



1. Project Data

Project ID P148868	Project Name Odisha Disaster Recovery Project	
Country India	Practice Area(Lead) Urban, Resilience and Land	
L/C/TF Number(s) IDA-53780	Closing Date (Original) 31-Mar-2019	Total Project Cost (USD) 84,605,043.49
Bank Approval Date 20-Feb-2014	Closing Date (Actual) 30-Jun-2020	
	IBRD/IDA (USD)	Grants (USD)
Original Commitment	153,000,000.00	0.00
Revised Commitment	99,335,149.45	0.00
Actual	84,605,043.49	0.00

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2. Project Objectives and Components

a. Objectives

According to the Project Appraisal Document (PAD) (p. vii) and the Financing Agreement of July 11, 2014 (p. 5) the Project Development Objective (PDO) was “to restore and improve housing and public services in targeted communities of Odisha and increase the capacity of the State entities to respond promptly and effectively to an eligible crisis or emergency”.

This review will assess the project against the following objectives:



PDO 1 - Restore and improve housing in targeted communities of Odisha;

PDO 2- Restore and improve public services in targeted communities of Odisha; and

PDO 3 - Increase the capacity of the State entities to respond promptly and effectively to an eligible crisis or emergency.

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

19-Mar-2019

c. Will a split evaluation be undertaken?

Yes

d. Components

The project included five components:

Component 1: Resilient Housing Reconstruction and Community Infrastructure (appraisal estimate US\$ 167.2 million, actual US\$108.0 million): This component was to include two sub-components:

Sub-component 1.1: Housing reconstruction: This sub-component was to finance the reconstruction of about 30,000 houses in the designated rural areas in the coastal belt five kilometers from the High Tide Line (HTL) in the districts of Ganjam and Puri, and five kilometers from the Chilika Lake boundary as defined by the Survey of India in the district of Khordha.

Sub-component 1.2: Selected community infrastructure: This sub-component was to finance public service infrastructure improvements to complement the housing reconstruction such as roads, water supply, solid waste management, power grid extensions and community infrastructure such as community and health centers, playgrounds, etc.

Revised Component. The 2019 restructuring reduced the target number of resilient houses for reconstruction from 30,000 to 19,646, due to reduced number of beneficiaries identified by the Government of Odisha.

Component 2: Urban Infrastructure in Berhampur (appraisal estimate US\$28.7 million, actual US\$6.17 million): This component was to include four sub-components:

Sub-component 2.1: Upgrading of slums: This sub-component was to improve the living conditions of households in slums in the city of Berhampur such as improving streets, access to improved water and



sanitation, drainage, septic management, and street lighting. The project was to be undertaken in about 80 settlements covering a population of about 30,000.

Sub-component 2.2: Public service infrastructure: This sub-component was to finance investments at the city level including priority roads and trunk water supply infrastructure among others.

Sub-component 2.3: Community participation: This sub-component was to finance the facilitation of community participation and ensuring a participatory approach in the planning of settlement level infrastructure.

Sub-component 2.4: Technical Assistance: This sub-component was to finance support to the Berhampur Municipal Corporation (BeMC) towards preparation of improved city-wide sectoral master plans and priority Detailed Project Reports (DPRs). These were to include drainage, sewerage, street lighting and other relevant areas identified.

Revised component: The June 2020 restructuring cancelled the upgradation of 70 slum communities and roads of over 4 km in Berhampur. Also, all-season roads (road package I) and storm water drainage were partially cancelled.

Component 3: Capacity Building for Disaster Risk Management (appraisal estimate US\$8.0 million, actual US\$1.2 million): This component was to support Odisha State Disaster Management Authority (OSDMA) in strengthening their overall capacity towards better risk mitigation, preparedness, and disaster response, in line with global best practices. This component was to finance the following activities: i) Establishing an integrated complex comprising of OSDMA, Geographic Information System (GIS) cell equipped with a decision support center, Emergency Operation Center and a training center, ii) Capacity augmentation of the OSDMA by providing them specialized dedicated manpower and through need-based hiring of technical experts in the areas of disaster risk management, hydro-met systems, risk assessment and financing, structural engineering, remote sensing, GIS, others to provide timely support to various project activities; and iii) Enabling the affected marginalized communities to cope with survival risks posed by natural calamities through community-based initiatives.

