

PUBLIC DISCLOSURE AUTHORISED

CARIBBEAN DEVELOPMENT BANK



**PROJECT COMPLETION REPORT VALIDATION REPORT
WITH MANAGEMENT RESPONSE (APPENDIX 1)**

**MARKET ACCESS AND RURAL ENTERPRISE DEVELOPMENT PROJECT
GRENADA**

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**OFFICE OF INDEPENDENT EVALUATION
APRIL 2023**

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**PROJECT COMPLETION REPORT VALIDATION REPORT
MARKET ACCESS AND RURAL ENTERPRISE DEVELOPMENT PROJECT
GRENADA**

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**OFFICE OF INDEPENDENT EVALUATION
APRIL 2023**

CURRENCY EQUIVALENTS

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

USD1.00 = XCD2.70

ABBREVIATIONS

AR	-	Appraisal Report
BOD	-	Board of Directors
CBOs	-	Community-based Organisations
CDB	-	Caribbean Development Bank
CSP	-	Country Strategy Paper
GCBL	-	Grenada Cooperative Bank Ltd.
GOCR	-	Government of Grenada
IFAD	-	International Fund for Agricultural Development
IMF	-	International Monetary Fund
LOC	-	Line of Credit
M&E	-	Monitoring and Evaluation
MAREP	-	Market Access and Rural Enterprise Development
MOA	-	Ministry of Agriculture
MOF	-	Ministry of Finance
OCR	-	Ordinary Capital Reserves
PCR	-	Project Completion Report
PCU	-	Project Coordinating Unit
PSR	-	Project Supervision Report
RIF	-	Rural Investment Fund
SFR	-	Special Fund Reserves
TDD	-	Terminal Disbursement Date

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EXECUTIVE SUMMARY

PROJECT SUMMARY

Opportunities for economic advancement in rural Grenada were concentrated in the agriculture and fisheries subsectors with linkages to micro and small-scale enterprises, however, the agriculture sector suffered from limited investment in production technology and marketing systems and the absence of a business approach to enterprise development. This affected the ability of small farmers to compete favourably in the sector and penetrate higher-end markets for their agricultural output.

2. Consequently, the Government of Grenada (GOGR) embarked on a transformation programme aimed at improving the performance of agriculture in the rural economy. Funding was required to support this initiative which sought to increase sector output and competitiveness and the ability of small farmers to respond to increasingly stringent market demands.

3. On October 21, 2010, the Board of Directors of the Caribbean Development Bank approved a loan in the amount of three million United States dollars (USD3 mn) to the GOGR for the joint financing of the Market Access and Rural Enterprise Development Project.

PROJECT OBJECTIVES

4. The overall objective of the project was to enhance the livelihood of rural households through the strengthening and establishment of rural businesses/clusters; the upgrading of technical and business skills among rural enterprises; strengthening value chains and fostering better linkages between production and markets; and the provision of affordable credit.

EVALUATION CRITERIA

5. The assessment focused on the core evaluation criteria of *relevance, effectiveness, efficiency* and *sustainability*, as well as the complementary criteria of CDB and Borrowers' performance.

Relevance

6. The PCR rated Relevance as **Highly Satisfactory** since the project aligned with the country's Poverty Reduction Strategy and Action Plan. There was also alignment with the Government's agriculture and rural development policies to transform the agriculture sectors, as well as CDB's corporate priority of supporting agriculture and rural development. The Evaluator concurs with the **Highly Satisfactory** rating.

Effectiveness

7. Both the PCR and the Evaluator assigned a **Marginally Unsatisfactory** rating to the achievement of outcomes. This was mainly as a result of delays in the satisfaction of conditions precedent and issues related to recruitment and high staff turnover.

Efficiency

8. The PCR and the Evaluator rated Effectiveness as **Marginally Unsatisfactory** due to implementation delays which resulted in little progress being made between the years 2010-14.

Sustainability

9. Sustainability was rated as **Marginally Unsatisfactory** in the PCR due to the difficulties experienced by agricultural enterprises to access credit. This meant that businesses supported under the programme were unable to achieve their full growth potential and sustain their operation to optimum levels. This rating accords with that of the Evaluator.

Performance of the Borrower and Executing Agency

10. A rating of **Marginally Unsatisfactory** was assigned by both the PCR and the Evaluation as a result of the country's fiscal challenges, as well as administrative challenges which occurred following government elections in 2013. In addition, it was noted that the Log Frame was not used regularly to guide project implementation and measure progress.

Performance of the Caribbean Development Bank

11. The PCR assigned a **Satisfactory** rating to the performance of CDB. It was noted that CDB provided close supervision, prompt feedback and guidance during project implementation. The Evaluator concurs with this rating.

