INTER-AMERICAN DEVELOPMENT BANK

Project Completion Report – PCR

Informe de Terminación de Proyecto

Bank Memorandum

Project Name: Multisector Credit and Institutional Strengthening Programs for the Central American Bank for Economic Integration

Project Number: CA0008

Loan Number(s):1011/OC-RG-1 & 1011/OC-RG-2

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Note:

This document includes sections 1 (General Information) and 2 (Bank Memorandum) of the PCR, as well as Annex 1.
Section 3 (Executing Agency Memorandum) is presented in a separate document.
Section 4 are the CRG Minutes
With regard to section 5 (annexes), Annexes 2 and 3 are not include because they are links to the PCR system.
Annex 4 (Exit Workshop Aide Memoire) is presented in separate documents.

General Information

1.1. Development Objective

The objectives of the Program were to: (i) support the efforts of CABEI to gain access to the international financial markets with an investment grade credit rating, and to maintain this rating over the long term, and; (ii) to contribute to the development of the private sector in Central America through the provision of financial resources.

1.2. Basic Data
Project name: Multisector Credit And Institutional Strengthening Program For The Central American Bank For Economic Integration
Project number: CA0008
Loan /TC number: 1011/OC-RG
Executing Agency: Central American Bank For Economic Integration
Loan / TC amount (original): US$100,000,000
Loan / TC amount (current): US$100,000,000
Loan / TC Cumulative cancellations:
Total cost of the project (BID) (Original): US$100,000,000
Total cost of the project (BID) (Current): US$100,000,000
Author of the Bank Memorandum: William Armstrong

Loan approval date: May 28, 1997.
Mid-term evaluation date: April 30, 1999; October 2, 2001 and April 23, 2003
Exit workshop date: September 17, 2004

2.0 BACKGROUND

In 1992 CABEI was experiencing financial difficulties that were caused, at least initially, by the unsustainably high indebtedness of two of its member countries, Nicaragua and Honduras. These countries began to roll their loans over at maturity. In practice a new loan or investment would be made in anticipation of the due date of an existing loan. This practice (la bicicleta financiera) became routine as other member countries began to do the same thing. As a result, CABEI began to lose its preferred creditor status. The effects of these problems weakened CABEI financially and affected the institution's access to financial resources. Ultimately, CABEI's access to financial resources was limited to its own paid-in capital, which was largely tied up in "la bicicleta" and export credit lines, that could only be used to finance imports from developed countries. In order to gain access to the international markets and in order to establish a more adequate financial structure that would enable it to respond more flexibly to the needs of its shareholders, CABEI asked the IDB to help it to design a program to strengthen the institution and to provide it with untied lendable resources.

The analysis of CABEI revealed problems of governance, with political criteria often being used instead of technical criteria in the selection of senior management and the making of loans; and financial problems, mainly insufficient liquidity and the large exposure to two countries that could not service their debts.

A Program was designed to correct these deficiencies. Project preparation activities were started in 1992, but it was not until 1997 that the loan was finally approved by the IDB. The changes in the governance and the establishment of financial policies that were required to strengthen CABEI were broad-reaching and it took some time to negotiate them. In addition, since the IDB would be exposed to the full credit risk of CABEI (loans to sub-regional development banks are not guarantied by the member governments) the IDB wanted to see some progress in the implementation of these changes before making the loan.

The overall objective of the Program was to enable CABEI to achieve an investment grade credit rating and to increase its lending to the private sector. The project's outputs were the Program's conditions, a combination of changes in the governance of CABEI and improvements in its financial management. The idea was that if these outputs were achieved or obtained, then the desired outcomes (a solvent CABEI with a good credit rating and increased lending to the private sector) should follow. The loan was disbursed in three tranches based on detailed evaluations of the compliance of these conditions. The first disbursement was made in April 1999 and the last in April 2003. The operation was, in effect, an early version of a performance based loan.

The Program has been a great success. CABEI now enjoys credit ratings of investment grade or above from all three major rating agencies, and its lending to the private sector has increased by an order of magnitude. Its financial resources have also increased substantially, enabling it to play a more important role in Central America. Its prestige as an institution has grown considerably and we are working closely with them in many areas.

2.1 RESULTS ANALYSIS (OUTPUTS, OUTCOMES AND FUTURE IMPACTS)

2.1.1 Outputs attained. Description of project outputs by components and analysis of factors that influenced project execution.

2.1.1.1. Output Indicators Analysis. Complete the indicators of the outputs attained in this component using the same output indicators retrieved from the PPMR. Compare the indicators in the Achieved and Planned columns. If there is a significant gap between them, briefly explain the factors responsible for the gap.

2.1.1.1 **Analysis of output indicators.** The Program had three tranches, with conditions for the release of each tranche. In addition, there were conditions for the approval of the loan, which were negotiated during project preparation. These conditions were subjected to a detailed analysis during project preparation and on the occasion of each disbursement request. A summary of these analyses is presented below.

Conditions for Approval of the Operation

a. That CABEI should modify its charter to permit non-regional shareholders to play a greater role in the decision-making of the organization.
b. That the charter should be modified to change the way that the president and the vice president were named from a system based on rotation among the founding member countries to a system based on merit.
c. That CABEI should continue discussions with potential new extra-regional shareholders.

These conditions were all complied with and the loan was approved in May 1977. Spain and Colombia became new shareholders and discussions are regularly held with other potential shareholder nations. Currently, discussions are being held with South Korea. CABEI's charter was modified with the result that the extraregional shareholders as a group have a greater say in the governance of the institution, and the president and vice-president of CABEI are now chosen by means of a competitive search process, not by rotation.

Conditions for the First Tranche

Contract conditions common to all three tranches. Some conditions were meant to reflect permanent changes in the way that CABIE does things. Because of their permanence, they were conditions for each tranche. There were two kinds of conditions. Policy conditions were changes that were reflected in policies adopted by CABEI, like the dollarization of the institution or the policy that forbids taking on foreign exchange rate exposure. Financial conditions were conditions reflected in the achievement of certain numerical indicators related to items in CABEI's financial statements.

Policy conditions:

a. The elimination of the practice of restructuring sovereign credits.
b. The elimination of exposure to foreign exchange fluctuations.
c. The charging of market rates of interest to first tier banks.
d. The implementation of the Medium Term Strategy for 1996-2000.

