



Project Completion Report



Proyecto de Agua Potable en Family Islands

Project Number: BH0025

Loan: 1112/OC-BH

PCR



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General Information

1.1. Development Objective

- A. Improve quality of public water service for several small settlements in the Family Islands.
- B. Increase financial autonomy of WSC
- C. Initiate removal of ground water pollution

1.2. Basic Data

Project Name	Proyecto de Agua Potable en Family Islands		
Project Number	BH0025	Project Type	PESP
Country	BH	Sector	OS
Date Approved	1998-07-29	Date Completed	Missing
Executing Agency(ies)	WATER AND SEWERAGE CORPORATION / MINISTRY OF WORKS		
Loan Amount(s) (Original)	\$14,000,000.00		
Loan Amount(s) (Current)	\$10,632,274.00		
Loan Cumulative Cancellations	\$3,367,726.00		
Total Cost of the Project(IDB) (Current)	\$20,000,000.00		
Total Cost of the project(IDB) (Original)	\$20,000,000.00		
Name of all specialists in charge of the project at HQ	SERGIOAR, EFRAINR, SCAMPOS		
Name of all specialists in charge of the project at COF	OSCARSP, VELJKOS, TREVORB		
Author of the Bank Memorandum			



Author of the Borrower and Executing Agency Memorandum

Loan Number(s)	Original Amount	Cancel Amount	Current Amount
1112/OC-BH	\$14,000,000.00	\$3,367,725.75	\$10,632,274.25

A.

1.3. Summary of Ratings

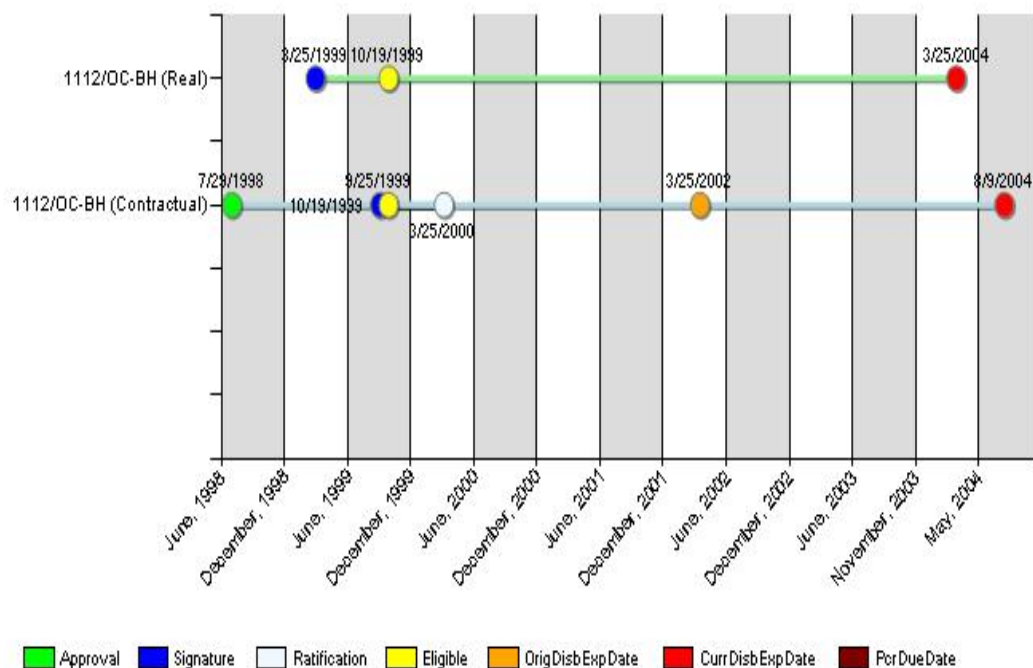
1.3.1. PCR Ratings

By Bank	Rating	By the Executing Agency	Rating
• Development Effectiveness (DO)	VU	• Development Effectiveness (DO)	
• Project Implementation (PI)	U	• Project Implementation (PI)	
• Institutional/Organizational Development (IOD)	PR	• Institutional/Organizational Development (IOD)	
• Project Sustainability (PS)	I	• Project Sustainability (PS)	
• Executing Agency Performance (EXP)	S	• Bank Performance (BP)	

1.3.2. Last 10 PPMR Ratings (IP, AS, DO)

1998 Dec.	1999 Jun.	1999 Dec.	2000 Jun.	2000 Dec.	2001 Jun.	2001 Dec.	2002 Jun.	2002 Dec.	2003 Jun.	2003 Dec.	2004 Jun.
S	S	S	S	S	U	U	U	U	U	U	U
H	H	H	H	H	H	H	H	H	H	L	L
HP	HP	HP	HP	HP	P	P	LP	LP	LP	LP	LP

1.4. Project Timeline



Start up workshop date: :

Mid-Term Evaluation date: :

Exit workshop date: :

1.5. Reference Documents

Country Strategy



12/30/1899 Bahamas - Country Strategy Paper (PCM)

Country Strategy Update



Sector Portfolio Review Report



Country Portfolio Review Aide Memoire



Administration Mission Aide Memoire



PCR Annex - Documental Annex





■ ■ 1.6. Links to operational databases

[LMS65 - Operation Portfolio Status \(operations assigned, portfolio events\)](#)

[Operation Update System \(OPUS\)](#)

[Project Log](#)



Bank Memorandum

■ ■ 2.1. Results analysis (outputs, outcomes, and 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.



A. 13 small potable water systems in the islands of Abaco, Exuma, and Eleuthera expanded or completely renovated.

Planned

A.1 Substantial Completion certificates issued for construction activities in Abaco, Exuma and Eleuthera. Total implementation schedule of the program is estimated at 14 months. Implementation of individual components will be determined by the contractor.

Status: Works on various fronts on Abaco (water production expansion, transmission and distribution) and on Eleuthera (transmission and distribution, only) were completed by August 2002. WSC Board of Directors took a decision to proceed with a privately owned BOO RO option for water production expansion in Exuma, and South Eleuthera instead of utilising Bank funding. Following a delay in issuing the notice to contractors to proceed, the contracts were awarded in May 2003 and substantial completion is expected for South Eleuthera in December 2003 and Exuma in February 2004.

Achieved

Substantial Completion certificates were issued for all sub-components of this output save for the wells for Exuma and Eleuthera which were eliminated from the project.

Analysis

Faced with the problems of un-sustainable well fields and the acquisition of the lands on which the wells were to be located, WSC undertook a study to assess options for the supply of water to Eleuthera and Exuma. The studies indicated that a Build Own Operate Reverse Osmosis (BOO RO) contract was a better option than the construction of the proposed 513 wells at the two locations. Consequently, WSC sought and obtained the Bank's no objection to use BOO RO contracts for the supply of water to the two settlements. Therefore, the well fields at Exuma and Eleuthera were eliminated from the project.



- B. WSC internal funds generation increased to cover financial expenses plus at least 25% of depreciation costs by year 2002.

Planned

B.1 WSC working capital ratio equal or smaller than 1.0 for year 1999.

Status: Target for year 1999 was not achieved, with the ratio registered being 1.1.

B.2 WSC working capital ratio target, equal or smaller than 0.95 for year 2000.

Status: Not achieved, for year 2000. Audited Financial Statements show the working capital ratio to have been 1.4.

B.3 WSC working capital ratio target, equal to or smaller than 0.9 for year 2002.

Status: not achieved. Audited Financial Statements show it to be 1.1

Achieved

WSC working ratio for year 1999, 1.1

WSC working ratio for year 2000, 1.4

WSC working ratio for year 2002, 1.1

Analysis

During project preparation, neither the Bank's Project Team nor WSC staff developed a strategy and a plan of action for the organisation to achieve the financial targets for the project. At the suggestion of the Bank, during the implementation of the project, a strategy and plan of action, in the form of a Corporate Business Plan, was developed by WSC with assistance from consultants financed by WSC and the Bank. Implementation of this strategy, in a modified form, is currently taking place but much too late to meet the targets set out in the project design.

- C. A set of alternatives to deal with ground water pollution problems in New Providence and the Family Islands.

Planned

C.1 A final report acceptable to WSC and the Bank

Status. An International firm Water management Consultants was hired and commenced work at the beginning of June 2003 to analyse the alternatives and prepare recommendations for the regulation of groundwater pollution. The consultant's final report is due by the end of October 2003, following its presentation to and review by stakeholders including the WSC and the Bank.

Achieved

The final report of study entitled 'Regulatory Framework for Integrated Groundwater management and Pollution Control' has been accepted by WSC and the Bank

Analysis

■ 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

- Thirteen small potable water systems in the islands of Abaco, Exuma and Eleuthera were expanded or completely renovated save for the well fields at Exuma and Eleuthera.
- WSC financial position remained poor so that by the year 2002 the Corporation registered a net operating loss before depreciation of \$2.2 mn.
- Consultants engaged by WSC assessed alternatives to deal with groundwater pollution problems in the Bahamas and opted to recommend: (i) the establishment of an environmental regulator within the structure of the Ministry of Health & Environment, thus relieving WSC of its current groundwater regulatory functions; and (ii) the adoption of 15 regulatory instruments to address threats to the groundwater. Some of the 15 regulatory instruments are already contained in existing legislation while others require new legislation.

■ ■ 2.1.2. Project outcomes and impacts



A. Improve quality of public water service for several small settlements in the Family Islands.

A.1 Production capacity of systems included in the project are: 450 tig/day for new wellfield in Marsh Harbour - Abaco; 300tig/day for Treasure Cay - Abaco; 164 tig/day in Exuma and 96 tig/day in Eleuthera.

A.2 Salinity levels for all water systems in the project are below WHO recommended level of 250 mg/lit.

Status: Targeted production capacity in Abaco has been achieved, as well as, the salinity level. However, Abaco's Treasure Cay system though built and the distribution network installed, is inoperative due to the non connection of potential customers to the system. On Eleuthera and Exuma, the chosen option of RO, once completed, should guarantee both the salinity and capacity targets.



B. Increase financial autonomy of WSC

B.1 Level of Government transfers reduced by US\$ 22,0 million for the period 1999 - 2002. This will be monitored via WSC financial projections. Baseline data is from 1996.

B.2 Expected level of government transfers for operating and capital expenditures steady decline to US\$ 4.5 million, per year, by year 2002.

Status of B1 and B2: The level of Government transfers actually increased in 1998, 1999 and 2000 being \$14.4 million, \$15.4 million and \$17.2 million respectively. For 2001 Government transfers amounted to \$7.5 million, \$11.6 million in 2002, and \$10.0 million in 2003. Government transfers have not declined by \$22 million over the period 1999 - 2002; nor have they been reduced to \$4.5 million per year by 2002.

B.3 Operational revenue of WSC for year 1999 to cover O&M expenses.

B.4 Operational revenue of WSC for year 2000 cover O&M expenses plus interest on debt

B.5 Increase Revenue per employee from a level of \$51,000 in 1996 to a minimum of \$77,860 in year 2000.

B.6 WSC to reduce accounts receivable turnover to a maximum of 120 days in year 2000.



B.7 WSC to increase billing frequency such that billing occurs at least every two months.

Status of B3, B4, B5, B6 and B7: None of the 5 conditions were achieved and Borrower is not in compliance with financial conditions contained in covenants 4.02(a)(i), 4.02(a)(ii), 4.03(a), 4.03(b)(i) and 4.03(b)(ii) of the loan contract.

B.8 Operational revenues of WSC to cover operations, maintenance, interest on debt and at least 25% of depreciation by year 2002.

B.9 Increase revenue per employee from a level of \$51,000 in 1996 to a minimum of \$88,000 in the year 2002.

Status of B.8 and B.9 : According to the Audited Financial Statements for 2002, these targets were not achieved.



C. Initiate removal of ground water pollution

C.1 Decision to pursue studies at feasibility level.

Status: Following a sixteen month delay, a contract was awarded in April 2003 to an international firm - Water Management Consultants, to analyse a set of alternatives to deal with groundwater pollution, and to propose a regulatory framework. The final report is to be completed and issued by November 2003.

2.1.2.1. Outcome Indicators Analysis

A. (a) Production capacity of systems for Marsh Harbour-Abaco and Treasure Cay-Abaco are 450 tig/day and 300 tig/day respectively. The systems at Exuma and Eleuthera can supply 165 tig/day and 90 tig/day respectively. (b) Salinity levels for all systems in the project are below WHO recommended level of 250 mg/lit.

(a) Government transfers for the period 1999-2002 declined by \$14.6 mn

(b) Government subsidy was \$9.9 mn for the year 2002 and is not expected to decline to below \$4.5 mn thereafter.

No decision required

1(a) The well fields at Exuma and Eleuthera were not constructed and were replaced by BOO RO plants of capacities 165 tig/day and 90 tig/day respectively. 1(b) The salinity levels for the RO plants are well below the WHO limit. 2(a)&(b) None of the financial indicators was achieved because of: (i) Government has not set adequate policy guidelines or made decisions in a timely manner to stem the decline in WSC's finances; and (ii) Government did not provide resources to accomplish this significant turnaround at WSC. 3. The main recommendation of the final report of the study entitled 'Regulatory Framework for Integrated Groundwater management and Pollution Control' was a 16 step implementation plan for groundwater regulation in the Bahamas. As such, there was no need for a 'decision to pursue studies at feasibility level' which had been identified as the indicator for this outcome.



Description of the project results in relation with its Development Objective (DO or purpose in the project logical framework)

2.1.2.2. Identification of intermediate outcomes and initial impacts



- A. There has been an improvement in the quality of the public water supply service for several small settlements in the Family islands of Abaco, Exuma and Eleuthera. Except for the settlement at Treasure Cay, Abaco, the systems are all operating well above the predicted demand of WSC's national market share of 30% of the target population. Residents who consume WSC's water in preference to the contaminated alternative supplies are benefiting from an improved quality of life through a reduction in the risk of contracting some form of water borne disease. At Treasure Cay, an ongoing dispute between the government and the developer of a resort in the area over the government's acquisition of an existing water and sewerage system has prevented the targeted beneficiaries from connecting to the new system. The system is currently not functioning.

2.1.2.3. Identification of future outcomes and impacts

- A. In the future, as more and more consumers chose to use the piped water supply, in preference to the contaminated and inadequate alternative supplies, there will be a reduced risk of an outbreak of some form of water-borne disease in the Family Islands. In addition, the increased customer base, albeit small, should assist WSC's revenues and improve its chances of financial autonomy. If the recommendations of the consultants are implemented the use and pollution of ground water in the Bahamas will be regulated. This will reduce the risk of an outbreak of some form of water-borne disease in the Bahamas, protecting the quality of life of residents and its vital tourism industry.

2.1.2.4. Analysis of assumptions (from outputs to outcomes)

- A. Output Component 1: 13 small water potable water systems in the islands of Abaco, Exuma and Eleuthera expanded or completely renovated Outcome Component 1: Improve quality of public water service for several small settlements in the Family Islands Assumptions: The installed production and distribution systems should function as expected If the installed production and distribution systems function as expected then potable water will be available to meet the demands of consumers in the targeted settlements in the Family Islands. WSC should have the capacity to operate and maintain the installed systems - If WSC does not have the capacity to operate and maintain the systems, then there could be frequent breakdowns. Already, there is evidence to suggest that WSC staff is not always able to operate and maintain the automatic switchgear installed and have already resorted to manual operations. The BOO Contractor should meet his contractual obligations - Because there is no other reliable alternative supply of good quality water, the supply to the settlements in Exuma and Eleuthera depends on the BOO RO contractor meeting his contractual obligations.
- Output Component 2: WSC internal funds generation increased to cover financial expenses plus at least 25% of depreciation costs by year 2002 Outcome Component 2: Increased financial autonomy of WSC Assumptions: WSC capital expenditures for purposes other than the IDB project and the EIB project is at most \$750,000 - WSC has limited options for reducing its dependency on Government to meet its financial obligations other than through measures to improve its quality of service, increase its efficiency or reduce its operating expenditure, all of which require capital expenditure. In these circumstances, the (\$750,000) cap on capital expenditure was not appropriate. Government policy towards public utilities continues to emphasize financial sustainability and efficiency gains - Government maintains this policy but has had to continue subsidizing WSC's operations at levels greater than that before the project because the expected financial turnaround never materialized.
- Output Component 3: A set of alternatives to deal with groundwater pollution problems in New Providence and the Family Islands Outcome Component 3: Initiate removal of groundwater pollution Assumptions: Consultants recommendations are accepted by Government and WSC - In the late 1980's the Government, with financial assistance from the UNDP, prepared a Regulatory Framework for groundwater pollution, however, in reaction to public protests at that time, Government abandoned the plan. A Financial and Institutional Study of WSC prepared under an IDB PPF concluded that a draft Water and Sewerage Act which was in circulation at the time was too weak in, inter alia, its provisions for groundwater pollution regulation and recommended amendments. The amendments recommended by the consultants were not accepted and the draft was not enacted. In addition, one of the conditions of a 1995 European Investment Bank Loan to the Government of the Bahamas was the introduction of groundwater pollution regulations, as proposed under this project. Given the historical background to this issue, it follows that implementation of the consultants recommendations will hardly be likely if there is no Government support for the consultants' recommendations; Government



has the political will to carry through on the recommendations – The consultants recommended changes to legislation and institutional responsibility for the regulation of ground water use and pollution. Resistance to the changes recommended by the consultants could come from individuals within the WSC and government and influential representatives of the people of the Bahamas.

Financing available – The setting up of a new division of government as recommended by the study will add to government's expenditure. In the current environment of fiscal constraints, and in the absence of a public health crisis, Government might be constrained to allocate the funds necessary to set up the new Division.

■ 2.1.2.5. Pilot question No. 1 (Optional). Distribution of the project benefits within the target population

A.

■ 2.1.2.6. Pilot question No. 2 – (Optional). Adverse effects of the project

A. Because there is no public sewerage system on the Family Islands, the disposal of the increased water delivered to consumers in the Family Islands could exacerbate the pollution of groundwater. This issue should have been specifically addressed by the Bank's Project Team with a view to ensuring that project beneficiaries would have had access to adequate wastewater disposal facilities. However, in the long-term, the measures proposed under the Groundwater Pollution Control component of the project could, to some extent, address this issue.

■ 2.1.2.7. Pilot question No. 3 – (Optional). Contribution to the achievement of national / sectoral targets / Country Strategy

A.

■ 2.1.2.8. Pilot question No. 4 – (Optional). Project changes in response to changes in the context / environment

A.

■ 2.1.2.9. Recalculation of the Internal Rate of Return (IRR)

A.

■ 2.1.2.10. Recalculation of other cost analysis indicators

A. IRRs were calculated for individual systems. The systems serving the settlements of Crossing Rock and Casuarina Point were eliminated from financing by the Bank, on the basis of their IRRs being below the cutoff rate of 12%. However, WSC decided to finance them from its own funds. The Table below presents the expected IRRs of the systems compared with their respective observed IRRs.

