated in Exhibit 3.3 and Exhibit 3.4. This is a sign of CDB's shift to an increased poverty focus from the fourth cycle to the fifth.

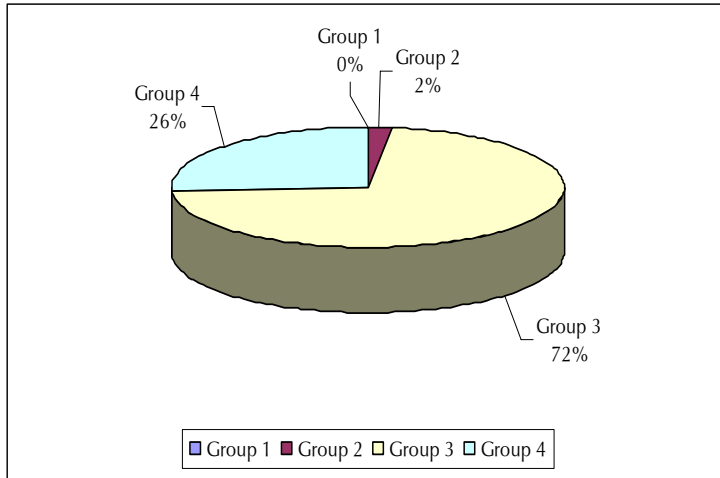
¹⁴ "CDB, SDF Annual Report 2004 and financial projections 2005-2007, April 2005, p. 12

¹⁵ CDB. Special Development Fund Fifth Replenishment: SDF Mid-Term Review; p. 8.

¹⁶ According to feedback provided by CDB on the draft report, the Bank was aware that the poverty targets for SDF 5 were unrealistic and would not be achieved. A request was made to Contributors to reduce the target, but this was refused.

As for the distribution of SDF 5 resources among the BMCs, the main target of SDF 5 resources was countries in groups 3 and 4, totalling 98 percent of SDF 5 approvals (in dollar terms). This is illustrated in Exhibit 3.5.

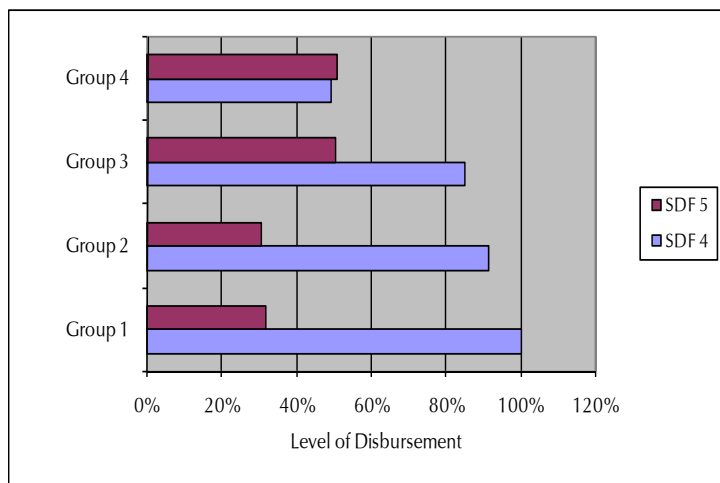
Exhibit 3.5 SDF 5 Net Approvals by Country Group (%)¹⁷



Source: CDB, SDF Annual Report data in excel files “sdf5Loans &Grants01_03Newthemes.XLW”

However, compared to SDF 4, BMCs’ performance did not improve in terms of disbursement of SDF funds, as only half of the available resources have been disbursed (USD 152.8 million). Although the level of disbursement is slightly higher than in the fourth cycle (USD 129.0 million), several difficulties persist – low disbursement is due to factors at the CDB (development and administrative demands) and BMC weaknesses in terms of policy frameworks or institutional capacities. As shown below in Exhibit 5.4, countries in all groups encountered problems in disbursing SDF 5 resources.

Exhibit 5.4 SDF 4 and SDF 5 Levels of Disbursement by Country Group*



Source: CDB, SDF Annual Reports data in excel files “SDF4Loans &Grants.XLW” and “SDF5Loans &Grants01_03Newthemes.XLW”

* Disbursement as at June 2007

¹⁷ Allocation of SDF resources to BMCs under SDF 5 was not determined by the country group categorization. The country groups in the graphic are intended simply to show the distribution of SDF 5 resources among BMCs.

5.3 CDB Contributions to Outcomes

5.3.1 Overview

Recognising the limitations identified in chapter 2 on methodology, the following sections trace CDB *contributions* to outcomes for the individual projects or groups of projects for which there is evaluative information, or for which we were able to gather or validate results information during the field visits or from the supervision reports. We refer to the outputs, effects, or outcomes of the interventions, as these terms are defined in the World Bank, *Emerging Good Practice in Managing for Development Results Sourcebook*, Second Edition (May 2007). The definitions are provided in the side bar.

The section is organised into six sub-sections that represent important thematic areas of SDF investment or special programme areas (such as BNTF):

- Education and Human Resource Development (HRD);¹⁸
- Targeted Poverty Reduction through BNTF;
- Rural Development;
- Water and Sanitation;
- Natural Disaster Risk Management;¹⁹
- Capability Enhancement/Regional Cooperation via TA Programming.

As shown in Exhibit 5.5, these six areas represent 61 percent of the total SDF 4 and SDF 5 resources. The remaining 39 percent of SDF 4 and SDF 5 resources have been allocated to TA and institutional strengthening to BMCs, special programmes such as CTCS, and other poverty reduction initiatives not covered by BNTF.

Exhibit 5.5 Share of Total SDF 4 and 5 Resources for the Selected Areas

Thematic/Special Programme Area	Net Approved from SDFU (\$'000)	Net Approved from SDFU (%)
Education and Human Resources Development	50,394	15%
Targeted Poverty Reduction through BNTF	50,000	15%
Rural Development	15,323	5%
Water and Sanitation	15,021	4%
Natural Disaster Risk Management	51,724	15%
Capability Enhancement/Regional Cooperation via Technical Assistance Programming	23,530	7%
Other Areas	131,727	39%
Total SDF 4 and V	337,719	100%

A few definitions

Outputs: the physical outputs produced by the development intervention

Effects: intended or unintended change due directly or indirectly to the development intervention

Outcomes: the likely or achieved short-term and medium-term effects of an intervention's outputs

Source: World Bank, *Emerging Good Practice in Managing for Development Results Sourcebook*, Second Edition (May 2007), p. 11 and 12

¹⁸ In the SDF 5 planning framework, Basic Education was considered part of Vulnerability Reduction whereas SLS and TVET were classified under Capability Enhancement. For the purposes of this report, we have grouped them together under education.

¹⁹ The analysis of NDRM is based on the *preliminary* findings of the NDRM Assessment.

5.3.2 Education and Human Resource Development

The quality and accessibility of basic education is a core element of all country strategies to reduce poverty and thus has been a cornerstone of SDF financing. The CDB financed a total of seven basic education projects during SDF 4, with two of these drawing on SDF resources. CDB supported the development of one regional and seven national education strategies in cooperation with BMCs and other development agencies²¹ CDB continued to support basic education in SDF 5, with greater focus on improving education quality and access.²² SDF 5 helped to finance two projects²³ (USD 11.0 million) in basic education.

“Basic education as used by the CDB covers both primary and secondary education, as well as technical and vocational education. It also covers special education and training to assist people who are especially challenged in reaching their full potential.”²⁰

Another part of the CDB strategy has been to support the training of human resources for employment in government and the productive sectors in BMCs. In SDF 4 and SDF 5, three projects (amounting to USD 5.04 million) funded the enhancement of technical and vocational education and training initiatives in the BMCs,²⁴ and 21 projects provided financing for access to and improvement of post-secondary education (approximately USD 30.5 million, of which the Student Loan Scheme represented 84 percent or USD 25.6 million).²⁵

The largest ongoing component of HRD support has been the Student Loan Scheme (SLS), which provides a blend of SDF and OCR funds to Development Finance Institutions (DFIs) in the BMCs for on-lending to students who wish to pursue post-secondary education. Between 1999 and 2003, the period of focus of the 2005 external evaluation of the SLS, this financing scheme supported almost 5,000 loans for education with a value of loans approved of USD 48.9 million.²⁶

Exhibit 5.6 Education Projects Reviewed

COUNTRY	PROJECT NUMBER AND TITLE	TOTAL AMOUNT APPROVED AND TOTAL SDF RESOURCES	PURPOSE	SOURCE OF DATA
St. Lucia (STL)	Basic Education Project (Second Loan) – Loan No. 22/SFR-OR-STL	Total CDB Financing: USD 6,390,000 Total SDF Financing: USD 4,250,000	Expanded access to primary and secondary education (school construction, quality enhancement)	CDB, Evaluation and Oversight Division, Ex-Post Evaluation Report (2007) Field visit, SDF Multi-cycle evaluation June 2008
Turks and Caicos Islands (TCI)	Further Education – TCI – Loan No. 4/SFR-OR-T&CI	Total CDB Financing: USD 3,971,000 Total SDF Financing: USD 2,000,000	Expanded access to post-secondary education	CDB, Evaluation and Oversight Division, Ex-Post Evaluation Report (2006) Project Supervision Report

²⁰ CDB, “A partnership for poverty reduction - Report of contributors on SDF 5”, December 2001 p.51

²¹ Ibid.

²² Ibid.

²³ Enhancement of Basic Schools - 13/SFR-OR (Jamaica) and Basic Education II - 13/SFR-OR (St. Vincent and the Grenadines).

²⁴ Training in Technical Services for Poor Rural Communities (Guyana); Establishment of a Youth Training Programme (Guyana); and Enhancement of Technical and Vocational Education (Belize).

²⁵ The figures are approximate since the different sources of data are not always synchronized. For example, as evident in Supervision Reports one component of SVG 13/SFR-OR-STV is for financing of education, yet this project is not on the general list of operations supported by SDF 4 and 5 received from CDB, so it is not considered in the total amount of funding in this area.

²⁶ Universalialia, Assessment of the CDB Student Loan Scheme, Final Report, March 2005.

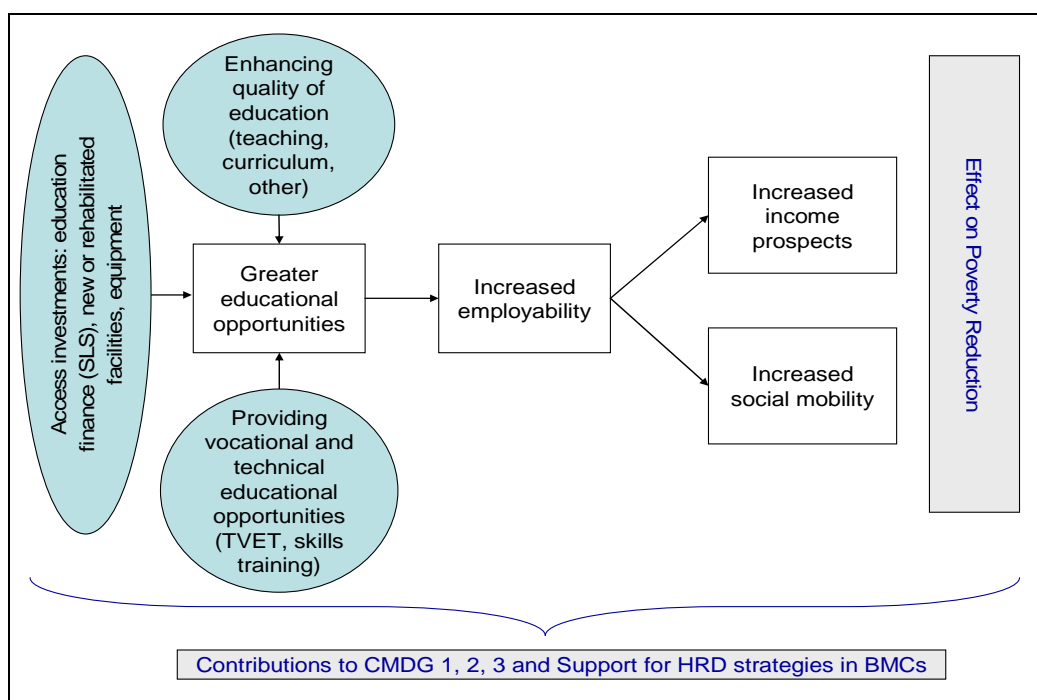
COUNTRY	PROJECT NUMBER AND TITLE	TOTAL AMOUNT APPROVED AND TOTAL SDF RESOURCES	PURPOSE	SOURCE OF DATA
12 BMCs	Specific SLS or SLS as part of a consolidated line of credit	Total CDB Financing: USD 57,958,000 Total SDF Financing: USD 25,600,000	Training of human resources and improved access to tertiary education	Universalia, Assessment of the CDB Student Loan Scheme, March 2005
Belize	Enhancement of Technical and Vocational Education and Training (ETVET) – Belize	Total CDB Financing: USD12,746,000 Total SDF Financing: USD 4,167,000	Improved quality, coverage, delivery of technical and vocational education and training	Field visit, SDF Multi-cycle evaluation April 2008

Finding 5: The SDF 4 and SDF 5 projects reviewed had direct effects in terms of increased educational opportunities and employability in the education and HRD sector.

The outputs achieved by SDF-supported interventions included: schools built or renovated, teachers trained, curricula developed, student loans awarded, community colleges established. The diagram in Exhibit 5.7 illustrates the different types of SDF investments in education (shaded objects on the left) and their potential contributions to poverty reduction. Projects in this area can make direct or indirect contributions to the CMDGs,²⁷ particularly to Goal 1 (target 1), Goal 2 (target 5), and Goal 3 (Targets 6 and 7).

Data suggest that SDF-funded projects in SDF 4 and 5 made direct contributions to increased educational opportunities and, in some cases, to employability. These contributions, which lead to a generally positive assessment of the work in the education and HRD sector, are described in the following review of individual projects.

Exhibit 5.7 Tracing Results from SDF Investments in Education



²⁷ CMDGs are presented in Appendix III and discussed in section 6.2 of this report.

Increased opportunities for primary and secondary education

The CDB's ex-post evaluation (2007) of the Basic Education Project (Second Loan) in St. Lucia concluded that the project achieved the objective of increasing access to primary education and eliminating the shift system in primary schools in the Castries area. It also expanded access to secondary education, an education target in the CMDGs, through the construction of the Ciceron Secondary, which provided technical education within the context of five years of general secondary schooling for students having passed the Common Entrance Examination (CEE). The new schools constructed provide facilities superior to those that were previously available and resulted in an improvement in the quality and efficiency of primary and secondary education. The extension to the Vieux Fort Primary School and the upgrading of the school to a technical institute were less successful. The technical institute was never equipped to provide students with the type of technical education required in St. Lucia.

The vignette in the sidebar validates and updates some of these findings with information gathered during the field visits of this multi-cycle evaluation (2008).

At the time of the ex-post evaluation, it was expected that the project could make a contribution to the Government of St. Lucia (GOSL) goal of improving the human capital base in St. Lucia if some challenges could be resolved. The challenges, however, have significant implications for outcomes. The challenges relate to the limited numbers of students writing Caribbean Examinations Council (CXC) exams and the small numbers of students passing exams, which reduces the pool of students qualifying for higher education or certain entry-level jobs. The GOSL was also concerned about whether the right competencies or subjects were being studied in secondary school. If these issues of quality of the curriculum and training are not resolved, it might reduce the overall effects of these projects. (As the above diagram illustrates, if you have both "access" investments and "quality improvement" investments it provides greater force/more linkages for achieving the desired effects.)

Basic Education Project, St. Lucia

We interviewed parents, teachers and government representatives to understand the achievements of this project that aimed to assist the Government of St. Lucia in financing the construction of two schools (the Dame Pearlette Louisy Primary (DPLPS) School and the Ciceron Secondary School and the extension of the Vieux Fort Primary School.

The project was strategic given the limited access to primary education in the Castries area, the limited access to secondary school places, and the low education quality and achievement for children at their senior primary level.

The DPLPS project led to the construction of 30 classrooms and 15 additional rooms, allowing close to 1000 students to access elementary school

The Ciceron school (which was an upgrade of the former Rock Hall Senior Primary School) project led to the construction of 15 classrooms and 14 other rooms for special purposes, allowing 500 students to access secondary school.

The Vieux Fort Primary School was expanded, with 5 additional classrooms and 5 special purpose rooms, thus allowing approximately 200 additional students to attend elementary school. This school was later converted to a technical institute.

The project was described as successful by all respondents because of the infrastructure and access to education that it provided, despite management difficulties during implementation such as delays in construction or in the identification of a suitable location. In terms of improvement in the quality of education, slight reservations were expressed by teachers and parents due to limited attention given to transitional students (those with serious literacy problems when entering secondary school).

Improved opportunities for post-secondary education

The Further Education – TCI project provided financing for civil works to convert a former military base into a campus for the Turks and Caicos Islands Community College (TCICC) on the island of Grand Turk. In addition, the loan provided furniture, equipment and instructional materials, and included an institutional strengthening and quality enhancement component. The CDB's ex-post evaluation report (2006) concludes that the project clearly contributed to improved post-secondary education opportunities for the population of TCI. The full-time student enrolment increased by a factor of five (from 58 to 302 full time students) as a result of the new facility, exceeding the appraisal estimates. The evaluation confirms that graduates developed skills that meet the country's human resource needs and that both government departments and private sector companies have benefited from programmes offered by the College. The report also notes that the cost savings per student have been higher than estimated. A partial cost-benefit analysis carried out at appraisal yielded an incremental rate of return of 7 percent; a re-estimated rate of return at the end of the project was over 50 percent.

The TCI project is judged to be successful in its quality at entry, execution, and outcome achievement despite the project's cost-overruns that were covered by Government of TCI. The project included not only the facilities, but consultancies for institutional strengthening and capacity building as well as for improving the quality of teaching and learning.

The ability to expand educational opportunities to poorer segments of the population from other islands may be affected by the lack of affordable accommodation in Grand Turk and the fact that there are no accommodation facilities/dormitories at the TCICC. According to the evaluation report, there was a decision taken to exclude dormitories for reasons of costs of operating, demands to be placed on management of the College, and a calculation that there would be little need for these facilities in early years of operation.

The College does some monitoring of its performance but Monitoring and Evaluation (M&E) is not undertaken consistently, therefore neither the College nor the CDB will have systematic information for assessing the outcomes of the project, namely on the extent of student progress after graduation.

Increased employability

The CDB's SLS has been a cornerstone in financing post-secondary education in the Caribbean since the 1970s. It benefited almost 5,000 students during the period between 1999 and 2003. The external evaluation finalized in 2005 confirmed that the Scheme was providing students in the Caribbean with access to tertiary education. About 80% of the respondents to the SLS evaluation questionnaire indicated that without the student loans they received from the DFIs, they would not have been able to pursue a post-secondary education.

SLS Effects on Poverty Reduction

The 2005 Assessment of the SLS identified two ways of framing the Scheme's effects on poverty from the perspective of stakeholders in the BMCs.

On the one hand, the SLS is viewed to focus on "preventing poverty, not poverty alleviation". The Scheme's benefits to students in the form of opportunities to further their studies, subsequent employability, and optimism concerning their career prospects, are important in ensuring that poverty does not get worse in the BMCs.

Stakeholders at the country level also indicate that the SLS contribution to education supports efforts to reduce poverty. Enhancing the skills base of teachers, doctors, nurses, and other public servants [who fund their training through the SLS] is an integral component of building capacity for poverty reduction.

Nonetheless, security and guarantee requirements limit the access to loans for the poor.

Source: Universalialia, Assessment of the CDB Student Loan Scheme, March 2005, p. 24.

The CDB's SLS also contributed to the development of employable graduates. In the sample of students interviewed for the 2005 external evaluation, the majority of the SLS borrowers were able to find a job within six months of their graduation, usually in their field of training. Most of the SLS borrowers surveyed agreed that their standard of living had improved as a result of taking the student loan, even though in the short term their situation may have been affected by the extent of the debt burden from the loan.

There is also evidence of CDB's contributions to greater employability of human resources through technical and vocational education and training (TVET). In the Enhancement of Technical and Vocational Education and Training project in Belize, all six vocational schools that were planned were built, the first cohort of students graduated in 2008, and all 54 students have found a job. The text box on the following page illustrates the outputs and subsequent effects of this project.

Enhancement of Technical and Vocational Education and Training (ETVET) – Belize

The ETVET is, according to all stakeholders interviewed (students, graduates, parents, administrators, government representatives), a success story. The objective of this project was to enhance the quality of the technical and vocational education training of the Government of Belize to satisfy the skilled manpower needs, at the intermediate level, of the various contributing economic sectors and to increase access to a wider cross section of the population. The ETVET is a project jointly funded by the Government of Belize and the Caribbean Development Bank in excess of USD 40 million.

The major outputs of this project included construction of new vocational schools, provision of furniture, fixtures, equipment and pedagogical strengthening in all six districts within Belize.

In April 2008, we were able to meet with the first cohort of graduates of one of the ETVET schools. Seventy five young men and women between 16 and 21 year of age had enrolled in the Technical and Vocational training programmes to become electricians, plumbers, Information technology (IT) technicians, etc. According to the Principal of the school, the employment rate of the first group of graduates was 96% one month after graduation – all of them employed by small businesses in the region. In other regions, the employment rate upon graduation averaged 60-70%. This is still quite impressive given the low probability of this demographic group to secure a job without a high school degree. During our visit, we met with new graduates and a group of parents who shared with us their positive feedback:

- *After a year of training, I am now an electrician and I am certain to have a job because in my region, there is a lack of qualified electricians. In fact, two companies have already started recruiting here even before graduation (a 17 year old male graduate).*
- *The fact that the school has such a high reputation encouraged us to place our son here. He was not particularly interested in staying in the regular programmes in his previous school and we were concerned that he would drop out. Here, the discipline is very strict, if you do not follow the rules, you do not stay in school. I am proud that he graduated last week (as a computer technician) and he already has a job offer. (Parent of a 16 year old male graduate – comment reflective of other parents' perspective).*
- *There were not too many girls enrolled but now the word is spreading out that you can make more money as a computer technician than as a sales girl so I see more girls coming next year. I have completed my whole programme and I hope to find a job soon (16 year old female graduate).*

We were also able to meet with three small enterprises who praised the quality of the graduates and the increasing need to create closer links between the job market and the educational sector.

The only reservation that stakeholders expressed with respect to this project was the difficulty in recruiting qualified instructors in all regions. As such, some were of the opinion that it would have been a better idea to build three new facilities (instead of six).

Source: Respondents interviewed during the Multi-cycle Evaluation field visit to Belize, April 2008

5.3.3 Rural Development

Agriculture has been one of the core areas for the CDB since its inception in the 1970s. Rural poverty continues to be an important challenge for the Caribbean and has accordingly been an emphasis of the SDF. During SDF 4 and 5, the CDB approved and implemented five Rural Enterprise Development Projects (REDP) in partnership with the International Fund for Agricultural Development (IFAD). The first two projects were approved in Dominica and St. Lucia in 1996 and the last one in Grenada in 2001. The total amount approved was USD 10.6 million for implementation of REDP in Dominica, St. Lucia, Guyana, Grenada, and Belize.

Exhibit 5.8 Rural Enterprise Development Projects Reviewed

COUNTRY	PROJECT NUMBER AND TITLE	SDF LOAN AMOUNT	PURPOSE	SOURCE OF DATA
Belize	CARD – Community Initiated Agricultural Rural Development Project - Rural Development - 48/SFR	Total CDB Financing: USD 3.38 million Total SDF Financing: USD 3.38 million	Enhanced communities' capacity to contribute to socioeconomic development of Southern Belize	CDB Ex-post evaluation (Draft report) Comparative assessment of five CDB and IFAD financed rural enterprise projects, J. Harrison, L. Holder, Y. Renard, May 2006
Dominica	Rural Enterprise Development - 60/SFR	Total CDB Financing: USD 3.48 million Total SDF Financing: USD 3.48 million	Enhanced access to credit and assistance to poor rural households in production, marketing and development of businesses.	Field visit, SDF Multi-cycle evaluation April 2008 Comparative assessment of five CDB and IFAD financed rural enterprise projects, J. Harrison, L. Holder, Y. Renard, May 2006 Project Completion Report, IFAD, June 2005
St. Lucia	Rural Enterprise Development - 47/SFR	Total CDB Financing: USD 0.96 million Total SDF Financing: USD .96 million	Expanded income-earning opportunities for poor rural families by providing access to credit, production and marketing advice.	Field visit, SDF Multi-cycle evaluation June 2008 Comparative assessment of five CDB and IFAD financed rural enterprise projects, J. Harrison, L. Holder, Y. Renard, May 2006 Project Completion Report, IFAD, June 2005 Project Supervision Report
Guyana	Rural Support Services - 13/SFR	Total CDB Financing: USD 5.10 million Total SDF Financing: USD 5.10 million		Performance Review of SDF 4 Comparative assessment of five CDB and IFAD financed rural enterprise projects, J. Harrison, L. Holder, Y. Renard, May 2006

The primary objective of the projects was the reduction of rural poverty in a sustainable and gender equitable manner through holistic socio-economic approaches that promote the socio-economic development of poor communities. REDPs were seen as an innovative new lending instrument for rural sector development, grounded in a participatory, demand-led methodology that resonated with the CDB's emerging strategy for poverty reduction (bridging economic and social development processes) in the BMCs. The projects consisted of different combinations of rural financial services, production/technical and marketing services, and community development.