Overall Assessment

12. Details of the ratings and justification for differences between the PCR and Evaluator are summarised below:

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

Criteria	PCR	OIE Review	Reason if any for Disagreement/Comment
Strategic Relevance Poverty Relevance	Highly Satisfactory (4)	Highly Satisfactory (4)	
Effectiveness	Marginally Unsatisfactory (2)	Marginally Unsatisfactory (2)	
Efficiency	Marginally Unsatisfactory (2)	Marginally Unsatisfactory (2)	
Sustainability	Marginally Unsatisfactory (2)	Marginally Unsatisfactory (2)	
Composite (Aggregate) Performance Rating	Marginally Unsatisfactory (2.50)	Marginally Unsatisfactory (2.50)	
Borrower & EA Performance	Marginally Unsatisfactory (2)	Marginally Unsatisfactory (2)	
CDB Performance	Satisfactory (3)	Satisfactory (3)	
Quality of PCR		Satisfactory	

1. BASIC PROJECT DATA

Project Title:	Market Access and Rural Enterprise Development Project
Country:	Grenada
Sector:	Agriculture and Rural Development
Loan No.:	17/SFR-OR/GRN GA 35/GRN
Borrower:	Government of Grenada
Implementing/Executing Agency	Ministry of Finance - Guyana

<u>Approval and Disbursements (\$ mn)</u>	<u>CDB LOAN</u>		<u>Total</u>
	<u>OCR</u>	<u>SFR</u>	
Loan Amount (Original)	1,030,000	1,970,000	3,000,000
Total Loan Disbursed	813,993	1,495,650	2,309,643
Cancelled	216,007	474,350	690,357

<u>Project Milestones</u>	<u>At Appraisal</u>	<u>Actual</u>	<u>Variance (months)</u>
Board Approval	October 21, 2010	October 21, 2010	0
Loan Agreement signed	December 21, 2010	February 8, 2011	1
Loan Effectiveness ¹	June 30, 2011	February 4, 2013	19
Grant Agreement signed	December 21, 2010	February 8, 2011	1

<u>CDB Loan</u>	<u>At Appraisal</u>	<u>Actual</u>	<u>Variance (months)</u>
First Disbursement Date	June 30, 2011	June 3, 2014	35
Terminal Disbursement Date	December 31, 2016	December 31, 2018	24
TDD Extensions (number)			

<u>Project Cost and Financing (\$ mn)</u>	<u>At Appraisal</u>	<u>Actual</u>	<u>Variance (mn)</u>
CDB Loan and Grant	3,027,000	2,336,643	690,357
Counterpart - IFAD	3,000,000	2,223,064	776,936
GOCR	2,523,000	2,081,318	441,682
Total			

<u>Terms</u>	<u>Interest Rate</u>	<u>Repayment</u>	<u>Grace Period</u>
CDB Loan (OCR)	4.5% variable	68 equal instalments	5 years
CDB Loan (SFR)	2%	80 equal instalments	10 years

<u>Implementation</u>	<u>At Appraisal</u>	<u>Actual</u>	<u>Variance (months)</u>
Start Date ²	June 30, 2011	July 31, 2012	13
Completion Date	December 31, 2016	December 31, 2018	24
Implementation Period			

¹ Date Conditions to First Disbursement satisfied.

² Implementation begins with satisfaction of conditions precedent

2. PROJECT DESCRIPTION

Rationale

2.01 Opportunities for economic advancement in rural areas in Grenada were concentrated in the agriculture and fisheries sub-sectors with linkages to micro and small-scale enterprises. While the country had favourable agro-ecological conditions to produce a wide range of fruits, vegetables and small ruminants, agricultural output was limited due to land fragmentation, a lack of on-farm technological innovation, limited investment in production technology and marketing systems, and the absence of a business approach to enterprise development. Consequently, small farmers faced competitive challenges, including a lack of consistent quality and supply, which limited their ability to penetrate the higher-end markets for agricultural output. These challenges, along with the impact of natural hazards, resulted in a reduction of income in rural populations which manifested itself in continued hardship, livelihood insecurity, stymied social mobility and low quality of life.

2.02 Notwithstanding that the Ministry of Agriculture (MOA) played a critical role in supporting the transfer of production-related technology and infrastructure it was evident that, given the new liberalized trade environment, improving small farmer competitiveness required more attention. Consequently, the Government of Grenada (GOGGR) embarked on a transformation programme aimed at improving the performance of agriculture in the rural economy. The MOA embraced the value chain approach to agriculture development and engaged in a restructuring and capacity upgrading exercise aimed at improving its ability to respond to the various needs of small farmers.

2.03 Funding was required to support the new policy focus of GOGGR which sought to increase sector output and competitiveness, and the ability of small farmers to respond to increasingly stringent market demands.

Expected Impact

2.04 The project was expected to have a positive impact on poverty as a result of increased levels of employment and employability; as well as direct and indirect income growth among the most vulnerable.

2.05 In addition, there were expectations of increased skills of individuals and groups and strengthened production, financial and marketing systems in the rural sector. Persons involved in the supply chain were also expected to benefit from increased activities related to the production, marketing, transportation and sale of output.

2.06 On a macro level, funding from the project was expected to trigger an increase in real investment in the economy.

Objectives / Expected Outcomes

2.07 The overall objective of the project was to enhance the livelihood of rural households through the strengthening and establishment of rural businesses/clusters; the upgrading of technical and business skills among rural entrepreneurs; strengthening value chains and fostering better linkages between production and markets; and the provision of affordable credit.

