Report Number: ICRR0023496

1. Project Data

Project ID P105101	**Project Name** The AO-Local Dev. Program SIL (FY10)
Country Angola	**Practice Area(Lead)** Social Protection & Jobs

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IBRD-87730,IDA-46890	31-Jul-2015	148,905,775.32
Bank Approval Date	**Closing Date (Actual)**	
18-Mar-2010	28-Feb-2022	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	81,700,000.00	0.00
Revised Commitment	151,691,264.24	0.00
Actual	148,905,775.32	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

According to the Project Appraisal Document (PAD) (p.ii) and the Financing Agreement of March 16, 2011, (p. 4) the objective of the project was: a) to improve access of poor households to basic services and economic opportunities; and b) to enhance local institutional capacities among the Recipient's municipalities.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?
Yes

Date of Board Approval
31-May-2017

c. Will a split evaluation be undertaken?
No

d. Components
The project included three components:

Component 1: Local Social and Economic Infrastructure Provision (appraisal estimate US$51.9 million; AF US$32.4 million; actual US$87.51 million): This component was to finance increasing access for poor households to improved social and economic infrastructures by financing the rehabilitation and construction of basic public works and the acquisition of essential goods in response to Local Development Plans and through municipal grants.

When the project received AF in May 2017, the following sub-components were added:

Sub-component 1.1: Basic social economic infrastructure: This sub-component included all activities under the parent project's original component 1 and introduced a new modality for the use of municipal grants to facilitate the implementation of infrastructure projects.

Sub-component 1.2: Productive safety net pilots: This sub-component was to provide incremental income and on-the-job training to poor and vulnerable households in five poor municipalities in the form of a cash-for-work program. The Productive Safety Net was dropped during the 2020 restructuring. Therefore, no cash was transferred to households under this activity.

Component 2: Local Economic Development (appraisal estimate US$7.5 million; AF US$6.8 million; actual US$8.11 million): This component was to improve business development skills and participation in markets of selected producer groups by providing a combination of: i) technical assistance to selected municipalities to prepare their Municipal Economic Development Strategy; ii) technical assistance to 'participating provinces to conduct sector and value chain studies; iii) technical assistance and training for the Social Action Fund (FAS) to prepare and implement the Matching Grants Manual; iv) matching grants to selected producer groups and business development service providers; v) technical assistance and training to producer groups and business development service providers on business skills, management and marketing; and vi) organization of workshops on microfinance. No credit lines were to be provided.

When the project received AF in May 2017, the following sub-components were added:

Sub-component 2.1: Matching grants: This sub-component included all activities under the parent project's original component 2.

Sub-component 2.2: Productive inclusion pilot: This sub-component supported diversifying the production and productivity of poor and vulnerable households through self-employment and entrepreneurship through:

i) providing skills and grants to poor groups who could not afford to pay the funds necessary to access the matching grants; and ii) referring beneficiaries to other productive initiatives. The December 2019

Restructuring dropped the productive inclusion pilot activity introduced as part of the AF and reallocated the savings in the amount of US$10 million to pilot a Direct Cash Transfers program (Kwenda).

Component 3: Local Institutional Strengthening (appraisal estimate US$22.3 million; AF US$30.8 million; actual US$60.65 million): This component was to support strengthening the capacities of public entities and civil society to be inducted in the participatory planning, management and monitoring of basic public service delivery and expenditure management. Activities were to combine on-the-job TA, training, peer-to-peer learning, field visits and other knowledge expansion events alike.

When the project received AF in May 2017, the following sub-components were added:

Sub-component 3.1: Municipal planning and management: This sub-component included all activities related to municipal planning and management under the parent project's original component 3.

Sub-component 3.2: Project management, local development policy, and monitoring: This sub-component included all activities related to project management under the parent project's original component 3. Also, this sub-component was to expand activities on social communication to enhance accountability by developing grievance and redress mechanisms to receive feedback from local population on the implementation of different activities.

