Report Number: ICRR0022753

## 1. Project Data

| Project ID | Project Name |
|---|---|
| P151077 | GA - Infras. and Local Dev. Project II |
| **Country** | **Practice Area(Lead)** |
| Gabon | Urban, Resilience and Land |

| L/C/TF Number(s) | Closing Date (Original) | Total Project Cost (USD) |
|---|---|---|
| IBRD-85640 | 31-Jan-2021 | 39,535,036.10 |
| **Bank Approval Date** | **Closing Date (Actual)** | |
| 10-Dec-2015 | 31-Jan-2021 | |

| | IBRD/IDA (USD) | Grants (USD) |
|---|---|---|
| Original Commitment | 100,000,000.00 | 0.00 |
| Revised Commitment | 100,000,000.00 | 0.00 |
| Actual | 39,535,036.10 | 0.00 |

| Prepared by | Reviewed by | ICR Review Coordinator | Group |
|---|---|---|---|
| Cynthia Nunez-Ollero | J. W. van Holst Pellekaan | Victoria Alexeeva | IEGSD (Unit 4) |

## 2. Project Objectives and Components

### a. Objectives

According to the Financing Agreement (FA, p. 5) and the Project Appraisal Document (PAD, paragraph 16), the Project Development Objective (PDO) for the Infrastructure and Local Development Project II (ILDP II) in Gabon was "to improve access to urban infrastructure and services in underserviced neighborhoods, and to build basic capacities for municipal management in Target Cities."

This review will assess the extent to which ILDP II achieved the PDO against the following separate objectives:

- Objective 1: "to improve access to urban infrastructure and services in underserviced neighborhoods
- Objective 2: "to build basic capacities for municipal management in Target Cities"

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

No

### c. Will a split evaluation be undertaken?

No

### d. Components

1: **Improving urban infrastructure to increase access to services** (US$85.5 million, including US$1.5 million for Project Preparation; revised to US$77.5 million at restructuring; US$31.5 million actual). This component would finance infrastructure investments such as access roads, water and sanitation works, secondary drainage systems, health centers and schools, and local markets to benefit nine cities, later reduced to 6 cities at restructuring (Koulamoutou, Libreville, Makokou, Mouila, Port-Gentil, and Tchibanga) and target neighborhoods and financial resources for this component were reduced accordingly.

2: **Building institutional development to strengthen the capacity of the urban sector** (US$10 million at appraisal, revised to US$15.0 million at restructuring, US$4.5 million actual). This component would finance training and technical assistance for the following segments of the urban sector:

- Support local governments in establishing priority investments in city and neighborhood development plans, updating urban master plans for communes; improving local tax collection; and establishing municipal technical services such as asset management.
- Support central government entities delivering devolved local functions through equipment and goods, establishing systems to implement decentralization, public consultation, and preparing local government financial management manual, conduct training to in the implementation of these processes; and developing national urban and solid waste management strategies.
- Support small and medium enterprise (SME) sector by conducting a sector assessment, training in areas such as bid preparation, general company finances, labor intensive construction methods, environmental and social safeguards management, social awareness responsibilities, and establishing a professional organization.
- Support civil society by hiring community facilitators, conducting training in neighborhood planning and implementation, and designing regulation to govern the municipal - civil society relationship. In addition, this component would finance a municipal solid waste management strategy and training in environmental management, infrastructure implementation and communication.

3: **Project management, coordination, monitoring and evaluation (M&E).** (US$4.25 million at appraisal, revised to US$7.25 million at restructuring, US$3.5 million actual). This component would finance project coordination, supervision, financial management, procurement, M&E, communication, audits, and surveys. Fixed costs will be shared among three simultaneously implemented Bank-financed projects implemented

by the National Commission for Labor Intensive Small-Scale Public Infrastructure Works (*Commission Nationale des Travaux d'Interet Public pour la Promotion de l'Entreprenariat et de l'Emploi,* or CN-TIPEE).

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

**Project Cost**: The original project cost was US$100.0 million, which consisted of US$98.5 million plus US$1.5 million for project preparation. The actual total cost was US$39.5 million.

**Financing**: The International Bank for Reconstruction and Development (IBRD) fully financed the US$100 million loan for this project. US$39.5 million was disbursed from the loan. The balance was cancelled.

**Borrower Contribution**: None.

**Dates**: The project was approved on December 10, 2015 and made effective on April 25, 2016. The Mid-Term Review (MTR) was conducted on June 3, 2019. The project closed as planned, on January 31, 2021. One level 2 restructuring on June 29, 2019 addressed slow progress due to the economic downturn, social unrest, lack of government commitment, weak capacity, and procurement issues. Funds for infrastructure investments in three cities (Franceville, Lambaréné, and Oyem) were reallocated to "finance new activities and scale up existing ones" in the other target cities (Project Paper, paragraph 4).

**Split Rating**: No split rating of the outcome was undertaken in this review for the following reasons. The PDO statement was unchanged. While the outcomes targets were revised through a restructuring in 2019, these were revised according to the reallocation of resources. The restructuring was primarily done in Component 1, i.e., removing infrastructure investments in three cities (Franceville, Lambaréné, and Oyem), but retaining activities under Component 2 in all originally planned cities. The available amount (US$18 million) associated with the drop of activities under Component 1 in two cities was distributed between Components 1, 2 and 3 (ICR, paragraphs 20, 21). Accordingly, this review will assess the extent to which this project achieved its objectives based on the revised coverage and revised financing for six Target Cities.