2.08 The expected outcomes included: increased empowerment of males and females in rural communities and organisations; the creation of employment opportunities; and agri-business sustainability.

Components and/or Outputs

2.09 The project comprised of the following components:

- A. Social and human capital development (USD2.321 mn: IFAD USD1.33 mn GOCR USD0.991 mn) – The focus was on the formation and strengthening of rural organisations’ human and social capital and the empowerment of the poor and vulnerable to become engaged in employment, and/or small business development opportunities geared at improving their standard of living. Activities were centred around life skills and personal development training; skills development and vocational training geared towards improving employment opportunities; formation and strengthening of Community-based Organisations (CBOs); and national advocacy campaigns to address gender, youth and poverty issues.
- B. Market access and enterprise development (MAED) – the objective was to establish /consolidate profitable and competitive rural businesses and strengthen product value chains through the provision of the full range of services and support systems required to take products (agricultural and non-agricultural) through to final consumers.
- *Business Technical and Entrepreneurial Services* (USD1.57 mn: IFAD USD0.85 mn; GOCR USD0.49 mn; Beneficiaries USD0.231 mn) – Activities were to include: development of strategic/business plans for eligible producers/producer groups; training of beneficiaries in business and financial management and technical skills in production, processing and marketing, conduct of market studies/ demand analysis; Technical Assistance (TA) to MOA to improve staff capacity in methodologies to improve product value chains.
 - *Rural Investment Fund* (USD2.05 mn: CDB USD1.794 mn; Beneficiaries USD0.257 mn) – the provision of non-reimbursable grants for subprojects designed to assist communities to increase their revenue and respond to market demand.
- C. Financial services – This comprised of three areas:
- TA Grant (USD27,000) – to facilitate the training of staff of financial institutions to improve their capacity in investment appraisal of productive (agricultural and rural enterprises) sector loans.
 - A Line of Credit (LOC) to GOCR – (USD700,000) to facilitate access to credit.
 - TA Loan (USD48,000 CDB) – to facilitate the implementation of the line of credit.
- D. Programme Management, and Monitoring and Evaluation – (USD1.805 mn: IFAD USD0.82 mn; CDB USD0.2; GOCR USD0.785) the provision of the necessary project management resources to support all the activities necessary to ensure the implementation of the project, including monitoring and evaluation and reporting activities for the implementing period.

2.10 These components were intended to increase the confidence and capability of beneficiaries to adopt a proactive and entrepreneurial approach to agricultural and rural development.

Provision of Inputs

2.11 Following a request by the GOGR on November 20, 2009, CDB and the International Fund for Agricultural Development (IFAD) agreed to consider the joint financing of an agriculture/rural enterprise development project in Grenada. This was expected to be a follow-up to the Grenada Rural Enterprise Project.

2.12 On October 21, 2010, the Board of Directors approved a loan to the GOGR in the amount of USD3,000,000 and a grant of USD27,000 to assist in the financing of the Market Access and Rural Enterprise Development Project.

Implementation Arrangements

2.13 Implementation arrangements were put in place for the different components of the project, the following provides a summary:

- (a) The Project Coordinating Committee (PCC) had overall responsibility for the policy direction of the project. An Operations Manual stipulated the rules governing the operations of the PCC and any deviations required the prior approval of CDB and IFAD.
- (b) Day-to-day management was assigned to a Project Coordination Unit (PCU), headed by the Project Manager, with overall responsibility for implementation of all project components except the Line of Credit and TA to Grenada Cooperative Bank Ltd (GCBL). These components were implemented directly by GCBL.
- (c) Funds were to be transferred by CDB and IFAD into a Special Account managed by PCU. This account was replenished based on financial management reports or special requests submitted by the PCU. The PCU transferred funds from the Special Account to an Operations account which was used to finance activities related to the project components.
- (d) Request for subproject financing was based on a sub-project work plan and implementation progress reports submitted to and verified by the PCU.
- (e) LOC – The Business Specialist and Consultant Project Officer was to assist in the preparation of business plans for viable projects. Loan applications and other supporting documents were to be submitted to GCBL or other financial institutions (FI) for consideration. The approved FI was to assume direct responsibility for the appraisal of subproject proposals. CDB was to advance a float for which GBCL was required to provide appropriate documentation.

2.14 Memorandums of Understanding were established with several government and non-governmental organisations, including the Grenada Industrial Development Corporation and the Grenada National Training Agency, to assist in project implementation. These proved to be an asset during project implementation.

2.15 The project was expected to be implemented over approximately six years commencing July 2011 to March 2017. Actual implementation occurred from July 2012 to December 2018

Identification of Risks and Mitigation Measures

2.16 The Appraisal Report identifies the following risks and mitigation measures:

- (a) *Weak commercial linkages in agriculture value chains could inhibit market access and negatively impact the sustainability of enterprises.* TA for the implementation of capacity-building interventions, including Good Agricultural Practices, was provided to sub-projects and resulted in an increase in the number of farmers who were eligible to supply their produce to supermarkets and the National Import Board.
- (b) *Financial Institutions do not have the capacity to appraise small business loans and accordingly are not interested in participating in the project.* Training was provided in the appraisal of productive sector loans.
- (c) *GOCR's ability to meet counterpart funds required for project implementation.* 46% of the contributions were in-kind and the remainder was to be phased in over the implementation period.

