

CARIBBEAN DEVELOPMENT BANK



SPECIAL DEVELOPMENT FUND

**SDF PERFORMANCE AND RESULTS ANALYSIS
AND IMPLICATIONS FOR SDF 7**

July 2008

ABBREVIATIONS

BED	-	Basic Education
BMCs	-	Borrowing Member Countries
BNTF	-	Basic needs Trust Fund
BNTFO	-	BNTF Office
CDB	-	Caribbean Development Bank
ECE	-	Early Childhood Education
EIS	-	Essential Infrastructure and Services
ETP	-	Emergency Tourism Promotion
IRL	-	Immediate Response Loans
LIH	-	Low Income Housing
MDBs	-	Multilateral Development Banks
MDGs	-	Millennium Development Goals
MfDR	-	Managing for Development Results
MGP	-	Microfinance Guarantee Programme
MSE	-	Micro- and Small-Scale Enterprise Development
NDM	-	Natural Disaster Management
NDR	-	Natural Disaster Rehabilitation
NRM	-	Natural Resources Management/Ecotourism Development
PBLs	-	Policy-based Loans
PCR	-	Project Completion Report
PPES	-	Project Performance Evaluation System
PPMS	-	Portfolio Performance Monitoring System
PRAP	-	Poverty Reduction Action Plan
REDPs	-	Rural Enterprise Development Projects
REPS	-	Rehab/Expansion of Productive Systems
SDP	-	Shelter Development Projects
SIF	-	Social Investment Funds
SLS	-	Student Loan Scheme
SWM	-	Solid Waste Management
TA	-	Technical Assistance
TVE	-	Technical and Vocational Education

TABLE OF CONTENTS

1. BACKGROUND
2. OVERVIEW OF PERFORMANCE OF VARIOUS MODALITIES
3. REVIEW OF EXPERIENCES IN SELECTED MODALITIES
4. CONCLUSIONS AND RECOMMENDATIONS

TABLES

1. PERFORMANCE, IN 2006, OF VARIOUS INTERVENTION MODALITIES OF PROJECTS FUNDED BY SDF 4, 5 AND 6 IN THE PERIOD 1996-2006, CLASSIFIED ACCORDING TO THE POVERTY PRISM
2. DIRECTLY CONTRIBUTING MODALITIES TO ACHIEVEMENT OF CARIBBEAN SPECIFIC MDGS

BOXES

1. EXPERIENCE WITH STUDENT LOAN SCHEME
2. EXPERIENCE WITH RURAL ENTERPRISE DEVELOPMENT
3. EXPERIENCE WITH BNTF 5
4. EXPERIENCE WITH SHELTER DEVELOPMENT

EXECUTIVE SUMMARY

BACKGROUND

1. At the Second Negotiation Meeting of Contributors to SDF 7, the Bank was requested to prepare a paper that addresses lessons learned from SDF 4, 5 and 6 and how these should influence choices on how to deliver the SDF 7 themes. This paper examines the modalities used for delivery of assistance under SDF 4, 5 and 6 and identifies what has been learned, particularly with regard to design requirements, implementation performance, integration of cross-cutting themes and achievement of expected results.

2. The information on performance is drawn from the latest available annual review of performance by the Project Performance Evaluation System (PPES) and from evaluation studies or performance/progress reports on SDF 4, 5 and 6 as well as the most recent assessment reports on a sample of 5 of the 21 modalities identified.

OVERVIEW OF PERFORMANCE OF VARIOUS MODALITIES

3. Performance ratings were available in PPES for projects in 16 of the 21 modalities; and, for one modality not covered by PPES, performance scores were available from an independent evaluation of a sample of 37 'operations'. For all 16 modalities covered by PPES, the average variance between the original and current targeted completion time was negative, and for 6 (37.5%). The average cost efficiency was highly satisfactory for 3 modalities and satisfactory for 12 others. On the basis of PPES indicators performance with respect to efficacy, sustainability and institutional development was modest as well, particularly in the case of institutional development. The average overall performance score was highly satisfactory for 9 of the 17 modalities for which scores were available. The better performing modalities were: solid waste management; technical and vocational education; immediate response loans; essential infrastructure and services; rehabilitation and expansion of productive capabilities; natural disaster rehabilitation; natural disaster management and risk reduction; and social investment funds. In these 9 modalities the Bank and, especially in the case of social investment funds, the borrower has accumulated considerable experience, especially in the design of interventions, and this experience is reflected in overall performance.

4. Average scores for strategic relevance were highly satisfactory and for poverty relevance was highly satisfactory or better for all but one modality (micro and small scale enterprise development). All the modalities are seen as aligned with the strategic objectives of SDF and contributing directly to achieving one or more of the Millennium Development Goals (MDGs) and related Caribbean-specific targets.

REVIEW OF EXPERIENCE FOR A SELECTED SAMPLE OF MODALITIES

5. A more detailed examination of implementation experiences with a sample of 5 modalities indicated many common lessons relating to short-comings in implementation performance and in results achieved. These short-comings are not inherent in the choice of modalities but arise from a number of factors:

- (a) detailed designs of interventions needed to be more adaptive and flexible in order to accommodate local conditions and inevitable changes in project circumstances over time;
- (b) some project objectives required a pace of change in the behaviours of institutions, communities and professionals that was too rapid;

- (c) the design and implementation arrangements for transformational, community development interventions needed to be less complex in order to make implementation manageable;
- (d) the challenges of sustainability required more rigorous attention;
- (e) policy and institutional frameworks in Borrowing Member Countries (BMCs) did not always provide the necessary support for project interventions, especially for social development projects;
- (f) the human resources available in both BMCs and the Caribbean Development Bank (CDB) were sometimes inadequate;
- (g) the training needs of beneficiaries of social development interventions to ensure successful implementation and sustainability of the benefits from projects were sometimes underestimated;
- (h) CDB policies and procedures and the bureaucracy in BMCs needed to be more flexible;
- (i) supervision by CDB, particularly of multidisciplinary, community development projects needed to be more supportive; and
- (j) more supportive follow-up action by CDB and BMCs were needed, to cement or reinforce achievements after project completion.

6. Despite the shortcomings identified, through the various modalities employed in its interventions, CDB has been making a substantial contribution to moving participative development from rhetoric to reality and is championing empowerment of people living in poor communities in the BMCs. It has created an awareness of the need for, as well as enabled, a more inclusive development process and path; and, in some modalities, it has begun to address the need for a more comprehensive development framework and strategy. Without the SDF these would have been difficult for the Bank to achieve. The review also indicates that for those modalities in which CDB and BMCs have extensive experience overall performance, as assessed by PPES, has been commendable; and the implication is that, if effective mechanisms are put in place to quickly identify and incorporate lessons of experience in CDB and BMC operations, performance in all modalities could be enhanced.