Tracking Results in REDP

Finding 6: Although the actual outcomes of the Rural Enterprise Development Projects were below expectations, the rationale for such projects continues to be strong as agriculture constitutes an important sector of the economy of these countries.

As noted in the Performance Review of SDF 4, working with small agricultural holders is an important aspect of promoting broad-based growth as one pillar of poverty reduction.²⁸ The REDP projects targeted rural households, many of which are headed by women. This finding provides greater detail on two of the five REDP projects, which were visited during the field missions to Dominica and St. Lucia.

The Dominica Rural Enterprise Project (DREP) and the Saint Lucia Rural Enterprise Development Project (SL-REP) were co-financed by the CDB, IFAD, the Government of Saint Lucia, the Government of Dominica, and the beneficiaries. The global objectives of the two projects were similar, namely: to offer small holders and resource poor rural households, particularly women headed households, the option to broaden their income base and reduce risk through the encouragement of a wide range of productive activities.

The SL-REP had four components: a) production; b) marketing; c) credit; d) community development and mobilisation. In addition to those four, the DREP included two additional components, namely e) rural access roads; and f) project coordination and monitoring.

Interviews with REDP stakeholders in Dominica and St. Lucia were conducted during the field missions. Based on observations during field visits and interviews, these rural enterprise development projects led to limited success in terms of output achievement (see Exhibit 5.9).

Exhibit 5.9 Outputs of the DREP and SL-REP

OUTPUTS IN SL-REP (ST. LUCIA)	OUTPUTS IN DREP (DOMINICA)
<ul style="list-style-type: none"> • 880 households reached in crop production (80% of target) • 447 household in livestock production (58% of target) • 30,000 plants produced (8% of target) • 276 households accessed credit (43% of target) • 953 beneficiaries acquired skills in 30 areas related to micro-enterprise (planned outputs not available) • 13 micro-enterprises benefited from training in quality control (30% of target) 	<ul style="list-style-type: none"> • 200 beneficiaries accessing the Plant Revolving Scheme and Input Revolving Scheme established to provide poor farmers with plant fertilizers (80% of target) • 8 fisherman received boats from the Boat Revolving Scheme (33% of target) • 3 greenhouses established (2 were expected) • 100 beneficiaries of the Animal Revolving Scheme (expected output was 750 households adopt livestock models with 14% receiving credit to livestock enterprises – this output was not achieved) • 228 households accessed credit (38% of target) • 57 micro-enterprises established (15% of target) • 4 farm access roads constructed (close to 100% of target) • Only one of the six expected Community Implemented and Advisory Committees (CIACs) was more or less functioning. • None of the outputs in the marketing and rural production links were achieved (they included: 500 producers trained in quality control and grading of produce; 100 artisans assisted in improving quality and expanding their markets)

²⁸ International Development Management Advisory Group, Inc, Performance Review Special Development Fund Cycle IV, Final Report, September 2000, p. 35.

Nevertheless, as documented by the *Comparative Assessment of Five CDB and IFAD Financed Rural Enterprise Projects*, all five of the projects made progress towards their economic growth objectives in some cases. As identified by this Assessment, the positive effects of the projects were:

- The access to credit for agricultural production and other economic activities in the rural sector (particularly in Belize and Guyana), benefiting people who would not have otherwise had access to such credit and the resulting income generation opportunities;
- The rehabilitation, emergence, development or growth of important economic activities in rural areas, such as rice production in Guyana or cacao production in Belize;
- The exploration of promising new areas of economic activity and development and dissemination of new techniques and approaches, such as seaweed production and processing in St. Lucia, hot pepper and rabbit production in Dominica and St. Lucia, or community-based tourism in Belize, Grenada, and St. Lucia.²⁹

In general, however, the Assessment concludes there was a disparity between what was planned at the appraisal stage and the actual effects or outcomes of the projects. Overall, the effects of the projects as rural development initiatives – promoting some degree of rural transformation – fell short of expectations. Unfortunately, objective data on results achievement and lessons learned is limited in all of the individual projects.

Nonetheless, the rationale for such rural development projects continues. Contextual factors that support this include the world food crisis, the ongoing importance of agriculture in the Caribbean economies, and the fact that the highest proportion of the region's poor live in rural areas. The comparative assessment suggests that the theory behind the REDP makes sense and notes that, "the REP model proposes a coherent theoretical approach to rural development and poverty reduction that corresponds to the strategic economic and social thrusts of BMCs and CDB."³⁰ Implementation has revealed divergence between theory and practice.

5.3.4 Targeted Poverty Reduction through BNTF

The BNTF is CDB's flagship programme for poverty reduction. The programme, launched in 1979, is entirely funded through SDF grants and only the ten poorest BMCs are eligible to BNTF funding.³¹ During SDF 4 and 5, USD 50.0 million was allocated to the BNTF, representing 15 percent of SDF total allocations.

BNTF began as a programme of small public works typically involved in constructing schools, roads and health facilities. It was specifically designed to provide short-term, emergency response to deprivation and social unrest in rural communities, which constituted one-third of the region's poor. The BNTF's first three phases, up to 1996, were characterized by a 'top-down' approach in which BNTF programme content was largely determined by participating governments, while the involvement of communities in the design and implementation of BNTF projects was nominal.

²⁹ Harrison, John, et al, CDB, *Comparative Assessment of Five CDB and IFAD Financed Rural Enterprise Projects*, Final Report, May 2006, p. 31.

³⁰ *Ibid.*, at 60

³¹ These are: Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Turks and Caicos.

The design of BNTF evolved in response to the SDF shift towards a more participatory and poverty-focused approach. Thus, BNTF progressively moved from financing infrastructure projects to a broader portfolio of socio-economic infrastructure and skills training. Furthermore, since 1994 it began to adopt an approach focused on people-centred development and beneficiary participation. This approach was enhanced in SDF 5 with a significant contribution made by the Canadian International Development Agency (CIDA) in 2001. CIDA introduced a number of changes in the programme, including: the cross-cutting themes of gender equality, environmental considerations, and HIV/AIDS; an emphasis on a results-based approach in project management; and the inclusion of Jamaica, through the Jamaica Social Investment Fund (JSIF). Exhibit 5.10 summarises the main innovations introduced under BNTF 4 and 5.

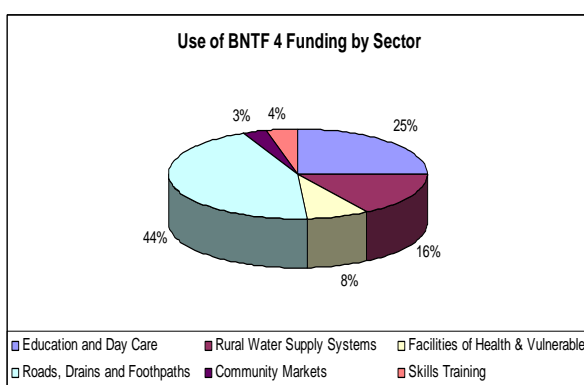
Exhibit 5.10 BNTF 4 and 5 Main Innovations

BNTF 4	BNTF 5
The introduction of small sub-projects costing less than USD 20,000 that address immediate community problems and allow for innovation and increased local ownership	The formulation of a Poverty Reduction Action Plan (PRAP) by each BMC as a measure for targeting the poorest people and their communities and for the allocation of BNTF resources
The delegation of greater authority to local levels. In particular, national Project Steering Committees (PSC) were instituted (comprising equal public sector/civil society membership) to screen and approve small sub-projects	More funds allocated for small and skills-training sub-projects, in partnership with Non governmental organisations (NGOs) and Community-based Organisations (CBOs)
The introduction of a new post of Community Worker in the BNTF country offices to mobilise and facilitate community participation and strengthen beneficiary involvement throughout the project cycle	The active involvement of communities in the identification, proposal and implementation of sub-projects, with each initiative being sponsored by a community, community group or service provider
The addition of a new component to fund skills-training activities	The introduction of a tripartite agreement between the beneficiary community, the responsible public agency or civil society entity and the local BNTF Office, with a formal project Operations Manual (OM) intended to improve project management
Increased use of participatory methods and awareness of gender equality concerns in the design and implementation of projects	The upgrading of the Community Worker post to that of Community Liaison Officer (CLO) with broader responsibility for networking with other public and civil society institutions as well as working to increase the participation of beneficiary groups
	The requirement that all sub-projects address issues concerning stakeholder participation, preventative maintenance, social development, gender equality, sound environmental management and sustainability (especially after the CIDA contribution)

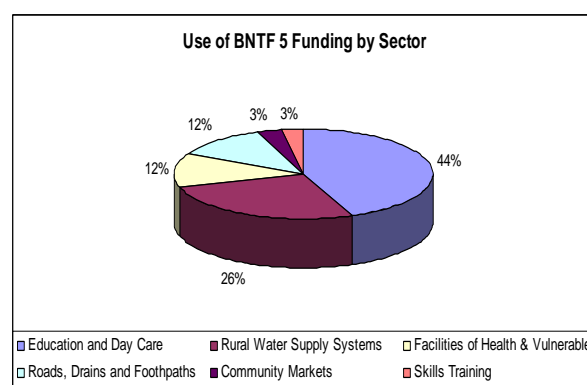
As shown in the mid-term evaluation (MTE) of the BNTF 5,³² a shift in the resource allocations among sectors corresponded to the shift in the programme approach. While in BNTF 4 the focus was on roads, drains and footpaths, to which 44 percent of the funding was allocated, in the fifth phase of the programme an equivalent percentage of the funding was used in the education and daycare sector, with the roads, drains and footpath sector representing only 12 percent of its budget.

³² Universalialia, Mid-Term Evaluation of the BNTF 5, March 2008, p.8

Exhibit 5.11 Changes in Sector Disbursements



Source: CDB 2006 Annual Report, p. 3



Source: CDB 2006 Annual Report, p. 3

Finding 7: While achievement of BNTF 5 objectives was mixed, a number of positive changes occurred at the community level as a result of BNTF social infrastructure projects.

Progress on Overall Objectives

The goal of the BNTF Programme as described in CDB documents and the Partnership Proposal to CIDA is to “increase the extent to which basic needs are met in participating BMCs.” The Fund supports initiatives that aim to:

- Increase access to social infrastructure for vulnerable groups;
- Make sustainable improvements to social infrastructure in participating countries;
- Build community and local organisational capacity in social service and maintenance delivery; and
- Broaden the participation of citizens, communities and CBOs/NGOs in the formulation of social policy and decision making.

The MTE of the BNTF 5 reported mixed results in the attainment of these objectives. While important progress was made in relation to the first objective, there was limited evidence of progress in meeting the second objective, and mixed results in meeting the third and fourth objectives.

BNTF 5 Results Achieved

The MTE identified results achieved in terms of increased access to social infrastructure for vulnerable groups during the fifth cycle of the BNTF. Specifically, the MTE identified BNTF 5 contributions to:

- Access to better social infrastructure facilities: In Grenada, for instance, there was evidence of new standards for daycare centres and pre-primary school buildings, including better layouts, more space, child-friendly access to facilities, and attention to aspects such as secure outdoor play areas. The BNTF also implemented new hurricane-resistant standards in re-built or new education and health facilities to mitigate damages in any future hurricanes.
- Improved access to services, products and markets: In Belize, an expanded school in the Mayan Village of Red Bank provided the opportunity for 60 new students – half of them girls - to go to primary school. Preschool-level education is available for the first time in the community. The MTE also observed the school facility being used by a visiting team of foreign doctors who were attending the health concerns of women and girls.

- Enhanced Community Linkages and Morale: In St Vincent and Grenadines all sub-projects completed under BNTF 5 had a noticeable and positive impact on the communities they meant to serve and had caused communities to come together. The roads projects, for example, were described by a government representative as being good for the purposes that they are intended to serve, and also for the “psyche and aesthetics” of the community.
- Improved (Health) Conditions: In Guyana, as a result of water pipes constructed, young mothers cited access to clean water as a strong contributing factor to the improved health of their infants.

In addition, BNTF’s skills-training projects were found to be a success in terms of increasing skills of both men and women, although they were less successful in supporting employment and income generation opportunities than originally expected.³³

The MTE also identified limited stakeholder involvement in maintenance that affects the sustainability of the social infrastructure projects.

Finding 8: The BNTF encountered difficulties in meeting its targets for project approvals and disbursements, which were unrealistic considering the changes that had to be introduced and implemented at the CDB and in BMCs.

The mid-term evaluations of both BNTF 4 and 5 concurred that unrealistic targets were set for the two cycles, and that the implication of new requirements were underestimated. As a consequence, a low percentage of projects were approved and completed. The MTE of the BNTF 5 found that only 231 out of 1000 planned projects were completed as of December 2006. Moreover, at the time of the MTE of BNTF 5 (four years after the signing of the Grant Agreement between CDB and CIDA, and with 1.5 years remaining in the project) most countries had completed less than 50% of the sub-projects approved under BNTF 5.

The delays in implementation were attributed to factors in the BMCs and at the CDB. In the BMCs, the project teams had limited capacity and resources. They had to name the Project Steering Committee, develop the PRAP, approve an Operations Manual, and engage staff. In addition, the staff had to learn how to do a Community Needs Assessment (CNA), use the Management Information System (MIS), integrate Results-based Management (RBM), and learn about how to conduct gender analysis. The BMCs encountered difficulties in engaging and retaining staff, which was one of the assumptions in the logical framework analysis (LFA) for the programme. The turnover in the CLO position hampered progress in several countries. In addition, countries such as Grenada, Montserrat and Dominica faced special situations (e.g., natural disasters, government structural reform programme, etc.) that limited their ability to implement the BNTF 5.

At CDB, given the modest size of the BNTF team³⁴ and in spite of its goodwill and hard work, it was unrealistic to expect that such a small team could take on the wide array of tasks to be completed in the first phase of BNTF 5, including: become familiar with and operationalise the cross-cutting themes, develop the tools for each of these themes, train and build local capacities, develop an OM, provide guidance at the local level, respond to the sub-project requests, and conduct adequate monitoring of their portfolio, among other responsibilities.

³³ Mid-term Evaluation of the BNTF 5, by Universalialia, March 2008, pp.15-27

³⁴ At the time of the BNTF 5 MTE, the CDB BNTF team was composed of a Portfolio Manager; two Operations Officers (full complement achieved in 2007); a Gender Specialist appointed in 2004; and an Administrative Assistant to support programme activities and the MIS. Specialists are called upon as needed (e.g., CTCS and education).

5.3.5 Water and Sanitation

The SDF 4 and 5 planning frameworks included projects related to management of solid and liquid wastes and water supply. Under SDF 4, the sector was framed as a specific theme – Environment, Water Supply and Waste Management – and included environment-related projects as well as water and sanitation projects. The total approvals for the water and sanitation projects were USD 11.5 million during SDF 4. In the SDF 5 framework, water and sanitation projects were classified in the programming area of Capability Enhancement and represented an investment of USD 4.6 million.

There were four projects in SDF 4 and 5 that aimed to improve the quality and reliability of the water supply and/or restructure or rationalize the water and sewerage sector in urban areas or nationwide.³⁵ In addition, during SDF 4, the CDB used SDF resources to finance (1995) five loans for the OECS Solid Waste Management projects in Dominica, Grenada, St Kitts and Nevis, St Lucia, and St. Vincent & the Grenadines. The projects supported the development of physical assets such as construction of sanitary landfills, equipment and vehicles, port reception, recycling, and medical waste facilities.

Exhibit 5.12 Water and Sanitation Projects Reviewed

COUNTRY	PROJECT NUMBER AND TITLE	SDF LOAN AMOUNT	PURPOSE	SOURCE OF DATA
Dominica	Roseau Water and Sewerage - 10/SFR-OR	Total CDB Financing: USD 8.27 million Total SDF Financing: USD 3.93 million	Improved access to water and sewerage facilities in the Greater Roseau District	Field visit, SDF Multi-cycle evaluation April 2008 SDF 4 Performance Review Project Supervision Report
Belize	Water Project (2nd Loan) - 10/SFR-OR	Total CDB Financing: USD 13.83 million Total SDF Financing: USD 3.45 million	Improved access to water in all water districts except San Pedro	Field visit, SDF Multi-cycle evaluation April 2008
St. Lucia	OECS Waste Management - 18/SFR-OR	Total CDB Financing: USD 2.42 million Total SDF Financing: USD 2.42 million	Enhanced protection of the environment and reduction in risks to public health	SDF 4 Performance Review
St. Vincent and the Grenadines	OECS Waste Management - 11/SFR-OR	Total CDB Financing: USD 1.95 million Total SDF Financing: USD 0.33 million	Enhanced protection of the environment and reduction in risks to public health	Project Supervision reports – most recent completed in 2007 or 2008
Grenada	OECS Waste Management - 6/SFR-OR	Total CDB Financing: USD 1.62 million Total SDF Financing: USD 1.62 million	Enhanced protection of the environment and reduction in risks to public health	SDF 4 Performance Review Project Supervision reports – most recent completed in 2007 or 2008

³⁵ BNTF 4 and 5 also provided funding for water systems in rural communities. The BNTF sub-projects are not considered in this finding, but rather under the earlier finding on BNTF.

COUNTRY	PROJECT NUMBER AND TITLE	SDF LOAN AMOUNT	PURPOSE	SOURCE OF DATA
Dominica	OECS Waste Management (Add Loan) - 14/SFR-OR	Total CDB Financing: USD 1.30 million Total SDF Financing: USD 0.40 million	Enhanced protection of the environment and reduction in risks to public health	Project Supervision reports – most recent completed in 2007 or 2008
St. Kitts and Nevis	OECS Waste Management 9/SFR-OR/16/SFR-OR	Total CDB Financing for 16/SFR/OR: USD 5,100,000 Total SDF Financing: USD 1,300,00	Enhanced protection of the environment and reduction in risks to public health	EOV PSR Validation report for SKN, 2006

Tracing Results

Finding 9: SDF-supported water supply projects visited for the evaluation have contributed to an improved water supply, but their effects have been limited to some degree by lack of institutional capacity and economic/financial factors. Several of the OECS waste management projects are likely to have strong institutional development impacts as they helped to build waste management authorities in several BMCs.

The water supply projects reviewed in Dominica and Belize both had strategic significance for the BMCs in that they facilitated the construction or rehabilitation of principal systems for water and sewerage in the capital cities. The system improvements were not targeted at specific segments of the population, but were planned to benefit all residents and visitors to the cities. Both projects completed all of their outputs, and most of these had positive effects on the intended beneficiaries. However, the contributions of the projects were limited by some institutional factors that were not fully addressed by project components.

Dominica: Roseau Water and Sewerage project

The Roseau Water and Sewerage project, carried out with a USD 8.27 million loan, of which USD 3.93 million came from the SDF, aimed to rehabilitate and extend the 100-year-old sewerage system, provide water treatment, and reduce the risk of waterborne diseases for both residents and visitors.

The sewerage system, pumping stations and stand-by power facilities were completed and the treatment plant began operations in July 2002. Since then, according to representatives of the Water Authority and informal discussions with Roseau residents, no objectionable odours have emanated from the plant and no objectionable material has been observed in the ocean. The marina where tourist boats arrive on a weekly basis is clean and free of odours. One can hypothesize that as a result of cleaner water, the health hazards have been reduced. However, the full intended effects of the project have been limited by several institutional factors:

- The capacities of the water utility (Dominica Water and Sewerage Company - DOWASCO) were to be built through a dedicated Project Management Unit (PMU), as well as some staff training overseas. However, the creation of the PMU gradually led to two categories of staff inside DOWASCO. The PMU staff received higher salaries, access to equipment, technology and training, while the remaining staff continued under DOWASCO's normal working conditions. This resulted in staff movements and little development of institutional capacity.
- In spite of a door-to-door promotion campaign, there is still a low rate of sewer connections. This is due in part to the sluggish economy and the existence of alternative disposal options including the use of existing septic tanks.

- The sewerage operations generate low levels of revenue due to the small customer base and low tariffs. Operating expenses are high due to electricity costs for pumping as well as high depreciation and interest expenses. DOWASCO has been advocating for a more equitable tariff regime that accounts for multiple fixtures and heavier usage. According to the water utility, these issues have not yet been fully resolved.

Belize: Expansion of Belize City Water

In Belize, the Second Water Project (Expansion of Belize City Water) reached its stated objective to double the treatment plant's intake capacity to 6.0 MGD (millions of gallons of water per day) and to construct distribution lines of larger diameter to improve the pressure and reliability of water supply to existing consumers in Belize City. With the expansion of the water system, 35,000 additional residents were provided with access to water. More importantly, potable water is now being delivered to very poor areas such as Southside, St Martin de Porres, and Fabers Road. According to the Belize Water Authority, sanitation and by extension, living standards of the poor have been improved. Belize City and its immediate environs now have a safer, reliable and adequate supply of potable water. The best indicators of success are a significant decrease in complaints by beneficiaries and the fact that there is now no media coverage of the issue.

Several organisational issues affected the efficacy of the project, including management and ownership changes at the water utility during the project implementation period. Also, the extended period required to implement the reduction in unaccounted-for-water (UFW) losses reduced the efficiency of the implementation.

OECS Waste Management Projects

For most countries participating in the OECS waste management project, the outputs have been achieved: landfills are built and generally operational, and new organisations and legal frameworks have been put into place in some countries. Unfortunately, the evaluation team had insufficient data from PSRs to comment on the effects of these projects. Based on information available in PSRs and the reported progress on implementation and sustainability, it is possible to hypothesize that St. Lucia, Dominica and St. Vincent are likely to benefit from project contributions to reduced public health risks and improved quality of life of inhabitants and visitors. In Grenada, there is a slope failure at the landfill which is preventing its use.

Based on the PSRs, which provide assessments of potential effects, all projects in OECS waste management are expected to have strong institutional development impacts because in many cases they created waste management authorities that did not exist previously and that are reported to help improve solid waste management services and practices in the participating BMCs. The exception here is in St. Kitts and Nevis, where the EOVS PSR validation report (2008) finds that although the project was instrumental in creating a separate entity for waste management in the country, the institutional changes made in financing the entity were inadequate and the entity now faces serious financial difficulties.

Sustainability issues have thus affected projects in this sector, namely due to weak institutional capacities to provide continuity and, particularly, the lack of sustainable financing mechanisms.

5.3.6 Natural Disaster Risk Management

The countries in the Caribbean have faced numerous challenges in meeting their development goals as a result of the impacts of natural disasters. As noted in the preliminary results of the recent assessment of CDB's assistance to BMCs in Natural Disaster and Risk Management,³⁶ Caribbean countries have been impacted by hurricanes, earthquakes, volcanoes, and droughts. Over the past two decades, these environmental phenomena have caused human suffering and dislocation, extensive damage to BMC infrastructure and property, and have put extraordinary pressures on social, political and institutional systems in BMCs.

In 1998, the CDB developed a strategy and operational guidelines for Natural Disaster Management in an effort to explicitly include disaster risk management in its portfolio of operations. The strategy addressed the areas of institutional preparedness, disaster mitigation or prevention, and emergency response and rehabilitation measures, with the latter being conceived as an essential feature of national and regional safety nets.

Between 1998 and 2006 approximately 11 countries have been supported by NDRM interventions which included the assistance/financing modalities of Emergency Relief Grants (ERG), Immediate Response Loans (IRLs), Rehabilitation/Reconstruction (Capital) Loans (RRLs), as well as consulting services. In addition, BNTF (addressed in a separate section in this report) re-oriented its assistance to meet BMC needs in the context of disaster management in countries such as Montserrat and Grenada.