SYSTEM	EXPECTED IRR %	OBSERVED IRR %
Marsh Harbour	31.4	56
Treasure Cay	27.3	26
Eleuthera	13.7	(-ve)
Exuma	12.1	No Investment

Adjustments made to the economic analysis:1. In 1999 WSC made an adjustment to the tariff for the Bahamas. The average for the Family Islands moved from \$4.23/tig to \$6.60/tig while that for New Providence moved from \$10.42/tig to \$12.07/tig.2. From 2005 on-wards, it is assumed that the average tariff for the Family Islands will be adjusted upwards to match that of New Providence.3. For all systems the maximum price that consumers will be willing to pay for water has been set at \$40.00/tig with or without the project.4. No investment was made under the project for the Exuma system.

■ 2.1.2.11. 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 development effectiveness

☐ Highly Satisfactory (HS)
 ☐ Satisfactory (S)
 ☐ Unsatisfactory (U)
 ☒ very unsatisfactory (VU)

A.

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 ① ② ③ ④ High | <input type="checkbox"/> N/A |
| 2. Intervention Strategy | Low ① ② ③ ④ High | <input type="checkbox"/> N/A |
| 3. Identification of expected outcomes and impacts | Low ① ② ③ ④ High | <input type="checkbox"/> N/A |
| 4. Identification of expected outputs | Low ① ② ③ ④ High | <input type="checkbox"/> N/A |
| 5. Indicators of expected outcomes | Low ① ② ③ ④ High | <input type="checkbox"/> N/A |
| 6. Indicators of expected outputs | Low ① ② ③ ④ High | <input type="checkbox"/> N/A |
| 7. Baseline for expected outcomes | Low ① ② ③ ④ High | <input type="checkbox"/> N/A |
| 8. Baseline for expected outputs | Low ① ② ③ ④ High | <input type="checkbox"/> N/A |
| 9. Assumptions from outputs to outcomes | Low ① ② ③ ④ High | <input type="checkbox"/> N/A |
| 10. Monitoring Plan | Low ① ② ③ ④ High | <input type="checkbox"/> N/A |
| 11. Procurement Plan | Low ① ② ③ ④ High | <input type="checkbox"/> N/A |
| 12. Schedule of Investments | Low ① ② ③ ④ High | <input type="checkbox"/> N/A |

2.2.1.2. Critical factors analysis in the project design



- A. (i) At the time the project was being designed, WSC's financial position was cause for concern. However, no intervention strategy was developed in response to the problem. Instead, the project design included a number of financial performance targets, as output indicators, to be achieved with no indication as to how, the targets were to be achieved and what resources were needed. The 'how' and 'what' were later identified in a Business Plan commissioned by WSC and financed by WSC and the Bank. (ii) The indicators of expected outcomes from the improved quality service to the Family Islands were given in terms of the production capacities of the various water systems. Better indicators of the outcomes would have been the number of new customers served with baseline data on the target population. This approach would have highlighted current concerns in a number of areas where there has been minimal use of the systems since project completion. Likewise, the indicators for the outputs should have been stated as the completion of the systems identified by their production capacities. (iii) The output indicator for the achievement of the output for the ground water study was the acceptance of the consultant's final report by WSC and the Bank. There are inter-sectoral and inter-departmental issues involved in regulating groundwater use and pollution. This should have been recognized at project design and government's acceptance of the consultant's recommendations should have been included as an indicator of successful achievement of this output.

2.2.1.3. Lessons learned for the project design (alternative measures)

- A. Lessons Learned
Factors that were adopted in the project design related with performance measurement were detailed in a procurement plan and a schedule of public biddings. The procurement plan allowed WSC and the Bank to keep track of the nature of contracts, the financing of such contracts and the type of bidding undertaken. The schedule of public bidding established a baseline from which WSC and the Bank tracked the awarding of contracts for the supply of goods and services.

2.2.1.4. Lessons learned for the project design (adopted measures)

- A. As regards alternative measures that could improve project performance measurement in the design of future operations: · All components financed under a project should be analysed in terms of their activities, outputs, outcomes and their related performance indicators, means of verification and assumptions; · Project outputs should be supported by time bound activities with a clear scope and the allocation of measurable resources; · Indicators for the assessment of the results (outputs, outcomes and goals) of a project, should be measurable and where possible supported by baseline data so that the true achievement of the component of the project could be assessed; · Where institutional development is being contemplated, the project designers should carefully analyse: (i) the capacity of the targeted institution; and (ii) the social and political environment in which the institution operates, to ensure that over ambitious development targets are not set; · In situations where project beneficiaries have options, as in the case of consumers in the Bahamas who have a number of alternative supplies of water, a demand-driven approach to project design involving greater consultation and agreement with project beneficiaries is needed to ensure greater use of the system by project beneficiaries.

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:

Establishment of processes and mechanisms for data gathering and data analysis (sources of data, responsibilities, periodicity and characteristics of the information)

Low ① ② ③ ④ High ☐ N/A

Data gathering for the outcomes base line

Low ① ② ③ ④ High ☐ N/A

Data gathering for the outputs base line

Low ① ② ③ ④ High ☐ N/A



Data gathering, data analysis and reporting of information on available resources (inputs) and undertaking activities

Low ① ② ③ ④ High ☐ N/A

Data gathering, data analysis and reporting of information on project outputs and their contribution to the achievement of expected outcomes

Low ① ② ③ ④ High ☐ N/A

Data gathering, data analysis and reporting of information on project outcomes and impacts and their contribution to sectoral and national goals

Low ① ② ③ ④ High ☐ N/A

■ 2.2.1.6. Critical factors analysis for performance measurement during implementation

- A. Throughout the implementation of the project, WSC experienced difficulty in producing Audited Financial Statements to allow for the verification of the financial indicators in a timely manner. (ii)
On the positive side, WSC provided timely comprehensive semester reports which reviewed the progress on the implementation of the project.

■ 2.2.1.7. Lessons learned during project implementation (adopted measures)

- A. Lessons Learned
Factors that were adopted in the project design related with performance measurement were a detailed procurement plan and a schedule of public biddings. The procurement plan allowed WSC and the Bank to keep track of the Contracts, the financing of such contracts, the type of bidding while the schedule of public bidding established a baseline from which WSC and the Bank tracked the procurement of goods and services.

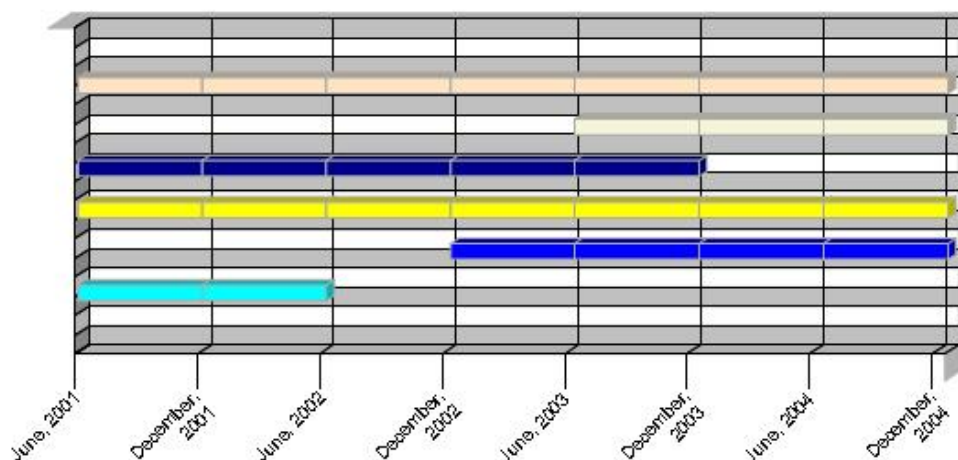
■ 2.2.1.8. Lessons learned for the implementation (alternative measures)

- A. As regards alternative measures that could improve project performance measurement in the design of future operations:· All components financed under the project should be analyzed in terms of their activities, outputs, outcomes and their related performance indicators, means of verification and assumptions; and · Project outputs should be supported by time bound activities with a clear scope and allocation of measurable resources.

■ 2.2.2. Factors affecting project implementation (according to PPMR)



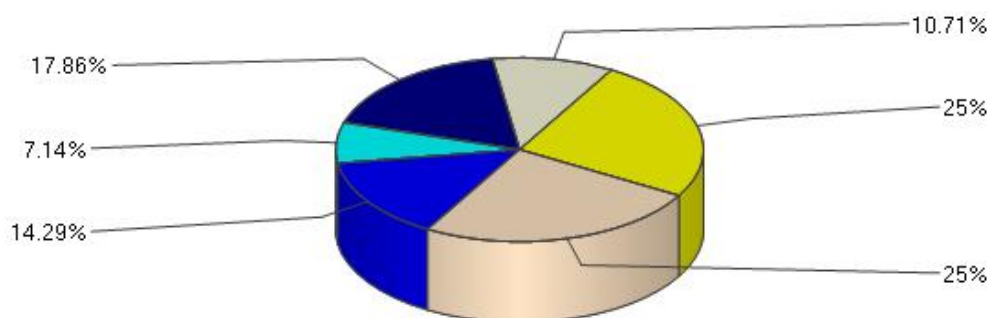
Factors affecting project implementation by time period reported in the PPMR



- Legislative approvals
- Borrower/executing agency commitment
- Executing agency institutional capacity
- Inter-agency coordination
- Project/component design
- Contract condition compliance delays

This graph has been automatically generated based on information stored in the PPMR system throughout project execution

Factors affecting project implementation by frequency of occurrence in the PPMR



- Contract condition compliance delays
- Borrower/executing agency commitment
- Legislative approvals
- Inter-agency coordination
- Project/component design
- Executing agency institutional capacity

This graph has been automatically generated based on information stored in the PPMR system throughout project execution



■ ■ 2.2.3. Analysis of factors affecting output delivery and outcome achievement

■ ■ 2.2.3.1. Identification of negative factors to produce outputs

- A.** Factor 1: Throughout the implementation of the project WSC was late in submitting Audited Financial Statements. This had the knock-on effect of the Bank being late in recognizing WSC's non-achievement of financial targets and in responding in a timely manner. Factor 2: With respect to the options for dealing with groundwater pollution problems in New Providence and The Family Islands, the late engagement of the consultants by WSC resulted in the final report of the consultants being delivered in December 2003 or some 3 years after the scheduled time. Factor 3: Concern over the sustainability of the well fields in Exuma and Eleuthera and difficulty in acquiring the lands earmarked for the construction of the well fields resulted in a change in the water supply to the settlements on Exuma and Eleuthera from wells to Reverse Osmosis. There was a 14 month delay by the time the decision was made because of a study that was commissioned by WSC to inform the decision which took 8 months to be completed and a 6 month period that the Bank took to offer its no objections.

■ ■ 2.2.3.2. Identification of positive factors to produce outputs

- A.** Factor 1 WSC Project Management team overseeing implementation of the infrastructure components of the project performed well in terms of their reporting frequency and identification of major issues affecting the implementation of the project. Factor 2 Notwithstanding some delays in engaging the contractor for the infrastructure works, once engaged, the contractor performed reasonably well in completing the project close to the contract scheduled time and budget. Factor 3 Had the decision not been taken to enter into the BOO RO contracts at Exuma and Eleuthera, the project might have experienced delays in implementation while WSC addressed the problem of acquiring the lands to site the wells.

■ ■ 2.2.3.3. Identification of negative factors for the achievement of outcomes

- A.** Factor 1: Throughout the project government was late in responding to requests for decisions on critical issues. Critical issues which required and did not receive timely consideration by government were: (i) recommendations made by consultants in the first instance, then a joint WSC/Bank team and finally WSC for a corporate business plan for WSC and (ii) recommendations of the consultants for a regulatory framework for groundwater management and pollution control. As a result of the foregoing, WSC lost the opportunity to use the un-disbursed portion of the loan to assist in implementing its Corporate Business Plan while no tangible action has been undertaken on the removal of groundwater pollution in the Bahamas. Factor 2: WSC was late in preparing TOR for the engagement of consultants for the ground water pollution study. Therefore, by the time the consultants were engaged, performed their tasks and made recommendations the project disbursement period was over. This denied the Bank the opportunity to encourage the government to implement the recommendations of the consultants. Factor 3: The infrastructure design of the pump houses included highly sophisticated automatic electrical switchgear. WSC did not exercise sufficient care and attention during the commissioning and hand over of the systems to ensure that: (i) its staff was adequately trained in the operation and maintenance of the equipment; and (ii) there were sufficient spare parts to effect repairs to the equipment. Most of the automatic switchgear is currently either manually operated or alternative procedures have been made such as by-passing the newly installed pumping stations. These operations are decreasing the level of efficiency of the systems.

■ ■ 2.2.3.4. Identification of positive factors for the achievement of outcomes

- A.** Factor 1 The infrastructure facilities installed under the project are producing sufficient quantities of good quality water to meet the demand of the targeted settlements. Factor 2 The civil works comprise facilities constructed from materials such as stainless steel and plastic which could withstand the hostile environmental conditions and ensure a long service life with minimal



maintenance and repairs. Factor 3The TOR for the consultants advanced the consideration of the issue regarding groundwater pollution the beyond the pre-feasibility stage so that the 'outcome' requirement for studies at the feasibility level is no longer required. WSC and government have in their possession a Plan of Action which they could proceed to implement.

2.2.4. Analysis of project management and lessons learned

2.2.4.1. Management Analysis

- A. 1. Notwithstanding the difficulties WSC encountered in influencing decisions by government on critical issues pertaining to the project, the project management team performed well in highlighting and tracking all unresolved issues and in referring such issues to others for decisions.2. Once the contracts for the infrastructure works were signed, WSC project management team closely supervised the contractor and ensured that the contracts were completed close to or within the completion time and budget. This process involved monthly site meetings with the consultants, contractors and the Bank and close reporting on the implementation of the project.3. The project management team ensured that claims for reimbursement were settled expeditiously. However, there was one period of late payments to the civil works contractor who notified WSC of its intention to terminate its contract, citing delays in payment as the main reason for termination. WSC was of the opinion that prolonged and more detailed reviews of disbursement requests by the Bank contributed to this situation. The action by the contractor was later withdrawn without any effect on the project cost or completion schedule. 4. The project management team, recognizing the proposed well fields were not sustainable and that acquisition of the land for the well fields was not going to be easily resolved, took 8 months to propose an alternative, the reverse osmosis process under a BOO contract, for the consideration of the Bank. The Bank was simultaneously considering options for dealing with WSC's financial difficulties and delayed in granting its no objections to the proposed change in the method of water supply. Had the Bank moved quickly in considering and approving the change, a further six-month delay in project implementation could have been avoided.

2.2.4.2. Lessons learned on project management (alternative measures)

- A. Lesson 1At the start of a project all relevant parties should agree on: (i) how decisions will be made; (ii) who will make them; and (iii) how those decisions will be communicated to the project team. Lesson 2The project management team should manage and report on all components of the project. Lesson 3Although it might be regarded as imposing another level of oversight, in projects where inter-departmental coordination is required, a project steering committee including members representing the interests of the relevant Ministries of Government might be useful in presenting the project issues to the decision makers in the relevant Ministries. Lesson 4The Executing Agency and the Bank should follow the established practice of acquiring lands, on which facilities financed from the proceeds of the loan are to be cited, prior to the award of contracts for the construction of the facilities.

2.2.4.3. Rating project implementation

Considering the above management analysis and the obtained project outputs in a timely manner, with the expected quantity and quality and at budgeted costs, rate the project implementation

☐ Highly Satisfactory (HS) ☐ Satisfactory (S) ☒ Unsatisfactory (U) ☐ very unsatisfactory (VU)

A.



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)

Strengthened / Improved	Yes	No	N/A	Level		
				Nat	Reg	Loc
1. Legal and regulatory framework	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Procedures, manuals, operational guidelines	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.1. Top-level managerial capacity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.2. Mid-level managerial capacity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.3. Information systems capacity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.4. Performance measurement (M E capacity)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.5. Service delivery	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Functional structure and organization	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Planning	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Budgeting / Financial management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Intra- / Inter-sectoral coordination	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Intra - / Inter-organizational coordination	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Staffing / human resources development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Self-evaluation, auditing and accountability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2.3.1.2. IOS achieved by the project in the country



- A. WSC installed a Customer Information System under the project which, with slight modifications, could be useful to other National organizations.

2.3.1.3. IOS achieved by the project in the Executing Agency

- A. 1. WSC has improved its ability to produce its financial statements in a timely manner. During the implementation of the project the delay in submitting financial statements dropped from 11 months for the financial year 1999 to 1 month for year 2003. Provided that WSC sustains this effort, WSC itself and external parties such as the Bank can now use these statements to effectively monitor WSC's financial performance. 2. WSC's Project Management Unit gained further experience in the management of complex projects. 3. In its efforts to comply with the financial covenants of the loan, WSC took steps to restructure its organisation. A Performance Management System (PMS) has recently been put in place. As part of the PMS, an Internal Compliance Unit was established to monitor and control the implementation of the restructuring plan and the performance of the various sections of the organisation.

2.3.1.4. Rating the project's contributions to IOD

Rate the extent in which the project contributed to IOD in the Borrowing Country

☐ Very Relevant (VR) ☐ Relevant (R) ☒ Partially Relevant (PR) ☐ Irrelevant (I)

A.

2.3.2. Project sustainability

2.3.2.1. Scope of project sustainability

- A. 1. The project has provided WSC with important water supply infrastructure with a life expectancy of over 30 years. 2. The advantages of the BOO RO approach are: (i) a sustainable supply of potable water; (ii) no capital outlay by WSC; (iii) no expansion of its staff (as new personnel would have had to be recruited to operate and maintain the well fields); and (iv) elimination of the effort that would have been necessary to operate, maintain and, more importantly, monitor over 500 wells scattered over the two islands. The contracting of a BOO RO operator should be sustained indefinitely or until suitable alternative arrangements are made. 3. Notwithstanding the inability of WSC to comply with the financial conditions of the loan agreement, the Bank has provided an impetus through the financial component of this project, for WSC to move towards corporate restructuring. This process should be continued after completion of the project. In particular WSC should pursue several initiatives: (i) the reduction of the level of non-revenue water which stood at 50 % in 2003 and which WSC intends to reduce to 30% within the next two years; (ii) outsourcing of business units which do not form part of WSC's core business; (iii) the implementation of its capital investment programme; and (iv) the settlement of WSC's pension liability which has accumulated over the years of the Corporation's financial difficulties. 4. The Consultant's report produced under the project has proposed an updated road map for dealing with the problem of groundwater pollution in the Bahamas. Given the risks posed to public health and to the economy of the Bahamas, government should follow through on the recommendations of the consultant.