CONCLUSIONS AND RECOMMENDATIONS

7. There are no compelling reasons for SDF 7 to abandon or make major changes in the modalities used in SDF 4, 5 and 6, despite gaps between promise and performance. The gaps result from difficulties with the processes between conceptualisation of change and the translation of these concepts and objectives into practical, actionable project designs and interventions in less than ideal circumstances, where the people, institutions and countries involved are sometimes not yet fully equipped to manage all aspects of proposed changes.

8. SDF 7 could employ essentially the same modalities as before but should emphasise reinforcement of the strategic framework already developed, consolidation of changes already in train and setting more realistic achievable targets to allow sufficient time for transformational rather than cosmetic change. In particular, to better address most of the areas of difficulty identified, managing for development results (MfDR) should be enhanced and deepened as a central process in all future interventions.

9. Towards this end, more effort and resources should be invested in a strategic and systematic process to develop the policies, institutions, organisations, human resources, information systems and tools required to design and manage projects to achieve desired development results and to sustain project benefits. CDB is already making interventions in this direction. However, they are sporadic and isolated rather than strategic, integrated and systematic; and SDF 7 should be used, in part, to support a more comprehensive strategy and programme to build vital capacity at the national, sub-regional and regional levels. This should form the core of the TA programme. CDB should also address internal issues such as inflexibility, human resource limitations and inadequate supervision which make MfDR difficult or impossible. The full support of BMCs for these initiatives would be critical.

1. INTRODUCTION

Background

1.01 Historically, reduction of poverty has been the principal focus of the Unified Special Development Fund [SDF (U)]. Successive cycles of SDF have sought to intensify and sharpen the focus on poverty by devising strategic agendas and operating principles that could be translated, by means of various modalities, into concrete forms of assistance to poor people. Over time, this has meant doing some things differently, doing more in some areas, and doing different things, in light of experience and changes in the circumstances of BMCs, for example, there have been significant innovations in the design of successive Basic Needs Trust Fund (BNTF) programmes, in an effort to improve targeting, so that the poorest of the poor in beneficiary communities benefit from BNTF; and Shelter Development and Special Mortgage facilities were introduced to cater to very low-income households whose incomes are too low to give them access to the traditional low-income housing mortgages financed by SDF.

1.02 At the Second Negotiation Meeting of Contributors to SDF 7, the Bank was requested to prepare a paper that addresses lessons learned from SDF 4, 5 and 6 and how these should influence choices for SDF 7 on how to deliver on themes. This paper examines the modalities used for delivery of assistance under SDF 4, 5 and 6 and identifies what has been learned, particularly with regard to design requirements, implementation performance, integration of cross-cutting themes and achievement of expected results.

Objectives and Approach

1.03 Specifically, this paper seeks to identify:

- (a) What is being learned from the use of various intervention modalities in the programmes and projects financed by SDF, particularly with regard to design requirements, implementation performance, integration of cross-cutting themes and achievement of expected results; and
- (b) What improvements should be considered for SDF 7 with regard to the use of various modalities in the light of lessons learned?

In this review the term **modality** refers to a *modus operandi* or way of intervening in BMCs that seeks to bring about a generic type of change or result.¹ The projects that have been categorized as belonging to the same modality conform to a general pattern of intervention or development model with closely similar objectives.

1.04 The principal resources used in conducting this desk review were:

- (a) Progress Report on the Multi-cycle Evaluation of Unified SDF 4 and 5, June 2008;
- (b) Status Report on the SDF– Sixth Cycle, May 2008;

^{1/} The term modality as used in this paper should be distinguished from ‘financing instruments’ or ‘financing mechanisms’ (eg investment loans) that are used to transfer financial resources to assist BMCs in reaching their development objectives. Modalities do necessitate the use of financial mechanisms, but many different modalities may utilize the same financing mechanism. However, in some cases, a financing instrument may be used by a single modality.

- (c) Mid-term Evaluation of the BNTF 5, Final Report (March, 2008);
- (d) Progress Report on Implementation of the CDB's Poverty Reduction Strategy (March, 2008);
- (e) Annual Report of the SDF 2007 (April, 2008);
- (f) SDF (U) Mid-term Review Final Report (November, 2007);
- (g) Evaluation Study of TA Operations of CDB 2000-2004 (March, 2007);
- (h) Assessment of the CDB SLS (March, 2005);
- (i) Annual Review of the Performance of the Project/Loan Portfolio Under Implementation for the Year Ended December 31, 2006 (latest available Review);
- (j) Implementation and Progress Report for SDF 5 (October 2004); and
- (k) Performance Review – SDF Cycle IV Final Report (September, 2000).

1.05 All of the abovementioned sources placed some limitations on the balance and scope of the review. In particular, the assessment reports tended to be more oriented towards identification of problems/issues and the lessons to be learned from problems encountered rather than with identifying lessons from what worked well and therefore do not need to be fixed. This has made it difficult to identify the merits of the various modalities to the same degree as their weaknesses. In addition, although numerical scores are assigned to the different measures of project performance in PPES it is important to recognize that:

- (a) Numerical scores (which are assigned by project supervisors to individual projects) may encourage a false sense of objectivity and accuracy in the assessment of project performance – though averages computed from individual project scores are likely to be a more reliable performance indicator provided there is no systematic bias in the individual scores; and
- (b) The full result (outcomes and impacts) of project interventions become manifest only after some time, and they seldom follow a linear and easily predictable path, so that what may be seen as destined to fail or as failure may, as a result of an unanticipated change in circumstances, produce or exceed the desired result or vice versa.

Based on the foregoing caveats, one should be cautious in interpreting the findings of this review. It can be assumed with some confidence that the findings point to areas of weakness and strengths. However, it is less definitive about the seriousness of any weaknesses identified, especially by the PPES which is still in the process of resolving unsettled methodological issues with respect to quantitative measurement of performance.

2. OVERVIEW OF PERFORMANCE OF VARIOUS MODALITIES

2.01 Within the broader strategic objectives of CDB, the strategic framework for SDF is centred on poverty reduction as the main focus and, within this framework, emphasis on five key concerns of Contributors to SDF, *viz.*:

- (a) Addressing the MDGs in the Caribbean;
- (b) Environmental sustainability and disaster risk reduction and management;
- (c) Regional cooperation and regional integration;
- (d) Gender equality; and
- (e) Enhancing development effectiveness.

2.02 Using a 'poverty prism', all of CDB's interventions are viewed in the context of their impact on three primary (thematic) areas for reducing poverty and improving the quality of life of poor people in the Caribbean:

- (a) Enhancing capabilities;
- (b) Reducing vulnerabilities; and
- (c) Good governance.

Table 1 lists the various modalities used in CDB's interventions to achieve these impacts. The categorisation of modalities/projects under thematic areas is not very rigid, because the vast majority of interventions contribute to more than one area. Table 1 also summarises, for each modality, the (weighted) average performance scores for project interventions that fall under each modality as assessed by PPES for projects under implementation in 2006. The performance scores for TA are based on an independent evaluation of a sample of 37 'operations' in March 2007.

