

**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**

**BASIC NEEDS TRUST FUND- SIXTH PROGRAMME**  
**STATUS OF IMPLEMENTATION**

[Dollars (\$) throughout refer to United States (US) dollars unless otherwise stated]

**1. INTRODUCTION**

1.01 This report provides an update on the status of implementation of the Basic Needs Trust Fund Sixth (BNTF 6) Programme.

**2. BACKGROUND**

2.01 In July 2008, the Board of Directors (BOD) at its Two Hundred and Thirty-Second Meeting approved BNTF 6 with a grant of \$32 million (mn) from the resources of the Special Development Fund Unified [SDF (U) V1] to ten beneficiary countries - (Belize, Dominica, Grenada, Guyana, Montserrat, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and the Turks and Caicos Islands). Of this amount \$24.6 mn was allocated among the ten countries - \$5 mn to technical services and \$2.4 mn to regional coordination. Governments have provided 20% in counterpart funding to sub-projects.

2.02 BNTF 6 will support the sustainable development of poor and vulnerable communities by increasing access to basic public services, economic activity and community engagement. The Programme is intended to develop a level of capacity within communities, to enable them to plan and manage sub-projects using appropriate participatory and transparent procedures. The Programme also seeks to build the capacity of the implementing agency, the Basic Needs Trust Fund Office (BNTFO) and sponsoring sector ministries in health, transport, water, education, social development and local government, for monitoring the performance of sub-projects and sustaining outcomes of the interventions in each beneficiary country.

2.03 Key Programme activities are organised against four major components:

- (a) **Output A:** Basic community infrastructure completed. This output is concerned with the construction and rehabilitation of basic infrastructure in the following sectors/sub-sectors: water and sanitation, education, day care services, care of vulnerable persons, productive services, access and maintenance.

- (b) **Output B:** Skills enhanced for service delivery, productive/economic activity. This output is concerned with building capacity within communities to manage and sustain their assets and for enhancement of livelihoods.
- (c) **Output C:** Institutional development for planning, management and promotion of compliance standards and safeguards.
- (d) **Output D:** Regional Coordination: This component is concerned with contributing to effective outcomes. Activities are directed at strengthening performance management and programme delivery and joint programmes with development partners.

2.04 It was intended that the early stages of implementation, BNTF 6 would run concurrently with BNTF 5 which was scheduled for completion in June 2010.<sup>1 2</sup> The BNTF 6 Staff Report (BD70/08) referred to the following recommendations of the BNTF 5 Mid-Term Evaluation Report for improving operational efficiency and effectiveness by the completion of BNTF 5 and to inform the design of BNTF 6:

- (a) improve targeting to achieve milestones for poverty reduction;
- (b) enhance environmental, gender and social analyses using participatory approaches to improve sub-project formulation;
- (c) promote community participation strategy for skills training and partnership with service providers;
- (d) promote more effective institutional arrangements and human resource development; and
- (e) integrate more efficient standards of operations for maintenance and sustainability.

2.05 To address these recommendations, strategic and operational approaches incorporated in the BNTF 6 design included:

- (a) strengthened targeting through the Poverty Reduction Action Plans (PRAPs) for closer alignment with national poverty reduction objectives, sector strategies and the Caribbean-specific Targets and Indicators;
- (b) promotion of community participation and networking through capacity building for organisational development, planning and project management;

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<sup>1</sup> Countries have since made much progress in the commitment of their BNTF 5 allocations leading to 99% approved and 89% disbursement.

<sup>2</sup> The Caribbean Development Bank (CDB) received CDN36 mn additional grant funds from Canadian International Development Agency (CIDA) to augment the resources for BNTF 5. See Paper BD77/01 Add. 2 Basic Needs Trust Fund – Fifth Programme between the Caribbean Development Bank and the Canadian International Development Agency – Ratification of Contribution Agreement and Amending Agreement

- (c) increased authority and accountability of beneficiary countries by increasing the authority of the Project Steering Committee (PSC) for the approval of grants to the value of \$50,000 and the management of consultants for sub-projects of similar value;
- (d) promotion of more holistic and integrated approaches to sub-project design;
- (e) strengthened monitoring and evaluation by the establishment of systems, tools and associated training;
- (f) human resource development through staffing, training and technical services support;
- (g) enhancement of the Management Information System (MIS);
- (h) facilitation of knowledge sharing and communities of practice; and
- (i) more efficient standards of operations and the promotion of maintenance and sustainability.