3. EVALUATION OF DESIGN AND IMPLEMENTATION

Relevance of Design and Formulation

3.01 The project was designed to address the socio-economic circumstances of the poor by providing opportunities for the rural poor to become engaged in income-earning activities; and strengthening the capacity of communities and individuals to increase their ability to plan and manage rural business enterprises. The design and implementation modality was based on the Rural Enterprise Model which is used extensively by international development institutions. The target group was primarily informed by the findings of the 2007-08 Country Poverty Assessment and comprised of: (a) small-scale farmers with a focus on market-oriented production systems; (b) artisanal fisherfolk; (c) micro and small-scale enterprises (agricultural and non-agricultural); (d) wage labourers and vendors³; and (e) unemployed and under-employed rural women and youth. A gender-sensitive project team was implemented to assist in community mobilisation and business development aimed at encouraging men and women to go beyond their traditional roles and engage in a broader range of project activities.

3.02 To achieve the intended outcomes, the project employed a differential strategy based on the specific needs, interests, and socio-economic context of prospective beneficiaries. It was recognised that special effort was needed to secure the interest and participation of young people in agriculture therefore strategic and innovative approaches, including outreach programmes and the provision of support services, were utilised to raise awareness.

3.03 At Appraisal it was agreed that CDB and IFAD would jointly develop the Log Framework, however, difficulty in reaching a consensus on the targets and outputs⁴ led to a system of parallel financing. During implementation, however, IFAD agreed that their outputs and targets were to be treated as a “menu of options” rather than specified targets in each instance.

3.04 With regards to the LOC, based on discussions with stakeholders, including the Ministry of Agriculture and Farmers' Association, a maximum loan of USD40,000 was agreed for sub-borrowers. Social and economic infrastructure sub-projects which fell under the RIF component were to be selected based on the contribution they were expected to make towards the productive activities and livelihood of communities and groups.

³ The inclusion of vendors and small-scale processing was intended to cater to the needs of rural women who dominated those sub-sectors.

⁴ It was thought that IFAD's targets and number of planned outputs were too optimistic given the amount of project resources.

3.05 While the Appraisal Report noted that project design had benefitted from key lessons learned during the implementation of similar projects financed by CDB and IFAD, the PCR notes that project design had a negative impact on output delivery due to overly ambitious targets at appraisal.

Project Outputs

3.06 The PCR summarises the achievement of outputs on the CDB-funded project components as follows:

TABLE 1: MATRIX OF PROJECT OUTPUTS

Planned Outputs	Outputs Achieved	PCR Rating
1. Human and Social Capacity Building		
<ul style="list-style-type: none"> 500 young rural men/women registered or participated in vocational training, agriculture, business and/or community development. 40 rural organisations have developed administrative skills to directly manage funds from the Rural Investment Fund. 	<ul style="list-style-type: none"> 722 (506 female and 206 male) youth registered in vocational skills training (VST) 482 (341 female and 141 male) youth graduated and certified under VST – Caribbean Vocational Qualifications (CVQs) 101 CBOs, Producer Groups and Cooperatives engaged of which 62 strengthened. 	Satisfactory
2. Market Access and Enterprise Development		
<p><i>Individuals Trained:</i></p> <ul style="list-style-type: none"> Skills of 10 Extension Officers from the Ministry of Agriculture upgraded. 60 attendants of entrepreneurial skills training prepare a business plan with the intention of starting a business. <p><i>Businesses Created:</i></p> <ul style="list-style-type: none"> 50 new enterprises created through programme support 	<ul style="list-style-type: none"> 46 Extension Officers trained. 39 entrepreneurs prepared business plans with MAREP support. 1,160 participants (705 males; 455 females) received direct support in a range of business-related areas. 403 persons (207 males; 196 females) receiving business management training. 31 persons (15 males; 16 females) received scholarships for business-related training. 42 enterprises reported increased sales – mainly to supermarkets. 89 businesses supported with registrations – including obtaining relevant licenses and permits. 21 new enterprises created through programme support 	Satisfactory
CDB FINANCED: RIF		
44 community-based sub-projects financed	91 sub-projects financed benefitting 423 persons (157 female; 266 male)	

Planned Outputs	Outputs Achieved	PCR Rating
	<ul style="list-style-type: none"> • Community sub-projects – surface and drainage improvement on 17 farm access roads and 2 bridges rehabilitated. • Enterprise sub-projects – 16 sub-projects were approved with 10 benefiting an estimated 265 persons (97 females; 168 males) • Small-scale Revenue Generating Window – 65 formal and informal groups with 272 beneficiaries (118 females; 154 males) received funding, mainly via productive inputs in support of food security enhancement. 	
3. Financial Services		
<p>125 sub-projects financed under the LOC.</p> <p>Investment appraisal workshop completed – 20 individuals engaged in productive lending receive training.</p> <p>Project Officer attached to GCBL for two years – to support GCBL in developing requisite systems to facilitate productive sector lending.</p>	<ul style="list-style-type: none"> • Implementation cancelled – one farm loan approved. • 28 persons (15, males, 13 females) from 8 Credit Unions and the GDB successfully completed a two-week training programme in Appraisal and Productive Sector loans. • Project Officer engaged at GCBL. 	<p>Very Unsatisfactory</p>
PCR Average Rating: Marginally Unsatisfactory		

