



Canadian International
Development Agency

Agence canadienne de
développement international

SMALL PROJECT IMPLEMENTATION ☐
FACILITY: ☐
☐
EVALUATION - SPIF

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Summary

SMALL PROJECT IMPLEMENTATION FACILITY: EVALUATION - SPIF

Highlights of the evaluation

Project level

Evaluation of impacts

The analysis of impact and outcome indicators suggests that SPIF interventions have generally attained their goals and purposes, although the extent to which these were realized varies between sub-projects.

♦ NDF sub-projects

SPIF project implementation in Dominica and St.Kitts & Nevis was followed by an undisputed *absolute* improvement in the intensity and effectiveness of NDF's intervention in the local private sector. In *relative* terms, Dominica sub-project proved more efficient in the attainment of self-sufficiency and in the reduction of loan unit cost, whereas St.Kitts sub-project saw an acceleration in the rates of increase of *all* selected indicators. The assessment of these two sub-projects' outcomes thus indicates that SPIF effectively contributed to the overall *enhancement* of NDFs' capacities in lending, technical assistance and training. In the case of Grenada, although SPIF intervention was in fact accompanied by a worsening of the existing situation, it still was effective in insuring the short to medium term preservation of NDF's benefits. Although the results are clearly more encouraging in the cases of Dominica and St.Kitts NDFs, it seems that all sub-projects were successful in helping recognized private institutions (the NDFs) pursue their lending and training activities.

♦Tourism sub-projects

SPIF responses to Governments' proposals for small infrastructure or facility projects in the tourism sector were justified in the context of a PSD project, whose goal is to help promote economic and social development. In at least two (Dominica, Grenada) of the three sampled countries, the sector's dynamic development presented opportunities for employment creation and income generation. In the third one, St. Kitts & Nevis, the slower pace of expansion of the tourism sector was largely due to natural disasters.

SPIF sub-projects in the sector were able to attain their goal in so far as they contributed to increasing local production or infrastructure capacity to serve higher levels of tourists. However, they were less successful in increasing the amount of expenditures per passenger, which can be achieved through an increase in the quality of local products and services.

♦Laboratory sub-projects

The analysis of results at the goal and purpose level reveals that while the laboratories provided or expanded through SPIF are certainly necessary components of the agro-processing and agricultural sectors development process, they were not in themselves sufficient to guarantee the success of such a broad objective. In this context, the assessment of sub-projects' impacts must take into account the numerous constraints impeding the fulfillment of sub-projects' expectations.

In this context, one can say that goals and purposes have generally been achieved to the extent that expectations are reevaluated in light of the slow pace of evolution that characterizes national economies in general, and agricultural sectors in particular.

♦ Infrastructure sub-projects

With the exception of the Antigua project, all projects were related to the promotion, maintenance or strengthening of the economy of Dominica or St. Kitts and Nevis. Even though the reports assert that their respective goals were achieved, it is impossible to determine precisely the extent to which productive output, employment and income have increased after SPIF implementation.

♦ Agriculture sub-projects

In general, attainment of results at the goal and purpose level has not been assessed in the sub-projects documentation. Regarding the St. Vincent sub-project's actual goal achievement however it was reported that: *in the context of the two small initiatives represented by this SPIF project, to say that the program goal has been achieved would be overstating SPIF's impact. While the presence of a well operated abattoir and meat market are necessary components of the GSVG's livestock development program, their presence alone cannot guarantee the success of the program. Given that other program elements are successfully implemented, however, the abattoir and meat market can be said to have played a pivotal role in the success of the livestock development program.*

A similar assessment of goal and purpose achievement can be made with respect to the other sub-projects in the agricultural sector. In this context, the simple fact that these facilities are still operating (except for Montserrat, where it was damaged by a volcano) indicates that they have, to some extent, attained their goal in providing the infrastructures needed to support future developments in agricultural production and export. From this perspective, one can say that prerequisites such as Plant Propagation or Storage and Packaging facilities serve a useful purpose.

- ◆ General consideration

The people in charge of the facilities' maintenance and operation seems to have been determinant in generating beneficial results on a sustained basis. Quick and efficient responses to RC's requests for projects resulted in faster attainment of developmental benefits and provided a basis of respect and involvement by RC officials in future projects, which in turn almost guaranteed the success of a project.