TABLE 1: PERFORMANCE^{2/}, IN 2006, OF VARIOUS INTERVENTION MODALITIES OF PROJECTS FUNDED BY SDF 4, 5 AND 6 IN THE PERIOD 1996-2006, CLASSIFIED ACCORDING TO THE POVERTY PRISM

Thematic Areas and Modalities	No. Inter-ventions	No. Beneficiary Countries	Total SDF Funding For Modality (USD'000)	Avg. ^{3/} Timing Performance %	Avg. Strategic Relevance	Avg. Poverty Relevance	Avg. Efficacy	Avg. Cost efficiency	Avg. Inst. Dev. Impact	Avg. Sustainability	Avg. Overall Performance Score
<u>Capability Enhancement</u>											
Emergency Tourism Promotion Prog.	8	8	2,455	NA	NA	NA	NA	NA	NA	NA	NA
Solid Waste Management	6	6	5,750	-5.5(5)	7.5(5)	6.4(5)	6.8(5)	5.3(5)	7.4(5)	5.4(5)	6.7(5)
Student Loan Scheme (SLS)	22	10	26,700	-.3(18)	7.1(18)	6.3(18)	5.7(18)	5.5(18)	4.2(18)	5.8(18)	5.8(18)
Technical and Vocational Education	5	4	15,067	-10.0(1)	7.5(1)	7.5(1)	4.5(1)	5.0(1)	7.5(1)	5.5(1)	6.1(1)
Nat. Res. Management/Ecotourism Dev.	1	1	1,314	-5.0(1)	7.0(1)	6.0(1)	5.0(1)	6.0(1)	5.5(1)	5.0(1)	5.6(1)
Rural Enterprise Development Projects	5	5	15,254	-25.3(5)	7.6(5)	7.4(5)	4.8(5)	4.8(5)	5.6(5)	5.1(5)	5.8(5)
Essential Infrastructure and Services	19	8	70,256	-5.3(8)	7.7(8)	6.7(8)	6.6(8)	6.3(8)	5.0(8)	6.4(8)	6.7(8)
Rehab/Expand Productive Capabilities	4	4	19,997	-45.2(4)	7.5(4)	6.6(4)	6.5(4)	5.9(4)	6.0(3)	5.3(4)	6.5(4)
Micro- and Small-Scale Enterprise Dev.	13	9	6,288	-14.6(9)	6.5(9)	5.2(9)	4.6(9)	3.5(9)	3.9(9)	4.3(9)	4.6(9)
Microfinance Guarantee Programme	1	Regional	10,000	NA	NA	NA	NA	NA	NA	NA	NA
<u>Vulnerability Reduction</u>											
Immediate Response	19	11	8,960	-1.0(7)	6.2(7)	6.2(7)	6.9(7)	5.6(7)	1.6(7)	2.5(7)	6.0(7)
Nat. Disaster Rehabilitation	14	6	61,213	-4.7(7)	7.5(7)	7.0(7)	6.2(7)	5.8(7)	0.9(7)	5.9(7)	6.4(7)
Nat. Disaster Mgt/Risk Reduction	4	2	9,930	-21.0(4)	7.1(4)	6.8(4)	5.5(4)	5.8(4)	5.2(4)	5.9(4)	6.0(4)
Social Investment Funds	2	2	10,422	-12.2(2)	7.8(2)	8.5(2)	7.0(2)	7.5(2)	8.0(2)	7.0(2)	7.7(2)
Basic Needs Trust Fund	?	5	75,950	NA	NA	NA	NA	NA	NA	NA	NA
Low-income Housing	4	3	6,795	-8.9(2)	6.9(2)	5.8(2)	5.3(2)	5.7(2)	2.8(2)	6.0(2)	5.7(2)
Shelter Development	4	3	8,123	-29.2(4)	7.0(4)	7.0(4)	5.2(4)	5.1(4)	5.6(4)	5.3(4)	5.9(4)
Early Childhood Education	2	2	9,240	-46.4(2)	7.4(2)	6.1(2)	5.3(2)	5.9(2)	6.3(2)	6.0(2)	6.0(2)
Basic Education	5	4	14,971	-5.8(4)	7.2(4)	6.5(4)	4.8(4)	4.8(4)	5.2(4)	5.3(4)	5.6(4)
<u>Good Governance</u>											
Policy-based Loans	2	2	18,000	NA	NA	NA	NA	NA	NA	NA	NA
<u>Grant-Financed TA</u> ^{4/}	-	BMCs	-	NA	7.0(37)	4.9(37)	4.7(37)	4.7(37)	3.4(37)	3.6(37)	4.6(37)

^{2/} Based on the weighted averages of the latest performance scores in the PPES, for projects under implementation, at year-end 2006. The average performance score \bar{p} is calculated as: $\bar{p} = \text{sum (each SDF approval for the modality x PPES Score)} / \text{(sum of all SDF approvals for the modality)}$, for projects still under implementation in 2006. Source: Annual Review of the Performance of the Project/Loan Portfolio Under Implementation for the year ended December 31, 2006

^{3/} The numbers in parenthesis indicate the number of interventions from which the weighted average scores are derived. Scores for projects approved after 2006 and projects completed before 2006 are not included in the averages for 2006. No data was available in PPES for the Emergency Tourism Promotion and the Microfinance Guarantee Programmes.

^{4/} Based on a review of the performance of a sample of 37 projects approved between 2000 and 2004. All thematic areas are covered by the sample.

2.03 The range of distinguishable modalities shown in Table 1 (21) is a menu of sorts and indicates the breadth of options usually pursued in the identification/selection and design of interventions. This range reflects the demands and preferences of BMCs as well as CDB's own limitations as a small development bank, constrained by a small pool of available staff resources and a relatively narrow range of skills compared to larger multilateral development banks.

2.04 Performance ratings were available from PPES for 16 of the 21 modalities listed in Table 1; and for technical assistance (TA), which is not covered by PPES, the performance scores shown were taken from an independent evaluation of a sample of 37 'operations' done in 2007. On the negative side, the table shows that average 'Timing Performance' for SDF-funded projects under implementation in 2006 – i.e., the variance in time between the original and current completion target – is negative for every modality covered in PPES and is in excess of 15% for 6 of the 16 modalities (37.5%). The average 'Cost Efficiency' is highly satisfactory (scores between 6.0 and 7.9 out of a maximum possible score of 10) for only 3 modalities, is satisfactory (scores between 4.0 and 5.9) for 12 (75%), and marginally unsatisfactory (scores between 2.0 and 3.9) for 1 (6.3%). Average performances with respect to 'Efficacy', 'Sustainability' and 'Institutional Development Impact' are also very modest, with the latter being the area of weakest performance.

2.05 Table 1 also indicates areas of strength for CDB and BMCs - demonstrated by the concentration of interventions in particular modalities and/or by highly satisfactory overall scores (between 6.0 and 7.9 out of the maximum possible score of 10). The modalities where demand and/or performance are at their greatest include: solid waste management; essential infrastructure and services; rehabilitation and expansion of productive capabilities; natural disaster rehabilitation; and social investment funds. These are modalities in which the Bank and, in the cases of social investment funds, the borrower have accumulated considerable experience, especially in the design of interventions. It suggests that CDB and BMCs have been learning from experience in these modalities; and acceleration of the rate of learning from experience in other modalities could raise performance.