Financial conditions:

a. The relation between total loans and net worth should not exceed 3.5/1.0.
b. The relation between net worth and risk weighted assets should be no less than 35%.
c. The relation between liabilities and net worth should not exceed 3.0/1.0.
d. The relation between loans denominated in local currency and total loans should be less than 7%.
e. Investments in securities representing Central American risk should not exceed $133m.
f. Restricted deposits should not exceed $83m.
g. Exposure to a single country should not exceed 30% of total assets in Central America nor 100% of net worth.
h. Exposure to a single public sector borrower should not exceed 20% of net worth.
i. Exposure to a single private sector borrower should not exceed 5% of net worth.
j. Liquidity in convertible currencies (usually U.S. dollars) should be equal to the greater of (i) net cash requirements for the next 3 years, or (ii) the equivalent of 6 months of cash required for disbursements, debt service, administrative costs and working capital.
k. The liquidity required in the previous condition should be invested in instruments with a maturity of less than one year. 75% should be invested in institutions with at least an investment grade rating.
l. The establishment of: (i) general provisions for loans to the private sector of at least 3% of the portfolio classified as normal; and (ii) specific provisions of from 5% to 100% for loans with a lesser classification.
m. A ratio between (i) paid-in capital plus callable capital from extraregional shareholders and (ii) past due loans plus non-performing loans less reserves for loans to the public sector plus provisions for loans to the private sector should be greater than 2.7/1.0.

All of these conditions were complied with on the occasion of the first tranche evaluation.

Conditions for the First Tranche

a. The agreement between CABEI and Nicaragua for the reduction of Nicaragua's public sector debt owed to CABEI continues to be in effect.
b. That at least 80% of the assets of CABEI and 60% of CABEI's net worth are denominated in U.S. dollars.
c. That with respect to the environment, CABEI is complying with the following actions: i) that the Environmental Unit is functioning in accordance with the understanding between CABEI and the IDB; ii) that environmental criteria are being incorporated into CABEI's loan agreements; iii) that CABEI and the IDB are coordinating their environmental efforts in the Peten.
d. That CABEI has implemented its Credit Policy Manual.
e. That CABEI is applying the Credit Regulations agreed as part of the Program.

All of these conditions were complied with and the first tranche of the loan was declared eligible for disbursement on April 30, 1999.

Conditions for the Second Tranche

Contract conditions common to all three tranches

The condition prohibiting the restructuring of sovereign loans required a waiver because CABEI participated in the HIPC initiative (an initiative that was not in existence when the loan was being prepared) and the initiative required changes to some of the terms of loans made to the participating countries Honduras and Nicaragua. A waiver was given, because by participating in the HIPC program BCIE received substantial compensation from outside donors for loans to Nicaragua and Honduras that would otherwise have been uncollectible. Furthermore, the HIPC initiative was supported by the whole multinational community, including the IDB.

Special conditions for the second tranche

a. The agreement between CABEI and Nicaragua for the reduction of Nicaragua's public sector debt owed to CABEI continues to be in effect.
b. That at least 85% of the assets of CABEI and 70% of CABEI's net worth are denominated in U.S. dollars.
c. That with respect to the environment, CABEI is complying with the following actions: i) that the Environmental Unit is functioning in accordance with the understanding between CABEI and the IDB; ii) that environmental criteria are being incorporated into CABEI's loan agreements; iii) that CABEI and the IDB are coordinating their environmental efforts in the Peten.
d. That CABEI has demonstrated that the resources of the first tranche have been used to make eligible sub-loans to local banks.

Condition a above was not met for the same reason that the condition prohibiting restructurings was not met, i.e, CABEI's participation in the HIPC. Before the HIPC initiative was created, CABEI, as part of the Program with the IDB, had granted debt relief to Nicaragua, that was reflected in the agreement mentioned in condition a above. Eventually the whole multinational lending community realized the need for granting debt relief to these countries, and the HIPC initiative was created. As a result, CABEI was required to modify the debt relief that it had originally granted to Nicaragua, and this modification meant that it was no longer in technical compliance with the condition. A waiver was requested by CABEI and granted by the IDB.

Conditions for the Third Tranche

Contract conditions common to all three tranches

The condition prohibiting the restructuring of sovereign loans was not complied with, due to CABEI's participation in the HIPC. A waiver was given for the same reason as explained above for the second tranche.

Special conditions for the third tranche

a. The agreement between CABEI and Nicaragua for the reduction of Nicaragua's public sector debt owed to CABEI continues to be in effect.

b. That CABEI has concluded the dollarization program, with at least 90% of its assets and 85% of its capital denominated in U.S. dollars.

c. That CABEI has demonstrated that the resources of the second tranche have been used to make eligible sub-loans to local banks.

Condition a continued to require a waiver, for the same reasons given in the explanation above for the second tranche.

2.1.1.2. Identification of achieved outputs. Bearing in mind the output indicators in the different project components, describe briefly the key outputs achieved by this project

1 Changing of CABEI's charter to allow for (i) the more active participation of extra-regional shareholders in the taking of decisions, and (ii) the election of the president and vice-president through a process based on the merit of the candidates.

2 The development of conservative financial policies.

3 The development of conservative credit policies.

4 Some debt relief was provided to Nicaragua and Honduras, in order to reduce total exposure to these countries to amounts consistent with their ability to repay.

2.1.2. Project outcomes and impacts. Description of the project results in relation with its Development Objective (DO or purpose in the project logical framework)

2.1.2.1. Outcome Indicators Analysis. Complete the indicators of achievement in the development objective (outcome) using the same outcome indicators retrieved from the PPMR (key performance indicators). Compare the Achieved and Planned outcome indicators. If there is a significant gap between them, briefly explain the factors responsible for the gap.

The key outcomes that resulted from these conditions/outputs were:

a. an improved governance of CABEI,
b. a consolidation of the financial condition of the institution,
c. better management of risk assets,
d. a reprogramming of the debt with Nicaragua and Honduras,
e. institutional strengthening.
f. Increased lending to the private sector.

An improved governance of CABEI. The improvement in governance came about through the changes in CABEI's charter and through the establishment for the first time of formal, conservative financial policies. As mentioned above, the charter changes were focused on two things – changing the way that CABEI's senior management was appointed and increasing the involvement of extra-regional share holders. The process of changing the charter was set in motion during project preparation, when the approval by CABEI's governors of these changes was made a condition for the approval of the operation. The governors approved the modifications in the charter, and the amended charter was sent to the member governments for ratification by their respective parliaments. During project execution the parliaments of all of the member governments approved the new charter. As a result, last year, for the first time, CABEI's president was selected by means of an executive

search of experienced candidates from Central America, and not by rotation among the member countries, the previous system. In addition, CABEI has two new extra-regional shareholders, Colombia and Spain, participating in the decision-making at the share-holder and board levels.