Sub-component 3.3: Health and Community Development Agents (ADECOS): This sub-component was to perform intermediation services to link beneficiaries and social services through: i) training; ii) providing equipment for ADECOS and supervisors; iii) developing protocols and tools to register vulnerable households in the social registry of beneficiaries; and iv) providing operational costs for intermediation services.

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

Project Cost: The project was estimated to cost US$151.7 million. Actual cost was US$156.3 million.

Financing: The project was financed by an IDA credit in the amount of US$81.7 million of which US$78.9 million disbursed and a IBRD loan in the amount of US$70.0 million of which US$69.9 million disbursed.

Borrower Contribution: The Borrower was to contribute US$58.7 million. Actual contribution was US$35.8 million. Local Farmer Organizations were to contribute US$1.2 million. According to the Bank team (February 24, 2023) contributions by Local Farmer Organizations to the matching grants partially materialized. However, FAS did not record the amount during implementation.

Dates: The project was restructured eight times:

- On May 23, 2013, the project was restructured to reallocate between disbursement categories.

- On April 15, 2015, the project was restructured to: i) revise the Results Framework: a) introduce the intermediate outcome indicator "matching grant beneficiaries to create a reinvestment productive fund" to better track the sustainability of matching grants; b) reduce the targets for classroom and community water points to be built or rehabilitated due to the introduction of new regulation regarding the number of classrooms per school and the launch of the government program Water for All; c) increase the target for percentage of participating municipalities budgeting for and implementing local infrastructure maintenance plans; d) drop and revise two intermediate outcome indicators; ii) extend the loan closing date from July 31, 2015 to December 31, 2016 to offset implementation delays resulting from delayed project effectiveness, delays in accessing counterpart funds and administrative changes in the government.
- On December 12, 2016, the project was restructured to extend the closing date from December 31, 2016, to June 30, 2017, to be able to process the Additional Financing to the Project in a timely manner and allow for the completion of construction of social infrastructure that required from counterpart funds and that, due to the late disbursement of these funds were still under construction.
- On May 31, 2017, the project was restructured to: i) receive AF in the amount of US$70 million to scale up original activities and add three new activities; ii) revise the Results Framework to reflect the increase in scope; and iii) extend the closing date from June 30, 2017 to December 31, 2017 to process the AF.
- On December 27, 2017, the project was restructured to: change the closing date from December 31,2017 to March 30, 2018 to enable to disburse the remaining funds.
- On November 17, 2019, the project was restructured to: i) drop the productive inclusion pilot activity introduced as part of the AF and reallocate the savings in the amount of US$10 million to pilot a Direct Cash Transfer program ("Kwenda"). Dropping the productive inclusion activity was not a reduction in scope; and ii) drop and add intermediate outcome indicators to reflect this change.
- On February 19, 2020, the project was restructured to change the closing date from August 19, 2019, to February 28, 2022, to allow FAS to reallocate resources to finance community-driven development projects towards the areas most affected by the drought to mitigate its impacts on the population and continue the preparation and implementation of the critically important cash transfer project to mitigate the impacts on the population of future adjustments in domestic oil prices
- On December 17, 2020, the project was restructured to: i) drop the Productive Safety Nets Pilot and reallocate corresponding resources to: a) rehabilitate and construct water points to respond to the drought emergency in the South of Angola; b) scale up the Direct Cash Transfer pilot; c) provide support to ADECOS to allow them to operate safely during the COVID-19 pandemic; ii) revise the Results Framework to reflect these changes.

3. Relevance of Objectives

Rationale

According to the PAD (p. 4) in 2009, at the time of project appraisal, Angola had been experiencing strong economic growth over the past decade. The strong Gross Domestic Product (GDP) growth (15 percent per year) allowed Angola to expand its public sector and boost its investments in infrastructure and basic services. Also, the strong economic performance had a positive impact on employment, the reintegration of displaced people into the workforce, and a recovery of the agricultural sector. However, improvement in Human Development had been consistently slow. Poverty was widespread with 62 percent of the

households below the poverty line of US$1.70 per day (94 percent in rural areas and 57 percent in urban areas), and 15 percent were in a situation of extreme poverty (less than US$0.75 per day). Life expectancy was 42 years. About 33.2 percent of the population was illiterate and one in four children died before his/hers fifth birthday, making Angola's child mortality rate the second worst in the world.

