

PROJECT STATUS REPORT (FINAL)

JULY 2011 - DECEMBER 2011

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Institutional Strengthening of the Savings and Loan Cooperatives Sector

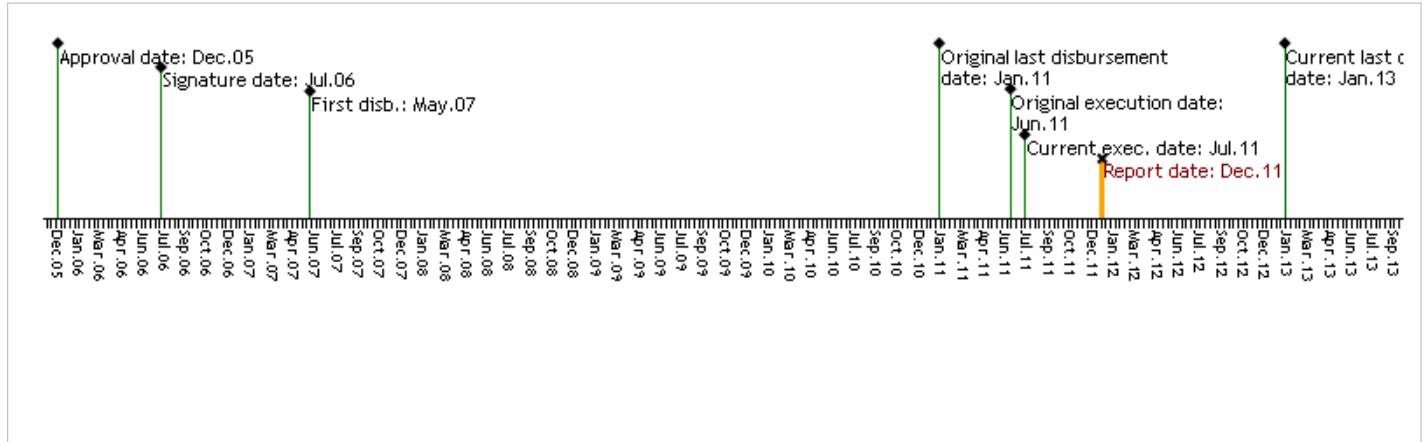
Project Number: BA-M1001 - Operation Number: ATN/ME-9586-BA

Purpose: Strengthen the capacity and sustainability of the Credit Unions and the ability of the supervisory agency to implement risk-based supervision.

Country Administrator	Beneficiary Country	Group	Subgroup
BARBADOS	BARBADOS	MIC - Microenterprise Development	COOP - Credit Cooperatives

Executing Agency:	BARBADOS COOPERATIVE AND CREDIT UNION LEAGUE LTD.	Design Team Leader:	Escobar A., Alejandro
		Supervision Team Leader:	Dookiesingh, Vashtie

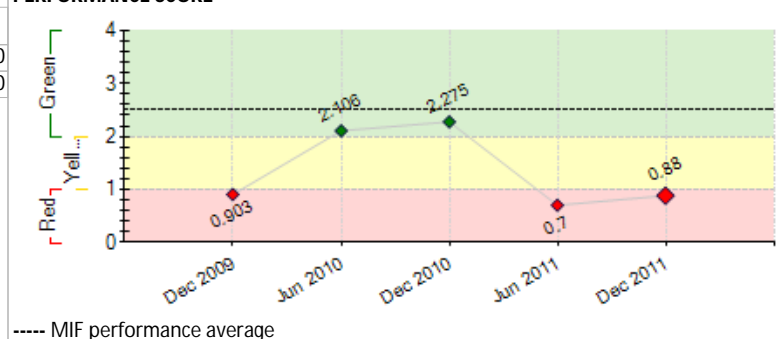
TIMELINE



FUNDS

	Approved	Cancelled	Disbursed
FOMIN	\$840,000.00	\$0.00	\$725,270.50
Counterpart	\$0.00	\$460,000.00	\$460,000.00