A consolidation of the financial condition of the institution. Key financial indicators are set out below for fiscal year 1992/1993, when program preparation began and 2002/2003, the last available fiscal year. A substantial improvement in CABEI's financial condition is evident. Total assets have doubled, capital has tripled, and provisions for bad debts have increased six times. Lending to the private sector has gone up eight times, and liquidity is substantially higher. Only in profitability has there been some weakness, but this is due mainly to the fact that fiscal 1993 was a very good year and because, when interest rates are high, like they were back then, multilateral development banks with their large capital, earn higher profits, because they do not have to pay interest on this capital.

Comparison of key indicators
(US$ millions)

	1992/1993	2002/2003
Total assets	1641	3446
Total loans	1132	2684
Provisions/total loans	1.2%	7.5%
Loans to private sector	122	951
Total capital	610	1209
Cash and short term investments	206	630
Debt/equity ratio	1.7x	1.8
Return on assets	3.8%	1.7%
Liquidity/total assets	12.6%	18.3%

Better management of risk assets. CABEI expanded its support to the private sector, as a second-tier bank, by financing medium- and long-term projects, trade finance and the financing of small and micro enterprises. This activity grew from \$122m to \$951m during the preparation and execution of the Program.

Increased financing of private sector risks has required CABEI to adopt risk management policies related to this portfolio. The policies consist of portfolio limits on risk concentration, and on an annual classification of the private sector portfolio conducted by an outside firm. The recommendations of the annual classification are the basis for establishing provisions for the risks assumed.

A restructuring of the debt with Nicaragua and Honduras. The high level of loans to the Nicaraguan and Honduran public sectors represented a serious risk to CABEI, since it was evident that these countries would not be able to service these debts in their entirety. During project preparation, CABEI offered to condone some of the loans to Nicaragua, and stretched out payments to Honduras, something that CABEI was willing to do provided that the remaining loans were serviced punctually. Following these modifications, the remaining

loans began to be serviced. Two years later, these arrangements were folded into the HIPC initiative.

Institutional strengthening. With the assistance of a team of experts from INCAE, CABEI prepared and adopted its first strategic plan. The plan, called the Medium Term Strategy (1996-2000), was later ratified by the organization's board of governors. It set operating goals for CABEI and identified market niches in which the institution had comparative advantages. Additionally, CABEI adopted a new organization structure and a loan processing policy that were designed to reduce the participation of the Board of Directors in the operating activities of CABEI.

Lending to the private sector. CABEI was able to invest IDB funds of US$100 million and US$200m of their own resources in private sector investment projects in Central America. These investments were made through commercial banks in Central America according to the following distribution: Costa Rica (34%), Guatemala (28.5%), El Salvador (13.5%), Honduras (13.1%) and Nicaragua (10.9%). Investments were made in non-traditional exports, manufacturing; energy, tourism, and other productive sector projects. All of these subloans are performing in accordance with their contractual conditions.

2.1.2.2. Identification of intermediate outcomes and initial impacts. Considering the achieved project outputs, to the extent possible, identify intermediate outcomes an initial impacts achieved by this project so far.

➔ Analysis of outcomes and initial impacts

Compliance with the conditions (outputs) of the project led to the achievement of the outcomes indicated above. This, in turn, led to the achievement of the objectives of the Program, which were: to have a strong and healthy CABEI able to finance itself in the international capital markets, and to increase CABEI's financing of private sector activities. The sequence of events that resulted in the project fully meeting its objectives began with changes in CABEI's policies and goals during project preparation, and picked up during execution when the new policies were implemented. One of the key factors that led CABEI's problems was the fact that there was no independent body regulating or supervising the institution. (This, of course, is a characteristic of all MDBs.) Since it had few outside shareholders, the borrowing members dominated the governance of the organization. And since it was financing itself from bilateral sources and from the IDB, it had no need to get and keep a credit rating.

The conditions of the loan were designed in part to substitute for the absence of a regulator/supervisor. They were largely financial conditions designed after consulting with Standard & Poors, the rating agency. CABEI asked S&P to advise it on the kind of liquidity, capital, and profitability that CABEI would need to have in order to obtain an investment grade rating. Financial policies were adopted to guide the institution towards the recommended financial performance and the financial indicators reflected in the policies became the financial conditions of the Program. They are the same kind of indicators that a regulator would look at. By having them as Program conditions, they served the double purpose of providing the kind of discipline that a regulator would have required while guiding CABEI to the rating it desired.

CABEI implemented the new policies embedded in the conditions, and this solved the institution's financial problems. Shortly thereafter, this new financial health began to be recognized by the rating agencies, who gave CABEI increasingly strong ratings until a point was reached in 2003 when all three international agencies rated CABEI at investment grade or above.

Tangible evidence of the success of the institutional strengthening program came in April 2003 when CABEI issued $200m of ten-year bonds. Over fifty investors bid for the bonds and the issue was substantially over-subscribed.

2.1.2.3. Identification of future outcomes and impacts. Considering the achieved outputs, identify expected future outcomes and impacts and describe how these outputs are critical towards the achievement of outcomes and impacts.

➔ Now that CABEI has consolidated its financial strength it is able to increase its lending at a pace that enables it to be an important source of finance for the sub-region. It is no longer restricted by the relatively small amounts of tied funds that were available from bilateral sources and which were one of its main sources of funds before it began to tap the international markets. Now the binding constraint on the development of the Central American countries is not the amount of investment capital available from official and private sources, but the region's ability to absorb it effectively.

Finally, the change in CABEI's charter that gave extra-regional shareholders a more important role has had desirable future outcomes and impacts. In July, 2004 CABEI's shareholders expanded the lending framework to permit loans to extra-regional member countries. This benefits these countries, while enabling CABEI to diversify its risks beyond the five countries it has always lent to. CABEI is now looking for lending opportunities in Mexico, Colombia, Venezuela, Argentina and the Dominican Republic.

2.1.2.4. Analysis of assumptions (from outputs to outcomes). Identify the necessary conditions towards the achievement of the project outcome and explain why they are necessary

➔Two assumptions were important here. The first was that improvements in CABEI's governance and financial condition would lead to a substantial improvement in its credit rating. The second was that the improved financial position would enable CABEI to increase lending to the private sector. In the event, both of these assumptions were true.