## 3. Relevance of Objectives

### Rationale

**Country Context:** Gabon is a small (about 2 million people), middle income (US$10,660 income per capita), oil-dependent country in Africa. According to the United Nations Urbanization data, Gabon's urbanization rate increased from 79 to 88 percent in 2015, making it one of the most urbanized countries in Africa. This urbanization took place without planning policies in place to guide the process. Unplanned, high density settlements in flood-prone areas, unsuitable for habitation, made of makeshift materials, on land without titles, without access to basic urban services such as storm drains, wastewater systems, and poor mobility were features of these underserviced neighborhoods. According to the PAD,

more than three-fourths of the urban population and 60 percent of economically disadvantaged households live in these neighborhoods. Gabon's cities lacked infrastructure investments. The oil industry funded most of these without following planning or budget procedures and were implemented in a haphazard manner. The 2020 International Monetary Fund (IMF) technical assessment (also cited below) noted that the government did not use infrastructure investment planning tools. The rapid rate of urbanization meant increasing pressure on existing infrastructure, increasing costs to provide basic services, with limited access for its urban residents. The government pursued decentralization (see below) but did not implement it. Line ministries were assigned decentralized functions instead. A few large enterprises dominated the construction sector, limiting competition. Small and Medium Enterprises (SMEs) had limited participation in the sector because they were unfamiliar with procurement and sound management practices and had minimal access to financial services. These factors generated diseconomies of scale in delivering public services and increased costs (Systematic Country Diagnostic, 2020, paragraph 3).

**Country Plans:** The Emerging Gabon Strategic Plan (PSGE) was implemented beginning in 2012. This plan established priority strategic guidelines to transform Gabon into an emerging economy by 2025. Infrastructure development was a pillar of this plan. According to the 2020 IMF assessment, public investments grew but did not result in asset accumulation due to weaknesses in investment planning. Multiple actors with unclear roles drew up uncoordinated investment lists that were not informed by studies. Projects that were implemented were not supervised or monitored. A Decentralization Law was enacted in 1994 but remained unimplemented because of three factors. One, the central government delayed in transferring power and resources to local governments. Two, local governments had low institutional capacity. Three, cities failed to enforce unclear urban policies such as in land use regulations and management of public investments. By 2015 the law was promulgated. Its implementation was anticipated to improve the capacity of cities to achieve their functional potential with better resource allocation and more effective local government management. This project conducted studies that found provincial capitals with substantial revenues but spent only 10–30 percent of their budgets on investments and 54–87 percent on payrolls, indicating cities with overstaffed personnel who were inadequately qualified to deliver services and invest in infrastructure.

**World Bank Partnership Framework:** The Bank conducted a Systematic Country Diagnostics in June 2020 (SCD, Report No. 150048-GA) to inform the next Country Partnership Strategy. The last one, ending in 2016, guided appraisal. The Gabon country diagnostic found that strategic planning for urban development, land use, and transport was lacking, ineffectual, or ignored. A New Country Partnership Framework, under preparation would focus on two areas: promoting diversified growth and competitiveness; and Increasing the efficiency of social programs and strengthening social protection. Foundational and transformational policies such as improving urban management, and transparent resource management among others, would be included in the forthcoming strategy. The project contributed to the preparation of this strategy by providing information on how cities were investing their resources (see above) as part of the urban sector assessment.

**Prior World Bank Operations in the Country and in the Sector**: This project was preceded by an earlier phase 1 project, which closed in 2011. Phase 1 covered six provincial capitals of Libreville, Port Gentil, Franceville, Oyem, Lambarene, and Mouila. It was built on the Bank-financed Pilot Community Infrastructure and Capacity Strengthening Project, which focused on building community infrastructure in selected underserved neighborhoods and supporting small and medium enterprises (SMEs) (ICR, paragraph 57).

Overall, the relevance of objectives is rated Substantial. The PDOs were in principle highly relevant to both government and World Bank development strategies. The objectives were, however, limited in their strategic contribution, namely to "improve access." This might have been compensated for by strong indicators, but the relevance of objectives is downgraded to substantial because of weak PDO indicators, which did not measure "improved access to urban infrastructure and services in underserviced neighborhoods." This undermined the relevance of the PDOs to address the core development problem. Nor were the PDO indicators strong enough to capture longer term results of the project (see Section 4 Efficacy for a discussion of the Theory of Change, and Section 9 M&E for a discussion of PDO indicators).

### Rating

Substantial

## 4. Achievement of Objectives (Efficacy)

### OBJECTIVE 1

#### Objective

To improve access to urban infrastructure and services in underserviced neighborhoods

#### Rationale

**Theory of Change (TOC)**: While there was no TOC at appraisal, a results framework provided the probable causal logic that linked the inputs and outputs to outcomes (PAD, Annex 1). Figure 1 in the ICR provided a reconstructed TOC based on the project's activities and results. To achieve Objective 1 inputs (embodied in the project's activities) were to include the upgrading of roads, and other infrastructure investments such as drainage, water, and sewerage. Outputs would be expressed as the length of improved roads, number of needed neighborhood investments to be made, and the number of jobs to be created in target cities. These outputs would be expected to result in giving target neighborhoods improved access to urban infrastructure expressed as the number of additional persons who were to benefit from the infrastructure investments to be made. This TOC did not provide sufficient detail on expected outcomes associated with "improved access" beyond the number of beneficiaries and did not include service delivery attributes such as reliability, adequacy, and quality. This review notes that the expected results were closer to outputs rather than outcomes. The TOC did not indicate any assumptions that would ensure that inputs would achieve the expected outcomes.

