



Project Completion Report

PCR

Project Name: Community Development Fund (CDF)

Country: Suriname

Sector/Subsector: Social Investment

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Project Number: SU0020

Loan Number (s), TC(s): 1246/OC-SU

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Acronyms and Abbreviations

AFD	Groupe Agence Française de Développement
CBO	Community Based Organization
CDFS	Community Development Fund Suriname
ComDev	Community Development CDFS Software Application
COSO	Committee Organizations of the Tradeway Commission
EBS	Suriname Electricity Company
FAD	Finance and Administrative Department
FGD	Focus Group Discussion
GoS	Government of Suriname
IDB	Inter-American Development Bank
KING	Financial Software Application
KPI	Key Performance Indicator
MIS	Management Information System
MoE	Ministry of Education
MoRD	Ministry of Regional Development
NGO	Non Government Organization
OM	Operational Manual
O&M	Operation and Maintenance
PEC	Project Executive Committee
PPT	Project Preparation Team
PARS	Project Appraisal Report Summary
SWM	Suriname Water Company
UCDB	Unit Cost Database

Table of Contents

I.	Basic Information	1
II.	The Project	2
	A. PROJECT CONTEXT	2
	B. PROJECT DESCRIPTION	4
	i. Development Objective(s)	4
	ii. Components	4
	C. QUALITY -AT- ENTRY REVIEW (IF APPLICABLE)	5
III.	Results	6
	A. OUTCOMES	6
	B. EXTERNALITIES	7
	C. OUTPUTS	9
	D. PROJECT COSTS	10
IV.	Project Implementation	10
	A. ANALYSIS OF CRITICAL FACTORS	10
	B. BORROWER/EXECUTING AGENCY PERFORMANCE	12
	C. BANK PERFORMANCE	13
V.	Sustainability	13
	A. ANALYSIS OF CRITICAL FACTORS	13
	B. POTENCIAL RISKS	15
	C. INSTITUCIONAL CAPACITY	15
VI.	Monitoring and Evaluation	16
	A. INFORMATION ON RESULTS	16
	B. FUTURE MONITORING AND EX-POST EVALUATION	16
VII.	Lessons Learned	16

Annexes

1. Minutes from the Exit Workshop
2. Borrower's Evaluation
3. Retrofitted Logical Framework (2006) – End of Project Results
Retrofitted Logical Framework (2006) – Activities
4. Original Logical Framework
5. Tables & Figure

I. Basic Information

BASIC DATA (AMOUNTS IN US\$)							
PROJECT NO: SU0020	TITLE: _Community Development Fund (CDF)						
Borrower: Republic of Suriname Executing Agency (EA): Community Development Fund Suriname	Date of Board Approval: 17 May 2000 Date of Loan Contract Effectiveness: 12 Nov 2001						
Loan(s): 1246/OC-SU Sector: Social Investment	Date of Eligibility for First Disbursement: 12 Nov 2002						
Lending Instrument: Investment	<u>Months in Execution</u> * from Approval: 97 * from Contract Effectiveness: 79						
	<u>Disbursement Periods</u> Original Date of Final Disbursement: 12 Nov 2005 Current Date of Final Disbursement: 12 Nov 2008 Cumulative Extension (Months): 36 Special Extensions (Months): 12						
	<u>Loan Amount(s)</u> * Original Amount: 10,300,000 USD * Current Amount: 9,510,000 USD * Pari Passu (if applicable): 51.90%						
Poverty Targeted Investment (PTI): Yes Social Equity (SEQ): Yes Environmental Classification:	<u>Disbursements</u> * Amount to date: 100%						
	<u>Total Project Cost (Original Estimate):</u> 12,800,000 USD <u>(Final Estimate)</u> 18,320,000 USD						
	<u>Redirectioning</u> Has this Project?						
	Received funds from another Project <input type="checkbox"/>						
	Sent funds to another Project <input type="checkbox"/>						
	N/A <input checked="" type="checkbox"/>						
	<table border="1"> <thead> <tr> <th>To/From Project Number</th> <th>From Sub-Loan Number</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	To/From Project Number	From Sub-Loan Number	Amount			
To/From Project Number	From Sub-Loan Number	Amount					
	* Current amount (adjusted for redirectioning): 10,300,000						
	<u>On Alert Status</u> Is project currently designated "on alert" by PAIS: Yes If yes then why is the project on alert (DO , IP Ratings and/or relevant PAIS indicators): DO rating LP, IP U, three years extensions, low implementation quality.						
	Comments on relevance of "on alert" status for this project (if applicable):						

Summary Performance Classifications				
DO	<input type="checkbox"/> Highly Probable (HP)	<input type="checkbox"/> Probable (P)	<input checked="" type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)
IP	<input type="checkbox"/> Highly Satisfactory (HS)	<input type="checkbox"/> Satisfactory (S)	<input checked="" type="checkbox"/> Unsatisfactory (US)	<input type="checkbox"/> Very Unsatisfactory (VU)
SU	<input type="checkbox"/> Highly Probable (HP)	<input type="checkbox"/> Probable (P)	<input checked="" type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)

II. The Project

a. Project Context

Economic Context

Suriname's small, open economy is dominated by commodity production and a large non-tradable goods sector. Bauxite mining and processing activities account for roughly 70% of total exports and 50% of income tax revenues, but relatively little employment. Other major exports include shrimp, rice, bananas, lumber and crude oil. Some diversification has occurred in recent years, with gold mining, lumber activities and crude oil production growing in importance. The economy is heavily regulated and the state plays a preponderant role, accounting for 65% of total employment in the formal economy. Public development assistance, private remittances and informal economic activities provide important props to the economy.

Population – Geographic distribution and ethnicity: The current population of Suriname is estimated to be about 477,997. (At the time of project conception, the population in Suriname was 416,000). Approximately 70% reside within a 30-km radius of the capital, Paramaribo, 18% in coastal rural areas, and about 12% in the Interior. The country's population is characterized by great ethnic diversity: Hindustani 37%; Creole 31%; Javanese 14%; Maroons (tribal groups of African origin) 10%; Amerindians 3%; Chinese 3%; and European 1%. Ethnic identity is strong and relations between ethnic groups are complex. There are nearly as many languages as there are ethnic and tribal groups in Suriname. Over the centuries, several Creole languages have developed combining tribal languages with European influences. Sranantongo has developed into the most important of the Creole languages, functioning as a national lingua franca that is spoken by almost everyone in the country. The country's unique ethnic and linguistic diversity as well as the geographic distribution of the population are considerations that must be taken into account when designing social policy and programs. The role of women and economic status are two of the variables influenced by ethnic identity. In general, however, the most vulnerable population groups in Suriname are female-headed households, children, the aged, the uneducated and the geographically isolated.

Poverty: Official estimates of the poverty line using household surveys and the Ministry of Social Affairs and Housing (MSAH) poverty line, find that 49% of the population of Suriname is poor. Other poverty studies from the early 1990s report even higher levels of poverty than the official estimates, with estimates ranging from 55%-80%. Nearly all the people in the Interior are believed to belong to this category. The 2008 PMT Household Survey estimated that close to 70% of households in Suriname are poor, as calculated using indicators of household consumption as opposed to income. While the accuracy of poverty measures in Suriname is uncertain, there is evidence that socioeconomic conditions had deteriorated significantly before the program and since the 1980s.

While overall access to basic education is extensive in Suriname, the country was confronted with a myriad of problems affecting the quality of education, including deficiencies in the institutional and incentive structure of the education system, deteriorating condition of facilities, lack of equipment and materials, inadequate maintenance and/or theft, poor quality instruction, and lack of transportation for students and teachers. Many of the schools in the Interior were destroyed during the civil war and have not yet been reconstructed or rehabilitated.

The country's urban areas contain many poverty-stricken communities. The Government of Suriname (GOS) fiscal difficulties during the years prior to implementation of the project had prevented the expansion and maintenance of urban basic infrastructure and services.

The Interior: The three districts of Brokopondo, Marowijne and Sipaliwini, and part of the District of Para, together constitute what is called the Interior or Hinterland. It represents 87% of the land area of Suriname. The population of the Interior is small, widely dispersed and almost entirely composed of Maroons and Amerindians. There are five Amerindian tribes and six Maroon tribes in Suriname, and their total populations are estimated at approximately 15,000 and 50,000-60,000 respectively. The population of the Interior is distributed between 250 villages,

ranging from 50 to 7,000 inhabitants. The Maroons are concentrated along the upper Suriname, Saramacca and Marowijne rivers, while most of Amerindians are found near the savanna belt or in the Deep South near the Brazilian border. This settlement pattern has a history of over 400 years.

There is limited data of the living conditions of the Maroons and Amerindians but they are, certainly, the poorest of the ethnic groups. Their livelihood is derived primarily from subsistence agriculture and fishing, and on consumer and capital goods sent by family members working in urban areas or outside of the country (in French Guyana or the Netherlands). Although gold mining, prospecting and logging are becoming increasingly important in some areas, this has not translated into significant benefits for the local communities at large. In addition, the gold and other extractive industries have generated increased health risks associated with the contamination of the potable water and fish supply.

Prior to the program, there had been practically no presence of Government agencies in the area, except for the Ministry of Regional Development (MRD), which had only recently been assisted in emergencies. Several international organizations, national NGOs and church organizations were involved as basic service providers in the Interior and as promoters of small-scale training and productive projects, but their relatively low budgets limited their impact to a small fraction of the population.

Gender considerations: The status and participation of women varies significantly across socio-cultural groups in Suriname. In urban areas, women participate actively in all aspects of society, with an ever-growing presence in the political sphere and as leaders in the NGO community. Women in the rural districts and the Interior, however, are among the most vulnerable and under-represented social groups in Suriname. Rural Hindustani women, for example, confront more rigid cultural restrictions limiting their participation in activities outside of the home than any other group of women. Before CDFS, they had almost no presence in community organizations or local decision-making structures. Many development projects in the country had not taken gender considerations into account during project design and execution, and had, as a result, had difficulty promoting the active and sustained involvement of both women and men.

Today, women, children, and the elderly are the majority of the population in the interior due, in large part, to male out-migration in search of wage labor.

Institutional structure of the social sectors: The GOS plays an important role in the financing and provision of education, health, housing and social welfare. At the time of the program conception, the quality and coverage of the Government's provision of social services was inadequate because of insufficient budget, inefficiencies in the delivery systems, institutional weaknesses, and poor targeting.