2.1.2.5. Recalculation of the Internal Rate of Return (IRR). If the project included ex-ante a calculation of the project's expected rate of return, what was the expected rate of return and what is the observed rate of return?

➔ N/A

2.1.2.6. Recalculation of other cost analysis indicators. If the project included ex-ante any other economic evaluation estimates (cost-effectiveness, efficiency-efficiency and/or cost-benefit analysis), what was the expected indicator and what is the observed indicator?

2.1.2.7. Rating of project effectiveness in terms of the development objective (DO). Bearing in mind the analysis in sections 2.1.1. and 2.1.2., rate the project effectiveness in terms of attainment of the development objective.

[x] Very Effective (VE)   [ ] Effective (E)   [ ] Marginally Effective (ME)   [ ] Ineffective (I)

(Explain your rating)

➔ This complex project has resulted in significant and permanent changes to CABEI. Even CABEI's charter has been changed, an act that had to be ratified in the congresses of the member countries, since it amounted to changing the treaty under which CABEI had been created.

2.2. IMPLEMENTATION ANALYSIS

2.2.1. Project's performance measurement

2.2.1.1. Elements for monitoring and evaluation. In a scale from 1 a 4 assess the quality of the following elements required for project monitoring and evaluation:

1. Problem analysis	Low ←[ ] [ ] [] [4] → High [ ] N/A
2. Intervention Strategy in response to the problem (rationale)	Low ←[ ] [ ] [] [4] → High [ ] N/A
3. Identification of expected outcomes and impacts	Low ←[ ] [ ] [3] [ ] → High [ ] N/A
4. Identification of expected outputs	Low ←[ ] [ ] [ ] [4] → High [ ] N/A
5. Indicators of expected outcomes	Low ←[ ] [ ] [ ] [4] → High [ ] N/A
6. Indicators of expected outputs	Low ←[ ] [ ] [ ] [4] → High [ ] N/A
7. Baseline for expected outcomes	Low ←[ ] [ ] [ ] [4] → High [ ] N/A
8. Baseline for expected outputs	Low ←[ ] [ ] [ ] [4] → High [ ] N/A
9. Assumptions from outputs to outcomes	Low ←[ ] [] [3] [ ] → High [ ] N/A
10. Assignment of responsibilities for data collection	Low ←[ ] [ ] [3] [ ] → High [ ] N/A

11. Project implementation plan Low ←[ ] [ ] [ ] [ ] → High [x] N/A

12. Procurement plan Low ←[ ] [ ] [ ] [ ] → High [x] N/A

2.2.1.2. Critical factors analysis in the project design. Considering the elements assessed above, describe which were the main factors (maximum 3) that had a major influence (negatively or positively) in the project performance measurement.

→
The identification in the Loan Report of the project outputs and their indicators was key to the success of the Program. As mentioned earlier, this use of output indicators was similar to what the IDB now refers to as a performance based loan. Within the outputs, those that were financial outputs/conditions were particularly important. Once these were identified and their measurement was defined, a virtuous cycle was set in motion where, by meeting these indicators, the organization became financially stronger. This strength was recognized by the rating agencies who rewarded CABEI with more or less continually improved ratings. At the end of the Program, CABEI enjoyed strong ratings from all three agencies and access to the world's capital markets. As a result, institution was in a position to grow as rapidly as it needed to in order to serve its market.

2.2.1.3. Lessons learned for the project design (adopted measures). Describe in a concise way what measures were adopted to improve the project design in those aspects related with performance measurement.

→ **Take your time.** The institutional strengthening component of the operation was really a restructuring of CABEI . It was a complex process, because habits learned over 30 years of operation needed to be reversed, and because CABEI is a multilateral institution with all of the political pressures that this implies. Accordingly, it took time to identify the strengthening measures that were required, to structure them and to negotiate them. Furthermore, since the IDB had no sovereign guaranty for the loan, we needed to be sure that the institutional strengthening process had begun before we approved the loan. Because of these factors it took time to structure and negotiate the loan, time that was rewarded later on by the success of the operation.

Be imaginative and ambitious: The IDB can design and approve projects that solve complex problems if project teams use their experience and that of their consultants in designing the projects. In this case, the IDB designed outputs or conditions that covered financial, governance and environmental aspects of the operation. The design of complex operations is an art, not a science, and successful project design requires experienced staff.

2.2.1.4. Lessons learned for the project design (alternative measures). Based on your experience in this project, describe in a concise way what alternative measures you recommend to improve project performance measurement in the design of future operations.

→ **Avoid overly complex conditionality:** The operation had over 20 special conditions, whereas 15 might have been sufficient. With this many conditions, it is almost inevitable that some of them will not be met and will require a waiver. Waivers of any kind send up a red flag in the IDB, and slow down the disbursement process. It is especially important to be

careful when using conditions that are related to the achievement of the same result, because if one is not complied with the related ones will also not be fulfilled. This can give the impression that there is something seriously wrong with the Program. In this Program, there were two conditions related to reducing exposure to Nicaragua. On the occasion of the second disbursement, waivers had to be requested for both of them because CABEI had agreed to give Nicaragua debt relief under the HIPC initiative.

$10m limit too small. The project limited onlending to projects with a total cost of no more than $10m. In practice, this was too small for an institution with total resources of approximately $3b and slowed the execution of the loan.

The switch to dollar window. The commitment of the resources for the second tranche was slow, because the IDB resources began to be priced out of the market. Dollar lending in Central America is usually tied to short-term libor rates of interest. However, the IDB resources from the single currency facility have a price based on the average longer-term rates that the IDB customarily borrows in. When interest rates fell substantially in 2000-2002, the IDB rates dropped only marginally and were no longer attractive to CABEI's bank customers. Accordingly, a switch was made to dollar-window pricing, which simultaneously put the pricing onto the same libor basis that the banks were accustomed to and substantially lowered the interest rate. The funds were disbursed quickly after this change was made.

