

PROJECT EVALUATION SUMMARY (PES) - PART I

1. PROJECT TITLE CARIBBEAN DEVELOPMENT II		2. PROJECT NUMBER 538-0003	3. MISSION/AID/W OFFICE RDO/C
		4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) 538-80-01	
		<input type="checkbox"/> REGULAR EVALUATION <input checked="" type="checkbox"/> SPECIAL EVALUATION	

5. KEY PROJECT IMPLEMENTATION DATES			6. ESTIMATED PROJECT FUNDING	7. PERIOD COVERED BY EVALUATION
A. First PRO-AG or Equivalent FY 72	B. Final Obligation Expected FY 80	C. Final Input Delivery FY 80	A. Total \$12,000,000 B. U.S. \$12,000,000	From (month/yr.) N/A To (month/yr.) 1/80 Date of Evaluation Review

8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List actions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
--	---	--------------------------------

Finalization of Loan Completion Report

S. Ryner

4/1/80

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS N/A			10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT N/A
<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan (e.g., CPI Network)	<input type="checkbox"/> Other (Specify)	A. <input type="checkbox"/> Continue Project Without Change
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T	_____	B. <input type="checkbox"/> Change Project Design and/or
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C	<input type="checkbox"/> Other (Specify)	<input type="checkbox"/> Change Implementation Plan
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P	_____	C. <input type="checkbox"/> Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER BANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)	12. Mission/AID/W Office Director Approval
STEPHEN C. RYNER	<i>William B. Wheeler</i> Printed Name WILLIAM B. WHEELER/DIRECTOR Date 18 Mar 1980

PROJECT EVALUATION SUMMARY - PART II

PROJECT : Caribbean Development II

EVALUATION NO.: 538-80-01

13. Summary - The project is to be completely disbursed as of 3/1/80 and shifted to the Inactive Project list. A final loan completion report is to be completed and submitted to AID/W by 4/1/80.
14. Evaluation Methodology - N/A
15. External Factors - N/A
16. Inputs - N/A
17. Outputs - The loan assisted the Caribbean Development Bank to continue the lending activities of its Special Development Fund (SDF) to the Caribbean member countries, especially the less developed members. The loan contributed to the financing of 47 CDB sub-loans to governments and intermediate credit institutions. The sub-loan projects covered a broad spectrum of development activities, including agricultural and small industrial credit, industrial estates, tourism, and infrastructure. The objective of the fund was to provide funds for planned country development activities to reduce the disparities in the levels of development between the LDCs and MDCs so as to facilitate economic integration.

The approved project paper had no identifiable projected output targets except to make funds available for identified and projected country development investment projects to which the CDB expected to commit its Special Development Funds. The projects actually financed included livestock development, agricultural credit, industrial estates, rice mills and banana development, small industrial credit, and deep water port, electricity and land development.

While no overall evaluation of the project has been conducted, two recent evaluations of certain activities and participating institutions under the loan give a definite indication of sub-loan impact. The evaluations are attached, and include:

- 1) Evaluation of Industrial Estate Loans Provided by the Caribbean Development Bank, prepared by Clapp and Mayne, Inc., under IQC Contract AID/SOD/PDC-C-0156 - May, 1979.
- 2) DFC (Development Finance Corporation) Evaluation in Selected Caribbean LDCs, prepared by Mr. Frank S. Skowronski under Contract C-BRG-538-78-004 - February, 1979.

Industrial Estates sub-loans accounted for 32% of the projects financed under the AID loan. Sub-loans to DFCs accounted for 51% of the 47 sub-loans. The Clapp and Mayne evaluation showed that the economic

contribution of industrial estates projects was impressive. The small industries involved were highly labor intensive and the public investment in estates generated additional private investment. In the case of 11 estates evaluated, private investment in machinery and equipment versus public investment in developing the estates was almost 1.5 to 1. The industries evaluated under the program generated 1.5% of the total GDP of the five countries involved.

The Skowronski evaluation of DFCs as intermediate and development credit institutions, however, showed a generally poor DFC record. DFCs were found to rarely apply sound financial and economic criteria, and the lack of proper records made it impossible to evaluate the actual impact of some of the projects. Employment generation impact, one of the principal criteria for the projects, was considered to be small.

Both of the above evaluations resulted in a variety of recommendations to improve industrial estate and DFC management operations. Recommendations to assist DFCs have been taken into consideration in a current AID financed CDB Employment and Industry Promotion project.

18. Purpose - The approved project purposes were "to accelerate the economic growth and development of the CDB regional member countries, and promote economic cooperation and integration among them"..... The project was the second of two loans providing supplemental financing to the CDB's Special Development Fund. Both loans, totalling \$22 million, account for about 28% of the contributions to the Fund, to which Canada, the U.K., Colombia, New Zealand, Venezuela, and the Federal Republic of Germany have contributed. AID and the Federal Republic of Germany have provided loan funds whereas the other countries provided grant funds.

At the time the project was approved, the SDF represented CDB's only source of long-term development loan financing. The CDB was in fact the only institution in the region providing soft term development financing for the less developed Caribbean states other than bilateral U.K. and Canadian grant assistance. In the future, contributions to the SDF primarily by the U.K. and Canada are expected to continue. In January, 1980, the U.K. approved a new \$15 million grant to the SDF.

19. Goal/Subgoal - The approved project paper did not specifically note a goal. It appears that the purpose of the project was inclusive of project purpose and goal. Again, in view of the lack of identifiable project impact indicators in the project paper, one can only hypothesize on the overall impact of the project towards regional integration and rate of development.

It is because of this lack of identifiable indicators of project success that an overall evaluation of this completed project is not recommended. Conclusive results are considered impossible.

20. Beneficiaries - The project made funds available to the region's LDC's for a variety of development projects in an effort to narrow the disparity in the levels of development among the states. The primary beneficiaries were thus the LDC's of the region, through increased productivity in a

variety of sectors. Other direct beneficiaries were the unemployed who benefited from increased availability of jobs, and small industries which received credit to increase and expand productivity.

21. Unplanned Effects - There are no known unplanned effects as a result of the project.
22. Lessons Learned - The strategy of the project was to assist and support the CDB's efforts in assisting the LDC's of the region in their development plans through the SDF. The AID loan enabled the CDB to meet its projected lending target for the LDC's. The SDF was created to provide special resources for the LDCs and at the time the project was approved, was the only available means for the LDCs to receive long-term assistance.

The evaluations conducted of industrial estate sub-loans and DFCs show that institutional and management problems do exist; however, the impact results of the industrial estate sub-loans which cover 32% of the projects, show that economic expansion and growth did occur as a direct result of the project.

23. Special Comments or Remarks -

Attached Reports:

- 1) "DFC Evaluation in Selected Caribbean LDCs", prepared by Frank S. Skowronski under Contract C-BRG-538-78-004, February 2, 1979, 182 pp.
- 2) Evaluation of Industrial Estate Loans Provided by the Caribbean Development Bank, prepared by Clapp and Mayne, Inc., under IQC Contract AID/SOD/PDC-C-0156, May, 1979, 86 pp.