2.06 In this regard, the Programme has adopted strategies to: strengthen partnerships with sponsoring Ministries, development partners and communities to improve programme delivery and development impact; improve systems and competencies for results based management and reporting; and develop capacity and knowledge sharing among stakeholders. It was anticipated that these additional activities would optimise the effectiveness of the Programme and deliver on CDB's commitments to development effectiveness. The activities are ongoing in order to strengthen the gains made in each programme cycle and are supported under the Regional Co-ordination component.<sup>3</sup>

### **3. STATUS OF IMPLEMENTATION**

3.01 Grant Agreements between CDB and the beneficiary countries have been signed and conditions precedent to first disbursement met by all Borrowing Member Countries (BMCs) by June 25, 2010. For most of the countries actual implementation began more than one year after the Programme was approved and in some cases as much as two years.

3.02 It was estimated that by the terminal disbursement date (TDD) of December 31, 2012, funding would have been provided for approximately 400 sub-projects. At October 31, 2011, 96 sub-projects were approved. The projected number of sub-projects to be completed at by the end of the Programme is now estimated to be no more than 210 sub-projects including 10 integrated community sub-projects. The reduction in planned sub-projects is largely due to increases in construction costs as well as the application of higher quality specifications, applied by consultants to achieve the desirable level of sustainability.

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<sup>3</sup> The outputs of simultaneous supporting activities as outlined in the "BNTF 5 Action Plan to June 2010" Appendix 2.3 of the Staff Report, were expected to improve the effectiveness of BNTF 6.

## Commitments and Disbursements

3.03 At October 31, 2011 48% of Programme funds valued at \$15.5 mn were committed. Disbursements stood at \$3.9 mn representing 25% of total commitments. Appendix 1 provides details of the Programme status by country. Preparation of project activities funded under the regional co-ordination component as listed in Table 3.1, are well advanced for implementation in Q1, 2012.

**TABLE 3.1: REGIONAL CO-ORDINATION WORK PROGRAMME 2011<sup>4</sup>**

<b>Activity</b>	<b>USD</b>
Training of Contractors in Computerised Tool	120,000
Advocacy training in Early Childhood Development (with CARICAD)	70,000
Early Childhood Development: Diagnostic Scan and Regional Conference	200,000
High Risk Youth Initiative (Jamaica pilot)	830,000
Communications Strategy and Documentary	400,000
Rural Women Producers and ICTs	70,000
Maintenance Information System development	400,000
Capacity Building Strategy	60,000
Shelter Vulnerability Standards (Consultancy and workshop)	100,000
Case Studies (Water, Access, Education)	300,000
BNTF 6 Mid Term Evaluation	400,000
Guidance Notes: Integrated Community Sub-project and Community Contribution	35,000

## Operational Efficiency

3.04 Operations Audits (OAs) of eight BNTFOs assessed compliance of operations with existing standards (governance, institutional arrangements, human resources, financial management, programme management, communications and monitoring and evaluation) and identified factors that enabled or limited operations of BNTFOs under BNTF 6. Further consultations with staff in beneficiary countries and at CDB, highlighted areas to enhance operational efficiency within the working environment of the Programme.

3.05 The measures taken to date to improve efficiency in implementation include the revision of Programme documents and the development of tools and templates in new areas of Programme compliance. PRAPs were revised to improve targeting and monitoring at the Project level. A results monitoring framework for the Programme and a gender monitoring system were also completed with targets and indicators.

3.06 Enhanced operational efficiencies will be supported by the revised Operations Manual (OM). Revisions to the OM include:

- (a) principles of management for development results;
- (b) an expanded focus on monitoring and evaluation;

<sup>4</sup> Activities funded under the regional coordination components of BNTF 5 and BNTF 6

- (c) enhanced, user-friendly tools and methods; and
- (d) guidelines to new areas of programming - the integrated community sub-project, community contribution, performance management and the performance audit.

3.07 A study on Innovative Maintenance undertaken in BNTF5, examined the processes used to establish maintenance procedures and activities within the Programme and determine their effectiveness in achieving desired results. Early findings of the draft report confirmed that processes needed to be adjusted so that sub-projects are incorporated into wider sector maintenance systems. The current Programme approach to maintenance includes maintenance planning in which maintenance concepts are developed in conjunction with community residents and, in some countries, sector personnel. There has been an elaboration of this approach to promote effectiveness of maintenance plans by incorporation of higher standards and materials specifications to improve sustainability of built infrastructure.

3.08 To address maintenance as a critical challenge to sustainability of sub-project outcomes, the Programme has increased dialogue with key stakeholders to familiarise them with required compliance standards and safeguards. Senior sector officials and members of the PSCs in four countries have been engaged to strengthen partnerships and commitment of adequate resources, required to sustain the initial and longer term results of BNTF interventions.