NGOs and CBOs: in Suriname have always played an important role in the delivery of social services, especially health and education in the Interior and rural areas in Suriname. As the economic and social situation had deteriorated, their role in promoting economic development and social cohesion had increased in the years prior to the program. Over the preceding decade, the NGO sector in Suriname had grown substantially. This growth could be attributed both to the limited capacity of the Government to address the needs of many different population groups, and to a growing interest of civil society to play a more active role in the country's economic development and in promoting democratic processes. Prior to the program like today, there are thousands of legally recognized NGOs and CBOs, most of which are small foundations and associations

Initial contacts

In 1997, the Government of Suriname (GoS) requested technical assistance from the IDB to evaluate the need and design a community development fund or social investment fund (SIF). The utilization of SIFs as an instrument to fight poverty had been an integral part of the IDB's strategy for poverty alleviation for some time. In March 1998, a delegation from the Ministry of Regional Development went to Jamaica and Trinidad and Tobago for orientation and evaluation

with regard to social investment funds, which were operational for several years. Another trip to Guyana happened in November 1998. In April 1998, a team of consultants was formed to carry out the preparatory activities to create the social development fund. This team included a Coordinator, Community Development and Gender Specialist, attorney and economist. This Project Preparation Team (PPT) became responsible for the preparatory activities and was to be supported by the project team of the IDB composed of the loan officer, community development and gender specialist and economist/organizational, and MIS specialist.

The main bottlenecks of the initiatives at that time were identified as the following: (i) lack of proper or targeted promotion causing the communities in the rural areas and the interior to remain without the necessary information about the criteria of the various donors and their conditions for approving a project application; (ii) poor communities could not recruit an expert to assist them in formulating their ideas in a workable project applications.

Finally, in November 1998, upon the initial results provided by PPT, the GoS decided that there indeed was sufficient evidence of need that warranted the establishment of a Community Development Fund in Suriname. In June 1998, the IDB requested grant funds from the Japanese Government to assist in the preparations of this Fund and the preparation of demonstration projects. Upon this experience in the field, it would help the team of consultants to define a workable organization.

In February 2000, the negotiations for the loan agreement were carried out in Washington, and the Loan was approved for an amount of US\$10.3 million. Additionally, in May of 2000, the Groupe Agence Francaise de Developpement (AFD) approved a loan of 2.5 million Euros at 2% interest and 5 years of grace period. Despite being approved by the IDB in May 2000, it was not until November 12, 2001 that the CDFS Loan Agreement between Suriname and the IDB was finally signed. This was because preparations to meet the conditions prior to signing the loan had taken an entire year between 2000 and 2001, in part because Suriname's central government was undergoing a changeover in administrations and the new ruling party needed time to familiarize itself with the program. After the signing of the loan, it took another year, until November 12, 2002, before CDFS complied with the conditions for first disbursement.

The initial CDFS disbursement period was planned to last 4 years, until November 12 2005. However, due to significant delays in project execution, it was twice extended – first, until November 2007, and then again, to its final date of termination, November 2008. In a closing out program, designed by the firm who completed the final evaluation, and approved by the Bank and the Ministry of Regional development, deficiencies in individual projects were included in a remedial works program, to be concluded by June 2009. This program is supervised by the Ministry of Regional Development and monitored by the Bank.

b. Project Description

i. Development Objective(s)

The primary objective of the program was to improve the living conditions, economic opportunities, and social well-being of the poorest communities of Suriname. Additionally, the program sought to increase access of the poorest communities to social and economic infrastructure and services that reflected the priority needs of the community. The program was to accomplish this goal through financing of small-scale, locally generated projects that meet the needs of these communities.

ii. Components

The project has 3 components: (1) an Investment component; (2) a Promotion, Technical Assistance & Training component; and (3) an Administration component.

1. Investment Component (US\$ 8.7 million). The CDFS was to provide grant financing to support small-scale community-based projects designed to improve social capital, social

infrastructure, and economic/productive infrastructure, Projects are defined as infrastructure plus community training to support the goals of financial, technical, social and environmental sustainability. The maximum project cost was limited to originally US\$40,000). It was originally estimated that under this component around 200¹ projects could be financed over the *four*² years of program implementation. At least 80% (originally 30%) of these projects were supposed to benefit Interior and rural communities³. Approximately 25% of all CDFS projects were to be executed by NGOs and CBOs (this never happened and as a result the indicator was abandoned after the midterm review restructuring of 2005), with CDFS project management support. The type of projects eligible for financing on a national level included education, health, social welfare, and water supply and sanitation. In addition, communications, electricity, transportation, and productive infrastructure types of projects were eligible for financing in the Interior and isolated rural communities with a poverty ranking similar to that of the Interior.

The projects could involve the construction, rehabilitation, or expansion of community-owned facilities and some basic equipment. The beneficiary community in all such projects must make provisions for proper management, operation and maintenance of the facility in question.

2. Promotion, Technical Assistance and Training Component (US\$ 1.2 million).⁴ This component included the program's promotion campaign as well as three different types of technical assistance and training. These include: (a) capacity building and education for community-based organizations and community members, (b) technical assistance and support for select NGOs, consultants and contractors involved in the execution of CDFS-funded projects, and (c) institutional capacity building for the CDFS.

Building CDFS institutional capacity: Technical assistance and training resources were to be used to strengthen CDFS's ability to manage the project cycle, institutionalize participatory methodologies and a focus on gender issues throughout the sub-project cycle, apply appropriate environmental criteria, monitor data and make any necessary mid-course corrections during execution. The CDFS Board of Directors was also to receive technical support and training to develop further their capacity in the areas of strategic planning, foundation management and conflict resolution in order to ensure their efficient and effective functioning.

3. Administrative Component (US\$ 1.9 million).⁵ The administration component financed the administrative costs of the CDFS, including: (a) an administrative Unit; (b) CDFS personnel dedicated to project appraisal, execution, supervision and monitoring; (c) local consultants that played a role in the administration of the CDFS, including an external auditor, a legal advisor, a management consulting firm that was to be hired to undertake an executive search for the director of the CDFS; (d) the rehabilitation of CDFS head office and three satellite offices; (e) vehicles and equipment; (f) operation and maintenance; (g) recurrent office administration costs.

c. Quality -At- Entry Review (if applicable)

Quality -At- Entry Review			
<input type="checkbox"/> Highly Satisfactory (HS) - 1	<input type="checkbox"/> Fully Satisfactory (S) - 2	<input type="checkbox"/> Less than Satisfactory (LS) - 3	<input type="checkbox"/> Unsatisfactory (U) - 4

¹ *Due to the high costs of the projects, 105 projects were planned or selected, of which only **85** were realized.

² The project has been extended twice, and has currently been in execution for almost 7 years

³ *Originally, the component read, "at least 30% of these projects will benefit Interior communities"; as opposed to "*80%...benefit Interior and rural communities*".

⁴ See Chapter III for full description of the restructuring of Component 2

⁵ Many parts of Component 3 were not realized fully or at all, see chapter III for full discussion on the institutional issues of CDFS

III. Results

a. Outcomes

ACHIEVEMENT OF DEVELOPMENT OBJECTIVES (DO)		
Development Objective(s) (Purpose)	Key Outcome Indicators	
<p>1. Contribute to improving the living conditions, economic opportunities and social well-being of the poorest communities of Suriname</p> <p>1.1 At least 80% of participant households perceive that living conditions in the communities have improved.</p> <p>1.2. Electricity, health, water and sanitation and education indexes in poorest resorts improved.</p> <p>Classification: Probable</p>	Planned Outcomes	Outcomes Achieved
	<p>1.1 Baseline Target: 0 (12 Nov 2001) End of the Project Target: 80% (12 Nov 2008)</p> <p>1.2 Baseline Target: 0 (12 Nov. 2001) End of the Project Target: 0% (12 Nov 2008)</p>	<p>1.1 65% (30 Sept. 2008)</p> <p>1.2 No Data (30 Sept. 2008)</p>
<p>2. Increase access of the poorest communities to social and economic infrastructure and services that reflect the priority needs of the community.</p> <p>2.1. Coverage of infrastructure and services increased in rural areas</p> <p>2.2 Coverage of infrastructure and services increased in the interior</p> <p>2.3 Utilization rates of services increased compared to that in appraisal</p> <p>2.4 Proportion of households confirming that they are satisfied with the processes related to the project cycle</p> <p>Classification: Probable</p>	Planned Outcomes	Outcomes Achieved
	<p>2.1 Baseline Target: 0% (12 Nov 2001) End of the Project Target: 20% (12 Nov 2008)</p> <p>2.2 Baseline Target: 0% (12 Nov 2001) End of the Project Target: 30% (12 Nov 2008)</p> <p>2.3 Baseline Target: 0% (30 June 2006) End of the Project Target: Increased % (12 Nov 2008)</p> <p>2.4 Baseline Target: 0% (30 June 2006) End of the Project Target: N/A% (12 Nov 2008)</p>	<p>2.1 30% of funds disbursed to rural areas (30 Sept. 2008)</p> <p>2.2 62% of funds disbursed to Interior (30 Sept. 2008)</p> <p>2.3 Increased (30 Sept. 2008)</p> <p>2.4 ¾ HH satisfied w/ Timeframes; ¾ HH satisfied with Project Cycle activities (30 Sept. 2008)</p>
<p>Reformulation. Was the objective(s) of this project reformulated? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No / Were there any changes to the outcome indicators or targets? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, indicate the most recent date, and, who approved these changes: The changes were made during an administration mission March 23, 2006.</p> <p>Briefly explain any changes resulting from this exercise: In March 2006, the Bank conducted a 2005 review of the program. The logical framework was revised and new outcome and output indicators were established by a consultant. In addition, a new operations manual was developed. The new indicators took into consideration the absence of a poverty map, which should have been used to target poor communities, and developed outcome indicators that did not specify 'beneficiaries in the lowest poverty rank'. Output indicators were changed to focus on implementation targets. Though new indicators were developed, the consultant did not establish baseline nor did he quantify the targets in the revised logical framework. The Bank conducted a final evaluation and audit of the program in September 2008. The exercise assessed the achievement of the objectives in terms of achievement of the indicators and served as the principal input for this report.</p>		
<p>PMMR Retrofitting. Indicate if and when the PMMR was retrofitted and explain any changes resulting from this exercise. <input checked="" type="checkbox"/> N/A</p>		
Summary Development objective (s) Classification (DO):		
<p><input type="checkbox"/> Highly Probable (HP) <input type="checkbox"/> Probable (P) <input checked="" type="checkbox"/> Low Probability (LP) <input type="checkbox"/> Improbable (I)</p>		
<p>Briefly justify DO classification, based on the degree to which planned targets were met, explaining the differences between planned and not achieved outcomes as well as any other relevant factors. Include references to evidence that can support these results.</p> <p>The mid-term evaluation indicates that the targeting mechanism was never clearly defined in the operation manual nor the loan document. The project design assumed a poverty map would have been designed and frequently updated and used as the basis for identifying the poorest communities. This was never done. Instead, a flawed project ranking system was used to rank applications from communities, but not necessarily the poorest according to relative poverty. With regards to indicator 2.3, sustained use of the services installed was jeopardized by a lack of systematic planning of maintenance and repair possibilities. This was mitigated by the close out program put in place Nov 08-June 09. The contradiction between the indicator classification "probable" and the DO classification "LP" is explained by the fact that most of the indicators which have quantitative information are process-based, not impact-based. Indicator 1.2 has no overall data, though services in the poorest communities served by the projects have improved.</p>		
<p>Country Strategy. Given the results described above, briefly discuss how the project contributed to the Bank's strategy in the country.</p> <p>This project falls within the bank's strategy which considered broad base and sustainable development to be essential to improve the HR base (Country paper CP -1292-2).</p> <p>Hyperlink to Country Strategy: http://CSU-APPS-01.reg.iadb.org/WSDocs/getDocument.aspx?DOCNUM=11883</p>		
<p>Sustainability Analysis: See V. Sustainability Analysis</p>		