2.2.1.5. Available information during project implementation. In a scale from 1 to 4 rate the level and quality of compliance of the following tasks that should be undertaken by the Executing Agency to obtain the necessary information for project performance measurement:

1. Establishment of processes and mechanisms for data gathering and data analysis (sources of data, responsibilities, periodicity and characteristics of the information)	Low ←[ ] [ ] [3] [ ] → High	[ ] N/A
2. Data gathering for the outcomes base line	Low ←[ ] [ ] [ ] [ ] → High	[x] N/A
3. Data gathering for the outputs base line	Low ←[ ] [ ] [ ] [4] → High	[ ] N/A
4. Data gathering, data analysis and reporting of information on available resources (inputs) and undertaking activities	Low ←[ ] [ ] [ ] [ ] → High	[x] N/A
5. Data gathering, data analysis and reporting of information on project outputs and their contribution to the achievement of expected outcomes	Low ←[ ] [ ] [3] [ ] → High	[ ] N/A
6. Data gathering, data analysis and reporting of information on project outcomes and impacts and their contribution to sectoral and national goals	Low ←[ ] [ ] [ ] [ ] → High	[x] N/A

2.2.1.6. Critical factors analysis for performance measurement during implementation. Considering the elements assessed above, describe which were the main factors (maximum 3) that had a major influence (negatively or positively) in the project performance measurement during its implementation**.**

➔ Positive: Since most of the project indicators were financial numbers, it was possible to measure project performance in an objective way, with reference to figures independently verified by a third party -- CABEI's outside auditors.

Negative: Two of the ratio indicators were ambiguously specified, which made it difficult to assess their compliance.

2.2.1.7. Lessons learned during project implementation (adopted measures). Describe in a concise way what measures were adopted to obtain the required information (in the expected quantity and quality) for the project performance measurement.

➔ In order to be able to demonstrate compliance with the conditions for the eligibility of the first disbursement, CABEI used the service of two consultants. To analyze eligibility for the second disbursement one consultant was needed. For the third, no consultants were required, and CABEI made the eligibility request themselves. Thus, it was clear that that the organization was learning. (We were too!)

2.2.1.8. Lessons learned for the implementation (alternative measures). Based on your experience in this project, describe in a concise way what alternative measures you recommend to improve project performance measurement in the implementation of future operations.

➔
N/A

2.2.2. Factors affecting project implementation (according to PPMR)

The cost of the IDB's single currency resources was higher than the price the market was accustomed to. See 2.2.1.4. above.

2.2.3. Analysis of critical factors affecting project success

Critical factors affecting output delivery

2.2.3.1. Identification of negative factors to produce outputs. Describe which were the main factors (maximum 3) which affected negatively the implementation of project components and the delivery of products (outputs) in terms of quantity, quality and timeliness, and explain why.

➔ None identified.

2.2.3.2. Identification of positive factors to produce outputs. Describe which were the main factors (maximum 3), which contributed positively to the implementation of project components and the delivery of products (outputs) in terms of quantity, quality and timeliness, and explain why.

➔ The commitment of CABEI and its shareholders to strengthen the organization.

Critical factors for achieving project outcomes

2.2.3.3. Identification of negative factors for the achievement of outcomes. Describe which were, the main factors (maximum 3), which affected negatively the achievement of project outcomes and explain why.

➔ The financial condition of Nicaragua and Honduras made it difficult to achieve

improvements in ratings. Also, concerns about portfolio concentration made it difficult to increase lending to the private sector.

The high cost of the Single Currency Facility (SCF) impeded the commitment of the resources (until the pricing was changed to dollar window.)

2.2.3.4. Identification of positive factors for the achievement of outcomes. Describe which were the main factors (maximum 3), which contributed positively to the achievement of project outcomes and explain why.

➔ CABEI's ownership in the Program.

2.2.4. Analysis of project management and lessons learned

2.2.4.1. Project Management Analysis. Identify and analyze the effectiveness of adopted measures to address the problems and capitalize on the opportunities related with the critical factor analysis and explain how they were put into practice.

➔ Disbursements under the dollar window can be complicated to make. Unlike disbursements made under the single currency facility (which can be made at any time), disbursements under the dollar window must be made on only four dates each year. This creates a need to orchestrate a delicate coordination among the fulfillment of conditions, the meeting of the dates of the contract, the need for funds, and the commitment on the part of the borrower of funds, that is totally unrelated to the achievement of the goals of the Program.

2.2.4.2. Lessons learned on project management. Based on your experience with this project, and considering the effectiveness of adopted measures mentioned in the project management analysis, describe in a concise way what alternative measures you recommend to address the problems that may arise during the implementation of similar future projects.

➔ (We are interpreting the concept of similar project to mean a project in which the IDB supports a substantial restructuring of a govt-owned financial institution facing serious problems.)

Make disbursements conditional on demonstrable improvement of the borrower's financial condition.

Try to introduce a condition related to the achievement of a particular credit rating. In this way, the compliance of the condition will be determined by an independent third party expert, and the achievement of the rating could introduce cultural changes within the borrower that are sustainable.

Rating project implementation (IP)

2.2.4.3. Rating project implementation. Rate the project implementation considering the above management analysis and the obtained project outputs in the expected quantity and quality,

reasonable timeframe, and reasonable costs.

[x] Very Satisfactory (VS) [ ] Satisfactory (S) [ ] Unsatisfactory (U) [ ] Very Unsatisfactory (VU)

(Explain your rating)

➔ The project achieved its key outputs, in quantity, quality and with reasonable costs. With regard to timeframe, a 24 month extension for the last disbursement was required. A combination of three factors caused the need for the extension. The first was that it took CABEI longer than expected to fulfill the conditions for the first tranche. The second was that demand for the loan's resources fell off when dollar interest rates fell faster that the rates on the IDB loan. And the third was related to changing the loan agreement to reflect the change to the dollar window.

2.3. SUSTAINABILITY ANALYSIS

2.3.1. Institutional / Organizational Strengthening (IOS)

2.3.1.1. Areas strengthened or improved by the project. Identify those institutional / organizational areas strengthened or improved by the project, directly or indirectly, and indicate the level of influence (national, regional, local).

