

IEG

ICR Review

Independent Evaluation Group

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|----------------------------|---|------------------------------|------------------|---------------|
| 1. Project Data: | | Date Posted : | 09/27/2006 | |
| PROJ ID: | P068753 | | Appraisal | Actual |
| Project Name: | Dominican Republic - Global Distance Learning | Project Costs (US\$m) | 4.53 | 3.41 |
| Country: | Dominican Republic | Loan/Credit (US\$m) | 3.39 | 3.18 |
| Sector(s): | Board: ED - Telecommunications (56%), Adult literacy/non-formal education (44%) | Cofinancing (US\$m) | | |
| L/C Number: | L4581 | | | |
| | | Board Approval (FY) | | 1 |
| Partners involved : | | Closing Date | 10/31/2005 | 11/30/2005 |
| Evaluator: | Panel Reviewer : | Division Manager : | Division: | |
| Helen Abadzi | Keith Mackay | Alain A. Barbu | IEGSG | |

2. Project Objectives and Components

a. Objectives

The project was prepared as a Learning and Innovation Loan (LIL) and aimed to: (a) test the effectiveness and sustainability of a Distance Learning Center (DLC) as part of a global knowledge-sharing network, expanding access to high quality training, strengthening the capacity of public and private sector decision -makers and improving levels of policy dialogue; and (b) support the establishment of a "cyberpark"

b. Components (or Key Conditions in the case of Adjustment Loans):

(a) **Distance Learning Center Retrofitting** (US\$1.12m appraisal, US\$0.55m actual) to upgrade facilities made available for the establishment of the Distance Learning Center, such as a videoconference room with a 30-person capacity, a computer/multimedia room for 30 computer workstations (hardware, software and internet hook-up), a technical and administrative center, and other equipment .

(b) **Support for the Distance Learning Center Operation** (US\$1.99m appraisal, US\$0.63m actual) to finance operations on a decreasing basis over the first three years, for technical assistance, periodic evaluation of operations, establishment of financial accounts and annual audits, partnerships, fundraising for local course content, financing of technology reviews, and upgrades .

(c) **Support for the establishment of a Cyberpark and integration of the Center into a domestic network** (US\$1.38m appraisal, US\$1.07m actual) for studies including (i) determining the real and potential market demand for the Cyberpark (ii) a market survey to assess best practices for the establishment of the Technology Institute of Las Americas, (ii) determining best practices and benchmarks for the development of the E -Center and Netpreneur Center (iv) a "training of trainers" and pilot technology program, strengthening the current university academic curricula and the capacity of instructors, and (v) development of a business plan and financial Prospectus for the consortium established to launch the Cyberpark and related developments .

c. Comments on Project Cost, Financing, Borrower Contribution, and Dates

The project closed following an extension of one month, and about US\$ 240,000 were canceled. A 0.3% front-end fee was charged, and a PPF (project preparation fund) of US\$0.95m was used and refunded through the project .

3. Relevance of Objectives & Design :

The project was part of the global development learning network (GDLN) conceived in 1998 by the Bank as a means of increasing information flow in borrower countries . Many lower-income countries have experienced of technical and institutional difficulties in implementing this vision, but the overall goal of information sharing remains substantially relevant.

4. Achievement of Objectives (Efficacy) :

(a) **Testing the effectiveness and sustainability of a Distance Learning Center** (substantial). The center was constructed, and facilities are used consistently for capacity -building purposes. The center has offered over online courses in conjunction with GDLN affiliates . Overall about 199 learning events have been offered through GDLN, involving about 3396 participants. There are about 14 Institutional clients, each requesting 4-5 short courses per year. Other public organizations have used the facility to receive 183 short courses (about 4 days) to about 3434 government participants. Surveys from 1300 course participants indicate 80-100% satisfaction with the courses .

Other evaluations have found that the activities of the center were as effective as face-to-face activities for knowledge, skills, strategic approaches, and networking, while they used less instructional time for lectures and more for knowledge exchange than face-to-face activities. First-year usage projections were not met. Although the projections of subsequent years were exceeded, utilization was 40% by the end of the project rather than the expected 60%.

(b) **Supporting the establishment of a "cyberpark"** (modest). This objective was neglected during an administration that followed project appraisal. Well-equipped buildings were constructed on a 3 million sq. ft park in close proximity to the international airport and located in a tax-free zone. Top-end environmental conditioning (HVAC, electricity) and connectivity were installed to provide technical, legal, and consultant services. However, a subsidiary agreement needed between the government and the Cyberpark was only signed in September 2002, forcing disbursement delays for staff training. Its utilization improved after another change of the government and has continued to do so after the end of the project.

5. Efficiency :

Telecommunication connectivity costs proved too high (though they are dropping), and the project did not break even as expected. Initially financial sustainability was poor, as was use by various private and public partners; despite progress, cost recovery has fallen below initial projections. Although an income-cost ratio of 1.0 was expected by the end of the project, the ratio proved to be 0.2 (US\$45,000 income and costs of US\$220,000)..

6. M&E Design, Implementation, & Utilization:

A monitoring design, mainly consisting of course evaluation was in place and functioned, although some course evaluations were proprietary.

7. Other (Safeguards, Fiduciary, Unintended Impacts--Positive & Negative):

Project appraisal had to be done at an extremely brief timeframe. The unnecessarily compacted timeline imposed on the project team by the Bank's Senior Management led to rapid results but impacted the quality of the Project, Financial management was weak throughout the project, with a number of cases involving corruption and misprocurement. Willingness to pay was less than projected, and subsequent administrations weakened institutional capacity through political appointees who had little expertise.

On the positive side, the public administration institute that houses the Center has strengthened its ties with the university sector and engaged academics to use technology that universities often cannot afford. As a result, courses handled for the university have brought additional income to both institutions.

| 8. Ratings : | ICR | ICR Review | Reason for Disagreement /Comments |
|-----------------------------|----------------|-------------------------|--|
| Outcome : | Satisfactory | Moderately Satisfactory | The project did achieve its objective of testing the distance learning centre approach, but the implementation was inefficient. In particular the efficiency and efficacy of the cyberpark component were low. |
| Institutional Dev .: | Modest | Modest | |
| Sustainability : | Likely | Likely | |
| Bank Performance : | Satisfactory | Unsatisfactory | The ICR rates Bank performance as moderately satisfactory. The rapid appraisal of this innovative project made it impossible to assess assumptions about financial sustainability that subsequently proved flawed. |
| Borrower Perf .: | Unsatisfactory | Unsatisfactory | Corruption, misprocurement, and political appointments of staff with few qualifications created serious problems for the project. |
| Quality of ICR : | | Satisfactory | |

NOTES:

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- ICR rating values flagged with ' * ' don't comply with OP/BP 13.55, but are listed for completeness.

9. Lessons:

- Overly optimistic financial projections risk fomenting financial crises when the expected revenues do not materialize

and compensatory counterpart funds cannot be found . It is important during appraisals to use the time necessary and test financial assumptions extensively .
- In the course of implementing technologically advanced projects, technology costs may drop while partner institutions may realize the possibility of benefits through the new modes of connectivity . Thus, projects that may appear disappointing in the short term may prove viable in a longer timeframe .

10. Assessment Recommended? Yes No

11. Comments on Quality of ICR:

The ICR discusses the events of the project in great detail . However Annex 2 gives costs for components at appraisal that are inconsistent with the figures given in the text and gives little explanation for the rather substantial change.