b. Externalities

Positive Externalities

Public Utilities, Provision of Services

In order to be eligible for CDFS financing, projects in the sectors of education, water, health, communication and electricity required Letters of Commitment from relevant line ministries and/or utility companies indicating their willingness to provide relevant complementary services and to allocate resources for recurrent expenses, if required. This involvement by the public utility companies may have raised the awareness of Surinamese communities as to the services they are entitled to from these entities, i.e. electricity, water, health, communications, etc. Furthermore, the project may have brought to light specific lessons regarding the capacity weaknesses and large gaps in the coverage provided by utilities through its collaborative relationship with the companies.

Proven Need for Community Based Development – NGOs/CBOs involvement in future projects

The second unintended but nonetheless positive externality of CDFS implementation has been the now, more than ever, proven need to include NGOs and CBOs (where possible) in the development of community based projects. The execution of CDFS provided invaluable experience and brought to light a myriad of small issues that support a community-based theory of development, which includes the full, active participation of the NGO sector and local community based organizations. Indeed, the loan contract for CDFS had originally designed the program as such that 25% of the projects were to be executed by NGOs and CBOs with CDFS project management support, however, the mistakes made early on in the project ultimately prevented this from happening and the indicator was removed in 2005. Nevertheless, the NGOs could have been an important instrument in public policy for reducing social exclusion, generating community empowerment, the creation of social capital, and the expansion capability of community development and generation of community empowerment.

Increased community participation and involvement would have resulted from the greater participation of the NGO sector in the execution of projects. NGOs are in closer contact with the communities and have a history of working collaboratively with them. Moreover, they are excellent vehicles by which to transmit information to the community and empower their members. Ultimately, the problems of the lack of true a community initiative and poor decision-making early in CDFS were linked with another problem: the lack of participation and partnership of NGOs. At times, institutional capacity issues were experienced due to a limited ability on the part of staff members to realize project cycle activities in a timely and effective manner. Collaborative relationships with partners in the social sector and the local communities could have been invaluable tools to be able to carry out program tasks – e.g. organize community meetings, go into the field, and maintain an active involvement in project management, target beneficiaries, train communities.

Negative Externalities

Unintended Environmental and Health Impacts

The foremost negative externality of CDFS implementation stems from the assortment of environmental impacts/damages that the construction of community projects has had on the beneficiary communities. These unintended environmental damages of CDFS works projects are diverse, and unique to the individual projects thus they vary considerably in the size and scope of their impact.

Some water projects had a negative impact on the community instead of the planned benefit for a variety of reasons. The realization of large water works projects and the inexperience of external contractors in these areas may have been more than the young Executing Agency, CDFS, had the capacity to realize early on. This resulted in substandard drinkwater in some projects. There were also several instances of safety hazards at the construction sites of *Schools*

and Teachers' Accommodations, related to, for instance, the proximity of electrical high tension wiring to new buildings.

In the closing out program, these deficiencies were addressed in a remedial works program for 15 projects, to be concluded by June 2009. Additional works were programmed to solve water quality issues, and are being implemented. Remedial works also included solutions for problems related to electricity problems.

Migration, Community Training and Project Sustainability

The 3rd Outcome called upon the NGOs and other private sector service providers to effectively execute training to all the communities realizing projects. This training was primarily intended to ensure that community members – often the Project Execution Committee (PEC)– had the technical knowledge to be able to operate and maintain the projects after they had been handed over. Community intervention and education were central to the social fund's operation as the maintenance and long term sustainability of the projects depended primarily on the communities themselves.

By design, the training activities had provided select individuals in the community with the technical knowledge specific to the project's operation and maintenance. Hence, they involved valuable capacity building sessions on topics like administration, operational management, and technical training on complex engineering systems, like those used in the water supply and electricity projects. Nonetheless, evidence indicates that the local capacity building and community training activities of the program at times resulted in a negative externality in the sense that the activities inadvertently resulted in the urban migration of very members that were trained to operate and maintain the projects. The trained individuals began to leave the communities and migrate to the city where they could use their newfound technical knowledge to explore employment opportunities, effectively resulting in a type of "brain drain". This phenomenon was understandably most prevalent in the Interior communities where employment opportunities are scarce.

In the close out program, additional training activities and the drawing up of maintenance plans were included to optimize community capacity to organize repair and maintenance. This training was designed to train as many community members as possible, because, while it cannot prevent migration, it can aim to train as many people as possibly who can take over community responsibilities.

c. Outputs

IMPLEMENTATION PROGRESS (IP)			
Components (Outputs):			
1. Component 1: Investment Component			
1.1 Poorest people in communities benefiting from the project 1.2 At least 90% of projects are properly operating and maintained following program completion 1.3 At least 30% of projects and resources benefit communities in the Interior <u>Classification:</u> VU			
Key Output Indicators:			
Planned Outputs <u>Baseline*</u> 1.1 0 (12 Nov 2001) 1.2 0 (12 Nov 2001) 1.3 0 (12 Nov 2001)		Outputs Achieved 1.1 40% (30 Nov 2007) 1.2 50% (30 Nov 2007) 1.3 65% (30 Nov 2007)	
End of Project 1.1 100% (12 Nov 2008) 1.2 90% (12 Nov 2008) 1.3 30% (12 Nov 2008)			
Briefly explain differences between planned and actual outputs (if applicable). Significant underachievement existed with respect to planned targeting and actual targeting of the project, with only 40% of the poorest people in the communities benefiting from the projects. Likewise, the percentage of project properly operating and maintained following program completion was 50%, much lower than the expected 90%. Conversely, many more projects benefitted communities in the Interior than was expected – 65% as opposed to the 30% planned initially.			
Restructuring. Indicate if this component was restructured (date of approval by Manager). Briefly discuss the consequences of these changes. <input checked="" type="checkbox"/> N/A			
2. Component 2: Promotion, Technical Assistance, and Training			
2.1 Beneficiaries receive training 2.2 Projects executed jointly with NGOs and CBOs 2.3 Participation on needs assessment <u>Classification:</u> S			
Key Output Indicators:			
Planned Outputs <u>Baseline*</u> 2.1 0 (12 Nov 2001) 2.2 0 (12 Nov 2001) 2.3 0 (12 Nov 2001)		Outputs Achieved 2.1 85% (30 Nov 2007) 2.2 20% (30 Nov 2007) 2.3 40% (30 Nov 2007)	
End of Project 2.1 95% (12 Nov 2008) 2.2 25% (12 Nov 2008) 2.3 40% (12 Nov 2008)			
Briefly explain differences between planned and actual outputs (if applicable). Small underachievement was seen concerning the percentage of beneficiaries receiving training and the percentage of projects executed jointly with NGOs and CBOs.			
3. Component 3: Program Administration: The Administration of the Program knew important delays and deficiencies. This resulted in a ratio of 40% program administration/community investment and training. This was mainly due to the lack of investments made in the first years of the program, with high program administration costs. Senior project management failed to backstop the problems as they became apparent, or to provide the necessary oversight that the young institution required. Although CDFS's performance improved after the MTR, the organization failed to fully utilize or adhere to revised guidelines. Much was invested in developing systems intended to improve the management, transparency and performance of CDFS. Ultimately, not all of these systems were completed or utilized. These key elements that were central to establishing and operating the program had still been taken for granted in the core project documents, like the OM, despite not having been developed (i.e. Poverty Map, MIS, satellite offices). Instead of ignoring the issues and leaving the institution without a clear remedy to their nonexistence, the OM should have provided CDFS with a set of procedures for the procurement, installation, and utilization of these systems. Notwithstanding the weaknesses of the OM, senior management could have stepped in to provide the leadership to ensure the systems became integrated into the processes, regulations, and operations of CDFS; and likewise guide CDFS staff to ensure the utilization of the systems. Program administration problems continued through the project life, when, in 2008, the Ministry of RO decided to dismiss the CDFS staff, and finally locked the staff out of the office on 18 December 2008. <u>Classification:</u> Unsatisfactory			
Restructuring. Indicate if this component was restructured (date of approval by Manager). Briefly discuss the consequences of these changes. <input checked="" type="checkbox"/> N/A			
Summary Implementation Progress Classification:			
<input type="checkbox"/> Highly Satisfactory (HS) <input type="checkbox"/> Satisfactory (S) <input checked="" type="checkbox"/> Unsatisfactory(U) <input type="checkbox"/> Very Unsatisfactory (VU)			

d. Project Costs

Category	Total Project Cost - Planned (US\$000)				Total Project Cost - Actual (US\$000)				% Difference		
	IDB	GOS	TOTAL	% TOTAL	IDB	GOS	TOTAL	% TOTAL	IDB	GOS	TOTAL
1. Components costs											
1.1 Community-based investments	8.3	0.4	8.7	68.0%	6.96	4.81	11.77	64.2%	-16.1%	+1102.5%	+35.3%
1.2 Promoting technical assistance and training	1.2	0	1.2	9.4%	0.63	0.18	0.81	4.4%	-47.5%	+100%	-32.5%
1.3 Program administration	0.7	1.2	1.9	14.8%	1.91	2.99	4.90	26.7%	+172.9%	+149.2%	+157.9%
2. Financial costs											
2.1 Interest	0	0.8	0.8	6.3%	0.0	0.71	0.71	3.9%	-	-11.3%	-11.3%
2.2 Inspection and supervision (1% of loan amount)	0.1	0	0.1	0.8%	.01	0	0.01	0.1%	-90%	-	-90%
2.3 Credit commission (0.75% p.a. on undisbursed balance)	0	0.1	0.1	0.8%	0,00	0.12	0.12	0.7%	-	+20.0%	+20%
Grand Total	10.3	2.5	12.8	100%	9.51	8.81	18.32	100%	-7.7%	+252.4%	+43.1%
% per source	80%	20%		100%	51.9%	48.1%		100%			

1.1. The Government and the AFD both made substantial contributions which were not foreseen at project approval. Hence the IDB contribution was not fully utilized. 1.3. Large staff complement; delays in project implementation led to project and staff contracts extensions. 2.1. The Bank abolished the FIV charges early in project execution. The savings were transferred to Category 1.3. 2.3 Longer execution period than anticipated plus slow disbursements led to increased Credit Commission fees. As the 2008 audit was not finalized by May 1, 2009, those figures for 2008 were estimated based on disbursement records, and pending revolving fund balance.

