

**CARIBBEAN DEVELOPMENT BANK**

**PREPARATORY MEETING OF CONTRIBUTORS  
ON A REPLENISHMENT OF RESOURCES OF  
THE UNIFIED SPECIAL DEVELOPMENT FUND  
FOR THE EIGHTH CONTRIBUTION CYCLE**

**TO BE HELD IN BARBADOS**

**DECEMBER 9, 2011**

**MANAGEMENT'S RESPONSE TO THE CONCLUSIONS AND RECOMMENDATIONS  
OF THE MID-TERM REVIEW OF SDF 7**

At the Twenty-Eighth Annual Meeting of the Contributors to the Unified Special Development Fund, held on May 24, 2011 in Port of Spain, Trinidad and Tobago, the Consultants engaged by the Caribbean Development Bank (the Bank) to undertake a Mid-Term Review (MTR) of the Special Development Fund (Seventh Cycle) (SDF 7) presented their report to Contributors. The Report assessed the progress on the implementation of the Seventh Cycle including the results monitoring framework, and progress with respect to the SDF 7 Implementation Plan and the strategic priorities for the cycle.

The attached Management's response to the conclusions, recommendations and next steps contained in the Report of the MTR of SDF 7 is submitted for the consideration of SDF Contributors.



**CARIBBEAN DEVELOPMENT BANK**

**SPECIAL DEVELOPMENT FUND (UNIFIED)**

**MANAGEMENT'S RESPONSE TO THE CONCLUSIONS AND RECOMMENDATIONS  
OF THE MID-TERM REVIEW OF SDF 7**

**NOVEMBER 2011**

## **ABBREVIATIONS**

BMCs	-	Borrowing Member Countries
BNTF 6	-	Basic Needs Trust Fund (Sixth Programme)
BOD	-	Board of Directors
CARICOM	-	Caribbean Community
CCA	-	Climate Change Adaptation
CCCCC	-	Caribbean Community Climate Change Centre
CMDG	-	Caribbean-specific MDG Framework
CPAs	-	Country Poverty Assessment
CSO	-	Civil Society Organisation
CSP	-	Country Strategy Paper
DFID	-	Department for International Development of the United Kingdom
DPs	-	Development Partners
DRM	-	Disaster Risk Management
ECG	-	Evaluation Cooperation Group
EOV	-	Evaluation and Oversight Division
GMR	-	Governance Monitoring Report
IDB	-	Inter-American Development Bank
IFIs	-	International Financial Institutions
MDGs	-	Millennium Development Goals
MfDR	-	Managing for Development Results
MTE	-	Mid-Term Evaluation
MTR	-	Mid-Term Review
PBLs	-	Policy-Based Loans
PCMT	-	Project Cycle Management Training
PCRs	-	Project Completion Reports
PPMS	-	Project Portfolio Management System
RAS	-	Resource Allocation System
RBM	-	Results-Based Management
RCI	-	Regional Cooperation and Integration
RMF	-	Results Monitoring Framework
RRL	-	Reconstruction and Rehabilitation Loan
SDF	-	Special Development Fund
SDF 6	-	Special Development Fund (Sixth Cycle)
SDF 7	-	Special Development Fund (Seventh Cycle)
TA	-	Technical Assistance
UNECLAC	-	United Nations Economic Commission for Latin America

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## **1. BACKGROUND**

1.01 In the Contributors' Report on the Special Development Fund (Seventh Cycle) (SDF 7) Replenishment Negotiations, it was agreed that there should be a Mid-Term Review (MTR) of SDF 7, to be undertaken in the third year of the Replenishment cycle. The Review was intended to represent a central accountability mechanism for SDF 7, and to play a key role in Contributor oversight. It was to assess progress on implementation of the SDF 7 Implementation Plan and the strategic priorities for the cycle.

1.02 The content and coverage of the MTR included among other issues:

- (a) progress with respect to supporting Borrowing Member Countries (BMCs) in accelerating progress toward the Millennium Development Goals (MDGs) and Caribbean-specific MDG (CMDG) targets, including poverty reduction and human development, environmental sustainability and the climate change agenda, and gender equality;
- (b) progress with respect to the Basic Needs Trust Fund (Sixth Programme) (BNTF 6), as the flagship programme for targeted poverty reduction and inclusive social and economic development;
- (c) progress and challenges in operationalising a more strategic approach to support for regional cooperation and integration (RCI), and to capacity-building technical assistance (TA);
- (d) progress and challenges in respect of the operational programme for Haiti and its special needs as a less-developed country and a fragile state;
- (e) stocktaking of the Bank's internal reform agenda, as an integral part of further strengthening institutional effectiveness, and other capacity-related issues;
- (f) progress in terms of the performance measures in the SDF 7 Results Monitoring Framework (RMF) and the proposed results frameworks for the operational programming themes, including an assessment of the results reported; and
- (g) resource availability and commitment authority for SDF 7 at mid-term, and the application of the SDF resource allocation system (RAS).<sup>1/</sup>

1.03 The MTR report (refer to Paper BD 45/11) was presented to and discussed by Contributors on May 24, 2011. Management's response and comments on the conclusions and recommendations contained in the Report, including steps that it proposes to take on a number of the recommendations and are included in the following paragraphs matrix.