PERFORMANCE SCORE



SECTION 2: RESULTS AND ACHIEVEMENTS

Performance once project is completed

1. The Project would have had a significant developmental impact on the savings and loans co-operative sector. Financial co-operatives have in the aggregate shown stable financial indicators in a challenging economic environment. Key stable indicators would be in areas such as institutional capital and asset quality. Growth was recorded in assets under management and also loan volumes in a tough environment. Beyond the quantitative indicators, there were qualitative improvements in risk management and corporate governance practice.
2. TED established within the League and Training Officer hired who has substantially implemented the key recommendations coming out of Report # 1. Component 1 - In terms of training and T/A, Series I and II courses were successfully offered in 2 tranches. Several workshops were conducted dealing with Credit Risk Mgmt, Corporate Governance, Strategic Planning, Financial Mgmt, Mergers and Alliances and Feasibility of establishing a service centre facility. Component II - In terms of training, it provided the basic knowledge and tools to facilitate significant move in the direction of risk-based supervision. Products developed under Component 1 include 8 new courses: viz Financial Mgt. I and II, Marketing, Credit Risk Mgmt., Mgmt. Skills Development, Corporate Governance I and II and Strategic Mgmt., and model policies. Under Component II products were: draft guidelines, sample board policies, a ladder of intervention and format for new electronic reporting system with emphasis on improved financial analysis to facilitate development of EWS.
3. The lack of co-ordination and inadequate communication with the Registrar's office undermined the development impact of the project. Risk mitigation included attempts to build communication bridges thereby fostering closer collaboration; however, very little changed during the life of the project. Further, the registrar's office had some capacity building challenges due to issues related to staff turnover. Nevertheless, a successful attempt was made to retain a core group of staff who benefitted from the training and T/A programme.
4. Considerable effort was put into the development of a good working relationship with the main consultant CCA and the academic partner, Dalhousie University. This certainly paved the way for post project collaboration to sustain the training activities. In addition, through knowledge transfer the League built additional technical capacity.

Comments from the Supervision Team Leader

The project results regarding strengthening of the credit union sector have been largely achieved given the project investment in training and development of

members of the Barbados Co-operatives and Credit Union League.

The change in the regulator from the Registrar of Co-operatives to the Barbados Financial Services Commission results in some uncertainty as to sustainability of the project investments in tools and approaches to risk based supervision of the credit union and co-operatives sector

Final evaluation

The project largely met its objectives at the macro level although the absence of tracking of specific indicators by the BCCUL limits a full evaluation of attribution. Project continues to be extremely relevant given the financial landscape and issues impacting institutions such as the credit unions in Barbados. The Executing Agency must find ways to sustain and build on MIF investments as the capacity building efforts directed at co-operatives and credit unions in Barbados requires a long term orientation

Comments from the Supervision Team Leader

Agree with the Evaluators comments

[Final evaluation](#)

<http://mif.iadb.org/file.aspx?DOCNUM=37081487>

SECTION 3: INDICATORS

	Indicators	Baseline	Planned	Achieved	Percentage
Purpose: Strengthen the capacity and sustainability of the Credit Unions and the ability of the supervisory agency to implement risk-based supervision. Classification: Satisfactory	P.11 Total loan delinquency as a percentage gross loan portfolio (Tier 1)	4.4	3.5	0	0 %
	P.12 Net income as a percentage of average total assets (Tier 1)	3.1	3.5	0	-775 %
	P.13 Growth (in percentage) in loans to members Increased (Tier 1)	20.4	30	0	-213 %
	P.14 Total loan delinquency as a percentage gross loan portfolio (Tier 2)	7.7	5	0	0 %
	P.15 Net income as a percentage of average total assets (Tier 2)	5.3	5.5	0	-2,650 %
	P.16 Growth (in percentage) in loans to members (Tier 2)	6	20	0	-43 %
	P.17 Total loan delinquency as a percentage gross loan portfolio (Tier 3)	12.2	8	0	0 %
	P.18 Net income as a percentage of average total assets (Tier 3)	2.4	2.5	0	-2,400 %
	P.19 Growth in loans to members (Tier 3)	14.6	20	0	-270 %
	P.110 Loan delinquency as a percentage of the gross loan portfolio. (Tier 4)	24.9	15	0	0 %
	P.111 Net income as a percent of average total assets. (Tier 4)	3.9	4	0	-3,900 %
	P.112 Growth in loans to members. (Tier 4)	24.2	30	0	-417 %
	P.113 Stronger financial indicators of the credit unions supervised	0	1	0	0 %
Component 1: Institutional Strengthening of credit unions and the League Weight: 60% Classification: Satisfactory	C1.11 League provides technical assistance to all levels of credit unions			Yes	100 %
	C1.12 League has a sustainable educational department in house.			Yes	100 %
	C1.13 Two new products developed.	0	2		0 %
	C1.14 Loan delinquency as a % of loan portfolio (tier 1)	4.4	3.5	5.2	0 %
	C1.15 Net income as a percent of assets (tier 1)	3.1	3.5	1.2	-475 %
	C1.16 growth in loans (tier 1)	20.4	30	27.4	73 %
	C1.17 Net income as a percent of assets (tier 2)	5.3	5.5	1.5	-1,900 %
	C1.18 growth in loans (tier 2)	6	20	4.4	-11 %
	C1.19 Loan delinquency as a % of loan portfolio (tier 3)	12.2	8	15	0 %
	C1.110 Net income as a percent of assets (tier 3)	2.4	2.5	1.9	-500 %
	C1.111 growth in loans (tier 3)	14.6	20	17.1	46 %
	C1.112 Loan delinquency as a % of loan portfolio (tier 4)	24.9	15	29.6	0 %
	C1.113 Net income as a percent of assets (tier 4)	3.9	4	1.4	-2,500 %
Component 2: Improving the regulatory environment. Weight: 40% Classification: Unsatisfactory	C2.11 Loan delinquency as a % of loan portfolio (tier 1)	5.6	3.5		0 %
	C2.12 Net income as a percent of assets (tier 1)	2.7	3.5		-338 %
	C2.13 Loan delinquency as a % of loan portfolio (tier 2)	20.6	10		0 %
	C2.14 Net income as a percent of assets (tier 2)	3.1	5		-163 %
	C2.15 Loan delinquency as a % of loan portfolio (tier 3)	45.1	15		0 %
	C2.16 Net income as a percent of assets (tier 3)	2.2	3		-275 %
	C2.17 Loan delinquency as a % of loan portfolio (tier 4)	24.9	15		0 %
	C2.18 Net income as a percent of assets (tier 4)	3.9	4		-3,900 %