**Outputs**: The ICR reported that the project achieved the following outputs but did not provide original access targets for some of the infrastructure investments. However, the following were mentioned.

- 12.10 km (original target 8.80 km, target exceeded) of non-rural roads were paved and rehabilitated in six cities These included 1,703 m in Oyem, 2,601 m in Libreville, 1,063 m in Port-Gentil, 1,885 m in Mouila, 1,848 m in Tchibanga, and 2,360 m in Makokou (ICR, paragraph 38 - all units for road length should have been meters in this paragraph).

- 1,097 meters (no target provided) of a water drainage canal was constructed in Port Gentil

**Outcomes**:

- The completed all-season roads benefitted 18,301 people within a 500 meter range (original target 21,000, target almost achieved). An additional 10,000 people (original target 23,000, target partially achieved) were provided with access to other infrastructure services. According to the Bank Task Team, these infrastructure services were drainage, water, and sewerage. Direct beneficiaries numbered 44,604 persons (original target 44,000, target achieved). 49 percent (original target 48 percent, target achieved) of these direct beneficiaries were female. The Bank Task Team did not clarify how the number of beneficiaries was calculated. As noted in the TOC, these indicators were more at the output than at the outcome level and did not capture the economic and social development impact of the project.
- The ICR stated that infrastructure investments contributed to reducing urban poverty (but without evidence) by providing a better access to urban infrastructure and services (expressed as beneficiaries of the roads and drainage above) to improve living and health conditions (without evidence) of the poor. The ICR also asserted that project interventions contributed to reducing the gap in service delivery between wealthy and low-income neighborhoods but again without supporting evidence (ICR, paragraph 55).

Overall, the infrastructure investments were completed, as planned. However, since the Theory of Change did not include any indicators on the extent to which equal access to services in underserved neighborhoods was achieved or improved, no evidence was reported along these lines in the ICR. The efficacy with which the project achieved Objective 1 is therefore rated Modest.

### Rating
Modest

## OBJECTIVE 2
### Objective
To build basic capacities for municipal management in Target Cities

### Rationale
**Theory of Change (TOC):** As noted earlier the PAD was not required to present a TOC, but a results framework established the probable causal link between inputs and outputs to project outcomes (PAD, Annex 1). Figure 1 in the ICR provided an ex post reconstruction of the TOC. Objective 2 would contribute to the government's decentralization efforts by strengthening the institutional, planning, technical, financial, and management capacity of the target cities to execute decentralized service delivery (PAD, paragraph 29). However, the TOC at closing did not address this aspect of the objective. Instead, training and technical assistance inputs were designed to strengthen the municipal management capacity of the following four sets of stakeholders: (i) local governments, (ii) the central government agencies with devolved local functions; (iii) civil society, and (iv) the small and medium scale enterprise (SME) sector. Capacity building activities directed at the SME sector were expected to lead to an assessment of the SME sector and create jobs using labor-intensive contracts for investments planned as part of achieving Objective 1 above. Inputs

directed at local government entities were expected to lead to improved city and neighborhood development plans, urban master plans, improved revenue and tax collection systems, and the establishment of municipal services such as asset management. Inputs directed at central government entities were expected to lead to plans for training in municipal management; rules and procedures on decentralization; a local government financial management manual, a feasibility study on intergovernmental fiscal transfers, and national strategies for the urban and solid waste management sectors. Inputs directed at civil society were expected to lead to the hiring of facilitators to help neighborhoods use participatory and transparent means to develop plans and implement investment priorities and to promote accountability through collaboration mechanisms between local governments and civil society organizations. Outcomes would be expressed as improvement in municipal finance, expressed in turn as the number of cities with an increase in own-source revenues. They would be the cities that have implemented asset management plans sub-projects with post-project arrangements such as community engagement or with provisions for operations and maintenance (O&M). The TOC did not mention how activities directed at central government entities with devolved local functions would contribute to the implementation of the decentralization law, or assumptions required to ensure that inputs and outputs would achieve the expected outcomes.

**Outputs**:

- A new National Urban Development Strategy was not developed as targeted. Instead, the project developed urban planning tools such as Local Development Plans (LDPs), Neighborhood Development Plans (NDPs), and Urban Master Plans for communes.
- Decentralized ministerial services and civil society received various trainings and technical support related to the implementation of decentralization laws (ICR, paragraph 54) without describing what this support entailed. The capacity building benefited 778 people, including 160 women (20.57%), bringing the total number of beneficiaries to 44,604 people, according to information provided to IEG by the Bank Task Team.
- The project did not implement training plans in the municipalities as planned. Instead other capacity building activities were carried out for municipal staff such as a structural audit of municipal staff, computer equipment for the Municipal Technical Units, training workshops on the use of NDPs, trained stakeholders responsible for monitoring, maintenance, and governance of neighborhood infrastructure assets. 108 participants attended the NDP training sessions, including 24 women or 22 percent of the participants (ICR, paragraph 41).
- No targets were provided for the following outputs (ICR, paragraph 40).
    - Municipalities with identified sub-projects in their Local Development Plans to be managed and maintained by each beneficiary commune. The ICR was unclear if this achievement referred to the 40 percent of sub-projects (original target 85 percent) or the 12 of 36 sub-projects (or 33 percent) that had post project completion mechanisms (ICR, Table 3). There was no explanation for the difference between the 40 and the 33 percent achieved.
    - 10 NDP reports were prepared for the North zone: Libreville (4), Oyem (2), Makokou (2), Lambaréné (2)
    - 11 NDP reports were prepared for the South zone: Port Gentil (3), Franceville (2), Mouila (2), Koula-Moutou (2), Tchibanga (2)
- 6 community facilitators were recruited, including 3 women (original target 48 percent recruited from female community, target achieved at 50%) (ICR, paragraph 52).
- 184,050 (target 902,000, target not met) person days of jobs were created (ICR, Annex 4, paragraph 9).