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 Bank financing) of the following institutional and organizational settings, arrangements or resources in the country, needed to sustain the products, actions, services, outputs, outcomes and impacts initiated by the project and described in 2.3.2.1.:



1. EA's top management support to the project	Low ① ② ③ ④ High <input type="checkbox"/> N/A
2. Legal and regulatory framework	Low ① ② ③ ④ High <input type="checkbox"/> N/A
3. Organizational preparedness and capacity	Low ① ② ③ ④ High <input type="checkbox"/> N/A
4. Inter-organizational coordination	Low ① ② ③ ④ High <input type="checkbox"/> N/A
5. Availability of financial resources	Low ① ② ③ ④ High <input type="checkbox"/> N/A
6. Key personnel	Low ① ② ③ ④ High <input type="checkbox"/> N/A
7. Resources for maintaining the infrastructure	Low ① ② ③ ④ High <input type="checkbox"/> N/A
8. Support from project beneficiaries	Low ① ② ③ ④ High <input type="checkbox"/> N/A
9. Support from national government	Low ① ② ③ ④ High <input type="checkbox"/> N/A

2.3.2.3. Root-cause analysis of factors affecting negatively the project sustainability

- A.** Threats to sustainability(i) Operation and maintenance of all the well fields and pump houses ancillary equipment represent a quantum leap in technology over anything that previously existed in the Bahamas. In many instances, the automatic systems are currently being operated manually. Although operation and maintenance training sessions were conducted by the contractor and training materials were left with WSC for subsequent follow-up training, to improve the chances of the project facilities providing a good service in the future, WSC should itself pursue the formal training and re-training of its operators. Furthermore, in keeping with its current policy of outsourcing services, WSC might want to consider outsourcing the maintenance and repair of its equipment. In addition, WSC should prepare, regularly update and budget for a schedule of preventive maintenance measures for the systems. (ii) The Government of the Bahamas has evidenced reluctance to pursue the regulation of groundwater pollution. Should this reluctance persist, it is possible that no action will be taken on the recommendations of the consultants engaged under this project. A number of measures are being proposed to improve the chances of success of the groundwater component of the project: (i) mitigation of public opposition to the regulations through a series of public education workshops should be held through the Bahamas; (ii) reduction in the cost of implementing the regulations so as not to present Government with yet another financial burden; and (iii) accomplishment of the proposed institutional changes with as little disruption to the current organizational structure of the affected Government agency. (iii) WSC currently has a low share (currently estimated at around 30%) of the domestic and commercial water markets. The Bank should consider lending its support to WSC's efforts aimed at increasing its market share through restructuring its operations and improving its efficiency and effectiveness. (iv) Currently, Bahamians (domestic, industrial and commercial) consumers have access to four types of supply, piped public supply, private wells and reverse osmosis plants, rain water harvesting and bottled water. In these circumstances, Bahamians are said to exercise sophisticated economic and rational consumer behaviour in the management of their water supplies. This may make good economic sense but increases the difficulty on WSC to manage its financial affairs especially with respect to the revenue from the hotel industry. While not placing itself in a monopolistic position, WSC should take steps to rationalize the access that consumers in the Bahamas have to water supplies.

2.3.2.4. Root-cause analysis of factors contributing positively to the project sustainability



- A. 1. WSC is currently managed by highly trained managers who are dedicated to ensuring the success of the institutional upgrading measures currently being implemented in the corporation. 2. WSC took the decision to invest in low cost operation and maintenance equipment (stainless steel tanks and fittings and automatic switch gear). Therefore, notwithstanding WSC's severe financial crisis, provided the corporation finds a solution to the problems posed by the automatic switch gear, the cost of operating and maintaining the systems should not be an undue burden on WSC's finances. 3. The supply of water by Reverse Osmosis in preference to wells would enable WSC to provide its customers on Exuma and Eleuthera with a sustainable supply of potable water.

2.3.2.5. Lessons learned on sustainability (adopted measures)

- A. The choice between high capital but low operation and maintenance cost and low capital but high operation and maintenance cost facilities needs to be resolved through a thorough analysis of the cost and benefits of each option. Based on an analysis done by the design consultants, WSC took an early decision to utilize the high capital but low operation and maintenance cost equipment which has proven to be effective so far in managing its operations and maintenance budget.

2.3.2.6. Lessons learned on sustainability (alternative measures)

- A. 1. Infrastructure projects should include an acceptable plan for maintaining the installed facilities. The plan should detail, inter alia, a maintenance strategy (eg whether maintenance will be done in-house or out-sourced) and a budget for all maintenance activities.

2.3.2.7. Sustainability action plan

- A. 1. Government and WSC should agree on a multi-year plan regarding policy, financial and investment issues vital to the performance of the WSC. 2. WSC should continue to make efforts at improving its finances. 3. WSC should make a decision on a strategy for maintaining its new equipment in the Family Islands

2.3.2.8. Rating project sustainability

Considering the previous analysis and the perspective established through the action plan, rate the probable sustainability of the project for the next three years (Highly probable/ Probable/ Low Probability/ Improbable):

☐ Very Probable (VP) ☐ Probable (P) ☐ Uncertain (U) ☒ Improbable (I)

- A. A number of critical decisions have to be taken to allow for the sustainability of the project. Decision making by Government on matters pertaining to WSC has been slow and there is little indication of improvement.

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 ① ② ③ ④ High ☐ N/A

2. Organization for project execution (Executing/Coordinating Unit's staff, infrastructure, coordination, communication, etc.)

Low ① ② ③ ④ High ☐ N/A



3. Coordination and Integration of the Project Coordination/ Execution Unit with the Executing Agency

Low ① ② ③ ④ High ☐ N/A

4. Establishing a monitoring and results framework (baseline data, systems, procedures, data analysis and reporting, etc.)

Low ① ② ③ ④ High ☐ N/A

5. Executing/Coordinating Unit's management capacity

Low ① ② ③ ④ High ☐ N/A

6. Timeliness in the fulfillment of Bank's policies, procedures and contractual clauses

Low ① ② ③ ④ High ☐ N/A

7. Financial management (securing counterpart resources, disbursements, etc.)

Low ① ② ③ ④ High ☐ N/A

8. Timeliness and efficiency for procurement of goods, works and consulting services

Low ① ② ③ ④ High ☐ N/A

9. EA top-level management's leadership, ownership and support to project execution

Low ① ② ③ ④ High ☐ N/A

10. Effort to secure project sustainability

Low ① ② ③ ④ High ☐ N/A

2.4.2. Lessons learned on organization and management of the PCU (adopted measures)

- A. 1. The Executing Agency had a special Project Management Unit headed by a senior manager to undertake the management of this and other projects financed by external funding agencies. This unit performed well in monitoring project implementation, reporting, and speedy processing of claims by contractors and in meeting requests by the Bank for information. 2. Senior management of WSC maintained their support for the project throughout the design and implementation phases in attending meetings and putting forward their views on issues, making decisions (on matters under their control), and in establishing the direction for the reorganization of the corporation.

2.4.3. Lessons learned on organization and management of the PCU (alternative measures)

- A. 1. Major decisions impacting on the successful implementation of the project should be taken by the Executing Agency for the Project. Where such autonomy cannot be given, and decisions have to be taken by or in consultation with other organizations, consideration should be given to the setting up of a project steering committee, with decision making powers, comprising of representatives of all interested organizations, in particular those with decision making functions. This project had a significant financial management component which required monitoring and control in the same manner as the infrastructure works component. WSC's approach was to undertake the management of this component by its Finance Section operating outside the control of its Project Management Unit. This could have contributed to the un-timeliness in reporting and in responding to concerns raised by the Bank. Therefore, the management of the project could have been improved if WSC's Project Management Unit had contained the capacity to monitor and control the implementation of the financial management component of the project.

2.4.4. Rating the Executing Agency performance

Based on the analysis above, in the results obtained and the project implementation efficiency, rate the performance of the Executing Agency

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



- A. WSC, the executing agency, functioned satisfactorily on most matters during the project design and execution. However, their complete deference to government on decisions on issue vital to the performance of the organization hurt their effectiveness.

2.5. Foundations for the Ex-post Evaluation

2.5.1. Provisions for ex-post evaluation

If this operation, requires an ex-post evaluation according to the Loan Agreement, provide the following updated information on the agreed action plan among the Executing Agency and the Bank (see Project Completion Workshop Aide Memoire):

1. Does the Loan Agreement require an ex-post evaluation for this operation?

- ☐ Yes
☐ No

2. What will be its schedule?

Start up date :

Submission date :

3. Who are the responsible parties for carrying out the evaluation?

- ☐ Bank
☐ Borrower

What is the estimate of the costs involved (USD\$) : \$0.00

4. How the cost involved will be financed?

- ☐ Bank loans funds
☐ Borrower financing
☐ Other Source

A.

2.5.2 Analysis of the ex post evaluation capacity

A.

2.6. Other lessons learned and recommendations



2.6.1. Additional lessons learned and recommendations



If pertinent, make use of the following fields to identify lessons learned and additional recommendations to the ones considered in previous sections, in the pursuit of improving the design and implementation of future projects.

- 1. To enable projects to have better results, the Bank should not propose to and agree with Borrowers on project objectives for which there has been no prior written agreement with the Borrower and the Executing Agency on an implementation strategy and the allocation of adequate human and financial resources.
- 2. At the time of project design, if the Bank's problem analysis concludes that the beneficiary institution has severe institutional problems, then broad institutional development objectives, aimed at the reforms that are needed, should be set. These broad objectives should themselves be supported by well defined project components to adequately address the substantive institutional issues.
- 3. The Country Office, in carrying out the monitoring of problem projects, should call for an administration mission early in the process, when it is clear that such a mission is required to address fundamental issues related to the design of the project and or its implementation.



Executing Agency Memorandum

■ ■ 3.1. Executing Agency Memorandum

■ ■ 3.1. Executing Agency Memorandum (Section of the PCR written by the Borrower / Executing Agency)

Executing Agency Memorandum





CRG Minutes

■ ■ 4.1. CGR Minutes (Proceedings of the Management Review Committee)

CRG Minutes





Annexes

■ ■ Annex 1A - Source of Financing (Amounts in thousands US\$)

Category	Original				Actual				Gap			
	IDB	Borrower	Other Sources	Total	IDB	Borrower	Other Sources	Total	IDB	Borrower	Other Sources	Total
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				

■ ■ Annex 1B - Schedule of Investments (Amounts in thousands US\$)

Years	Original				Actual				Gap
	IDB	Borrower	Other	Total	IDB	Borrower	Other	Total	
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

■ ■ Annex 1C – Financial Information and Audited Financial Statements

■ ■ 1. Capacity of the Executing Agency

- A.** The Executing Agency assigned staff to the project with acceptable training and experience. The staff was provided with the needed resources to carry out the assigned duties. In addition, there was effective oversight of the project activities by senior management of WSC.

■ ■ 2. Accounting System and Internal Control

- A.** Although the accounting package used by WSC has a number of issues to be addressed, the accounting system generally produced trustworthy financial information. A new customer information system was purchased under the project to interact efficiently with meter reading activities and expedite the billing and collection activities, while providing a more reliable foundation for the financial information system. However, the system, never functioned adequately raising concerns as to its reliability and adversely affecting the Corporation's capacity to produce financial statements in a timely fashion.

■ ■ 3. Quality of the financial Information



- A. WSC produced good quality and dependable financial information in its progress reports and financial statements.

4. Audited Financial Statements

- A. The Audited Financial Statements for both WSC's operations and the project were always of high quality and were always rated as unqualified by the auditors. However, during project implementation, the Audited Financial Statements were always late. There were two main causes: (i) the adjustments which had to be made to the reports produced by the computerized system often worked against timely preparation of the financial statements; and (ii) the Corporation was required to have its Audited Financial Statements reviewed by Cabinet before passing them on to the Bank

5. Lessons learned

- A. 1. It is important that the vendors of computerized accounting systems provide: (i) adequate operating manuals to help users with day to day problems when they arise; (ii) vendor backup support on an ongoing basis; and (iii) initial training of operating personnel. These conditions should be written into the vendor's supply contract.
2. To ensure the timely delivery of Financial Statements, the project implementation plan should include a detailed schedule of events starting with the production of the trial balance sheet and concluding with the final delivery of the audited statements to the Bank.

Annex 2 - Final PPMR

[Last PPMR](#)

Annex 3 - LMS Highlights

[LMS65 - Operation Portfolio Status \(operations assigned, portfolio events\)](#)

Annex 4 - Exit Workshop Aide Memoire

[Exit Workshop Aide Memoire](#)



Annex 5 – Documental Annex

[PCR - Documental Annex](#)



PROJECT COMPLETION REPORT – PCR

Executing Agency Memorandum

Submitted to the Inter-American Development Bank (IADB)

(Draft: 06-Jul-04; Final: 09-Jul-04)

The ability of this report to reflect project results at completion, foster sustainability of projects benefits and capitalize on lessons learned depends on the participation of the Borrowing Institution, the Executing Agencies, and the project beneficiaries in the preparation of this report.

Therefore, your contribution as author of the Executing Agency Memorandum will be of great value to the extent that project implementation knowledge and experience, the analysis of information on results and the views of beneficiaries can be transmitted objectively and independently.

Instructions to complete the Memorandum

To complete this memorandum, please bear in mind the following recommendations:

- ☐ Do not forget to complete the cover page and the box regarding basic data by providing the necessary information.
- ☐ It is very important that you review the PCR Guidelines that will be provided to you by the Bank's Country Office, in particular, the technical annex on "Practical guidelines to prepare the PCR". This annex includes guidance, tips and practical examples to assist you in completing the required information. Remember that the questions for the Bank and for the Executing Agency, as well as the appropriate numbering are the same, except for the first digit (for the Bank they start with number 2, i.e. 2.1.1.1., while for the executing Agency they start with number 3, i.e. 3.1.1.1.)
- ☐ Answer the open questions in a concise manner. The desired length for each response is 10 lines maximum. Please do not exceed 15 lines per response. Should you need to attach important relevant information documenting project results, please use Annex 5, "Documental Annex". This optional material can be sent to the Bank's Country Office as a separate document (see PCR guidelines for a description of this annex).
- ☐ Please check with an X inside the corresponding bracket your response in those questions where options are available. Examples:

☐ Very Effective (VE) ☒ Effective (E) ☐ Marginally Effective (ME) ☐ Ineffective (I)

1. Problem analysis

Low ← ☐ ☐ ☒ ☐ → High ☐ N/A

Project Basic Data	
Project Name:	FAMILY ISLKANDS WATER PROJECT
Project Number:	BH 0025
Loan Number /TC:	LO1112/OC-BH
Executing Agency:	WATER & SEWERAGE CORPORATION
Name of the Author of the Executing Agency Memorandum:	Glen Laville,
Position in the Executing Agency:	Actg. Deputy General Manager

3. EXECUTING AGENCY MEMORANDUM

3.1 RESULTS ANALYSIS (OUTPUTS, OUTCOMES AND FUTURE IMPACTS)

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

3.1.1.1. 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.

COMPONENT 1 – Output indicators	
PLANNED	ACHIEVED
Component 1: DIRECT COSTS Completion Certificate issue for construction activities in Abaco, Exuma and Eleuthera	Completion certificates issued for all sub-components except the Exuma and Eleuthera wellfields which were eliminated from the project.
Factor(s) responsible for the difference (if any): →Due to concerns over long-term sustainability, volume of land acquisition required, and financial feasibility of the wellfields in Exuma and Eleuthera, an economic analysis was done which showed that an RO system was more feasible. This was accepted by the Bank and Government and BOO (Build Own Operate) agreements were issued for both locations	

COMPONENT 2 – Output indicators	
PLANNED	ACHIEVED
Component 2: FINANCIAL TARGETS WSC working ratio equal or smaller to 1.0	WSC working ratio for year 1999, 1.1

for year 1999 WSC working ratio equal or smaller than 0.95 for year 2000 WSC working ratio equal or smaller than 0.9 for year 2002	WSC working ratio for year 2000, 1.4 WSC working ratio for year 2002, 1.1
Factor(s) responsible for the difference (if any): The project's main focus was on developing water systems in various settlements on 3 of the Family Islands. Since FI contribute less than 11% of total Operating Revenue and more than 19% of total Operating Expenses, while being responsible for over 33% of the Net Loss before Govt. subsidies, it was unrealistic to believe that the project as designed would contribute significantly to the financial well-being of WSC	

COMPONENT 3 – Output indicators	
PLANNED	ACHIEVED
Component 3: ENVIRONMENTAL STUDY A final report acceptable to WSC and to the Bank	The final report of study entitled 'Regulatory Framework for Integrated Groundwater management and Pollution Control' has been accepted by WSC and the Bank
Factor(s) responsible for the difference (if any): ➔	

(you can create new fields for other components if needed)

3.1.1.2. 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 **Achievement of Outputs**

Component 1: 13 small potable water systems in the islands of Abaco, Exuma and Eleuthera expanded or completely renovated

Thirteen small potable water systems in the islands of Abaco, Exuma and Eleuthera were installed, expanded or completely renovated save for the well fields at Exuma and Eleuthera.

2 **Component 2: WSC internal funds generation increased to cover financial expenses plus at least 25% of depreciation costs by year 2002**

WSC financial position remains poor with a net operating loss before depreciation of \$2.2Mn in 2002, and \$4.7 Mn in 2003

3 **Component 3: A set of alternatives to deal with groundwater pollution problems in New Providence and the Family Islands**

Consultants engaged by WSC assessed alternatives to deal with groundwater pollution problems in the Bahamas and recommended: (i) the establishment of an environmental regulator within the proposed structure of the Ministry of Health & Environment, thus relieving WSC of its current groundwater regulatory functions; and (ii) the adoption of various regulatory instruments to address threats to the groundwater. Some of these regulatory instruments are already provided for in existing legislation while others require new legislation.

4

n (you can create new fields to describe more outputs if needed)

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

3.1.2.1. 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.

DEVELOPMENT OBJECTIVE Outcome indicators (purpose)	
PLANNED	ACHIEVED
<p>(paste here the outcome indicators copied from the PPMR)</p> <p>Component 1</p> <p>(a) Production capacity of systems included in the project are: 450 tig/day for the new well field in Marsh Harbour-Abaco, 300 tig/day for Treasure Cay-Abaco, 164 tig/day in Exuma and 96 tig/day in Eleuthera</p> <p>(b) Salinity levels for all water systems in the project are below WHO recommended level of 250 mg/lit</p> <p>Component 2</p> <p>(a) Level of Government transfers reduced by US\$22.0 mn for the period 1999-2002</p> <p>(b) Expected level of government transfers for operating and capital expenditure steadily decline from a level of \$4.5 mn for year 2002 to less than \$4.5 mn per year</p>	<p>(using the same outcome indicators, describe here the achieved outcomes)</p> <p>(a) Same. Exuma and Eleuthera can supply 165 tig/day and 90 tig/day respectively.</p> <p>(b) Salinity levels for all systems in the project are below WHO recommended level of 250 mg/lit.</p> <p>(a) Government transfers for the period 1999-2002 declined by \$14.6 mn</p> <p>(b) Government subsidy was \$9.9 mn for the year 2002 and is not expected to decline to below \$4.5 mn thereafter.</p>

Component 3 Decision to pursue studies at feasibility level	No decision required
<p>Factors responsible for the gap (if applicable):</p> <p>➔ 1(a) The well fields at Exuma and Eleuthera were not constructed and were replaced by BOO RO plants of capacities 165 tig/day and 90 tig/day respectively both with provisions for expansion to double the present capacity.</p> <p>1(b) The salinity levels for the RO plants are well below the WHO limit.</p> <p>2(a)&(b) None of the financial indicators was achieved because the project did not specifically address any issues that significantly impact WSC's financial position. In fact, requirements of the project to reduce Government assistance are counter to realistic requirements particularly in FI systems which require subsidy due to economic realities. New Providence is the main financial driver of WSC and this island was not included in the project.</p> <p>3. Final Report sufficiently comprehensive to negate need for a 'decision. Step by step implementation plan for groundwater regulation in the Bahamas included in the report.</p>	

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

➔ a) improved water quality; b) expanded water service; c) reduced risk of water borne disease; d) associated improved quality of life and at a subsidized cost, at all locations except Treasure cay, Abaco.