Since 1998, the CDB has financed USD 132 million in financial and other assistance to its BMCs for NDRM.³⁷ Investments in NDRM are normally included in the Multi-sector category of CDB's portfolio, although this would not capture investments in prevention and mitigation that may be included in the Transport, Communications and Sea Defence sector. The SDF makes an important contribution in this area since the CDB includes up to two-thirds of "soft lending" in its financing to BMCs in times of disasters.³⁸ In 2007, the CDB commissioned an external evaluation of its NDRM assistance and the resulting draft report (August 2008) is the primary basis for the analysis of this sector. Thus, the reader should take into account that this section draws on *preliminary* assessment findings. In addition, this evaluation's field visit to Guyana provided evidence of NDRM's contributions to coastal protection (see section on reducing vulnerability in the next finding).

³⁶ This section is based almost exclusively on the *preliminary findings* of the assessment of NDRM interventions completed in August 2008 Le Groupe-conseil baastel Itée and Environment Solutions Ltd, *Assessment of the Caribbean Development Bank's Natural Disaster Risk Management Assistance for its Borrowing Member Countries (1998-2006), Draft Interim Report*, August 2008, p. 14.

³⁷ Le Groupe-conseil baastel Itée and Environment Solutions Ltd, *Assessment of the Caribbean Development Bank's Natural Disaster Risk Management Assistance for its Borrowing Member Countries (1998-2006), Draft Interim Report*, August 2008, p. 19

³⁸ *Ibid*, at 130

Tracing Results

Finding 10: The CDB's NDRM assistance has had generally positive results, making indirect contributions to poverty reduction and reducing vulnerability to natural disasters in some cases.

Indirect Contributions to Poverty Reduction

The Baastel and Environment Solutions assessment of NDRM explored the extent to which CDB's assistance to the BMCs in this sector during the 1998-2006 period contributed to poverty reduction. In general, the team found that for the BMCs receiving post-disaster assistance, poverty alleviation has been an indirect benefit. Given the pressures that governments face to respond to the most vital needs of the population after a disaster strikes, any funding assistance that enables them to address these needs and stimulate economic growth contributes to poverty reduction.³⁹ The assessment identified several outputs and activities that contribute to poverty alleviation, including the restoration of key access routes (especially in the interior), payments to farmers for reparation of infrastructure, and other reconstruction and recovery activities.

Of particular note is the support provided to St. Vincent and the Grenadines (SVG) following Hurricane Lili in 2002. An IRL was used for the restoration of the banana industry that had a direct impact on poverty alleviation in terms of restoring livelihoods. In SVG, 26 percent of the labour force works in agriculture and 50-60 percent are related to this industry. The funds from the IRL loan were used to provide payments to farmers for reparation of infrastructure, which presumably allowed them to re-engage in their agricultural work. This is considered by the NDRM assessment team to be a significant intervention in terms of restoration of economic infrastructure and the Bank's flexibility in meeting the needs of BMCs.⁴⁰

A project in Saint Lucia was less successful. Stakeholders report that CDB assistance through the Landslide Rehabilitation at Black Mallet did not contribute to Saint Lucia pro-poor policies. This Rehabilitation/Reconstruction Loan provided for a relocation programme to move the landslide-affected population to another selected site, but this led to several difficulties. The affected persons were unable to access mortgages for the properties provided and remained in shelters for extended periods or returned to the original site. The site selection was considered inadequate and the loan was cancelled before being fully disbursed.⁴¹

Reduction of Vulnerability

Vulnerability reduction has been achieved in some instances through building/restoring critical infrastructure such as sea defences in Dominica and Guyana, river training in Jamaica, retaining walls and slope stabilisation in Grenada, and flood control in Saint Lucia. The Flood Mitigation Project executed for Castries and Anse La Raye, in St. Lucia, has reportedly contributed to the protection of vulnerable individuals and groups in the mitigation of flood events. Another example from Guyana is presented below.

³⁹ Ibid, at 60

⁴⁰ Ibid, at 61 and 68

⁴¹ Ibid, p. 61

In road rehabilitation, however, the assessment reports continuing vulnerability to damage in several BMCs due to inadequate construction practices with respect to standards of road beds and surface dressing, drainage design, and maintenance of roadways and drainage ways. As the assessment team notes, maintenance is often neglected because of competing priorities for the government, who then faces the consequences of repeat financing of the same infrastructure, recurring extraordinary budgetary demands, and livelihood dislocation – all of which further constrain a country's fiscal conditions and aggravate poverty. The projects in the NDRM sector also face sustainability challenges due to maintenance issues.

Guyana – Reconstruction of Sea Defenses (Second Loan)

Coastal protection and preservation of the related drainage system is vital in Guyana, with 90% of the population in a narrow strip of fertile coastal land which is on average 0.75 metres below mean high tide level. In March 2003, the Government of Guyana (GOG) requested emergency assistance to finance the reconstruction of 2km of breached sea defenses and badly eroded coastline east of the Abary River in Region 5. In March 2003, CDB responded with a USD 7.35M loan [USD 3.8M/OCR and USD 3.55/SDF] to protect the coastal area from flooding and prevent further salinization of agricultural lands and damage to property, agriculture and livestock. Region Five, in which the project is located, produces about 32% of Guyana's rice and 13% of its sugar. Rice production was cultivated on a commercial basis employing a large number of workers mainly from outside the area. Cash crops and poultry and livestock production by small farmers also make an important contribution.

The area immediately impacted had about 2600 residents in five affected villages. They reported losses and damage from fields being waterlogged, flooding from saltwater, loss of crops and land becoming unfit for agriculture, poultry, goats and livestock. The project was consistent with CDB's corporate priorities and within the scope of its Natural Disaster Management Strategy. An environmental and social impact analysis was undertaken as part of the project design. Project approval documents provide little quantitative information as to eventual expected benefits of the investment.

Although not without some implementation problems, the main construction activities have been successfully completed. The GOG saw the scale of the CDB project as amenable to encouraging the use of local contractors. The project is reported to have been successful with no further flooding occurring. It is reasonable to assume that it has made a contribution through stabilization of the sea defenses to sustaining the livelihoods of the small farmers and farm workers engaged in the agriculture sector, preserving property and land values and avoiding future salt intrusion and flooding that could have further undermined agriculture production (rice and other crops) and livestock and poultry production. Compensation funds paid for land acquisition necessary for building the new structures resulted in better local housing.

In terms of sustainability, CDB requires that the GOG prepare an annual maintenance plan covering the project area for the life of the loan. Weaknesses in institutional capacity of the Sea Defenses Board and Ministry of Public Works and Communication (MPWC) and budget allocations for maintenance are reflected in the CDB's appraisal document. There was no institutional development component in this emergency project. Reference is made to anticipated increases in allocations for maintenance along with capacity building for sea defense rehabilitation and maintenance under European Development Fund (EDF) 8 & 9. CDB also planned a project with the Environmental Protection Agency to develop an Integrated Coastal Zone Management system.

An unexpected effect of NDRM assistance, documented by the assessment, is also expected to contribute to reduced vulnerability. In Belize, the Belize Water Services Ltd. Was allocated about USD 450,000 from a capital loan from the CDB and this acted as catalyst for the company to bring its own counterpart contributions to expand potential for potable water supply in Belmopan, which is slated to receive large inflows of refugees from Belize City and coastal areas during major emergency situations. This is noted as a sustainable result of the capital loan to the national Disaster and Risk Management Strategy and safety net.

Generally significant results through all of the CDB’s financial instruments

The NDRM assessment concludes that there have been significant results through all financial instruments: Emergency Relief Grants, Immediate Response Loans, and Rehabilitation/ Reconstruction Loans. (An overview of their comments on the effectiveness of each of the instruments is provided in Exhibit 5.13.) Restoration and rehabilitation were achieved through the RRLs, although the process was somewhat protracted. Results on the ground proved beneficial to the countries in terms of mitigation against further destruction and access to economic centres. Maintenance issues and construction standards for roads were cited as areas for improved intervention by the CDB, and capacity building and institutional strengthening need to be enhanced in future programming to improve effectiveness.

Exhibit 5.13 Overview of the Effectiveness of CDB Assistance in NDRM

TYPE OF INSTRUMENT	USES	COMMENT ON EFFECTIVENESS
Emergency Relief Grants (up to USD 100,000 channelled by Caribbean Disaster Emergency Response Agency - CDERA)	For purchase of emergency supplies such as tents, tarpaulins, water purification tablets, vector and rodent control. These items are considered critical for emergency assistance.	The terms of the grant and procedures for their administration make them less useful than they could be. They are not rated highly. They may be pooled with other resources thus obscuring detailed tracking of their contributions.
Immediate Response Loans (up to USD500,000)	For supporting clean up and early restoration	They were generally used effectively to clear and immediately restore social facilities. There is limited information on results achieved. IRL funds are also often pooled with other forms of assistance. The monitoring and reporting on actual use of funds is inadequate.
Rehabilitation/ Reconstruction (Capital) Loan	For construction and restoration following disasters, mostly for defence structures, road and bridge rehabilitation works, and river training in some cases	The RRLs were generally successful in all countries with respect to completed construction and restoration of facilities following the disasters. Sea defence works constitute important prevention and mitigation measures and facilitate coastal protection. Positive reports of restoration of bridge and road infrastructures that respond to watershed degradation and erosion caused by flooding. Rehabilitated roads continue to be vulnerable to future damage due to construction practices and lack of maintenance.

Source: Le Groupe-conseil Baastel Itée and Environmental Solutions Ltd, Assessment of CDB’s Natural Disaster Risk Management Assistance to BMCs –Draft Interim Report, p. 64-74

5.3.7 Capability Enhancement/Regional Cooperation via Technical Assistance Programming

According to the CDB’s charter, technical assistance is a function of the Bank that is to “contribute to the harmonious economic growth and development of the member countries in the Caribbean [...] and to promote economic co-operation and integration among them [...]”⁴² In 2006, the CDB commissioned a study of its TA Operations, which was carried out by the International Development Management Advisory Group (IDMAG) and Rideau Strategy Consultants. This section draws extensively on their final report.

The CDB’s TA operations have increased significantly over time, both in number and funding approved (see Exhibit 5.14)

Exhibit 5.14 CDB TA Operations – Average Annual Approvals

	1992-1995		1996-1999		2000-2004	
	No. #	AMOUNT \$'000	No. #	AMOUNT \$'000	No. #	AMOUNT \$'000
Overall TA Operations	35	8,043	45	11,422	56	10,940
Core TA Programme	28	3,321	32	6,554	36	6,100

Source: IDMAG and Rideau Strategy Consultants, *An Evaluation Study of the Technical Assistance Operations of the Caribbean Development Bank, 2000-2004*, March 2007, p. 38

Note: Core TA programme excludes special programmes such as BNTF, CTCS, disaster response/mitigation and CTCF.

Originally, CDB’s technical assistance focused primarily on pre-investment and project implementation support. Over time, these areas have declined and TA for institutional strengthening has increased substantially, partially reflecting a change in objectives and focus for TA operations as a whole. During the SDF 4, a number of policy-directed changes provided further definition to the institutional strengthening intentions of TA that was to be used for: strengthening public sector institutions to formulate and manage policies and programmes as well as improve their cost effectiveness, targeted training in project and macroeconomic management development of efficient capital markets, applied research at macroeconomic and sector levels, and continued support for the Caribbean Technological Consultancy Services (CTCS) network.⁴³ The IDMAG/Rideau evaluation team established 12 programmatic areas for classifying CDB Technical Assistance operations during 2000-2004⁴⁴ to illustrate the potential objectives of TA operations:

- Governance
- Delivery of Public Services
- Sector Development
- Private Sector Development
- Other regional or sub-regional cooperation
- Support for CDB Operations
- Economic Management
- Environment
- Targeted Poverty Reduction
- Civil Society
- Natural Disaster Response and Mitigation
- CDB institutional Development

⁴² International Development Management Advisory Group and Rideau Strategy Consultants, *An Evaluation Study of the Technical Assistance Operations of the Caribbean Development Bank, 2000-2004*, March 2007, p. 29.

⁴³ Ibid, at 34

⁴⁴ Ibid, at 39

Regional and sub-regional TA has grown more than country-specific TA. In SDF 5, the target was to shift the balance from 40 percent regional and 60 percent country-level in SDF 4 to 25 percent regional and 75 percent country-level. The evaluation study confirms that the target was not possible to reach and that regional TA rose to more than 60 percent.⁴⁵

The evaluation’s analysis of a sample of TA operations (37 TA projects) suggests that TA operations have broadly reflected a number of major policy guidelines provided by SDF Contributors, the Bank’s strategic planning, and the relevant sector strategies developed during SDF 4 and 5 (namely the Poverty Reduction Strategy and the Governance and Institutional Development Strategy). Based on the evaluation’s team’s assessment according to CDB’s Project Portfolio Evaluation System (PPES) criteria, slightly over half of the projects rated satisfactory or higher when considering the weighted scores for the six criteria of the PPES (see Exhibit 5.15).

Exhibit 5.15 TA Performance (Weighted Composite Performance Rating for Project Sample)*

PERFORMANCE RATING CATEGORY	NUMBER OF TAs	PERCENTAGE
Excellent (8.0 to 10.0)	2	5.4%
Highly satisfactory (6.0 to 7.99)	10	27.0%
Satisfactory (4.0 to 5.99)	8	21.6%
Marginally unsatisfactory (2.0 to 3.9)	14	37.8%
Unsatisfactory (0.0 to 1.9)	3	8.1%
All projects	37	100.0%
Satisfactory or better	20	54.0%
Marginally unsatisfactory or unsatisfactory	17	46.0%

Source: International Development Management Advisory Group and Rideau Strategy Consultants, An Evaluation Study of the Technical Assistance Operations of the Caribbean Development Bank, 2000-2004, March 2007, p. 69

*Percentage of projects in each category using scores for six criteria (strategic relevance, poverty relevance, efficacy, efficiency, sustainability, institutional development impact) weighted by CDB’s PPES performance criteria weights.

Tracking the Results of TA Operations

Finding 11: Although the majority of CDB’s TA operations reviewed were rated as satisfactory, a significant number of projects did not achieve their planned results.

In the sample of 37 projects reviewed, 57 percent were rated as satisfactory or better on the criterion of efficacy, that is, the extent to which intended results had been or were likely to be achieved, whether such results could be identified at different stages of the results chain, and whether a contribution to longer-term objectives could be plausibly identified. That means that another 43 percent, however, were considered to be marginally unsatisfactory or unsatisfactory.

⁴⁵ Ibid, p. 35. The evaluation study also notes that TA related to investment projects would be under-reported due to changes in reporting introduced with the Project Portfolio Management system (PPMS) in 2001. These TAs would not be reported on separately, but as part of the investment project.

Exhibit 5.16 Examples of Effective TA Operations

TA	COMMENT ON RESULTS
TA to support establishment and operations of the Caribbean Regional Technical Assistance Centre (CARTAC)	Independent evaluation and TA Evaluation Team confirm the important benefits (direct and indirect) from the TA to the operations of CARTAC. CARTAC in turn was contributing to improved economic management and support for regional integration, which help fulfil CDB’s own objectives.
TA to support Institutional Strengthening of the Ministry of Finance in Guyana – Project Implementation Unit (PIU)	Helped to improve coordination, monitoring, and implementation of CDB’s operational programme in Guyana. The country portfolio disbursement rate improved from an average of 6% in the period 1995-2000 to an average of 41% over the years 2001-2004. Note: The multi-cycle evaluation’s field mission of SDF 4 and 5 to Guyana confirmed that stakeholders were positive about the relevance and success of this institutional strengthening TA. The PIU is now a general donor coordination unit within the Ministry of Finance and is funded entirely by the GOG.
CDB-executed TA to support MDG achievements	Met objectives creditably and provided policy and technical dialogue as well as documentary base for assisting CDB and BMCs to move forward.
TA to support domestic violence intervention training	Despite ambitious objectives, there was evidence of substantial positive medium-term outcomes including changes in “police culture” in the face of initial scepticism or opposition from members of some police forces. The outputs (7,300 police officers, social workers and educators trained) were achieved at low cost.
TA for introduction of value added tax in St. Vincent & the Grenadines	The TA made useful contributions to the transition to a broad-based consumption tax and away from over-dependence for government revenue on excise taxes and customs duties, which was an important shift in tax policy.

Source: International Development Management Advisory Group and Rideau Strategy Consultants, An Evaluation Study of the Technical Assistance Operations of the Caribbean Development Bank, 2000-2004, March 2007, p. 80-83.

The evaluation report indicates that the quality and results of TA could be improved through: improved strategic management of technical assistance, increased attention and resources for quality at entry, strengthening of supervision and monitoring, and provision, as a key requirement of TA management, for end-of-project assessment of results, key issues and lessons learned.⁴⁶

⁴⁶ The full recommendations are provided in Chapter 9 of the IDMAG/Rideau Strategy Group evaluation report.

6. Effectiveness and Efficiency of Delivery Mechanisms

6.1 Introduction

This chapter presents the main findings on key delivery mechanisms and the operational agendas introduced under SDF 4 and 5. However, the SDF 5 framework presented an ambitious programming and operational agenda for the CDB which are reflected in the focus and expectations of SDF 6 and 7. Thus, we have given greater consideration to issues evolving from the SDF 5 framework. The team also analyzed how the delivery mechanisms are used presently at the CDB, through interviews with Operation Officers.

The following mechanisms are addressed in this chapter:

- Caribbean-specific MDGs;
- Country Poverty Assessments;
- Country Strategy Papers;
- Partnership Development and Extended Membership;
- Poverty Prism;
- Poverty Reduction Strategy (PRS);
- Project Performance Evaluation System (PPES); and
- Management for Development Results.

6.2 Caribbean MDGs

Finding 12: While the Millennium Development Goals provided the CDB with a central vision for the alleviation of poverty in the region, the joint efforts to adapt and operationalise these goals within the Caribbean context took longer than expected and their use by BMCs is still in early stages.

In 2001 the Millennium Development Goals (MDGs) were endorsed by the Contributors as an integral part of the policy framework for SDF 5 and were to be used by the CDB as strategic benchmarks to plan SDF operations and to manage and assess its performance in the BMCs. However, the varying needs and distinguishing features of countries in the Caribbean region made the broad scale application of the MDGs problematic. To foster timely and participatory attainment of these goals, the Bank sought to work with others in the region to identify and tailor MDG measurements and indicators to suit local contexts.

In 2004 and 2005, the CDB collaborated with United Nations Development Program (UNDP), Caribbean Community (CARICOM), representatives of civil society, and other United Nations (UN) agencies, and BMCs to articulate the beginnings of a Caribbean-based MDG framework. This helped to guide the development of a results-based monitoring framework for SDF operations within the remaining elements of SDF 5 and the replenishment of SDF 6. In the external assessment of the CDB's TA operations (shown above in Exhibit 5.16), the CDB TA that supported the development of Caribbean MDGs was rated highly.

The process of operationalising the Caribbean MDG framework took longer than expected. Revisions of the MDGs to suit Caribbean needs and the development of an operational framework to support the use and implementation of Caribbean-specific MDGs took another full year after the end of the 5th SDF cycle.⁴⁷ Although the CDB has not been the only actor in supporting the CMDG development, the SDF 6 Mid-Term Review notes that it has taken a leadership role in this regard.⁴⁸ The Caribbean MDGs have since been integrated as one of the four broad themes for the SDF 6 Replenishment. (Appendix III provides a list of CMDGs.)

By identifying specific outcomes and setting a timeframe for achieving them, the CDB strengthened its results orientation. It also developed targets and indicators that are relevant for BMCs. However, as noted in the mid-term evaluation of SDF 6, the increases in targets (from 18 to 25) and indicators (from 48 to 90), may limit their application at the country level, given BMCs' weak statistical capacity. CDB has taken some measures to overcome these problems such as increasing the emphasis on Country Poverty Assessments and establishing a three-year training programme for demographers to improve BMCs' capacity to gather statistical evidence for programme planning and performance measurement.

The MDGs will be a strong emphasis of SDF 7, which will be the last full cycle of SDF before the MDG target date of 2015. Thus, SDF 7 represents a unique opportunity to fully integrate the CMDGs in country systems. However, the CDB and Contributors should carefully consider the role that CDB should be expected to play in this area given that its contribution is small when compared to the other actors involved (such as UNDP and CARICOM) and that there are many other commitments that the Bank will undertake as part of SDF 7. The realistic alternative would be for the CDB to play a supportive or collaborative role, but not take on leadership of the initiative.

6.3 Country Poverty Assessments

Efforts to measure poverty in the Caribbean region began in the late 1980s. Initially undertaken in the form of Living Standards Measurement Surveys, the first of these assessments was conducted in Jamaica in 1988, before becoming standardised as CPAs during SDF 4. The more comprehensive CPAs provide detailed assessments of living conditions in BMCs. Methodologically, CPAs are similar to the instruments used by the World Bank and other multilateral and bilateral donors in the region. CPAs consist of a Survey of Living Conditions (SLCs), Participatory Poverty Assessments, Macro Social

The CPA Process

"Each CPA is led by a broad-based National Assessment Team (NAT) appointed by the government of the participating country, led by a coordinator, responsible for managing the CPA process. The NAT is responsible for undertaking the CPA, monitoring poverty indicators and executing future CPAs with the support of consultants. CDB provides a technical assistance grant to defray the costs of the consultants and other expenses related to the poverty assessment. The consultants normally provide training, advice and technical support to the NAT; and are responsible for ensuring consistency across countries. CDB is the Executing Agency for poverty assessments and engages consultants directly. The NAT operates from a lead Ministry, generally either the Ministry of Finance and Planning or Ministry of Social Development. The draft CPA report is the subject of broad consultations in country. It is also reviewed by an inter-agency group of development partners based in Barbados, and by regional and sub-regional institutions including: the OECS Secretariat; and the Eastern Caribbean Central Bank. CDB also commissions a peer review involving a critique of the draft report by two experts, one local and one regional to provide independent views on the findings and on technical aspects of the report."

Source: *SDF(U) 6 Mid-Term Review*, p. 109

⁴⁷ For the list of the eight CMDGs see CDB, 2005-09 Strategic Plan, Appendix B.

⁴⁸ CDB, Special Development Fund Sixth Replenishment, SDF Mid-Term Review, September 2007, p. 51.

and Economic Analyses, and Institutional Assessments. They are designed to determine the characteristics, extent, geographic concentration, and severity of poverty within a country.⁴⁹

Poverty assessments are to be undertaken by BMCs in collaboration with the CDB, as well as other MDBs and donor agencies active in the region. Since 1995, the Bank has assisted most of its BMCs in the development of CPAs with the active support of CIDA, the Department for International Development (DFID), and UNDP. More recently, a coordinating group known as the Poverty and Social Sector Development Donors Group (PSSDDG), consisting of donors represented in Barbados, together with CARICOM, OECS, and WB, has been established to assist in the preparation of CPAs. The group has developed and recently strengthened a coordinating framework known as Support for Poverty Assessment and Reduction in the Caribbean (SPARC), which aims to build capacity at the national level to assess poverty and social development, prepare and implement poverty reduction strategies, and monitor and evaluate the effectiveness of such strategies. SPARC intended to provide a coordinating mechanism for various projects over the period corresponding to the SDF 6 cycle (2005–2008). CDB's ongoing collaboration with such an initiative is important in order to ensure effective coordination and harmonisation in the CPA process.

Finding 13: CPAs play a vital role in the advancement of the Bank's work in the Caribbean region, but there have been important delays in keeping their content up to date.

CPAs represent significant progress in terms of the knowledge base they provide for addressing poverty in the BMCs. During SDF 5, Contributors observed that CPAs were instrumental in providing a sound basis for a stronger and more effective role for the CDB. As a result of efforts made during SDF 5, CPAs now document the full nature and extent of poverty in the Caribbean. Specifically, CPAs play a vital role in the advancement of the CDB's⁵⁰ by:

- Providing reliable social data to support the formulation of poverty reduction policies;
- Offering up-to-date information on living conditions in BMCs;
- Providing opportunities for citizens, institutions, and agencies to share perspectives on, and solutions to, the experience of poverty;
- Helping the CDB, BMCs, and other agencies to better understand the character of poverty in the region;
- Informing intervention measures such as the Social Investment Fund, the BNTF, and rural enterprise projects.

Where available, CPAs have played an important role in the formulation of BMC PRAPs as a measure for targeting the poorest people and their communities and for the allocation of BNTF resources in the implementation of BNTF 5. Also, the mid-term evaluation of SDF 6 noted that CPAs have contributed to generating public interest on topics such as the high proportion of working poor in some countries and the poverty of households headed by single women.