### **Human Resource Enhancement**

3.09 At an early stage of implementation of the BNTF 6, CDB recognised the need to strengthen areas of programme focus and support a management model on sustainable development to steer the implementation of the Programme. These activities have also been opportunities for sharing knowledge and good practice on related areas of focus. See Table 3.2 below.

3.10 CDB continued to provide technical support to strengthen the Project management functions of the BNTFOs during supervision missions and by technical assistance as required. The performance of some local offices has been hampered by the lack of available human resources, specifically the lack of a Community Liaison Officer (CLO) for extended periods. This has delayed the preparation of the pipeline of projects for approval by the PSCs in the relevant countries.<sup>5</sup>

3.11 CDB retained the services of a Social Analyst and a Gender Specialist in 2009. This has facilitated the strengthening of mechanisms and competencies for sub-project identification, formulation and monitoring to meet key performance targets and development outcomes of the Programme.

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<sup>5</sup> During BNTF 6 this situation developed in Montserrat, Dominica, Grenada and St. Kitts and Nevis. Actions taken by CDB to ensure that the CLO function received due attention included: agreement to provide technical assistance; training of new staff during missions to improve sub-project preparation and the focus on outcome results; convening of meetings with key agencies to build partnerships and strengthen the enabling environment; recommendations of administrative changes at the PSC for sustainability and maintenance.

**TABLE 3.2: HUMAN RESOURCE ENHANCEMENT ACTIVITIES UNDERTAKEN DURING BNTF 6**

<b>Date</b>	<b>Activity</b>	<b>Beneficiary</b>	<b>Outcome</b>
December 2008	Workshop – “ <i>Capacity Development: Learning from success. Achieving results</i> ”	Community Liaison Officers	Capacity to apply skills in participatory data collection, social and gender analysis and monitoring and evaluation.  Knowledge sharing and networking.
March 2009	Regional Meeting: <i>Annual Performance Review 2008 and BNTF6 Programme Launch</i> ”	Chairpersons, of PSCs  Permanent Secretaries, Project Managers, CDB Staff	Application of a management model for integrated programming in BNTFOs.  Awareness of new Programme concepts, and modalities and the processes for their application.  Accountabilities for compliance standards safeguards reinforced. Knowledge sharing, networking and capacity building.
January-March 2009	12 Training Workshops - “ <i>Management for Development Results (MfDR)</i> ”	Staff and stakeholders in 10 BMCs, PSC members, sectors officials, technical consultants, community personnel other BNTF stakeholders	Staff and stakeholders applying results based monitoring tools.  Roles and responsibilities for monitoring across Project cycle defined.  More comprehensive and regular reporting by BNTFOs.
July 2010	Meeting of Project Managers – “ <i>Programme Efficiency and Effectiveness</i> ”	CDB BNTF Project Managers	Benchmarks for programme efficiency established in BNTFOs.  Knowledge sharing on new areas of Programming.  Capacity building on the results chain.

### **Business Process Re-engineering to Improve Internal Efficiency**

3.12 With the expansion of the Programme to BNTF 6 and the increased focus on measuring effectiveness and efficiency, the MIS has been found to be severely limited in scope and function, restricting critical management decision making and reporting both at CDB and within the BMCs.

3.13 A detailed business process review of CDB’s BNTF management processes and work flows has been completed. A set of system requirements which incorporates business process and workflow management, allows for multiple user and process driven work, benchmarking and monitoring of implementation has been developed. It is expected that the new system will incorporate technology methodology that will provide a degree of flexibility to adapt and serve the BNTF Programme. Work is expected to begin on the new system in Q2, 2012.

### **Adopting Results-Based Approaches to Performance Processes**

3.14 Consistent with MfDR principles and CDB's mandate for development effectiveness under the SDF, resources have been dedicated to improving the enabling environment for more efficient and sustainable BNTF Projects. Resources were also applied in addressing the "quality at entry" of sub-projects consistent with BNTF 6 design requirements and CDB's quality assurance standards.

#### **3.15 Benchmarking for Performance Auditing**

- (a) A condition under BNTF 6 requires that independent auditors acceptable to CDB be engaged to perform annual performance audits of the Project, which shall include financial audits.
- (b) To prepare the ground work for performance auditing, an assessment framework was developed through which Project managers could track performance against targets; identify factors that affect performance and look for opportunities to improve performance.