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

- [X] Executing agency institutional capacity
- [X] Supplier/contractor performance
- [X] Borrower/executing agency commitments
- [X] Community/political opposition
- [X] Design of project/Components
- [X] Lack of a tracking and evaluation System

SECTION 4: RISKS

CRITICAL RISKS MANAGED DURING IMPLEMENTATION

1. Lack of collaboration and communication between the BCCUL and the Registrar undermines development impact

Level: Low

Responsible: ---

Status: In effect

Comments: The recommendations of the consultant's Mid-term Evaluation Report have been accepted and joint training, facilitation and outreach programmes

are planned. Effective date: December 2010.

2. The Registrar's department does not build requisite capacity to strengthen supervision

Level: Low

Responsible: ---

Status: In effect

Comments: In addition to training under the ISP, the Government Data Processing Department is engaged in a review of the data input and reporting system and upgrade of the Registrar's Dept IT system. Effective date: September 2010.

PROJECT RISK LEVEL: Low **TOTAL NUMBER OF RISKS:** 5 **IN EFFECT RISKS:** 2 **NOT IN EFFECT RISKS:** 0 **MITIGATED RISKS:** 3

SECTION 5: SUSTAINABILITY

Likelihood of project sustainability after project completion: P - Probable

The capacity building programs for credit unions are likely to be sustained beyond the period of MIF involvement, the sustainability of risk based supervision methods is not certain given the recent change in the regulatory authority for credit union sector

CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY

[None reported in this period]

Actions related to sustainability which have been implemented:

Actions implemented include:

- 1) Maximising opportunities for knowledge transfer to build additional technical capacity on the part of BCCUL staff thereby enabling them to sustain the momentum for change in some key areas such as training, and providing technical assistance in areas such as strategic planning and policy development.
- 2) Incorporation of new delivery methodologies into training programme thereby increasing levels of participation
- 3) Successful implementation of all key recommendations in Report #1, to strengthen the TED. TED therefore strengthened and better equipped to manage the entire training cycle effectively.
- 4) Development of relationships, structures and systems to facilitate the delivery of new courses on an ongoing basis post project, this includes upgrading certification through collaboration which should improve levels of participation going forward.
- 5) Development of Operations Manual for training by consultants. It is noted that this was not one of the deliverables contemplated during the design phase of the project. However, it was requested by the Executing Agency as a deliberate tool to address the issue of sustainability.