In spite of planned efforts to complete CPAs for all active SDF borrowers at the onset of SDF 5, assessments were only completed at the end of the cycle, and efforts to update earlier assessments (on a 3-5 year cycle) were initiated late in the cycle. CPAs took on even greater meaning in the wake of renewed commitments towards SDF 6 and its focus on results-oriented poverty reduction programming. By providing an understanding of the nature, incidence, and causes of poverty in the region, CPAs have become instrumental to the design of effective programme interventions, since few countries have been able to produce poverty reduction strategies.

⁴⁹ For more details: CDB. Draft Poverty Reduction Strategy, 2004, p.16.

⁵⁰ (see Draft PRS 2004:iii for full details)

As noted in the MTE of SDF 6, to maintain the reliability of the data generated by these assessments the Bank requires further support from donors to carry forward the important programme of CPA updating according to the timetable set in a 2006 CDB Paper on CPAs and PRSs (see Exhibit 6.1).⁵¹ Therefore, in their agreement for the 7th replenishment of SDF, Contributors might reinforce the importance of high-quality CPAs and give priority to their development and updating for the upcoming SDF cycle. This next round of CPAs can also serve to assess and reinforce BMC progress towards attainment of the CMDGs.

Exhibit 6.1 Schedule of CPAs and Poverty Reduction Strategies

COUNTRY	DATE OF MOST RECENT CPA	EXPECTED UPDATE	STATUS OF PRS
Anguilla	2002	2007	Preparation after 2007 CPA
Antigua and Barbuda	2006	2010	To start in 2007
Bahamas	2001	Unknown	Unknown
Barbados	1997	2007	Preparation after 2007 CPA
Belize	1996	2008	Preparation after 2008 CPA
British Virgin Islands	2002	2008	Unknown
Cayman Islands	None	2007	Unknown
Dominica	2002	2007	Current to be updated after 2007 CPA
Grenada	1999	2007	Interim to be updated after 2008 CPA
Guyana	2005	2007 (WB)	Unknown
Haiti	1997	Unknown	Unknown
Jamaica	Annual Survey of Living Conditions from 1989	2006	Unknown
Montserrat	Preliminary Poverty Assessment in 2000	2007	Unknown
St. Kitts	2000	2006	Current to be updated after 2007 CPA
Nevis	2000	2006	Current to be updated after 2007 CPA
St. Lucia	1995	2010	Interim to be updated in 2007
St. Vincent and the Grenadines	1996	2007 [European Union]	Interim to be updated after 2007 CPA
Trinidad and Tobago	2005	Unknown	Unknown
Turks and Caicos Islands	1999	2008	To be prepared after 2008 CPA

Source: Rideau Group Consultants. SDF (U) 6 Mid-Term Review. November 2008, p. 42

⁵¹ Rideau Group Consultants. SDF (U) 6 Mid-Term Review. November 2008; p. 43, par. 5.1.11.

6.4 Country Strategy Papers

CSPs were initially designed to provide a framework to guide the Bank's assistance to individual BMCs over a two to three year period. Developed by the CDB in partnership with BMCs and various other stakeholders, including donor agencies and government officials, CSPs include the level and composition of designated assistance, an action plan, and performance measures. CSPs are based on assessments of policy issues, including institutional and policy performance, BMC priorities, the CDB's comparative advantage and overall portfolio performance, lessons learned, BMC creditworthiness, and the role of other agencies.

CSPs form an integral part of an effective strategy for SDF – an action-oriented approach to poverty-reduction that is based on Comprehensive Development Framework (CDF) principles,⁵² informed by evidence-based analysis of country poverty assessments and country Poverty Reduction Strategy Papers (PRSPs). CSPs are intended to provide:

- An operational framework to guide the Bank's work (in terms of programme development and implementation issues) at the country level;
- A vehicle for policy dialogue, improved institutional performance, partnership development;
- A project pipeline for subsequent "fast track" approval;
- Improved ownership of the development process at the country level, as well as the integration of good governance practices; and
- Greater consistency between planned interventions and a country's development objectives and priorities.

Finding 14: Country Strategy Papers provide the Bank with a key instrument to inform results-oriented programming and align the Bank's work with BMC priorities. Efforts to mainstream the CSP have been hampered by human resource constraints.

While much optimism was pinned on the expected effectiveness of CSPs, progress reports for SDF 5 reveal that the completion of CSPs proved more difficult than expected. The Resolution of Contributors to SDF 5 noted that CSPs would be prepared for each BMC every two to three years,⁵³ but only one CSP (for Guyana) was completed during SDF 5.

Although a number of factors contributed to such poor results, the one key constraint noted frequently in reviewed documents was CDB's human resource limitations; these limitations also affected the implementation of other aspects of the SDF framework described in this chapter.⁵⁴

The CSP preparation process was revised during the last year of SDF 5. A new set of guidelines indicated that economic memoranda would be discontinued and that CDB would prepare CSPs for all BMCs. More recently, an accelerated timetable for undertaking CSP preparation, in close consultation with the BMCs, was proposed to strengthen the Bank's strategic and programme orientation and its efforts to align itself with the strategic priorities of each country. The CSP process

⁵² World Bank Comprehensive Development Framework (CDF) 1999-2000: 1) Long-term vision and strategy, 2) Enhanced country ownership of development goals and actions, 3) More strategic partnerships among stakeholders and 4) Accountability for development results

⁵³ CDB. A Partnership for Poverty Reduction in the Caribbean. Report of Contributors on SDF 5. Final Text of the SDF 5 Agreement; p. 24, par. 117.

⁵⁴ Human resource limitations are a chronic problem within the CDB as noted in the 2000-2004 Strategic Plan and reiterated in the 2005-2009 Strategic Plan (p. 38).

will thus be conducted with increased participation at the country level and with other donor partners. These measures have yielded some results: CSPs are now available for seven countries, and updates of past CSPs are scheduled for twelve BMCs (see Exhibit 6.2).

Exhibit 6.2 Timing of CSPs, by BMC

Borrowing Member Countries	Most recent CSP	Next major revision planned (year)
Anguilla	n.a.	2008
Antigua and Barbuda	n.a.	2007
Bahamas	n.a.	2008
Barbados	n.a.	2007
Belize	2007-2009	2010
British Virgin Islands	n.a.	2008
Cayman Islands	n.a.	2008
Dominica	2001-2003	2007
Grenada	2000-2002	2007
Guyana	2002-2005	2007
Haiti	n/a	2009
Jamaica	1999-2001	2007
Montserrat	n.a.	2008
St. Kitts/Nevis	2007-2009	2010
St. Vincent/Grenadines	n.a.	2007
St. Lucia	2005-2008	2009
Suriname	n/a	n/a
Trinidad and Tobago	n.a.	2008
Turks and Caicos	n.a.	2008

n.a. = not available n/a = not applicable (not a member yet)

Source: CDB Excel file “CSP update 2008-02-19” and SDF (U) 6 MTE, p. 61.

For SDF 6, the Contributors pushed for a more results-oriented approach in the development of CSPs in order to strengthen the Bank’s results orientation and its ability to monitor and evaluate its work. Some progress has been made (e.g., the most recent CSPs for Belize, St. Lucia, and St. Kitts and Nevis show a more results focus). Nonetheless, the MTE of SDF 6 noted that the results frameworks of these three CSPs still need rethinking “to move from a project-by-project orientation to a more general framework of results targets.”⁵⁵ The MTE also noted that the CSPs had been produced by an economist in the Economics Department and recommended that the CDB use a cross-department interdisciplinary team for the CSPs so as to provide a more comprehensive framework for the Bank’s assistance.

While such changes are meant to strengthen the role of the Bank in the region and add value to CSPs, human resource constraints within the CDB continue to affect its capacity to achieve desired outcomes. The Bank has recently filled some of the vacant professional posts that affected the Projects Department for several years, but it is unclear if this will provide the human resource capacity to meet its ambitious CSP schedule. In the absence of an increased staffing commitment, the Bank’s capacity to produce country strategies is bound to remain relatively low.

⁵⁵ Rideau Group Consultants. SDF (U) 6 Mid-Term Review. Final Report. November 2007, p. 61.

CSPs could be reinforced by joint missions and analytical work with other donors so has to maximize potential for harmonisation and coordination. The CDB would still end up preparing its own CSP, but it would benefit from the joint analytic work with and by other donors. Furthermore, such efforts should allow the CDB to target its own resources in a more effective and complementary fashion. The importance of CSPs could also be reinforced by country-level evaluations that assess progress in implementing CSPs. However, both efforts signal the priority of CSP preparation would require adequate allocation of staff time and/or consultant resources.

6.5 Partnership Development and Extended Membership

Finding 15: Under SDF 5, the CDB inadequately assessed the level of resources, incentives, and skills required to develop partnerships and extend its membership.

As suggested in the title of the SDF 5 Contributors' Agreement, "A Partnership for Poverty Reduction in the Caribbean," the Bank signalled that partnership development would eventually be placed at the forefront of its overall strategy for reducing poverty in the region. During SDF 5, in accordance with CDF principles,⁵⁶ the CDB sought to strengthen its partnerships with borrowing member countries, civil society, and development agencies working in the Caribbean. The need to strengthen and build partnerships was featured as one of the five key strategies for achieving the objectives of the 2000-2004 SDF Strategic Plan.

Partnership

During SDF 4 and 5, CDB actively developed partnership agreements with development agencies and donor countries in Europe and Asia (the People's Republic of China and Japan). The People's Republic of China joined the CDB in 1998 and became a contributor to SDF. In the case of Japan, subsequent events and resource constraints made it difficult for Japan to make the envisaged contribution to SDF 5.

The Bank also took steps to strengthen its operations and renew its commitment to poverty reduction and broad-based sustainable economic growth that have reportedly provided the CDB with a stronger basis for dialogue with non-regional partners and prospective partners alike. Specifically, the CDB:

- Planned to work closely with other MDBs and international financial institutions (IFIs) (Inter American Development Bank (IDB), World Bank (WB), IFAD, UNDP), bilateral agencies (agencies in the European Union and the United States Agency for International Development (USAID) in the US), specialised agencies (e.g., Pan American Health Organisation (PAHO), the Organisation of American States (OAS) and the Food and Agriculture Organisation (FAO)), and the BMCs themselves in CDB-related activities, including the design of country programmes.
- Joined the Development Partners Poverty Reduction Working Group (DPPWG) to improve the coordination of development assistance in areas related to poverty reduction, poverty assessments, and the development of poverty reduction strategies.

⁵⁶ World Bank Comprehensive Development Framework (CDF) 1999-2000: 1) Long-term vision and strategy, 2) Enhanced country ownership of development goals and actions, 3) More strategic partnerships among stakeholders and 4) Accountability for development results.

- In an effort to ensure greater coordination of the partnership development process, the Bank identified the office of the Vice-President (VP) (Operations) as the focal point for assembling and maintaining records of cooperation with other agencies, and assigned the coordination of institutional partnerships jointly to the VP Operations and the Corporate Planning Division.

With the onset of SDF 6, the importance of development partnerships became virtually enshrined as the CDB's "raison d'être." As highlighted in the 2005-2009 Strategic Plan, the CDB would introduce a series of actions to strengthen partnerships and joint actions in support of the MDGs, poverty strategy development, and the harmonisation and alignment of respective agendas. Planned actions included:

- the harmonisation of assistance and the development of sector-wide approaches (SwAps) in areas such as education;
- the coordination of country strategies, policy dialogue, and financial and non-financial operations to support more efficient use of CDB's scarce human and financial resources and to avoid duplication and over-burdening of BMCs' capacity; and
- the intensification of collaborative efforts on MfDR with other MDBs (in particular the WB and IDB) to share experiences, knowledge and lessons learned, and to harmonise approaches and explore the advantages of common staff training activities.

Despite all of these plans, the MTE of SDF 6 reported that CDB had achieved very limited results in meeting its partnership agenda due to a number of reasons, including: the unreliability of BMC procurement systems, CDB decision against promoting SwAps due to limited in-country capacity to implement, divergence among donors on standards to ensure BMCs accountability, and CDB's overwhelming due diligence procedures. Furthermore, the data collected for this multi-cycle evaluation suggest that CDB did not introduce incentives or allocate sufficient staff time to further partnership agendas.

Extending Membership

During SDF 5, the CDB sought to widen its mandate to include the broader Caribbean community, initially focusing on Haiti, Suriname, and the Dominican Republic as potential BMCs. This expanded membership was not achieved during SDF 5. Haiti did become a member in 2007, after addressing a number of challenges; Suriname experienced delays in complying with membership requirements and as a consequence it is not a member yet. The Dominican Republic has indicated an interest in becoming a member of CDB.

In light of the slower than expected progress on membership, the CDB actively sought assistance from donor countries, partner governments, and development agencies with experience in Haiti and Suriname. It also sought guidance from CARICOM members on the best way to persuade the Dominican Republic to become a BMC, which would provide an attractive asset for enlisting greater European Union (EU) support, in conformity with the latter's mandate to provide assistance to the Caribbean Forum of African, Caribbean and Pacific States (CARIFORUM) countries. The CDB also made requests to regional members for assistance in establishing a potential membership agreement with officials of the Netherland Antilles, as this would likely facilitate further support from the Kingdom of the Netherlands.

Although it was generally well received by the Bank’s Contributors, the prospective broadening of the Bank’s mandate to include the wider Caribbean was also perceived by some to present important challenges to SDF and the CDB. According to the 2003 Annual Review, “[n]ew members will bring with them different institutional experiences and traditions, and major challenges in terms of needs and the development of effective programmes.”⁵⁷ This concern was also expressed in the MTE of SDF 6, which recommended a reorganisation of the Bank on a country basis as well as an increase in resources to support membership expansion.⁵⁸

Beyond the specific case of Haiti’s membership (see sidebar), there seems to be inadequate analysis by the CDB of the financial and human resources implications of membership expansion. The MTE of SDF 6 recommended that the Bank establish a membership task force. Contributors to SDF 7 might consider supporting the costs related to such a task force.

Haiti’s membership

The CDB established an internal task force to manage the initial stage of SDF programming in Haiti, and negotiated an arrangement with the CARICOM Secretariat in Haiti to share their offices.

CDB is now in the process of assessing the consequences of Haiti’s membership on its operations and structure.

Rideau Group Consultants. SDF (U) 6 Mid-Term Review. November 2008, p. 34-35

6.6 Poverty Prism

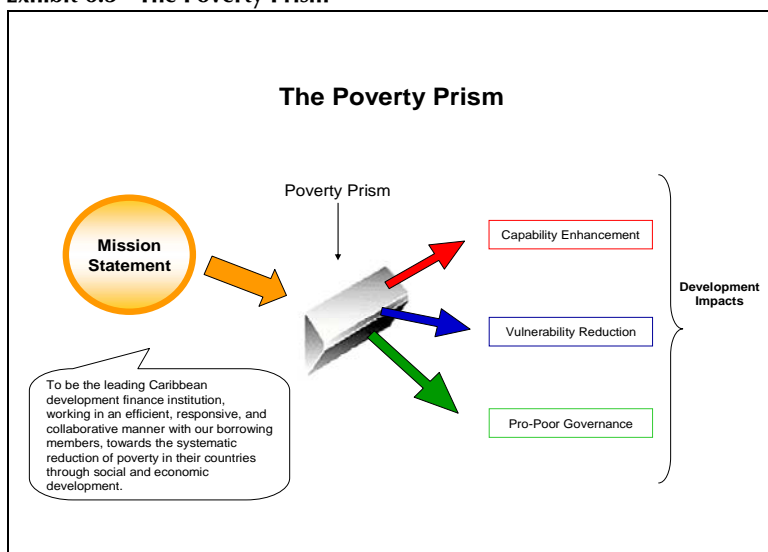
During SDF 5, based on its mission statement and the core directions identified in the 2000-2004 Strategic Plan, the CDB developed a model known as “the Poverty Prism”⁵⁹ to provide a more comprehensive and flexible instrument for supporting poverty reduction initiatives within BMCs.

The Prism, shown in Exhibit 6.3, provides a platform for the selection of projects based on their comparative advantage, potential synergies with other initiatives, ability to generate additional resources, and partnership opportunities with other agencies.

Three strategic levers or priority areas are used to guide the implementation of the prism:

- **Capability enhancement:** ensure economic and social empowerment of people in general and the poor in particular.

Exhibit 6.3 The Poverty Prism⁶⁰



⁵⁷ CDB. Annual Report 2003 and Financial Projections 2004-2006, April 2004, p. 4.

⁵⁸ Rideau Group Consultants. SDF (U) 6 Mid-Term Review. Final Report. November 2007, p. 37.

⁵⁹ In the 2002 Annual Report (p. 13, footnote), there is mention that the concept of the Prism was proposed by the Governor for the United Kingdom at the 30th Annual Meeting of the Board of Governors.

⁶⁰ Source: CDB. Draft Poverty Reduction Strategy. October 2004, p. 18

- **Vulnerability reduction:** prevent the poor from descending deeper into poverty and the non-poor from becoming poor by reducing the vulnerability of deprived groups to economic volatility, natural disasters, and other risks such as HIV/AIDS.
- **Good governance:** promote efficient, accountable and transparent government, as well as objectives and activities that are deemed appropriate for the development of modern states committed the well-being of its citizenry, and broad-based economic growth that is environmentally sustainable.

Finding 16: The CDB developed and began to apply the Poverty Prism in its operations, but this has not yet ensured sufficient analysis of poverty considerations in every project.

Ultimately, the aim of the Poverty Prism is to better centre SDF in terms of its relevance to and impact on poverty through broad-based self-sustaining economic growth. The Prism's cross-cutting priorities (capability enhancement, vulnerability reduction, and pro-poor governance) can help to ensure that the Bank's poverty reduction interventions are focused, realistic, and practical in the Caribbean setting. The Poverty Prism is thus intended to cut across all sectors financed by CDB and to be used in defining country programmes, project selection, design and implementation, and capability building of BMCs.

The MTE of SDF 5 and the 2004 Implementation and Progress Report reported that, even though the three priorities of the Prism were used early on in SDF 5 to guide project selection and programming activities, the development of operational guidelines was delayed considerably⁶¹ and that internal capacity to implement the new directives was impaired. As a result, integration of the Poverty Prism within all of the Bank's operations proved more challenging and slower than expected.⁶² Nevertheless, according to the Poverty Reduction Strategy [2004],⁶³ the Prism is now applied throughout the project cycle to determine the efficiency and effectiveness of project designs as well as their poverty relevance. It is integral to the Project Portfolio Evaluation System described in Section 6.8.

In SDF 6, the Bank intended to apply the Poverty Prism to all its operations, but the MTE of the 6th cycle suggests that this has not been possible. The mid-term reviewers reported that "there is little evidence in project files from 2005 and 2006 that poverty reduction was analysed for all loans and TA projects, or that the Poverty Prism had ensured that poverty considerations would be sufficiently analysed in every project design. The mainstreaming of poverty issues in SDF 6 does not seem to have been an effective replacement for the percentage targets that were part of SDF 4 and SDF 5."⁶⁴

The CDB, recognising the challenges associated with the application of the Poverty Prism, developed a series of toolkits on how to integrate poverty reduction into different sectors. Interviews with CDB Operations Officers suggest that, although the Poverty Prism itself is not necessarily well known at the Bank, the importance of poverty reduction as an objective to be included in all projects and sub-projects is well articulated by staff.

⁶¹ Operational guidelines were initially planned for the end of FY2001 but were actually developed towards the end of SDF 5 (2004) as part of the Bank's Poverty Reduction Strategy.

⁶² CDB. Annual Report 2003 and Financial Projections 2004-2006, p.8

⁶³ CDB. [2004] Draft Poverty Reduction Strategy, p. 18.

⁶⁴ Rideau Group Consultants. SDF (U) 6 Mid-Term Review. Final Report. November 2007, p. 7.

6.7 Poverty Reduction Strategy

Finding 17: The development of a poverty reduction strategy (PRS) represents a significant step forward for the CDB and its BMCs. However, delays in its preparation and operationalisation may have limited the performance of the Bank.

In the wake of the changing international context and the subsequent harmonisation of development assistance around the MDGs and the Paris Declaration on Aid Effectiveness, the CDB actively sought to reinforce its own commitment to addressing the challenges of poverty alleviation by developing a draft policy framework (articulated in two working papers on poverty reduction and governance and institutional development).⁶⁵

The development of a poverty reduction strategy is a significant step forward for the CDB and its BMCs. As highlighted in the Resolutions to SDF 6, “[t]he strategy provides a broad framework for addressing the causes and characteristics of poverty in the Caribbean, and is consistent with the objectives of the MDGs, which emphasise poverty reduction, human development and environmental sustainability in their multi-dimensional aspects, together with the need for a results-oriented partnership.”⁶⁶ The PRS reflects the results of broad-based consultations with various stakeholders, reviews of the poverty reduction strategies of other international development agencies, consideration of regional and international publications on PRS, bank-wide reviews of various drafts of the PRS, and suggestions for refinement arising from the July 2004 BOD’s meeting. As underscored in the strategy itself, the CDB’s PRS allows for:

- The blending of the Bank’s hard and soft resources at the project level, so as to broaden its influence in institutional strengthening and capacity building as well as provide leverage for other sources of funding;
- The application of new methods of project performance M&E;
- The use of Poverty Reduction Effectiveness Situation (PRES) scores for country allocations;
- The strengthening of inter-organisational cooperation and partnership via participation in regional workshops and other fora; and
- The mixing of country-focused interventions and regional support.

The linkages between the priorities expressed in the PRS and the Bank’s overall priorities and strategy stated in 2005-2009 Strategic Plan remain ambiguous. Even though it is clear that the Strategic Plan focuses on poverty reduction within the Caribbean, how items such as the Poverty Prism and key priority areas fit within this corporate framework is neither clear nor discussed.

⁶⁵ The intent to strengthen the CDB’s operational policy framework for poverty reduction followed a recommendation of the SDF 4 Performance Review.

⁶⁶ CDB. Replenishment of the Resources of the Special Development Fund (SDF 6). Resolution of Contributors and Report of Contributors on SDF 6. October 2005, p. 11, par. 3.04.

Delays in Approval and Operationalisation

The approval of the PRS took longer than expected – almost three years from the time of the first working paper to the last revision in October 2004. Once the PRS was in place, the need to ‘operationalise’ the strategy has been an on-going commitment of the CDB in SDF 5 and 6. A number of initiatives were undertaken related to the PRS and operational guidelines to ensure its incorporation into Bank operations.⁶⁷

The consequences of the delayed delivery of the PRS and operational guidelines on the performance of SDF 5 and on the work of the Bank more broadly are not clearly specified in CDB documentation. However, when considering the number of integrated initiatives⁶⁸ that are directly related to the poverty reduction strategy and designed to help the Bank accomplish its poverty reduction objectives, as well as the set of operational guidelines that needed to be developed (following approval) to guide the incorporation of the PRS into the Bank’s operations, one can hypothesize that the delayed implementation had some adverse effects on the overall performance of SDF 5, if not the Bank itself.

6.8 Project Performance Evaluation System

During SDF 5, the CDB introduced the PPES, which provides a framework of six criteria that can be applied to assess the performance of a project. The PPES criteria were harmonised with best practice at other MDBs. CDB went further than other MDB by applying these criteria at all stages of the project cycle.⁶⁹ The strategic, impact, and efficiency criteria of the PPES are noted in Exhibit 6.4. The PPES is used by project supervisors when they complete PSRs on each of their projects. The supervisors enter their scores on each of the six criteria into the CDB’s computerized portfolio data management system, known as the Project Portfolio Management System (PPMS).

PPMS data is then used to compute a composite performance score (CPS), which is an indicative measure of the likelihood that a project will achieve its objectives. Since 2001, these composite performance scores have been used by the CDB to assess the performance and quality of the portfolio and have been used to compute the PPI, or Project Performance Index, that allows the CDB to monitor and report on the performance and quality of its project portfolio. The PPI, which ranges between 1 and 10, is computed for each country and sector portfolio and the results are then reported in the Annual Review of the Performance of the Project/Loan Portfolio. The PPI is a broad measure of the performance of projects in the implementation phase.