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<sup>1/</sup> Report of Contributors on SDF 7, pp. 28-29, sec. 4.4

## **2. INTRODUCTORY COMMENTS**

2.01 The Consultants assessed progress on the milestones in the SDF 7 Implementation Plan and concluded that they are largely on target, although there are some of the milestones on which implementation is continuing or action remains to be taken.

2.02 The Report proposes a number of next steps within the Operational Programme of SDF 7 and the objective of increasing development effectiveness. Some of the next steps are either currently being taken or are planned. Particular attention was paid in the Report to the refinement of the RMF and the collection of comprehensive data for the various indicators being monitored, as well as in the extension and adjustment of the RMF for use in monitoring implementation of the Bank's overall Strategic Plan 2010–2014.

## **3. MANAGEMENT'S RESPONSE**

3.01 Generally, Management is of the view that the Report presents a fair assessment of the status of implementation of SDF 7 and specific comments are set out in the matrix relative to each conclusion and recommendation contained in the Report.

<b>CONSULTANTS' CONCLUSIONS, RECOMMENDATIONS AND NEXT STEPS</b>	<b>MANAGEMENT'S RESPONSE</b>
<b>1. SDF 7 OPERATIONAL PROGRAMME</b>	
<b>1.1 Poverty Reduction and Human Development</b> ( <i>Section 7.06</i> )	
(a) With continuing weakness of the economic recovery, targeted poverty reduction interventions may need to continue to be combined with broader macroeconomic support in the immediate period ahead. The Bank should, nevertheless, remain as focused as possible on what it does best: designing and implementing investment and TA projects, as well as community development. Of particular importance will be projects that help BMCs achieve and where possible surpass CMDG targets.	Management agrees with the need for the continuation of programming for macroeconomic support along with the Bank's normal poverty reduction investment interventions. The highly indebted nature of our BMC economies currently constrains governments' willingness and ability to either borrow or offer guarantees for investment projects. This is seen as temporary and it is anticipated that with economic recovery, the lending balance will again shift from policy-based loans (PBLs) to investment loans.
(b) Targeting SDF interventions to be most effective in individual BMCs will need to be a continuing feature of the country strategy process, and there is scope for further articulation in the Country Strategy Papers (CSPs) of the relationship between the analysis in country poverty assessments (CPAs) and programme planning.	Poverty reduction and human development are the focus of CDB's country strategies. The CPA provides a wealth of information on the dynamics of poverty that has informed the design of our interventions, but more can be done in this regard. Going forward, the Bank will seek to ensure that all CSPs are closely aligned with and informed by CPAs.
(c) CDB should seek to build on its earlier role in constructing a vulnerability index by partnering with the United Nations Economic Commission for Latin America and the Caribbean (UNECLAC) in further work on this CMDG target, as understanding and tracking vulnerability will support the Bank's and the Region's poverty reduction strategies (PRSS).	The small open economies of the Caribbean are highly vulnerable to economic as well as weather-related shocks that can erode social and economic gains. CDB recognises this and has sought to track vulnerability to inform the Region's PRSSs by updating the previous estimated vulnerability index. The Bank remains open to collaborating with other development partners (DPs) in this regard and plans to have further discussions with UNECLAC to explore the options.