Despite some progress made by the government in formulating policy frameworks and rapidly increasing social expenditures in recent years, there was a need for improving public sector planning, executing and monitoring capacities for social service delivery. The absence of adequate management instruments and capacities for service provision constrained effective and timely resource allocation in critical geographic areas and in reaching the poor. Programs tended to be executed in spite of a lack of sector analysis and criteria for resources allocation to each level of public administration. Furthermore, budget execution was low resulting in a high percentage of public facilities being underutilized or not functioning, especially those at the bottom tier of the service. Also, key social sectors had limited functioning supervision and monitoring system in place to ensure the quality control in delivery performance or related to fiduciary aspects. In addition, few municipalities were equipped to assume responsibility for public infrastructure and service planning and management, and to promote local social and economic development.

According to the ICR (p. 8) in order to address these challenges, the government developed in 2008 the 2025 Long-Term Development Strategy for Angola (Angola 2025) which includes the two objectives: i) institutionalizing civic participation in the decision-making process in economic and social policy through the creation of municipal councils and provincial councils; and ii) gradually decentralizing authority and resources to municipalities as means of improving service provision and stimulating income generating opportunities in response to locally articulated priorities.

The objective of the project was in line with the Bank's most recent Country Partnership Strategy (CPS) (FY14-16), which was extended until FY23 when a new CPF was expected to be delivered. The objectives were specifically aligned with the CPS' focus area on increasing efficiency of social programs, and strengthening social protection, its objective 6 "increasing the number of literate Angolans", objective 7 "improving utilization and quality of health care services" and objective 8 "improving access to social safety nets and social service delivery for vulnerable groups".

The objectives of the project were in line with the Bank's 2018 Systematic Country Diagnostic (SCD), which emphasized the need to i) improve education, health and nutrition services; ii) expand water and sanitation infrastructure and services; and iii) increase social protection coverage and efficiency.

Rating
High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1
Objective

Improve access of poor households to basic services

Rationale

Theory of Change: The project's theory of change envisioned that project activities such as building or rehabilitating classrooms, health facilities, community water points as well as organizing the operation of maintenance user committees would result in improved access of poor households to basic services such as primary education, water sources, and health centers. Also, the project's theory of change envisioned that the implementation of a cash transfer program would increase beneficiaries access to food and would support families to avoid negative coping mechanisms during financially challenging times such as selling assets and pulling children out of school.

This ICR Review does not conduct a split rating since the different restructurings and AF resulted in an overall increase in the project's scope.

Outputs:

- 1,168 basic local infrastructures were built, rehabilitated, or equipped with furniture and supplies. The ICR did not provide disaggregated data on the type of infrastructure financed by the project.
- 92 health facilities were constructed, renovated, and/or equipped, not achieving the original target of 135 facilities and achieving the revised target of 86 facilities. 97.99 percent of project funded infrastructure was fully functional 12 months after completion, exceeding the target of 80 percent of infrastructure.
- 82 community water points were constructed or rehabilitated, not achieving the original target of 355 community water points and exceeding the revised target of 60 community water points.
- 994 classrooms were built or rehabilitated at the primary level, not achieving the original target of 1,032 classrooms, and achieving the revised target of 990 classrooms.
- The percentage of municipal administrations, which foresaw in their budget plans specific actions to maintain basic social economic infrastructure increased from 9 percent in 2010 to 70 percent in 2022, exceeding the original target of 50 percent and achieving the revised target of 70 percent.
- Key building blocks for the Kwenda cash transfer program were built, including the Kwenda

Management Information (MIS), targeting approach (using a combination of geographical, communitybased targeting and proxy means-testing, payment mechanisms (such as fixed ATMs, mobile phones, point-of-sales machines or bank agents), an automated Grievance Redress Mechanism (GRM) and a communication strategy to raise awareness of the Kwenda program.