CIDA never put in place a result-based management approach to assess the results of the sub-projects. Monitoring of sub-projects' performance, using appropriate indicators, was not always done on a regular basis. In some cases, goal or purpose indicators were unrealistic as they implied measurable changes in macro-economic environments (such as sectoral contributions to GNP, employment rates, etc). The Consultant's evaluation of SPIF sub-projects is thus based on incomplete information with regards not only to pre-SPIF situations but also to post-SPIF facilities' operation.

Sectoral Development and Regional Integration

Even though the role of the CEA was not to initiate project proposals, the number of approved sub-projects in the same sector and country raises the issue of the need for sectoral development planning.

SPIF Phases I and II were responsive to the needs of national governments, but these were not expressed in the context of regional integration. However, the existence of similar type of projects in more than one country uncovers opportunities for regional co-ordination and organization.

Human Resources Development

SPIF was originally conceived as an infrastructure project and TA/HRD were of marginal interest to the CEA, as demonstrated by the percentage of project contributions going to these activities. In order to respond to identified needs for appropriate human resource development policies in the Caribbeans, the weight accorded to HRD increased in the second phase of the project.

Yet the various experiences on the field show that it is difficult to include training and technical assistance activities within an infrastructure project framework. It is thus not clear that SPIF was or should have been the right mechanism to promote HRD in the region.

Public versus Private Sector

Emphasis has been placed on supporting public organizations and establishing public infrastructure projects. In this context, SPIF did not contribute much to the strengthening of private organisations which were direct beneficiaries of the projects. Even if the local private sector was encouraged to participate more in Phase II, most of the facilities are still owned and operated by public entities.

At the same time, one should be reminded that these countries are rather small, with a quasi non-existent national private sector. In these conditions, it is not clear that other types of interventions would have had a larger impact on strengthening the *region's capacity for greater socio-economic self-reliance on the basis of sustainable development and mutual interest* (RDPF goal) or that the national private sector would have had the capacity to manage adequately any new infrastructure.

Gender Issues

The CEA pointed out that there was no need to specifically take into account the gender equity issue. Since women represented a large part of the beneficiaries of many projects (e.g. tourism projects (vendors and craft producers)), it was assumed the project would benefit women, and the WID evaluation was not perceived as a critical issue.

Environmental Issues

SPIF sub-projects, in general, have had no expected or effective negative impacts on the environment. On the contrary, the sub-projects were conducive to positive impacts such as improved urban environment, awareness to environmental issues in agriculture and tourism, proper disposal of residues in lab sub-projects, etc. Proper attention has been given to these issues at the planning stage by the CEA. However the documentation review does not indicate any improvement in the capacity of local organizations to plan environmental sustainable development or to deal with environmental problems.

CIDA level

The general conclusion is that SPIF is consistent with the goal (excluding "the mutual interest" portion) and with one of the objectives of the RDPF, but largely inconsistent relative to the context (national versus regional) and the means (infrastructure versus HRD and the institutional strengthening) to attain these results.

CIDA's estimates of the need for monitoring and evaluation information was insufficient given the real "hands-off" nature of the contract with the CEA. With respect to the project approval process, it is not clear whether or not the CIDA staff always had the competence to judge the technical components of the sub-projects.

The CEA has performed well in terms of "rapidity-of-response" and "cost-effectiveness". The streamlining of the CIDA approval process through a single approval under a PPM has been an important means of increasing the speed of the delivery process. However, it must be recognised that the implementation of activities which are relatively small and varied are very time consuming to manage on the part of the CEA.

PSD level

Both SPIF and PSD goals and purposes are congruent, even though the “wording” is lightly different. While the SPIF II project did not directly support micro-enterprise and micro-finance development, promote small and medium sized enterprises, or help develop long-term linkages between enterprises in Canada and the Islands, it did partially help to establish an enabling environment conducive to private sector development. For instance, SPIF II supported projects that increase the competitiveness of the national tourism sector and the ability and capacity of national organizations to serve their small business clients.

As drafted (September 1999 version), the new PSD Policy, notably through its focus on poverty reduction, is not in line with the level of development of the islands, especially those with higher incomes per capita. The more important course of action for PSD in the region is to develop a diagnostic of the sector and then, elaborate an appropriate policy within a regional policy framework that will take into account the individuality of each island.