⁶⁷ These comprise the promotion of CPAs, the preparation of country strategy papers (CSPs), support for the development of national PRSs (NPRSs), the conduct of social analysis, the strengthening and use of social and gender analysis for the application of the Poverty Prism at each stage of the project cycle (See CDB. Draft Poverty Reduction Strategy. October 2004, p. iii and CDB. Replenishment of the Resources of the Special Development Fund (SDF 6). Resolution of Contributors and Report of Contributors on SDF 6. October 2005, p. 12, par. 3.07)

⁶⁸ These comprise the promotion of CPAs, the preparation of country strategy papers, support for the development of national PRSs (NPRSs), the conduct of social analysis, the strengthening and use of social and gender analysis for the application of the Poverty Prism at each stage of the project cycle (See CDB. Draft Poverty Reduction Strategy. October 2004, p. iii and CDB. Replenishment of the Resources of the Special Development Fund (SDF 6). Resolution of Contributors and Report of Contributors on SDF 6. October 2005, p. 12, par. 3.07)

⁶⁹ CDB. A Partnership for Poverty Reduction in the Caribbean. Report of Contributors on SDF 5. Final Text of the SDF 5 Agreement. Approved by Contributors and the Board of Directors December 13, 2001; p. 29.

Exhibit 6.4 Elements of CDB’s Project Performance Monitoring and Evaluation System

COMPONENT	DESCRIPTION	NOTES
Project Performance Evaluation System (PPES)	To augment CDB’s ability to monitor and evaluate the development effectiveness of its projects. The system uses two strategic criteria (strategic relevance and poverty relevance), three impact criteria (efficacy, institutional development impact, and sustainability), and one efficiency criterion (cost efficiency). PPES performance scores are updated at least once each year, usually at a major supervision milestone.	The PPES is not yet applied to the BNTF and TA projects. Normally, the Project Supervisor assigns the scores in the PSR, which are supposed to be reviewed by Portfolio Manager, and Division Chief. Evaluation and Oversight Division (EOV) verifies a sample of PSRs during the preparation of the Annual Review of Portfolio Performance. In addition, EOV validates performance scores of all projects under implementation in one selected country to confirm the accuracy of these scores.
Project Portfolio Management System (PPMS)	The PPMS is a database can be accessed directly by all CDB staff. The intention is for key documents for a project to be stored in a way that enables one to search and, where desirable, to combine information from various stages of the project life cycle for analysis. The data base includes PPES scores provided in the PSRs.	PPMS data on projects is not always completed in a timely fashion.
Portfolio Implementation Performance Index (PPI)	The Performance Index is calculated to prepare the Annual Review of Portfolio Performance. PPIs are computed for thematic groups of projects, and by country, both of which are important for promoting learning.	Seven annual cycles of portfolio performance reviews have been completed during the period 2000–2006.

Finding 18: CDB strengthened its project monitoring and evaluation capacity in SDF 5, but still needs to ensure that the information generated through new tools is used for project planning, decision making, and improving the Bank’s performance.

In 2000, as a result of stakeholder pressure to better demonstrate the effectiveness of its operations,⁷⁰ CDB introduced the PPES to replace its earlier performance system. The PPES (with criteria noted in Exhibit 6.4) was intended to contribute to:

- Improving quality at entry by identifying key factors to be taken into account in project selection, design and implementation;
- Identifying projects at risk;
- Facilitating learning from experience; and
- Guiding portfolio management; and project and programme evaluation.

The PPES represents an important step in the improvement of the M&E function at CDB, yet after 7 several years of implementation, it may be that the PPES is more complex that it needs to be and that its complexity may be limiting its usefulness to management. For example:

- The application of some PPES criteria can be challenging. The Project Performance Evaluation Committee, which was formed in 2000 to facilitate the introduction and implementation of the PPES, found that ‘efficacy’ and ‘poverty reduction’ criteria were difficult to apply. And more recently the EOV, in its Report on the Validation of 2006 PSR Performance Ratings for St. Kitts and Nevis, noted difficulties in applying the criteria of strategic relevance and poverty relevance.

⁷⁰ CDB. Strategic Plan 2000-2004: The Road into the New Millennium; Appendix 1.1

- As noted in the evaluations and reviews of SDF 5 and SDF 6, PPES scores have not been re-assessed on a regular basis and there is no guarantee that PSR information is up-to-date. This could have consequences for the development effectiveness of the project if potential problems in project implementation are not addressed in a timely fashion.
- Finally, in the first years of application of the PPES, concerns were raised about the objectivity of project scores that are assigned by a project supervisor (who may assess performance in a more favourable light) and then validated by the Portfolio Manager and Division Chief of the Projects Department.⁷¹ In order to reduce the risk of subjectivity, the MTE of SDF 5⁷² recommended assigning responsibility for validating PPES scores to the Evaluation and Oversight Division⁷³ (which would align the Bank's practices with those of other MDBs like the World Bank, where validation exercises are undertaken by separate evaluation departments). CDB accepted the recommendation and since 2005, the validation function is within the EOV. Yet, given that EOV can validate only a small number of projects each year, the objectivity of the scores may still be questioned. And since the validation exercise is carried out some time after the completion of the PSR (sometimes two years later), it is not clear how this exercise can inform decision making or any follow-up from the Project Department that revisions of the PPES scores may entail.

The CDB is trying to implement a project performance monitoring system with 7 critical areas or criteria to be rated in each project. Staff must have the skills to assess projects on each of the criteria. Other MDBs are reportedly using only 4 criteria. CDB could consider harmonizing its criteria and approach to project performance monitoring with the systems being used by the other MDBs in the region. This could help it to ensure that the system is used for management decision making and organisational learning. Right now, the PPMS and the PSRs do not appear to be widely used by Operations. As in other smaller organisations, it is likely that key information is shared with management in person rather than via a computerized system, which places the onus of corporate memory on key individuals. This approach is not sustainable in the longer term.

The CDB project monitoring and evaluation system suffers from a number of additional gaps:

- The current structure of the PSR does not promote analysis of project progress towards results based on its Logical framework analysis, nor does it allow for documenting lessons learned in implementation to date.
- The CDB faces several constraints in its internal evaluation function: (i) evaluation fatigue among staff and in the BMCs; (ii) limited capacity for evaluation in CDB and BMCs; and (iii) the absence of completion reports and adequate monitoring information on project performance, which limits the evaluability of CDB's interventions.
- The CDB also faces constraints in the quality assurance and monitoring function that are areas of responsibility of Operations staff. CDB should aim at reinforcing the compliance to quality at entry indicators in areas such as proposed results framework and approach (likely described in the LFA) to monitoring and reporting on results during project implementation.

⁷¹ The purpose of the validation exercise is to determine: the extent to which PSRs accurately reflect project execution and the extent to which the PPES ratings/scores are consistent with project performance.

⁷² CDB. Special Development Fund Fifth Replenishment: SDF Mid-Term Review. March 2004, p. 5.

⁷³ EOV carries out independent evaluations of projects, programmes and technical assistance financed by the Bank, as well as strategies, policies, procedures, processes and activities in support of achieving the development effectiveness of the Bank. The EOV Division reports to CDB's President.

All of these factors limit the potential for the CDB evaluation function to play a strategic role in the assessment of its contributions in both sectors and countries. Until these gaps are addressed, CDB will not be able to benefit fully from its M&E system and will continue to face difficulties in reporting on its development effectiveness.

6.9 Management for Development Results

MfDR is a management strategy that focuses on using performance information to improve decision making.⁷⁴ It is rooted in the MDGs and is inextricably linked to aid effectiveness. MfDR requires not only an emphasis on intended results, but also an organisational culture that is committed to achieving outcomes for client countries and learning from its practice, along with compatible systems, incentive structures, and business processes.

MfDR gained momentum as a management strategy in the international development community during the 5th cycle of the SDF.⁷⁵ During SDF 4 and 5, the CDB's principal commitments were to introduce and put in practice RBM. While MfDR is nearly synonymous with RBM, in some cases RBM approaches have focused only on accountability – that is, whether or not resources were used to achieve planned results. MfDR provides a higher management standard by incorporating ideas about collaboration, partnership, country ownership, and harmonisation, and by asking all stakeholders to focus on country outcome performance. RBM can be seen as one of the tools that supports the broader MfDR agenda.⁷⁶

Finding 19: During SDF 5, CDB began to institutionalise its approach to RBM. The Bank reinforced its commitments to MfDR in SDF 6, recognising that further efforts will be required to fully implement a strategy that uses results information for decision making and learning in the CDB and the BMCs.

The emphasis in SDF 5 was on the CDB's own results focus and strengthening partnerships (the focus of Finding 15). Considerable progress was made during the SDF 5 period in the process of institutionalising a results approach, which can be summed up as follows:

- The RBM cascade was developed in 2003, based on a results-based performance framework that provided a hierarchy of corporate priorities linked to the CDB's strategic objectives.
- In 2004, CDB began to use the results-based system in preparing the annual work programme and budget (AWPD). It also shifted to a three-year AWP horizon. This practice has continued to the present.

Components of CDB's RBM Cascade

Corporate Strategic Objectives
Corporate Priorities
Annual outcomes-based work programmes (Work Units)
Annually defined outputs for the attainment of outcomes (Work Units)
Objectives and standards in individual work plans (All Employees)

⁷⁴ Definition taken from www.mfdr.org, based on the Sourcebook on Emerging Good Practice in MfDR.

⁷⁵ In 2002, following the Monterrey conference on financing for development, a first International Roundtable on Better Measuring, Monitoring, and Managing for Development Results was convened and agreed that MDBs should progressively introduce results-oriented initiatives to improve development effectiveness.

⁷⁶ This section is a summary of "Managing for Development Results Principles in Action: Sourcebook on Emerging Good Practice", February 2005.

- In the 2005-2009 Strategic Plan, CDB committed to using the Caribbean MDGs in planning, measuring, and monitoring its performance. The Strategic Plan further committed the Bank to use three pillars to implement MfDR: (i) Country and Regional Level, (ii) Institutional and Corporate Level, and (iii) Partnerships, Harmonisation and Alignment.
- CDB developed a new staff performance review system that would translate CDB outcomes and outputs into a results focus in individual work programmes. The Continuous Performance Improvement system, or CPI, was rolled out in 2005.

These important steps were taken fairly quickly and required changes in the processes and culture of the CDB. A few of the areas that could be strengthened in the corporate results system include:

- Strengthening the results orientation of the strategic plan itself (which is the intent as the Bank prepares the plan for 2010-2014).
- Strengthening the results orientation of CDB's reports on its performance, through assessments of annual performance provided in the AWPDP, Annual Report, and Report to SDF Contributors.
- Harmonising the results frameworks of the CDB and SDF as much as possible to facilitate reporting to the Board of Directors and Contributors.
- Strengthening links between the corporate results cascade and country level programming and project monitoring/supervision and evaluation.
- Strengthening the links across the Pillars in order to develop a more coherent approach in the Bank's work towards MfDR.
- Increasing efforts to ensure potential success of MfDR within the organisation. MfDR requires top-down support from senior management who see it as a priority (to keep it going) but at the same time, it will not be successful unless all organisational members buy into it (bottom up).

The Evaluation Team recognises that resource constraints have limited, and may continue to limit, the extent of MfDR implementation. MfDR requires staff time, which means a potential increase in transaction costs. The theory is that through learning, significant improvements and efficiencies will occur over time. In practice, however, there is a potential short-term trade-off for a medium-term gain in efficiency.

MfDR was only one of the initiatives that the CDB adopted during SDF 5. Each initiative required human resource and system capacities that were not in place in 1996. As CDB tried to move forward in each of these areas, operations were often slowed down.

The trends in the international development community and the MDBs put pressure on the CDB to align with the rest. These pressures will not go away. However, the CDB may need to establish priorities in terms of the sequencing and extent of the change to be expected within a given timeframe. It may need to propose smaller scale or less ambitious changes first, rather than propose to adopt more complex changes from the outset.⁷⁷ As CDB moves into SDF 7 it should consider how to simplify the scope of its commitments, so that it does not again accept enormous challenges within a zero-growth budget.

⁷⁷ For example, instead of adopting PPES, which is viewed by staff as a project monitoring system that is more ambitious than what is in place at other MDBs, the CDB could have proposed to begin with a simpler system that could add assessment criteria over time, if needed.

7. Conclusions and Future Considerations for SDF 7

7.1 Introduction

Throughout SDF 4 and 5, the CDB made progress in its efforts to develop strategic agendas and operating principles that could be translated into a greater focus on poverty reduction in the Caribbean. Despite limited data on outcomes, the evaluation found indications that CDB has contributed to positive effects in BMCs that could and should lead to positive development outcomes.

Overall, the study identifies a positive evolution in the approach of the CDB during SDF 4 and 5. The CDB has introduced significant changes in its strategy and policy frameworks, instruments and tools for guiding its programming, as well as in the systems it uses to plan, supervise, and evaluate its work. Such changes do not occur quickly. CDB has faced constraints in trying to respond to its commitments in SDF 4 and 5, particularly in terms of capacities (human resources and skill mix) to keep pace with an expanded social development agenda.

The multi-cycle evaluation was asked to provide insights from SDF 4 and 5 and subsequent cycles to inform future cycles of the SDF. While new information from this evaluation is limited, the Evaluation Team found significant evidence to reinforce lessons learned that have been communicated in different ways over the past few years.

The following section identifies a number of broader implications for SDF 7 that derive from the findings and conclusions of the evaluation.

7.2 Considerations for SDF 7

The CDB began its negotiations with Contributors to SDF 7 in early 2008. This section builds on the insights of our team based on the review of SDF 4 and 5 and the lessons and future orientations that are already being discussed in the design of SDF 7. The section presents policy, management, and project-level considerations for the CDB and its Contributors.

7.2.1 Policy-Level Considerations

Holistic orientation and greater focus: continue to emphasise a country-based agenda

The idea of a holistic orientation – in which social development is integrated with economic development – in the work of the CDB has been an underlying theme of SDF 4 and 5. However, the integration of broad programming and operational agendas can lead to the dispersion of SDF resources. One of the themes emerging from this report is the need for the Bank to focus on areas that are clearly within its niche and not spread its resources too thin.

The CPAs, improved CSP, and recently introduced policy-based loans provide a sound basis for a country-based approach to development interventions. In future cycles of the SDF, the Bank should continue to strengthen this grounding at the country level.

- The country-based agenda is at the heart of MfDR. It links to efforts of the CDB and other actors in the region to promote and encourage countries to use the Caribbean MDGs as part of their planning targets, monitoring and evaluation.
- The CDB would need to report more on what it is trying to achieve as contribution to the MDGs and national plans. In most of its reporting to Contributors, project-specific analysis tends to prevail, which is partly due to the nature of the performance information that is available.

- The CDB is a small player in many countries and harmonisation should be a key feature of its work.
- The CDB should strengthen its own results framework as it moves into the next strategic planning cycle, by illustrating how CSP results relate to what the Bank is trying to achieve corporately.
- Similarly, country programme/strategy evaluations should be introduced in CDB’s evaluation work programme.

If the CDB is to strengthen the country-based agenda, then it will also need to identify the implications of this for its resource capacities (human, financial, and systems). For example, if the CDB wants to report on its corporate results, the CDB will need to have better monitoring information emerging from Operations. Operations Officers will need to increase their capacity to monitor progress towards results of their projects and that may have training and financial implications.

Consolidate and simplify existing areas, rather than take on more issues and themes

CDB has introduced a number of new themes and ways of working over SDF 4, 5, and 6. We recommend that SDF 7 be used to consolidate a few core areas in which significant progress could help the Bank enhance its development effectiveness. As a retrospective study of SDF 4 and 5, in which there is little information on development outcomes, it is difficult to make specific recommendations on what thematic or substantive areas to focus on. The ongoing negotiations for SDF 7 have begun to identify a few core areas, which are highlighted in Exhibit 7.1.

Exhibit 7.1 Emerging Core and Cross-Cutting Themes for SDF 7

CORE THEMES	CROSS-CUTTING THEME
<ul style="list-style-type: none"> • Strengthening the poverty reduction focus and addressing the MDGs in the Caribbean • Supporting environmental sustainability, disaster risk reduction and management of the climate change response agenda, • Supporting regional cooperation and regional integration • Further enhancing development effectiveness 	<ul style="list-style-type: none"> • Gender Equality

The themes are still defined in very broad terms and could, therefore, accommodate a variety of development programming and management initiatives. At this stage it is imperative that the CDB carefully assess the implications of each of the themes and define its role and planned results in that area for the SDF 7 cycle. Specifically, we would suggest that:

- Given that the CDB is a small player in the region when it comes to the MDGs, it will need to clarify the precise nature and scope of its contribution with regard to “addressing the MDGs,” which is the first core theme of SDF 7. What are the implications for management of adopting this as a core theme? Does it require realignment of resources?
- In the area of supporting regional cooperation and regional integration, CDB should engage in a strategic exercise to define what that will mean in policy, management, and operational terms. Does that support require additional resources or presence in the BMCs? Would an alternative structural model need to be considered in order to allow more presence in BMCs? If so, these would have to be negotiated with the Contributors.

- The enhancement of development effectiveness also has management and operational implications for the CDB in that it will need to be able to measure and report on its contributions. This means that operations staff and systems will need to be able to capture and report on progress towards development results.

Based on our data, we can offer the following observations about potential programming interventions that could be integrated in SDF 7:

- An ongoing support to the BNTF. The BNTF clearly reinforces poverty reduction and Caribbean MDGs; it has been positively evaluated and provides a good model for programming interventions in Haiti.
- CDB has developed some experience in an area that is also in high demand for BMCs which is the environment in terms of climate change, risk assessment and disaster mitigation, preparedness and recovery. CDB's and Contributors should define better CDB's comparative advantage in each of these areas.
- Education could be an interesting niche area for CDB, particularly through initiatives such as SLS and TVET that help to bridge the gap between education and employment. Another potentially distinctive area of focus is universal secondary education.
- The CDB also has a potential advantage in economic infrastructure because other donors have shifted away from this, yet it can generate effects that can influence attainment of the first MDG of reducing poverty.

The challenge will be for CDB to identify a set of priorities without compromising the desire/demand to remain responsive to its BMCs. The Bank should also clearly say no to new commitments that may lead to unreasonable expectations on the part of Contributors. Contributors would be well served by reducing the range of new demands on the CDB, particularly if the policy of zero-growth budget is maintained.

Play a more proactive role in regional cooperation and integration and clarify the organizational implications of such a role

Regional cooperation and integration is one of the pillars in the CDB's strategic framework. To date, this has been addressed primarily through technical assistance programming. The region has invested a lot in policy terms on the Caribbean Single Market and Economy (CSME) and there are a number of potential roles for the CDB to play through its cooperation. The SDF 7 strategic framework is calling for a more coherent approach and operational strategy for CDB engagement with and support for regional organisations and the regional public goods that enable BMCs to achieve their national goals. It is incumbent on the CDB as a Pan-Caribbean development institution to be more proactive in regional efforts, (e.g. continuing to work effectively with CARICOM to develop a regional development strategy).

However, the first step in this regard is for the CDB to articulate (i) in what areas it will play a leadership role; (ii) what leadership means in the regional context; and (iii) the implications of playing that role for Senior Management and Operational staff.

Before finalizing negotiations for SDF 7, the CDB should define how this role will evolve during the period and the organizational implications of a more proactive approach to regional cooperation and integration. As recommended in the mid-term review of the SDF 6, we support the suggestion that EOVS carry out an evaluation of regional programming under SDF 5 and 6, building on findings of the 2007 evaluation of CDB TA operations.⁷⁸

⁷⁸ MTE of SDF 6, p. 37.

Enhance and Deepen MfDR at Corporate level

In SDF 6, the CDB articulated its approach to MfDR along three pillars based on the global results agenda adopted by other MDBs and described in Finding 19. CDB is taking some steps to integrate MfDR through ongoing consultancies. As it continues these initiatives, we recommend that CDB consider how the three pillars (MfDR at the country and regional level, MfDR at the institutional and corporate level, and MfDR through partnerships, harmonisation and alignment) can be linked rather than treated as separate or parallel initiatives. The emphasis on MfDR will also help the CDB to address the concern raised in this report about the lack of information on results and particularly the contributions to development outcomes, assuming that sufficient synergies can be developed among the pillars of MfDR during SDF 7.

Continue strengthening capacity for MfDR in the BMCs

At the country level, the CDB is working in three areas: MDGs, CPAs, and capacity development. In the past few months it has begun co-financing a TA project (USD 500,000) with the IDB (Program to Implement the External Pillar of the Medium Term Action Plan for Development Effectiveness - PRODEV) to generate capacity building activities within CDB and government officials of OECS countries directed to a better understanding of management by results concepts. The medium-term objective is that OECS countries access PRODEV funds that enable them to develop action plans to improve performance, management, monitoring and evaluation capacity of the public sector. This Technical Cooperation, and those that follow, can make an important contribution to the capacity of OECS countries.

The PRODEV capacity building is as important as project management training. CDB currently offers a training package that includes a core curriculum on project cycle management as well as specialized modules (on public policy analysis, project M&E, social analysis and participatory project development, for example). The core curriculum should be anchored in MfDR and could be reviewed to identify ways of drawing greater linkages to the concepts and approaches of MfDR.

7.2.2 Management-Level Considerations

At corporate level, strengthen investment and TA information on results

CDB introduced several initiatives at the corporate level during SDF 4 and 5 (e.g., RBM cascade, CSPs, PPES). The findings of the mid-term review of SDF 6 suggest that these be strengthened in SDF 7. CDB is paying greater attention to the results information gathered during implementation of investment projects and TA. It is carrying out a consultancy to help develop a quality assurance system that addresses quality at entry (QAE), quality of supervision, and quality of project completion reports. This could be an important and critical system as long as MfDR is a central concept that carries through right from QAE.

The CDB management is responsible for ensuring adequate information on results. When the CDB prepares its annual report or reports to Contributors, it should be able to draw on completion reports for information on results. Given the limitations of staff time, it may be possible to outsource preparation of the completion report.

If the CDB would like to report on its contribution to development results, it will need to change the way it reports on operations, which would not only require guidelines, but also need to be reflected in staff training programs and in incentives/rewards systems for management and staff.

Thus, the CDB might consider:

- Revising supervision reports and completion report format and content (results orientation);
- Adopting a system of quality control of these reports, as recommended by the ongoing consultancy;
- Developing incentives and measures for ensuring that adequate completion reports are available for every project. This could be incorporate into the assessment of individual and corporate performance. (For example, the Bank may wish to consider the number and quality of completion reports as one of its key performance indicators.)

Continue to strengthen monitoring and evaluation functions in CDB and support greater evaluation capacity in BMCs

There are several areas in which the CDB could strengthen its monitoring and evaluation functions. Some of these changes, however, may have implications for staffing skills and resourcing of both the Operations area and the Evaluation Division.

In aiming to strengthen M&E, the CDB may want to consider simplifying the system based on PPES in order to align its project monitoring criteria and approach with those being applied by the other MDBs.

The CDB will continue to face challenges in reporting on results unless project-level monitoring and evaluation is strengthened. Thus, the evaluation team recommends that the CDB reinforce the monitoring function at the CDB and the compliance with quality at entry criteria.

Similarly, the CDB will continue to face evaluability challenges – such as those encountered in the three evaluations carried out in 2008 – unless it can strengthen its systems for capturing performance information on its projects (through supervision reports and completion reports). If completion reports were strengthened, the ex-post evaluation function could be replaced by more strategic areas of evaluation and evaluation capacity building that could include:

- Greater work at country level, such as evaluations of Country Strategies that would review the Bank's support across sectors. This type of evaluation would also reinforce the CSP process.
- Strategic thematic evaluations, such as, for example, an assessment of the Bank's contributions to education or to regional cooperation and collaboration.
- Building a grant for evaluation into the loan to the BMCs, so that the monitoring and evaluation component, and ex-post evaluation if needed, can be commissioned by the executing agency.
- Supporting alternatives to strengthen capacity for M&E at the country level (through TA to specific units or ministries, training programmes, support for regional training initiatives, etc).

Before concluding SDF 7 negotiations, the CDB should carefully analyze the implications of SDF 7 commitments on CDB Operations. It may well be that if the CDB is to make significant progress under one of the core themes, one of the other themes may need to be reduced in scope or postponed until a subsequent cycle.

Enhance Development Partnerships: Strengthen leadership, incentives and processes for harmonisation

The CDB can and should play a stronger role in coordination and harmonisation processes, as it is well regarded and well positioned to do so. In this area, it is also important that the CDB articulate how it will enhance partnerships, as well as the implications for Senior Management and Operations staff of such a commitment. Once the approach to partnerships is better defined, the Bank could consider developing incentives and strengthening operational processes so that coordination and harmonisation are incorporated into annual work plans.