At Treasure Cay, Government did not approve renewal of a Franchise Agreement and mandated that WSC takeover the facilities. However, to date a final agreement has not been reached with the Developer on a purchase price despite previously negotiated amounts. Additionally, despite health and water quality concerns, there has been a failure to shut down the existing water system and force the Developer to utilize the public water supply until an agreement is reached.

The high tech nature of systems installed in Abaco also make them extremely susceptible to weather (ie lightning storms)

3.1.2.3. 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

➔ a) reduced risk of water borne disease as more consumers utilize public water supply; b) increased customer base and revenues should improve WSC's financial condition

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

→ **Output Component 1:**

- **13 small water potable water systems in the islands of Abaco, Exuma and Eleuthera expanded or completely renovated**
- **Improve quality of public water service for several small settlements in the Family Islands**

Assumptions

- *The installed production and distribution systems must function as expected – Necessity:* Ensure potable water available to meet the demands of consumers in the targeted small settlements in the Family Islands.
- *WSC must have the capacity to operate and maintain the installed systems – Necessity:* Ensure reliability and sustainability of the systems to meet the demand
- *(New)The BOO Contractor must meet his contractual obligations – Necessity:* Ensure reliability and sustainability of the systems to meet the demand in Exuma and Eleuthera target areas.

Output Component 2: WSC internal funds generation increased to cover financial expenses plus at least 25% of depreciation costs by year 2002

Outcome Component 2: Increased financial autonomy of WSC

Assumptions

- *WSC capital expenditures for purposes other than the IDB project and the EIB project is at most \$750,000 – Necessity:* Unknown and inappropriate. This is not a realistic assumption particularly as WSC budgets an average of \$2.0Mn annually for internally generated capital expenditure. Additionally, Government subsidized FI expenditure usually doubles that amount. The Corporate Business Plan prepared in 2002 at with IDB's assistance, recognized the need for over \$6Mn annualk CAPEX for mains renewals alone in New providence. These expenditures are all required to improve service and increase efficiency.
- *Government policy towards public utilities continues to emphasize financial sustainability and efficiency gains – Necessity:* To ensure eventual financial autonomy. However, this requires a more appropriate sector policy and the associated commitments (financial, legislative, regulatory).

Output Component 3: A set of alternatives to deal with groundwater pollution problems in New Providence and the Family Islands

Outcome Component 3: Initiate removal of groundwater pollution

Assumptions

- *Consultants recommendations are accepted by government and WSC – Necessity:* Ensure implementation and sustainability. Based on recommendations, acceptance is also specifically required by the Ministry of Health as they are the recommended regulatory home.

- *Government has the political will to carry through on the recommendations –*
Necessity: Ensure implementation and sustainability of the recommendations.
- *Financing available –*
Necessity: Ensure priority is given to implementation and sustainability of the recommendations.

3.1.2.5. Pilot question No. 1 – (Under construction). This question is optional for operations with a PCR due date prior to February 1, 2005. Before this date, answers to this question will only be required for those operations selected in a pilot group for completing the full version of the PCR. Have you observed inequalities in the access of the target population to project benefits based on gender, location, ethnicity, rural/urban sector, income group or other reason? If so, what are the reasons behind them?

→NO. However, non-target areas are now applying pressure for expansion of the systems and/or similar systems on the islands.

3.1.2.6. Pilot question No. 2 – (Under construction). This question is optional for operations with a PCR due date prior to February 1, 2005. Before this date, answers to this question will only be required for those operations selected in a pilot group for completing the full version of the PCR. Were any unintended adverse effects produced by this project to the population or to the environment? If so, what measures have been taken?

→NO.

3.1.2.7. Pilot question No. 3 – (Under construction). This question is optional for operations with a PCR due date prior to February 1, 2005. Before this date, answers to this question will only be required for those operations selected in a pilot group for completing the full version of the PCR. The results of the project have most likely contributed to the attainment either of the established goals of the Borrowing Country's sectoral or national strategies or to the indicators of the Bank's Country Strategy. If this has been the case, specify which objective or result indicator the project has contributed towards and explain how and to what extent it does.

→

3.1.2.8. Pilot question No. 4 – (Under construction). This question is optional for operations with a PCR due date prior to February 1, 2005. Before this date, answers to this question will only be required for those operations selected in a pilot group for completing the full version of the PCR. Where there any significant changes in the project context and in sectoral/national policies and/or development strategies? If so, explain how the project was adapted to respond to these changes.

→

3.1.2.9. 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?



3.1.2.10. 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?



3.1.2.11. 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.

☐ Very Effective (VE)

☐ Effective (E)

☐ Marginally Effective (ME)

☒ Ineffective (I)

Explain your rating

➔ **The quality of service improvements to the settlements has been achieved. However, while the alternatives to address groundwater pollution have been identified it remains to be seen whether their implementation is any closer than it was in previous years. The sustainability of these measures is significantly affected by the failure to achieve the third objective which is WSC financial autonomy.**

The project did not target specific WSC problems and failed to focus on its main operational inefficiencies in New Providence and on sector policy and institutional issues. A Corporate Business Plan was eventually required and prepared, and organizational changes have been made. However, the financial crisis that WSC faces could have been mitigated/minimized if more attention was given to operational inefficiencies (Non Revenue water) and CAPEX requirements in New Providence. This would have had a more significant financial impact on WSC

3.2. IMPLEMENTATION ANALYSIS

3.2.1. Project's performance measurement

3.2.1.1. 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	← <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	→High	<input type="checkbox"/> N/A
2. Intervention Strategy in response to the problem (rationale)	Low	← <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	→High	<input type="checkbox"/> N/A
3. Identification of expected outcomes and impacts	Low	← <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	→High	<input type="checkbox"/> N/A
4. Identification of expected outputs	Low	← <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	→High	<input type="checkbox"/> N/A
5. Indicators of expected outcomes	Low	← <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	→High	<input type="checkbox"/> N/A

6. Indicators of expected outputs	Low	←[X][][][]→High	[] N/A
7. Baseline for expected outcomes	Low	←[X][][][]→High	[] N/A
8. Baseline for expected outputs	Low	←[X][][][]→High	[] N/A
9. Assumptions from outputs to outcomes	Low	←[X][][][]→High	[] N/A
10. Assignment of responsibilities for data collection	Low	←[][][][X]→High	[] N/A
11. Project implementation plan	Low	←[][][][X]→High	[] N/A
12. Procurement plan	Low	←[][][][X]→High	[] N/A

3.2.1.2. 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

1. Intervention Strategy: Project did not address any of the core operational, institutional, and sector issues which significantly affect WSC financial condition
2. Assumptions/Indicators: Proper indicators were not used and this is typical of the intervention strategy. For instance, the assumption that a production capacity equal to the estimated demand would result in or indicate that residents had a better quality service is not appropriate anywhere in Bahamas where alternative sources exist. WSC's market share is only 30% or less though piped water supplies are available to more than 30% of the population. Though it would have been difficult to achieve, Government's acceptance of the environmental study's recommendations would have been a better indicator and a better indication of the likelihood of its implementation

3.2.1.3. 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

→

3.2.1.4. 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

- → Proper attention must be paid to social and political climate within which a project is designed.
- The sector policy must be reviewed and taken into account prior to establishing the project components and how they relate to the intended outcomes
- Institutional factors must also be weighed and emphasis given to the financial sustainability of the agency and consequently the project.

3.2.1.5. 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	← <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
2. Data gathering for the outcomes base line	Low	← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
3. Data gathering for the outputs base line	Low	← <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
4. Data gathering, data analysis and reporting of information on available resources (inputs) and undertaking activities	Low	← <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
5. Data gathering, data analysis and reporting of information on project outputs and their contribution to the achievement of expected outcomes	Low	← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> 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	← <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A

3.2.1.6. 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

- timeliness of semester reports and monthly project progress reports
- tardiness of audited financial statements

3.2.1.7. 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



3.2.1.8. 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

Reporting structure should be specifically formatted to address progress, outputs, outcomes, indicators and assumptions so that easy analysis of performance can be made. For instance, the log frame should be the basis of the report with updates and comments on outputs, activities, assumptions, indicators etc..

3.2.2. Factors affecting project implementation (according to PPMR)

(As useful information to answer section 3.2.3. it is advisable to review the factors affecting project implementation recorded in the PPMR. The Specialist responsible for supervising the project in the Bank's Country Office should be able to provide this information).

The factors the affected project implementation are:

Positive

- (i) WSC's commitment to the project;

- (ii) Performance of the consultants, contractor and project management team;
- (iii) IDB response time to disbursement requests and other routine factors affecting execution

Negative

- (i) Inadequacy of the project design;
- 3.□.□.□. Over ambitious/unrealistic outcomes and the failure of WSC to meet them
- (iv) IDB inertia to change project components to improve project design and potential outcome
- (v) Inter (Government) agency delays with respect to decision making and taking action.

3.2.3. Analysis of critical factors affecting project success

Critical factors affecting output delivery

3.2.3.1. 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

- IDB delay in approving RO alternate eventually led to claims by the Contractor for delays. A settlement was reached.
- Late signing of loan which resulted in delayed award of Contract for an integrated utility-specific information system. This caused a fast-track implementation to assure completion prior to 2000. WSC has not fully recovered from this yet and it resulted in late audited statements for the first 3years due to unfamiliarity with the new system. In fact serious consideration is being given to replacing the integrated package with open architecture systems that can be integrated.
- IDB and Government's failure to take holistic approach to development strategy for Bahamas and consequently have overlapping project and an inflexibility to change. At the time, this project was being implemented IDB was financing the formation of an environmental agency whose portfolio should have included groundwater

3.2.3.2. 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

- Change to RO in Exuma and Eleuthera ensures consistent quality and quantity of potable water indefinitely without high vulnerability to external factors, and leaves large areas of land available for other developments.
- Consultant, Contractor, and WSC performance

Critical factors for achieving project outcomes

3.2.3.3. 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

- Poor project design; inappropriate for achieving outcomes related to financial autonomy and groundwater pollution. Focus was on CAPEX not institutional and operational factors affecting WSC financial condition
- Failure to follow-up with Guarantor to ensure proper financing of counterpart funds led to further financial demise of WSC as did ill-conceived requirement to reduce Government intervention
- Complexity of high-tech systems in FI environment could affect long-term sustainability of project as built.

3.2.3.4. 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

- IDB insistence on preparation of Corporate Business Plan allowed government and IDB to realize the critical issues and drastic measures required for WSC to achieve financial autonomy

3.2.4. Analysis of project management and lessons learned

3.2.4.1. 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

- Strict adherence by WSC to reporting requirements and open relationship between staff at IDB and WSC ensured all parties were fully cognizant of factors affecting project implementation.
- Ability of WSC to quickly recognize, resolve and propose alternative solutions to problems arising was beneficial
- Strict adherence by WSC to contractual obligations with Consultants and Contractors avoided unnecessary delays and confrontations without significantly exceeding contract amounts despite completion delays

3.2.4.2. 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

- Monthly briefs between IDB, WSC/MOW (Borrower) and Government (Guarantor) could have avoided unnecessary delays and accelerated decision-making and corrective actions. These meetings would focus on progress, potential/existing problems, alternative solutions, and recommendations

Rating project implementation (IP)

3.2.4.3. 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

☐ Very Satisfactory (VS)

☒ Satisfactory (S)

☐ Unsatisfactory (U)

☐ Very Unsatisfactory (VU)

Explain your rating

In terms of time, project implementation was poor. However, given the tardiness of decisions by parties other than WSC, and the inflexibility encountered in adjusting project design to address more directly WSC efficiency, it is somewhat amazing that the project was completed and under the prescribed budget including additional scope (Crossing Rocks, Casuarina Point). This was due in large part to the elimination of the Exuma and Eleuthera wellfields

3.3. SUSTAINABILITY ANALYSIS

3.3.1. Institutional / Organizational Strengthening (IOS)

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

3.3.1.2. IOS achieved by the project in the country. Describe the project's most significant contributions (maximum 3) to the institutional / organizational strengthening in the country.

- Identification of sector needs
- Preparation of groundwater regulatory and legislative requirements

3.3.1.3. IOS 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.

- Preparation of CBP
- Installation of new information system
- Target date/timeframe for production of audited statements

3.3.1.4. Rating the project's contributions to IOS

[] Very Relevant (VR)

[] Relevant (R)

[x] Partially Relevant (PR)

[] Irrelevant (I)

Explain your rating

- While the achievements are relevant, the information system in particular has been problematic and compatible software packages are being investigated vs a so-called utility specific integrated package
- CBP and loan requirements in general have resulted in a more focused approach to financial management and organizational development but the extent to which financial support for the CBP and implementation of its organizational recommendations is achieved remains to be seen.
- The framework and requirements for groundwater regulations is prepared but not adopted

3.3.2. Project Sustainability

3.3.2.1. 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.

- Project infrastructure and water production arrangements (ie BOO RO contracts) for the design period (15yrs) and renewed thereafter as required
- Implementation of the CBP recommendations as agreed with WSC and Government
- Implementation of the recommendations for a groundwater regulatory body under the Ministry of Health

3.3.2.2. 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 Bank 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 3.3.2.1.

Institutional / Organizational arrangements and resources	Probability	
1. Executing Agency top management's support	Low ← <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> → High	<input type="checkbox"/> N/A
2. Policy, legal and regulatory framework	Low ← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
3. Preparedness and organizational capacity	Low ← <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
4. Inter-organizational coordination	Low ← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
5. Availability of financial resources	Low ← <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
6. Key personnel	Low ← <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
7. Financial resources for infrastructure maintenance	Low ← <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
8. Project beneficiaries' support	Low ← <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> → High	<input type="checkbox"/> N/A
9. National government support	Low ← <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A

3.3.2.3. 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 3.3.2.1. may not be sustainable, and explain why.

- Recent restructuring and organizational changes at WSC have negatively impacted cash flow and general financial condition. This will adversely affect ability to allocate financial resources to improve operational efficiencies
- High-tech systems are proving to be inappropriate for FI environment
- Lack of Government commitment to financing CBP and specific activities to improve operational efficiency
- Lack of Government commitment to implement proposed groundwater regulatory framework
- Lack of Government financial assistance to improve WSC service in New Providence and to adopt sector policy which ensures monopoly similar to those previously enjoyed by telecommunications and presently existing with electricity

3.3.2.4. 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 3.3.2.1. may be sustainable, and explain why.

- Government's apparent interest in environmental protection and planning, and the provision of safe, efficient water supplies to all residents has led to Cabinet presentations and could eventually lead to long-term commitment to the sector and WSC in particular

3.3.2.5. 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 use of high quality (and cost) materials and practices in design and construction should ensure long-term sustainability
- Private sector partnerships in the production of water (BOO RO) ensures minimal capital outlay while ensuring low vulnerability, low risk, sustainable supply.

3.3.2.6. 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

- Greater attention to the use of appropriate, sustainable technologies for remote locations
- Detailed maintenance plan and budget for infrastructure projects to ensure ease of financial planning and resource allocation

3.3.2.7. Sustainability action plan. Considering the previous analysis, describe the significant actions that the Borrowing Country and/or the Bank should undertake during the next year to ensure sustainability of future impacts, outcomes, products, actions and/ or services identified in 3.3.2.1.

- Government and WSC, with IDB if necessary, develop long term financial plan for implementation of CBP
- WSC (and IDB) should continue to monitor performance and O&M activities of project

3.3.2.8. 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:

☐ Very Probable (VP)

☐ Probable (P)

☒ Low Probability (LP)

☐ Improbable (I)

Explain your rating

With the financial crisis being faced by WSC, O&M are usually the activities that suffer particularly in an environment where staff reductions are unlikely unless by attrition. Even with this, concentration on the production and supply of water are often overshadowed by revenue enhancement measures (ie billing, collection etc)

3.4. BANK PERFORMANCE

3.4.1. Bank Performance in critical areas. Evaluate the Bank's performance in the following areas:

1. Extent to which the Bank facilitated the project design in a participatory manner with the Borrower and Executing Agency

Low ← ☐ ☒ ☐ ☐ → High ☐ N/A

2. Technical assistance and training as well as consistent follow-up provided so that the Executing Agency follow the Bank's policies and procedures	Low ← <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
3. Technical assistance and training provided to the Executing Agency to improve project management	Low ← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
4. Benefits of the Bank's supervision and assistance to improve project management	Low ← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
5. Timeliness in the Bank's response to the needs of the Executing Agency during project implementation	Low ← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
6. Bank flexibility to respond to emergencies during project implementation	Low ← <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A

3.4.2. Lessons Learned for the organization and operation of the PEU (measures adopted). Based on the project experience, identify the measures adopted in terms of structure, organization and processes of the Project Coordination/Executing Unit, as well as its interaction with the Bank, and the lessons learned. How were those measures put into practice?

The PEU was established prior to this project and already operated on the basis of previous World Bank , EIB, and CDB loan requirements

3.4.3. Lessons Learned for the organization and operation of the PEU (alternative measures). Based on the project experience during its implementation, what do you suggest that the Bank do in future operations in order to support the improvement of the structure, organization and processes of the Project Coordination/Executing Unit and its interaction with the Bank in future operations?

- The PEU was established prior to this project and already operated on the basis of previous World Bank , EIB, and CDB loan requirements
- Monthly meetings of IDB, Government (MOFP) and WSC (MOW) would have facilitated quicker decision-making particularly if the group were given the autonomy to do so. This would have avoided delays.
- IDB must be more flexible in modification of project design particularly where benefits are expected to improve outputs and outcomes and the modifications are in the spirit of the overall goal of the loan.

3.4.4. Ratings of Bank Performance. Based on 3.4.1., rate the Bank's performance in monitoring the project, taking into account the experience of the Borrower and your experience as Executing Agency during project design and implementation.

☐ Very Satisfactory (VS) ☐ Satisfactory (S) ☒ Unsatisfactory (U) ☐ Very Unsatisfactory (VU)

Explain your rating

This question speaks to the monitoring of the project by IDB but it has been answered with an overall view of the success in project design, implementation, and achievement of the objectives since monitoring is considered a fairly simple function if all other factors are properly addressed. Given the opportunities to modify or assist in making the project a success, IDB, in its strict adherence to targets and conditions that it knew were unrealistic and not reasonable within the project scope, failed to assist WSC in modifying components

that could have assured a more positive outcome. Interaction was at times adversarial and not as conducive to the development of WSC and the sector as they could have been.

Having said that, IDB must be commended for requiring the development of a CBP. Had it not been so insistent that the Government commit to what in effect was a \$65mn price tag for the CBP, it could have allowed WSC to utilize the funds saved from the wellfield elimination towards implementation and specifically implementation of a NRW reduction program. This would have had a profound effect on WSC's financial position and significantly improved its operational efficiency.