<b>1.2 BNTF: (Section 7.07)</b>	
(a) Early completion of the Mid-term Evaluation (MTE) of BNTF 6, including design and implementation effectiveness issues, should be a priority, as an input to further strengthening implementation of BNTF 6, the design of the Basic Needs Trust Fund (Seventh Programme) (BNTF 7), and consideration of future BNTF funding by SDF Contributors.	The significance of the MTE BNTF 6 as a formative evaluation is recognised. The BNTF 6 MTE is targeted for completion in early 2012. A strategic planning exercise, involving Project Managers from BNTF offices and CDB's BNTF unit, was held in 2010. The purpose was to address the implementation of the Programme with special emphasis on the fixed timelines and the increased inflow of funds to the Canadian International Development Agency-funded BNTF 5 programme, due to the foreign exchange gains from the appreciation of the Canadian dollar <i>vis-a-vis</i> the United States dollar (the currency of the BNTF). Subsequently, the Programme has been able to regain its momentum for commitments under BNTF 6. The design of BNTF 7 will be informed by the recommendations of this evaluation and further complemented by the findings and lessons learned of the BNTF 5 Project Completion Reports (PCRs) which are currently being undertaken.
(b) Priority should also be given to the planning and commencement of BNTF 7 within the period of, and financing provided by, SDF 7.	Appraisal of BNTF 7 has begun and is expected to be submitted to the Board of Directors (BOD) meeting in March 2012. Information will be drawn from the BNTF 5 completion reports which are currently being undertaken and from the MTR of BNTF 6.
(c) Priority should similarly be given to carrying BNTF monitoring and evaluation to the stage where reporting on outcomes can become a regular feature of BNTF reporting.	There is a general focus on strengthening BNTF for more reliable and responsive reporting. To strengthen reporting at the country project level, a monitoring system and tools have been developed and staff and stakeholders trained in Results-Based Management (RBM) and Managing for Development Results (MfDR) in ten participating BMCs. An RMF and gender targets and indicators for the Programme have been developed. Work is ongoing to improve alignment of outcome results across the Programme to the SDF Level 2 results – country, sector and poverty indicators. Further TA will be provided to the participating BMCs in support of this thrust.
<b>1.3 Haiti (Section 7.08)</b>	
(a) SDF programming in Haiti has reflected both government priorities and CDB's comparative advantage and the need to develop CDB's own capacity to apply its strengths and experience in a new environment under difficult operating conditions. Substantial efforts have been made to strengthen CDB's capacities and establish working relations with the Government and other institutions in Haiti as well as with DPs. This is, however, still a work in progress.	Noted. The building of internal capacity to address specific Haiti interventions is ongoing. Budgetary proposals recently proposed by CDB's Management include the hiring of a dedicated Haiti officer and other arrangements are under discussion that would increase CDB's presence in Haiti. The Bank is undertaking a review of its current programme in Haiti and developing a new programme for consideration by Contributors.

<b>1.3 Haiti (Section 7.08)</b>	
(b) Continued attention needs to be given to targeting selected priorities based on the Bank's comparative advantages and the SDF 7 policy and operational framework, within the framework of an evolving strategy, with a view to making an identifiable CDB/SDF contribution.	CDB has restricted its focus in Haiti to the education sector [Basic, Technical and Vocational Education and Training, Project Management training through the National School of Financial Administration (ENAF) and urban and rural community-driven development projects]. These are areas for which the Bank does have some comparative advantage; however, the collaboration with DPs with more extensive Haiti experience has underpinned the Bank's approach to programming in Haiti.
(c) The next stage of the Bank's relationship with Haiti needs to build on efforts to date to strengthen CDB's strategic and operational capacity in relation to the special circumstances of the country. This needs to include consideration of further building of language capacity, adding a small number of Haitian staff, identifying a small number of CDB staff interested and willing to take on the challenge of an operational posting in Haiti (whether on attachment to another mission or agency or separately), and revisiting of the previous plan (or an alternative) for establishing or sharing a small resident office. The latter will incur significant effort and cost, but it is essential for a permanent working relationship under the particular circumstances, and it is possible that some of the security and health issues can be addressed jointly with one or other of the Bank's DPs.	See (a) above.
<b>1.4 Environment, Climate Change and Disaster Management (Section 7.09)</b>	
(a) The Bank needs to strengthen further its mainstreaming of environmental considerations at all levels, including country strategies, programme strategies and projects in other relevant sectors.	The revised Disaster Management Strategy and Operational Guidelines (2009) set out priority directions in disaster risk management (DRM) that the Bank should pursue. TA papers for consultancies to implement these priorities, e.g. mainstreaming DRM within the Bank's poverty instruments are currently in draft awaiting approval and implementation. Other priorities have also been identified such as the mainstreaming of DRM and Climate Change Adaptation (CCA) within the Ministries of Finance and Economic Planning and developing specific needs-based country programmes to strengthen the agencies with regard to their treatment of disaster risk. Promoting investments to reduce risk and build long-term resilience is also contemplated.