- 67,260 families benefitted from the cash transfer program, exceeding the target of 45,000 families.
- 6.8 million KWZ were transferred to families benefiting from cash transfers, exceeding the target of 5.7 million KWZ.
- 316,122 beneficiaries benefitted from the cash transfer program, exceeding the target of 211,500 beneficiaries.

Outcomes:

- 97,976 children were enrolled in primary education in new or refurbished schools, exceeding the original target of 77,400 children and the revised target of 79,400 children.

- 363,799 people in project areas had access to improved water sources, not achieving the original target of 2.98 million people and the revised target of 474,000 people.
- On average, about 15,851 beneficiaries attended new or refurbished health centers daily, exceeding the target of 11,500 beneficiaries daily.
- 72 percent of people were satisfied with the quality of social and economic services financed by the project, exceeding the target of 60 percent.
- The project benefitted a total of 4.62 million beneficiaries, exceeding the original target of 4.1 million beneficiaries and achieving the revised target of 4.61 million. Of those beneficiaries, 59.1 percent were female, exceeding the target of 50 percent being female.

Achievement of the first objective was Substantial since the project was not able to achieve the target for access to improved water sources, which was among key intended outcomes under this objective.

Rating
Substantial

OBJECTIVE 2
Objective
Improve access of poor households to economic opportunities

Rationale
Theory of Change: The project's theory of change envisioned that project activities such as improving business development capacity and skills as well as financing and technical assistance support for enabling the participation of small producer groups in markets were to result in improved access of poor households to economic opportunities. Project outputs were to include technical assistance (TA) to selected municipalities to prepare their Municipal Territorial Development Plans, sectoral and value chain studies, training for FAS to prepare and implement the Matching Grants Manual, and provision of matching grants to selected producer groups and/or business development service providers.

Outputs:

- Eight municipalities developed Municipal Economic Development Strategies and Municipal Territorial Development Plans to more effectively guide producers and service providers on potential business activities for local economic growth.
- 186 producer groups from 13 provinces were provided with training on entrepreneurship/business management skills including developing business plans. These business plans were assessed by a commercial bank for viability and final selection. Before receiving the matching grants, producer groups received training in different areas such as partnership development, managerial improvement, technology adoption, service delivery enhancements and transfer of know-how.
- 100 percent of active members of producer groups receiving advisory business support services were satisfied, exceeding the target of 50 percent.
- 100 percent of active members of producer groups trained in business improvement skills were utilizing these skills one year after receiving matching grant, exceeding the target of 50 percent.

- 71.7 percent of producer groups receiving matching grants achieved their objective, achieving the target of 70 percent.
- All value chain studies covered the main developed sectors and those sectors with high growth potential in Angola, exceeding the target of 80 percent.

Outcomes:

- 78 percent of participating producer groups/business providers in municipalities improved their business management capacity, close to achieving the target of 80 percent.
- 13,119 beneficiaries received matching grants for the implementation of 186 micro- and/or small enterprise project in 13 provinces. This PDO indicator lacked a target.

Rating
Substantial

OBJECTIVE 3
Objective
Enhance local institutional capacities among Angola's municipalities

Rationale
Theory of Change: The project's theory of change envisioned that project activities such as providing technical assistance to FAS to strengthen the capacity of municipal councils as well as developing Municipal Economic Development Strategies and applying social accountability methods such as citizens score card would plausibly result in enhanced local institutional capacities among Angola's municipalities.

Outputs:

- Municipal councils were created in all of the 71 participating municipalities, of which the Municipal Council of Communities is a forum for citizen and civil society to participate in municipal decision making.
- The project provided TA to 97 municipalities to develop, implement and use the Municipal Basic Information system which enabled them to manage activities that were implemented in the communes.
- The percentage of participating municipalities organizing consultation councils to assess, plan and implement Municipal Territorial Development Plans increased from 15 percent in 2010 to 100 percent in 2022, exceeding the original target of 70 percent and meeting the revised target of 100 percent.
- The percentage of participating municipalities implementing Municipal Territorial Development plans increased from 15 percent in 2010 to 50 percent in 2022, not achieving the original target of 70 percent and achieving the revised target of 50 percent. The Municipal Territorial Development plans were based on the municipal profiles developed by local development units which were established and trained by FAS for each municipality.
- 4,447 local administration executives and technicians were trained in different topics related to municipal planning and management.