IV. Project Implementation

a. Analysis of Critical Factors

CDFS can be understood as having 3 phases: Demonstration Phase, Start Up Phase and Execution Phase. During the Demonstration Phase, a team of 11 consultants formed a Project Preparation Team (PPT) to lay the groundwork for the program, for which the IDB requested funds from the Japanese Government for US\$608,000 while the GoS contributed US\$15,000. The Start Up Phase was entered into as a result of a delay in the project due to a change in Government administrations and the inability by the GoS to meet preconditions for first disbursement earlier. The Execution Phase finally began in 2003 and was supposed to end on November 12, 2005. CDFS has twice been extended to, finally, November 2008.

Restructuring of CDFS – Renewed Log Frame, Organizational Structure, & Project Cycle

In March 2006, the Bank conducted a 2005 review of the program. The logical framework was revised and new outcome and output indicators were established by a consultant. The new indicators took into consideration the absence of a poverty map, which should have been used to target poor communities, and developed outcome indicators that did not specify “beneficiaries in

the lowest poverty rank". Output indicators were changed to focus on implementation targets. Though new indicators were developed, the consultant did not establish baseline nor did he quantify the targets in the revised logical framework.

A revised Operational Manual was drafted and modified so that it reflected the changes in the organization and the Logical Framework. The new OM was also designed to assist CDFS in becoming a more efficient and practical institution. Regarding the retrofitted Logical Framework, no major changes were made to the Development Objectives or the Purpose .

The reorganization of program and the Executing Agency, CDFS, were geared towards boosting efficiency and transparency as well as entrenching improved monitoring systems. This structure was similar to the arrangements found in other social funds around Latin America; however, while the change was suitable from the perspective of the Latin American SIF experience (i.e. organizations that processed many small projects quickly), it was not the ideal structure for CDFS in light of the fact that CDFS tended to pursue larger more complex projects and at higher costs, therefore only a small number of projects could be processed at any one time.

Poverty Map & Targeting

CDFS was intended to reduce poverty through increased access to social services among the poorest communities in the country. Both the Loan Contract and the original logical framework took for granted the existence of a Poverty Map as the basis for effective targeting of the poorest by CDFS. Such a Poverty Map was not available at that point, nor has one been completed to date. Poverty map data were not used to identify CDFS beneficiary communities. Communities were not targeted; they learned of the program and applied to it on their own. Applications were then verified by community visits, and ranked based on information gathered during these visits. There were several issues with respect to the reliability of the data collected in 1998-1999.

Using limited data, the targeting effectiveness achieved by CDFS is as follows: 76% of extremely poor communities were reached; and only 5% of the projects were executed in non poor communities. From the survey, poverty status could only be determined for 22 out of the 97 communities. Data for the remaining 75 communities was not available.

While the original design of the project did include a complete survey, in practice the lack of an effective survey to identify poor communities (i.e. Poverty Map) or adequate promotion among the poorest communities resulted in a "first come first serve" selection bias towards those projects belonging to NGOs which happened to benefit communities (not necessarily the poorest, and not necessarily serving their priority needs).

The Ministry of Social Affairs and the Bank are currently involved in an initiative to use the Proxy Means Test as a more reliable tool for effective targeting of poor households for social programs and strategies.

Program Information Management Tools - MIS, & Internal Controls

A significant factor in the lack of timely and coherent program management decisions was the absence of a fully used and functioning management information system (MIS) at CDFS, and the incompleteness of the unit cost and contractor databases. This resulted in poor financial reporting and internal control., : the different modules of a finally completed system were not implemented until the end of the project (2007-2008) .

As a result, the system never fully functioned. The failure of personnel to use the system regularly exacerbated program management issues throughout these years of delay. While the MIS was equipped to measure performance, the lack of use precluded this.

While some preliminary measures were taken, ultimately the database of consultants, contractors and supervisors was never developed to the extent that it was intended. Given the extent to which the program had relied on contractors and consultants to plan and execute the projects, the database represented a valuable management tool.

Weak financial management and poor financial accountability

According to the financial audit from the Final Evaluation of CDFS, "internal control and financial reporting at CDFS were poor." The financial information system (KING) was not linked to the MIS (COMDEV), presenting dual lines of reporting which were not always consistent in terms of information. In addition, the 'tone at the top' or leadership coming from management in terms of

promoting strong financial management was poor. The capacity of incumbents in key positions in the Financial and Administrative Department played a large role in performance and risks.

Capacity and/or willingness of NGOs and private enterprises to participate

This factor is associated with another key risk of the program that stemmed from the newness of the institution. Due to the internal institutional capacity limitations that CDFS represented as a young, small institution, it was decided that NGOs, consultants, and contractors would be involved in different stages of the project cycle. As such, the loan contract and Project Report list under the first component that 25% of projects were to be executed by NGOs. Moreover, the participation of NGOs and other private sector entities was written into the main Goal of the program: "To contribute to improving the living conditions and social well-being of the poorest communities in Suriname through the participation of civil society".

While the program objectives remained consistent, the indicators and components related to the participation of the NGOs had to be removed after the midterm in the retrofitted log frame of 2005. Very little actual collaboration between CDFS and the NGOs had taken place combined with the reduced (but still present) need for their help with tasks related to the first step of the project cycle, which included community interventions and target promotion, and was no longer relevant due to all the projects having been selected. A workshop held with NGOs as part of the midterm evaluation indicated that in general, CDFS did a poor job engaging the NGOs in the targeting and verification stages of the project. A mix of consultants and NGOs had been hired to carry out the operations and maintenance trainings but that not all the projects had received community training.

b. Borrower/Executing Agency Performance

Executing Agency (EA) Institutional Capacity was problematic. Specific actions were designed into the project to mitigate and manage the risks presented by this critical factor. Primarily, these included technical assistance activities and training resources allocated under the second component, which, according to the Project Report, would be used to "strengthen CDFS's ability to manage the project cycle, institutionalize participatory methodologies and a focus on gender issues throughout the sub-project cycle, apply appropriate environmental criteria, monitor data and make any necessary mid-course corrections during execution." The key operation strategy for the Executing Agency, according to the Project Report, was to limit the size of CDFS staff to a minimum core group and have external consultants supplement the CDFS staff at various stages of the project cycle. In addition, a semi-decentralized organizational structure was adopted, in which three satellite offices servicing the Interior and rural areas would play a lead role in the initial stages of the project cycle and a vital support role in later stages.

During the demonstration and start up phases of CDFS, the PPT was charged with the task of drafting of the first OM. However, because capacity deficiencies were not acknowledged, a clear, concise, and specific Operational Manual was not produced. This led to mistakes, project cycle challenges, and other problems.

Senior project management – IDB, CDFS Board and management – mistakenly intensified the impact of institutional capacity deficiencies by allowing CDFS to take on more complicated, larger projects than those that were prescribed in the original project documents. This also meant that the total number of projects to be financed was reduced from the originally envisioned 200 projects to merely 80. Thus, CDFS missed an opportunity to reach more very vulnerable areas, as well as the opportunity to finance small and simple projects with good chances of sustainability.

Significant delays in the execution of the program marked the first two years of implementation. As early as March 2003 changes in staff positions were being made at CDFS; by September 2003, the institution had already been through its first overall evaluation of its staff, only to be followed by a comprehensive institution-wide assessment of CDFS ('Rapid Institutional and Organizational Capacity Assessment and Recommendations in Project Cycle Management') shortly afterwards, in May 2004. The assessment found very low institutional performance in most areas (i.e. project cycle management; finance and administration; information system; human resources; planning

and management) and identified serious institutional and organizational weaknesses that were affecting the project cycle management and sustainability of investments.

The project cycle at the midterm still did not reflect the actual needs of CDFS adequately. One of the central capacity issues that persistently worked against the institution was the shortage of qualified/experienced professionals in Suriname. On the other hand, it should also be noted that given the project ceiling vis-a-vis the complexity of projects (which according to CDFS the cost ceiling was too low), CDFS technical officers developed the ability to fit designs under the ceiling. With respect to external consultants , the contracts were limited and did not leave room for re-consultation during implementation, in the event that design flaws or implementation problems were discovered later. The risk of low quality work was introduced since the timeframe for project completion failed to provide adequate time to realize the work for the large and complex projects that CDFS demanded.

Although the Bank was aware of program administration weaknesses, and the problems related to the project coordinator performance, it did not officially communicate the concerns about the administration and the management to the line Ministry and to the Ministry of Finance, clearly proposing which corrective measures to be taken, and what possible consequences could be.

Borrower/Executing Agency

☐ Highly Satisfactory (HS) ☐ Satisfactory (S) ☒ Unsatisfactory (U) ☐ Very Unsatisfactory (VU)

c. Bank Performance

Bank Performance

☐ Highly Satisfactory (HS) ☒ Satisfactory (S) ☐ Unsatisfactory (U) ☐ Very Unsatisfactory (VU)

V. Sustainability

a. Analysis of Critical Factors

Community Participation

While community participation did take place in the project cycle followed by CDFS both at the beginning of the project in identification and design, and through training near the end of the project, two features of this involvement impacted negatively on sustainability. First, the sequencing of project identification and verification of the project as the community's priority need was flawed in pinpointing a priority need the community would be interested in sustaining. Second, community participation was limited during the implementation stage, taking place instead at the initial (pre-preparation) and preparation stages, and at the end, after project delivery. In many cases, several years passed between these two events, during which time community composition and needs changed. According to the findings of the field visits undertaken as part of the evaluation, the same was true for training.