The Projects Department staff are the appropriate main contact for partnership at the technical level; however, partnership and coordination requires that the Bank engage with country officials and donors at multiple levels, thus requiring complementary presence of CDB Senior Management in the BMCs. Time constraints have often affected the possibilities for partnership development in the past. When Projects Department staff travel to the field, they focus on the project at hand (doing an appraisal or conducting supervision), but may not have the time, or be given the time, to represent the CDB at an institutional level.

Improve capacity to implement

The multi-cycle review of SDF 4 and 5 confirms CDB capacity limitations that have been cited in other reports. The capacity limitations for implementing SDF operational and programming frameworks have been three-fold. First, while the Contributors expected that the CDB would deliver on SDF commitments in a short period, the actual pace of delivery was slower than expected. Second, CDB has lacked the human resources on staff to be able to meet the expectations of an expanded thematic area or framework to be addressed at the policy or strategy level and in operations. Third, under SDF 4 and 5, the CDB took on projects with increasingly complex arrangements, particularly to enhance community participation, empowerment, and other aspects of social development (e.g., BNTF, REDP). Thus, CDB capacity was limited by its ability (and the ability of BMCs) to mobilise multidisciplinary teams such as those that are required to manage and supervise complex projects.

While the CDB is a small organisation, compared to other MDBs, it is our perception that SDF Contributors expectations are the same for CDB as for the World Bank, for example.

In order to meet expectations for SDF 7, the CDB will need to ensure that it has the right staffing, both in terms of levels of staff and skill mix. In addition, it may want to consider adopting alternative staffing arrangements. If the capacity to take on certain commitments does not exist in the Bank, CDB should be able to contract out a multidisciplinary team. The lessons learned/results report presented at the last meeting of the Contributors (July 2008), for example, recommended that in some cases CDB may need to distinguish between conventional supervision (compliance) and a more facilitative monitoring role that includes coaching project partners in resolving their problems. This might require a two-person team approach that is at least partially outsourced.

7.2.3 Project-Level Considerations

Improving BMC capacity to manage projects

During SDF 4 and 5, BMC capacities often affected project success. Capacity challenges at country levels for NDRM interventions included, for example, the lack of integration of the national disaster organisation in the country's governance machinery and human resource capacity to manage rehabilitation works.

Institutional capacity is frequently cited as a factor that limits the success of project implementation. In the water systems and solid waste management projects, the capacities of institutions, and economic and financial factors (such as revenues generated), limited the potential effects of the projects. Project management capacity and limitations of country information systems are often noted in several sectors (water and sanitation, NDRM, REDP).

The TA review noted that in the case of executing agencies, the capacity issues included lack of adequate staff, weaknesses in understanding expectations, and sometimes lack of commitment to TA objectives, absence of necessary supportive conditions within the ministry or agency, and failure to develop follow-up actions to the TA.

Making project procedures and requirements more flexible

Evaluation reports often comment on the need to introduce some degree of flexibility in the application of CDB procedures. In the TA evaluation, for example, they note that in some cases CDB procedures seemed to be applied without a degree of flexibility that might have ensured improved effectiveness or a better opportunity to strengthen sustainability. (It is noted, however, that in other cases, there was flexibility to respond to special problems.)

The NDRM assessment also advised CDB to review procedures, terms, conditions in order to improve accessibility and flexibility in the use of funds destined for NDRM.

Similarly, the MTE of BNTF pointed to a few areas related to CDB procedures such as the appointment process for CDB consultants, contract and tendering, and reporting.

Meeting the challenges of poverty targeting

A number of the initiatives examined faced challenges in targeting the poorest segment of the population. The difficulties stemmed from either the lack of information needed to facilitate targeting at the outset (in project design), budget limitations, or the lack of facilitation skills or outreach methods necessary to effectively reach the groups during implementation.

- The difficulties in the REDP included the lack of information systems that would allow for targeting, inability to target the poorest rural households because they focused on formal community organisations or producer associations, and the sometimes limited understanding of rural poverty issues among the project teams.
- Although special windows to benefit the poor were established in the SLS in some countries during SDF 5, at the time of the external assessment of the Scheme (2005) few students had benefited from the special schemes either because of insufficient outreach (to raise awareness about new conditions for the loans) or because loan conditions (requirement of a guarantor) were still perceived to bar access to the poor.

- The ex-post evaluation from the basic education project in TCI suggests that there may be some missed opportunities for improving access to poorer segments of the population to the TCICC due to the lack of dormitories for students in a context where cost of rental housing appears to be increasingly prohibitive. The dormitories were not included in the project due to budget limitations and concerns about the implications for ongoing operational demands on management.

Adapting project design to the realities of beneficiaries

A number of the projects reviewed faced challenges during implementation that emerged from the design of the projects and the subsequent definition of staffing for project implementation.

BNTF

Skills training projects were often designed from the supply side, with little attention paid to bridging the gap between supply and demand. For example, in BNTF in Guyana there was training of aboriginal women in sewing, yet, no training on how to market and where to sell their products. Thus, the women ended up sewing lots of uniforms and having inventories that they could not sell.

Managing skills training programmes required a mix of skills that the Community Liaison officers (typically engineers) did not have, such as understanding training needs assessment, marketing, etc.

REDP

The complex design of REDP led to many operational problems, compounded by the limited administrative and professional capacities of BMCs and the type of support and supervision that the CDB was able to provide. Thus, future design would need to consider:

- Better alignment of the strategies for assisting target groups with group's actual conditions: An example of such misalignment is the fact that poor farmers were given better quality materials to build shelters for their animals than the material they had to build their own houses. As a result, the animal shelters were not built and the livestock was not well cared for.
- Paying more attention to project management yet keeping a light management structure: The tri-partite management structure (CDB, IFAD, national government and, in addition, the beneficiaries) led to limited accountability, big turnover of staff, difficulties in coordination; difficulties in decision-making; and delays in implementation, which led to frustration among the beneficiaries.
- Streamlining design to focus on fewer components: The least successful component in St. Lucia and Dominica was the credit component. At issue is whether it makes sense to include such a component if the lines of credit performed very badly because of delinquencies in repayment.
- If the credit component is maintained, serious attention must be paid to develop a more robust policy for micro-credit with a view to defining the role, responsibilities and contributions of government, NGOs, foreign donors, and private organisations in the delivery of credit.

Enhancing Project Sustainability

The CDB faces enormous challenges to sustainability from institutional issues and the lack of maintenance given to infrastructure projects. These have been pointed out in this report particularly in the review of BNTF, water and sanitation, and NDRM projects. Although maintenance is a government responsibility, the lack of it undermines the effects of CDB interventions and CDB may need to be more proactive in ensuring that it is integrated into loan design and follow up. The CDB raises this issue in its recent analysis of SDF performance and results and implications for SDF 7 and proposes the need for greater emphasis on a practical plan for post-completion activities that can facilitate maintenance and help forge consensus at a political level on viable paths for achieving sustainability.

Appendix I Evolution of SDF Themes and Priorities

SDF	THEMES AND PRIORITIES
SDF 1 (1983–1987)	<ul style="list-style-type: none"> • Employment-intensive projects benefiting the poor • Economic infrastructure • Lines of credit to financial intermediaries for on-lending to small and medium-scale enterprises • Assistance to the agriculture sector
SDF 2 (1988–1991)	<ul style="list-style-type: none"> • High priority development activities in poor countries • TA to support loan operations and provide economic policy advice • First contribution to the Basic Needs Trust Fund • Use of country groups to set lending terms • The blending of SDF and Ordinary Capital Resources to achieve a lower effective interest rate
SDF 3 (1992–1995)	<ul style="list-style-type: none"> • Projects directly targeting the poor (25% of resources to finance projects benefiting the poor) • Small-scale enterprise development programme • BNTF • Allocations for TA, disaster rehabilitation, social infrastructure and lines of credit
SDF 4 (1996–2000)	<ul style="list-style-type: none"> • Poverty reduction with supporting themes: human resource development, environment protection, water and sanitation, and institutional strengthening
SDF 5 (2001–2004)	<ul style="list-style-type: none"> • Poverty reduction through capability enhancement, vulnerability reduction and good governance, together with broad-based sustainable growth, and introduction of the use of the poverty prism • Development of Caribbean-specific Millennium Development Goals • Introduction of Resource Allocation Strategy (RAS) and set-aside allocations for supporting regional TA projects, initial operations in new BMCs, an emergency reserve for natural disasters, major transitions in economic structure and other emergencies, i.e. HIV/AIDS • Development and broadening of partnerships • Strategic direction and internal governance • Introduction of Project Performance Evaluation System
SDF 6 (2005–2008)	<p>Contributors agreed on objectives similar to SDF 5, and for the completion of unfinished SDF 5 programmes during the SDF 6 cycle. Other themes established for SDF 6 include:</p> <ul style="list-style-type: none"> • Poverty reduction and broad-based economic growth • Addressing the MDGs • Strengthening development effectiveness and results-based management • Planning for and implementing the expansion of BMC membership

Source: CDB, Terms of Reference for Consultancy Services for the Multi-cycle Evaluation of the Unified Special Development Fund 4 and V, p. 5.

Appendix II Select Data Tables

Terms of SDF Lending

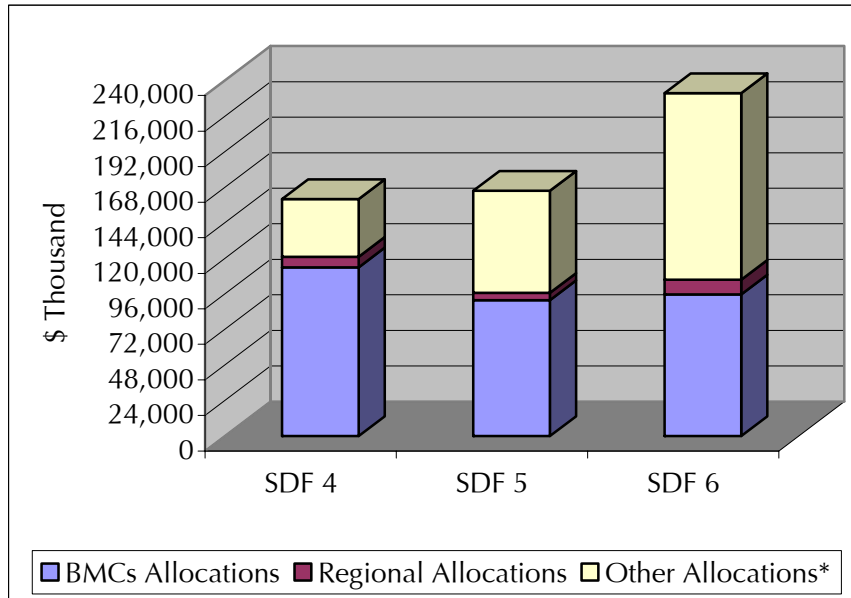
COUNTRY GROUP	INTEREST RATE (%)	MAXIMUM GRACE PERIOD (YEARS)	MAXIMUM OVERALL MATURITY (YEARS)	MAXIMUM GRANT ELEMENT (%)
1	5.0	5	10	30.8
2	4.0	5	25	46.6
3	2.5	10	30	66.3
4	2.0	10	30	70.7
Regional	2.5	7	25	61.3

Source: CDB, Resolution and Report of Contributors on SDF 6; p. 37

BMC Allocations

From SDF 4 to SDF 6, country allocations have totalled USD 301.3 million, representing 52% of the total sum of the programme levels of the last three cycles. As shown in the graphic below, country allocations have represented the most important share of SDF resources during the fourth and fifth cycles.

Allocations to BMCs SDF 4 to SDF 6

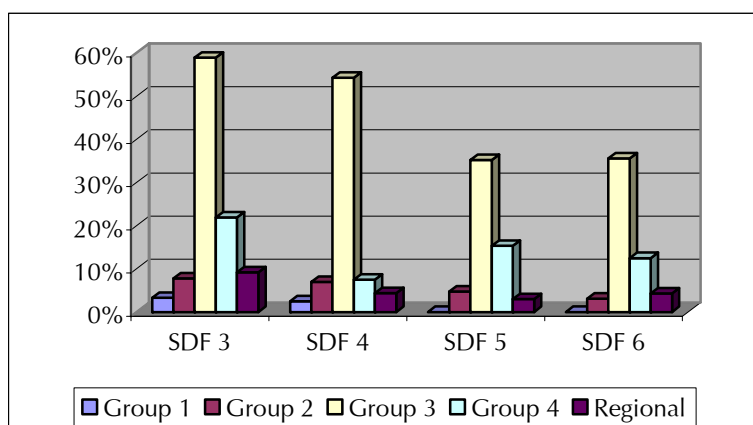


*Other Allocations include loans for disaster mitigation and fiscal distress and grants allocated to the following programmes: disaster response, project training, CTCS, BMC capacity building TA and BNTF.

Source: MTE of SDF 6, p. 25

SDF allocations over the last four cycles have mostly targeted BMCs in the country groups 3 and 4 as it is illustrated in the graphic below. This trend reflects CDB’s willingness and commitment to ensure that the most disadvantaged borrowing countries benefit from SDF resources to a greater extent.

Allocations from SDF 3 to SDF 6 by Country Group



Source: MTE of SDF 6, p. 25; and CDB, Resolution of Contributors to SDF 4, Annex 1

Regional Allocations

While most SDF resources are directed to BMCs, a quota has always been set aside for regional projects. Most regional projects are small technical assistance projects that fund activities such as conferences, workshops, and training. In SDF 4 and SDF 5, regional projects represented 10 - 13% of total SDF allocations approved.

SDF 4 and SDF 5 Approvals to BMCs and Regional Projects

	Net Approved from SDFU (\$'000)	Net Approved from SDFU (%)
SDF 4 Total	182,907	100.0%
BMCs	159,435	87.2%
Regional*	23,472	12.8%
SDF 5 Total	154,812	100.0%
BMCs	139,040	89.8%
Regional*	15,772	10.2%
Total	337,719	/

Source: CDB, SDF Annual Report data in excel files "sdf4Loans &Grants.XLW" and "sdf5Loans &Grants01_03Newthemes.XLW"

*Regional projects include projects of the TA Programme, a good part of which is oriented to regional activity, and the BNTF Programme. This explains why the net approvals from SDFU to regional projects are higher than the allocations set in the resolutions of Contributors.

In the first SDF cycles, regional allocations were targeted to various sectors, but over time regional projects have shifted their focus to good governance and institutional strengthening sectors with the aim of supporting regional cooperation and integration and increasing the effectiveness of certain operations.

The Resolution of Contributors to SDF 4 did not provide any specific guidelines for regional projects; the indicative amount of USD 7 million for regional projects was expected largely to benefit the OECS member countries. The *Performance Review* of SDF 4 recommended providing a more selective focus for regional interventions through a regional strategy. Subsequently, SDF 5 Operational Strategy identified key areas to be targeted through regional initiatives such as

HIV/AIDS, health sector reform, education, environmental protection and regulation, and international trade.

While the SDF 5 reduced the amount allocated for regional projects to USD 5 million, the following cycle renewed the need for more targeted regional interventions and allocated USD 10 million in grants for regional integration and the provision of regional public goods (RPGs). The increase can be attributed to the high importance given to regional cooperation in CDB's 2005-2009 Strategic Plan which makes regional cooperation one of the four main priority areas.

SDF Net Approvals by Country

Country	Total Net Approved from SDFU 4 and V (US\$'000)	%
Anguilla	3,218	1%
Antigua and Barbuda	6,151	2%
Bahamas	495	0%
Barbados	206	0%
Belize	37,154	11%
British Virginia Islands	762	0%
Dominica	33,343	10%
Grenada	33,678	10%
Guyana	54,600	16%
Jamaica	50,744	15%
Montserrat	1,873	1%
St. Kitts and Nevis	18,689	6%
St. Lucia	31,048	9%
St. Vincent and the Grenadines	18,770	6%
Trinidad and Tobago	1,105	0%
Turks and Caicos Islands	6,639	2%
Regional	39,244	12%
Total	337,719	100%

Source: CDB, SDF Annual Report data in excel files "sdf4Loans &Grants.XLW" and "sdf5Loans &Grants01_03Newthemes.XLW"

Note: Countries highlighted are those selected for field visits.

Appendix III Caribbean-Specific MDGs

CARIBBEAN-SPECIFIC MDGs	
TARGET	TARGETS
Goal 1. Eradicate Extreme Poverty and Hunger	
1	Halve, between 1990 and 2015, the proportion of people who fall below the poverty line
2	Halve, between 1990 and 2015, the proportion of people who suffer from hunger
3	Halve, between 1990 and 2015, the proportion of persons without access to basic services
4	Halve, between 1990 and 2015, the proportion of persons living in inadequate housing
Goal 2. Achieve Universal Primary Education	
5	Ensure that, by 2015, children everywhere (boys and girls alike) will be able to complete a full course of primary and secondary schooling, up to Grade 12.
Goal 3. Promote Gender Equality and Empower Women	
6	Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015
7	Eliminate gender disparity in income and occupational opportunities at all levels and in all sectors, no later than 2015
8	Reduce by 60% by 2015 all forms of gender-based violence
Goal 4. Reduce Child Mortality	
9	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate
Goal 5. Improve Maternal Health	
10	Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio
11	Universal access to reproductive and sexual health services through the primary healthcare system by 2015
Goal 6. Combat HIV/AIDS, Malaria and Other Diseases	
12	Have halted by 2015 and begun to reverse the spread of HIV/AIDS
13	Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases
Goal 7. Ensure Environmental Sustainability	
14	Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources
15	Halve, by 2015, the proportion of people without sustainable access to safe drinking water and improved sanitation
16	Have achieved by 2020, significant improvements in the lives of at least 70% of persons living in poor communities
17	Construct and implement a vulnerability index for the Caribbean within the next five years, which is sensitive to economic, social and environmental threats
Goal 8. Develop a Global Partnership for Development	
Support for this goal is integral to the Bank's operations and to the SDF. It is also supported by regional TAs financed by SDF	

Multi-Cycle Evaluation of the Unified Special Development Fund (1996-2004)

SDF 4 and SDF 5

Volume II –
Methodology

By:
Universalial Management Group



September 2008

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Appendix I Evaluation Matrix

ISSUES	QUESTIONS	POTENTIAL SOURCES OF DATA	SUGGESTED METHODS (TOOLS)
Overall Relevance			
<p>Issues and conditions that faced BMCs during both replenishments</p> <p>Adaptive capacity of the SDF(U) to changing circumstances</p> <p>Integration of the SDF(U) with national development planning</p> <p>Integration of the SDF(U) with the work of other development partners</p> <p>Ability of the SDF(U) to respond to BMC articulated needs</p> <p>Integration of the SDF(U) with the other activities of the CDB</p> <p>CDB responsiveness to BMC needs</p> <p>Degree of impact of new tools and commitments on various types of SDF(U) supported activity</p>	<ul style="list-style-type: none"> • What have been the key development related issues that have faced the SDF(U) through the two rounds of replenishment? <ul style="list-style-type: none"> – Have new ones arisen? – If so, how have they been addressed? • Have the issues differed between the fourth and fifth replenishments? <ul style="list-style-type: none"> – If so, how was the SDF(U) modified to respond to them? • Are SDF(U) planning mechanisms capable of responding to changing circumstance? <ul style="list-style-type: none"> – If so, how? • How has national development planning been integrated into SDF(U) planning and prioritization? • What roles have Country Strategy papers played in setting goals? • Is the current cycle for the development of country strategy papers sufficiently sensitive to respond to changing needs? <ul style="list-style-type: none"> – If not, why not? • How have SDF(U) supported activities been integrated into the broader work of the CDB? 	<p>CDB and SDF(U) documents</p> <p>BMC and SDF(U) statistical reports</p> <p>Evaluation reports and other programme performance data</p> <p>BMC government officials</p> <p>CDB stakeholders</p> <p>Documents from Contributors</p> <p>Documents from BMCs</p> <p>Contributors</p>	<p>Document review</p> <p>Interviews/ workshops/focus groups</p> <p>Statistical analysis</p>

ISSUES	QUESTIONS	POTENTIAL SOURCES OF DATA	SUGGESTED METHODS (TOOLS)
Cont'd	<ul style="list-style-type: none"> • How have other new commitments made by the CDB as a result of SDF(U) commitments strengthened the national planning capacity of BMCs (and the national delivery capacity as well)? • Have these new mechanisms had variable impacts (positive and negative) in relation to different types of SDF(U) supported activities? • How is the SDF(U) integrated with the work of other development partners? • What mechanisms, if any, exist to promote integration? 		
Administrative Compliance			
<p>Ability of CDB to implement the commitments and undertakings</p> <p>Timeliness and costs of such undertakings</p> <p>Integration of such new measures with on-going CDB activities and work patterns</p> <p>Strengths and weaknesses of these new systems and commitments for the CDB and for BMCs</p>	<ul style="list-style-type: none"> • Have all the commitments made in resolutions been implemented? <ul style="list-style-type: none"> – If not, why not? • Have they been implemented in a timely fashion according to the commitments made by the CDB? <ul style="list-style-type: none"> – If not, why not? • What new SDF(U) planning and prioritization mechanisms have been put in place and when? <ul style="list-style-type: none"> – At what cost? • What new mechanisms of performance assessment have been put in place including project performance for the SDF(U) as a whole and M&E generally? • What mechanisms if any have been implemented within BMCs? <ul style="list-style-type: none"> – When, where and at what costs? • How have SDF(U) related commitments been integrated into CDB work patterns? 	<p>CDB and SDF(U) documents</p> <p>BMC and SDF(U) statistical reports</p> <p>Evaluation reports and other programme performance data</p> <p>BMC government officials</p> <p>CDB stakeholders</p> <p>Documents from Contributors</p> <p>Documents from BMCs</p> <p>Contributors</p>	<p>Document review</p> <p>Interviews/ workshops/focus groups</p> <p>Statistical analysis</p>

ISSUES	QUESTIONS	POTENTIAL SOURCES OF DATA	SUGGESTED METHODS (TOOLS)
Cont'd	<ul style="list-style-type: none"> • Have new measures resulted in new demands on the CDB? <ul style="list-style-type: none"> – If so in what ways – capacity, additional; reporting, etc? • What as been the impact of the introduction of such new measures on BMCs? • Have new measures resulted in new demands on BMCs? <ul style="list-style-type: none"> – If so in what ways – capacity, additional; reporting, etc? 		
Efficiency and Effectiveness of Delivery Mechanisms			
<p>The degree to which new SDF(U) supported internal measures contribute to internal efficiencies at the CDB</p> <p>The extent that such commitments and measures have increased the managerial capacity of the CDB</p> <p>The degree to which such new measures have increased the ability of the CDB to plan for results</p> <p>The way these new tools are being used to report and plan for subsequent replenishments of the SDF(U)</p>	<ul style="list-style-type: none"> • What internal efficiencies have resulted from new commitments made by the CDB itself? • What forms of qualitative strengthening have arisen from them? • What new means of planning and prioritization have arisen? <ul style="list-style-type: none"> – How are they being used? • In what ways are planning and priority setting capacities of the CDB qualitatively different from those undertaken before <ul style="list-style-type: none"> – In relation to pre SDF(U) 4 conditions, and the difference between conditions prevalent in SDF(U) 4 and its successor SDF(U) V • How have these new measures strengthened BMC planning and / or delivery capacity? • Are such strengthening's sustainable at the BMC level? • What are the human capacity implications of such new measures on the CDB and on BMCs? 	<p>CDB and SDF(U) documents</p> <p>BMC and SDF(U) statistical reports</p> <p>Evaluation reports and other programme performance data</p> <p>BMC government officials</p> <p>CDB stakeholders</p> <p>Documents from Contributors</p> <p>Documents from BMCs</p> <p>Contributors</p>	<p>Document review</p> <p>Interviews/ workshops/focus groups</p> <p>Statistical analysis</p>

ISSUES	QUESTIONS	POTENTIAL SOURCES OF DATA	SUGGESTED METHODS (TOOLS)
Cont'd	<ul style="list-style-type: none"> • How have such new measures guarded against the possibility of overlap and duplication (with CDB programming and with that of others)? • Have there been varying rates of efficiency and effectiveness across differing types of SDF(U) programming? <ul style="list-style-type: none"> – Loan versus grants, different types of sectoral programming) • How have such new measures increased the ability of the CDB to plan and prioritize for development results? <ul style="list-style-type: none"> – How have they done so for BMCs? • How have such new measures increased the ability of the CDB to report development outcomes? <ul style="list-style-type: none"> – How have they done so for BMCs? 		
Achievement of Development Outcomes			
<p>The achievement of development outcomes</p> <p>Contribution of SDF(U) supported programming to broader national development goals</p>	<ul style="list-style-type: none"> • What are the contributions of SDF (U) to development outcomes, as defined by national strategies or plans, in the sample of BMC? • Has there been an identifiable evolution or shift in the contributions of SDF over the two cycles (SDF 4 and 5) in the sample of BMCs? • How have Country Strategy papers and other tools introduced or strengthened by SDF (4 and 5) been used to strengthen the attainment of development outcomes? • What is the evidence that completed projects supported by SDF 4 and 5 have achieved or are likely to achieve their intended outcomes? • What is the evidence of contribution to development outcomes in each of the thematic priority areas of the two cycles? 	<p>CDB and SDF(U) documents</p> <p>BMC and SDF(U) statistical reports</p> <p>CDB Portfolio performance data</p> <p>Evaluation reports and other programme performance data</p> <p>BMC government officials</p> <p>CDB stakeholders</p> <p>Documents from Contributors</p> <p>Documents from BMCs</p> <p>Contributors</p>	<p>Document review</p> <p>Questionnaires</p> <p>Interviews/ workshops/focus groups</p> <p>Statistical analysis</p>

ISSUES	QUESTIONS	POTENTIAL SOURCES OF DATA	SUGGESTED METHODS (TOOLS)
<p>Cont'd</p>	<ul style="list-style-type: none"> • Does the programming supported by the SDF(U) have the same rate of “success” as that of supported by other mechanisms based on project performance data (PPMS) available since 2000? • Are there instances of economies of scale and joint programming in the projects reviewed or BMCs consulted? • Is there evidence to show that SDF(U) support resulted in on-going or additional support from others (public or private sector) in the sample of BMCs or regional projects? • To what degree are development outcomes (and not necessarily simply programming outputs) capable of being measured during the lifespan of each replenishment? • Are current cyclical SDF(U) performance reporting tools (including programme evaluations conducted by the CDB) sufficiently sensitive to enable capture of data relative to the on-going attainment of development outcomes (specifically short to medium term development outcomes)? • Are programme planning tools sufficiently sensitive to enable a clear articulation of a hierarchy of development outcomes (some during the life of a replenishment, others requiring a more long –term perspective)? 		