3.07 The PCR rates the achievement of outputs as *Marginally Unsatisfactory*. While it was noted that the projects exceeded targets for the number of persons trained and there was high demand for investments under the RIF, the LOC was cancelled in December 2015, after the approval of one loan. This cancellation occurred mainly as a result of the withdrawal of the Grenada Cooperative Bank Ltd. (GCBL) from the agreement due to its perceived inability to service and support the agriculture and rural enterprise sector, as stipulated by the MAREP project.⁵ The 2016 PSR notes that GOCR requested that the responsibility for managing the component be transferred from GCBL to the Grenada Development Bank (GDB), however, CDB advised against pursuing such an arrangement since GDB already had access to resources under a CDB LOC; and any changes to the loan agreement would require Board approval. To ensure some level of support to small farmers and rural enterprises, a MOU was signed between MAREP and GDB which allowed MAREP staff to engage in the delivery of the same services foreseen under the Programme.

3.08 The Evaluator concurs with this rating since the LOC was to have been instrumental in providing access to credit for small farmers.

Project Costs and Disbursements

Project Costs

⁵ At the time of the loan the GDB, with whom CDB had a long relationship, was undergoing internal restructuring and was not considered to be in a position to partner with CDB on the MAREP initiative. As an alternative, GOCR proposed GCBL.

3.09 The project was based on a participatory methodology and cost-sharing which was intended to enhance sustainability by ensuring strong ownership of outputs by all stakeholders. Total costs were estimated at USD9.039 mn with resources from CDB, IFAD, GOCR and beneficiaries. A summary of planned versus actual cost is presented in Table 2.

3.10 CDB provided 100% financing for the RIF activities under Component 2 and Component 3 (LOC, TA Grant, and TA Loan)

TABLE 2: MATRIX OF PROJECT COSTS AND FINANCING PLAN

Financier	Planned	Actual	% Disbursed
IFAD	3,000,000.00	2,223,063.63	74%
CDB:			
OCR Loan	1,030,000.00	1,753,993.19	
SFR (Loan)	1,970,000.00	555,649.76	
Subtotal	3,000,000.00	2,309,642.95	
SFR (Grant)	27,000.00	27,000.00	
Total	3,027,000.00	2,336,642.95	77%
GOCR	2,523,000.00	2,081,318.35	82%
Beneficiaries	489,000	215,795.65	44%
Total	9,309,000.00	6,856,820.58	76%

3.11 The PCR notes that delays in implementation and the suspension of the LOC meant that some expenditures were not incurred. An amount of USD370,000 was reallocated from the LOC to provide additional support for RIF activities.

Disbursements

3.12 Resources were to be disbursed over six years with the first disbursement under Components 1 and 2 scheduled for the second quarter of 2011 and the first disbursement under Component 3 (LOC) scheduled for the last quarter of 2011. However, this was delayed as Conditions Precedent for the first disbursement occurred one year after the planned date.

3.13 The 2015 Mid-term review notes that slow implementation saw only 30% of funds being disbursed at the end of 2014, compared to an appraisal estimate of 85%. Consequently, there was a request by GOCR for an 18-month extension of the TDD to allow for the achievement of outputs and outcomes. The extension was granted for 12 months, from December 31, 2017, to December 31, 2017. A further extension of TDD was granted to December 31, 2018, as a result of unanticipated delays in closing off activities for projects funded under the RIF (Farm Access Roads) Component.

3.14 The loan was expected to be fully disbursed by December 31, 2016, however, final disbursement occurred on 31 December 2018. The overall project disbursement rate was 76%. The unwithdrawn balances were cancelled as follows: USD216,006.78 (SFR) and USD474,350.26 (OCR).

Conditions and Covenants

3.15 Given Grenada's difficult fiscal situation a waiver of CDB's Lending Policies was recommended to allow the SFR portion of the loan to be lent at the interest rate of a Group 4 country, that is 2% per annum

(p.a.) rather than 2.5% p.a for a Group 3 country.

3.16 The resignation of the Business Specialist in November 2012 and the suspension of the procurement process for a replacement in February 2013 represented a breach of Conditions Precedent to the disbursement of CDB funds⁶. The procurement process restarted during the third quarter of 2013, however, it was concluded that none of the applicants had met the minimum requirements. The position was re-advertised in January 2014 and filled in March 2015.

Procurement of Consultants

3.17 Procurement was mainly centred around activities related to the Rural Investment Fund. Ten farm roads were identified for infrastructural improvements. The roads were to be undertaken by local contractors with community workers and the tendering process handled through the Ministry of Works with reports submitted to CDB. Procedures were generally in conformance with CDB guidelines, however, some weaknesses were identified with respect to the drafting of contracts and the Terms of Reference which resulted in implementation delays. Training was subsequently provided in procurement processes.