Support for Maintenance Training, Financing and Scheduling

There were no clear procedures for follow-up once civil works were complete and projects were handed over. A maintenance period did take place. This period is supposed to begin when all civil works are complete and is a period of observation and training only. Though no other follow up is supposed to take place, CDFS in many cases continued to provide support for the projects. At the time of this PCR , in actuality a number of projects in the maintenance period still required essential civil work to function properly.

Training and Technical Maintenance Plan

Sustainability measures also included a training element. During early stages of project preparation, CDFS presented a menu of training options to communities, and these were

completed after technical delivery of the project. Standard training options included financial management, community mobilization, and technical maintenance. Some communities were given the option to request additional training, depending on the available budget. Despite the training, most PEC interviewees felt that financing maintenance would prove or had proven very difficult, and that community mobilization and ownership were likewise problematic.

Community Contribution

The project cycle included two other major steps towards encouraging ownership, maintenance and, consequently, sustainability. The community was required to contribute 5% of total project cost in cash, kind or through labour. In a number of cases in the sample of projects visited for this evaluation, the provision of labour as part of the community contribution led to conflicts with contractors over wages, which ultimately detracted from community identification with and pride in the project. However, this was due mostly to communication problems, not a flaw in the concept of the community contribution. The community contribution was geared towards increasing the community stake in the project, and creating an incentive for maintenance. While the PEC interviewees in some of the poorest communities visited stated that it was difficult to meet the community contribution requirements, overall the interviews indicated that this was not the case.

Project Eligibility Criteria

Sustainability on key fronts was integrated into the project eligibility criteria. The Project Appraisal Report Summary (PARS), introduced under the revised OM (2006) included a sustainability analysis which examines several critical factors using Yes/No questions when full and explanatory answers were needed.

Despite these measures, the revised OM makes very little reference to or provisions for sustainability. Although sustainability had already proven a challenge, the project cycle description ends at implementation, rather than extending into the more detailed descriptions on training, completion, handover and follow-up warranted by the importance and poor track record of sustainability.

Technical Suitability and Sustainability

Community access to technical sustainability through the use of systems which are appropriate in terms of easily, affordably repairable and maintainable systems is not discussed in the Strategy Paper, but is crucial to the sustainability of projects.

The original project ceiling of \$ 75,000 USD was established with small, scale projects in mind. The average cost in the original design was intended to be around \$40,000. Actual average cost far exceeded this figure. Despite a valid case presented by CDFS for raising the project ceiling due to high inflation, the high cost of projects was also due to their relatively large scale and complexity. This is discussed below with respect to findings in the evaluation sample of projects.

Exogenous Factors

Several exogenous factors had significant impact on sustainability of projects. Had ex-post project evaluations or better internal learning mechanisms been put in place, many of these risks could have been minimized. For example, lack of responsiveness from public utility companies may have been addressed through the use of simpler designs with less costly maintenance and repairs. Exogenous risk factors to sustainability include:

Lack of capacity or cooperation in technical maintenance from public utilities providers

Public school and health-related buildings are handed over to the appropriate line ministries, who provide financing for annual maintenance and major repairs. Religious-based schools are handed over to appropriate religious organizations.

The nature of the CDFS public utility projects requires that systems maintenance and repairs be performed by public utility authorities/providers, rather than communities (to ensure safety and integrity of the entire public network). Particularly for maintenance of water and electricity projects, the capacity and financial limitations experienced by public social service and utility companies play a significant role in sustainability. The agreement (Letter of Commitment)

governing utilities systems maintenance requires the responsible water authority to provide technical expertise to maintain and repair projects; however, they are not always responsive. Especially in the Interior, there were concerns over the commitment from the main water company

Poor quality of contractor works where transportation costs for supervision are high

High transportation costs presented a challenge to providing quality in-house supervision of civil works in the Interior to complement external supervision. Bi-weekly field meetings with CDFS, communities and contractors (which took place in urban and rural projects) were not possible in the Interior due to the cost of air travel necessary to reach the projects. This presented a risk to the quality of supervision, which may have contributed to greater sustainability challenges to projects in the Interior.

b. Potential Risks

Sustainability of the CDFS program is viewed in terms of (a) the ability of the institution to continue the program of addressing poverty even after donor funding is expired; and (b) for those communities that benefit from the program, their ability to maintain and thus receive the projects benefits long after IDB funding is expired. In the case of the first question, CDFS was set up as a semi -autonomous agency and significant resources were invested in the institution to make it function as permanent institution. Unfortunately, early on, the agency made some mistakes and lacked strong leadership that hindered the execution of the program. Associated problems included poor financial management, flawed project selection because of the absence of poverty data; weak engineering capacity resulting in poor project designs and supervision and ultimately disproportionate level of remedial works and additional works of projects; and disproportionately high overhead cost - approximate 25% of total costs. These problems suggest that as an institution, CDFS, is not the appropriate institution for the program as it was designed. Instead, the structure and make up of CDFS was designed to handle many small projects while the reality of the execution was that they were realizing fewer, larger and more complicated projects than what was originally planned. Therefore, without significant changes the institution is not sustainable Secondly, the maintenance element of the project was designed so that the community was trained and beneficiaries are supposed to take care of maintenance of the projects. However, communities are not always able to carry out maintenance because of lack of financial resources.

c. Institutional Capacity

Despite the institutional strengthening activities, measures taken by the program failed and institutional capacity weaknesses of the Executing Agency (CDFS) persistently affected project outputs and outcomes throughout the entire program. Numerous warnings were voiced by the IDB and other stakeholders from the outset demonstration phase up through the Midterm Review of 2005 in the myriad of progress reports, PPMRs, and other institutional and program evaluations; but, in the end, capacity deficiencies of the EA could not be rectified, only minimized. The project environment had changed considerably and the improvements were not significant enough to change the outcomes. In short, mistakes made early on had lasting effects through the program.

Sustainability Classification SU:

<input type="checkbox"/> Highly Probable (HP)	<input type="checkbox"/> Probable (P)	<input checked="" type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)
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VI. Monitoring and Evaluation

a. Information on Results

Overall, CDFS did not have a sound data-gathering system. In addition, many of the indicators developed in the retrofitted Logical Framework neither have baseline information nor quantitative indicators. From the inception of the Demonstration Phase CDFS experienced difficulty in establishing and following efficient and appropriate management systems and practices, as documented in both internal and external evaluations, as well as progress reporting. This poor performance and a very high ratio of overhead to investment costs led to the engagement of consultants to diagnose and address key problems. The most significant of these consultancies took place at Mid Term, in 2005, after which CDFS's performance was seen to improve.

The **Mid-Term Evaluation (MTE)**⁶ was completed on April 21, 2005. The main operational problems and difficulties CDFS was facing were identified as the following: (i) low quality project designs; (ii) lack of an appropriate unit-cost database; (iii) low quality tendering documents; (iv) low quality contractual documents; (v) poor supervision of projects and low quality assistance and training provided to communities during implementation and maintenance period.

A **Final Evaluation**⁷ draft was completed in September, 2008, and will be discussed among the Borrower and the Bank. This Final Evaluation of CDFS consisted of a technical, financial, institutional and social assessment, as well as a review of achievement against the program's logical framework. The Final Evaluation served as the principal input for the Project Completion Report (PCR). The evaluation activities included a review of relevant documentation and files, interviews with stakeholders including the IDB, CDFS, the Board, project beneficiaries, and contractors, and visits to the project sites. A sample of projects to be visited for on-site social and technical assessments, as well as detailed financial assessment, was selected randomly.

b. Future Monitoring and Ex-Post Evaluation

No Ex-Post Evaluation is foreseen.

VII. Lessons Learned

- The fact that the original Operational Manual was written as if key elements of the program were complete when they had yet to be developed or procured, was a source of lasting problems for the program. **It is therefore crucial that key elements be put in place before the program is begun.**
- The low institutional capacity present at CDFS especially during the early stages, was not acknowledged in the project documents or plans. While the PPT was meant to develop the key elements discussed above during the Demonstration Phase, the new, inexperienced institution was not prepared to do this. In providing general guidelines instead of specific processes or instructions, the OM failed to acknowledge the lack of capacity or experience in the new organisation. During later stages of the project, the CDFS team continued to demonstrate a lack of capacity to carry out the tasks charged to them, after which time consultants were engaged to assist in strengthening CDFS's performance. While CDFS continues to experience some difficulty in completing projects in the allotted time frame, CDFS staff have learned a great deal from their experiences and in the end had an improved understanding of social fund projects and the importance of sound management systems. **Institutional capacity and local availability of skilled staff must be well understood or assessed and acknowledged in terms of**

6

Hyperlink(s) to Midterm Evaluation: <http://CSU-APPS-01.reg.iadb.org/WSDocs/getDocument.aspx?DOCNUM=2922>

7

Final Evaluation of CDFS; Ayala Consulting, 2008, draft to be finalized by June 2009 with comments from Ministry of RO and the Bank.

matching it to organisational structure, project cycle, division of tasks, management systems, etc. To address the issues of low capacity a revision of position descriptions vis-à-vis required skills is warranted. To attract individuals who are better equipped to understand and carry out required functions, a more attractive employment package may be helpful. Given the expertise that many staff have gained from the experience of CDFS, it is advisable that current staff be kept on a roster to be interviewed for similar positions in the future. A clear set of procedures rather than vague guidelines entrenched in the OM would reduce capacity issues.