2.06 In all but one modality, the Average Poverty Relevance and Average Strategic Relevance are highly satisfactory or better. This indicates that the various modalities are aligned with the strategic objectives of SDF and, as shown in Table 2, all of the modalities listed contribute directly to the achievement of one or more of the Caribbean-specific MDGs and related targets. Although these observations do not rule out the need to expand or modify existing modalities or to devise new ones, they strongly support the conclusion that current efforts by CDB are being targeted in the right direction. Weaknesses in planning and implementing projects are likely the main obstacles to success in achieving expected results.

2.07 In the following Section, a more detailed review of experiences with a sample of five modalities is presented. The review will attempt to identify, from the reported implementation experiences with the sample, the important lessons to be learned with respect to future interventions by CDB/SDF. The sample comprises:

- two modalities in which substantial ongoing efforts and resources are concentrated, and which have the potential to enhance their impact on several MDGs – the Student Loan Scheme (SLS) and the Basic Needs Trust Fund (BNTF);
- two modalities in which attempts have been made to address a critical need in the majority of BMCs, but the limited number of interventions to date might indicate a need for adjustment or a new approach - Shelter Development and Rural Enterprise Development; and
- TA operations.

**TABLE 2: MODALITIES DIRECTLY CONTRIBUTING TO ACHIEVEMENT OF
CARIBBEAN-SPECIFIC MDGs**

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

^{5/} Key: **BED** – Basic education; **BNTF** - Basic Needs Trust Fund; **ECE** – Early Childhood Education; **EIS** – Essential infrastructure and services; **ETP** – Emergency tourism promotion; **IRL** – Immediate response loans; **LIH** – Low income housing; **MGP** – Microfinance guarantee programme; **MSE** – Micro- and small-scale enterprise development; **NDM** – Natural disaster management; **NDR** – Natural disaster rehabilitation; **NRM**- Natural resources management/ecotourism development; **PBLs** – Policy-based loans; **REDPs** – Rural enterprise development projects; **REPS** – Rehab/expansion of productive systems; **SDP** – Shelter Development Projects; **SIF** – Social Investment Funds; **SLS** – Student Loan Scheme; **SWM** – Solid waste management; **TA** – Technical Assistance; **TVE** – Technical and Vocational education.

3. REVIEW OF EXPERIENCES FOR A SELECTED SAMPLE OF MODALITIES

SLS

3.01 In 1972, CDB initiated the SLS. Under the Scheme, funds are provided to BMCs in the Organisation of Eastern Caribbean States, the Dependent Territories and Belize for on-lending at concessionary rates to individual students to finance their education and training at the tertiary level. The SLS has undergone several adjustments in its thirty-year lifespan. The broad experience of the operation of the Scheme and its current status are summarised in Box 1.

BOX 1: EXPERIENCE WITH STUDENT LOAN SCHEME^{6/}

Design	Implementation Performance	Integration of Cross-cutting Themes	Results
<p>Needs to be redesigned to make it a more purposeful, flexible, sustainable and cost-effective mechanism for poverty-reduction and capacity-building in BMCs.</p> <p>Stronger linkages between SLS, BMC and CDB strategic objectives are required as well as more effective mechanisms for persons from poor households to access loans.</p> <p>A more comprehensive system for monitoring and evaluating both financial and non-financial aspects needs to be incorporated into the Scheme.</p>	<p>Diverse approaches to administration of the SLS are used by DFIs. Weaknesses are evident in the efficiency of administrative operations, the approval of student loans and communications with clients. In 2003, for the seven DFIs for which information was available, the level of arrears ranged between 1.36% and 16.18% of the value of student loans. In the same year, the level of defaults was much higher (5.61% to 41.00%). The management of the Scheme by DFIs needs to be put on a more sustainable footing.</p>	<p>Gender disparities are highlighted by the Scheme and it provides a useful vehicle for understanding and addressing household poverty, gender inequality and capacity-building issues. Overall the majority of beneficiaries are female but the gender ratio varies widely between countries. The poorest segments of the population who can benefit from training have very limited access, because of security requirements.</p>	<p>The SLS is the principal external source of funding support for countries to meet their human resource development needs for tertiary education and training in science, technology and management. It has been making a significant contribution to capacity-building and, indirectly, to poverty reduction. Special SLS windows to benefit persons from poor households are a relatively recent innovation and direct contributions to poverty reduction in poor households through these arrangements have been limited.</p>

3.02 The main lessons learned from the SLS experience are:

- (a) The SLS would have a much greater potential to address major BMC concerns such as poverty reduction, capacity-building, gender equality and economic development if a more targeted, programmatic approach with a longer-term perspective and strategy is used.
- (b) Flexibility is essential to maximising beneficial impacts of student loans, especially on direct poverty reduction.

^{6/} Source: Assessment of the CDB SLS Volume 1: Final Report, March 2005.

- (c) In order to enhance the efficiency and effectiveness of the SLS and maintain a focus on strategic issues, more comprehensive and rigorous monitoring of both the financial and non-financial aspects of SLS is required.
- (d) The limited administrative staff resources and oversight arrangements currently employed to manage the SLS at the country level are inadequate to deliver an effective service to clients.

Rural Enterprise Development Projects (REDP)

BOX 2: EXPERIENCES WITH RURAL ENTERPRISE DEVELOPMENT^{7/}

Design	Implementation Performance	Integration of Cross-cutting Themes	Results
<p>The basic design was over-ambitious and requires a governance environment and professional capabilities that was lacking in the BMCs. In the future, interventions should continue to seek to expand economic opportunities in rural areas and enhance the capacities of poor people to respond to opportunities; however, designs need to be less generic, have fewer objectives (by targeting a few key strategic levers of change), have less complex project structures and be more congruent with available local institutional and professional capabilities. Ideally, key project personnel should be identified and involved from the formulation stage.</p>	<p>Implementation was slow and operationally difficult to manage in a coherent framework. To have succeeded, projects needed continual technical support from a multidisciplinary supervision team rather than the periodic inspectorial supervision visits by lone project supervisors that were provided by CDB. Projects suffered from a wide range of technical problems and errors, often as a result of poor management decisions, bureaucratic hurdles or inappropriate use of skills. There were difficulties recruiting and retaining qualified and experienced professionals resulting in high staff turnover and lengthy vacancies.</p>	<p>The expected synergy in these multidisciplinary, multi-objective projects was very difficult to foster, despite the holistic design. Project managers were unable to consolidate public sector support or to manage and integrate the multiplicity of objectives and cross-cutting themes (such as building community organisations, gender equality, HIV/AIDS awareness, environment and MfDR). This resulted in part from bureaucratic constraints on and weaknesses of project management, as well as from weaknesses of monitoring and evaluation systems and procedures within the various projects.</p>	<p>The interventions made some progress towards their poverty reduction and economic growth objectives. However, there were disparities between promise and performance. Results were fair for the more tangible components in which CDB has considerable experience (e.. building rural financial services/access to micro-credit, TA, equipment and physical infrastructure). But progress fell far short of expectations, and is unlikely to be sustained, for objectives concerned with social transformation (such as building sustainable community development organisations, reform of rural institutions and community empowerment).</p>