ISSUES	QUESTIONS	POTENTIAL SOURCES OF DATA	SUGGESTED METHODS (TOOLS)
Supporting and Mitigating Factors			
<p>Factors that supported the attainment of the core objectives of the two cycles</p> <p>Factors that mitigated against the attainment of the core objectives of the two cycles</p>	<ul style="list-style-type: none"> • How have the administrative renewals of the CDB (as set down in various replenishment resolutions) improved the delivery of SDF(U) programming? <ul style="list-style-type: none"> – In relation to SDF(U) 4 – In relation to SDF(U) 5 • Have any of these renewals had a negative impact on the ability to attain objectives? • What are the CDB internal factors that either supported or mitigated against the attainment of SDF objectives over these two cycles? • What are the BMC factors that have affected ability to meet SDF 4 and 5 core objectives? <ul style="list-style-type: none"> • Has the capacity of BMC governments been sufficient to be able to work in new and more analytic environments that are the result of CDB administrative renewals? <ul style="list-style-type: none"> – In relation to SDF(U) 4 – In relation to SDF(U) 5 • What are the factors related to the behavior/ decisions of Contributors that either supported or mitigated against the attainment of objectives? • Generally speaking what are the most positive attributes of the SDF(U) approach – for each replenishment? • Generally speaking what are the most negative attributes of the SDF(U) approach – for each replenishment? • To what extent have unplanned or unpredictable (natural disasters, war, disease, global economic changes, etc.) factors influenced the attainment of objectives/priorities supported by the SDF(U)? 	<p>CDB and SDF(U) documents</p> <p>BMC and SDF(U) statistical reports</p> <p>Evaluation reports and other programme performance data</p> <p>BMC government officials</p> <p>CDB stakeholders</p> <p>Representatives from regional organizations supported by SDF</p> <p>Documents from Contributors</p> <p>Documents from BMCs</p> <p>Contributors</p>	<p>Document review</p> <p>Interviews/ workshops/focus groups</p>

ISSUES	QUESTIONS	POTENTIAL SOURCES OF DATA	SUGGESTED METHODS (TOOLS)
<p>Cont'd</p>	<ul style="list-style-type: none"> • To what extent is the SDF(U) sufficiently flexible so as to respond to such unpredictable circumstances like those mentioned above, and especially its ability to respond to instances of natural disasters? • What have been the contributions to SDF 4 and 5 objectives of the Caribbean regional initiatives/projects/organizations that have been supported? • To what extent have the articulation of the regionally relevant MDGs impacted on SDF(U) programming? • Are SDF(U) loan and granting mechanisms sufficiently sensitive to unpredictable circumstances (of all types) that may impact on BMCs? 		

Appendix II Members of the Evaluation Team and Schedule of Field Visits

COUNTRY MISSION	MEMBERS OF THE EVALUATION TEAM	DATE
Barbados	Ms. Katrina Rojas, Team Leader Mr. Stephen Free, Senior Consultant	March 2008 (Inception Mission)
	Dr. Marie-Helene Adrien, Team Leader and Project Manager Mr. Stephen Free, Senior Consultant	April 2008, June 2008
Belize	Dr. Marie-Helene Adrien, Team Leader and Project Manager	April 2008
Dominica	Dr. Marie-Helene Adrien, Team Leader and Project Manager	April 2008
Grenada	Dr. Marie-Helene Adrien, Team Leader and Project Manager	April 2008
Guyana	Mr. Stephen Free, Team Leader	April 2008
St. Lucia	Dr. Marie-Helene Adrien, Team Leader and Project Manager	June 2008

Appendix III Project Portfolio by BMC Selected for Field Missions

Belize

Theme	Net Approved from SDFU(US\$'000)	% Net Approved	Total Amount Disbursed from SDFU as of June-07 (US\$'000)	% Disbursement by Theme	% Disbursement of SDFU Net Approved as of June-07
SDF(U) 4					
ENVIRONMENT, WATER AND SANITATION	7,697	21%	6,122	80%	26%
HUMAN RESOURCE DEVELOPMENT	5,554	15%	5,187	93%	22%
INSTITUTIONAL STRENGTHENING	4,045	11%	1,957	48%	8%
OTHER INFRASTRUCTURE AND OTHER FINANCING	N/A	N/A	N/A	N/A	N/A
POVERTY REDUCTION	12,121	33%	9,708	80%	41%
SDF(U) V					
CAPACITY ENHANCEMENT	198	1%	198	100%	1%
GOOD GOVERNANCE	150	0%	0	0%	0%
VULNERABILITY	7,389	20%	704	10%	3%
SDF(U) 4 and V	37,154	100%	23,876	64%	100%

Source: CDB, Data on SDF 4 and 5 Loans and Grants from SDF Annual Reports

Theme	Project	Year	Type	Net Approved from SDFU(US\$'000)	Amount Disbursed from SDFU (US\$'000) as at June-07	Total CDB Financing (US\$'000)	% Disbursed
Environment, Water and Sanitation	Water Project (2nd Loan) - 10/SFR-OR	1997	Loan	3,447	3,447	13,830	100%
Human Resource Development	Student Loan Program - 9/SFR-OR	1996	Loan	387	387	2,000	100%
Human Resource Development	Student Loan Program - 11/SFR-OR	1998	Loan	1,000	1,000	2,000	100%
Human Resource Development	Enhancement of Technical and Vocational Education	2000	Loan	4,167	3,800	12,746	91%
Poverty Reduction	Low-income Housing 45/SFR	1996	Loan	2,500	2,500	4,000	100%
Poverty Reduction	Low-Income Housing - 47/SFR	1998	Loan	2,498	2,498	2,498	100%

Source: CDB, Data on SDF 4 and 5 Loans and Grants from SDF Annual Reports

Note: the projects that are shaded are those that are being covered by an evaluation (completed or ongoing)

Dominica

Theme	Net Approved from SDFU(\$'000)	% Approved by Theme	Total Amount Disbursed from SDFU as of June-07 (\$'000)	% Disbursed from SDFU Net Approved as of June-07	% Disbursed from SDFU by Theme as of June-07
SDF(U) 4					
ENVIRONMENT, WATER AND SANITATION	3,933	12%	3,933	100%	14%
HUMAN RESOURCE DEVELOPMENT	2,900	9%	2,900	100%	10%
INSTITUTIONAL STRENGTHENING	213	1%	144	68%	1%
OTHER INFRASTRUCTURE AND OTHER FINANCING	5,555	17%	5,535	100%	19%
POVERTY REDUCTION	12,274	37%	11,702	95%	41%
SDF(U) V					
CAPACITY ENHANCEMENT	4,023	12%	3,226	80%	11%
GOOD GOVERNANCE	281	1%	49	17%	0%
VULNERABILITY	4,164	12%	1,157	28%	4%
SDF(U) 4 and V	33,343	100%	28,646	86%	100%

Source: CDB, Data on SDF 4 and 5 Loans and Grants from SDF Annual Reports

Theme	Project	Year	Type	Net Approved from SDFU(US\$'000)	Amount Disbursed from SDFU (US\$'000) as at June-07	Total CDB Financing (US\$'000)	% Disbursed
Capacity Enhancement	Student Loan Program - 7th Loan - 15/SFR-OR	2002	Loan	2,000	1,468	7,000	73%
Environment, Water and Sanitation	Roseau Water and Sewerage - 10/SFR-OR	1997	Loan	3,933	3,933	8,270	100%
Human Resource Development	Student Loan Program - 9/SFR-OR	1997	Loan	900	900	1,500	100%
Human Resource Development	Student Loan Program - 13/SFR-OR	2000	Loan	2,000	2,000	2,000	100%
Poverty Reduction	Rural Enterprise Development - 60/SFR	1996	Loan	3,480	3,414	3,480	98%
Vulnerability	Shelter Development Project - 62/SFR	2001	Loan	2,281	1,157	2,281	51%

Source: CDB, Data on SDF 4 and 5 Loans and Grants from SDF Annual Reports

Guyana

Theme	Net Approved from SDFU (US\$'000)	% Approved by Theme	Total Amount Disbursed from SDFU as of June-07 (US\$'000)	% Disbursed from SDFU Net Approved as of June-07	% Disbursed from SDFU by Theme as of June-07
SDF(U) 4					
ENVIRONMENT, WATER AND SANITATION	N/A	N/A	N/A	N/A	N/A
HUMAN RESOURCE DEVELOPMENT	410	1%	0	0%	0%
INSTITUTIONAL STRENGTHENING	700	1%	352	50%	1%
OTHER INFRASTRUCTURE AND OTHER FINANCING	6,600	12%	1,400	21%	5%
POVERTY REDUCTION	10,662	20%	7,274	68%	27%
SDF(U) V					
CAPACITY ENHANCEMENT	29,760	55%	18,399	62%	67%
GOOD GOVERNANCE	N/A	N/A	N/A	N/A	N/A
VULNERABILITY	6,468	12%	0	0%	0%
SDF(U) 4 and V	54,600	100%	27,425	50%	100%

Source: CDB, Data on SDF 4 and 5 Loans and Grants from SDF Annual Reports

Theme	Project	Year	Type	Net Approved from SDFU (US\$'000)	Amount Disbursed from SDFU (US\$'000) as at June-07	Total CDB Financing (US\$'000)	% Disbursed
Capacity Enhancement	Third Road Project - 2/SFR-OR	2003	Loan	10,000	9,456	19,102	95%
Capacity Enhancement	Secondary Towns Development - TA - 16/SFR	2003	Loan	683	683	683	100%
Capacity Enhancement	Reconstruction of Sea Defences (2nd Loan) - 4/SFR-OR	2004	Loan	3,558	2,161	7,350	61%
Institutional Strengthening	Institutional Support for the Ministry of Min of Finance	1999	Grant	150	150	150	100%

Source: CDB, Data on SDF 4 and 5 Loans and Grants from SDF Annual Reports

Saint Lucia

Theme	Net Approved from SDFU(US\$'000)	% Approved by Theme	Total Amount Disbursed from SDFU as of June-07 (US\$'000)	% Disbursed from SDFU Net Approved as of June-07	% Disbursed from SDFU by Theme as of June-07
SDF(U) 4					
ENVIRONMENT, WATER AND SANITATION	5,411	17%	4,754	88%	25%
HUMAN RESOURCE DEVELOPMENT	2,680	9%	2,280	85%	12%
INSTITUTIONAL STRENGTHENING	627	2%	463	74%	2%
OTHER INFRASTRUCTURE AND OTHER FINANCING	N/A	N/A	N/A	N/A	N/A
POVERTY REDUCTION	5,810	19%	3,137	54%	17%
SDF(U) V					
CAPACITY ENHANCEMENT	10,245	33%	5,695	56%	30%
GOOD GOVERNANCE	218	1%	0	0%	0%
VULNERABILITY	6,057	20%	2,511	41%	13%
SDF(U) 4 and V	31,048	100%	18,840	61%	100%

Theme	Project	Year	Type	Net Approved from SDFU(US\$'000)	Amount Disbursed from SDFU (US\$'000) as at June-07	Total CDB Financing (US\$'000)	% Disbursed
Capacity Enhancement	Student Loan Program - 26/SFR-OR	2001	Loan	4,000	1,889	12,000	47%
Human Resource Development	Student Loan Program - 19/SFR-OR	1997	Loan	680	680	3,000	100%
Human Resource Development	Student Loan Program - 21/SFR-OR	1999	Loan	2,000	1,600	4,000	80%
Institutional Strengthening	TA for Shelter Development Project	2000	Grant	61	61	61	100%
Poverty Reduction	Rural Enterprise Development - 47/SFR	1996	Loan	955	874	955	92%
Institutional Strengthening	Project Launch Workshop for Basic Education Project	2000	Grant	6	6	6	100%

Source: CDB, Data on SDF 4 and 5 Loans and Grants from SDF Annual Reports

Note: the projects that are shaded are those that are being covered by an evaluation (completed or ongoing)

Appendix IV List of the Stakeholders Interviewed

NAME	TITLE/POSITION	ORGANIZATION	METHOD OF CONSULTATION
BARBADOS – STAKEHOLDERS INTERVIEWED DURING THE INCEPTION MISSION			
Anne Bramble	Deputy Director, Evaluation and Oversight Division	Caribbean Development Bank	Face-to-face Interview
Norman Cameron	Division Chief, Project Services Division	Caribbean Development Bank	Face-to-face Interview
Kelvin Dalrymple	Chief Research Economist	Caribbean Development Bank	Face-to-face Interview
Adrian Debique	Deputy Director, CPPD	Caribbean Development Bank	Face-to-face Interview
Carlson Gough	Director, Projects Department	Caribbean Development Bank	Face-to-face Interview
Monica La Bennett	Chief Policy/Programme Analysis, CPPD	Caribbean Development Bank	Face-to-face Interview
Douglas Leys	General Counsel	Caribbean Development Bank	Face-to-face Interview
Yvonne Moses Grant	Division Chief, Social Sector Division	Caribbean Development Bank	Face-to-face Interview
Tessa Williams Robertson	Division Chief, Economic Infrastructure Division	Caribbean Development Bank	Face-to-face Interview
Frank Sampson	Director, Human Resources and Administration	Caribbean Development Bank	Face-to-face Interview
Cedrik Schurich	Economic Adviser	Department for International Development and Alternate Representative to the CDB Board of Directors	Face-to-face Interview
BARBADOS			
Anne Marie Chandler	Operations Officer, Project Supervision Division	Caribbean Development Bank	Face-to-face Interview
D. Marcellus Albertin	Operations Officer (Education) Social Sector Division	Caribbean Development Bank	Face-to-face Interview
Andrew F.D. Dupigny	Portfolio Manager , Economic Infrastructure Division	Caribbean Development Bank	Face-to-face Interview
DONORS' REPRESENTATIVES IN BARBADOS			
Elizabeth Carriere	Head	Department for International Development - Caribbean	Face-to-face Interview
Kathryn Dunlop	Head – Development Section	Canadian International Development Agency	Face-to-face Interview

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NAME	TITLE/POSITION	ORGANIZATION	METHOD OF CONSULTATION
Wang Lin	First Secretary and Alternate Director for China to CDB	Embassy of the People's Republic of China	Face-to-face Interview
BELIZE			
Focus group with 10 Contributors from BMCs			
Yvonne S. Hyde	Chief Executive Officer	Ministry of Economic Development, Commerce and Industry, and Consumer Protection	Face-to-face Interview
David Leacock	Chief Executive Officer	Ministry of Education	Face-to-face Interview
Ernest N Raymond	Project Director	Ministry of Education	Face-to-face Interview
Oscar Alonzo	Social Investment Fund Executive Director BNTF Project Manager	SIF & BNTF	Face-to-face Interview
Carlos Pol	Economist	Ministry of National Development Investment and Culture-Policy and Planning Unit	Face-to-face Interview
Arsenio Burgos	Chairman	Development Finance Corporation/ Honorary Consul: Federal Republic of Germany	Face-to-face Interview
Armando J. Gomez	Manager	Orange Walk Institute for Technical and Vocational Education and Training	Face-to-face Interview
DOMINICA			
Steven Ferrol	Ambassador/Permanent Secretary	Ministry of Foreign Affairs and Ministry of Trade, Industry, Consumer and Diaspora Affairs	Face-to-face Interview
Juliana B. Boston	Financial Controller	Dominica Water and Sewerage Company Limited	Face-to-face Interview
Esther M. Thomas	Permanent Secretary	Ministry of Tourism, Legal Affairs and Civil Aviation	Face-to-face Interview
Gwennie Dickson	Manager Customer Service & Human Resource Development	Dominica Water and Sewerage Company Limited	Face-to-face Interview
Bernard Ettinoffe	General Manager	Dominica Water and Sewerage Company Limited	Face-to-face Interview
GUYANA			
Mohamed Ali	National Program Coordinator, CDB Funded Projects	Ministry of Finance	Face-to-face Interview
Leslie Wilburg	Acting Permanent Secretary	Ministry of Public Works and Communications	Face-to-face Interview

NAME	TITLE/POSITION	ORGANIZATION	METHOD OF CONSULTATION
Walter Willis	Project Coordinator	Ministry of Public Works and Communications - Third Road project	Face-to-face Interview
Prataap Persaud	Project Coordinator	Community Services Enhancement Project, c/o Works Services Group Ministry of Public Works and Communications	Face-to-face Interview
Selwyn Maughn	Project Manager	Community Services Enhancement Project	Face-to-face Interview
Bridgelall Ramprashad	N/A	Community Services Enhancement Project - Institutional Development	Face-to-face Interview
Nardai Meghn	Project Accountant	Community Services Enhancement Project	Face-to-face Interview
Agnes Dalrymple	Chief Sea and River Defense Officer	Ministry of Public Works and Communications - Sea Defense Unit - Reconstruction of Sea Defences	Face-to-face Interview
Geoffrey Vaughn	Project Engineer	Reconstruction of Sea Defences	Face-to-face Interview
Paulette Bunbury	Accountant	Reconstruction of Sea Defences	Face-to-face Interview
Neermaal Rekha	Finance Secretary	Ministry of Finance	Face-to-face Interview
DONORS' REPRESENTATIVES IN GUYANA			
N/A	Head	Department for International Development	Face-to-face Interview
Saqib Rizavi	Resident Representative	International Monetary Fund	Face-to-face Interview
N/A	Resident Representative	Inter-American Development Bank	Face-to-face Interview
N/A	Representative	European Commission	Face-to-face Interview
N/A	Representative	United States Agency for International Development	Face-to-face Interview
CANADA			
Mark Mostovac	Head of Aid	Canadian International Development Agency	Face-to-face Interview
Brett Maitland	First secretary (Development)	Canadian International Development Agency	Face-to-face Interview
SAINT LUCIA			
Joanna Raynold Arthurton	Chief Housing and Urban Planner	Ministry of Housing, Urban Renewal and Local Government	Face-to-face Interview

NAME	TITLE/POSITION	ORGANIZATION	METHOD OF CONSULTATION
Marcus Joseph	Group Financial Controller	East Caribbean Financial Holding Co. Ltd.	Face-to-face Interview
Esther Browne	General Manager	East Caribbean Financial Holding Co. Ltd	Face-to-face Interview
Joy Ferrier	Financial Officer	East Caribbean Financial Holding Co. Ltd	Face-to-face Interview
Joanna Charles	Financial Officer	East Caribbean Financial Holding Co. Ltd	Face-to-face Interview
Cointha S. Thomas	Budget Director	Ministry of Finance, Office of Budget	Face-to-face Interview
Donovan Williams	Permanent Secretary	Ministry of Economics Affairs, Economic Planning and National Development	Face-to-face Interview

Appendix V List of Documents Reviewed

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- PRN 3208, TCI-Solid Waste Management Project, 11/SFR-TCI, Reporting Periods: 2006-04-01 to 2006-09-11-01, 2005-11-01 to 2006-03-31, 2005-01-01 to 2005-06-30, 2005-07-31 to 2005-12-31
- PRN 1506, OECS Waste Management Project -GR, 6/SFR-OR-GRN, Reporting Periods: 2007-01-01 to 2007-12-31, 2006-01-01 to 2006-12-31, 2005-01-01 to 2005-12-31, 2004-01-01 to 2001-12-31, 2003-01-01 to 2003-06-30, 2003-07-01 to 2003-12-31, 2002-01-01 to 2002-12-31, 2001-01-01 to 2001-12-31, 2000-01-01 to 2000-12-31
- PRN 1726, Establishment of Water Users' Associations, GA 9/I, Reporting Periods: 2003-01-01 to 2003-03-31, 2002-10-01 to 2002-02-28
- PRN 1834, Fifth Water Supply Project, 25/SFR-OR-STL, Reporting Periods: 2007-07-01 to 2007-12-31, 2007-01-31 to 2007-06-30, 2006-07-01 to 2006-12-31, 2006-01-01 to 2006-06-30, 2005-07-01 to 2005-12-31, 2005-01-01 to 2005-06-30, 2004-07-01 to 2004-12-31, 2004-01-01 to 2004-06-30, 2003-07-31 to 2003-12-31, 2003-01-01 to 2003-06-30, 2002-08-31 to 2002-12-31, 2001-05-21 to 2001-12-31

WEBSITES

<http://www.caribank.org/>

<http://www.mfdr.org/>

Appendix VI List of Projects in BMCs Subject to File Review¹

Theme	Country	Project	Year	Type	Net Approved from SDFU(US\$'000)	Amount Disbursed from SDFU (US\$'000) as at June-07	Total CDB Financing (US\$'000)	% Disbursed
Institutional Strengthening	Anguilla	Institutional Support for Port Authority - 8/SFR	1998	Loan	143	143	143	100%
Institutional Strengthening	Anguilla	Institutional Support for the Development Board - 5/SFR-OR	1998	Loan	87	87	87	100%
Poverty Reduction	Anguilla	Micro and Small Scale Enterprise Program - 5/SFR-OR	1998	Loan	200	200	200	100%
Capacity Enhancement	Antigua and Barbuda	Emergency Tourism Promotion Programme - 24/SFR	2001	Loan	395	395	395	100%
Human Resources Development	Antigua and Barbuda	Secondary Education Project - 5/SFR-OR	1997	Loan	3566	3247	10640	91%
Institutional Strengthening	Antigua and Barbuda	Consultancy Services for Public Sector Reform - 23/SFR	1998	Loan	97	97	97	100%
Environment, Water and Sanitation	Belize	Water Project (2nd Loan) - 10/SFR-OR	1997	Loan	3,447	3,447	13,830	100%
Poverty Reduction	Belize	Low-income Housing 45/SFR	1996	Loan	2,500	2,500	4,000	100%
Poverty Reduction	Belize	Micro and Small Scale Enterprise Program - 9/SFR-OR	1996	Loan	766	766	766	100%
Poverty Reduction	Belize	Low-Income Housing - 47/SFR	1998	Loan	2,498	2,498	2,498	100%
Poverty Reduction	Belize	Micro and Small Scale Enterprise Program - 11/SFR-OR	1998	Loan	1,002	1,002	1,002	100%
Capacity Enhancement	Dominica	OECS Waste Management (Add Loan) - 14/SFR-OR	2001	Loan	400	351	1300	88%
Capacity Enhancement	Dominica	Emergency Tourism Promotion Programme - 63/SFR	2001	Loan	113	113	113	100%
Environment, Water and Sanitation	Dominica	Roseau Water and Sewerage - 10/SFR-OR	1997	Loan	3,933	3,933	8,270	100%
Poverty Reduction	Dominica	Micro and Small Scale Enterprise Program - 9/SFR-OR	2000	Loan	600	600	600	100%
Poverty Reduction	Dominica	Natural Disaster Emergency Loan for Hurricane Lenny - 61/SFR	2000	Loan	500	500	500	100%
Capacity Enhancement	Grenada	Student Loan Program - 6th Loan - 11/SFR-OR	2002	Loan	500	217	3500	43%
Capacity Enhancement	Grenada	Emergency Tourism Promotion Programme - 38/SFR	2001	Loan	198	198	198	100%
Environment, Water and Sanitation	Grenada	OECS Waste Management - 6/SFR-OR	1999	Loan	1620	975	1620	60%
Poverty Reduction	Grenada	Micro and Small Scale Enterprise Program - 7/SFR-OR	1997	Loan	600	600	600	100%
Poverty Reduction	Grenada	Natural Disaster Emergency Loan for Hurricane Lenny - 36/SFR	2000	Loan	496	496	496	100%
Capacity Enhancement	Guyana	Road Improvement and Maintenance Feasibility Study - 14/SFR	2001	Loan	592	592	592	100%
Capacity Enhancement	Guyana	Emergency Tourism Promotion Programme - 15/SFR	2001	Loan	113	113	113	100%
Capacity Enhancement	Guyana	Secondary Towns Development - TA - 16/SFR	2003	Loan	683	683	683	100%

¹ The list includes all projects for which project supervision reports were made available by CDB and excludes evaluated projects, projects currently being evaluated, and all regional projects.