Also, despite financing a study for an environmental agency through a MIF TC, whose TOR could have included groundwater regulations (as repeatedly recommended by WSC), IDB insisted that WSC carry out this exercise at a cost of \$0.3Mn though it does not stand to benefit financially from the exercise.

3.5. FOUNDATIONS FOR THE EX-POST EVALUATION

3.5.1. 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 Bank, Borrower and Executing Agency in the Project Completion Workshop Aide Memoire):

Does the Loan Agreement require an ex-post evaluation for this operation?	<input type="checkbox"/> No <input type="checkbox"/> Yes
What will be its schedule?	Start up date: DD MM YY Submission date: DD MM YY
Who are the responsible parties for carrying out the evaluation?	<input type="checkbox"/> Bank <input type="checkbox"/> Borrower
What is the estimate of the costs involved?	USD\$ []
How the cost involved will be financed?	<input type="checkbox"/> IDB Resources <input type="checkbox"/> Borrower Resources <input type="checkbox"/> Other Sources

If financing comes from other source, please specify:

3.5.2. 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.

➔

+

3.6. 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 - IB

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

Investment Category	Original				Actual				Gap as % of Original			
	IDB	Borrower	Other Sources	Total	IDB	Borrower	Other Sources	Total	IDB	Borrower	Other Sources	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1.												
2.												
3.												
4.												
Etc.												
TOTAL												

Source of information:

From LMS: Columns (1) and (5)

To be completed by the author of the Executing Agency Memorandum: Columns (2) (3) (6) (7) (10) (11)

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

Years	Original				Actual				
	IDB (1)	Borrower (2)	Other (3)	Total (4)	IDB (5)	Borrower (6)	Other (7)	Total (8)	(8)- (4) (9)

Source of information:

To be completed by the author of the Executing Agency Memorandum: Columns (2), (3), (6), (7)



INTER-AMERICAN DEVELOPMENT BANK

DRAFT Project Completion Report – PCR

Informe de Terminación de Proyecto

Bank Memorandum

Project Name: Family Islands Potable Water Project

Project Number: BH-0025

Loan Number(s):1112/OC-BH

DECEMBER 22 2004

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Nota:

This document includes sections 1 (General Information) and 2 (Bank Memorandum) of the PCR, as well as Annex 1.

Section 3 (Executing Agency Memorandum) will be presented in a separate document.

Section 4 will be the CRG Minutes

With regard to section 5 (annexes), Annexes 2 and 3 are not include because they are links of the PCR system.

Annex 4 (Exit Workshop Aide Memoire) and Annex 5 (optional documental annex) are presented in separate documents.

General Information

1.1. Development Objective

Component 1: Improve quality of public water service for several small settlements in the Family Islands

Component 2: Increased financial autonomy of WSC

Component 3: Initiate removal of groundwater pollution

1.2. Basic Data

Project name: **Project Name: Family Islands Potable Water Project**

Project number: **BH-0025**

Loan /TC number: **1112/OC-BH**

Executing Agency: Water and Sewerage Corporation / Ministry of Works

Loan / TC amount (original): 14,000,000

Loan / TC amount (current): 10,632,274

Loan / TC Cumulative cancellations: 3,317,725

Total cost of the project (BID) (Original): 20,000,000

Total cost of the project (BID) (Current): 18,699,658

Author of the Bank Memorandum: Trevor Boothe, Colin Forsythe, Graham Williams and Consultant Cecil Pemberton

1.3. Summary of Ratings

Historical PPMR Ratings:

Month Year	Dec. 1998	Jun. 1999	Dec. 1999	Jun. 2000	Dec. 2000	Jun. 2001	Dec. 2001	Jun. 2002	Dec. 2002	Jun. 2003	Dec. 2003	Jun. 2004	Dec. 2004
IP	S	S	S	S	S	U	U	U	U	U	U	U	U
AS	H	H	H	H	H	H	H	H	H	H	L	L	L
DO	HP	HP	HP	HP	HP	P	P	LP	LP	LP	LP	LP	LP

1.4. Project Timeline

Start up workshop date: None

Mid-term evaluation date: May 2001, June 2003

Exit workshop date: July 06 2004

1.5. Reference Documents

<http://itc-apps-01/ppmr/>

<http://ops.iadb.org/lms/Lms1.aspx?Operation=1112/OC-BH&Year=2004&Month=03&Day=31&Output=PDF>

<http://ops.iadb.org/lms/Lms1.aspx?Operation=1112/OC-BH>

<http://ops.iadb.org/lms/Lms1.aspx?Operation=1112/OC-BH>

<http://ops.iadb.org/lms/Lms50.aspx?Country=BH&OperationType=LON&Year=2004&Month=03&Day=31&O>

Bank Memorandum

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.

COMPONENT 1 – Output Indicators	
PLANNED	ACHIEVED
Component 1: Substantial Completion Certificate issue for construction activities in Abaco, Exuma and Eleuthera	Substantial Completion certificates were issued for the well fields in Abaco which were constructed with Bank financing. The wells for Exuma and Eleuthera were removed from Bank financing, and an alternative supply was obtained from a BOO-RO arrangement between Government and private sector interests.

Factors responsible for the gap (if applicable):

The gap in Component 1 was not due to any shortcoming in project implementation but rather to a change in the modality of achieving this project output. .

1. Faced with the problems of un-sustainable well fields and problems associated with the acquisition of the lands on which the wells were to be located, WSC hired consultants to assess options for the supply of water to Eleuthera and Exuma. The studies indicated that a Build Own Operate Reverse Osmosis (BOO RO) contract was a better option than the construction of the proposed 513 wells at the two locations. . Therefore, the well fields at Exuma and Eleuthera were eliminated from the project. In determining that BOO RO was a better option, the consultants compared the discounted capital, operational, maintenance and replacement costs of the wells with the operating expense of purchasing water from the RO water purveyor. In selecting the BOO RO option, WSC ensured that it would not be faced with the task of maintaining complex RO production systems and that its direct operational cost for the supply of water from new facilities on Exuma and Eleuthera would be zero. Consequently, the Borrower sought and obtained the Bank's no objection to use BOO RO contracts for the new water production facilities on Exuma and Eleuthera



COMPONENT 2 – Output Indicators	
PLANNED	ACHIEVED
<p>(paste here the output indicators copied from the PPMR)</p> <p>Component 2:</p> <p>WSC working ratio equal or smaller to 1.0 for year 1999</p> <p>WSC working ratio equal or smaller than 0.95 for year 2000</p> <p>WSC working ratio equal or smaller than 0.9 for year 2002</p>	<p>(using the same output indicators, describe here the achievements in this component)</p> <p>WSC working ratio for year 1999, 1.1</p> <p>WSC working ratio for year 2000, 1.4</p> <p>WSC working ratio for year 2002, 1.1</p>
<p>Factors responsible for the gap (if applicable):</p> <p>➔</p> <p>The Working Ratio is Operating Expenses divided by Operating Revenue (similarly defined in the project report). While Operating Revenue increased by approximately 54% between 1996 and 2003, Operating Expenses recorded a 75% increase over the same period. The revenue position of the company has not been helped by the 52% non-revenue water statistic and the fact that WSC has been mandated to provide services to communities where it is not financially viable to do so.</p>	

COMPONENT 3 – Output Indicators	
PLANNED	ACHIEVED
<p>(paste here the output indicators copied from the PPMR)</p> <p>Component 3: A final report acceptable to WSC and to the Bank</p>	<p>(using the same output indicators, describe here the achievements in this component)</p> <p>The final report entitled ‘Regulatory Framework for Integrated Groundwater management and Pollution Control’ has been accepted by WSC and the Bank</p>
<p>Factors responsible for the gap (if applicable): ➔</p>	

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 **Achievement of Outputs**

Component 1: Thirteen small potable water systems in the islands of Abaco, Exuma and Eleuthera expanded or completely renovated

Thirteen small potable water systems in the islands of Abaco, Exuma and Eleuthera were expanded or completely renovated. The provision in the project design for Bank financing of well fields at Exuma and Eleuthera, was replaced by the installation of BOO RO facilities on those two islands, which were financed with private sector resources.

2 **Component 2: WSC internal funds generation increased to cover financial expenses plus at least 25% of depreciation costs by year 2002**

WSC financial position remained poor so that by the year 2002 the Corporation registered a net operating loss before depreciation of \$2.2 mn.

3 **Component 3: A set of alternatives to deal with groundwater pollution problems in New Providence and the Family Islands**

Consultants engaged by WSC assessed alternatives to deal with groundwater pollution problems in the Bahamas and opted to recommend: (i) the establishment of an environmental regulator within the structure of the Ministry of Health & Environment, thus relieving WSC of its current groundwater regulatory functions; and (ii) the adoption of 15 regulatory instruments to address threats to the groundwater. Some of the 15 regulatory instruments are already contained in existing legislation while others require new legislation.

(you can add new rows to describe other outputs, if needed)

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.

DEVELOPMENT OBJECTIVE Outcome indicators (Purpose in the LogFrame)	
PLANNED	ACHIEVED
<p>(paste here the outcome indicators copied from the PPMR)</p> <p>Component 1 (a)Production capacity of systems included in the project are: 450 tig/day for the new well field in Marsh Harbour-Abaco, 300 tig/day for Treasure Cay-Abaco, 164 tig/day in Exuma and 96 tig/day in Eleuthera (b)Salinity levels for all water systems in the project are below WHO recommended level of 250 mg/lit.</p> <p>Component 2 (a)Level of Government transfers reduced by US\$22.0 mn for the period 1999-2002 (b)Expected level of government transfers for operating and capital expenditure steadily decline to less than \$4.5 mn per year by year 2002.</p> <p>Component 3 Decision to pursue studies at feasibility level</p>	<p>(using the same outcome indicators, describe here the achieved outcomes)</p> <p>(a)Production capacity of systems for Marsh Harbour-Abaco and Treasure Cay-Abaco are 450 tig/day and 300 tig/day respectively. The systems at Exuma and Eleuthera can supply 165 tig/day and 90 tig/day respectively. (b)Salinity levels for all systems in the project are below WHO recommended level of 250 mg/lit. Planned outcome indicators for development objectives met.</p> <p>(a)Government transfers for the period 1999-2002 declined by \$14.6 mn (b)Government subsidy was \$9.9 mn for the year 2002 and is not expected to decline to below \$4.5 mn thereafter. Planned outcome indicators for development objectives not achieved.</p> <p>No decision required. Planned outcome for development objectives met.</p>

Factors responsible for the gap (if applicable):

➔ **1(a)** The well fields at Exuma and Eleuthera were not constructed and were replaced by BOO RO plants of capacities 165 tig/day and 90 tig/day respectively.

1(b) The salinity levels for the RO plants are well below the WHO limit.

2(a)&(b) None of the financial indicators was achieved because of: (i) Government has not set adequate policy guidelines or made decisions in a timely manner to stem the decline in WSC's finances; and (ii) Government has not provided resources which are necessary if a significant turnaround at WSC is to be accomplished.

3. The main recommendation of the final report of the study entitled 'Regulatory Framework for Integrated Groundwater management and Pollution Control' is a 16 step implementation plan for groundwater regulation in the Bahamas. As such, there was no need for a 'decision to pursue studies at feasibility level' which had been identified as the indicator for this outcome.

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

➔ There has been an improvement in the quality of the public water supply service for several small settlements in the Family islands of Abaco, Exuma and Eleuthera. Except for the settlement at Treasure Cay - Abaco, which has not been connected to the system, the other systems are all producing water well above the WSC's national market share of 30% of the target population. Residents who consume WSC's water in preference to the contaminated alternative supplies are benefiting from an improved quality of life through a reduction in the risk of contracting some form of water borne disease. At Treasure Cay, an ongoing dispute between the government and the Management of Treasure Cay Resort over the government's intended acquisition of the latter's privately owned existing water and sewerage system has prevented the targeted beneficiaries from connecting to the new system. The project was designed to serve approximately 1,000 existing customers (connections), and 1,800 new customers including those at Treasure Cay. As of March 2004 when the final disbursement was made for the project the original 1,000 customers are benefiting from an improved supply while there has not been any sharp increase in the number of connections in the project area.

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.

➔ In the future, as more and more consumers chose to use the piped water supply, in preference to the contaminated and inadequate alternative supplies, there will be a reduced risk of an outbreak of some form of water-borne disease in the Family Islands. In addition, the increased customer base, albeit small, should assist WSC's revenues and improve its chances of financial autonomy.

If the recommendations of the regulatory study are implemented the use and pollution of ground water in the Bahamas will be regulated. This will reduce the risk of an outbreak of some form of water-borne disease in the Bahamas, protecting the quality of life of residents and its vital tourism industry.

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.

→ Output Component 1: 13 small water potable water systems in the islands of Abaco, Exuma and Eleuthera expanded or completely renovated

Outcome Component 1: Improve quality of public water service for several small settlements in the Family Islands

Assumptions

- *The installed production and distribution systems should function as expected*
If the installed production and distribution systems function as expected then potable water will be available to meet the demands of consumers in the targeted settlements in the Family Islands.
- *WSC should have the capacity to operate and maintain the installed systems -*
If WSC does not have the capacity to operate and maintain the systems, then there could be frequent breakdowns. Already, there is evidence to suggest that WSC staff is not always able to operate and maintain the automatic switchgear installed and have already resorted to manual operations.
- *The BOO Contractor should meet his contractual obligations -* Because there is no other reliable alternative supply of good quality water, the supply to the settlements in Exuma and Eleuthera depends on the BOO RO contractor meeting his contractual obligations.

Output Component 2: WSC internal funds generation increased to cover financial expenses plus at least 25% of depreciation costs by year 2002

Outcome Component 2: Increased financial autonomy of WSC

Assumptions

- *WSC capital expenditures for purposes other than the IDB project and the EIB project is at most \$750,000* – WSC has limited options for reducing its dependency on Government to meet its financial obligations other than through measures to improve its quality of service, increase its efficiency or reduce its operating expenditure, most of which require capital expenditure. In these circumstances, the (\$750,000) cap on capital expenditure was unrealistic.
- *Government policy towards public utilities continues to emphasize financial sustainability and efficiency gains* – Government maintains this policy but has had to continue subsidizing WSC's operations at levels greater than that before the project because the expected financial turnaround never materialized.

Output Component 3: A set of alternatives to deal with groundwater pollution problems in New Providence and the Family Islands

Outcome Component 3: Initiate removal of groundwater pollution

Assumptions

- *Consultants' recommendations are accepted by Government and WSC*– The consultants recommended changes to legislation and institutional responsibility for the regulation of ground water use and pollution. Due to the delay by WSC in initiating the groundwater study, it was only received at the very end of the project leaving the Bank with little or no leverage to exert influence on Government to implement the recommendations.
- *Government has the political will to carry through on the recommendations* - In the late 1980's the Government, with financial assistance from the UNDP, prepared a Regulatory Framework for groundwater pollution, however, in reaction to public protests at that time, Government abandoned the plan. A Financial and Institutional Study of WSC prepared under an IDB PPF concluded that a draft Water and Sewerage Act which was in circulation at the time was too weak in, *inter alia*, its provisions for groundwater pollution regulation and recommended amendments. The amendments recommended by the consultants were not accepted and the draft was not enacted. In addition, one of the conditions of a 1995 European Investment Bank Loan to the Government of the Bahamas was the introduction of groundwater pollution regulations, as proposed under this project. Given the historical background to this issue, it follows that implementation of the consultants recommendations will hardly be likely if there is no Government support for the consultants' recommendations.

With regard to political will it should be noted that WSC as the executing agency delayed contracting the ground water pollution study due to a lack of conviction as to its utility given the fact that a previous study, many of the findings of which are still valid, remain largely unimplemented. WSC was also reluctant to incur the substantial cost associated with contracting the study in light of the above. Due to the late issue of the contract for the study the final report was received three years late at the very end of the project, and although WSC has accepted the report, at the closing of the project there was no indication that Government was taking tangible actions towards implementing the consultants' recommendations.

- *Financing available* – The setting up of a new division of government as recommended by the study will add to government's expenditure. In the current environment of fiscal constraints, and in the absence of a public health crisis, Government might be constrained to allocate the funds necessary to set up the new Division.

2.1.2.5. Pilot question No. 1 – (Under construction). This question is optional for operations with a PCR due date prior to February 1, 2005. Before this date, answers to this question will only be required for those operations selected in a pilot group for completing the full version of the PCR. Have you observed inequalities in the access of the target population to project benefits based on gender, location, ethnicity, rural/urban sector, income group or other reason? If so, what are the reasons behind them?

→N/A

2.1.2.6. Pilot question No. 2 – (Under construction). This question is optional for operations with a PCR due date prior to February 1, 2005. Before this date, answers to this question will only be required for those operations selected in a pilot group for completing the full version of the PCR. Were any unintended adverse effects produced by this project to the population or to the environment? If so, what measures have been taken?

→Because there is no public sewerage system on the Family Islands, the disposal of the increased water delivered to consumers in the Family Islands could exacerbate the pollution of groundwater. This issue should have been specifically addressed by the Project design with a view to ensuring that project beneficiaries would have had access to adequate wastewater disposal facilities. However, in the long-term, the measures proposed under the Groundwater Pollution Control component of the project could, to some extent, address this issue.

2.1.2.7. Pilot question No. 3 – (Under construction). This question is optional for operations with a PCR due date prior to February 1, 2005. Before this date, answers to this question will only be required for those operations selected in a pilot group for completing the full version of the PCR. The results of the project have most likely contributed to the attainment either of the established goals of the Borrowing Country's sectoral or national strategies or to the indicators of the Bank's Country Strategy. If this has been the case, specify which objective or result indicator the project has contributed towards and explain how and to what extent it does.

→N/A

2.1.2.8. Pilot question No. 4 – (Under construction). This question is optional for operations with a PCR due date prior to February 1, 2005. Before this date, answers to this question will only be required for those operations selected in a pilot group for completing the full version of the PCR. Where there any significant changes in the project context and in sectoral/national policies and/or development strategies? If so, explain how the project was adapted to respond to these changes.

→N/A

2.1.2.9. 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?

→ The project did not include ex ante a calculation of the expected rate of return. However, the IRR of the individual systems was calculated and is presented in Section 2.1.2.10 below.

2.1.2.10. 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?

→ IRRs were calculated for individual systems. The systems serving the settlements of Crossing Rock and Casuarina Point were eliminated from financing by the Bank, on the basis of their IRRs being below the cutoff rate of 12%. However, WSC decided to finance them from its own funds.

The Table below presents the expected IRRs of the systems compared with their respective observed IRRs.

SYSTEM	EXPECTED IRR %	OBSERVED IRR %
Marsh Harbour	31.4	56
Treasure Cay	27.3	26
Eleuthera	13.7	(-ve)
Exuma	12.1	No Investment

Adjustments made to the economic analysis:

1. In 1999 WSC made an adjustment to the tariff for the Bahamas. The average for the Family Islands moved from \$4.23/tig to \$6.60/tig while that for New Providence moved from \$10.42/tig to \$12.07/tig.
2. From 2005 on-wards, it is assumed that the average tariff for the Family Islands will be adjusted upwards to match that of New Providence.
3. For all systems the maximum price that consumers will be willing to pay for water has been set at \$40.00/tig with or without the project
4. No investment was made under the project for the Exuma system. In Eleuthera no investments were made for well fields, however there were 2 investments under the project - for distribution pipelines and storage tanks. These investments yielded a negative cash flow for the entire period of analysis. (see also Annex 1a)
5. In arriving at the IRR for Treasure Cay it was assumed that the Treasure Cay issue would be resolved by 2005.