<b>1.4 Environment, Climate Change and Disaster Management (Section 7.09)</b>	
<p>(b) Priorities need to continue to be defined for strategy and programming in the two related areas:</p> <ul style="list-style-type: none"> <li>(i) those primarily related to natural disasters, including adverse climate change; and</li> <li>(ii) those that are substantially driven by other factors, including problems of pollution, urban sprawl and loss of land to urban and transport uses, deforestation, collapse of sugar-based and banana-based ecologies as farmland reverts or changes its use in response to tariff changes, deforestation and soil erosion, industrial pollution, and marine and terrestrial habitat destruction.</li> </ul>	<p>Priorities have started to be defined for DRM programming and for climate change, in the form of the dialogues occurring as part of the development of new CSPs (Belize, Trinidad and Tobago approved; St. Kitts and Nevis and Montserrat – in preparation).</p> <p>It is worthy of note that over the past year, in response to a series of disaster events, the Bank has been able to build some dimensions of future resilience and risk reduction into our reconstruction and rehabilitation loan (RRL) approvals (British Virgin Islands, St. Vincent and the Grenadines, and St. Lucia). A challenge here is the methodology applied in the “counting” of the DRM/CCA interventions, under SDF. The TA loan and TA grants that have accompanied the recently approval RRLs are sizeable DRM interventions, and while not identified as unique or special programmes of action, they are indeed discretely DRM/CCA interventions.</p>
<p>(c) In the Bank’s country strategies, in addition to mainstreaming environmental issues, specific areas of programming in the environment, climate change and disaster management sectors need to be selected, and proactive activities identified to develop the demand for projects in these areas.</p>	<p>This point is well taken. Recent CSPs as well as those currently under preparation all seek to promote CCA and mitigation, environment and disaster management. CDB is seeking to be accredited as a focal point to allow access to greater levels of climate change financing with which to further drive the growth agenda in its BMCs. The Bank has already approved funding to the Caribbean Community Climate Change Centre (CCCCC) to assist in this regard.</p>
<p>(d) The Bank should continue to build strong partnerships with other organisations with environmental programmes in the Region.</p>	<p>Agreed. In addition to the ongoing partnership with the CCCCC, the Bank is actively working on finalising a line of credit with the European Development Bank (EIB) to provide financing and TA for climate change interventions. Similar efforts are also being made with the Global Environment Fund.</p>
<p>(e) The next evaluation of CDB work on the environment should assess the extent to which mainstreaming has been fully effective, and whether further steps could usefully be taken.</p>	<p>This evaluation will be included in Evaluation and Oversight Division’s (EOV) work programme for 2013. Prior to the evaluation, an assessment of its interventions in BMCs which support environmental mainstreaming would be undertaken to inform the evaluation.</p>

1.5 Regional Cooperation and Integration (Section 7.10)	
(a) The establishment of a dedicated focal point for regional programming and for dialogue and analysis on regional issues is a key element of the regional strategy endorsed by Contributors, and remains the next step in the Bank's regional strategy agenda.	The proposed reorganisation of the Projects Department will address the SDF 7 commitment to establish a dedicated focal point for regional programming through the creation of a Technical Assistance Division which includes a Unit with responsibility for regional integration and TA. This Unit will absorb the United Kingdom/CARTFund managed by CDB, and proposed European Union-funded Economic Partnership Agreement and the Caribbean Community (CARICOM) Single Market and Economy support mechanisms. Working closely with the Economics Department, and DPs, e.g. CARICOM, United Nation agencies and University of the West Indies, this focal point will facilitate and support RCI research across the Bank. Capital projects and sector-specific TAs with a regional focus will continue to be managed within the sector divisions, e.g. Organisation of Eastern Caribbean States (OECS) Education Strategy, OECS Energy Strategy.
(b) Closely related was the decision to develop a more coherent and strategic regional programme, including TA, possible complementary capital projects, and selected research in areas such as regional public goods, and including participation in joint research with other regional multilateral development banks (MDBs). A more strategic programme can be the first assignment for a strengthened regional programme focal point.	
1.6 Gender Equality (Section 7.11)	
(a) Implementation of the components of Gender Equality Policy and Operational Strategy (GEPOS) planned for 2011 and 2012.	Three Country Gender Assessments (CGAs) were done in 2011. Four CGAs are planned for 2012 and three in 2013. The process of engaging consultants for Gender Equality mainstreaming for CDB staff is underway.
(b) Undertaking as planned of the programme of CGAs.	A TA to conduct ten CGAs was approved in October 2010. Three CGAs are currently underway, scheduled for completion by December 2011.
(c) Strengthening the analysis and integration of gender issues in CSPs.	Work has commenced in this regard but should be further strengthened with the engagement of the Gender Equality Advisor in early 2012.
(d) Possible strengthening of the mainstreaming objective by adjusting or adding an appropriate Expected Outcome in the Bank's RBM framework.	These activities will commence with the engagement of the Gender Equality Advisor in early 2012.
(e) Development of the planned Gender Equality Results Framework to define and track results, with a strong linkage to Gender Equality objectives and with measurable indicators to assess progress.	These activities will commence with the engagement of the Gender Equality Advisor in early 2012.
(f) Commissioning an independent evaluation of the results of the Gender Equality Strategy at regular intervals, with the first evaluation in 2012 or 2013 as proposed in GEPOS, perhaps after completion of several of the CGAs. After each evaluation, review and, as appropriate, revision of the Gender Equality operational strategy for the next time period.	An independent evaluation will be included in EOVS work programme for 2013.