Monitoring and Evaluation Design, Implementation and Utilisation

3.18 Resources for M&E were set aside under Component 4 of the project. This stipulated that a M&E Specialist be hired as part of the PCU, to design and implement an M&E system to track and evaluate project activities outputs, outcomes and impact. In addition, consultants were to be hired to undertake the baseline studies, the mid-term evaluation, the PCR and post-evaluation studies.

3.19 The M&E Specialist was hired in December 2012. Smart Stream software was installed at the MAREP office in December 2013 thereby creating an enabling environment for payment and the accounting function. A Results Impact Management System was also adopted for measuring and reporting the results and impact of the project's finances. Overall performance monitoring was undertaken through project reports, field supervision and periodic consultations.

3.20 However, the February 2015 mid-term review noted that M&E had not functioned well and there was a need for M&E tools and procedures to be finalised given that the project was beyond its mid-point. The report also highlighted that there were opportunities to use electronic data and management systems using smartphones and tablets to improve the efficiency and effectiveness of M&E.

3.21 The PCR rates the poor performance of the M&E System among the critical factors which negatively impacted the project's success.

4. EVALUATION OF PERFORMANCE (PCR ASSESSMENT AND VALIDATION)

Relevance

4.01 The PCR rates the relevance of the project as **Highly Satisfactory** based on the justification that the project was one of the key instruments which targeted poverty reduction and aligned with the country's Poverty Reduction Strategy and Action Plan. The project was also in sync with the government's agriculture and rural development policies and strategies which identified the need to rationalise the

⁶ Conditions specified that the post of Business Specialist was to form part of the composition of the Project Coordinating Unit.

agricultural sector to achieve long-term efficiency and viability, improve sustainable growth and food and nutrition security; increase competitiveness and ability to respond to increasingly stringent market demands; and enhance civil society participation in the delivery of basic agricultural services. Transformation of the agricultural sector was also a key component of the Government's reform strategy and transformation programme which was supported by an International Monetary Fund 3-year Extended Fund Facility in April 2010.

4.02 There was also consistency with CDB's Corporate Priority of supporting agriculture and rural development; as well as its strategic objective of promoting broad-based economic growth and inclusive social development in its Borrowing Member Countries.

4.03 The Evaluator concurs with this rating and notes the alignment with the 2009-2011 Country Strategy Paper which focused on the achievement of more inclusive growth by addressing issues related to declining output, low productivity and weak supply chains in the agriculture sector. Identified in the CSP were initiatives related to the country's national policy on small business development; and its National Export Strategy which aimed to form joint production and marketing clusters to increase export capacity. Alignment with the Gender Equality initiatives was also featured in the project as it sought to promote equitable access to agriculture for all.

Effectiveness

4.04 The PCR assigns a rating of **Marginally Unsatisfactory** for the achievement of outcomes. Table 3 provides a summary.

TABLE 3: MATRIX OF PROJECT OUTCOMES

Planned Outcome at Appraisal	Outcome Achieved	PCR Rating
<i>Development outcome: To contribute to increased income of targeted individuals and groups by strengthening existing and new enterprises</i>		
Provision of support to agricultural and rural enterprises in 50 rural communities	Interventions undertaken in all 50 rural communities	Achieved
2,000 RIF beneficiaries in 50 rural communities	2,777 persons in 50 rural communities directly benefited from interventions	Achieved
600 Line of Credit Beneficiaries	Implementation suspended	Not achieved – implementation suspended.
70% increase in rural income by the end of the project (2016)	Results of the 2018 Impact Survey conducted in 50 MAREP intervention communities – 42.9% of households reported an increase in income	Not measurable
At least 770 rural jobs created	The M&E system failed to capture the total number of jobs created/persons employed as part of the wider capacity-building interventions. Interim results indicated that: <ul style="list-style-type: none"> • 191 youth (132 females and 59 males) graduates from VST employed/self-employed. 	Final achievement not quantified

Planned Outcome at Appraisal	Outcome Achieved	PCR Rating
	<ul style="list-style-type: none"> • Temporary jobs – 358 rural residents employed during farm access road rehabilitation. 	

4.05 The Evaluator concurs with the **Marginally Unsatisfactory** rating and notes the following issues with negatively impacted the project’s effectiveness.