Information on the direct cost of the project is to be found following the chart in Annex 1a.

2.1.2.11. 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.

☐ Very Effective (VE)

☐ Effective (E)

☒ Marginally Effective (ME)

☐ Ineffective (I)

(Explain your rating)

Whereas, to a large extent, the project achieved the objective of improving the quality of service for several settlements in the Family Islands of the Bahamas, it has not contributed significantly in improving the financial condition of the Water and Sewerage Corporation nor has it significantly advanced the management of groundwater pollution in the Bahamas.



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 ← <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
2. Intervention Strategy in response to the problem (rationale)	Low ← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
3. Identification of expected outcomes and impacts	Low ← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
4. Identification of expected outputs	Low ← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
5. Indicators of expected outcomes	Low ← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
6. Indicators of expected outputs	Low ← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
7. Baseline for expected outcomes	Low ← <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
8. Baseline for expected outputs	Low ← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
9. Assumptions from outputs to outcomes	Low ← <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High	<input type="checkbox"/> N/A
10. Assignment of responsibilities for data collection	Low ← <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> → High	<input type="checkbox"/> N/A
11. Project implementation plan	Low ← <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> → High	<input type="checkbox"/> N/A
12. Procurement plan	Low ← <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> → High	<input type="checkbox"/> 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.

→ Issues:

- (i) **Conceptualization of Project/Issues** – The project was not conceived as one to resolve the problems of the water sector in the country. In reality, the operation began from a different perspective, commencing as a counterpart to a project already approved with financing from the European Investment Bank and in respect of which the Government of The Bahamas requested the IDB to finance the counterpart which in effect was the Family Islands aspect of the water sector. The program of civil works for the reduction of water losses and improvement of the quality of service was covered under the European Investment Bank loan approved in December of 1995 as was made clear in paragraph 1.29 of the IDB loan document. At the time the project was being designed, WSC's financial position was cause for concern. The project design, therefore, included a number of financial performance targets, as output indicators to be achieved during project implementation. There was, however, no road map as to how the targets were to be achieved and what resources would be required to make that possible. The 'how' and 'what' were later identified in a business plan commissioned by WSC and financed by WSC and the Bank following the mid-term review of the project which revealed serious problems in meeting the agreed targets and outputs of the project.
- (ii) **Financial Institutional Issues** - Section B.3 of Chapter 1 'Financial and Institutional Aspects of WSC', as well as Chapter 4 of the loan document, provide a clear picture of the situation of the company at the outset of the project and attests to the several measures to improve its financial situation which were proposed by the project studies done during project preparation. Similarly Section F of Chapter 1 'Justification of the Project' provides the rationale for the project and what was expected, particularly in financial terms, given the fact that the project financed improvements for Family Islands, which represented a small proportion of total business for WSC. During project preparation, the project team proposed several measures to improve the financial situation of WSC, including tariff adjustments, cost control measures, improvements to the commercial operations and improvements in the quality of service. Several action plans were proposed by the project team and discussed with national authorities, but it was difficult to reach agreement on any particular set of measures given the political implications of many of them.

Consequent on protracted negotiations between the project team and national authorities, agreement was reached on a number of financial performance targets as output indicators that WSC needed to achieve in order to guarantee its financial stability. It was further agreed that it was up to the management of WSC and high level government authorities to decide upon and implement the specific measures required to achieve those results. There was, however, no provision for technical assistance to WSC, as to how the targets were to be achieved nor was the issue addressed of the resources that would be required to achieve the targets. The 'how' and 'what' were only later identified in a Corporate Business Plan

commissioned by WSC and financed by WSC and the Bank following the mid-term review which revealed serious difficulties with project implementation.

The agreements reached between the Bank and GOBH were spelt out in the project document and further spelt out in the special contractual conditions of the loan. The basic thrust of those conditions was that WSC and the Government of The Bahamas would devise a plan, using all the background information provided during project preparation, to guarantee achievement of a set of indicators that would convert WSC into a company with the capacity to carry out capital investments and improve the quality of its service. This plan was to be presented to the Bank by WSC prior to the signing of contracts for any civil works under the project and it was supposed to provide measures to achieve the given financial indicators in years 1999, 2000, and 2002. Achievements of this plan for year 1999 were to be reported after one year project execution as well as information on measures to be taken to guarantee achievement of financial indicators for years 2000 and 2002. Furthermore, WSC undertook to implement within 18 months after the start of the project specific measures on the commercial operation of WSC. No comprehensive plan was presented as envisioned in the agreement reached between Government and the Bank. The specific 1999 benchmark re disbursements – loan contract 4.02 (i) was not met, nor is there any written evidence of the Bank insisting that the agreement be fully complied with in the key and critical early stages of the project. The Bank proceeded with a commitment and disbursement of funds on the basis of a partial compliance with the initial contractual conditions and later on the basis of a waiver, details of which are provided in Section 2.2.3.1 of this report. Commencing in June 2001 the Bank delayed making disbursements in the face not only of the non compliance with contractual clauses but also the late submission of audited financial statements.

- (iii) **Inadequacy of Indicators** - The indicators of expected outcomes from the improved quality of service to the Family Islands were given in terms of the production capacities of the various water systems. Better indicators of the outcomes would have been the number of new customers served, with baseline data on the target population. This approach would have highlighted current concerns in a number of areas where there has been minimal use of the systems since project completion.
- Likewise, the indicators for the outputs would have been better stated as the completion of the systems identified by their production capacities. The output indicator for the achievement of the output for the ground water study was the acceptance of the consultant's final report by WSC and the Bank. There are inter-sectoral and inter-departmental issues involved in regulating groundwater use and pollution. This should have been recognized at project design and government's acceptance of the consultant's recommendations should have been included as an indicator of successful achievement of this output.

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.



Lessons Learned

- (1) Factors that were adopted in the project design relating to performance measurement were detailed in a procurement plan and a schedule of public biddings. The procurement plan allowed WSC and the Bank to keep track of the nature of contracts, the financing of such contracts and the type of bidding undertaken. The schedule of public bidding established a baseline from which WSC and the Bank tracked the awarding of contracts for the supply of goods and services.
- (2) The project provided for financial information certified by independent auditors. This ensured that the quality of information used in monitoring the financial performance of the WSC was reliable.

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.

As regards alternative measures that could improve project performance measurement in the design of future operations:

- All components financed under a project should be analysed in terms of their activities, outputs, outcomes and their related performance indicators, means of verification and assumptions;
- Project outputs should be supported by time bound activities with a clear scope and the allocation of measurable resources;
- Performance Indicators for the assessment of the results (outputs, outcomes and goals) of a project, should be measurable and where possible supported by baseline data and a project financed process of data collection, so that the true achievement of the component of the project can be assessed;
- Where institutional development is being contemplated, the project designers should carefully analyse: (i) the capacity of the targeted institution; and (ii) the social and political environment in which the institution operates, to ensure that over ambitious development targets are not set;
- In situations where project beneficiaries have options, as in the case of water consumers in the Bahamas who have a number of alternative supplies of water, a demand-driven approach to project design involving greater consultation and agreement with project beneficiaries is needed to ensure greater use of the system by project beneficiaries.
- Institutional strengthening programs should not be designed to rely exclusively on financial performance measurements. There must be a balanced view of the institution's performance in terms of financial and non financial measures. Financial measures do not tell the full story of an institution's performance, nor do they give sufficient direction as to what future actions are necessary to improve the institution's

performance.

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 ← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High <input type="checkbox"/> N/A
2. Data gathering for the outcomes base line	Low ← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High <input type="checkbox"/> N/A
3. Data gathering for the outputs base line	Low ← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High <input type="checkbox"/> N/A
4. Data gathering, data analysis and reporting of information on available resources (inputs) and undertaking activities	Low ← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High <input type="checkbox"/> N/A
5. Data gathering, data analysis and reporting of information on project outputs and their contribution to the achievement of expected outcomes	Low ← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High <input type="checkbox"/> 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 ← <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → High <input type="checkbox"/> 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.

- (i) ➔ Throughout the implementation of the project, WSC experienced significant delays in producing Audited Financial Statements which did not facilitate the verification of the financial indicators in a timely manner.
- (ii) On the positive side, WSC provided timely comprehensive semester reports which reviewed the progress on the implementation of the project.

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.

➔ Lessons Learned

Factors that were adopted in the project design related with performance measurement were a detailed procurement plan and a schedule of public biddings. The procurement plan allowed WSC and the Bank to keep track of the Contracts, the financing of such contracts, the type of bidding while the schedule of public bidding established a baseline from which WSC and the Bank tracked the procurement of goods and services.

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.

- (i) ➔ As regards alternative measures that could improve project performance measurement in the design of future operations:
 - All components financed under the project should be analyzed in terms of their activities, outputs, outcomes and their related performance indicators, means of verification and assumptions; and
 - Project outputs should be supported by time bound activities with a clear scope and allocation of measurable resources.
- (ii) A comprehensive institutional strengthening program should consist of a mix of short- and long-term measures. In addition, flexibility must be built into the measurement system to effect not only monitoring, but also evaluation and upgrading of programs during implementation.

2.2.2. Factors affecting project implementation (according to PPMR)

(It is recommended to review the PPMR to identify the factors that affected project implementation. This information will be useful to complete the questions in section 2.2.3.).

The factors that affected project implementation were:

Positive

- (i) WSC's managerial and technical commitment to the project;
- (ii) Performance of the consultants, contractor and project management team;

Negative

- (i) Inadequacy of the Executing Agency's financial institutional capacity at the outset of the project and failure to make adequate provision for its strengthening during project implementation.
- (ii) Non-Compliance with loan conditions in the face of undertaking given by high level national authorities at the time the project was being designed and negotiated.
- (iii) WSC's lack of success in influencing Government's decision making on policy issues vital to the financial viability of the institution, resulting in its inability to comply with the financial clauses of the loan contract with all the implications thereof.
- iv) Inadequacy of the monitoring indicators.

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.

➔Factor 1: Throughout most of the loan WSC was in non-compliance with critical conditions of the loan contract which was manifested in WSC's non-achievement of the financial and operational target. By letter dated 27 November, 1998 WSC presented a proposal for tariff increases for 1998 and 2000. The Country office by letter of 2 December, 1998 accepted the submission as being "sufficient to generate enough revenues to achieve the financial targets agreed for the years 1999, 2000 and 2002" in compliance with Section 4.02 (i), (ii) and (iii) of the loan contract. In fact only one of the proposed tariff increases was implemented (in year 2000) and no submission was made by WSC in respect of compliance with Section 4.03 of the loan contract – operational targets.

Subsequently, WSC was unable to achieve the following financial targets: (i) operational revenues covers its operational maintenance costs for the year 1999; (ii) increase billing frequency such that billing occurs every two months; (iii) implement measures to reduce net account receivables turnover to a maximum of 320 days., This led to a request from WSC by letter dated 9 July, 2001 for a waiver suspending special conditions 4.02 and 4.03 of the loan contract until 15 July, 2002, at which time a Corporate Business Plan was to be made available and new dates established for compliance with the clauses. It should be noted that the request for the waiver was received when some 34% of the loan resources had been disbursed. The Bank gave its no objection to the waiver by letter dated 15 August, 2001.

Factor 2: With respect to the options for dealing with groundwater pollution problems in New Providence and The Family Islands, the late engagement of the consultants by WSC resulted in the final report of the consultants being delivered in December 2003 or some 3 years after the scheduled time.

Factor 3: Concern over the sustainability of the well fields in Exuma and Eleuthera and difficulty in acquiring the lands earmarked for the construction of the well fields resulted in a change in the water supply to the settlements on Exuma and Eleuthera from wells to Reverse Osmosis. There was a 14 month delay by the time the decision was made because of a study that was commissioned by WSC to inform the decision which took 8 months to be completed and a 6 month period that the Bank took to offer its no objections.

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.

➔Factor 1

WSC Project Management team overseeing implementation of the infrastructure components of the project performed well in terms of their reporting frequency and identification of major issues affecting the implementation of the project.

Factor 2

Notwithstanding some delays in engaging the contractor for the infrastructure works, once engaged, the contractor performed reasonably well in completing the project close to the contract scheduled time and budget.

Factor 3

Had the decision not been taken to enter into the BOO RO contracts at Exuma and Eleuthera, the project might have experienced delays in implementation while WSC addressed the problem of acquiring the lands to site the wells.

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.

→ Factor 1:

Throughout the project government was late in responding to requests for decisions on critical issues. Critical issues which required and did not receive timely consideration by government were: (i) recommendations made by consultants in the first instance, then a joint WSC/Bank team and finally WSC for a corporate business plan for WSC and (ii) recommendations of the consultants for a regulatory framework for groundwater management and pollution control. As a result of the foregoing, WSC lost the opportunity to use the un-disbursed portion of the loan to assist in implementing its Corporate Business Plan while no tangible action has been undertaken on the removal of groundwater pollution in the Bahamas.

Factor 2:

WSC was late in preparing TOR for the engagement of consultants for the ground water pollution study. Therefore, by the time the consultants were engaged, performed their tasks and made recommendations the project disbursement period was over. This denied the Bank the opportunity to encourage the government to implement the recommendations of the consultants.

Factor 3:

The infrastructure design of the pump houses included highly sophisticated automatic electrical switchgear. WSC did not exercise sufficient care and attention during the commissioning and hand over of the systems to ensure that: (i) its staff was adequately trained in the operation and maintenance of the equipment; and (ii) there were sufficient spare parts to effect repairs to the equipment. Most of the automatic switchgear is currently either manually operated or alternative procedures have been made such as by-passing the newly installed pumping stations. These operations are decreasing the level of efficiency of the systems.

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.



Factor 1

The infrastructure facilities installed under the project are capable of producing sufficient quantities of good quality water to meet the demand of the targeted settlements.

Factor 2

The civil works comprise facilities constructed from materials such as stainless steel and plastic which could withstand the hostile environmental conditions and ensure a long service life with minimal maintenance and repairs.

Factor 3

The TOR for the consultants advanced the consideration of the issue regarding groundwater pollution beyond the pre-feasibility stage so that the ‘outcome’ requirement for studies at the feasibility level is no longer required. WSC and government have in their possession a Plan of Action which they could proceed to implement.

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.



1. Notwithstanding the difficulties WSC encountered in influencing decisions by government on critical issues pertaining to the project, the project management team performed well in highlighting and tracking all unresolved issues and in referring such issues to others for decisions.
2. Once the contracts for the infrastructure works were signed, WSC project management team closely supervised the contractor and ensured that the contracts were completed close to or within the completion time and budget. This process involved monthly site meetings with the consultants, contractors and the Bank and close reporting on the implementation of the project.
3. The project management team ensured that claims for reimbursement were settled expeditiously. However, there was one period of late payments to the civil works contractor who notified WSC of its intention to terminate its contract, citing delays in payment as the main reason for termination. WSC was of the opinion that prolonged and more detailed reviews of disbursement requests by the Bank contributed to this situation. The action by the contractor was later withdrawn without any effect on the project cost or completion schedule.
4. The project management team, recognizing the proposed well fields were not sustainable and that acquisition of the land for the well fields was not going to be easily resolved, took 8 months to propose an alternative, the reverse osmosis process under a BOO contract, for the consideration of the Bank. The Bank was simultaneously considering options for dealing with WSC’s financial difficulties and consequently delayed in granting its no objections to the proposed change in the method of water supply. Had both parties moved more speedily in proposing and approving the change, a substantial delay in project implementation could have been avoided.

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.

Lesson 1

At the start of a project all relevant parties should agree on: (i) how decisions will be made; (ii) who will make them; and (iii) how those decisions will be communicated to the project team.

Lesson 2

The project management team should manage and report in a timely manner on all components of the project.

Lesson 3

Although it might be regarded as imposing another level of oversight, in projects where inter-departmental coordination is required, a project steering committee including members representing the interests of the relevant Ministries of Government might be useful in presenting the project issues to the decision makers in the relevant Ministries.

Lesson 4

In order to ensure compliance, by the Borrower, with Section 4.01 of the Loan Agreement, prior to the authorizing the financing of works with the proceeds of the Loan, the Bank should require the Borrower to submit evidence that at the time of the call for public tendering (or if there was no tendering, at the time of the initiation of the work) it had, with respect to the real property where the works would be constructed, the right of legal possession, easements, riparian or other rights necessary to initiate the construction.

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.

☐ Very Satisfactory (VS) ☐ Satisfactory (S) ☒ Unsatisfactory (U) ☐ Very Unsatisfactory (VU)

(Explain your rating)

Based on WSC's inability to meet the financial outputs of the project, the delays in implementation and the tardiness in government's decision making process, the project implementation has been rated unsatisfactory.



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				Level		
	Yes	No	N/A	National	Regional	Local
1. Legal and regulatory framework	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Procedures, manuals, operational guidelines	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Capacity						
3.1. Top management capacity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3.2. Middle management capacity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.3. Information Systems capacity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.4. Performance measurement (Man&Exe. capacity)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.5. Client-oriented service	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Functional and organizational structure	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Planning	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Budgeting / Financial management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Intra- / Inter-sectoral coordination	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Intra - / Inter-organizational coordination	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Staffing / Human resources development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Self-evaluation, auditing & accountability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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.

WSC installed a Customer Information System under the project which, with slight modifications, could be useful to other National organizations.

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.

➔ 1. WSC has improved its ability to produce its financial statements in a timely manner. During the implementation of the project the delay in submitting financial statements dropped from 11 months for the financial year 1999 to 1 month for year 2003. Provided that WSC sustains this effort, WSC itself and external parties such as the Bank can now use these statements to effectively monitor WSC's financial performance.

2. WSC's Project Management Unit gained further experience in the management of complex projects.

3. In its efforts to comply with the financial covenants of the loan, WSC took steps to restructure its organisation. A new Board of Directors was appointed at WSC in July 2002. The new Chairman of the Board, using input from the Corporate Business Plan developed with the assistance of Thames Water Inc., consultant, took important steps to restructure and refocus the loan. A Performance Management System (PMS) was put in place for all levels of the company. As part of the PMS, an Internal Compliance Unit was established to monitor and control the implementation of the restructuring plan and the performance of the various sections of the organisation. Prior to this initiative of the new Chairman there was little or no emphasis on performance management and its relation to rewards, goals and service standards within WSC.

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

☐ Very Relevant (VR)

☐ Relevant (R)

☒ Partially Relevant (PR)

☐ Irrelevant (I)

(Explain your rating)

The project has positively influenced: (i) financial management, and (ii) organizational development in WSC; and customer service nationally. However, intra/inter sectoral and organizational coordination still remains a problem.



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.

➔1. The project has provided WSC with important water supply infrastructure with a life expectancy of over 30 years.