3.03 Since 2001, there have been no new REDPs. Five REDPs approved and implemented since 1996 are based on essentially the same generic model for transforming the lives of poor people in rural communities. They involve a holistic, very complex, multidisciplinary, demand-led participatory approach to addressing the cross-cutting themes which underlie rural poverty. The results achieved by all five REDPs have been disappointing for BMCs, CDB and the International Fund for Agricultural Development (IFAD), which provided co-financing for the projects). CDB had hoped that, through its partnership with IFAD, which had considerably more experience with rural poverty interventions, it could

^{7/} Principal source: Comparative assessment of five CDB and IFAD-Financed Rural Enterprise Projects, May 2006.

have ‘jump-started’ its poverty reduction interventions in the rural sector. Box 2 summarises the broad experience.

3.04 The main lessons learned from these experiences are:

- (a) Holistic, multidisciplinary, socially transforming projects such as REDPs require robust national policy and institutional frameworks to coordinate the disparate inputs required and this is currently not found in BMCs;
- (b) Prior to the introduction of projects with significant economic and social transformation objectives, a rigorous analysis of the institutional and political contexts (not just productive systems) should be done to identify the strategic levers for change and to better locate them within existing local administrative systems;
- (c) Strengthening and supporting existing institutions and organisations to effect change are more likely to be efficacious than creating new entities that typically have a transitory legitimacy that does not survive beyond a project;
- (d) Projects should be firmly rooted in local experience and take into account the human resource limitations in BMCs and the training needs of all stakeholders;
- (e) Implementation issues faced by projects with complex structures, multiple and diverse objectives and ambitious transformational expectations over a relatively short time period are greatly increased in number and complexity, compared to projects that seek limited incremental changes;
- (f) Social projects require intensive supervision by a multidisciplinary team empowered to make significant adjustments in design during implementation in order to enhance project effectiveness in achieving expected results; and
- (g) Managing for development results (MfDR) requires a design approach that emphasises flexibility and empowers project managers, stakeholders and project supervisors with sufficient authority to make adaptive changes in design and, when necessary, to use ways other than those originally envisaged to achieve expected results.

The highest proportion of poor people live in the rural sector and CDB should make every effort to resume its interventions in this sector. This is especially important given the current world food crisis.

BNTF

3.05 BNTF seeks to reduce the vulnerability of persons in poor communities by improving their access to essential public services, facilitating skills development, generating short-term employment opportunities and strengthening organisations aimed at advancing interests in reducing poverty in poor communities in ten participating BMCs. Major changes were introduced in BNTF 5 to make it more participative, enhance the ‘bottom-up’ approach, strengthen the capacity of beneficiary countries to target assistance to the poorest of the poor and make the benefits from the programme to poor communities more sustainable. Innovations included mandatory measures such as: formulation and use of a poverty reduction action plan (PRAP) by each BMC that is linked to the broader country development strategy; tripartite agreements between beneficiary communities, BNTF offices (BNTFOs) and the sponsoring public agency or civil society entity; and community needs assessments. In addition, BNTF introduced cross-cutting themes of gender, environment and HIV/AIDS, and a results-based approach. Towards this

end, a monitoring and evaluation framework has been developed for use by BNTFOs. The major experiences to date with BNTF 5, as reported in the Mid-term Evaluation Report, are summarised in Box 3. The main lessons learned from the experience to date in implementing BNTF 5 are:

- (a) Major changes in policy and procedures that have to be implemented by institutions/countries with widely different capabilities but which share common programme objectives might be more effectively introduced in phases, thus allowing for the possibility that weaker institutions can proceed at a slower pace, learn from others that are further along in the change process and have access to a wider range of practical options for achieving desired results and impacts.
- (b) Stakeholder consultation and acceptance of technically sound and beneficial changes in programme design does not remove major challenges to effecting changes unless stakeholders are equipped with the skills and knowledge required and are given adequate time to put the redesign into action.
- (c) The time and skills required to effect bottom-up project planning and implementation are consistently underestimated and this leads to unrealistic expectations.
- (d) Rigid, blueprint approaches to participatory community development have less likelihood of achieving expected results than flexible adaptive approaches (especially in matters such as staffing, procedures and funding limits) that allow for local differences in capabilities, experience and other unique local conditions to be accommodated.
- (e) If community participation in all phases of the sub-project cycle is to be strengthened, sub-project consultants who play a major technical role in design and implementation must be skilled or trained in participatory community development.

BOX 3: EXPERIENCE WITH BNTF 5^{8/}			
Design	Implementation Performance	Integration of Cross-cutting Themes	Results
The rationale for BNTF 5 is sound and well-accepted by community and government stakeholders. However, emphasis on a bottom-up approach, based on active community involvement in the sub-project life cycle and rigorous project screening and contracting of approved work has slowed down disbursements. Approval procedures need to be simplified and greater operational flexibility permitted to make BNTF responsive and adaptive to the priorities of poor communities, country capacities and experiences.	The time frame between submission of requests and commencement of work by contractors ranges between 310 and 1,399 days. There are large differences in performance between the ten countries with very slow utilisation of funds in four countries. More time and skill are required to implement sub-projects than is readily available in most BMCs. Community participation is evident in the design phase of sub-projects but is still challenged in other phases, particularly in implementation and maintenance.	All sub-projects are required to address gender equality, environmental management, sustainability, social development, preventative maintenance and stakeholder participation. A small number of gender-specific sub-projects have been financed. Environmental and gender analyses tend to be too superficial. Governance/transparency has been improved with equal representation of the public sector and civil society on Country Project Steering Committees.	Completion of 1,000 sub-projects in six years was targeted. This has not been achieved. All countries are far below the targets set in their PRAPs. Interventions have led to improvements at the community and household levels in: health conditions; community morale; access to social infrastructure; access to products, services, and markets; and skills of males and females in diverse areas. However, skills training has had limited impact on income generation and employability of beneficiaries because of a scarcity of jobs.

^{8/} Principal source: Mid-Term Evaluation of the BNTF 5 Final Report, March 2008.

Shelter Development Projects (SDP)

3.06 Halving the number of persons living in inadequate housing between 1990 and 2015 is an important and challenging MDG for the Caribbean. Apart from developing affordable housing solutions for different household income segments, BMCs need to: make affordable land available; apply affordable and safe building standards; streamline institutional arrangements and administrative procedures related to planning approval, building codes, and land titling; and review squatter policies and improve existing measures to control squatting, and enforce policies. CDB distinguishes between low-income housing and shelter development/special mortgage facilities. The latter is targeted at households that are genuinely poor, at the lowest income levels that could service a mortgage. Experiences with SDPs are summarised in Box 4. The major lessons of experience from these interventions are:

- (a) Experienced project management dedicated to the implementation of the project must be in place in order to minimise cost and time overruns;
- (b) In cases where subsidies are given to enable low-income households to acquire quality housing, restrictive covenants must be put in place to prevent speculation;
- (c) Solutions to the problems faced by the specific target population must be a part of a coherent system that ensures solutions to other demand groups;
- (d) To obtain the cooperation and commitment of the target population, beneficiaries should be engaged in the entire relocation and re-housing process. This includes identifying the site for relocation, reviewing designs of the proposed houses and, where applicable, managing the facilities set up in the formally occupied area; and
- (e) Community development practitioners/activists should be engaged and trained to help in the building of new and relocated communities.