**Outcomes**:

- None of the target cities (baseline 0, original target 8, revised target 5) increased their own source of revenues.
- All target cities signed city contracts, with objectives that applied to managing infrastructure assets but only 1 (original target 8, revised target 5, target not achieved) - Port-Gentil - had an asset management plan but It was not implemented.
- Community and civil society organizations were not involved in implementing social safeguards as envisioned at project appraisal (ICR, paragraph 68). Elsewhere, community-based organizations were involved in the implementation of activities (ICR, paragraph 55), but then, the lack of involvement of communities and municipalities hampered ownership of the project (ICR, paragraph 97). Insufficient attention was paid to women's participation in neighborhood development committees and other community development processes as specified in the PAD. No impact assessment or final satisfaction survey was carried out to assess the impact of the project on women (ICR, paragraph 53). According to an exchange between IEG and the Bank Task Team, the project was unable to ensure women's participation in all aspects of the program, or disseminate information to women; use gender sensitive approaches and methods corresponding to local conditions (place, timing, facilitation techniques, etc.), or support training on gender awareness.

Overall, the efficacy with which the project has achieved Objective 2 is rated Modest. The meager capacity building efforts introduced some enhancement of municipal management capacity but did not achieve the targets at closing that reflected strengthened capacity. There was also no assessment in the ICR of the expected institutional capacity improvements resulting from this project. However, the Bank Task Team provided IEG with the following additional information. In the Project Identification Document (PID) of the follow-on project, the Gabon Urban Development Project (P177372) under preparation in January 2022, the following positive outcomes of the ILDP 2 were cited: "8 provincial capital cities elaborated on their urban master plans and local development plans in 4 of those cities, as well as 19 neighborhood development plans in 9 provincial capitals with at least 2 in each city" (PID, p. 6) as evidence of a modest improvement in capacity. This additional information provided the basis for rating the expected achievement of institutional capacity building by the project as "Modest."

### Rating
Modest

## OVERALL EFFICACY
### Rationale
The overall efficacy with which the project achieved its objectives is rated Modest. Two infrastructure investments achieved their construction targets (Objective 1) but the efficacy with which the project achieved its objectives is rated Modest because of the lack of indicators on which to provide evidence for improved infrastructure services in poor neighborhoods. The ICR claimed that project interventions reduced the gap in service delivery between wealthy and low-income neighborhoods but without evidence. None of the capacity building outcome targets (Objective 2) were met at closing although one output target

was met. Nevertheless, the Bank Task Team provided IEG with additional evidence (derived from formal Bank documents prepared for the follow-on project) that there was clear evidence of institutional capacity improvements in urban planning, local development planning, and neighborhood planning in all 9 cities. The efficacy of the project to achieve the second objective is therefore also rated Modest. Since the efficacy with which the project achieved both objectives is Modest, the overall efficacy of the project is rated Modest due to measurable but nevertheless low achievement.

| Overall Efficacy Rating | Primary Reason |
|---|---|
| Modest | Low achievement |

## 5. Efficiency

**Economic Efficiency**: At appraisal, economic analysis applied only to the initially identified road infrastructure investments using the World Bank's Road Economic Decision (RED) model which, as the ICR states quantifies time-savings and reduced vehicle maintenance cost from road upgrading, based on traffic counts, and the expected evolution in traffic patterns. The PAD noted that for 8.8 km of investments already determined (in Libreville, Port-Gentil, and Oyem), with an expected investment cost of US$13.3 million, the Net Present Value (NPV) of these roads was estimated at US$3.1 million using a 12 percent cost of capital as the discount rate. The economic rate of return (ERR) was estimated at 15.2 percent (PAD, paragraph 47). The team estimated that other investments under this project could have ERRs of 28 percent similar to those achieved under the preceding ILDP I project (PAD, paragraph 48) but no evidence was provided.

At closing two approaches were adopted for ex post economic analysis in Annex 4 of the ICR, namely (a) a re-run of the RED model for some of the roads constructed during the project; and (b) a cost-comparison per km of road constructed. The ICR states that the results were as follows:

- Road Economic Decision Model. The ex post analysis assuming a discount rate of 6% using the RED model for the roads appraised and built during the project in Libreville and Port Gentil generated an NPV of US$5.38 million. According to the ICR the ERR for the roads in Libreville was surprisingly high at greater than 100% and surprisingly low at 7% for Port Gentil (ICR, Annex, Table 5). However, the Bank Task Team confirmed that they could not replicate the RED analysis used at appraisal and for the ICR, and no car counting was attempted at completion.
- Cost-Comparison of Road Construction. As the ICR noted this analysis was a cost-comparison of the construction cost estimated at appraisal (US$1.65 million per km) with the actual cost per km of roads completed at the closing date (US$1.13 million per km). However, if the unit costs at appraisal and at project completion are compared against the cost of only the additional roads considered as part of this project they are almost the same (respectively US$1.65 per km and US$1.68 per km) (ICR, Annex 4, Table 6).