<b>1.6 Gender Equality (Section 7.11)</b>	
(g) In the first such review, consider separating the operational strategy from the core policy document, to facilitate more frequent updating of the operational strategy while retaining the stability of a long-term policy commitment.	
(h) Institute a monitoring system that measures and records the degree to which gender concerns are mainstreamed in each CDB loan and grant.	The monitoring system will be designed and implemented after the engagement of the Gender Equality Advisor in early 2012.
<b>1.7 Good Governance and Capacity Building (Section 7.12)</b>	
(a) While the pace and momentum of the Bank's capacity development and good governance programming has remained steady, interventions have tended to be responsive and random rather than strategic. An effort is needed to identify critical capacity and governance weaknesses during preparation of CSPs.	The Bank acknowledges the importance of identifying critical capacity and governance weaknesses - which serve to undermine poverty reduction and thwart the growth effort - during the preparation of CSPs. The Bank has always sought to assess institutional capacity to determine gaps and provide support consistent with CDB's own capacity and guided by what other DPs are doing. A review of our current efforts, including revisiting our guidelines and toolkits, is perhaps warranted at this juncture to ensure we achieve desired outcomes.
(b) CSPs can provide a macro perspective of the manner in which institutions function in the national economy and, as such, are a key opportunity for judgements on improvements required in capacity and governance. CDB's guidelines on governance mandate CSPs to assess governance issues but this has not always been done. A more consistent approach will be needed if efforts to improve governance in BMCs are to have best results.	Both the Bank's CSP process and the project appraisal process facilitate the identification of critical capacity and governance weaknesses in country. However, the approach has not been consistent or systematic, and as cited at (a) a review of our current efforts, including revisiting our guidelines and toolkits, is perhaps warranted at this juncture to ensure we achieve desired outcomes.
(c) Given the period since the last training was provided to staff in operationalising the Governance Strategy and use of the governance toolkits, it would be desirable to have another round of such training. This would also help to expand in-house capacity for institutional and political risk assessments.	To address this deficiency, the Bank will conduct a second round of the staff training, cited at (c), in December 2011 or early 2012. Management is also currently reviewing the recommendations for CDB's Strategy for TA, which is the main vehicle through which in-country capacity constraints and governance-related weaknesses will be addressed.
	<p>Included among these recommendations are:</p> <ul style="list-style-type: none"> <li>(a) anchoring TA identification within the CSP process;</li> <li>(b) conducting rigorous and systematic organisational assessments for capacity development (governance) TAs as part of strengthening Quality-at-Entry for TAs;</li> </ul>

<b>1.7 Good Governance and Capacity Building (Section 7.12)</b>	
	<p>(c) staff training in methodologies related to stakeholder assessments, institutional analysis/capacity assessments and performance (results) management; and</p> <p>(d) procuring or developing in-house specialist (TA Focal Point) in the area of institutional analysis/capacity assessments.</p> <p>These recommendations supplement the SDF 7 MTR recommendations in that they:</p> <p>(a) enhance the strategic focus of TA (including capacity building and governance-related TA);</p> <p>(b) should reinforce the application of the Governance toolkits; and</p> <p>(c) further build the Bank's own institutional capacity in this area.</p>
<p>(d) It would be useful to evaluate periodically the Bank's capacity development and good governance interventions on the extent to which the pillars of the Governance Strategy are being addressed, and whether intended outcomes are being achieved. This could include an annual review of a sample of good governance TAs, loan projects and PBLs to monitor contributions to improved capacity and governance in BMCs.</p>	<p>The template for the Annual Governance Monitoring Report (GMR) is already designed. Consulting input will be sought to finalise this initial design and to prepare the first GMR for a <i>sample</i> of TAs, loans and PBLs under implementation as at December 31, 2011. The Annual GMR could be included as an Appendix to the ARPP and the Annual TA Portfolio Review (as recommended by the TA Strategy).</p>
<p>(e) Civil society participation could be further strengthened in programming CDB's interventions by:</p> <ul style="list-style-type: none"> <li>○ building capacity (training, systems and processes) within non-governmental organisations/ community-based organisations at the national and regional levels; and</li> <li>○ requiring participatory engagement in as many CDB-financed projects as possible.</li> </ul>	<p>Additional work is required in the area of civil society participation. The civil society organisations' (CSO) dialogues which were held jointly with the Inter-American Development Bank (IDB) up to 2008 provided opportunities for some interface with CSOs, but since this programme was discontinued by IDB, the Bank has not yet developed an alternative framework for doing so. Ideas like establishing CSO focal points in each BMC have been suggested in the past but this has not yet been pursued. Notwithstanding this, social analysts and other team members consult relevant CSOs during CSP and project appraisal missions, but a more structured framework would help in strengthening our efforts in this area.</p>