- Exacerbating the issue of low capacity was the issue of poor senior management at CDFS. The resulting lack of leadership, provision of clear understanding and oversight of the rules and regulation of the program, or setting of the 'Tone of the Top' with respect to internal control and management systems (including the failure to entrench and enforce regular use of the MIS by project officers) were extremely detrimental to the program and can be seen throughout the project's life. **Strong leadership and senior management within the organisation is crucial to ensuring that it functions adequately. Oversight by the Board likewise needs to be robust to ensure that the organisation is able to perform well. Clear measurement of management performance with objective indicators would be useful in this regard, as well as a fully functional MIS.**
- The Demonstration and Start Up Phases of CDFS functioned under a completely different set of rules than were articulated in the OM, or which the Execution Phase functioned under. Therefore, this phase did not act as a pilot, and the opportunity was missed to learn lessons which should have been learned via field testing. These were relegated to the Execution Phase, and opportunities to address them were more limited at that point. As a result many major bottlenecks and failures persisted throughout the project. In addition, this caused some confusion among CDFS staff regarding what regular procedures were. **A proper pilot phase would have allowed the young institution a chance to learn, to test procedures, identify and rectify weaknesses in the organisation and troubleshoot operations, and to familiarise the organisation with procedures and regulations.**
- The internal control and financial reporting system of CDFS was far from robust and presented serious risks, despite a large amount of money being spent on developing such a system. The 'tone at the top' at CDFS was a major source of concern. **While off the shelf systems are adequate, personnel capacity and professionalism, especially in the Financial Manager, are central to sound internal control and financial reporting, as is the tone at the top.**
- The lack of a functioning set of project management tools to effectively manage the program was illustrated by the absence of a fully utilised MIS. Without a central database storing key program information, regular monitoring and in-house evaluation was severely limited and the risk for repeated unseen mistakes was increased. **A thorough analysis of information needs for structured management decisions could have resulted in, and enhanced by, a functioning MIS with linkages to the financial and works management system. This was crucial to program performance and should have been ready before the program starts.**
- Although the 1998 IDB Social Fund Strategy Paper and the Loan Agreement stressed the need for ex-post evaluations, and according to the OM, these evaluations needed be done 6 months after delivery, the justification for not doing so was the lack of resources for this specific activity, though in March 2006 and January 2007 CDFS carried out 10 ex-post evaluations of projects and presented the findings in the 2007 Semi-Annual Progress Report. However, at this late stage (the project was already in its second extension period) these were not of as much use as they could have been at the start of the project/execution phase. **Ex-post evaluation of individual projects is a high value-added activity which should be carried out on a regular basis, to identify and investigate bottlenecks and failures, document lessons learned, and promote project cycle and organisational**

development. Clear provisions should be made as part of the project cycle in the OM, and in the budget.

- Both the original and revised logical framework contained a number of indicators which could not be measured either due to poor definition, poor wording, or a lack of available data. **Logical framework indicators should be clearly defined with an existing, reliable data source identified. The log frame should have clear links to the MIS.**
- The failure to engage civil society/NGOs in promotion, verification and assistance to communities in preparing applications was a wasted opportunity, as it had been established that many organisations with the capacity to do so existed in Suriname. **Contracting some of these activities to civil society partners could have assisted in addressing capacity constraints at CDFS, in reaching the poorest communities, and in establishing more sustainable projects given the tacit knowledge held by NGOs regarding beneficiary circumstances.**
- While problems with the cost ceiling were due in part to inflation until 2004, the lack of a national promotion campaign allowed the targeting and ranking system to select projects which were more costly and larger than originally intended. As a result, all available investment funds were allocated by 2004 (though CDFS continued to accept applications and carry out verification meetings), and delays were caused by the necessity of applying to the IDB for no objections to costs above the ceiling. In addition, smaller projects should have been started with to allow CDFS as a young institution to learn, instead of starting with relatively large and complex projects. **A targeting system which includes equal access to information about the program and equal opportunity to complete applications (i.e. provision of technical assistance to communities) would reduce the risk of applications for large and complex projects. This also has implications for sustainability, where if the NGO is no longer available to provide maintenance, the community must have projects with simple, low-cost maintenance requirements.**
- CDFS procurement procedures were weak in that they allowed contractors with poor professional records through, there was a lack of clear OM provisions to make the procedures robust, no bills of quantities were required, and the unit cost database was never developed. **To improve this situation, pre-qualification of bidders should be undertaken, and the unit cost database should be completed for use.**
- Contractors were not accustomed to or generally pleased with community participation aspects of the projects. There were many instances where the community contribution in labour was a source of discord between communities and contractors. **Closer tracking of the community contribution and continuation of the mediation role for CDFS would reduce the negative impact these conflicts have on community feelings of ownership. In addition, contractors could be given detailed information about community participation elements of the program during bidding, and some training before the start of actual works.**
- Maintenance and sustainability proved to be an issue for particular concern, especially among water supply projects in the Interior. Despite the provision of Letters of Commitment from appropriate Line Ministries, it was demonstrated in the evaluation sample that these third parties do not always have the will or capacity to provide maintenance. Stronger partnerships and engagement as stakeholders of public utility companies and line ministries is warranted to mitigate this serious risk to sustainability. **More detailed maintenance plans should be developed with communities in the early stages of the project, and updated throughout the civil works period. These should take into account financial and technical realities. For example, a Letter of Commitment from the relevant Line Ministry is not sufficient if the Ministry has failed to support similar projects in the past. In the long term, there is an opportunity for the IDB to engage in activities to address these problems with public utilities and Line Ministries.**
- The maintenance period, which is intended for observation and reporting on problems only, is being used to complete works and fix design or construction flaws in the projects. According to

the project cycle, these should be completed before final payment of contractors is made, not from the project's unforeseen budget. **Designs and supervision during construction should have been of a sufficient quality to avoid these issues, and the projects should not have been technically completed/moved into the maintenance period prior to being actually completed. Communities should have been given this full period to operate the projects themselves while CDFS was still observing and reporting. Contractors' final payments should not be released until they have completed the projects to a standard specified in the design, and such that projects are functional.**

- Beneficiary communities offered mixed reviews regarding training, however in many instances the person who had received training was no longer part of the community, or the trainee had forgotten the training. **The need for refresher training, some form of institutionalisation of training, or the provision of written (in local language) or durable training materials to give them permanence, and more training is clear. One trainer suggested that training throughout the project, and for more than one session would likely aid trainees to remember or internalise the lessons learned.**
- **The Bank needs to communicate clearly with the line Ministry and the Ministry of Finance when it is aware of changes or problems in project decisions and administration that may affect program results, and the possible consequences.**
- **Though this was a program that mainly invested in infrastructure, involvement of Bank engineering staff was limited, as the project was mainly monitored by social development specialists and economists. A more balanced supervision team with more field visits could have noticed construction problems earlier in the process.**

Annexes:

1. Minutes from the Exit Workshop
2. Borrower's Evaluation
3. Retrofitted Logical Framework (2006) – End of Project Results
Retrofitted Logical Framework (2006) – Activities
4. Original Logical Framework
5. Tables & Figure

**Minutes Exit Workshop
CDFS
April 24, 2009
10:00
Venue: Conference Room, Ministry of Regional Development
Participants: see Annex 1**

Opening of the Workshop by H.E. Minister Felisi, Minister of Regional Development

H.E. Minister Felisi officially opened the workshop, which had been postponed for technical and organizational reasons. He emphasized that this workshop and the project completion phase of CDFS is an opportunity for all participants to learn from the implementation of an operation that was designed to develop the most vulnerable and poorest communities of Suriname.

Introduction by Jan Schollaert, Social Development Specialist, IDB

Mr. Jan Schollaert, Social Development Specialist IDB sketched the context in which the Exit Workshop took place. The objective of the workshop was to discuss and finalize the Project Completion Report, of which the draft was shared with the participants. A first draft of the PCR was shared in October 2008. The PCR is a standard IDB process which forms part of the closing out phase in every loan operation.

There are other issues pending related to the project, which needed active follow up by the project actors: (i) the audit 2008 was not yet completed, (ii) the asset and records inventory had not yet been completed, (iii) there was a pending revolving fund balance of 133,000 USD, and (iv) a remedial works program is being implemented by the Ministry of RO.

Presentation by Mrs. Nancy Vliese, Ministry of Regional Development

Mrs. Vliese presented a summary of the main findings of the Project Completion Report.

10:55 Presentation Mevr Sabayo-Cederboom, Secretary CDFS Board:

Mrs. Sabayo-Cederboom presented a summary of the main results from the CDFS program.

Questions and Clarifications:

Due to the dearth of updated poverty data by district, data were not available for the poorest ressorts, and thus cannot be included in the Project Completion Report.

It was confirmed that, at project start up, a poverty map was considered a key tool for effective targeting. This, however, was never produced, though the loan contract mentioned one as a given. This generated problems at startup and resulted in non-effective targeting.

The financial figures mentioned in the PCR were discussed and commented in detail:

1. It was noted that the local contribution had been substantially increased.
2. While the Program Administration expenses had considerably dropped in the second half of the program, they still represented 39% of the total investments in communities.
3. 2008 figures are estimates, as the 2008 financial audit has not yet been finalized. The

current Ministry of RO team will need assistance with the preparation of the financial statements from the firm which has been assisting CDFS with the processing of disbursements.

Minister Felisi's closing remarks

H.E. Minister Felisi closed the meeting with the following observations:

1. It was clear that the poverty map was one of the tools identified in the loan contract and operating manual. As the poverty map was never produced, the targeting of the beneficiary communities did not take place as planned.
2. The IDB and the GOS assumed that a poverty analysis process of poor communities would be undertaken, a promotion completed, and, as a result, project identified. During the program execution, this planned process was changed into an unplanned "first come, first serve" process. In the future, a proper analysis of poverty reduction strategies for target communities should help identify projects.
3. There was too much pressure to start implementing so that not enough time was given to target well, and define strategies and activities clearly. This reduced the impact of the interventions.

The meeting closed at 12:45 p.m.

Signed:

L.P. Meulenhof
Permanent Secretary
Ministry of Regional Development

Jan Schollaert
Social Development Specialist
Inter American Development Bank



Inter-American Development Bank
Project Completion Report -2006 PCR
Borrower Evaluation

Project Name: Community Development Fund	
Executing Agency(ies): Community Development Fund Suriname	
Borrower: Government of Suriname (GOS), Ministry of Finance	
Date of Project Approval: May 17, 2000	Date of Contract Effectiveness: November 12, 2002
Date of Borrower Evaluation: July-Sept 2008	Expected Date of Exit Workshop: April 24, 2009

Borrower Project Performance Ratings

Probability on Achieving its Development Objective(s):

☐ Highly Probable (HP) ☒ Probable (P) ☐ Low Probability (LP) ☐ Improbable (I)

Project Implementation:

☐ Highly Satisfactory (HS) ☐ Satisfactory (S) ☒ Unsatisfactory (US) ☐ Very Unsatisfactory (VU)

Sustainability of Project Results:

☐ Highly Probable (HP) ☒ Probable (P) ☐ Low Probability (LP) ☐ Improbable (I)

Comments:

The Development Objectives have been achieved, since small scale projects have been executed in the poorest communities of Suriname. 62% of the funds went to the poorest communities located in the hinterland. Further we can conclude that most of the projects were based Education and water supply, which are important international Millennium Development Goals for poverty reduction.