**IEG Comments on the Economic Analysis**. An ex-ante analysis re-run of the RED analysis based on the assumptions drawn from the project at appraisal with only the actual cost per km of the investments and a discount rate of 6 percent was not a reliable basis for assessing the actual efficiency of this project compared with the appraisal assessment. The ex ante/ex post cost comparisons of a non-random sample of project roads are unreliable, as measures of efficiency without a validated benchmark for the unit cost and therefore provides little information on relative efficiency. In an exchange between IEG and the Bank Task Team, it also became

clear that in replicating the RED analysis for the ICR it was impossible to re-use the model or fine tune it, and in addition no car counts were attempted at the end of the project.

**Administrative and Operational Efficiency**: Factors outside the control of the project reduced its operational efficiency, including overall economic slowdown (since 2016), exchange rate losses (February 2018 to June 2020), as well as political and social unrest. The weak institutional arrangements, poor coordination among line ministries, and ineffective supervision mechanisms by the Project Implementation Unit (PIU) reduced operational efficiency and delayed implementation. Nevertheless, actual costs of road rehabilitation were significantly lower than estimated at appraisal because road work was easier in secondary, less densely populated cities, which reduced unit costs considerably. However, 60 percent of the loan was cancelled. The stalled reform process and deficient institutional arrangements and supervision mechanisms hampered the initial project activities, resulting in serious delays. The
design did not properly account for the administrative resistance to institutional change at the central and local levels, as described by the ICR (paragraph 46). Initial contracting and disbursements were delayed. Several deliverables were cancelled, initially due to procurement issues (see Section 10, Procurement below) and later due to the approaching project closing date. The core problem was that the PIU was not accustomed to implementing project components beyond infrastructure investments. It was also inexperienced in mobilizing community participation and in implementing Grievance Redress Mechanisms (see Section 10 of this review). The capacity of the PIU was further strained because it was simultaneously implementing four Bank-financed projects. Mitigating measures to address these issues such as hiring of additional staff were delayed. According to the ICR, high level government support was absent to address these administrative challenges and "there was insufficient coordination between the PIU and the Ministry of Economy (MoE), and among the different line ministries; a steering committee was established but did not fulfill its intended role".(ICR, paragraph 62). Restructuring and proposed corrective measures to address delays encountered administrative resistance to institutional change at the central and local government levels. In addition, the simultaneous conduct of the MTR and restructuring proved time consuming (ICR, paragraph 65). Restructuring after the MTR did not improve project efficiency. To summarize, the key reason for the project's low administrative and operational efficiency was the lack of adequate capacity in project management, notably the chronic understaffing and underqualification of the PIU at national and local levels.

Overall, this review rates the project's efficiency as Negligible. The project was complex and the organizational arrangement did not match its complexity. The participation processes were unrealized. Delays in hiring qualified dedicated staff were chronic problems. There were also delays in processing disbursements and prolonged processes associated with approving project documents. Risks were not adequately identified and mitigating actions were insufficient. Government commitment was not evident in efforts to address implementation delays.

## Efficiency Rating

Negligible

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<br>☐ Not Applicable |
| ICR Estimate | | 0 | 0<br>☐ Not Applicable |

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

## 6. Outcome

The relevance of objective is rated Substantial on the basis that the operation remained relevant to the government's decentralization efforts and the World Bank's development strategy in Gabon during implementation. The efficacy with which the project achieved the first objective is rated Modest because, while road construction was achieved, the extent to which access to infrastructure services in underserviced neighborhoods was achieved lacked indicators and no evidence were provided. The efficacy with which the project achieved the second objective is also rated Modest because the Bank Task Team reported modest outcomes in institutional capacity after closing and cited in the Project Identification Document (PID) for the follow-on project. Overall efficacy is rated Modest because of low achievement. The project had major shortcomings in efficiency and its overall outcome is therefore rated Unsatisfactory.

### a. Outcome Rating

Unsatisfactory

## 7. Risk to Development Outcome

The following pose risks to the limited infrastructure development outcomes achieved under the project:

- **Sustainability of Investments** - Completed infrastructure investments made by the project were designed to be supported by O&M institutions whose capacity had been enhanced by the capacity building components of the project. City contracts also contained O&M provisions. Neighborhood Development Plans would be governed by contracts between cities and neighborhoods to delegate O&M in infrastructure investments made in these neighborhoods. Community participation in planning, implementing and monitoring investments were meant to strengthen ownership, use investments wisely, and cover O&M needs of these investments. Most of these capacity building targets were not achieved. Corrective measures proposed at MTR to ease the pressure on the agency implementing four Bank-financed projects simultaneously remained unaddressed and led to cancelling 60 percent of the remaining funds. Training and capacity building were not fully implemented. A high risk remains that the infrastructure investments at the municipal and the neighborhood levels may not be sustained in the long run.
- **Government commitment to the technical design of the project.** The government committed to restart decentralization by promulgating the law through this project. The project called for strengthening institutional capacities both at the local and at the central government levels. This project would help lay the groundworks for political and fiscal decentralization. The commitment of the

government to this technical design also called for institutionalizing the O&M arrangements and installing asset management at the local level. Continuing weakness at the local level, economic constraints from competing needs to address the pandemic, and unclear autonomy of local entities under the decentralization law pose high risk to the government's commitment to implementing the technical design of this project.