- 80 percent of grievances registered in the GRM were addressed in a timely manner, exceeding the target of 60 percent.
- 100 percent of participating municipalities had municipal economic development strategies, exceeding the target of 80 percent.
- 3,345 Health and Community Development Agents (ADECOS) were trained, exceeding the target of 2,000 ADECOS being trained.
- Nine Integrated Social Action Centers (CASI) were established and five CASIs were rehabilitated to support the Direct Cash Transfers pilot coordination mechanisms and interventions between the social safety net, health and/or education providers. The CASIs also played an important part in assisting individuals acquire identification documents for Kwenda and providing access to other social protection services.

- **Outcomes:**

- 100 percent of participating municipalities integrated Municipal Investment Plans into Provincial Annual Plans, exceeding the target of 80 percent.
- 78 percent of participating municipalities had civil society members integrated in the technical units and created a forum to debate the development plans with civil society, close to achieving the target of 80 percent.

Achievement of the third objective was High given its achievement of municipalities integrating Municipal Investment Plans into provincial Annual Plans and civil society members being integrated in the technical units.

Rating
High

OVERALL EFFICACY
Rationale
Achievement of the first two objectives was Substantial while achievement of the third objective was High. The aggregation of the achievements is consistent with a Substantial rating for overall efficacy.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic efficiency:

The PAD (p. 102) did not conduct a traditional Economic analysis. It stated that there were constraints to determine an Economic Rate of Return (ERR) for demand-driven projects whose nature could not be known beforehand. The PAD further stated that communities in general select education, health, water, and sanitation investments as their top priorities, which tend to have high rates of return in most countries in Africa since they provide basic services which are crucial in the formation of a productive society.

The PAD conducted an economic analysis of the proposed activities to be financed under the LDP, which were projected to cover a share of the country's small-scale and local public sector investment needs. The analysis compared FAS unit costs of school construction, provision of portable water, and health facilities with those of the Ministry of Public Works, concluding that the FAS unit costs were generally lower.

The ICR (p. 31) did not conduct a traditional Economic analysis either. The ICR assessed unit costs and stated that the social and economic infrastructure built/rehabilitated by FAS' municipality's development approach were on average more cost-effective compared to equivalent works built through other government service delivery mechanisms. Under the project, school construction unit cost was 46 percent lower, and health facilities on average 20 percent lower than those by the Ministry of Public Works. The ICR further stated that the overall costs of implementation by FAS (about 10.5 percent of total project cost) were below those of comparable implementing units in other countries, which are at around 15 percent.

Operational efficiency:

According to the ICR (p. 32), the project experienced extended implementation delays due to national elections and late appointment of the government which resulted in a delayed project effectiveness for the original project and the AF, totaling 35 months. Furthermore, the project experienced implementation delays as a result of low procurement capacity, lack of relevant expertise at FAS as well as lack of counterpart funding for project activities. The ICR also stated that from the effectiveness of the AF in July 2018, activities such as the productive inclusion and productive safety net pilots, made little progress before they ended up being cancelled. Also, during July 2018 and September 2020, the project made limited progress in implementing the pilots, the direct cash transfers program, and preparing the Strengthening the National Social Protection System Project (NSPSP). Overall fund utilization was low as explained in section 2e.

Given the above shortcomings, the project's overall efficiency rating is Modest.

Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 ☐ Not Applicable

ICR Estimate	0	0 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

Relevance of the objective is rated High given its alignment with the Bank's most recent Country Partnership Strategy (CPS) (FY14-16). Efficacy is rated Substantial as objectives were almost fully achieved. Efficiency is rated Modest given negative aspects of implementation that significantly reduced efficiency.