Main Lessons Learned and Recommendations

For Sub-Projects

- i. **LESSON:** The involvement of strong and committed RC leadership almost guarantees the success of a project. However, it is difficult to co-ordinate and manage the implementation of a project when more than one RC department is involved in the delivery of outputs;
RECOMMENDATION: When many RC departments are involved, the RG should implement a management structure that clearly establishes the roles and responsibilities of each department.
- ii. **LESSON:** A regional co-ordinating organization facilitates the design and implementation of numerous similar national projects;
RECOMMENDATION: When similar projects are planned and implemented simultaneously in different countries, the use of a regional co-ordinating organization, if it exists, should be made mandatory for design and implementation.
- iii. **LESSON:** Promised RG support for recurrent costs may be withheld or delayed due to fiscal constraints;
RECOMMENDATION: Financial capacity of RGs to sustain the O&M costs of a facility or organization should be a criterion of evaluation at the approval stage;
RECOMMENDATION: At both planning and implementation stages of an income-generating project, the potential to generate income from private sources should be given proper attention in order to sustain its results. Elaboration of a Business Plan should be an essential output of such projects;
RECOMMENDATION: Sub-projects promoting commercial activities should guarantee that proper mechanisms, including necessary staff training, are put in place in order to ensure the sustainability of the facility.

RECOMMENDATION: When RG commitments are not met, CIDA should engage in a dialogue with the RG and direct the CEA not to implement further projects in the RC until the situation is solved.

- iv. **LESSON:** The people in charge of the facilities' maintenance and operation seems to be have been determinant in generating beneficial results on a sustained basis;

RECOMMENDATION: Leadership and commitment of local staff should be a criterion of evaluation in the project approval process.

For the Whole Project

- i. **LESSON:** When a country does not have a strategic development plan or policy, it is impossible to assess a project contribution to the attainment of the RG's development objectives and priorities;

RECOMMENDATION: The CEA should verify that an integrated approach to sectoral development exists in the RC and that approved projects are consistent with sectoral planning. If no integrated approach has been developed, the CEA should propose that the initial Phase III sub-project in that sector be the elaboration of a sectoral development plan for the country.

- ii. **LESSON:** Efforts put during SPIF II to encourage a more active participation on the part of local private interests were not overly successful. Private sector participation is effective insofar as appropriate conditions are provided to support the private operation of the facilities;

RECOMMENDATION: Appropriate actions should be taken early on in the planning and implementation stages to support the development of the sectors that are identified as complementary to the sub-projects within the local economic network.

RECOMMENDATION: If a future SPIF's strategy were to be more oriented towards PSD, more emphasis would have to be put on the sector's capacity (individual and institutional) rather than on physical infrastructure. The competence of the CEA staff would have to be adapted accordingly.

- iii. **LESSON:** With respect to sustainability in terms of HRD, SPIF has not been a prime vector of CIDA programming objectives in the region;

RECOMMENDATION: If SPIF should remain primarily an infrastructure project, CIDA would have to co-ordinate more closely HRD activities with its Regional HRD project or with other donors' projects;

RECOMMENDATION: If SPIF should become a PSD project, training and technical assistance should represent a larger component of the project, and the CEA staff should be adapted to this new orientation. Co-ordination with other HRD projects would still be required.

- iv. **LESSON:** While Caribbean women are generally more empowered economically than women in other parts of the developing world, they are still adversely affected by historical laws, human resource policies, and social practices that favour men;

RECOMMENDATION: An active gender policy through SPIF Phase III should not limit itself to improving the situation of women by promoting traditional activities but should also improve their occupational status (type of activities, managerial position, etc.);

RECOMMENDATION: the CEA staff of a future SPIF III should include a specialist on socio-economic issues such as gender issues.

- v. **LESSON:** Although some sub-projects were conducive to positive environmental impacts, these were not clearly identified, measured and reported in the documentation and field reviews;

RECOMMENDATION: The increase in tourism activities and its impact on the quality of the environment is a matter of high sensitivity. If SPIF Phase III should continue to support tourism projects, the environmental impact of each individual project should be measured not only on the vicinity of the project but on the country as a whole.

- vi. **LESSON:** The monitoring and evaluation of project's performance become very difficult tasks if goal and purpose level indicators are not adequately defined and if no benchmarking of these indicators is undertaken prior to project start up;

RECOMMENDATION: A limited number of simple indicators of performance should be defined at the planning stage. These indicators should be linked to the performance of the organization itself;

RECOMMENDATION: Benchmarking should be an integral part of project design.