Institutional / Organizational Area	Yes	No	N/A	Level: National	Level: Regional	Level: Local
1. Legal and regulatory framework	[x]	[ ]	[ ]	[ ]	[x]	[ ]
2. Procedures, manuals, operational guidelines	[x]	[ ]	[ ]	[ ]	[x]	[ ]
3. Capacity						
3.1. Top management capacity	[x]	[ ]	[ ]	[ ]	[x]	[ ]
3.2. Middle management capacity	[ ]	[ ]	[x]	[ ]	[ ]	[ ]
3.3. Information Systems capacity	[ ]	[ ]	[x]	[ ]	[ ]	[ ]
3.4. Performance measurement (M&E capacity)	[x]	[ ]	[ ]	[ ]	[x]	[ ]
3.5. Client-oriented service	[x]	[ ]	[ ]	[ ]	[x]	[ ]
4. Functional and organizational structure	[ ]	[ ]	[x]	[ ]	[ ]	[ ]
5. Planning	[x]	[ ]	[ ]	[ ]	[x]	[ ]
6. Budgeting / Financial management	[x]	[ ]	[ ]	[ ]	[x]	[ ]
7. Intra- / Inter-sectoral coordination	[ ]	[ ]	[x]	[ ]	[ ]	[ ]
8. Intra - / Inter-organizational coordination	[x]	[ ]	[ ]	[ ]	[x]	[ ]
9. Staffing / Human resources development	[ ]	[ ]	[x]	[ ]	[ ]	[ ]
10. Procurement	[ ]	[ ]	[x]	[ ]	[ ]	[ ]

11. Self-evaluation, auditing & accountability	[x]	[ ]	[ ]	[ ]	[x]	[ ]

2.3.1.2. I/O Strengthening achieved by the project in the country. Describe the project's most significant contributions (maximum 3) to the institutional / organizational strengthening in the country.

➔ N/A

2.3.1.3. I/O Strengthening achieved by the project in the Executing Agency. Describe the project's most significant contributions (maximum 3) to the institutional / organizational strengthening in the Executing Agency. Compare the current situation with the situation before the project.

➔ CABEI's Department of External Financing (the executing unit) learned to prepare requests for disbursements. Although some assistance from consultants was required to prepare the disbursement requests for the initial tranches, CABEI was capable of preparing and submitting the eligibility request for the third tranche.

➔ In addition, this executing unit, was always prompt to comply with our information requirements, and it was and still is well organized.

2.3.1.4. Rating the project's contributions to Institutional / Organizational Strengthening.

[x] Very Relevant (VR)   [ ] Relevant (R)   [ ] Partially Relevant (PR)   [ ] Irrelevant (I)

(Explain your rating)

➔ See the rest of this PCR (this project was an institutional strengthening project).

2.3.2. Project Sustainability

2.3.2.1. Scope of project sustainability. Through consultation with the Executing Agency, define what actions, services and/or outputs should be sustained, and for how long, to ensure the sustainability of the expected project's outcomes and future impacts.

➔ CABEI should continue to work with the rating agencies to keep and improve their rating.

2.3.2.2. Basis for sustainability analysis. In a 1 to 4 scale estimate the probability of the existence during the first year after project completion (and the termination of IDB financing) of the following institutional and organizational settings, arrangements or resources in the country, needed to sustain the products, actions, services, outputs, outcomes and future impacts initiated by the project and described in 2.3.2.1.

Institutional / Organizational arrangements and resources	Probability

1. Executing Agency top management's support	Low ←[ ] [ ] [ ] [4] → High	[ ] N/A
2. Policy, legal and regulatory framework	Low ←[ ] [ ] [ ] [4] → High	[ ] N/A
3. Preparedness and organizational capacity	Low ←[ ] [ ] [ ] [4] → High	[ ] N/A
4. Inter-organizational coordination	Low ←[ ] [ ] [ ] [x] → High	[ ] N/A
5. Availability of financial resources	Low ←[ ] [ ] [ ] [x] → High	[ ] N/A
6. Key personnel	Low ←[ ] [ ] [ ] [x] → High	[ ] N/A
7. Financial resources for infrastructure maintenance	Low ←[ ] [ ] [ ] [ ] → High	[x] N/A
8. Project beneficiaries' support	Low ←[ ] [ ] [] [ ] → High	[x] N/A
9. National government support	Low ←[ ] [ ] [ ] [x] → High	[ ] N/A

2.3.2.3. Root-cause analysis of factors affecting negatively the project sustainability. Considering the estimates described in the previous question and the factors, which may affect the project sustainability, identify concrete reasons why the future impacts, immediate outcomes, products, actions and/or services described in 2.3.2.1. may not be sustainable, and explain why.

➔ The project has resulted in permanent changes in the way that CABEI manages its business – even the institution's charter has been changed. Because the new focus on keeping and improving the rating requires a continued adherence to the new way of doing things, the program is expected to be fully sustainable.

2.3.2.4. Root-cause analysis of factors contributing positively to the project sustainability. Considering the previous analysis, and the factors, which may affect the project sustainability, identify concrete reasons why the future impacts, immediate outcomes, products, actions and/or services described in 2.3.2.1. may be sustainable, and explain why.

➔ Having achieved investment grade credit ratings, CABEI naturally does not want to lose them. They have become self-reinforcing goals that help to ensure the sustainability of CABEI's newfound financial strength. Now the rating agencies perform a continual analysis and supervision of CABEI's financial health. In this way they provide the outside independent guidance of CABEI's financial health and policies that was lacking before. Additionally, this financial health is recognized in the marketplace, where it is reflected in access to capital at reasonable rates of interest. CABEI now carefully monitors its ratings, in order to ensure continued access to the markets at reasonable rates of interest and this helps to insure that the results of the Program are sustained in the future.

2.3.2.5. Lessons learned on sustainability (adopted measures). Based on your experience with this project, and considering the previous analysis, describe in a concise way what measures adopted in the project design and/or implementation were effective towards project sustainability, and explain how they were put into practice.

➔ The identification/selection of achieving a particular credit rating as the objective of the

Program, rather than the achievement of selected financial goals was crucial to achieving sustainability. Such an objective is self-policing, because the organization naturally wants to receive improvements in its rating. Also, it enables the success of the Program to be determined by an independent third party, and not by the IDB or the borrower.

2.3.2.6. Lessons learned on sustainability (alternative measures). Based on your experience with this project, and considering the previous analysis, describe in a concise way what alternative measures you recommend during project design and/or implementation to improve the sustainability of future projects.

➔ When restructuring financial institutions, introduce the obtention of an improved rating as a goal.

2.3.2.7. Sustainability action plan. Considering the previous analysis, describe the significant actions that the Borrower and/or the IDB should undertake during the next year to ensure sustainability of future impacts, outcomes, products, actions and/ or services identified in 2.3.2.1.

➔ The Borrower should strive for further improvements in its credit rating.

2.3.2.8. Rating project sustainability. Considering the previous analysis and the probability of implementing the Sustainability Action Plan, rate the probability for the sustainability of this project during the next three (3) years:

[x] Very Probable (VP) [ ] Probable (P) [ ] Low Probability (LP) [ ] Improbable (I)

(Explain your rating)

➔See above.