Despite of the fact that (a). duration of the project exceeded; (b) the first disbursement had been received later than planned; (c) the amount of projects had been reduced from the initial 200 to 85 as result of the high costs per project; (d) the executing capacity was weak; (e) the projects were rather complex; and (f) the community input had not been properly implemented which led to some unnecessary risks; the borrower considers that the project implementation satisfactory since 90% of the projects were finished at project completion.

The project is considered sustainable bearing in mind the long term outcomes in the field of education and the ownership that has been established in the communities through community participation.

Bank Performance

☐ Highly Satisfactory (HS) ☒ Satisfactory (S) ☐ Unsatisfactory (US) ☐ Very Unsatisfactory (VU)

Comments:

The Bank gave good support with regard to project design, technical assistance in the field of assisting CDFS with hiring and selecting of international consultants. The shifting of staff did cause some indistinctness, because of the different interpretation of the banks procedures and rules.

Borrower Performance

☐ Highly Satisfactory (HS) ☒ Satisfactory (S) ☐ Unsatisfactory (US) ☐ Very Unsatisfactory (VU)

Comments:

Despite of the fact that (a) the definite start up of the project took longer than expected, due to lack of experience; (b) the executing agency struggled with internal management problems for which extra reinforcing activities were necessary; in the end 90 % of the ranked projects had been executed en the overhead cost dropped from 70% to 20% of the project costs.

Additional Suggestions for Improving Bank Performance

The borrower suggests that the IDB staff should be made more aware of the social issues in Suriname, especially regarding poverty, in order to be able to assist the borrower in a more effective way.

ANNEX III
Retrofitted Logical Framework (2006 Revision) – End of Project Results and Activities

COMMUNITY DEVELOPMENT FUND SURINAME LOGICAL FRAMEWORK (February 16, 2007)		
Summary	Indicators	Final
Goal		
Contribute to improving the living conditions and social well-being of the poorest communities in Suriname through civil society participation.	1. At least 10% of communities in lowest poverty rank improved their access to social services (elevated to higher poverty rank).	1. No Data / Achievement Unknown – Due to a lack of data or follow up/ex-post evaluations as a regular feature of the project cycle, it is not possible to measure whether communities were elevated to a higher poverty rank for any amount of time. Additionally, poverty ranks (cut offs) not defined by indicator.
	2. At least 80% of beneficiary communities find that the living conditions have improved.	2. Not Achieved – Perceptions of improved living conditions due to the project among beneficiary communities in the evaluation sample were present in only about two thirds of communities interviewed. According to the evaluation sample, some 65% of projects were functional for the previous 3 months. Assuming that functionality alone of projects implies improved access to social services, the indicator has not been achieved. ¹
Purpose		
Increase access of the poorest communities to social and economic infrastructure and services that reflect the priority needs of the communities.	1. At least 80% of funds invested in community projects allocated to interior and rural areas.	1.) Achieved – Of the 105 projects planned or selected, approximately 91% of the invested funds were allocated to projects in the interior and rural areas. Of those projects which have been completed (final or technical delivery – 56 projects), the results are similar, approximately 92%.
	2. All projects identified through community-based priority needs assessment.	2.) Not Achieved – While CDFS visited all applicant communities prior to ranking, according to PEC interviews, CDFS asked communities to rank their priority needs in most cases, but not all. Project identification took place via ranking of applications; project verification/verification of priority of needs took place through

¹ Again, due to lack of follow-up measures this indicator could not be answered with information from CDFS files or progress reporting. Questions regarding perception of improved living conditions resulting from the project were incorporated into the field questionnaires of the Final Evaluation.

		community-based priority needs assessment. Therefore, this indicator should be clarified to reflect the project cycle. ² Applicant NGO/CBO only had to prove community support by providing a minimum number of signatures from community members with the project application. Therefore, the indicator was not achieved.
Outputs		
1. Sustainable, small scale, locally generated projects that meet the needs of the poorest communities in operation and maintained.	1.1 Projects with a ceiling cost of US\$ 130,000 successfully executed, in accordance with the new OM, as follows: <i>Year 2006: At least 20 projects. (US\$ 3,000,000)</i> <i>Year 2007: At least 26 projects. (US\$ 4,000,000)</i>	1.1) Not Achieved – Despite significant improvements in operational efficiency after 2005, CDFS has not been able to execute the number of projects specified here. In addition, not all projects executed have come under the ceiling cost.
	1.2. At least 90% of projects completed with less than one-month contract overrun.	1.2) Not Achieved – Only 32% of all implemented projects were completed with less than one-month overrun. Reasons for delays included factors which could have been avoided (i.e. <i>discrepancy in material type or quality used and design specifications, conflicts with community over labour contribution</i>), as well as those outside of the contractors' or CDFS's control (ex. lack of available materials, weather, inflation).
	1.3. At least 95% of projects built to technical specifications.	1.3) Partially Achieved – All projects were built to technical specifications but over 15% of the projects show defects which could be attributed to faulty specifications, particularly those in the water sector. ³
	1.4. At least 95% of projects used material of quality specified.	1.4) Partially Achieved – 99% of the projects used material of quality specified. However, 5% show defects due to poor quality material. Had the indicators been as suggested in the previous footnote, an unacceptable 20% of the projects show technical defects of one form or another. ⁴

² The difference is significant because the momentum of the project identified in the application discouraged identification of a different priority need, as the community would have had to start the application process over again.

³ The wording of this indicator presents some challenges. Performance indicators should be specific, measurable and tangible to eliminate the use of vague and imprecise statements. For instance, this indicator would have been improved by wording it as '5% of the projects show defects due to technical specifications'.

⁴ To be objectively verifiable, performance indicators should be specific, measurable and tangible, eliminating the use of vague and imprecise statements such as those proposed for this analysis

	1.5. At least 90% of projects properly operating and maintained after project completion.	1.5) Not Achieved – Only about 68% of projects in the sample were functional, reflecting a lack of proper operation and/or maintenance in 32% of projects.
	1.6 100% of poorest people in community benefiting from project operation.	1.6) No Data / Achievement Unknown – There is no information available to measure this indicator.
2. Project cycle established and efficiently operated.	2.1 Average duration of project cycle not to exceed 5 months by end 2006 and 4 months by end of 2007.	2.1) Not Achieved – Due to delays in a significant number of projects this indicator was not achieved. See Figure 1: Range of Delays (months) civil works by Geographic Distribution and Figure 2: No Objection Requests Sent More than Once for IDB Approval on Page
	2.2 At least 90% of projects implemented have a cost variance relative to CDFS estimated cost of < 20%.	2.2) Not Achieved – At least 9 of the 85 projects had a cost variance substantially greater than 20%.
3. Capacity of NGOs and consultants in project preparation, supervision, and community training strengthened.	3.1 By end of 2007 100% of projects use NGOs for community training.	3.1) Partially Achieved – A mix of NGOs and consultants were hired to carry out training. In addition, not all projects received community training, in some cases exceptions were made for already well-organized communities.
	3.2 90% of projects prepared by consultants submitted without making necessary changes.	3.2) Not Achieved – A more precise and appropriate indicator to measure this concept would be: <i>90% of projects prepared by consultants did not result in variations to a maximum of 10% of the project of the project cost.</i> If so, then the indicator was Not Achieved. ⁵
	3.3 No technical construction violates identified by technical supervisor on 95% of completed projects.	3.3) Unclear / Achievement Unknown – For the same reasons stated with reference to the previous indicator, this indicator is unclear and cannot be answered.

⁵ The wording of this question is not reflective of the reality and norms of the construction industry; as in the vast majority of situations, all CDFS projects had some minor changes while some were subject to major changes.

4. Capacity of local communities to participate actively in community-based projects is strengthened.	4.1 At least 95% of beneficiary communities receive training to build local capacity.	4.1) Partially Achieved – According to PEC interviews, 87% of communities that were supposed to receive training received the full package agreed upon between CDFS and PECs in early project stages.
	4.2 At least 50% of participants in community needs assessments and project identification are women.	4.2) Partially Achieved – According to the verification reports CDFS submitted after verification meetings/priority needs assessments were held with communities, in the evaluation sample women accounted for at least 50% of participants in these meetings for 43% of projects. ⁶
	4.3 Project execution committees established and functioning in each beneficiary community with at least 50% being women by 2007.	4.3) Partially Achieved – PECs were established in all communities for all projects during execution, but the evaluation sample showed highly variable results regarding their function after project completion, ranging from complete dissolution to irregular meetings. In cases where NGOs had absorbed the functions of the PEC, project maintenance was better organized. The evaluation sample demonstrated that 50% of PECs were comprised of at least 50% women members at the time the PEC was functioning.
	4.4 At least 25% of beneficiary communities undertake at least one other community-based project within two years of completion of the CDFS project.	4.4) No Data / Achievement Unknown – No regular follow-up with communities was done, therefore the information is not available.

⁶ As projects were identified by either by ranking or chosen by District Commissioners, it is unclear how women's participation in this step can be measured.

Retrofitted Logical Framework (2006 Revision) – Activities

Activities	Indicators	Verification	Assumptions
1. CDFS legally established and in operation.	Notice in official gazette of GoS. Notice of appointment of CDFS Board. Approval of Operations Manual.	1.1 Government letter to IDB. 1.2 Government letter to IDB. 1.3 Letter sent to IDB by CDFS Board indicating approval before first disbursement.	1.1 CDFS Board meets and operates effectively. 1.2 Government gives program high priority and allocates budget on a timely basis.
2. Eligibility criteria for investment projects developed.	Operations Manual given 'no objection' by IDB before first disbursement.	2.1 Evidence that Operations Manual was given 'no objection' by IDB before first disbursement.	2.1 Operations Manual is used and followed.
3. Organize and hold training programs for CDFS staff and Board.	All staff and Board members trained in appropriate areas by December 2003.	3.1 CDFS files.	3.1 CDFS staff and Board receptive to training.
4. Execute workshop for service providers.	At least 3 workshops in technical preparation of projects by December 2003.	4.1 CDFS files.	
5. Hold training programs for NGOs and CBOs and private sector technical and social supervisors.	At least 10 NGOs/CBOs trained in community participation and 20 private sector technical and social supervisors trained by December 2003.	5.1 CDFS files.	
6. Establish special account for IDB loan proceeds.	Account open before first disbursement.	6.1 Evidence of bank account submitted to IDB before first disbursement.	
7. Establish bank account for local counterpart funds.	7.1 Account open before first disbursement.	7.1 Evidence of bank account submitted to IDB before first disbursement.	
8. Inter-agency agreements on coordination of procedures in place.	8.1 Signed agreements between CDFS and relevant agency signed before construction projects signed for community investment projects.	8.1 CDFS files.	8.1 Council of Ministers supportive of CDFS program. 8.2 Effective coordination between communities and government agencies.