<b>1.8 Policy-Based Loans (Section 7.13)</b>	
<p>(a) CDB intends to undertake a full evaluation of one example of a PBL in 2011. In the meantime, recommendations of the previous review of CDB's PBLs in 2010 can be considered:</p> <ul style="list-style-type: none"> <li>(i) PBLs should be made in clearly defined areas of public sector reform or social sector priorities that are not already covered by PBLs from other MDBs.</li> <li>(ii) Objectives of PBLs should be clearly specified and how they will be achieved explained.</li> <li>(iii) Analytical work that can support improved programme design and conditionality should be pursued. The focus should be on public finances, fiscal policy and the public enterprise sector.</li> <li>(iv) Conditionality should be more parsimonious, flexible and wary of requiring legislation, implementation by agencies other than the coordinating agency, or TA by providers other than CDB.</li> <li>(v) Specific guidelines should be developed for supervising and monitoring PBL performance, and performance reported periodically to the BOD.</li> </ul>	<p>The evaluation of one PBL will be undertaken in 2012. The recommendations arising from the review of CDB's PBLs listed in (ii) to (v) were accepted by the Management of the Bank and are being implemented. The benefits of joint operations by DPs requiring pooling resources and using a common policy matrix in support of a country's reform programme are indisputable.</p>
<b>2. DEVELOPMENT EFFECTIVENESS</b>	
<b>2.1 Strategic Plan and Internal Reform Agenda (Section 7.14)</b>	
<p>(a) Implementation and monitoring of the Strategic Plan 2010-2014 remains an important priority of the Bank and a core element in focusing the Bank's work on strategic objectives and results. This needs to remain at the centre of the Bank's efforts to strengthen development effectiveness in terms of both efficiency and results.</p>	<p>The monitoring of the implementation of the Strategic Plan 2010-2014 is done as part of the Annual Work Programme and Budget exercise. Additionally, a status report on the implementation framework will be included are part of the Results report which will be produced annually from 2012.</p>
<p>(b) Implementation of the Strategic Plan, including the internal reform agenda, needs to remain a continuing process, including learning from experience and results along the way. Key elements of that agenda include a continuation of re-engineering business processes, the human resource strategy, improving quality management at key stages in the project cycle, the knowledge management strategy, and a further strengthening of the evaluation function, together with an internalisation of lessons learned.</p>	<p>Agreed. All elements of the Strategic Plan are operationalised through the annual work programmes of the respective work units within the Bank. Progress on the implementation of the Plan is reviewed annually and adjustments are made in response to changes in the operating environment and on the basis of lessons learned.</p>

<b>2.2 Country Strategies (Section 7.15)</b>	
(a) <i>Integration of all sections of the CSP into a coherent strategy.</i> There are constraints on how this can best be addressed, but the development of CSPs should be towards full integration and synthesis of all topics important to the strategy. Topics that are to be mainstreamed should be discussed in major sections of the document.	All efforts are made to do so.
(b) <i>Possible joint strategies.</i> CDB does not at present undertake joint strategies with other donors. It does circulate a draft of the strategy for comment and discussion, and tries to avoid duplication of effort. A possibility that should be explored is that of collaborating with other donors on joint country strategies and results frameworks (with separate operational plans for each donor).	CDB has not explicitly undertaken joint country strategies with other MDBs. However, deep dialogue with important DPs is an important step in the preparation of CDB's CSPs. This is consistent with the Bank's policy of collaborating with other DPs to leverage resources and forge synergies in support of accelerating development in the Region and so the Bank will continue to do so. However, the scope for pursuing joint country strategies is sometimes limited by procedural and scheduling differences across institutions.
(c) <i>Sequencing of CPAs, gender assessments and CSPs.</i> Ideally, CPAs and gender assessments supported by CDB should immediately precede development of a CSP. There are often difficulties in arranging this, but it would be a useful development, particularly in countries where poverty remains high.	CDB recognises this, and where possible, tries to sequence these activities according to this ideal. However, departures from this ideal are sometimes necessitated by other priorities and developments within countries.
(d) <i>A staggered schedule of CSP development.</i> Many CSPs have been completed in the past three years to meet the commitment made to SDF Contributors or to have a CSP in place for a PBL. For the future, it may be possible to use limited resources more efficiently by scheduling a proportion of CSPs to be undertaken each year. There may be cases where circumstances pre-empt such a schedule, but in general, a more systematic scheduling would now be preferable.	Following the completion of the 'back-log' of CSPs, a concerted effort will go into the articulation of a more manageable timetable for preparation of the documents.
(e) <i>Availability and accessibility of CSPs.</i> CDB intends to make CSPs available on its website as part of its knowledge management system. This is an important step. Also, at present, CSPs, including the Haiti CSP, are available only in English. In future, consideration should be given to having at least the executive summaries of CSPs available on the CDB website in English, French and Spanish, and in the case of Haiti, a full French text would be desirable to facilitate readership and understanding in the country of CDB's work.	The Bank's Information Disclosure Policy was approved by the BOD in October 2011. Under this policy, CSPs will be made available on the Bank's website. The Policy states that English is the official working language of CDB. However, translation into French of some strategic and policy documents will be facilitated.