[Sustainability Plan](#)

<http://mif.iadb.org/file.aspx?DOCNUM=37081468>

SECTION 6: KNOWLEDGE

Lessons Learned

1. The assumption in the design phase that the regulator would report progress on the component related to strengthening regulatory functions to a project co-ordinator appointed by and paid by regulated entities (credit unions) was unreasonable and resulted in a fundamental failure in communication and collaboration between BCCUL and the Registrar of Co-operatives (regulating entity at the time of project design)
2. The MIF should not undertake the contracting of service providers under a TC agreement as this results in a lack of ownership of the process and an absence of commitment to results. In the case of this project contracting of the key consultancy for the regulator was undertaken by the IDB's office in Barnados and conflicts arose between the provider and regulator which neither party feeling a responsibility to solve requiring the MIF/IDB's intervention and mediation to suspend the contract/
3. Institutional strengthening projects in order to be successful must build capacity through interventions such as training, workshops and T/A programmes. This requires adequate time for assimilation on the part of participants. In this project the main activities were implemented in a 20-month time frame initially which limited the development impact. It is noted that the condensed time frame for implementation resulted from the fact that the Executing Agency took a long time to meet the conditions prior.
4. Including the regulator and regulated in the same project has potential challenges. The intention in this project was to have 2 separate components that were tightly integrated to achieve development objectives. A co-operation agreement was signed between the regulator and the executing agency to promote collaboration. However, what was absent was a formal mechanism to achieve the intended collaboration in the form of the project Steering Committee which should have been enshrined in the said agreement. It is noted that unresolved issues of protocol were obstacles to meaningful collaboration between the 2 entities during the life of the project.
5. The design of the project should have included significant input/involvement from intended beneficiary institutions. Failure to do this created a situation where an inordinate length of time was spent getting buy in and resource commitments. This problem was particularly acute since the said beneficiary institutions were required to contribute counterpart resources.

Relative to
Design

Author
DOOKIESINGH, VASHTIE [MIF]

Implementation

DOOKIESINGH, VASHTIE [MIF]

Implementation

Johnson, Anthony Keith

Design

Johnson, Anthony Keith

Design

Johnson, Anthony Keith

Indicate which are the main products of the project, where they can be found, and how they could be "shared" with other entities or similar projects.

The key knowledge projects that can be transferred to or shared with other credit unions in the English speaking caribbean are training manuals and on line training tools developed by Dalhousie University. The Executing Agency the Barbados Co-operatives and Credit Union League is responsible to maintaining and updating these materials in partnership with Dalhousie University's team

Main products of the project

[Sep 2009] Manual - Credit Risk Management (Methodologies/training materials)

Author: BCCUL

[Sep 2009] Manual - Financial Management I (Technical publications)

Author: BCCUL

[Nov 2009] Report I - Evaluation of the BCCULL Training and Education Department (Methodologies/training materials)

Author: Canadian Co-operative Association

[Feb 2010] Report II - Barbados Credit Union Needs Assessment (Methodologies/training materials)

Author: Rick Weger for Canadian Co-operative Association

[Mar 2010] Manual - Financial Management II (Technical publications)

Author: BCCULL

[Mar 2010] Manual - Corporate Governance II (Technical publications)

Author: BCCULL

[Mar 2010] Manual - Corporate Governance I (Methodologies/training materials)

Author: BCCULL

[Mar 2010] Manual - Management Skills Development (Technical publications)

Author: BCCULL

[Sep 2010] Manual - Strategic Management (Methodologies/training materials)

Author: BCCULL

[Sep 2010] Manual - Marketing Management (Methodologies/training materials)

Author: BCCULL

SECTION 7: DOCUMENTS

31/JAN/2007	Donors Memorandum	[http://www5.iadb.org/mif/file.aspx?DOCNUM=889455]
29/JUN/2007	Donors Memorandum	[http://www5.iadb.org/mif/file.aspx?DOCNUM=1028326]
06/JAN/2011	Intermediate Evaluation Report	[http://www5.iadb.org/mif/file.aspx?DOCNUM=35551747]
03/SEP/2012	Intermediate Evaluation Report	[http://www5.iadb.org/mif/file.aspx?DOCNUM=37081476]
30/JUN/2011	Final Evaluation Report	[http://www5.iadb.org/mif/file.aspx?DOCNUM=36261587]
30/MAY/2012	Final Evaluation Report	[http://www5.iadb.org/mif/file.aspx?DOCNUM=36888717]
03/SEP/2012	Final Evaluation Report	[http://www5.iadb.org/mif/file.aspx?DOCNUM=37081487]
03/SEP/2012	Sustainability Plan	[http://www5.iadb.org/mif/file.aspx?DOCNUM=37081468]

[Project profile](#)

<http://www5.iadb.org/mif/apps/public/psr/projectprofile.aspx?proj=BA-M1001&lg=EN>