## 8. Assessment of Bank Performance

### a. Quality-at-Entry

The project was strategically relevant to the country's decentralization efforts and followed Phase 1 (appraised on April 4, 2005; closed on December 31, 2011). At its completion, Phase 1 outcome was rated Moderately Satisfactory. The performance of the implementing agency Permanent Secretariat of the National Commission for the Labor Intensive Small-Scale Public Infrastructure Works (*Commission Nationale des Travaux d'Interet Public pour la Promotion de l'Entreprenariat et de l'Emploi,* or CN-TIPPEE) was rated Satisfactory. This same agency would implement this project together with three other Bank-financed projects (Access to Basic Services in Rural Areas and Capacity Building Project (P144135), Gabon Statistical Development Project (P157473) and e-Gabon (P132824). The Ministry of Economy (MOE), led the steering committee that included line technical ministries such as urban planning and infrastructure. Lessons from Phase 1 were captured in design (PAD, paragraphs 33-37) including: participatory approach to foster transparency and accountability, use of contracts to delegate the O&M of completed neighborhood investments; and capacity support for SMEs to create labor intensive public works in the construction sector started in Phase 1.

Phase 2 originally expanded the geographic coverage from 6 to 9 cities; quadrupled the loan amount; and introduced municipal contracts between the national and local governments to define terms of engagement in exchange for the infrastructure investments made such as consultative budget and planning processes, increasing own-source revenues, and maintaining investments (ICR, paragraph 58). The substantial implementation risk due to limited capacity (PAD, paragraph 46) was mitigated by more diverse capacity building activities, hiring additional dedicated staff, introducing city contracts, and requiring citizen participation. Degree of isolation, access to basic services, housing density and typology, and health conditions were criteria used to target participating neighborhoods. However, M&E design lacked baseline data (poverty, access, urban dynamics, trends) and feasibility studies for some activities. Cities were not selected based on needs or implementation capacities to determine relevance and realism of scope (ICR, paragraph 59). No additional studies were launched to assess the choice of cities to inform redesign before implementation. The ICR (paragraph 81) indicated that the CN-TIPPEE did not have experience implementing complex projects beyond basic service delivery and favored familiar local infrastructure and SME support activities over new, unfamiliar, capacity building activities. Readiness to implement was poorly assessed. Deficient technical design inputs were attributed to a lack of ownership by the lead institution and a lack of technical ministry involvement. Funding needs were miscalculated because costs were overestimated. Implementation was delayed (ICR, paragraph 80, see below).

Overall, the project's quality at entry was Moderately Unsatisfactory due to significant shortcomings particularly the serious lack of technical and institutional readiness of the project for implementation, poor M&E design, and overestimated sub-project costs that, when excessive financing was not cancelled in a

timely manner, it may have represented an opportunity cost that could not be recouped to the benefit of the borrower.

### Quality-at-Entry Rating

Moderately Unsatisfactory

## b. Quality of supervision

The World Bank conducted 10 (reported in the Data Sheet but 15 in the text of the ICR, paragraph 83) supervision missions over the 5-year implementation period. In their email to IEG on February 23, 2022, the World Bank Task Team confirmed 15 supervision and technical field missions, including safeguards-dedicated missions. Four Task Team Leaders (TTLs) managed the project over its lifecycle, based in West Africa or in Washington, DC supported by a core team of procurement, financial management, safeguards, and communication specialists based in Gabon and Cameroon. The Mid Term Review (MTR) was conducted, although reportedly leaving insufficient time to carry out corrective measures before the project closed (ICR, paragraph 65). Dedicated project staff including a project coordinator, a senior procurement specialist, a social development specialist, and a monitoring and evaluation (M&E) expert were recommended but were either not hired or were hired but only after the MTR. The Bank team delivered technical assistance on safeguards compliance. The team also supported the PIU with training workshops in technical areas, e.g., engineering, procurement, contract management, financial management and reporting, risk management and audit, monitoring of projects, ethics, and integrity in public procurement (ICR, paragraph 83). The suggested measures identified at restructuring to improve quality control, and to avoid project-site accidents were too late (ICR, paragraph 86). There were several factors associated with the project's implementation that were outside the Bank's control. These included the implementation arrangement that led to internal disagreements between the National Commission for Labor Intensive Small-Scale Public Infrastructure Works (CN-TIPPEE) and the Ministry of Economy, according to the Bank Task Team, which complicated efforts to implement the team's recommendations to address delays.

Overall the ICR exposed moderate shortcomings in the proactive identification of opportunities and resolution of threats. The arrangements made to train and support PIU staff remained insufficient. The Bank Task Team provided IEG with additional information on February 23, 2022, that specific capacity training was delivered in May 2018, March 2019, January 2020, plus an additional South-South exchange of best practices between the Republic of Congo and the CN-TIPPEE on the use of STEP and contract management. The project's fiduciary weaknesses (as assessed in Section 5 above) remained considerable. The Bank team explained that the government was strongly opposed to restructuring, and that the team was grateful for the support received from the Bank's Country Management Unit in convincing the government to agree to a belated restructuring and eventual cancellation of funds (ICR, paragraphs 85 and 87). There was a failure to strengthen the M&E design at restructuring. The quality of supervision is therefore rated Moderately Satisfactory.

The overall Bank performance is rated Moderately Unsatisfactory.

### Quality of Supervision Rating

Moderately Satisfactory

### Overall Bank Performance Rating

Moderately Unsatisfactory

## 9. M&E Design, Implementation, & Utilization

### a. M&E Design

The project's objectives were clearly stated but vaguely defined ("improve access") with weak indicators. The results framework indicated achievements needed to reach the objective of providing basic services in underserved neighborhoods. Outcomes in infrastructure were attributable to the project interventions, expressed as the number of beneficiaries. Limiting outcome indicators to the number of beneficiaries was not, however, sufficient to capture aspects of service delivery such as reliability, quality, and adequacy of services, time savings, etc.). Such indicators would be useful in the long-term to show whether the development problem had been addressed by the project. Indicators were specific, measurable, achievable, and relevant to the problems being addressed by the project. Four sets of outcome indicators were supposed to match the four sectors being strengthened. The indicators did not encompass all possible outcomes for the PDO. A baseline survey was to be conducted. Local Development Committees would collect M&E data. Communities were to submit progress in road implementation to the PIU. At the MTR, a beneficiary satisfaction survey and an impact assessment would be carried out and repeated at closing (PAD, paragraph 43). The outcome targets in the Results Framework were revised at restructuring to reduce geographic coverage and reallocate resources among the remaining target areas without reducing the project's ambition. CN-TIPPEE would have a field presence in the various target cities to monitor construction works and safeguards compliance. City contracts were to be monitored annually. The indicators were relevant and time bound although some indicators were missed such as those related to building SMEs capacity to participate in the construction sector and outcomes associated with strengthened capacity of central entities delivering devolved services.