Since the effective dates of the Grant Agreements, few countries have complied with this condition. CDB will enhance support to this process by collaborating with the BNTFOs to facilitate achievement of this condition.

### **Priority Setting: Emerging Development Issues**

3.16 In pursuing priorities for responsive programming, issues related to "youth and crime", early childhood development and productivity in rural communities have emerged as underserved and having the potential to erode potential gains in human and social capital in BNTF targeted communities.

3.17 Pilot projects are under preparation to respond to these specific areas of focus in the coming year. These initiatives will be funded under the Regional Coordination component.<sup>6</sup> Lessons learned will influence how BNTF would replicate the pilots in targeted beneficiary countries

## **4. PREVAILING FACTORS DURING IMPLEMENTATION**

4.01 A \$6.9 mn windfall of CIDA resources to BNTF 5 occurred due to foreign exchange gains in June 2010. This required a shift of those resources to prepared BNTF 6 sub-projects. A new BNTF 6 pipeline therefore had to be developed and implementation start up slowed. Performance was also affected by prevailing economic conditions in some beneficiary countries in 2010. In spite of this, seven countries have projected almost full commitment of sub-projects by Q1, 2012. (See Table 4.1).

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<sup>6</sup> Recent Country Poverty Assessments and the BNTF Community Needs Assessments have highlighted the level of unemployment, the high rates of crime and gang-type activity and the related dissolution of the cohesiveness in communities.

**TABLE 4.1: BNTF 6 SUB-PROJECTS UNDER PREPARATION Q1, 2012**

Country	No. of Sub-Projects	Sector	Balance of Funds to be Committed as at October 31, 2011	Projected Commitments on Country Projects as at Q1, 2012	Projected % of Allocation Committed by Q1, 2012
<b>Belize</b>	2	Skills Training		80,000	
	1	Integrated Community		330,000	
	4	Multi-sector Infrastructure		200,000	
			<b>608,890</b>	<b>610,000</b>	<b>100%</b>
<b>Dominica</b>	16	Multi-sector Infrastructure		747,873	
	12	Skills Training		183,541	
			<b>937,064</b>	<b>931,414</b>	<b>100%</b>
<b>Grenada</b>	1	Integrated Community		145,410	
	1	Skills Training		37,000	
	5	Multi-sector Infrastructure		180,000	
			<b>405,979</b>	<b>362,410</b>	<b>98%</b>
<b>Guyana</b>	6	Hinterland Water, Infrastructure		365,257	
	10	Multi-sector Infrastructure		1,693,260	
			<b>1,904,614</b>	<b>2,058,517</b>	<b>100%</b>
<b>Jamaica</b>	10	Multi-sector Infrastructure		3,347,097	
	5	Skills Training		140,280	
			<b>3,569,442</b>	<b>3,487,377</b>	<b>98%</b>
<b>Montserrat</b>	1	Productive Infrastructure	<b>989,873</b>	<b>317,000</b>	<b>38%</b>
<b>St. Kitts and Nevis</b>	3	Multi-sector Infrastructure	<b>733,638</b>	<b>283,343</b>	<b>48%</b>
<b>St. Lucia</b>	12	Multi-sector Infrastructure		618,156	
	3	Skills Training		100,000	
			<b>721,643</b>	<b>718,156</b>	<b>100%</b>
<b>St. Vincent and the Grenadines</b>	9	Multi-sector Infrastructure		408,000	
	3	Skills Training		96,000	
			<b>513,014</b>	<b>504,000</b>	<b>99%</b>
<b>Turks and Caicos Islands</b>	9	Multi-sector Infrastructure	0	0	<b>100%</b>
<b>Total</b>			<b>10,384,157</b>	<b>9,272,217</b>	<b>95%</b>

4.02 With the Project pipeline of sub-projects scheduled for implementation in 2012, there is an expectation of an acceleration of implementation. During that time, beneficiary countries will begin implementation of their integrated community sub-projects, a new feature of the Programme. This is expected to draw heavily on local project management. CDB will intensify supervision missions and technical support to facilitate completion of as much as possible of the Programme within the TDD of December 2012.



## **5. CONCLUSION**

5.01 In summary, a different management model was introduced to facilitate the new approaches to effectiveness and efficiency in BNTF 6. Institutional changes and other external factors may have contributed to the delayed start to the Programme in some countries. However, there have been notable improvements in operations and structural changes which are expected to contribute to efficiency gains. It is also envisaged that the integrated community sub-projects will have greater impact within communities, empowering beneficiaries and improving their living conditions.