BOX 4: EXPERIENCE WITH SHELTER DEVELOPMENT^{9/}

Design	Implementation Performance	Integration of Cross-cutting Themes	Results
There is need for greater flexibility to adjust income eligibility ceilings in the face of wage and price inflation. There is a problem with defining what 'inadequate housing' is. This needs to be addressed in order to better target resources and to measure progress towards the MDG of halving the proportion of persons living in inadequate housing between 1990 and 2015.	Programmes have been slow disbursing, and negatively affected by rising construction and design costs. This has made it difficult to reach the genuine poor and provide them with affordable mortgages to acquire 'adequate housing'. In most cases, applicants needed new housing rather than renovation of existing homes because existing home are ill-constructed shacks.	The majority of benefiting households are headed by females. Sites owned or occupied by poor houses can have severe environmental and social challenges with indiscriminate disposal of garbage, high crime rates and little access to water and electricity.	CDB has demonstrated it can be a viable source of funding and support for BMC attempts to provide adequate housing solutions to poor households. However, despite proactive promotion by CDB, since 1997, only four Shelter Development/Special Mortgage facilities have been funded.

^{9/} Principal sources: Progress Report on Implementation of CDB's Poverty Reduction Strategy, March 2008; Performance Review SDF Cycle IV Final Report, September 2000.

Technical Assistance

3.07 An evaluation study^{10/} of CDB's TA operations was completed in July 2007. Its purpose was to assess the development effectiveness of TA in the context of the Bank's increased emphasis on poverty reduction, with a view to obtaining lessons of experience and recommendations for improving the programme. Overall, in an examination of the performance of a sample of 37 TAs, 54% were evaluated as satisfactory or better, 38% were marginally unsatisfactory and 8% were unsatisfactory. The 11 lessons learned were:

- (a) Staff supervision, including field supervision is a critical ingredient in project success. Field visits at project inception and/or during implementation can help to ensure or strengthen project results through improved design, better assessment of institutional capacity, more effective addressing of implementation issues, and/or assessment of evolving circumstances and adjustment of project design in the course of implementation.
- (b) Flexibility in project design and in making adjustments to changing circumstances in the course of TA implementation can contribute to strengthening project results. This is especially the case in institutional strengthening/capacity development TAs.
- (c) Linkages with other projects or programmes, either concurrently or as a follow-on, can contribute to project effectiveness, results achievement and sustainability.
- (d) The presence or absence of supportive and follow-up actions can determine project effectiveness and reduce or increase sustainability risks substantially. This relates both to project design and to supportive and follow-up action by both the beneficiary or other agencies and CDB itself.
- (e) Planning for some degree of continued monitoring in appropriate cases can strengthen project outcomes and sustainability.
- (f) Steps that can be taken to improve project design, reduce project risk and strengthen project results also include the use, in appropriate cases, of particular expertise that can be made available to the Bank and/or the beneficiary, such as a Caribbean Technical Assistance Centre taxation adviser or a Food and Agriculture Organisation or Pan-American Health Organisation specialist.
- (g) A more consistent application of CDB's own TA experience and lessons learned could also make a contribution to improving project design and results.
- (h) Where a TA leads to development of sustainable capacity, it can have a positive impact far out of proportion to its modest budget. Sustainability is both important and difficult and requires careful attention in project design, implementation monitoring and follow-up action as appropriate.
- (i) The TA programme needs to be more strategic and focused in order to have better results.
- (j) Managing for results requires information on performance, which is generally lacking in the Bank's TA operations. There is a general absence of end-of-project assessments by

^{10/} An Evaluation Study of the TA Operations of CDB 2000-2004, prepared by the International Development Management Advisory Group and Rideau Strategy Consultants, 2007.

CDB staff, whether in the form of a Project Completion Report (PCR) or otherwise. The PPMS has also not yet been used as an active management tool for TAs. With some adaptation, there should not be a practical difficulty in applying the standard performance criteria and the Bank's PPMS reporting to TAs, other than possibly the smallest TAs, for which a simpler end-of-project report could be used.

- (k) Specialised experience and skills are important for effective TA design and implementation. These are not necessarily available to all Projects personnel. Experience since the disbanding of the Technical Cooperation Unit has also shown that there are some central TA functions that have fallen by the wayside. This underlines the importance of a central focal point for key aspects of TA operations, as well as the need for effective training and access to core TA experience and skills.

4. CONCLUSIONS AND RECOMMENDATIONS

4.01 Overall, what the present review has indicated is that short-comings in the results achieved are not inherent in the choice of modalities but arose from a number of factors:

- (a) Designs for interventions needed to be more adaptive and flexible in order to accommodate local conditions and inevitable/evolving changes in the project environment over time;
- (b) Project objectives were sometimes over-ambitious in requiring too rapid a pace of change in the behaviours of institutions, communities and professionals;
- (c) The design and implementation arrangements for transformational, community development interventions needed to be less complex in order to make implementation manageable;
- (d) The challenge of sustainability required more rigorous attention;
- (e) BMC policy and institutional frameworks did/could not always provide adequate or necessary support for project interventions;
- (f) Human resources available in BMCs and in CDB were inadequate in some areas of intervention;
- (g) Training needs of beneficiaries of social development interventions for successful implementation and sustainability of the benefits from projects were under-estimated;
- (h) CDB policies and procedures and bureaucracy in BMCs needed to be more flexible;
- (i) Supervision, particularly of multidisciplinary, community development projects was sometimes inadequate and inappropriate; and
- (j) More supportive follow-up actions by CDB and BMCs were needed, to cement or reinforce achievements after project completion.

4.02 Despite the shortcomings identified, through the various modalities employed in its interventions, CDB has been making a substantial contribution to moving participative development from rhetoric to reality and is championing empowerment of people living in poor communities in BMCs. It has created

an awareness of the need for, as well as enabled, a more inclusive development process and path; and, in many modalities, it has begun to address the need for a more comprehensive development framework and strategy. Without the SDF these would have been difficult to achieve. The review also indicates that all of the modalities employed by CDB are aligned with its strategic objectives and are directly relevant and contribute to achievement of the Caribbean Specific MDGs. For those modalities in which CDB and BMCs have extensive experience overall performance has been commendable; and the implication is that, if effective mechanisms are put in place to quickly identify and incorporate lessons of experience in CDB and BMC operations, performance in all modalities could be enhanced. The major lessons identified in the present review and their implications are considered below.