### b. M&E Implementation

The M&E was to be implemented by the CN-TIPPEE (the PIU). The M&E system was not implemented as designed. The beneficiary surveys and impact assessments were not carried out as planned. Local Development Committees did not collect field reports. CN-TIPPEE had insufficient quality control resulting in inconsistencies in fiduciary and technical reports (ICR, paragraph 27). There is also no indication that M&E functions would be sustained after project closing. Beneficiaries did not participate as planned in implementation. The Bank Task Team clarified that they used other sources of information such as field work site reports (ICR, paragraph 71), occasional monitoring reports submitted during Implementation Support Missions and presentations during monthly follow-up phone calls to the implementing entity.

### c. M&E Utilization

Data that were available from the M&E system were not used to inform stakeholders of the project's progress and achievements. Dialogues, and other field reports were used to inform the MTR and project outcomes. According to the Task Team, M&E was not regularly conducted but occasionally the Task Team received progress reports that were not in very good condition during Implementation Support Missions. The Bank Task Team scheduled monthly calls where the implementing entity would present updates but not many were shared with the Task Team. Even after restructuring, progress reports were prepared against the original PAD indicators and did not exclude the output indicator dropped at restructuring (ICR, paragraph 71) The PIU showed limited commitment to implementing Component 2 activities of the results framework. Concerns regarding the quality of monitoring project indicators were raised with the PIU but remained unaddressed throughout implementation.

Overall, there were severe shortcomings in M&E design, implementation, and consequently little information that could be utilized to guide or inform the project's implementation. The quality of M&E for this project is therefore rated Negligible.

### M&E Quality Rating

Negligible

## 10. Other Issues

### a. Safeguards

**Environmental Safeguards**. This project was classified as a Category "B" because most of the project activities may induce moderate adverse environmental impacts, of limited significance or magnitude, but manageable and easily mitigated. The project triggered one environmental safeguard: OP/PB 4.01 Environmental Assessment; Exact project locations would be determined during implementation and an Environmental and Social Management Framework (ESMF) was prepared,

**Social Safeguards**: The project triggered two social safeguards OP/PB 4.11 Physical Cultural Resources; and OP/PB 4.12 Involuntary Resettlement. A Resettlement Policy Framework (RPF), and a Grievance Redress Mechanism (GRM) were prepared. The RPF addressed possible relocation of residents due to anticipated excavation and demolition works and possible land acquisition and investment specific Resettlement Action Plans (RAPs) for known sites were disclosed. The ESMF, ESIAs, and ESMPs included guidance and procedures for chance finds of physical cultural resources. The GRM addressed about 90 percent of 83 complaints at closing. Cash compensation for loss of income, crops, or portions of land during implementation were distributed to 447 Project Affected Persons (PAPs) or around 313 households. Compliance with Bank safeguards policies was characterized by insufficient site safety measures, the recurrence of accidents on sites, and the failure to follow accident reporting procedures (ICR, paragraph 68). Over a period of 1 1/2 years (between March 2019 and October 2020), the project reported 26 accidents, with a range of security classification from indicative to serious. The project triggered the filing of the Environmental and Social Incident Response Toolkit (ESIRT) twice with information shared with senior Bank management. The incident reports noted that the lack of coordination/communication on accidents, preliminary risk level analysis, on-site information, and safety equipment caused the accidents (ICR, paragraph 77). A Safeguards Corrective Action Plan (SCAP) was developed for the project, in collaboration with the PIU, and updated throughout the project cycle (ICR, paragraph 84). Community and civil society

organizations were not involved in project implementation as envisioned at project appraisal, and gender issues were not systematically considered (ICR, paragraph 68). At closing, with safeguards partially implemented, compliance was rated Moderately Unsatisfactory (ICR, paragraph 73).

### b. Fiduciary Compliance

**Financial Management.** Weaknesses in the internal control system were pervasive in the project's financial management. These included delays in justifying advances made in the Designated Account, maintaining previous balances in third parties' accounts, and shortcomings in the budget planning and monitoring (ICR, paragraph 76). Supporting documents for the December 2019 review which uncovered potential irregular expenses worth over US$ 3.5 million (1 865 014 760 XAF) were delayed. Financial management was rated Unsatisfactory and the residual risk substantial.

**Procurement**. Procurement performance at closing was rated unsatisfactory (ICR, paragraph 77). The project lacked procurement planning. The PIU did not monitor or enforce contracts leading to noncompliance with deadlines, delays in contract execution; budget overruns, and complaints from contractors. The institutional set up (PIU and MOE) and poor coordination with line ministries led to early contracting and disbursement processing delays. The PIU capacity to take complex decisions in a timely fashion, manage high value contracts, resolve disputes, and mitigate project-site accidents was overestimated. Insufficient contract management due diligence resulted in ineligible expenditures. Payment of contract amendments were met with issues. Renewal of personnel contracts was delayed. A number of contracts were cancelled. The PIU resisted the use of the Systematic Tracking of Exchanges in Procurement (STEP) platform and did not update the platform at closing. The PIU disregarded the MTR recommendation to hire two contract management firms to support the implementation of infrastructure activities and compliance with safeguards measures (ICR, paragraph 67). This delayed the completion of infrastructure investments and led to the cancellation of US$2.5 million for institutional strengthening studies.