Taking everything together, the project's overall outcome rating is Moderately Satisfactory.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

The risks to development outcome are limited due to these two factors:

Government commitment: According to the ICR (p. 42), the government remains committed to the objectives of this project as demonstrated through its plan to develop a permanent safety net system in Angola. The government continues to cooperate with the Bank to achieve this objective through the Bank's Strengthening the National Social Protection System Project (NSPS) (P169779, financing amount US$320 million). The NSPS aims to provide temporary income support to poor households in selected areas of Angola, and to strengthen the delivery mechanisms for a permanent social safety net system that is currently under implementation in Angola.

Financial resources: When the project closed, 98 percent of the infrastructure financed by the project was fully functional 12 months after completion. Municipalities developed local infrastructure maintenance plans and currently have sufficient resources to implement those plans, positively impacting the sustainability of built and rehabilitated infrastructure. Furthermore, according to the ICR (p. 42) the Ministry of Finance and other ministries signed a memorandum of understanding requiring the provision of subsidies to municipalities to regularize ADECOS' employment, positively impacting the sustainability of their work. Finally, the Ministry of Finance asked the Bank to reallocate NSPS financing to further support the CASIs given their important role in providing social assistance at the local level.

8. Assessment of Bank Performance

a. Quality-at-Entry

According to the PAD (p.13) the project built on several lessons learned which included: i) planning the allocation of investments within a given territory (rather than on a community basis) results in more effective targeting of poor households; ii) combining the delivery of public goods with the promotion of local economic development activities to sharpen its impact on the multifaceted aspects of poverty reduction; iii) improving quality of services as a critical aspect of public goods provision; and iv) public good provision as an entry point for institutional strengthening. The ICR (p. 36) stated that the project faced several challenges during project preparation. First, the FAS was not anchored to the appropriate ministry to support decentralized activities effectively. Eventually, the government moved the FAS from the Ministry of Planning to the Ministry of Territorial Administration in 2014. Second, the initial design of the project did not take the limited capacity of the FAS into account in terms of its ability to manage different types of activities and target groups across a large geographical area in low -capacity municipalities.

Also, according to the PAD (p. 21), the Bank team identified the risk of Angola lacking public transparency and adequate administrative capacity which limited the state's ability to deliver quality public services and adequate use of funds as High. Several risks were also rated as Substantial including Angola's macroeconomic outlook, limited capacity within municipal administrations and community organizations, insufficient service providers in remote areas, lack of sufficiently developed methods for local economic development, possible favoritism in access to matching grants, as well as weak financial management and procurement capacity and not acceptable government procurement law. Mitigation measures included governance strengthening activities supported by the Bank, building capacity within municipal administrations and community organizations as well as in service providers, a matching grants manual specifying clear standards for financial viability of investments, and providing procurement training at FAS staff and municipal level. However, the ICR reported that the complexity of project activities added to the complexity of implementation and supervision. Also, mitigation measures were not sufficient, contributing to implementation delays. At entry, the Results Framework had several shortcomings (see section 9a for more details).

Quality-at-Entry Rating
Moderately Satisfactory

b. Quality of supervision
According to the ICR (p. 18) the Bank team had a total of four Task Team Leaders (TTLs) who conducted 18 supervision missions throughout the project's life. The Bank team provided continuous implementation support. During the early implementation phase when the project experienced challenges related to procurement, the Bank staff from the Mozambique and Sao Tome and Principe offices provided additional support, including ongoing supervision and implementation support to improve FAS' procurement capacity as well as providing procurement training and ensuring that key staff at FAS participated in these trainings and regional procurement events. Also, the Bank team provided technical assistance to conceive, implement and adapt the matching grant scheme, improve procurement and financial management capacity and strengthen safeguard compliance. Also, the Bank team supported the design of AF and the direct cash transfer pilot as well as enabling the project to respond to the country's emerging and emergency needs.

The Bank team restructured the project seven times to modify the Results Framework, extend the closing date and receive AF. However, according to the ICR (p. 42) changes to the Results Framework were not always properly documented in the Bank's system.