Project Design

4.03 Simplicity is a great virtue in project design. However, design of projects to accommodate the expansion in the range of cross-cutting objectives and thematic areas required to be addressed in every intervention has increased their complexity to a degree where many projects may be beyond the capacity of the majority of available project management professionals to manage effectively and well. Some interventions are being over-designed to cover every conceivable concern, as was the case with the five REDPs approved to date, and involve complex project structures, coordination of many competing objectives and a level of leadership, authority and command over resources project managers do not have in the bureaucratic environments in which they are implemented^{11/}. BNTF is similarly affected by the complexity of addressing multiple objectives and themes with the result that the pace of implementation has slowed and some areas are being superficially addressed. On the other hand, in some interventions, like the SLS, simplicity may have been overdone and they are under-designed to address key concerns and achieve the level of effectiveness that is desirable and achievable, because the design itself deals superficially with some key issues. Another common design weakness in interventions has been a failure to incorporate monitoring and evaluation frameworks that are amenable to implementation (i.e. indicators that are easily measured by and useful to Projects staff as well as BMCs and CDB) and which are adequate for results management. These lessons of experience indicate that poor design tends to lead to disappointing results, and in future interventions, CDB should seek to ensure there is congruence between design, available managerial and technical skills, feasible and reliable project information systems and expected results; and it should avoid designs that attempt to achieve too much in once-and-for-all/isolated interventions.

Pace of Change

4.04 It also is evident from the experiences described that CDB and Contributors to SDF need to temper a desire for major changes in approach, emphases and outcomes, with realistic expectations about the pace of change that is desirable and feasible. Some BMCs, particularly the less-developed members, could find it increasingly difficult/time-consuming to access SDF resources in some programmes if new requirements are rigidly adhered to without taking into account local capacity; and forcing the pace of change can lead to cosmetic changes and a disregard for longer-term strategic objectives, in order to access resources or produce some quick tangible results. In this way, changes intended for the better could become counter-productive. The implication is that, in difficult and complex situations, interventions should not attempt to do too much at once, in a 'once-and-for-all'/isolated intervention - difficult target groups and outcomes might be better reached by using a staged programmatic development framework that allows for increased levels of mobilisation driven by results, investment and commitment by beneficiaries and CDB, that is paced by demonstrable successes along the way. For example, in rural development interventions, it might be more effective to design initial interventions to

^{11/} A paradoxical principle (the uncertainty principle), observed in complex systems, is that the more variables one attempts to control the less predictable is the overall outcome.

transform one sub-sector such as fishing or fruit and vegetable production and expand the interventions to other sub-sectors on the basis of demonstrable successes achieved. Similarly, in the case of BNTF, it might be more efficacious, in some countries, to gradually extend community participation to successive phases of the project cycle, starting with project design, while investing in education and training to enable communities to move beyond co-option to co-execution and control.¹² BNTF should also consider making multiple or staged interventions in the same community¹³ to achieve holistic community development objectives. This approach will allow for communities, development practitioners and other stakeholders to progressively assimilate all elements of the transformation process envisaged, rather than engage in cosmetic compliance with the requirements for receiving financial assistance.

Complex, Transformational, Community Development Interventions

4.05 Programmes and projects with significant community development components such as BNTF, SIFs and REDPs are vitally important to reducing poverty and need to continue. However, to minimise implementation difficulties experienced in the past, every effort should be made to reduce design complexity and greatly simplify implementation requirements. Simplification should be possible by means of more rigorous analyses of the institutional and political context (in addition to productive systems) to identify a more limited number of strategic levers to be targeted for effecting expected changes in behavior and the location of these levers within local institutions. The focus of interventions should be on using these levers to effect change and on development of existing institutions. Multi-layered management systems incorporating many levels of authority (CDB, BMC governments, Project Steering Committees, project managers, community councils, etc.) should be avoided; and CDB itself should insist on greater transparency in the decision-making process at the country and community levels and, on this basis, delegate greater discretion and decision-making authority to country/community-level institutions.

The Challenge of Sustainability

4.06 Sustainability is critical to development effectiveness. It is already one of the six key measures of project performance included in the PPES. Although CDB currently assesses some important factors affecting sustainability, such as financial, economic and organisational viability, performance in this area has been disappointing. Other challenges affecting sustainability need to be addressed more directly and robustly in future project design and appraisal. Firstly, although CDB should continue to insist on BMC/sponsoring-agency commitments to maintain projects, it should place less reliance on this measure and more emphasis on ensuring that there is always a practical plan for follow-up supportive action with well-defined post-completion activities both by BMC/sponsoring agencies and by CDB. Plans should include special funding for post-completion activities when needed. Secondly, the extent of support or resistance from existing institutions and organisations, including legal, regulatory and socio-political frameworks needs to be explicitly assessed and addressed. Funding should not be provided where political commitment or ownership of a project is very doubtful, even when the potential benefits on successful completion are substantial. At the same time, in addressing critical issues affecting sustainability of its development interventions, CDB cannot afford to be frozen into inaction by perceived weaknesses in commitment or ownership; and it should engage the political directorate at the highest levels to forge consensus on viable paths/steps to achievement of sustainability in the context of existing frameworks.

¹² It is worth noting that, de facto, this has been occurring to some extent with BNTF. However, evaluators have been inclined to see this as a weakness in the implementation of the programme.

¹³ This approach is being tried in at least one beneficiary country.

BMC Policy and Institutional Frameworks

4.07 In the majority of areas of intervention, the policy and institutional frameworks in BMCs need to be further developed to support the expected level of efficiency, effectiveness and sustainability of project interventions. This was shown in the review of experiences with shelter development interventions. Inadequate policy and institutional frameworks also affected BNTF, SLS, REDPs and the sustainability of the benefits from TA. It is somewhat surprising to find that institutional development impact is the weakest area of performance, as assessed by the PPES. Surprising because it is already part of the practice of CDB to incorporate into project interventions assistance to BMCs to design or revise policies, strengthen key institutions/organisations and develop adequate information systems in support of project interventions; and a substantial proportion of stand-alone TA operations is also targeted at capacity-building/institutional development. What this experience suggests is that the benefits of institutional development interventions are not easily sustained because of the administrative and professional fragility associated with the very small institutions that exist in BMCs. Capacity-building has been less fragile and more sustainable at the regional and sub-regional levels through mechanisms such as functional cooperation institutions (such as already exists in higher education, the judiciary, trade negotiation, telecommunications, climate change, etc.) and informal and formal cooperation arrangements for pooling human and information resources (such as networks and associations of health professionals, statisticians, engineers, project management professionals, etc). CDB is already focusing TA on strengthening regional and sub-regional institutions and in the future should adopt a more strategic approach to TA operations that addresses the challenges of sustainability more directly and systematically by integrating country-level, sub-regional and regional initiatives to achieve maximum impact and sustainability.