Component 4: Implementation Support (appraisal estimate US\$14.7 million, actual US\$6.01 million): This component was to finance the incremental operating costs of the Project Management Units (PMUs) in OSDMA and the Department of Housing and Urban Development (H&UD), and the PIUs in OSDMA and the BeMC. In addition, the component would include consultancies required for the preparation and supervision of specific activities, trainings, exposure visits and knowledge exchange programs.

Component 5: Contingent Emergency Response (appraisal an actual US\$0): Following an adverse natural event that causes a major natural disaster, the respective governments may request the Bank to re-allocate project funds to support response and reconstruction. This component was to draw resources from the unallocated expenditure category and/or allow the government to request the Bank to re-categorize and reallocate financing from other project components to partially cover emergency response and recovery costs.

Revised component: The June 2020 restructuring deleted this component.



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

Project Cost: The project was estimated to cost US\$218.6 million. Actual cost was US\$120.8 million. The actual cost was significantly lower due to the reduction in scope.

Financing: The project was to be financed through a US\$153.0 million credit of which US\$84.6 million was disbursed. Due to the reduction in the number of houses for reconstruction, SDR7.1 million (equivalent of US\$9.8 million), was cancelled in March 2019. Due to non-completion of activities, additional US\$40.13 million was cancelled in June 2020. The ICR does not explain if the remaining US\$18.4 million was cancelled.

Borrower Contribution: The Borrower was to contribute US\$65.6 million. Actual contribution was US\$36.3 million. The ICR did not provide any information on why the actual contribution was significantly lower than the planned contribution.

Dates and Restructurings: The project closed on June 30, 2020, after a delay of 15 months. The project was restructured three times:

- On March 19, 2019, the project was restructured to:
 - Extend the closing date by 12 months from March 31, 2019 to March 31, 2020 to complete: (a) the implementation of housing reconstruction in Puri district for 3,046 beneficiaries; (b) the ongoing urban infrastructure works in Berhampur town, and (c) the ongoing establishment of the State Institute of Disaster Management (SIDM) integrated complex;
 - Cancel SDR 7.1 million (equivalent US\$9.8 million) since the project had a surplus due to the reduced number of houses identified by the government of Odisha through a detailed beneficiary consultation and identification by the Odisha State Disaster Management Authority (OSDMA) (number of houses for reconstruction was revised from 30,000 to 19,604. The appraisal estimate was a rough estimate based on limited data availability
 - Revised the outcome target for PDO Indicator 1 ("percentage of households with fully/severely damaged houses in project areas provided with resilient housing reconstructed under the project") from 75 percent of all damaged houses reconstructed to 100 percent of all damaged houses.
 - Reallocate between disbursement categories and change implementation schedule.

This restructuring and reduction in targets was done one year before the project original closing date.

- On March 31, 2020, the project was restructured to: i) extend the closing date by three months to June 30, 2020, to allow the government to determine its priorities in regards to the use of undisbursed funds under the project in support of its response to the Covid-19 crisis.
- On June 30, 2020, the project was restructured to:
 - Cancel SDR 29.11 million (equivalent US\$40.13 million) due to an unspent amount related to non-completion of certain sub-components and dropping of some sub-components;
 - Revise Results Framework accordingly to reflect the reduction in scope;
 - Modify components and costs and reallocate between disbursement categories; and
 - Change institutional arrangements

Split Rating: A split rating will be conducted as during the project restructuring, the scope of the number of houses reconstructed was reduced, while the PDO target was increased as follows: PDO indicator 1 "Percentage of households with fully/severely damaged houses in project areas provided with resilient



housing reconstructed under the project (original target: 75 percent, revised target: 100 percent). The 75 percent target referred to the original 30,000 houses target, while the 100 percent target referred to the revised 19,604 houses target. (ICR p. 14).