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Capacity Enhancement	Jamaica	Emergency Tourism Promotion Programme - 12/SFR-OR	2001	Loan	845	845	845	100%
Environment, Water and Sanitation	Jamaica	Establishment of Water Users' Association	1999	Grant	67	0	67	0%
Human Resources Development	Jamaica	UTECH Centre - 10/SFR	1999	Loan	2900	2619	2900	90%
Institutional Strengthening	Jamaica	Institutional Support for the Maritime Sector - 9/SFR	1998	Loan	1,106	1,106	1,106	100%
Poverty Reduction	Jamaica	Social Investment Fund - 10/SFR-OR	1999	Loan	7,005	7,005	14,128	100%
Vulnerability	Jamaica	Enhancement of Basic Schools - 13/SFR-OR	2001	Loan	6598	1055	13383	16%
Capacity Enhancement	St. Kitts and Nevis	Micro and Small Scale Enterprise Program - 17/SFR-OR	2001	Loan	400	400	400	100%
Institutional Strengthening	St. Kitts and Nevis	Institutional Support for Public Works Department - 44/SFR	2000	Loan	154	154	154	100%
Poverty Reduction	St. Kitts and Nevis	Basic Education - 10/SFR-OR	1996	Loan	2,500	2,500	11,180	100%
Poverty Reduction	St. Kitts and Nevis	Micro and Small Scale Enterprise Program - 11/SFR-OR	1996	Loan	270	270	270	100%
Poverty Reduction	St. Kitts and Nevis	Low-Income Housing - 13/SFR-OR	1999	Loan	997	997	3,500	100%
Poverty Reduction	St. Kitts and Nevis	Micro and Small Scale Enterprise Development - 13/SFR-OR	1999	Loan	300	300	300	100%
Capacity Enhancement	St. Lucia	Water Supply - 5th Loan - 25/SFR-OR	2001	Loan	2206	1095	4541	50%
Capacity Enhancement	St. Lucia	Emergency Tourism Promotion Programme - 50/SFR	2001	Loan	395	395	395	100%
Capacity Enhancement	St. Lucia	TA for the Improvement of Drainage Systems - 51/SFR	2002	Loan	196	196	196	100%
Environment, Water and Sanitation	St. Lucia	OECS Waste Management - 18/SFR-OR	1999	Loan	2420	1883	2420	78%
Poverty Reduction	St. Lucia	Rural Enterprise Development - 47/SFR	1996	Loan	955	874	955	92%
Poverty Reduction	St. Lucia	Micro and Small Scale Enterprise Development - 19/SFR-OR	1997	Loan	375	375	662	100%
Poverty Reduction	St. Lucia	Micro and Small Scale Enterprise Development - 21/SFR-OR	1999	Loan	200	200	200	100%
Capacity Enhancement	St. Vincent and the Grenadines	Emergency Tourism Promotion Programme - 57/SFR	2001	Loan	113	113	113	100%
Capacity Enhancement	St. Vincent and the Grenadines	OECS Waste Management - 11/SFR-OR	2001	Loan	330	281	1950	85%
Poverty Reduction	St. Vincent and the Grenadines	Basic Education - 8/SFR-OR	1996	Loan	2,500	2,500	6,083	100%
Poverty Reduction	St. Vincent and the Grenadines	Micro and Small Scale Enterprise Development - 9/SFR-OR	1998	Loan	375	375	375	100%
Capacity Enhancement	Turks and Caicos Islands	Revised Solid Waste Management Programme - 11/SFR	2004	Loan	372	240	372	65%
Institutional Strengthening	Turks and Caicos Islands	Institutional Support for Government - 4/SFR-OR	1997	Loan	75	75	75	100%

Source: CDB, Data on SDF 4 and 5 Loans and Grants from SDF Annual Reports

Appendix VII Terms of Reference

CARIBBEAN DEVELOPMENT BANK
CONSULTANCY SERVICES FOR THE MULTICYCLE EVALUATION
OF THE UNIFIED SPECIAL DEVELOPMENT FUND 4 AND V

TERMS OF REFERENCE

1. BACKGROUND

1.01 The Caribbean Development Bank's (CDB) Special Development Fund (SDF) was established by CDB's Charter to receive contributions or loans for any purpose not inconsistent with the purpose and functions of CDB. The Charter states that the SDF may be used to make or guarantee loans of high developmental priority, with longer maturities, longer deferred commencement of repayment and lower interest rates than those determined by CDB for its Ordinary Capital Resources (OCR).

1.02 As required by its Charter, CDB's Board of Directors (BOD) adopted rules for the administration and use of the SDF on October 15, 1970. The SDF received financial support from several contributors and lenders, with an assortment of terms and conditions that created problems such as differences in procurement conditions; the absence of a regular replenishment cycle; the requirement by some donors for prior approval before their contributions could be used for particular projects; the administrative and financial complexity of administering a multiplicity of funds; and sectoral restrictions on different funds.

1.03 These problems caused complexities and inefficiencies in the operation of the SDF, and the BOD agreed to establish a separate pool of funds within the SDF, with different rules, which was named the Unified Special Development Fund [SDF(U)], to overcome these complexities and inefficiencies. In May 1983, BOD adopted the rules for the SDF(U) which provided for a unified fund within the SDF with the same objectives, terms and conditions and procurement requirements. SDF(U) is funded with contributions provided normally on a four-year basis and uncommitted portions of which may be withdrawn only in certain circumstances and subject to certain conditions.

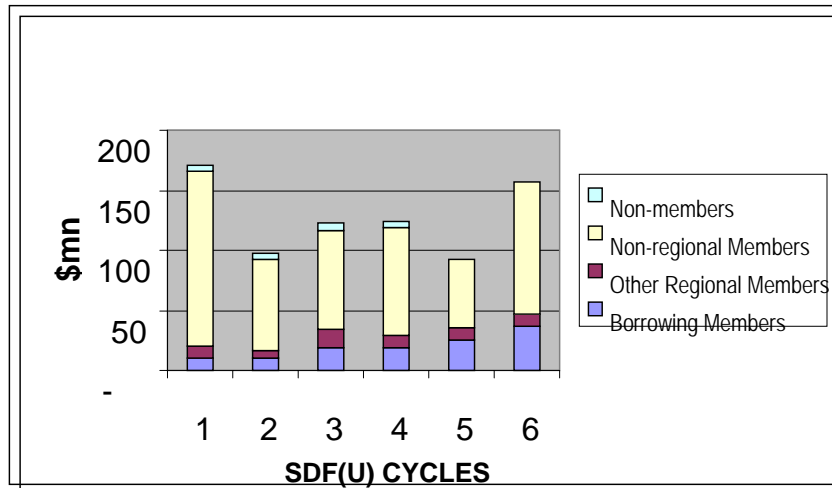
1.04 SDF(U) was established with a governance structure based on an Annual Meeting of SDF(U) Contributors, with non-member Contributors invited to be present with the right to speak at meetings of CDB’s BOD where projects, policies and other matters related to SDF(U) are being considered.

1.05 SDF(U) funding is provided in four-year replenishments. The third replenishment cycle (SDF 4) was however, extended by an extra year as a result of the People’s Republic of China joining the Bank in 1998 near the end of the SDF 4 cycle. Negotiations for the replenishment of the SDF(U) for a sixth cycle, covering the period 2005–2008, were concluded in December 2005.

Funding

1.06 Contributions or pledges to the SDF(U) over its six cycles of operation total \$766.4 million (mn). Of this figure, non-borrowing members have contributed \$645.2 mn or 84% while borrowing members have accounted for \$121.2 mn or 16%. Contributions by category of membership are shown in the following chart.

CHART 1: CONTRIBUTIONS TO SDF(U)



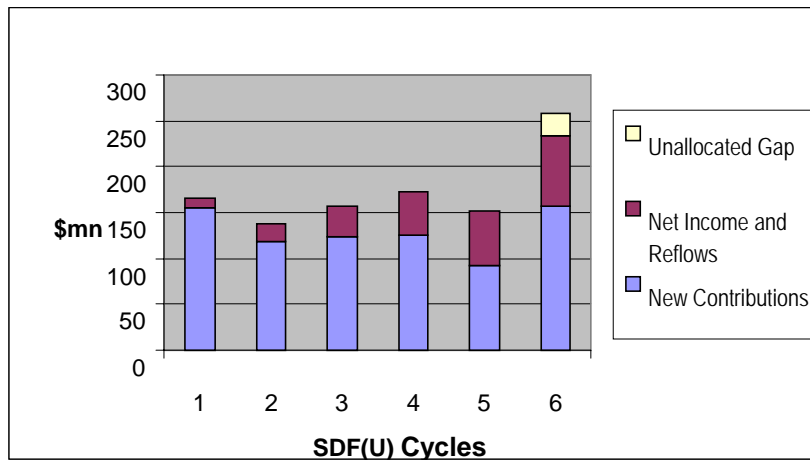
Themes and Priorities

1.07 During each SDF(U) Cycle negotiations, Contributors and the Bank agree on the priorities and issues to be addressed and the country groups and sectors to be targeted in that period. Over the years, there has been increasing emphasis on poverty reduction projects directed at the poor and low-income groups. Building capacity, reducing vulnerability and enhancing governance in beneficiary countries have also received significant support from the SDF(U) in recent cycles. The themes and priorities of each SDF(U) cycle are presented in Table 1.

Programme Levels

1.08 The programme level for each SDF(U) cycle is comprised of funds from Contributors, net income generated by the Fund and reflows from loan repayments. The programme levels over the six cycles of the SDF(U) are shown in the chart below.

CHART 2: PROGRAMME LEVELS SDF(U) 1-6



Eligibility of Countries

1.09 Borrowing Member Countries (BMCs) are assigned to one of four country groups based on their relative per-capita incomes and other socio-economic criteria. These country groups help to determine the terms and conditions for SDF(U) lending. While all BMCs are eligible for SDF(U) resources, countries in Group 1 are not entitled to a country allocation. These countries may instead, be the beneficiaries of regional projects. They also qualify for a limited number of highly poverty-focused projects, such as support to undertake a poverty assessment or prepare a poverty reduction strategy, technical assistance (TA) to help promote good governance, and other assistance in the event of a natural disaster.

Allocation of Resources

1.10 A Resource Allocation System (RAS) is used to allocate both SDF(U) loan resources to eligible countries and the Basic Needs Trust Fund (BNTF) funds to participating BMCs. The CDB's resource allocation formula is comprised of a *needs component* and a *country performance or effectiveness component*. The latter element in this formula recognises that countries with better policy and institutional frameworks are likely to make more effective use of concessionary resources, especially with regard to poverty reduction and broad-based sustainable growth, and provides an incentive for good policy and institutional performance. The formula also includes a CDB-developed measure of *vulnerability* as an indicator of country needs.

TABLE 1: SDF(U) REPLENISHMENT THEMES AND PRIORITIES

SDF(U) 1 (1983–1987)	<ul style="list-style-type: none"> • Employment-intensive projects benefiting the poor • Economic infrastructure • Lines of credit to financial intermediaries for on-lending to small and medium-scale enterprises • Assistance to the agriculture sector
SDF(U) 2 (1988–1991)	<ul style="list-style-type: none"> • High priority development activities in “poor countries” • TA to support loan operations and provide economic policy advice • First contribution to the Basic Needs Trust Fund (BNTF) • Use of country groups to set lending terms • The blending of SDF(U) and Ordinary Capital Resources to achieve a lower effective interest rate
SDF(U) 3 (1992–1995)	<ul style="list-style-type: none"> • Projects directly targeting the poor (25% of resources to finance projects benefiting the poor) • Small-scale enterprise development programme • BNTF • Allocations for TA, disaster rehabilitation, social infrastructure and lines of credit
SDF (U) 4 (1996–2000)	<ul style="list-style-type: none"> • Poverty reduction with supporting themes: human resource development, environment protection, water and sanitation, and institutional strengthening
SDF(U) V (2001–2004)	<ul style="list-style-type: none"> • Poverty reduction through capability enhancement, vulnerability reduction and good governance, together with broad-based sustainable growth, and introduction of the use of the poverty prism • Development of Caribbean-specific Millennium Development Goals (MDGs) • Introduction of RAS and set-aside allocations for supporting regional TA projects, initial operations in new BMCs, an emergency reserve for natural disasters, major transitions in economic structure and other emergencies, i.e: HIV/AIDS • Development and Broadening of Partnerships • Strategic Direction and Internal Governance • Introduction of Project Performance Evaluation System

<p>SDF(U) 6 (2005–2008)</p>	<p>Contributors agreed on objectives similar to SDF (U) V, and for the completion of unfinished SDF(U) V programmes during the SDF (U) 6 cycle.</p> <p>Other themes established for SDF(U) 6 include:</p> <ul style="list-style-type: none"> • Poverty reduction and broad-based economic growth • Addressing the MDGs • Strengthening development effectiveness and results-based management • Planning for, and implementing, the expansion of BMC membership
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Rationale for Multicycle Evaluation of SDF(U) 4 and V

Previous Evaluations

1.11 In April 1996, a performance assessment of SDF(U) 1 to 3 incorporating recommendations for a framework for SDF(U) 4 monitoring and evaluation was commissioned in response to the SDF(U) Contributors’ Report on the SDF(U) 4 replenishment. Among its findings the report concluded that the existing body of evaluation work while valuable and useful, is less comprehensive than is currently required, and provides in several key areas, inadequate guidance for operational programme development under the new SDF(U) programme guidelines. Resource limitations have been the principal factor in the highly selective and relatively modest nature of the evaluation programme to date.

New Evaluation

1.12 In the Resolution and Report of the Contributors on SDF(U) V, the Contributors endorsed the strengthening of the evaluation programme, and in particular the proposed multicycle evaluation. They urged the completion of key thematic and sector evaluations in time for these to be an input into the multicycle evaluation. This evaluation is being scheduled so as to allow for the completion of major thematic, sector and programme evaluations as well as, taking into consideration recommendations of the Report of the Mid-term Review of SDF(U) 6. SDF(U) 4 and V have committed \$333 mn and disbursed \$206 mn as at August 2007 in loans and grants. One hundred and thirty-five (130) capital projects have been implemented with 90 completed to date.

2. OBJECTIVE

2.01 The objective of this evaluation is to provide evidence of meeting the commitments and undertakings set out in the Resolution and Report of the Contributors of SDF 4 and V and the development outcomes in the BMCs receiving loans and grants from these cycles to the Contributors, BMCs and CDB as administrator of the SDF(U). The results of the evaluation will be presented in the context of the relevance, effectiveness and efficiency in the use of these resources, in addressing poverty and vulnerability and structural economic difficulties of the BMCs and lessons learnt which can be used to improve future operations. Specifically, the evaluation will seek to address the following, within the context of the agreements set out in these two cycles:

- (a) Has CDB met the agreed obligations and commitments made during the replenishment and resolutions?
- (b) What are the factors that advanced the achievement of the core objectives of these two cycles and what constrained the achievement of results?
- (c) What were SDF(U) 4 and V contributions to development outcomes? EOV is currently undertaking a number of relevant programme, sector and thematic studies. The most relevant findings should be incorporated in this evaluation, should they be available in time.
- (d) What lesson can be learnt from the experiences over the period?
- (e) Recommendations which are forward looking and within the context of improving the administrative, policy and operational and monitoring and evaluation framework of future SDF(U) replenishments.

3. SCOPE OF SERVICES

3.01 The evaluations should concentrate on compliance with replenishment and resolution undertakings, contributions to development outcomes. Actions under SDF(U) 6 should be taken into consideration when proposing recommendations.

3.02 The evaluation will include but will not be limited to:

(1) Relevance and Compliance

- (a) Background, overview with an updated profile of SDF(U) 4 and V and placed within the context of the issues and challenges facing the BMCs during the period under implementation and operation and the responsiveness of CDB.
- (b) Extent to which CDB's organisational structure, policies, lending instruments and systems supported the delivery of the commitments and undertakings agreed with the Contributors.

(2) Efficiency

- (a) Extent to which project quality, project implementation including the effectiveness of the Project Performance Evaluation System, country strategies, monitoring and evaluation, are in consonance with and supportive of the commitments and undertakings agreed with the Contributors.
- (b) Extent to which CDB has successfully implemented directives and recommendations of SDF(U) 4 and V. Has CDB fulfilled its obligations and commitments made in the Resolution of Contributors for SDF(U) 4 – V?

(3) Effectiveness

Report on the degree to which the following SDF(U) supported projects, programme and activities relative to thematic and priority areas have achieved or are expected to achieve, the outcomes (efficacy) and at what cost (efficiency). The primary source of information will be the evaluation reports of the Evaluation and Oversight Division of CDB. Following are the thematic areas to be considered:

(a) Poverty reduction:

- Basic Needs Trust Fund; and
- Agriculture and Rural Development.

(b) Capability Enhancement, Institutional Strengthening and Human Resource Development:

- Education Sector;
- Technical Assistance; and
- Caribbean Technological Consultancy Services Network.

(c) Vulnerability Reduction:

- Natural Disaster Management.

(d) Environment and Sanitation, Environmental Mitigation and Natural Resource Management.

(e) Governance:

- Regional Cooperation and Integration.

4. METHODOLOGY

4.01 The primary focus of this consultancy will be on the quantitative and compliance features, in addition to reporting on results of specific thematic and priority areas, in terms of the intended or expected outcomes of SDF(U) 4 and V. The Consultants will rely on:

- (a) A file study based on a sample of completed and ongoing projects and TA related to the thematic and priority areas.
- (b) Bank documents, the project performance management information system, and existing and evaluation studies to be completed in time for this evaluation. The following is a list of available background documents:
 - (i) CDB’s Strategic Plan 2000-2004.
 - (ii) CDB’s Strategic Plan 2005-2009.
 - (iii) Poverty Reduction Strategy Paper – 2004.
 - (iv) Governance Strategy Paper.
 - (v) Annual Portfolio Performance Reviews (2000–2006).
 - (vi) Project Supervision Reports.
 - (vii) BNTF Mid-Term Reviews.
 - (viii) Ex-Post and programme evaluations of projects in the Education Sector:
 - Further Education – Turks and Caicos;
 - Basic Education 11 – St. Lucia; and
 - Assessment of the Student Loan Scheme.
 - (ix) Evaluation Report on Technical Assistance Operations (2000 – 2004).
 - (x) A study on the Effectiveness of the Response of the CDB to Natural Disasters in its BMCs (to be completed).
 - (xi) Evaluation of CTCS (to be completed).

- (xii) Project Completion Reports (PCRs), Mid-term Reviews and Independent Evaluations for Rural Development projects:
 - Rural Development in St. Lucia and Dominica (PCRs from IFAD);
 - Community Initiated Agriculture and Rural Development – Belize (being completed); and
 - Review of Rural Enterprise Projects – John Harrison , *et al.*
- (xiii) Lending Policies.
- (xiv) SDF(U) 4 Reports:
 - Special Development Fund Resolution of Contributors to SDF(U) 4 with Report of Meeting of Contributors on May 10 and October 17, 1994 and February 10, May 9 and October 20, 1995;
 - SDF(U) Annual Reports: 1996–2000; and
 - Performance Review – Special Development Fund Unified Cycle IV – Final Report, September 2000.
- (xv) SDF(U) V Reports:
 - Replenishment of the Resources of the Special Development Fund (Unified) (SDF(U) V) Report of Contributors on SDF(U) V – Final Text of the SDF(U) V Agreement – Approved by Contributors and the Board of Directors, December 13, 2001;
 - SDF(U) Annual Reports - 2001–2004;
 - SDF(U) Fourth Replenishment – Mid-Term Review, March 2004; and
 - Implementation and Progress Report for SDF(U) V – as of September 2004 (October 2004).
- (xvi) SDF(U) 6 Reports:

- Replenishment of the Resources of SDF(U) 6 Report of Contributors to SDF(U) 6 – approved by Contributors and the Board of Directors October 13, 2005;
 - SDF(U) Annual Reports: 2005 – 2006; and
 - DF(U) Fifth Replenishment – Mid-Term Review, October 2007.
- (c) Survey relevant personnel from CDB, borrowers, executing agencies and multi-lateral and donor agencies.

4.02 The methodology should take advantage of rapid appraisal techniques, including formal and informal interviews, focus group discussions and other methods selected, according to needs. Broad consultation with Contributors and BMCs will be required. The Technical Proposal should provide CDB with a method of approach and a plan of action for conducting the evaluation and developing an evaluation matrix.

5. INPUTS

5.01 CDB will provide the Consultants with all relevant documentation to facilitate the completion of the consultancy, as well as facilitate access to relevant members of staff and management, borrowers, and executing agencies.

6. QUALIFICATIONS AND EXPERIENCE

6.01 The Firm of Consultants should possess personnel with post-graduate training and at least ten years' experience in economics or social science. Experience and a demonstrable knowledge in the area of development banking, programme evaluation systems and organisational assessments are required.

6.02 Each member of the team should have at least ten years working experience in his/her respective discipline and the following competencies:

- (a) fluency in English;

- (b) project cycle management and the use of the logical framework approach as a design and management tool;
- (c) knowledge and experience with multi-lateral development banks, and/or bilateral agencies; and
- (d) experience in the application of his/her skill in the Caribbean Community (CARICOM).

7. **DELIVERABLES**

7.01 The Consultants will be required to submit the following reports:

- (a) two copies of an Inception Report within two weeks of commencement of work providing details of the revised work plan and schedule for the consultancy. CDB will provide comments on the Inception Report within two weeks of receipt and the Consultants will adjust the work plan according to the comments received and agreed upon;
- (b) three copies of an Interim Report within ten weeks of commencement of work with key findings, issues and recommendations after the completion of the required research and travel related to objectives as stated at Sections 2(a) and (b) of the Terms of Reference. CDB will provide comments on the report within two weeks of receipt and the Consultants shall take account of these comments in completing the remainder of the assignment and in preparing their Draft Final Report;
- (c) three copies of a Draft Final Report within three weeks of receipt of programme/thematic/sector evaluations to be completed as stated at Section 4.01 (b) of the Terms of Reference, and will address all the objectives as stated at Section 2 of the Terms of Reference. CDB will provide comments within two weeks of receipt of report. The Consultants will make a presentation of the Draft Final Report incorporating comments from CDB at a meeting of the Contributors. CDB will provide comments from the meeting of Contributors within one week of the meeting; and

- (d) three copies of the Final Report incorporating the comments of CDB and the Contributors within two week of receiving comments. The Final Report shall include an Executive Summary with fully cross-referenced findings, recommendations and lessons learnt.

An electronic version of all the reports must also be submitted in a format acceptable to CDB.

8. REPORTING

8.01 The consultants will report to the Deputy Director, Evaluation and Oversight Division. The consultancy will be coordinated by the Evaluation and Oversight and Corporate Planning Divisions of CDB.