### c. Unintended impacts (Positive or Negative)

---

### d. Other

---

## 11. Ratings

| Ratings | ICR | IEG | Reason for Disagreements/Comment |
|---|---|---|---|
| Outcome | Moderately Unsatisfactory | Unsatisfactory | Negligible efficiency resulted in an Unsatisfactory overall outcome. |
| Bank Performance | Moderately Unsatisfactory | Moderately Unsatisfactory | |

| | | | |
|---|---|---|---|
| Quality of M&E | Modest | Negligible | M&E design was ineffective, implementation weak, information that was generated was not used to inform project management decisions. |
| Quality of ICR | --- | Substantial | |

## 12. Lessons

The ICR (paragraphs 92-97) provided 6 lessons from the project's experience. The following lessons are emphasized because they may be of interest for similar projects. The text is based on the ICR with some adaptation of language.

1. **Project design is improved if informed by baseline studies, up-to-date information on context, in-depth assessments of implementation capacity, and readiness to implement.** This project introduced new institutional arrangements (city and neighborhood contracts) that were over-ambitious. Targets were uninformed by baseline studies and assessments of feasibility usually carried out at appraisal were not prepared. Without these studies and assessments, implementation was hampered because resources were misallocated due to decisions made without information on issues such as the current status of local capacity. The project was restructured in an attempt to address design discrepancies, make targets more realistic, strengthen quality control obligations of the implementing entity and address recurring project site accidents but there was too little time left to implement the recommended corrective measures.
2. **Adequate assessment of the project's readiness to implement helps to identify challenges that the project may face during implementation.** This project lacked adequate project management capacity. The PIU was simultaneously implementing four Bank-financed projects and was chronically understaffed and underqualified at national and local levels. The institutional arrangements were not ready for implementation at the time of project effectiveness. Technical design of the infrastructure investments were still subject to review and construction specifications were not ready for invitations to bid to be issued at the time of Board approval. Procurement timelines were underestimated. The lack of project management capacity negatively impacted the operation from safeguards compliance to procurement efficiency. The PIU disregarded some key MTR recommendations, such as the hiring of a contract management firm and an independent monitor to address lack of staff. An independent verification agent would have fostered transparency and strengthened the M&E system to generate credibly verified outputs and outcomes, The lack of staff led to further delays in completing infrastructure investments, and in cancelling US$2.5 million for studies planned for the institutional strengthening component. Finally, the PIU had a limited commitment to manage the results framework and implement the M&E system as designed. Identifying factors that signal lack of readiness to implement may in future focus attention on mitigation measures such as specific technical assistance, the use of third party monitoring or contract management support.
3. **Government leadership that provides high level support to implementation arrangements and maintaining lines of communication among various government actors can enhance project implementation efficiency.** In this project, delays resulted from lengthy sub-project approval processes, lack of coordination between the PIU and the

Ministry of Economy, and among the different line ministries, and a steering committee that did not fulfill its intended functions. Miscommunication and lack of information sharing between the PIU and the Ministry of Economy led to internal disagreements, made working relations difficult, and delayed timely adoption of corrective measures to improve project performance. In addition, such lines of communication may assist in safeguards compliance, such as having Grievance Redress Mechanisms at the local level to rapidly respond to issues on site.

4. **Community participation in project planning, implementation, and monitoring is a useful strategy to enhance stakeholder ownership.** Other World Bank-assisted projects have pointed to the benefits of community involvement and consultative processes from project design to implementation to M&E. This project did not have an opportunity to optimize the consultative process that was built into the capacity building component of the project. The limited implementation of consultative processes in this project highlighted the potential benefit of involving stakeholders in project design and implementation.

## 13. Assessment Recommended?

No

## 14. Comments on Quality of ICR

The ICR provided an overview of the project operations and followed the guidelines although it was not as concise as it could have been and it exceeded the number of recommended pages (28 versus 15). Ratings and the performance narrative followed the guidelines except for the rating of Section 9, M&E. The performance story was direct, and informed by the operation. The report had logical links and integrated the various parts of the report. The report was candid and highlighted the lack of readiness to implement. The project's inputs were plausibly linked to the infrastructure investments under the first objective, noting that these outputs represented the outcomes of this first objective.

The report focused on what occurred and did not occur as a result of the project, and offered the operational experience as a learning tool. Lessons were based on evidence in the ICR. But, the quality of evidence on many matters in the ICR could not be readily established because sources were not referenced. However, the Bank Task Team clarified that other sources such as occasional reports submitted during missions, presentations made by the PIU during follow-up phone calls to the Bank Task Team supplemented formal reporting in the project. Lessons were linked to the narrative, and ratings and were based on the analysis of the evidence provided by the specific experience and findings of the project. However, the efficiency analysis in the ICR was poorly conducted, particularly with regard to the use of the RED model analysis for the road investments. The Bank Task Team provided additional information in its February 23, 2022 email to IEG to highlight their efforts at supervision to improve project implementation.

Given the gaps in evidence, the quality of the ICR is rated "Substantial" but only marginally so.

### a. Quality of ICR Rating

Substantial