<b>2.3 Evaluation and Oversight (Section 7.16)</b>	
(a) <i>Evaluations and Performance Audits.</i> As presently planned, the following evaluations should be undertaken:	
(i) Effectiveness of CDB's PRS (reporting in 2011);	The assessment of the effectiveness of the implementation of CDB's PRS is targeted for completion in 2011.
(ii) Shelter interventions;	The Terms of Reference for evaluation of shelter interventions and mortgage finance lines of credit will be completed and consultants contracted by December 2011. The evaluations will start in 2012.
(iii) Mortgage Finance Lines of Credit	
(iv) One example of a programme-based policy loan (a full evaluation, as distinct from the overview assessment undertaken in 2009-2010);	Evaluation of a PBL is scheduled for 2012. This is dependent on the submission of the Completion Report.
(v) Road infrastructure interventions;	These sector/thematic evaluations are scheduled for 2013.
(vi) Agricultural and Industrial Lines of Credit;	
(vii) One example of a Country Strategy (first formal evaluation of a CDB country strategy);	The first country strategy evaluation is scheduled in EOV's work programme for 2013. An Approach paper and Terms of Reference for the country strategy evaluation will first be prepared in 2012 with field visit and report preparation being done in 2013
(viii) Operational Audit of Information Technology Department; and	The performance-based audit of the Information Technology Department is scheduled for 2013.
(ix) Annual Portfolio Performance Reviews, 2010 and 2011.	The Annual Portfolio Performance Review 2010 was completed. The Projects Department will have responsibility for preparing the Report for 2011 and onwards.
(b) <i>Validation of Completion Reports.</i> When Projects Department has produced PCRs, EOV should, as planned, review and prepare a <i>Project Performance Audit Report</i> , initially for each PCR, and in the longer term for a sample of PCRs.	Six PCRs were submitted to date (since the MTR report). The PCR Review will be submitted to the Audit and Post-Evaluation Committee in 2012.
(c) <i>Consideration of the Governance of Evaluation.</i> Completion of the review currently being undertaken of the independence of the evaluation and performance-audit function in the Bank.	The consultancy to review the independence of EOV has been completed, and an action plan prepared for execution in 2012.
(d) CDB is not yet a member of the MDB Evaluation Cooperation Group (ECG). CDB should consider joining that Group. Among its other functions, the ECG undertakes peer reviews of its member evaluation offices. CDB should consider inviting such a peer review of its EOV.	The proposed Office of Independent Evaluation reporting functionally to the BOD but with administrative oversight by the President scheduled to be established from January 2012, will be in a position to access membership of ECG. It is proposed in the work programme to undertake a peer review after three years.
(e) <i>Transparency.</i> As is the practice at other MDBs, the Bank should consider making evaluation reports available on its website.	The web portal is being developed to allow access to evaluation report within the parameters of the recently approved CDB Information Disclosure Policy.

<b>2.4 Project and Portfolio Monitoring</b> ( <i>Section 7.17</i> )	
(a) Project officers need to be supported and encouraged to keep the records for their projects up-to-date. To do this, some procedures may have to be simplified. The project performance information available to management to guide decision making needs to become timelier and more complete.	With the transition of EOVS to an Office of Independent Evaluation, Portfolio Monitoring will be devolved to a Monitoring/Evaluation and Quality Assurance Unit located in the Vice-President (Operations) office from January 2012. The process will be reviewed and further emphasis will be placed on timely completion and reporting to Management and the Board. The procurement process for a new Project Performance Management System is being revisited.
(b) Once on-time performance monitoring for loans is achieved, the Bank should consider requiring similar supervision and performance data for all TA projects over \$50,000 or \$100,000.	For the first time, the Annual Portfolio Performance Report covered the performance of TA Loans and Grants in excess of \$1 million. It is proposed that this process should be extended for TA projects, in excess of the President's delegated authority of \$150,000.
<b>2.5 Quality Assurance</b> ( <i>Section 7.18</i> )	
(a) Development and implementation of a new project appraisal course for CDB officers.	A draft Evaluation Report is being prepared for consideration by the Advisory Management Team with recommendations for a Project Cycle Management Training (PCMT) course design based on the lessons of experience gained in implementing the 2007-2009 PCMT pilot programme. In addition, a two-week module in project appraisal has been successfully completed for the newer Operations staff. A second group will be trained in December. With the proposed re-constitution of the Project Appraisal Training Unit, CDB will once again have the opportunity to not only build capacity in its BMCs in the field of project appraisal, but will also have a vehicle for training its own staff.
(b) Training of CDB staff on results-based approaches to supervision and completion reporting, and in the use of new formats and templates for analysis and reporting.	Training and roll-out was undertaken by the Quality Assurance Consultant who provided the tools.
(c) Linking supervision reporting with the new computerised Project Performance Management System as soon as it becomes available.	Project Supervision Reporting is currently carried out in the existing Project Portfolio Management System (PPMS). The project for the replacement of the existing "in-house" developed PPMS commenced in September 2007. It is currently in the selection phase of the Request For Proposal process which is being followed in order to identify and acquire a suitable Commercial-Off-The Shelf package. Two software packages have been short-listed and are in the final stages of evaluation, which are expected to be completed before a final decision is made. No date has yet been determined for the implementation of the new PPMS.