2.4. EXECUTING AGENCY PERFORMANCE

2.4.1. Executing Agency performance in key areas. Assess the Executing Agency Performance (including co-executors and the Project Executing /Coordinating Unit) in the following areas:

1. Participation and quality of its contributions during project design	Low ←[ ] [2] [ ] [ ] → High [ ] N/A
2. Organization for project execution (Executing/Coordinating Unit's staff, infrastructure, coordination, communication, etc.)	Low ←[ ] [ ] [3] [ ] → High [ ] N/A
3. Coordination and integration of the project Executing/ Coordinating Unit with the Executing Agency	Low ←[ ] [ ] [ ] [4] → High [ ] N/A
4. Establishing a monitoring and results framework (baseline data, systems, procedures, data analysis and reporting, etc.)	Low ←[ ] [ ] [3] [ ] → High [ ] N/A
5. Executing/Coordinating Unit's management and decision-making capacity	Low ←[ ] [ ] [3] [ ] → High [ ] N/A

6. Timeliness in the fulfillment of the IDB's policies, procedures and contractual clauses	Low ←[ ] [2] [ ] [ ] → High [ ] N/A
7. Financial management (securing counterpart resources, disbursements, quality and timeliness of AFS, etc.)	Low ←[ ] [ ] [3] [ ] → High [ ] N/A
8. Timeliness and efficiency for procurement of goods, works and consulting services	Low ←[ ] [ ] [ ] [ ] → High [x] N/A
9. Executing Agency top-level management's leadership, ownership and support to project execution	Low ←[ ] [ ] [ ] [4] → High [ ] N/A
10. Concrete actions to secure project sustainability	Low ←[ ] [ ] [ ] [4] → High [ ] N/A

As explained elsewhere, there were some delays in project preparation and execution that required an extension of the Program. For this reason relatively low ratings are given in 1 and 2 above. However, since the Program complied more than fully with its objectives and expectations, the overall rating given to the executing agency is very high.

2.4.2. Lessons learned on organization and management of the PCU (adopted measures). Based on your experience with this project, identify what adopted measures regarding the structure, organization and processes of the Coordination/Executing Unit, as well as the personnel profiles, were effective and analyze how they were put into practice.

➔ When an organization's normal functions include activities similar to those of the project, it is not necessary to create, staff and pay for a PCU. The PCU for this project was the Department of External Financing in CABEI. As its name suggests, this department is responsible for obtaining funding from external donors and from the capital markets. Accordingly, it is accustomed to executing donor-funded programs so there was no need to create a special unit nor was there any need in this case to strengthen the unit. The PCU did not change during project preparation and execution, a fact that contributed to the success of the Program. Furthermore, it was continually staffed with experienced personnel with the proper level of decision-making authority.

2.4.3. Lessons learned on organization and management of the PCU (alternative measures). Considering the above assessment, if in a future project you would have the opportunity to re-design the structure, organization and processes of the Coordination/ Executing Unit, as well as the personnel profiles, describe the alternative measures you would propose to improve their performance.

➔ Would not change anything.

2.4.4. Rating the Executing Agency performance. Based on the above performance assessment made in this section, on the achieved project results, as well as on the Executing Agency's efficiency during project implementation, rate the Executing Agency performance:

[x] Very Satisfactory (VS) [ ] Satisfactory (S) [ ] Satisfactory (S) [ ] Very Unsatisfactory (VU)

(Explain your rating)

➔ See above.

2.5. FOUNDATIONS FOR THE EX-POST EVALUATION

2.5.1. Provisions for ex-post evaluation. Establish if this operation requires an ex-post evaluation according to the Loan Agreement. If applicable, provide the following information about the provisions taken (see agreements among the IDB, Borrower and Executing Agency in the Project Completion Workshop Aide Memoire):

1. Does the Loan Agreement require an ex-post evaluation for this operation?	[x] No [ ] Yes
2. What will be its schedule?	Start up date: DD MM YY Submission date: DD MM YY
3. Who are the responsible parties for carrying out the evaluation?	[ ] IDB [ ] Borrower
4. What is the estimate of the costs involved?	USD$
5. How the cost involved will be financed?	[ ] IDB loan's funds [ ] Borrower financing [ ] Other source

If financing comes from other source, please specify:

➔

2.5.2. Analysis of the ex post evaluation capacity. Review the capacity of the Executing Agency, as well as its infrastructure and information systems to collect, review and report information on the achievement of future outcomes and impacts, and the main negative and positive factors that may affect this evaluation.

➔

2.6. OTHER LESSONS LEARNED AND RECOMMENDATIONS

In addition to the lessons learned and recommendations recorded in previous sections of this report, this section offers users the opportunity to state the lessons learned and recommendation that may be helpful in the design and/or implementation of new projects

➔

Annexes 1A y 1B
Project Financing

Annex 1A
Source of Financing
(Amounts in millions of US Dollars)

Investment Category	Original				Current				Gap as % of Original			
	BID (1)	Borrower (2)	Other Sources (3)	Total (4)	BID (5)	Borrower (6)	Other Sources (7)	Total (8)	BID (9)	Borrower (10)	Other Sources (11)	Total (12)
1. Primer Tramo (1999)	30,0	-	-	30,0	29,7	-	-	29,7	99%	-	-	99%
1. Segundo Tramo (2001)	40,0		-	40,0	39,4	-	-	39,4	98,5%		-	98,5%
2. Tercer Tramo (2003)	30,0	200	-	230,0	29,9	263,4	-	293,3	99,7%	132%	-	114,5%
87. Capitalization Charges	-		-	-	1,0		-	1,0	-		-	-
TOTAL	**100,0**	**200,0**	**-**	**300,0**	**100,0**	**263,4**	**-**	**363,4**	**100%**	**132%**		**121,1%**

Annex 1B
Schedule of Investments
(Amounts in millions of US Dollars)

Year	Original				Current				Gap
	BID (1)	Borrower (2)	Other (3)	Total (4)	BID (5)	Borrower (6)	Other (7)	Total (8)	(8)- (4) (9)
1999	N/A		-		29,3	-	-	29,3	
2000	N/A				1,0	-		1,0	
2001	N/A				0,4	-		0,4	
2002	N/A				39,4	-		39,4	
2003	N/A	200,0			29,9 (-40,1 + 70)	263.4		293,3	
TOTAL					100,0	263,4	-	363,4	

* No se requería plan de acción por ser este un programa multisectorial de crédito. Incluye “capitalization charges” que se debitaron en el 2000 y 2001 y que en el 2003 fueron acreditados a favor del préstamo.