3. Relevance of Objectives

Rationale

Context: At the time of appraisal India was highly vulnerable to natural disasters including earthquakes, floods, droughts, cyclones and landslides. According to the PAD (p. 1) 60 percent of India's land mass was at risk of earthquakes, over 60 percent of the area was at risk of droughts, and 12 percent was at risk of floods and landslides. 5,700 kilometers (out of 7,516 kilometers) of India's coastline was vulnerable to cyclones of various degrees of intensity, putting approximately 40 percent of the total population, which was living within 100 kilometers of the coastline, at high risk. Floods remain, on average, the greatest source of loss with an estimated annual cost of US\$7 billion per year.

Even though the state of Odisha constituted only about 17 percent of the Indian east coast, it had been impacted by 35 percent of all cyclonic and cyclonic storms passing the east coast. In October 2013, Odisha was hit by the Very Severe Cyclonic Storm (VSCS) Phailin affecting 18 of the 30 districts in the state. In the Ganjam district alone over 90,000 houses of poor fishers, farmers, and the landless people were destroyed as well as over 780,000 hectares of agricultural land. As a result, growth in Odisha's agricultural sector dropped from 12.3 percent in 2012-13 to minus 9.78 percent in 2013-14. Also, Odisha's Gross State Domestic Product (GSDP) decreased by 1.72 percent. Also, in Berhampur, the largest city in the Ganjam district, urban infrastructure and services such as the water supply network, road and trains were severely damaged. According to the ICR (p. 1) this was partly the case due to settlements being developed on vulnerable land close to the High Tide Line (HTL), inadequate resilience of riverine embankments to protect coastal areas from saline water inundation, and roads with bituminous top and metal layers as opposed to concrete roads.

In October 2013, a Rapid Damage Needs Assessment (RDNA) covering the districts of Ganjam, Khorda and Puri was conducted by the Bank and the Asian Development Bank (ADB). The RDNA identified the following: i) the need for an appropriate housing reconstruction policy to identify the criteria for eligibility, required relocation and approach for reconstruction; ii) the significant social impact of cyclonic storm Phailin on agricultural and fishing communities; and iii) the need for access roads for informal settlements and an adequate storm water drainage system for evacuation and safety of these communities.

Government Strategy: In 2019, the government developed the National Disaster Management Plan (NDMP) which aims to make India disaster resilient and reduce the loss of lives and assets significantly by providing agencies with a framework and direction for all phases of the disaster management cycle. Therefore, the objective of the project to restore and improve housing and public services in targeted communities and increase the capacity of the State entities to respond promptly and effectively to an eligible crisis or emergency was in line with the aim of the government to make India more disaster resilient.

Bank Strategy: The objective of the project was in line with the Bank's most recent Country Partnership Framework (CPF) and objective 1.5 (improve disaster risk management and resilience to climate change). Also, according to the ICR (p. 7) the Bank has been a key partner of the government of India as well as



the government of Odisha in disaster risk mitigation and management. In 2010, the Bank started to work with the government of Odisha on the first National Cyclone Risk Mitigation Project (NCRMP I) and has been engaged in other states in similar areas.

Previous Bank Experience: The World Bank has been a key partner of the Government of India in general, and of the Government of Odisha (GoO) in particular, in their risk mitigation and management efforts. The National Cyclone Risk Mitigation Project was supporting the Governments' of Odisha and Andhra Pradesh since 2010 with improving their capacity to manage hydro meteorological hazards. The Bank had also supported the Government of India with similar efforts in Bihar, Tamil Nadu, Uttarakhand, and other states, as well as at the national level. This project was part of a broader package (the Integrated Coastal Zone Management Project and Odisha State Livelihood project) to support the GoO's reconstruction and recovery efforts and to strengthen its capacity to manage future disaster events.

Taking everything together, the relevance of the objective was High.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

Restore and improve housing in targeted communities of Odisha.