2. The advantages of the BOO RO approach are: (i) a sustainable supply of potable water; (ii) no capital outlay by WSC; (iii) no expansion of its staff (as new personnel would have had to be recruited to operate and maintain the well fields); and (iv) elimination of the effort that would have been necessary to operate, maintain and, more importantly, monitor over 500 wells scattered over the two islands. The contracting of a BOO RO operator should be sustained indefinitely or until suitable alternative arrangements are made.

3. Notwithstanding the inability of WSC to comply with the financial conditions of the loan agreement, the Bank has provided an impetus through the financial component of this project, for WSC to move towards corporate restructuring. This process should be continued after completion of the project. In particular WSC should pursue several initiatives: (i) the reduction of the level of non-revenue water which stood at 50 % in 2003 and which WSC intends to reduce to 30% within the next two years; (ii) outsourcing of business units which do not form part of WSC's core business; (iii) the implementation of its capital investment programme; and (iv) the settlement of WSC's pension liability which has accumulated over the years of the Corporation's financial difficulties.

4. The Consultant's report produced under the project has proposed an updated road map for dealing with the problem of groundwater pollution in the Bahamas. Given the risks posed to public health and to the economy of the Bahamas, government should follow through on the recommendations of the consultant.

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 Bank 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 ←[] [] [] [] [X] → High [] N/A
2. Policy, legal and regulatory framework	Low ←[X] [] [] [] [] → High [] N/A
3. Preparedness and organizational capacity	Low ←[] [X] [] [] [] → 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 ←[] [X] [] [] [] → High [] N/A
8. Project beneficiaries' support	Low ←[] [X] [] [] [] → High [] 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.

→ Threats to sustainability

- (i) Operation and maintenance of all the well fields and pump houses ancillary equipment represent a quantum leap in technology over anything that previously existed in the Bahamas. In many instances, the automatic systems are currently being operated manually.

Although operation and maintenance training sessions were conducted by the contractor and training materials were left with WSC for subsequent follow-up training, to improve the chances of the project facilities providing a good service in the future, WSC should itself pursue the formal training and re-training of its operators. Furthermore, in keeping with its current policy of outsourcing services, WSC might want to consider outsourcing the maintenance and repair of its equipment. In addition, WSC should prepare, regularly update and budget for a schedule of preventive maintenance measures for the systems.

- (ii) The Government of the Bahamas has evidenced reluctance to pursue the regulation of groundwater pollution. Should this reluctance persist, it is possible that no action will be taken on the recommendations of the consultants engaged under this project.

A number of measures are being proposed to improve the chances of success of the groundwater component of the project: (i) mitigation of public opposition to the regulations through a series of public education workshops should be held throughout the Bahamas; (ii) reduction in the cost of implementing the regulations so as not to present Government with yet another financial burden; and (iii) accomplishment of the proposed institutional changes with as little disruption to the current organizational structure of the affected Government agency.

- (iii) WSC's revenue potential is dependent upon its ability to increase its currently low share (around 30%) of the domestic and commercial water markets in which Bahamian consumers have a choice of alternative means (piped public supply, private wells and reverse osmosis plants, rain water harvesting and bottled water) to acquire potable water. The Government should consider lending its support to WSC's efforts aimed at increasing its market share through restructuring its operations and improving its efficiency and effectiveness.

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.

- ➔1. WSC is currently managed by highly trained managers who are dedicated to ensuring the success of the institutional upgrading measures currently being implemented in the corporation.
- 2. WSC took the decision to invest in equipment (stainless steel tanks and fittings and automatic switch gear) with low operation and maintenance costs. Therefore, notwithstanding WSC's severe financial crisis, provided the corporation finds a solution to the problems posed by the automatic switch gear, the cost of operating and maintaining the systems should not be an undue burden on WSC's finances.
- 3. The supply of water by Reverse Osmosis in preference to wells would enable WSC to provide its customers on Exuma and Eleuthera with a sustainable supply of potable water.

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 choice between high capital but low operation and maintenance cost and low capital but high operation and maintenance cost facilities needs to be resolved through a thorough analysis of the cost and benefits of each option. Based on an analysis done by the design consultants, WSC took an early decision to utilize the high capital but low operation and maintenance cost equipment which has proven to be effective so far in managing its operations and maintenance budget.

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.

➔ 1. Infrastructure projects should include an acceptable plan for maintaining the installed facilities. The plan should detail, *inter alia*, a maintenance strategy (eg whether maintenance will be done in-house or out-sourced) and a budget for all maintenance activities.

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

- ➔ 1. Government and WSC should agree on a multi-year plan regarding policy, financial and investment issues vital to the performance of the WSC.
- ➔ 2. WSC must continue to make efforts to improve its finances, as it cannot continue operating in its present circumstances on an indefinite basis.
- ➔ 3. WSC should make a decision on a strategy for maintaining its new equipment in the Family Islands.
- ➔ 4. GOBH should take a decision on the consultant's recommendations for the regulation of groundwater.

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:

☐ Very Probable (VP) ☐ Probable (P) ☒ Low Probability (LP) ☐ Improbable (I)

(Explain your rating)

➔ A number of critical decisions have to be taken to allow for the sustainability of the project. Decision making by Government on matters pertaining to WSC has been slow and there is little indication of improvement.

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 ← <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> → High <input type="checkbox"/> N/A |
| 2. Organization for project execution (Executing/Coordinating Unit's staff, infrastructure, coordination, communication, etc.) | Low ← <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> → High <input type="checkbox"/> N/A |

3. Coordination and integration of the project Executing/Coordinating Unit with the Executing Agency	Low ← [] [] [] [] [X] → High [] N/A
4. Establishing a monitoring and results framework (baseline data, systems, procedures, data analysis and reporting, etc.)	Low ← [] [X] [] [] [] → High [] N/A
5. Executing/Coordinating Unit's management and decision-making capacity	Low ← [] [X] [] [] [] → High [] N/A
6. Timeliness in the fulfillment of the Bank's policies, procedures and contractual clauses	Low ← [] [X] [] [] [] → High [] N/A
7. Financial management (securing counterpart resources, disbursements, quality and timeliness of AFS, etc.)	Low ← [] [] [X] [] [] → High [] N/A
8. Timeliness and efficiency for procurement of goods, works and consulting services	Low ← [] [] [] [X] [] → High [] N/A
9. Executing Agency top-level management's leadership, ownership and support to project execution	Low ← [] [] [] [] [X] → High [] N/A
10. Concrete actions to secure project sustainability	Low ← [X] [] [] [] [] → High [] N/A

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.

→1. The Executing Agency had a special Project Management Unit headed by a senior manager to undertake the management of this and other projects financed by external funding agencies. This unit performed well in monitoring project implementation, reporting, and speedy processing of claims by contractors and in meeting requests by the Bank for information.

2. Senior management of WSC maintained their support for the project throughout the design and implementation phases in attending meetings and putting forward their views on issues, making decisions (on matters under their control), and in establishing the direction for the reorganization of the corporation.

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, describes the alternative measures you would propose to improve their performance.

→1. Major decisions impacting on the successful implementation of the project should be taken by the Executing Agency for the Project. Where such autonomy cannot be given, and decisions have to be taken by or in consultation with other organizations, consideration should be given to the setting up of a project steering committee, with decision making powers, comprising of representatives of all interested organizations, in particular those with decision making functions.

This project had a significant financial management component which required monitoring and control in the same manner as the infrastructure works component. WSC's approach

was to undertake the management of this component by its Finance Section operating outside the control of its Project Management Unit. This could have contributed to the un-timeliness in reporting and in responding to concerns raised by the Bank. Therefore, the management of the project could have been improved if WSC's Project Management Unit had contained the capacity to monitor and control the implementation of the financial management component of the project.

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:

☐ Very Satisfactory (VS) ☒ Satisfactory (S) ☐ Un-Satisfactory (S) ☐ Very Unsatisfactory (VU)

(Explain your rating)

➔ The executing agency functioned satisfactorily on most matters during the project design and execution. WSC demonstrated due diligence, ownership and professionalism in the management of the project implementation, especially in the operational aspects such as procurement, reporting and contracts administration. However WSC was not as effective in influencing Government to take decisions on matters (outside of WSC's control) which were vital to the performance of the institution..

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 Bank, Borrower and Executing Agency in the Project Completion Workshop Aide Memoire):

Loan Agreement does not require an Ex-Post Evaluation

- | | |
|--|--|
| 1. Does the Loan Agreement require an ex-post evaluation for this operation? | <input checked="" type="checkbox"/> No <input type="checkbox"/> 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? | <input type="checkbox"/> Bank <input type="checkbox"/> Borrower |
| 4. What is the estimate of the costs involved? | USD\$ |
| 5. How the cost involved will be financed? | <input type="checkbox"/> Bank loan's funds
<input type="checkbox"/> Borrower financing
<input type="checkbox"/> 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

➔1. To enable projects to have better results, the Bank should not propose to and agree with Borrowers on project objectives for which there has been no prior written agreement with the Borrower and the Executing Agency on an implementation strategy and the allocation of adequate human and financial resources.

2. At the time of project design, if the Bank's problem analysis concludes that the beneficiary institution has severe institutional problems, then broad institutional development objectives, aimed at the reforms that are needed, should be set. These broad objectives should themselves be supported by well-defined project components to adequately address the substantive institutional issues. It would have been advantageous if this project design had included provision for the achievement of the financial output in the form of a specific activity funded under the project towards the development and implementation of 'a strategy and plan of action'. The need for such a strategy and plan of action was eventually recognized at the time of the mid-term review and was developed by WSC and the Bank in the form of a Corporate Business Plan. Implementation of this plan in a modified form is taking place but much too late to assist in meeting the targets set out in the project design.

3. The Country Office, in carrying out the monitoring of problem projects, should call for an administration mission early in the process, when it is clear that such a mission is required to address fundamental issues related to the design of the project and or its implementation.

4. Every effort should be made to resolve all the issues relating to significant projects risks prior to the final processing of the operation in order to avoid the need to include such clauses in the Loan Contract to address those risks.

3. Whenever authorities are not committed to implementing proposed changes in order to ensure the sustainability of investments made through the project, many of the expected benefits of the project will not be realized. Hence significant institutional reforms such as those contemplated in this project should not be undertaken in the absence of firm political commitment.

4. For projects experiencing fundamental problems in design and implementation, a mid-term review, involving the collaboration of the project team and stakeholders, as happened in this case, can have positive effects in addressing project needs and making mid-course corrections.

Annexes 1A y 1B
Project Financing

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

Investment Category Costs	Original				Current				Gap as % of Original			
	BID	Borrower	Other Sources	Total	BID	Borrower	Other Sources	Total	BID	Borrower	Other Sources	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(8)-(4)/(4) (12)
1. Admin& Sup.	2500	200		2700	2500	381		2881	0	90.5		6.7
2.Direct	7005	2575		9580	5424	3388		8812	(22.6)	31.6		(8)
3. Concurr.	1150	2150		3300	1100	1118		2218	(4.3)	(48)		(32.8)
4. Financ.	1340	200		1540	1608	255		1863	20	27.5		21
5. Unalloc.	2005	875		2880	0	0		0	(100)	(100)		(100)
TOTAL	14000	6000		20000	10632	5142		15774	(24.1)	(14.3)		(21.1)

DIRECT COSTS

With the well fields in Eleuthera and Exuma being eliminated from the project the portion of the loan that would have been used to finance those civil works remained undisbursed at the closing of the loan and was therefore cancelled. With respect to the funds allocated to land acquisition, new water meters and a customer information system, attention is drawn to Annex 1A of the PCR where the level of detail required for the PCR is set out in the first column.

- Land acquisition was not to be financed with proceeds of the loan and was to be financed entirely by WSC. With the removal of the proposed well fields at Exuma and Eleuthera from the project, no land acquisition expenditure was recorded by WSC and WSC reallocated the funds to other items in the financing plans where there were cost overruns.
- Water meters were purchased by WSC in support of its non-revenue reduction program. The infrastructure needs of that program were so large in comparison to what was provided for in the project that the impact was negligible and at the end of the project WSC still recorded its non-revenue water at 52% of production.
- Customer information system – funds were expended on a system aimed at expediting billing and collection and providing a more reliable foundation for the WSC Financial Information System, however, over the life of the project WSC's receivables remained above 120 days and only fell below that level following payment of a substantial portion of Government's outstanding debt to WSC. It is therefore difficult to cite the impact of the project as being responsible for any improvement in receivables.
- Public Information Campaign yielded little results because WSC was unable to concurrently achieve an improvement in its quality of service.

The final cost of the civil works was \$8,812,000 as compared to an original cost of \$9,580,000. The difference in the two costs arose from the decision not to construct the well fields in Eleuthera and Exuma. As stated in Section 2.1.1.1 'Faced with the issues centered on the unsustainability of the well fields and the acquisition of the lands on which the wells were to be located, WSC undertook a study to assess options for the supply of water to Eleuthera and Exuma. The study indicated that a BOO RO contract was the better option than the construction of the proposed 513 wells at the two locations. Consequently, WSC sought and obtained the Bank's no objection to use BOO RO contracts for the supply of water to the two settlements. Therefore, the well fields at Exuma and Eleuthera were eliminated from the project'. The BOO contracts ensured that WSC would not be faced with the task of operating and maintaining the complex RO production systems. In other words, WSC's direct operational cost for the RO systems is zero

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

Year	Original				Current				Gap
	BID	Borrower	Other	Total	BID	Borrower	Other	Total	(8)- (4)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	4200	1800		6000					(6000)
2	7000	3000		10000	1768	0		1767	(8233)
3	2800	1200		4000	2181	1555		3736	(264)
4					3902	2066		5966	5966
5					2115	947		3062	3062
6					666	573		1242	1239
7									
	14000	6000		20000	10632	5181		15773	(4227)

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.)



The Executing Agency assigned staff to the project with acceptable training and experience. The staff was provided with the needed resources to carry out the assigned duties. In addition, there was effective oversight of the project activities by senior management of WSC.

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.

➔ Although the accounting package used by WSC has a number of issues to be addressed, the accounting system generally produced trustworthy financial information. A new customer information system was purchased under the project to interact efficiently with meter reading activities and expedite the billing and collection activities, while providing a more reliable foundation for the financial information system. However, the system, never functioned adequately raising concerns as to its reliability and adversely affecting the Corporation's capacity to produce financial statements in a timely fashion.

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



WSC produced good quality and dependable financial information in its progress reports and financial statements.

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.

➔ The Audited Financial Statements for both WSC's operations and the project were always of high quality and were always rated as unqualified by the auditors. However,

during project implementation, the Audited Financial Statements were always late. There were two main causes: (i) the adjustments which had to be made to the reports produced by the computerized system often worked against timely preparation of the financial statements; and (ii) the Corporation was required to have its Audited Financial Statements reviewed by Cabinet before passing them on to the Bank

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.

- ➔1. It is important that the vendors of computerized accounting systems provide: (i) adequate operating manuals to help users with day to day problems when they arise; (ii) vendor backup support on an ongoing basis; and (iii) initial training of operating personnel. These conditions should be written into the vendor's supply contract.
- 2. To ensure the timely delivery of Financial Statements, the project implementation plan should include a detailed schedule of events starting with the production of the trial balance sheet and concluding with the final delivery of the audited statements to the Bank.

Annexes 1A y 1B Project Financing

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

Investment Category Costs	Original				Current				Gap as % of Original			
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4. Financ.	1340	200		1540	1608	255		1863	20	27.5		21
5. Unalloc.	2005	875		2880	0	0		0	(100)	(100)		(100)
TOTAL	14000	6000		20000	10632	5142		15774	(24.1)	(14.3)		(21.1)

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

Year	Original				Current				Gap
	BID	Borrower	Other	Total	BID	Borrower	Other	Total	(8)- (4)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	4200	1800		6000					(6000)
2	7000	3000		10000	1768	0		1767	(8233)
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5					2115	947		3062	3062
6					666	573		1242	1239
7									
	14000	6000		20000	10632	5181		15773	(4227)

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

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➔ Although the accounting package used by WSC has a number of issues to be addressed, the accounting system generally produced trustworthy financial information. A new customer information system was purchased under the project to interact efficiently with meter reading activities and expedite the billing and collection activities, while providing a more reliable foundation for the financial information system. However, the system, never functioned adequately raising concerns as to its reliability and adversely affecting the Corporation's capacity to produce financial statements in a timely fashion.

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➔ The Audited Financial Statements for both WSC's operations and the project were

always of high quality and were always rated as unqualified by the auditors. However, during project implementation, the Audited Financial Statements were always late. There were two main causes: (i) the adjustments which had to be made to the reports produced by the computerized system often worked against timely preparation of the financial statements; and (ii) the Corporation was required to have its Audited Financial Statements reviewed by Cabinet before passing them on to the Bank

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.

- ➔1. It is important that the vendors of computerized accounting systems provide: (i) adequate operating manuals to help users with day to day problems when they arise; (ii) vendor backup support on an ongoing basis; and (iii) initial training of operating personnel. These conditions should be written into the vendor's supply contract.
2. To ensure the timely delivery of Financial Statements, the project implementation plan should include a detailed schedule of events starting with the production of the trial balance sheet and concluding with the final delivery of the audited statements to the Bank.

PROJECT EXIT WORKSHOP Aide Memoire

DATE OF WORKSHOP: July 06 2004

1. LIST OF PARTICIPANTS

Water & Sewerage Corporation

Godfrey Sherman - Deputy General Manager
Richard Cant - Family Islands Engineer
Glen Laville - Deputy General Manager
Richard Greene - retired General Manager

Ministry of Works & Utilities

Anita Bernard - Permanent Secretary
Maxwell Poitier - Deputy Permanent Secretary

Ministry of Finance

Dexter Fernander
Chet Neymour

Local Government

Bradley Armbrister - Assistant Administrator Exuma

IDB

Frank Maresca - Representative
Trevor Boothe - Senior Specialist (Facilitator)
Graham Williams - Financial Specialist
Vernon Forsythe - Operations Specialist
Cecil Pemberton (Consultant)

2. PURPOSE OF AIDE MEMOIRE

This aide memoire reflects the main points of agreement and disagreement between the Bank and the Executing Agency in relation to project design, implementation and sustainability issues. The results of general discussions on the project that took place during the workshop are also presented.

3. DEVELOPMENT OBJECTIVES:

The development objectives as presented in the project report are:

Component 1: Improve the quality of public water services for several small settlements in the Family Islands (FI)

Component 2: Increased financial autonomy of WSC

Component 3: Initiate removal of groundwater pollution

4. FINDINGS

The key points which emerged from the workshop are as follows:

4.1 Results Analysis

4.1.1 Output Indicators Analysis

Both the Bank and the Executing Agency agreed on the achievement of Output Indicators for all three components of the project. However, the Bank and the Executing Agency disagreed on the factor(s) responsible for the gap between the Planned Output Indicators and Achieved Output Indicators

For Component 1, the Bank held the position that the principal reason for entering into the Build Own Operate Reverse Osmosis contract for the supply of water to the settlements on Eleuthera and Exuma instead of the construction of the well fields was a response by WSC to problems encountered in acquiring lands for the proposed well fields. The reasons given by the Executing Agency were concerns over: (i) the long-term sustainability, (ii) the volume of land required, and (iii) the financial feasibility of the well fields. Both the Bank and the Executing Agency agreed that concerns over the long term sustainability of the wellfields should take precedence over the problems encountered in acquiring land as the principal reason for WSC seeking alternative means of water supply to Exuma and Eleuthera.