<b>2.5 Quality Assurance (Section 7.18)</b>	
(d) Review of two years of experience with PCRs, drawing lessons, revising the approach as needed, and continuing to meet the commitment to full coverage of loan projects.	Efforts are in train to satisfy the SDF commitment to prepare PCRs for 100% of projects which completed within the last two years, i.e. those that exited the portfolio since 2009, by December 31, 2012.
(e) Implementation of the recommendation in the evaluation of CDB's TA operations that TA projects also have some type of completion report prepared as a requirement of TA operations, even if in a simplified form, to summarise and express professional judgment on results and lessons learned.	Recommendation accepted. This is consistent with the approach being recommended under the TA Strategy and Policy papers currently under preparation.
<b>2.6 Technical Assistance Reform (Section 7.19)</b>	
(a) The important next step is to complete the current TA policy and operational reform agenda, scheduled for mid-2011. The objective of "getting it right" is clearly sound, but the work needs to be concluded, and a TA programme, as distinct from "TA operations," needs to be developed.	The TA Policy is under final internal review and is to be completed in the first quarter of 2012.
(b) The subsequent key step is to develop a stronger strategic focus and coherence for the TA programme, based on an assessment of critical areas for strengthening good governance and BMC capacity to address and monitor the CMDGs, the RCI agenda, the need to strengthen MfDR, and other priorities, including good project-level management for capital projects being financed by the Bank, with the emphasis on identifying and targeting selected results.	Noted. The proposed Technical Assistance Division will be tasked with the implementation of the TA Policy and ensuring that there is stronger strategic focus and coherence for the TA programme.
(c) The TA focal point will need to be strengthened as appropriate to undertake the tasks that need to be done centrally, and a training programme provided for Operations staff to strengthen design and other quality-at-entry prerequisites, effective supervision and monitoring, and use of lessons learned, so as to strengthen the quality and results of TA initiatives.	The proposed reorganisation of the Projects Department through the creation of a Technical Assistance Division which includes a Unit with responsibility for regional integration and TA will address the recommended strengthening of the TA focal point.
<b>2.7 Monitoring and Reporting of Results (Section 7.20)</b>	
(a) Further development and improvement of the Bank's results framework will continue in the period ahead and be guided by the Results Committee, which includes representation from each department in the Bank. The suggested next steps include:  (i) Completion of the work being done on an adjusted RMF, with a view to adopting a unified framework for both SDF and the Strategic Plan by mid-2012.	Work on refining the RMF is ongoing. A paper on the revised RMF was considered by the BOD in October 2011 and preparation of the first Development Effectiveness Review Report is scheduled for presentation to the BOD in early 2012. Further, the Bank has engaged a consultant to conduct a review of its MfDR Agenda and to make recommendations and to prepare an Action Plan for strengthening the Bank's MfDR programme as well as enhancements to the Bank's RMF.

<b>2.7 Monitoring and Reporting of Results (Section 7.20)</b>	
(ii) Efforts to develop Level 1 baseline data for 1990, the year from which progress on the MDGs and CMDGs is to be measured.	Noted, the advice and assistance of the CARICOM Standing Committee of Statisticians is being sought in this regard.
(iii) Consideration of using three-year moving averages rather than annual figures as the monitoring indicators, with the baseline also being a three-year average, particularly for RMF Levels 2, 3 and 4, so as to provide a better monitoring tool for assessing changes over time.	Some Contributors have asked that the reporting of annual averages be maintained.
(iv) Improvements in the monitoring of outputs for RMF Level 2 so as to cover all projects that are active during a particular year. Together with the use of three-year moving averages as indicators, this will allow better analysis of changes over time and also of likely outcomes.	These matters are being considered by the Results Committee and work is ongoing to streamline the coverage and the data collected for the RMF. Work in this area will also be informed by the recommendations of the review being undertaken of the Bank's MfDR Agenda.
(v) Development of a more structured process for collecting data for some of the indicators, particularly for Levels 1 and 2.	These matters are being considered by the Results Committee and work is ongoing to streamline the coverage and the data collected for the RMF. Work in this area will also be informed by the recommendations of the review being undertaken of the Bank's MfDR Agenda.
(vi) Development of the proposed draft results framework for SDF strategic operational themes, for use in targeting and measuring progress for parts of the operational programme on intended outcomes as well as outputs. This can also meet the commitment to Contributors to include selected indicators for CDB/SDF contributions to country level outcomes (SDF 7 Implementation milestones 4.3 and 5.1).	The Consultant undertaking the review of the Bank's MfDR Agenda has been requested to provide guidance on development/enhancement of operational results frameworks for poverty reduction and human development, environmental sustainability and climate change, and RCI.
<b>2.8 Resource Allocation Strategy (Section 7.20)</b>	
(a) An independent assessment of the SDF RAS was undertaken in 2006 and tabled at the SDF Annual Meeting in 2007, and its recommendations have proved useful. An evaluation of the RAS every five years may be appropriate, and consideration should be given to this during the remainder of the SDF 7 cycle.	Through its participation on the MDB/International Financial Institution (IFI) Technical Working Committee on Performance-Based Allocation Systems, the Bank is able to monitor developments within the RASs of other MDBs/IFIs and assess the need of a review of the CDB system.