- (a) There were three extensions for conditions precedent to the first disbursement as a result of issues around the composition of the PCC (there was no representative from the Ministry of Community Development and Works) and an arrears situation on the part of GOCR. While the project was approved on 21 October 2010, conditions precedent were satisfied on 4 February 2013.
- (b) The 2013 Annual Progress Report notes that the collection of baseline data was halted because of the delayed selection of the 50 communities which the project sought to target. A partial survey of 20 communities was approved in July 2013. Collection of baseline information for the remaining 30 communities was undertaken in 2015.
- (c) Project implementation was affected by several factors including the delay in signing of the draft MOU between GCBL and GIDC which was presented for signature in March 2012. The MOU was eventually signed in July 2013.
- (d) There were several instances of high staff turnover and delays in the recruitment of key personnel which led to a reassignment of responsibilities. For example, in 2016, the M&E Specialist also took on the responsibilities of the Gender and Youth Officer who had resigned.
- (e) There was lack of consensus between CDB and IFAD on the Log Frame. It was thought that the IFAD targets and planned outputs were too optimistic given the level of resources available to the project. Subsequently, a system of parallel financing was agreed to.
- (f) The 2015 Mid-term report noted that there were instances of delivery of assistance to non-targeted beneficiaries who did not require support. Efforts were made to refocus the programme towards disadvantaged individuals and entrepreneurs by partnering with enabling organisations.

Efficiency

4.06 The project did not quantify the cost efficiency using the Economic Rate of Return, however, it was noted that interventions reflected good practice and high industry standards. In addition, sub-projects under RIF employed a least-cost approach and environmental benefits were harnessed as a result of engaging the Ministry of Works on road projects to ensure there were no negative environmental effects.

4.07 However, a rating of **Marginally Unsatisfactory** was assigned by the PCR because of project implementation delays which resulted in little progress being made from project approval in 2010 to mid-2014.

4.08 The Evaluator concurs with this rating and also notes the following issues which compromised the efficiency of the project:

- (a) Resources were not utilised to their optimum potential as a result of a lack of consultation with field staff in the preparation of annual work plans and budgets. This resulted in over-ambitious programs and budget targets being set. To rectify this a bottom-up participatory process was implemented in 2015, however, it was difficult to get back on target and consequently disbursement levels lagged considerably for the duration of the project.
- (b) The long period of inactivity under the LOC component of the project contributed to the termination of the MOU between GOCR and GCBL.
- (c) High staff turnover, led to unsatisfactory progress on the achievement of outcomes.
- (d) Some issues were experienced with project coordination at the project and design level. For example, as noted in the PCR, the Grenada Marketing and National Import Board (GMNIB) was identified as a key development partner for the issuance of contracts to farmers, however, this failed to materialise as GMNIB changed its procurement arrangements and moved away from the policy of supplying contracts to farmers.
- (e) IFAD and CDB operated based on different performance indicators.

Sustainability

4.09 While the sustainability of subprojects was likely given the strict selection criteria for Rural Enterprise subprojects; the creation of linkages between beneficiaries and agency partners; training and ongoing support, the AR notes that the best measure of sustainability was the extent to which producer organisations and individual enterprises were financially viable.

4.10 The failure of the LOC and overall difficulties faced by agricultural enterprises in accessing credit meant that some businesses supported under the programme were unable to fully achieve their growth potential and sustain their operation to optimum levels, therefore both the PCR and the Evaluator rates project sustainability as **Marginally Unsatisfactory**.

4.11 The Evaluator also notes the following:

- (a) The February 2015 MTR notes that the project's sustainability was a concern as a result of lack of arrangements for the institutionalisation of the diverse range of functions performed by MAREP. Therefore, the PSC was asked to consider the sustainability issue and recommend an exit plan to be implemented during the remaining two years of the programme.
- (b) The November 2015 Aide Memoire of the Supervisory visit noted that an outcome perspective was required to prioritize activities and identify synergies between the components to ensure the expected impact and sustainability of the interventions. However, there was the challenge of shifting the focus from outputs to outcomes and impacts, especially during the final year of project implementation.

PERFORMANCE OF THE BORROWER AND EXECUTING AGENCY

4.12 The Ministry of Finance (MOF) was the Executing Agency for all project components except the LOC which was implemented by GCBL or another financial institution acting as an agent of GOCR (the Borrower).

4.13 While the PCR notes that the submission of reports was timely and informative, both the PCR and

Evaluator assign a **Marginally Unsatisfactory** rating to Borrower performance based on the following:

- (a) During project implementation GOCR experienced fiscal challenges which limited its ability to meet counterpart obligations as they became due. In addition, the period 2011 – 15 was marred by conflict within the PMU, high staff turnover and the absence of clear directives from the Government.
- (b) Following elections in February 2013, the MOF announced the following: (a) there was to be a review of the project and therefore new contracts for staff and the initiation of community activities were to be placed on hold; (b) the reconstruction of the MAREP Steering Committee; (c) all matters of a financial nature were to be reported to the Permanent Secretary. In March 2013, the contract of the Programme Manager ended and the government decided against its renewal. In addition, the Business Specialist resigned and the Programme Accountant was appointed as Officer in Charge. Subsequently, the programme was left with only 40% of its technical staff which resulted in implementation being halted. A new PM was appointed in September 2013. While there was substantial improvement from 2015 implementation remained a challenge.
- (c) Project monitoring reports suggest that the Log Frame was not used regularly to guide implementation and measure progress.