5.02 The current status of implementation of BNTF 6 and the proposals for completion of this Programme are submitted for the consideration of Contributors.

STATUS REPORT (As at Oct 31, 2011)		BNTF 6 (Source SDF)						
COMPONENTS	ALLOCATION USD	NO. OF SUB- PROJECTS APPROVED	COMMITTED FUNDS TO OCT 31, 2011 USD	BALANCE OF FUNDS TO BE COMMITTED USD	% OF ALLOCATION COMMITTED	FUNDS DISBURSED TO OCT 31, 2011 USD	% OF COMMITTED DISBURSED	% OF ALLOCATION DISBURSED
Country Projects <sup>1</sup>								
Belize	2,760,515	17	2,151,625	608,890	78%	714,803	33%	26%
Dominica	2,282,608	3	1,345,544	937,064	59%	0	0%	0%
Grenada	1,769,979	11	1,364,000	405,979	77%	710,644	52%	40%
Guyana	6,710,000	37	4,805,386	1,904,614	72%	306,506	6%	5%
Jamaica <sup>2</sup>	4,297,830	10	728,388	3,569,442	17%	985,702	100%	23%
Montserrat	1,086,496	0	96,623	989,873	9%	0	0%	0%
St. Kitts & Nevis	863,535	0	129,897	733,638	15%	0	0%	0%
St. Lucia	2,731,879	9	2,010,236	721,643	74%	375,886	19%	14%
St. Vincent & the G'dines	1,780,153	7	1,267,139	513,014	71%	76,693	6%	4%
Turks and Caicos Islands	317,005	1	317,005	0	100%	48,581	15%	15%
<b>Sub-total</b>	<b>24,600,000</b>	<b>95</b>	<b>14,215,843</b>	<b>10,384,157</b>	<b>58%</b>	<b>3,218,814</b>	<b>23%</b>	<b>13%</b>
Technical Services	5,000,000		970,790	4,029,210	19%	391,644	40%	8%
Regional Coordination <sup>3</sup>	2,400,000		332,699	2,067,301	14%	332,699	100%	14%
<b>GRAND TOTAL</b>	<b>32,000,000</b>	<b>95</b>	<b>15,519,332</b>	<b>16,480,668</b>	<b>48%</b>	<b>3,943,156</b>	<b>25%</b>	<b>12%</b>
<b>NOTES:</b>								
1: Includes Local Institutional Strengthening costs								
2: Float of USD985,702 disbursed to Government of Jamaica on January 15, 2010								
3: Regional Coordination includes staff costs								

STATUS REPORT - (As At October 31, 2011)		Basic Needs Trust Fund - Fifth Programme (CDB & CIDA COMBINED)					
COMPONENTS	ALLOCATION USD	COMMITTED FUNDS AS AT OCT. 31, 2011 USD	BALANCE OF FUNDS TO BE COMMITTED USD	% OF ALLOCATION COMMITTED <sup>1</sup>	FUNDS DISBURSED TO OCT. 31, 2011 USD	% OF COMMITTED FUNDS DISBURSED	% OF ALLOCATION DISBURSED
Country Projects							
Belize	6,971,193	6,971,193	0	100%	6,527,662	94%	94%
Dominica	4,182,257	4,035,601	146,657	96%	3,513,945	87%	84%
Grenada	3,730,998	3,555,975	175,023	95%	3,291,632	93%	88%
Guyana	14,581,219	14,581,219	0	100%	13,933,089	96%	96%
Jamaica	5,179,333	5,179,333	0	100%	5,106,665	99%	99%
Montserrat	2,431,524	2,404,010	27,514	99%	2,348,911	98%	97%
St. Kitts & Nevis	2,402,243	2,402,243	0	100%	1,956,921	81%	81%
St. Lucia	6,331,565	6,279,205	52,360	99%	4,670,089	74%	74%
St. Vincent & the Grenadines	4,757,870	4,757,870	0	100%	3,929,508	83%	83%
Turks and Caicos Islands	1,509,393	1,509,393	0	100%	1,274,528	84%	84%
<b>TOTAL</b>	<b>52,077,595</b>	<b>51,676,041</b>	401,554	99%	<b>46,552,949</b>	90%	89%
Technical Services	9,230,502	6,416,779	2,813,723	70%	<b>4,927,801</b>	77%	53%
Regional Coordination	5,089,667	3,779,420	1,310,247	74%	<b>3,777,967</b>	100%	74%
<b>GRAND TOTAL</b>	<b>66,397,764</b>	61,872,240	<b>4,525,524</b>	93%	<b>55,258,717</b>	89%	83%