- vii. **LESSON:** The Agency's estimates of the need for monitoring and evaluation information was insufficient given the real "hands-off" nature of the contract with the CEA. Regarding the project approval process, the CIDA staff responsible for project approval did not always have the competence to judge the technical components of the sub-projects;

RECOMMENDATION: A Phase III design should encompass an appropriate mechanism allowing for effective Results Based Management.

RECOMMENDATION: Requesting the advice of the project monitor prior to approval might assist in preventing technical problems during project implementation. Guaranteeing close monitoring when projects are being implemented will further strengthen the quality of CIDA management.

Overall Management Lesson

The main challenge at the management level of an eventual Phase III project would be to combine the beneficial aspects associated with the management independence and responsibility of the CEA with the necessity for CIDA to be informed early and able to step into the problem solving process before things get out of control.

For CIDA Programming

- i. **LESSON:** The RDPF is too macro and general to accommodate a project such as SPIF. The targeted islands are much too small and different from one another to be part of a global “Regional Strategy”, especially when major players like Barbados, Jamaica, and Trinidad and Tobago are part of it;
RECOMMENDATION: In order to be useful to project programming and planning, the RDPF should be more focused on the specific situation of each of the different islands;
RECOMMENDATION: If CIDA wishes to include poverty reduction as one of the purposes or goals of a future SPIF, a characterization of the poverty of the islands should be realized prior to project start-up.
- ii. **LESSON:** As drafted (September 1999 version), the new PSD Policy, notably through its focus on poverty reduction, is not in line with the level of development of the islands, especially those with higher incomes per capita. Moreover, given that their structure of economic activities is not complex, the range of action of a PSD policy will be limited. But because the policy is drafted in such a way that anything can be linked to it, it is neither binding nor helpful for CIDA’s programming in the Eastern Caribbean.;
RECOMMENDATION: For CIDA, the most important course of action for PSD in the region should be to develop a diagnostic of the sector and then, elaborate an appropriate policy in a regional policy framework that will take into account the individuality of each island.

For SPIF Phase III

The evaluation conducted on SPIF I and II being globally positive, **EEC recommends a SPIF phase III if CIDA maintains PSD as a priority sector for the OECS.** Among the many reasons supporting this recommendation, the following are the most important:

- Despite the apparent economic prosperity of most islands, the weak local financial markets and the neglect of risk-averse international capital markets limit the development of these micro-economies. In this context, SPIF can usefully contribute to the development of the private sector as well as the institutional and economic networks by providing needed small infrastructures in targeted sectors like tourism, micro-finance or agriculture;
- Through SPIF, CIDA has identified a field of intervention which has been largely neglected by other donors. This is still the case today and CIDA thus has the potential to respond to local needs in an original and unique way;
- SPIF delivery mechanism presents many valuable characteristics, for instance a quick response to local requests, intensive use of local resources at the investment stage, cost efficiency in terms of projects' actual versus expected costs, success at providing outputs as expected, efficient management of resources by the CEA.

At the end of the evaluation analysis, EEC considers that CIDA should take into account the following points in the design of an eventual SPIF III:

- Even if national governments often still plan their economic and social development in isolation, SPIF must recognize and take into account regional (OECS) needs and integrate them in sub-projects' approval process;
- In the case of SPIF II, CIDA had decided to reduce external monitoring for cost reason. While controlling monitoring costs remains essential, EEC considers that external monitoring should be increased in Phase III given the size and management mechanism of SPIF;
- EEC considers that SPIF should remain a pure infrastructure project. However, as the evaluation stressed, while the capacity of such projects to generate results by themselves at the output level is well established, this is not the same in the case of outcomes and impacts. Thus coordination within the Agency or with other donors must be extended to insure that complementary projects, in training for instance, will permit the attainment of expected outcomes and impacts from SPIF investments;
- As for the delivery mechanism recommended for an eventual SPIF III, it should retain most of SPIF II's characteristics. In particular, the same set of eight countries should be eligible for this 5-year infrastructure project. A Canadian Executive Agency should also be preferred over a Local Executive Agency;
- SPIF III's areas of intervention should remain oriented towards the tourism, agriculture, laboratories, micro-finance and pure infrastructure sectors. At the same, it could include some additional sectors such as services. This broadening of SPIF's areas of interventions could allow a more integrated approach towards the promotion of economic and social development in OECS countries.