9. Investment projects appraised and approved.	9.1 All projects declared eligible are appraised by CDFS and approved by CDFS Board and Bank.	9.1 CDFS files.	9.1 Community continues to support project after submission for eligibility.
10. Registry in place and used for procurement for project preparation, community training, technical and social supervision, and construction.	10.1 All procurement for investment projects use an established registry.	10.1 CDFS reports and files.	10.1 NGOs, individual consultants, service provision firms, and construction firms will agree to be placed in a registry for procurement.

ANNEX IV

Original Logical Framework (2001 Version, Project Document)

Annex I
Page 1 of 5

LOGICAL FRAMEWORK			
Summary	Indicators	Means of Verification	Assumptions
Goal			
Contribute to improving the living conditions and social well being of the poorest communities in Suriname through the participation of civil society.	<ol style="list-style-type: none"> At least 10% of communities in lowest poverty rank improved their access to social services (elevated to higher poverty rank). At least 80% of beneficiary communities find that their living conditions have improved. 	<ol style="list-style-type: none"> Updated Poverty Map (survey) Records of GoS social expenditures Beneficiary Assessment NGOs Survey 	
Purpose			
Increase access of the poorest communities to social and economic infrastructure and services that reflect the priority needs of the community.	<ol style="list-style-type: none"> At least 90% of project identified through community-based priority needs assessment. At least 80% of projects benefit communities in the lowest 50% of poverty map ranking. At least 80% of resource invested in communities in the lowest 50% of poverty map ranking. 	<ol style="list-style-type: none"> CDFS Project files General Bureau of Statistics (ABS) Updated poverty map Mid-term and Ex-post evaluation reports 	<ol style="list-style-type: none"> Beneficiaries access and use services and give proper maintenance to facilities and equipment. The GoS adopts and implements its Social Development and Poverty Reduction Strategy

Annex I
Page 2 of 5

LOGICAL FRAMEWORK			
Summary	Indicators	Means of Verification	Assumptions
Outputs			
1. Sustainable, small scale, locally generated projects that meet the needs of the poorest communities financed and operating.	<p>1.1 By 2003, at least 200 projects with a maximum individual cost of \$75,000 successfully executed, in accordance with the Operations Manuals, as follows:</p> <p>Year 1: at least 30 projects Year 2: at least 50 projects Year 3: at least 70 projects Year 4: at least 50 projects</p> <p>Year 1: at least US\$1.3 million Year 2: at least US\$2.2 million Year 3: at least US\$3.0 million Year 4: at least US\$2.2 million</p> <p>1.2 At least 90% of projects are properly operating and maintained following program completion.</p> <p>1.3 At least 30% of projects and resources benefit communities in the Interior.</p>	<p>1.1 CDFS's MIS and project files 1.2 CDFS Annual Reports 1.3 Certificate of completion of Projects. 1.4 Annual Reports from NGOs, CBOs and other project sponsors.</p>	
2. Project cycle established and efficiently maintained.	<p>2.1 At least 90% of prepared projects are approved.</p> <p>2.2 Average duration of project cycle not to exceed 5 months by mid-term; and 4 months in year 4.</p> <p>2.3 At least 90% of projects implemented have a cost variance relative to CDFS modular cost database of less than 20%.</p>	<p>2.1 CDFS records in MIS 2.2 CDFS records in MIS 2.3 Project files</p>	<p>2.1 CDFS is properly staffed with high quality professionals and support. 2.2 CDFS staff and Board receptive to training and implement knowledge in carrying out their functions</p>

Annex I
Page 3 of 5

LOGICAL FRAMEWORK			
Summary	Indicators	Means of Verification	Assumptions
3. Capacity of NGOs, CBOs and local consultants in participatory project identification, preparation, management and execution strengthened	<p>3.1 NGO/CBO facilitation of participatory priority needs assessments and project preparation increases over the life of the program (targets to be established)</p> <p>3.2 NGOs and other local service providers effectively execute the community training components of CDFS projects.</p> <p>3.3 At least 25% of the projects executed jointly with NGOs and CBOs over the life of the program.</p>	<p>3.1 CDFS training files</p> <p>3.2 CDFS Annual reports</p>	
4. Capacity of local communities to actively participate in community-based projects strengthened.	<p>4.1 At least 75% of the beneficiary communities receive training to build local capacity.</p> <p>4.2 At least 40% of participants in community needs assessments and project identification are women.</p> <p>4.3 Project execution committees established and functioning in each beneficiary community with at least 30% participation of women in year 1 of the program, 35% by mid-term, and at least 40% by the final year of the program.</p> <p>4.4 At least 25% of communities that benefit from CDFS carry out other community-based projects within 2 years of their participating in the CDFS.</p>	<p>4.1 Project profiles/field reports.</p> <p>4.2 Monitoring.</p>	
Activities			
1. CDFS legally established and operational.	<p>1.1 Notice in official gazette of GoS.</p> <p>1.2 Notice of appointment of Board members.</p> <p>1.3 Approved Operations Manual</p>	<p>1.1 Government letter to IDB</p> <p>1.2 Government letter to IDB</p> <p>1.3 Minutes of CDFS Board</p>	<p>1.1 CDFS Board meets and operates efficiently</p> <p>1.2 Government gives program high priority</p>

Annex I
Page 4 of 5

LOGICAL FRAMEWORK			
Summary	Indicators	Means of Verification	Assumptions
	1.4 Contracted CDFS staff 1.5 Satellite offices established and functioning.		and timely allocates budget for counterpart funds.
2. Eligibility criteria for subprojects developed.	2.1 Operations Manual approved by IDB before first disbursement.	2.2 Approved Operations Manual in use.	2. Manual is used and strictly followed.
3. Prepare and implement national and targeted promotion campaign	2.4 5 promotion activities conducted before first disbursement. 2.5 24 activities to promote equitable access to information for all socio-cultural and linguistic groups carried out annually. 2.6 Targeted promotion activities including communities from each of the 11 Amerindian and Maroon tribes annually.	3.1 Executed contract, Board minutes, CDFS files. 3.2 Records of promotion events	3.3 Campaign effective in generating demand for CDFS resources from target population.
4. Organize and hold training programs in the appropriate areas for CDFS staff and Board (see para. XX)	2.7 All staff and members of the Board of the CDFS trained in appropriate areas by December 2000	4.1 CDFS training files.	4. Communities receptive to formal training and CDFS projects produce a demonstration effect on them.
5. Organize and execute workshops for local contractors.	5.1 At least 3 workshops in project preparation and management and participatory methods conducted in the first two years.	5.1 CDFS training files	
6. Organize and hold training programs in the appropriate areas for NGOs and CBOs.	6. At least 10 NGOs/CBOs trained in participatory project identification, project preparation and management.	6 CDFS training files	6.1 NGOs/CBOs receptive to training 6.2 Communities are willing to organize themselves and to contribute to the execution of their own projects.

Annex I
Page 5 of 5

LOGICAL FRAMEWORK			
Summary	Indicators	Means of Verification	Assumptions
7. Establish special account for IDB loan proceeds	7 Account open before first disbursement	7 .Evidence of bank account presented to IDB before first disbursement.	
8. Establish bank account for local counterpart funds	8.Account open before first disbursement	8. Evidence of Bank account presented to IDB before first disbursement.	
9. Poverty map completed, updated and community ranking used as targeting criterion.	9.1 Workshop in CELADE (Santiago, Chile) and poverty map completed before first disbursement.	9.2 CELADE workshop report. 9.3 Poverty map database.	
10. Inter-agency agreements on coordination of procedures in place.	10.1 Signed agreements between CDFS and relevant agency signed before signature of contract for sub-project execution	10.1 Evidence of agreements presented to IDB. 10.2 CDFS project files	10.1 Cabinet of Ministers support CDFS program 10.2 There is effective coordination between communities, sponsors and relevant government agencies for project operation and maintenance.
11. Sub-projects appraised and approved		11. CDFS project files	11.1 NGOs/CBOs assist in project preparation and execution 11.2 CDFS satellite offices function actively in target communities. 11.3 Qualified contractors available to work in the Interior.

ANNEX V Figures and Tables

FIGURE 1: *Range of Delays (months) civil works by Geographic Distribution*¹

Delays	Number of Projects		
	Interior	Urban	Rural
0 months	2	4	2
1 to 3 months	7	5	4
4 to 6 months	3	4	2
7 to 9 months	4	1	
10 to 12 months	3		
more than 12 months			1

FIGURE 2: *No Objection Requests Sent More than Once for IDB Approval*²

Times No Objection sent for approval	Number and Type of Project(s)
2	26 projects ▪ Of which 11 Water Supply
3	2 projects ▪ 1 Electrification, 1 Water Supply
5	1 project ▪ Water supply
6	1 project (2 components) ▪ School & Teachers Accommodation
7	1 project (2 components) ▪ School & Teachers Accommodation
Total	33

¹ Final Evaluation of CDFS; Ayala Consulting, 2008

² SOURCE: Ayala Consulting's econometric modelling of the 1998 FGI Baseline Data, CDFS project

FIGURE 3: *Number of Projects Planned by Community, Socioeconomic Condition & Type of Project*

Poverty status and Community		Water supply	Education	Infraestr. Construction	Electrification	Sport	Health	Total
Extremely Poor		3	2	3	2	2	1	13
	Alliance			1				1
	Erowarte		2					2
	Flora					1		1
	Johanna Margereta			1				1
	Krabo - holo				1			1
	Lust en Rust	1						1
	Margeretenburg			1				1
	Matta	1						1
	Tamanredjo					1		1
	Tout Luit faut	1						1
	Voorburg				1			1
	Ovia olo						1	1
Poor		1	0	1	0	0	0	3
	De Craneweg			1				1
	Leiding 10 a	1						1
	Ovia olo							1
Non-Poor		1	0	0	0	0	0	1
	Leiding 7-a	1						1
Total		5	2	4	2	2	1	17

Source: 1998 FGI Baseline Data , CDFS Project Data