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design
The project's theory of change illustrating how key activities and outputs were to lead to the intended outcomes was sound. Also, the objective of the project was clearly specified. The original Results Framework was complex and included a substantial number of indicators (seven PDO indicators and 17 intermediate outcome indicators). Also, the original Results Framework included two health and education related PDO indicators, which were not directly attributable to project activities. These two indicators were revised during the 2015 restructuring to make them more aligned with project activities. All selected indicators were sufficiently specific and measurable.

According to the PAD (p. 19) the project's M&E system was built on FAS Management Information System (SIFAS) and consisted of the following five main instruments: i) a simplified instrument to track civil works and goods investments (Component 1) for direct use by municipalities and computerized data management by FAS decentralized teams; ii) a revised Index for Basic Social Service Access (IASS 11) was to be used for resource targeting and results monitoring at the municipality level; iii) Beneficiary assessments were to collect independent data on the perceived adequacy of the LDP's methods, processes, and results; iv) a facility survey to independently measure the degree of satisfaction of service providers and users with the infrastructure and its services; and v) fiduciary reporting regarding financial flows, the status of procurement processes and contracts, and the results of audits and other independent assessments of resource management.

b. M&E Implementation
According to the ICR (p. 38) during the initial phase of project implementation the project faced challenges, including difficulty to provide timely data to update the Results Framework and outcome measures being too broad and going beyond FAS' area of responsibility. As a result, the project's M&E rating was Moderately Satisfactory between 2013 and 2015. During the 2015 restructuring, the Results Framework was modified to better link the outcome indicators to project activities and improve their metric. From 2015 onwards, FAS' monitoring activities improved.

According to the ICR (p. 25) the target of PDO indicator 2 "people in project areas with access to improved water source" was overestimated by the relevant municipal administrations and was not

corrected throughout implementation when it was already known that the population of the project areas was lower than anticipated at project preparation. Also, PDO indicator “Beneficiaries receiving matching grants” was introduced in the 2015 restructuring paper. However, the indicator was not included in the revised Results Framework due to an oversight issue. Finally, according to the Bank team (February 24, 2023) some of the indicators that were introduced in the 2015 restructuring, were not reported until 2020, thus not allowing for a continuous monitoring of implementation progress.

The project conducted several assessments including: i) socio-economic profiles of all municipalities; ii) assessment of the education sub-projects; iii) evaluation study of component 2; iv) beneficiary satisfaction surveys; v) assessment of the matching grants scheme; vi) technical assessments of the infrastructure sub-projects; and vii) assessment of the Kwenda cash transfer mechanism. The ICR (p. 18) stated that several indicators could not be updated until 2020 due to procurement related challenges that did not allow to conduct several planned surveys and assessments be conducted on time. Also, changes to indicators were not always noted in the Bank system or supervision documents due to issues related to oversight by the team, system glitches or changes in decisions

c. M&E Utilization

According to the ICR (p. 39), the project’s M&E data were used to monitor progress, identify implementation bottlenecks and inform decision making. For example, in 2019, when data showed slower than planned implementation of sub-projects by municipalities, the 2020 restructuring required micro-projects to be directly implemented by FAS resulting in the speeding up of implementation. Furthermore, the project conducted several assessments such as the assessment of infrastructure subprojects and assessments of the matching grants scheme and Kwenda cash transfer mechanism that allowed for course corrections. For example, when the assessment of the infrastructure sub-projects found shortcomings on the quality of the work, the FAS stopped planning new infrastructure projects until ongoing projects were rectified and completed.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project was classified as category B and triggered the Bank’s safeguard policies OP/BP 4.01 (Environmental Assessment), OP/BP 4.12 (Involuntary Resettlement), and OP/BP 4.10 (Indigenous People). The ICR did not state how these safeguard policies were addressed by the project.

According to the ICR (p. 40) the project initially faced the following safeguard related issues i) the social resettlement check list during the pre-selection process was only partially applied; and ii) not all required documentation was produced for involuntary resettlement during the land acquisition process. From 2017 onwards these issues were resolved, and the project did not encounter any other safeguard related issues.