PERFORMANCE OF THE CARIBBEAN DEVELOPMENT BANK

4.14 The PCR assigns a **Satisfactory** rating to CDB's performance. It is noted that the preparation and appraisal of the project involved consultation with a wide range of stakeholders, senior government officials, representatives of financial institutions and small farmers cooperatives and associations. The information gathered from these consultations was used to inform the project design. In addition, CDB provided close supervision, prompt feedback and guidance during project implementation. The Evaluator concurs with this rating.

5. OVERALL ASSESSMENT

TABLE 5: SUMMARY RATINGS OF CORE EVALUATION CRITERIA AND OVERALL ASSESSMENT OF THE PROJECT

Criteria	PCR	OIE Review	Reason if any for Disagreement/Comment
Strategic Relevance Poverty Relevance	Highly Satisfactory (4)	Highly Satisfactory (4)	
Effectiveness	Marginally Unsatisfactory (2)	Marginally Unsatisfactory (2)	
Efficiency	Marginally Unsatisfactory (2)	Marginally Unsatisfactory (2)	
Sustainability	Marginally Unsatisfactory (2)	Marginally Unsatisfactory (2)	
Composite (Aggregate) Performance Rating	Marginally Unsatisfactory (2.50)	Marginally Unsatisfactory (2.50)	
Borrower & EA Performance	Marginally Unsatisfactory (2)	Marginally Unsatisfactory (2)	
CDB Performance	Satisfactory (3)	Satisfactory (3)	
Quality of PCR		Satisfactory	

Lessons

5.01 The Appraisal Report notes that since CDB and IFAD had previously co-financed five Rural Enterprise projects, MAREP benefited from specific lessons drawn from the implementation of those projects, as well as CDB's own experience with the Basic Needs Trust Fund and similar type interventions.

5.02 The following lessons which were highlighted in the AR were incorporated into the project design:

- (a) **Programme design** should be simplified and adapted to the management capacity and experience of the local staff. The M&E system must be well established with appropriate baseline information and allow agreed revisions to the logical framework.
- (b) **Beneficiary Capacity-Building** – Poverty reduction projects should include components to build the capacity of beneficiaries to engage in productive sector activities which have the potential to increase their income.
- (c) **Participatory approaches** for community mobilisation and empowerment must be at the core of rural development interventions.
- (d) **Strategies** need to be devised at the sub-project design stage to ensure sustainability.

Appropriate allocations would have to be made in the business plans of the sub-projects for the maintenance of shared assets.

- (e) **Implementation support and supervision** need to be proactive to address challenges during implementation. Project management systems need to be flexible to allow adjustments of implementation strategies and approaches based on changing realities. This requires strong leadership, a fair degree of insulation and autonomy, intensive project management and coordination and close supervision support.
- (f) **LOCs** are likely to be successful if participating FIs can maintain their viability and have a strong capacity in credit risk appraisal and technical and financial analysis.

5.03 Lessons from the PCR:

- (a) CDB staff were concerned that several of IFAD's targets were overly optimistic and decided to adopt a reduced number of outputs/targets in CDB's Results Framework, as well as finance discrete components of the project. This decision paid dividends with IFAD opting to reduce the number of outputs and targets as part of a Mid-term Review of the programme. Future CDB partnerships with IFAD should adopt a similar approach.

5.04 Lessons identified by IFAD:

- (a) A clear theory of change, a manageable number of indicators and realistic targets are important in providing clarity to programme implementers.
- (b) MAREP design relied too heavily on wage employment opportunities and lacked focus on youth and market-oriented support services. Focus on youth with entrepreneurship drive with a comprehensive support package during the crucial stage of business start-up would have been more effective.
- (c) MAREP supported a wide range of businesses spreading its resources thinly.
- (d) Most activities were carried out directly by the PMU and the coordination with the key institutional partners and their level of ownership of the programme objectives was in general weak. As such future projects should seek performance-based arrangements with implementing partners to ensure their full appropriation of the programme's objectives and the attainment of goals while reducing operational costs and allocating more resources to technical support.
- (e) Limited access to credit or collateral has been a critical barrier to success for poor rural entrepreneurs. For this target group, more hand-holding was required in preparing and submitting loan applications and collaborations must be developed with institutions that are willing to be flexible and agreeable to lending to the poor.

6. COMMENTS ON PCR QUALITY

6.01 While some errors were highlighted in the PCR, the Evaluator rates overall performance as **Satisfactory**.

7. DATA SOURCES FOR VALIDATION

7.01 The primary data sources used for this validation exercise were the project's AR, PSRs, PCR, registry files and discussion with the assigned Project Officer.

8. RECOMMENDATIONS FOR FOLLOW-UP

8.01 There are no issues for follow-up by OIE.

MANAGEMENT RESPONSE



PROJECT COMPLETION VALIDATION REPORT

**MARKET ACCESS AND RURAL ENTERPRISE DEVELOPMENT PROJECT
GRENADA**

The Project Completion Report (PCR) team in SSD agrees with the assessment and findings of the Project Completion Validation Report submitted by OIE. Both the PCR team and OIE agree that there are some valuable lessons learnt from the CDB and International Fund for Agricultural Development co-financing arrangement, and implementation of the project. These have assisted the Bank in the design and the provision of implementation support to maximise its development effectiveness in its BMCs.