Skilled Human and Information Resource Bases

4.08 The changes in project design, resulting from expansion in the range of issues or thematic areas to be addressed in each intervention, that have been introduced in recent years have increased demand for comprehensive information systems and for skilled and experienced human resources that are often lacking in BMCs. Typically, BMCs have poor management information systems and outdated social statistics (especially in relation to the requirements for effective project cycle management and poverty reduction), and a scarcity of experienced high-level technical manpower. Indeed, the increasing complexity of development interventions has challenged both CDB and BMC institutions in their attempts to fully implement all of the changes agreed to by Contributors in SDF 6, or are seen as requirements for effectiveness in achieving expected results. This is reflected in slower rates of implementation and in some of the difficulties with MfDR.

4.09 CDB has responded to its human resource challenges by re-organising the Projects Department, improving its human resource management and engaging in a vigorous staff recruitment drive. It has sought to broaden the skills available and eliminate its high vacancy rate by attracting the best available human resources from throughout its member countries. It is addressing the skills limitations in BMCs through a three-year demand-driven regional training programme in project cycle management that could produce up to 150-180 qualified project managers and train 400-450 professionals in specific aspects of project implementation such as procurement and contract management, social analysis and participatory project development, monitoring and evaluation, public policy analysis and risk assessment and management. It is too early to assess the impact of these measures on the quality of projects and implementation efficiency. However, it is important to recognise that ramping-up performance of social systems/organizations is never instantaneous. Typically, significant changes in performance follow an S-

curve, with seemingly very slow progress towards objectives at the start, despite considerable investment of resources.¹⁴

Training Needs of Beneficiaries and Other Stakeholders in Social Development Interventions

4.10 The changes introduced by CDB, however successful in addressing the need for skilled professionals, can only address some of the challenges or issues identified because training needs for project success go beyond the requirements for adequate/appropriate professional skills. The lessons learned from recent project experiences point to a need for training at the community and sub-professional levels. This should inform future planning, design and implementation of project interventions. Community organizations, in particular, need the support of continuing education and training of their members to deepen and sustain continuation of community action beyond the life of project interventions.

4.11 It is evident from the experiences described in Section 3 that the importance of training at this level to the success of social development interventions has been underestimated and that training itself is underfunded. For example, an important lesson from the experience with BNTF 5, which has experienced a slowing down of the implementation rate in comparison to BNTF 4, is that major restructuring should provide for intensive training of all stakeholders. When policies, processes and procedures change, all major stakeholders - professionals, technical support staff, community activists, etc. - must be equipped with the understanding, tools and skills required to effectively participate in implementing them. For example, the lower than expected participation rate of some communities in the design and implementation phases of BNTF sub-projects may be attributable, at least in part, to use of consultants with little or no skill in participatory project development. In addition, it is likely that communities lacking experience and knowledge in participative development processes are being intimidated by expert opinions. In SDPs, some effort was made to train stakeholders such as inspectors, contractors and craftsmen but other stakeholders may need to be trained in such projects, in order to tap into traditional local self help practices/institutions that help poor people build affordable houses.

4.12 Inadequate investment in training as a means of empowering community organisations and building the capacity of stakeholders has also been a factor in the lack of sustainability of community-building interventions in the rural development interventions. Communities were not adequately equipped to identify and advocate their development priorities outside the project framework. The implication of these experiences is that a greater and more flexible training component should be incorporated in future social development interventions to address anticipated and unanticipated training needs of key stakeholders, including beneficiaries.

Flexibility

4.13 MfDR requires incorporating greater flexibility in the design of projects and in CDB and BMC procedures, to provide adequate elbow room for adjustment during implementation. The need for such flexibility is a common theme in the review of implementation experiences. MfDR is likely to be unfeasible unless considerable effort is made to overcome the ‘working to a blueprint’ culture that pervades the Bank and BMC institutions. In the future, this culture needs to be replaced by one that encourages adaptation and innovation throughout the project cycle with flexibility as a core value.

Supportive Supervision of Projects under Implementation

¹⁴ During the start-up period trust, the foundation for social capital, is developed, new skills and behaviours take root and displace others that are less effective until a critical mass of change agents is achieved and a capacity to lift performance of the entire system is created.

4.14 The generally slower than expected pace of implementation of projects suggests that project designs and implementation plans require closer working relationships between CDB staff and project management teams. CDB staff are exposed to experiences across the region and are better placed to identify and apply lessons learned and appropriate solutions to implementation problems than project management teams with limited country experiences. The examination of the experiences with several modalities indicates that project implementation staff need more support and guidance from CDB and other donors and that the supervision provided by CDB staff was inadequate and inappropriate especially when dealing with implementation issues associated with social projects. In particular, complex social projects need more frequent visits by multidisciplinary teams rather than individuals, and CDB supervision should emphasise facilitation rather than inspectorial functions. This cannot be done without a substantial, perhaps prohibitive, increase in CDB staff. One possibility that could be explored is to distinguish between inspectorial/compliance supervision and facilitative supervision and contract out facilitative supervision of the more complex social development interventions to multidisciplinary teams of consultants.

Supportive Follow-Up Action after Project Completion

4.15 All CDB-financed interventions are predicated on the assumption that borrowers would take all necessary actions to ensure that the benefits from projects are sustained. In practice, this has meant that CDB walks away from completed projects. In most cases, not even PCRs are being prepared and only a very limited number of post-implementation assessments of effectiveness have been done. This has meant that lessons of experience are not readily identified, documented and applied to all new interventions by BMCs and CDB. Of equal importance as lessons learned, is the interest of CDB and particularly BMCs in assessing the need for follow-up action and taking deliberate supportive measures (including further intervention if necessary) to ensure that benefits from projects are sustained and maximised. To a very large extent, this is not being done and in the future, this should be integral to CDB's country strategy and supervision effort.

Overall Implications for SDF 7

4.16 There are no compelling reasons for SDF 7 to abandon or make major changes in the modalities used in SDF 4, 5 and 6, despite the gaps between promise and performance. The gaps result from difficulties with the processes between conceptualisation of change and the translation of concepts and objectives into practical, actionable project designs and interventions in less than ideal circumstances where the people, institutions and countries involved are sometimes not yet fully equipped to manage all aspects of proposed changes. SDF 7 could employ essentially the same modalities as before, but it should emphasise reinforcement of the strategic framework already developed, consolidation of changes already in train and in setting more realistic and achievable social development targets that allow sufficient time for transformational rather than cosmetic change. In particular, MfDR is vital to future success in addressing most of the short-comings described and should be strengthened and deepened as a central process in all future interventions. Towards this end, more effort and resources should be invested in a strategic and systematic way to develop the policies, institutions, human resources, information systems and tools required to design and manage projects for development results and to sustain project benefits. CDB is already making interventions in this direction. However, they are sporadic and isolated rather than strategic, integrated and systematic; and SDF 7 should be used, in part, to support a more comprehensive strategy and programme to build vital capacity at the national, sub-regional and regional levels. This should form the core of the TA programme. CDB should also address internal issues such as inflexibility, human resource limitations and inadequate supervision which make MfDR difficult or impossible. The full support of BMCs for these initiatives would be critical.