In 2020, the project hired a full time Environmental and Social Safeguard Specialist who strengthened the project's safeguard compliance. The ICR (p. 40) stated that the project complied with all safeguards.

b. Fiduciary Compliance

Financial Management:

The project encountered several financial management related issues such as: i) at the beginning of implementation the project experienced delays related to the application of the correct percentages of counterpart funds to different activities, which was resolved during the 2013 restructuring; ii) payments of advances to contractors were made without bank guarantee or payments of full contract amounts were made for works that had not been completed; iii) delays in recruiting external auditors within three months of project effectiveness. According to the ICR (p. 40), the FAS dedicated a Financial Management (FM) specialist to address these financial management challenges.

The ICR (p. 40) stated that once these issues were addressed, the project submitted quarterly interim unaudited financial reports and annual audits of adequate quality in a timely manner. The external auditor conducted ten annual audits, which all had unqualified opinions, except for the 2014 and 2018 audits. The 2014 audit found a discrepancy related to the amount of counterpart funds and the 2018 audit found that some expenditures were not backed by a prior no-objection by the Bank. Both matters were addressed and resolved appropriately.

Procurement:

According to the ICR (p. 40), the project's procurement performance was rated Moderately Unsatisfactory from 2012 to 2014 due to procurement challenges. These challenges included insufficient capacity and procurement experience at FAS and in some provinces. As a result, the project experienced delays in hiring an external auditor, FAS coordinators for components 2 and 3, provincial directors and other staff as well as consultants. According to the Bank team (February 23, 2023) to address these issues, the Bank provided procurement training to the procurement specialist who was hired in 2015 and to the Senior procurement specialist hired in January 2020. The training included procurement workshops organized by the Bank and hand-on training provided by the Bank's procurement specialist based in Luanda.

From mid-2014 to project closing, procurement was rated Moderately Satisfactory due to minor challenges related to documentation/record keeping, bidding process, and delays in hiring certain technical specialists.

c. Unintended impacts (Positive or Negative)

According to the ICR (p. 35) technology developed under the project such as the Municipal Management Information System allowed for the uploading of information from the project and municipalities resulting in more data being available. Also, due to the project, a Presidential Decree was passed in February 2019, which placed the FAS under the Ministry of Territorial Administration and made it the primary agency responsible for providing support to the poorest and most vulnerable population through a sustainable participatory development process. Throughout project implementation a close collaboration with the

European Union (EU) and UNICEF resulted in positive results such as the EU financing of FAS during a critical time to bridge the gap between the original and additional financing and UNICEF supporting the government in the development of the national social protection strategy and programs.

d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

The ICR (p. 43-44) included several lessons learned, including the following ones that were adapted by IEG:

- **Involving entities at the local level requires strong technical and fiduciary support.** This project envisioned that municipalities were to implement activities such as the construction of local infrastructure. However, the project did not provide technical assistance to the municipalities to be able to provide strong quality control and oversight. The ICR (p. 43) recommended the following useful actions for future projects in this area: i) provide routine funding for independent technical audits of infrastructure; ii) rotate local FAS staff across provinces on a regular basis; and iii) conduct continuous audits of provincial audits.
- **Building strong links between national ministries and local entities is key for sustainability and long-term development.** In this project, collaborating and coordinating between the ministry and municipalities helped to stimulate local development since municipalities were empowered to identify and prioritize their development needs.
- **Constructing sub-projects such as schools, water points, feeder roads, and health centers requires close coordination with relevant line ministries to ensure that they comply with national norms and standards and are being operated according to national procedures.** While this project exceeded its targets for education, health, nutrition and population services, the 2019 technical audit identified shortcomings in terms of norms and standards. These shortcomings included appropriate size of schools and classroom as well as width and curvatures of feeder roads etc.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provided an adequate overview of project preparation and a complex project implementation with several restructurings. The ICR was sufficiently outcome driven and included useful lessons learned for future Bank projects in this area. The ICR lacked a traditional Economic analysis and would have benefitted from being more concise. Also, the ICR did not state how the project addressed the Bank's safeguard policies. The ratings for M&E Quality and Bank Performance in the main text and under Key Ratings (p. 3) were inconsistent. Overall, the quality of the ICR is rated Substantial.

a. Quality of ICR Rating
Substantial