For Component 2, the Bank held the position that the output financial indicators were not achieved because, the project design, did not include a strategy and plan of action for the organization to achieve the financial targets during the implementation of the project. The Executing Agency's position was that it was unrealistic for the FI systems to contribute to the financial well-being of WSC given (i) their small revenue base and high operating cost; and (ii) the project's main focus on developing water systems in various settlements on the three FI.

4.1.2 Outcome Indicator Analysis

Both the Executing Agency and the Bank agreed that the outcome indicators for Components 1 and 3 of the project were achieved while the financial indicators for Component 2 were not. However, there was disagreement on the factors responsible for the gap between the planned and achieved outcome indicators for Component 2. The Bank's view was that the financial indicators were not achieved because of the inadequacy of policy guidelines and timely decision from Government together with a

lack of resources to achieve the turnaround and stem the decline in WSC's finances. The Executing Agency felt that the project did not specifically address any issues that significantly impacted on WSC's financial position, because the project infrastructure component provided for the development of the FI systems (which require subsidy) and not the systems on New Providence the main financial driver of WSC.

4.1.3 Identification of Intermediate Outcomes and Initial Impacts

Both the Executing Agency and the Bank agreed there has been an improvement in the quality of the public water supply service for the targeted communities, except for Treasure Cay, resulting in an improved quality of life for the residents now connected to the systems.

4.1.4 Identification of Future Outcomes and Impacts

Both the Executing Agency and the Bank agreed that in the future, more and more residents will connect to the systems with the impact of an improved quality of life.

4.1.5 Analysis of assumptions (from outputs to outcomes)

Both the Executing Agency and the Bank agreed that, in addition to the assumptions in the Project Report, because of the new supply of water under BOO RO contracts, a new assumption has to be added with respect to the contractor meeting his contractual obligations.

There was also agreement on new assumptions for Component 3 (ground water pollution regulations) in respect of (i) acceptance of the consultants' recommendations by Government; (ii) Government having the political will to carry through on the recommendations; and (iii) the availability of financing.

4.1.6 IRR Calculations

The Executing Agency raised the issue of the sustainability of the existing system had the project not been undertaken. The Bank agreed to review the stream of costs for the 'without project' scenario.

4.1.7 Rating of Project Effectiveness in terms of the Development Objective

The Executing Agency rated the project as ineffective on the basis of concerns over the implementation of the consultants' recommendations to address groundwater pollution and the failure to achieve the objective of a financial turnaround at WSC. The Executing Agency felt that, to achieve the turnaround at WSC, the project should have addressed operational inefficiencies and the capital expenditures required in New Providence, the major population center in the Bahamas. The Executing Agency also felt that there was a

shift in focus by the Bank during project design from infrastructure development to institutional development which WSC's management was ill-prepared to deal with.

The Bank rated the project as marginally effective because although it had a positive contribution to the improvement in the quality of water supply to the residents of the targeted settlements, it failed to contribute to: (i) the advancement in the management of groundwater pollution in the Bahamas and (ii) a significant turnaround in the financial fortunes of WSC.

4.1.8 General Discussions on Project Design and Negotiation

The project design and loan negotiations were extensively discussed at the workshop. The discussions benefited from the presence of a representative from the Government and a representative from WSC who were involved in the project at that time. No one from the Bank's Project Preparation and Negotiation Team was present at the workshop. The conclusions of the discussions were:

- (i) When compared to the island of New Providence, the FI of the Bahamas could be described as under-developed. Given its initial focus of providing an improved water supply to the FI, the project was initially conceived by WSC as a social development project. (However, an analysis performed by the Bank's Project Team concluded that the project did not meet the Bank's criteria for a poverty targeted investment. Therefore, *inter alia*, the issue of the financial management of WSC, which had since 1990 taken over the responsibility for water supply to the FI, had to be addressed in the project design). This supports WSC's contention that there was 'a shift in focus of the project', with the financial restructuring of WSC taking precedence over the water supply improvement works.
- (ii) The two representatives highlighted the respective roles of WSC as the Executing Agency and Government as the Guarantor of the loan. The project was designed through the collaboration of WSC and the Bank, while the loan agreement was negotiated between the Bank and the Government. The retired General Manager of WSC who was actively involved in the design of the project expressed the view that some sections of the loan agreement did not reflect WSC's understanding of prior discussions with the Bank.

The representative from the Government expressed the view that the Government deferred to the Bank on several issues that in hindsight should have been negotiated with the advice of WSC. However, the Bank expressed the contrary view that it deferred to the Government on several of those issues.

4.2 Implementation Analysis

4.2.1 Project Performance Measurement

The Executing Agency ratings for the elements for monitoring and reporting were generally lower than those of the Bank, although there was broad agreement on the main factors that had a major influence on the project performance measurement.

4.2.2 Lessons Learned for the Project Design (Alternative Measures)

The Executing Agency and the Bank agreed that (i) there should have been a clear link between the problems faced by the sector and the project activities, outputs and outcomes; (ii) consideration should have been given to the social and political climate within which the project was designed and implemented; (iii) the capacity of WSC should have been assessed particularly in respect to its financial sustainability and the effects such sustainability could have on the project.

4.2.3 Availability of Information During Project Implementation

There was broad agreement between the Executing Agency and the Bank ratings with respect to the level and quality of compliance of the tasks that should have been undertaken by the Executing Agency to obtain the necessary information for project performance measurement and on the critical factors that influenced the project performance measurement: (i) the timely presentation of semester reports; and (ii) the late submission of audited financial statements.

The Executing Agency suggested a re-formatting of the reports to address progress, outputs, outcomes, indicators and assumptions. However, the Bank's PPMR specifically addresses these issues.

4.2.4 Factors Affecting Project Implementation

There was agreement on the positive factors affecting project implementation: (i) WSC's commitment to the project; (ii) performance of the consultants, contractor and project management team; (iii) the Bank's day to day supervision of the project.

There was agreement on most of the negative factors affecting project implementation: (i) the shortcomings of some aspects of the project design; (ii) inadequate monitoring indicators (iii) the inadequacy of the Executing Agency's financial institutional capacity at the start of the project; (iv) WSC's non-compliance with loan conditions; and (iv) coordination between WSC and the Government especially with respect to decision making. However, there was disagreement on WSC's claim of IDB's inertia to change project components to improve project design and potential outcomes. IDB for its part

cited its approach as an attempt to exercise leverage on the Executing Agency and/or Government to fulfill their obligations under the project.

4.2.5 Critical Factors Negatively Affecting Outputs Delivery

While the Bank cited: (i) the late submission of audited financial statements, (ii) the late engagement of consultants for the groundwater study and (iii) the delay in agreeing on the change in water supply for Exuma and Eleuthera as the main negative reasons affecting project success, the Executing Agency cited: (i) the late signature of the loan agreement; and (ii) the failure of the Government and Bank to take a holistic approach to a development strategy for Bahamas and the consequential overlapping of projects coupled with IDB's inflexibility to change, as additional negative reasons affecting project success.

4.2.6 Critical Factors Positively Affecting Outputs Delivery

Both the Executing Agency and the Bank agreed that the change in the supply of water from the well system to the Reverse Osmosis and the performance of the contractor, consultants and WSC's project management team contributed positively to the successful delivery of the project outputs.

4.2.7 Critical Factors Negatively Affecting Outcomes Delivery

The Executing Agency identified: (i) poor project design inappropriate for achieving the outcomes related to financial autonomy and ground water pollution, (ii) failure of the Bank to follow-up with the Government as Guarantor to ensure proper counterpart financing and (iii) an intervention plan for WSC that did not take into consideration the institutional capacity of the institution and the political will of the Government.

The Bank's view was: (i) the late decision making by Government, (ii) WSC's late engagement of the groundwater consultants and (iii) the lack of due care and attention by WSC in ensuing that, *inter alia*, its operators were trained in the operation and maintenance of the sophisticated equipment installed in the water systems, contributed negatively to the achievement of project outcomes.

The Executing Agency indicated that the late engagement of the groundwater consultants was a deliberate action on its part as it awaited Government's formation of an Environmental Regulation Committee. Also, it was felt that WSC should not have been held responsible for servicing that portion of the loan used for this component of the project as another arm of Government would most likely have been made responsible for the control of groundwater pollution. This view was supported by the consultants. The Executing Agency disagreed that its operators were not adequately trained pointing to a two-week training programme that the equipment suppliers ran for the operators prior to the hand over of the systems. The optimism expressed by the Executing Agency as to the success of the training programme was not shared by the Bank.

4.2.8 Rating of Project Implementation

The Executing Agency rated the project implementation as satisfactory citing the completion of the project under the prescribed budget in spite of the tardiness in decision making by others, the inflexibility of the Bank and the expansion in the scope of the project to include the settlements of Crossing Rock and Casuarina Point. While the Bank agreed that the project was completed under the budget, it cited the inability of WSC to meet the financial targets and Government's tardiness in making decisions as reasons for rating project implementation as unsatisfactory. Further, in assessing the final cost of the project the Bank gave consideration to (i) the economic cost-benefit analysis undertaken by the Bank's Project Design Team indicated that the IRRs for the Crossing Rock and Casuarina Point systems were below the Bank's cutoff rate of 12%. Therefore, the systems were not eligible for funding from the proceeds of the loan and were eliminated from the project; and (ii) the cost of the well fields at Exuma and Eleuthera were not incurred.

4.3 Sustainability Analysis

4.3.1 Institutional/Organisational Strengthening

The Executing Agency and the Bank disagreed on the contributions that the project has made to the institutional strengthening of the country. The Executing Agency's view the identification of the water sector needs and the preparation of groundwater regulatory and legislative requirements were significant institutional strengthening contributors in the country. The Bank felt that the only institutional strengthening measure of national significance was the establishment of the customer data base at WSC which could be used by other national organizations.

As regards institutional strengthening of the Executing Agency, the Executing Agency and the Bank were in agreement that the project has enabled WSC to improve its capacity to manage its financial affairs as evident by its current ability to produce its audited financial statements within five months of the closing of its financial year. The Executing Agency countered the Bank's claim that the project strengthened the project management capacity at WSC by citing that WSC had developed its project management capacity prior to the start of the project.

Both the Executing Agency and the Bank rated the project as partially contributing to institutional strengthening. The Executing Agency's view was that while there were positive developments with respect to its customer information system, the regulation of ground water pollution and WSC's Corporate Business Plan (CBP), there were concerns over the implementation of CPB. The Bank's view was that intra/inter sectoral and organizational coordination was a major factor in the project having contributed only partially to institutional/organizational strengthening.

4.3.2 Project Sustainability

Both the Executing Agency and the Bank agreed that the BOO RO contractual arrangements in Exuma and Eleuthera, the implementation of WSC's CBP and the regulation of groundwater use and pollution should be sustained. Another sustainability measure was highlighted by the Executing Agency's indication that if the demand for water in Exuma and Eleuthera outstripped the current supply, the output from the reverse osmosis plants could be doubled.

The Executing Agency and the Bank were in agreement that Government's inaction on policy issues surrounding WSC's corporate restructuring and the regulation of groundwater pollution is a serious threat to the sustainability of the project. The seeming inability of WSC to adequately operate and maintain the sophisticated equipment installed under the project was also raised as a threat to the sustainability of the project as was WSC's low share (30%) of the water distribution market which severely constrained its revenue base and its ability to achieve financial independence of Government. The Executing Agency's view was that WSC, unlike the electricity and telecommunications sectors, that have both achieved financial independence of Government, never operated as a monopoly with respect to water distribution. The Bank suggested the improvement of WSC's efficiency and effectiveness as a strategy for increasing its market share and revenue base.

The Executing Agency saw Government's current concern for environmental management as having a positive influence on the prospects for project sustainability. On the other hand the Bank viewed WSC's current management direction and the potential for low cost operation and maintenance of the project facilities as contributing positively to project sustainability.

The Executing Agency and the Bank agreed on the lessons learned on the sustainability of the project *viz* both human and budgetary resources must be provided if there is to be adequate operation and maintenance of facilities made available under a project.

The Executing Agency and the Bank rated the project as having a low probability of success but for different reasons. While the Executing Agency's concern was related to WSC's financial crisis and the likelihood of its impacting negatively on operational and maintenance activities, the Bank's concern was with respect to the slow pace of decision making by Government on matters pertaining to WSC.

4.3.3 General Discussion on Tariffs

The Bank's Project Report indicated that WSC should have had tariff adjustments in order to achieve the financial conditions of the loan. In fact, Government granted WSC a tariff increase of an average of 14% in 1999, however, that increase was insufficient to enable WSC to meet the financial conditions of the loan, and Government transfers had to continue at a higher level than that existing at the start of the project. Government's decision to continue making transfers was made so as not to present an undue burden on WSC's customers. No further tariff increase has been granted since 1999, and Government continues to subsidise WSC.

5. Lessons Learned

The Executing Agency had no additional lessons learned while the Bank's other lessons learned were in respect of: (i) the Bank proposing and agreeing on objectives for project components for which there is no implementation strategy and allocated financial and human resources; (ii) setting of broad institutional development objectives in situations of limited institutional capacity at the start of a project; (iii) the Country Office in carrying out the monitoring of problem projects should call for an administration mission early in the process, when it is clear that such a mission is required to address fundamental issues related to the design of the project and or its implementation.

THE BAHAMAS

Family Islands Potable Water Program (LO-1112/OC-BH)

PROJECT COMPLETION REPORT (PCR)

Minutes of the Management Review Committee (CRG)
February 8, 2005

I. PARTICIPANTS

- 1.1 Alvaro Llosa (RE3/EN3), Chairman; Richard Herring (CBH/REP); Frank Maresca (DBCP), Graham Williams (COF/CBH); Trevor Boothe (consultant); Colin Forsythe (COF/CBH); Javier Leon (RE3/RE3); Bernardete Buchsbaum (LEG/OPR); Laura Ramires-Ramos (DEV/PMP); Clark Sand (OD6/RE3); Sergio Ardila (RE2/EN2); Efrain Rueda (RE3/EN3) and Sergio Campos (RE3/EN3), Secretary. The list of invitees is presented in Annex 1.
- 1.2 Written comments were received from, Hugo De Oliveira (RE1/RE1), Veljko Sikirica (ROS/PRM). These comments were discussed during the MRC and provided to the CBH/COF for consideration.

II. COMMENTS RECEIVED AND AGREEMENTS


- 2.1 The CRG requested that the PCR takes into consideration the following aspects:
 - a) Financial statements. Points 2.2.1.3. and 2.2.1.6. reference an apparent contradiction with regards to the timing and quality of the audited financial statements.
 - b) Component 2 - output indicators. Points 2.1.1.1. and 2.3.2.3 (page 5 and page 25) could be interpreted as if the Bank would be promoting monopolistic practices. The CRG requested to clarify these statements and review throughout the document other possible allusions to this effect.
 - c) Eleuthera and Exuma investments. Point 2.10 shows negative IRR result for Exuma investment and a No Investment description for Eleuthera. The CRG requested that the documents provides an explanation for such distinction and a cross reference to Annex 1A and 1B that provides a description of the decisions taken with regards to these investments.
 - d) Other lessons learned and recommendations. The CRG requested to review the arguments presented in Point 2.6. (paragraphs 1 and 2) as those may have already been

addressed in other parts of the document and paragraph. 4 for legal conformity. The CRG also suggested to include as a lesson learned that "whenever authorities are not committed to implementing proposed changes in order to ensure the sustainability of investments made through the project, many of the expected benefits of the project will not be realized".

- e) I/O Strengthening achieved by the project in the Executing Agency. The CRG requested to expand point 2.3.1.3. (3) "development of the PMS" reflecting some of the organizational changes when compared to the original organizational structure.
- f) Rating the Executing Agency Performance. The CRG requested the PCR further explain the rationale behind this rating (point 2.4.4.).
- g) Land Acquisition The CRG requested the PCR indicates that the Bank should ensure that its policy in regards to land acquisition is complied with (point 2.2.4.2. Lesson 4).
- h) Mid-Term review. The CRG recommended to highlighting as a lesson learned, the positive effects resulting from mid-term review in terms of making mid-course corrections to address project needs during execution. In addition, the CRG suggested then the Bank memorandum be more explicit in regards to specific actions to be taken by the borrower and the Bank to follow-up on pending issues.

III. RECOMMENDATIONS

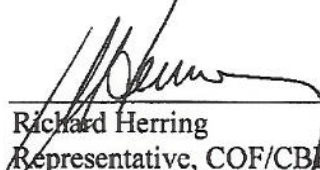
- 3.1 The CRG requested that the PCR incorporate the above comments and recommended that the PCR be submitted for management consideration.



Alvaro Llosa, EN3/CHF
CRG Chairman

Feb 23/05


Date



Richard Herring
Representative, COF/CBH

Feb 17/05

Date



Sergio Campos, RE3/EN3
CRG Secretary

Feb/23/2005

Date

<p align="center">THE BAHAMAS Family Islands Potable Water Program (LO-1112/OC-BH)</p> <p align="center">PROJECT COMPLETION REPORT (PCR)</p> <p align="center">List of Invitees</p>	
<p>CRG Members: Juan Manuel Fariña, SO3/CHF Ana María Rodríguez, FI3/CHF Xavier Comas, SC3/CHF Alvaro Llosa, EN3/CHF Vladimir Radovic OD5/CHF Dora Currea, OD6/CHF Laura Profeta, LEG/OPR Liliana Rojas, RE3/RE3 Rafael Hernández, RE3/RE3 Elio Londero, RE3/RE3 Javier Leon RE3/RE3 Richard Herring, COF/CBH Frank Maresca, ITS/ITS Clark Sand, RE3/OD6 Dougal Martin, RE3/OD6</p> <p>Project team members Sergio Campos, RE3/EN3 Efrain Rueda, RE3/EN3 Flavio Basan, COF/CGU Sergio Ardila, RE2/EN2 Hernan Aspiazu, RE3/SC3 Trevor Boothe, COF/CBH Colin Forsythe, COF/CBH William Graham, COF/CBH</p>	<p>Other invitees Ciro De Falco, RE3/MGR Máximo Jeria, RE3/DEP Max Pulgar-Vidal, EVP/DEP Carlos Valencia, EVP/DEV Sandra Freundt, EVP/DEV Elizabeth Rodezno, EVP/DEP Ronaldo Rotter, ROS/DAU Arne Paulson, ROS/PMF Rodolfo Hernández, ROS/PRM Carlos Jarque, SDS/MGR Manuel Rapoport, DPP/MGR Eduardo Lora, RES Guillermo Calvo, RES Jacques Rogozinski, IIC/GEN Keisuke Nakamura, FSS/DEP Sixto Aquino, OVE Janine Ferretti, SDS/ENV Pietro Masci IFM/CHF Asunción Aguilá, EN1/CHF Robert Kaplan, EN2/CHF Veljko Sikirica, ROS/PRM</p>