ANNEX 1-C
Financial Information and Audited Financial Statements
(To be completed by the Financial Specialist in the Country Office)

1. Capacity of the Executing Agency: Evaluate in general the Executing Agency's capacity to manage efficiently and transparently the project resources (information systems, procedures, capacity of staff, etc.)

➔
BCIE was a very good executing agency and its institutional organization permitted a good administration of the loan. The operation was assigned to the Finance Division (Executing Unit). They became responsible for the compliance of contractual clauses and the preparation of disbursements requests. The staff in that department was very professional and highly committed to achieving the objectives of this operation.

2. Accounting System and Internal Control: Evaluate the efficiency of the accounting and internal control systems used by the Executing Agency during the implementation of the project to produce trustworthy financial information in a timely fashion.

➔
BCIE has an accounting as well as a treasury department in charge of the preparation of Annual Financial Statements and of any supplementary financial information, required by the Bank. Once again, the Executing Unit depended upon the institutional organization for the appropriate follow up of this operation.

3. Quality of the financial Information: Evaluate the quality of the financial information presented to the IDB by the Executing Agency during the implementation of the project (Progress Reports, Reports on the Revolving Fund, Financial Statements, etc.)

➔
The quality of their reports was very good and professional.

4. Audited Financial Statements: Taking into consideration the track record appearing in the LMS about the ratings of the Audited Financial Statements (Unqualified, Qualified, Adverse, Disclaimer), evaluate in general terms the quality and timeliness of presentation of the Audited Financial Statements.

➔ According to the LMS ratings, the Audited Financial Statements (EFAs) for the Executor and the Project were unqualified. Concerning the timeliness of their presentations, they were presented "late" (past due April 30th). However, the reason for this delay was that BCIE´s economic year ended in June. Moreover, the EFAs had to be approved by their Board of Directors before distribution. The Board Meetings were held every October, and consequently were received them at the end of the year.

5. Lessons learned: Identify principal lessons learned from the execution of this operation, which could be used to improve financial and accounting management in future, operations.

- From the financial specialists point of view, this operation was part of the Honduras Portfolio. It demanded time and effort to review disbursements and EFAs and to carry out financial

inspections. However, it was a regional project, and as such it was not considered as part of the COF´s Portfolio. The disbursements do not count as part of the country net flow, because they are not received by the government. Therefore, they do not add to the total disbursement of the COF. Also, it was never analyzed during the Portfolio Review Missions, and it was barely mentioned in the Annual Review Reports. Nevertheless, the operation achieved very important results and they are not mentioned anywhere, except in this document and the PPMR.

- A regional operation is part of the work load of the sectorial and financial specialist and it does not "count". Furthermore, is part of the functions of the COF and it does not "count". Thus, we suggest the Bank reconsiders the way it manages regional operations.
- Art. 4.07, (a) and (b), Fondo Rotatorio, (Normas Generales, Modificación 1 del Préstamo 1011/OC-CA) has to be modified to make it coherent with the restrictions of dollar window disbursements. The 5% amount and replenishment procedures of a "Fondo Rotatorio" do not work in real life, when there are only 4 times during a year to carry out disbursements.

REGIONAL (HO)

Multisector Credit and Istitutional Strengthening Programs for the Central American Bank for Economic Integration

1011/OC-RG (CA0008)

Project Completion Report (PCR)

Comité de Revisión Gerencial (CRG)
December 3, 2004

I. PARTICIPANTS

The following people participated in the meeting: Marcelo Antinori (RE2/FI2), as chairman; William Armstrong (RE2/FI2); José Justiniano (RE2/FI2); John Hastings (RE2/RE2); Sandra Bartels (RE2/RE2); Alvaro Flores (HRD/LRN), and Adriana Maraviglia (ROS/PMP). Through videoconference, Ileana Pinto, Cristóbal Silva, and Fernando Pavón (COF/CHO) were also present.

II. CONCLUSIONS

The CRG reviewed the Project Completion Report, congratulated the PCR team for the quality of the document and recommended that the following observations be incorporated.

III. AREAS DISCUSSED AND RECOMMENDATIONS:

During the meeting the following items were discussed:

- **Quality of project design and implementation:** The CRG noted that the creative design of the project enabled it to be successfully implemented.

- **Organization and format of the PCR:** The Committee noted that the format of the document was clear and easy to follow. The project team explained that they used a Word version of the PCR, not the macro that exists in the Bank's systems. The Word version is much easier to use and permits modifications that enable the results of the project to be presented in a clear way. The CRG recommended that the Word version of the PCR document be used for future PCRs.

- **Time required to prepare and execute the operation:** The CRG recommended that the text of the PCR mention key dates (initiation of preparation, approval and termination) in order to give the reader a clearer idea of the sequence of events and why the project took a long time to prepare and execute.

- **Use of resources**: The CRG requested some clarification in the document on the results of the sub-projects financed by the operation. Specifically, something should be said about whether the sub-project loans are being serviced by the commercial banks on their due dates.

- **Performance driven loan:** The CRG noted that the operation was a good example of a performance driven loan. The performance driven nature of the loan should be more clearly described in the PCR.

- **Lessons learned:**

  - The CRG noted that part of the reasons for the project's success was that the project objectives were clearly stated, they were specific, and easily measured. It recommended that future Bank projects take special care to ensure that a project's objectives have these qualities.
  - The CRG noted that the Bank's systems for allocating budget resources and human resources for project implementation does allocate any resources to the implementation of the regional projects. In future, resources should be allocated to these projects in order to create the proper incentives for Bank staff to dedicate time to the administration of regional operations.
  - It was noted that the requirement that dollar-window resources be disbursed on only four dates during the year creates operational problems and makes it difficult to utilize the 5% revolving fund that is a feature of many projects. Project teams should be careful when preparing dollar window financed projects to ensure that the project can meet the disbursement conditions and the fixed disbursement dates of the dollar window. If these fixed disbursement dates cause problems, the utilization of the Libor option for the single currency facility should be considered.

IV. PCR REVIEW

El CRG recommended that COF/CHO and RE2/FI2 incorporate the above recommendations to the PCR, and present it to Management for publication.

______(original firmado)____________	____(original firmado)_________
Marcelo Antinori, RE2/FI2	William Armstrong, RE2/FI2
Presidente del CRG	Secretary