Rationale

Theory of change: The project's theory of change envisioned that project outputs such as the reconstruction of resilient housing for fully/severely damaged houses in Ganjam, Khordha and Puri, were to result in the above stated objective.

The following assumptions were made: (i) the GoO would allocate sufficient human and financial resources to implement the project; and (ii) the GoO and the beneficiaries will maintain the constructed infrastructure to ensure long-term sustainability

Outputs:

- 16,108 resilient houses were constructed, not achieving the original target of 30,000 houses. The design (such as using a column beam structure), location and material used for construction provided protection against floods, cyclones and earthquakes. The resilient design and construction of each house was verified by technical officers from OSDMA (ICR p. 14).



- No village development plans were completed, which were to guide the selection of community infrastructure investments in the in-situ housing reconstruction sites. Therefore, the target of 200 development plans being completed was not achieved.

Outcomes:

- 53 percent of households with fully/severely damaged houses (defined as those structures where walls and roofs were damaged and were not habitable) in project areas were provided with resilient housing reconstructed under the project, substantially lower than the original target of 75 percent.

Rating

Negligible

OBJECTIVE 1 REVISION 1

Revised Objective

Restore and improve housing in targeted communities of Odisha.

Revised Rationale

Theory of change. The theory of change is same as under original objective 1 as the objective was not revised. Only the target for the outcome indicator was increased.

Outputs:

- 16,108 resilient houses were constructed, largely achieving the revised target of 19,604 houses (about 82 percent of intermediate results indicator (IRI) 1). The ICR noted (p. 14) that the remaining houses would be completed using GoO's resources. From June 2020 till June 2021, using its own resources, GoO constructed an additional 780 houses in Puri district, taking the total number of completed houses to 16,888 (86 percent of IRI 1)
- In-situ housing reconstruction was not accompanied by the preparation of Village Development Plans to construct accompanying infrastructure as planned. Instead, the selection of community and public infrastructure investments was carried out through an intensive community consultation process. The target of 200 Village Development Plans was dropped from Component 1 in 2018.
- The project financed paver block-laden internal village roads in project villages, which are resilient to floods and waterlogging (the first in India) as well as resilient community infrastructure including six primary schools, 123 roads with storm water drains, 11 healthcare and 48 childcare centers, 65 community buildings, 106 water supply systems, and 593 electricity supply substations. No targets were set for these outputs.

Outcomes:



- 86 percent of households with fully/severely damaged houses in project areas were provided with resilient housing reconstructed under the project, not achieving the revised target of 100 percent. The remaining houses were expected to be completed using GoO's own resources.

Revised Rating

Modest

OBJECTIVE 2

Objective

Restore and improve public services in targeted communities of Odisha

Rationale

Theory of Change: The project's theory of change envisioned that project outputs such as the construction of internal roads, water supply system and community infrastructure including schools and health centers as well as upgrading of slums in Berhampur including roads, water and sanitation and construction of all-season roads and rehabilitation of water and sanitation facilities as well as the development of city-wide drainage and sewerage master plans were to result in the achievement of the project's second objective of restoring and improving public services in targeted communities of Odisha.

Outputs:

- The project hired a Non-Governmental Organization (NG), Gram Vikas, to conduct an awareness program including over 75 street theater performances, movies, and workshops to sensitize beneficiaries about hygiene, livelihood opportunities and formation of 106 Village Water and Sanitation Committees (VWSCs). VWSCs managed water and sanitation services in the relocated houses. Also, the project trained 2,340 masons, including 577 women through 51 mason training programs conducted by Gram Vikas.
- In Berhampur, the city's water supply system was restored by replacing 23.9 km of damaged water pipelines. Approximately 60 percent of the works on all-season roads and just over 50 percent of the storm water drainage works were completed by project closing, therefore not achieving results relevant to improved access to all-season roads and improved sanitation facilities as the sub-activities remained incomplete.
- A city-wide drainage and sewerage master plan was completed, not achieving the original target of two master plans. The master plan serves as a planning tool for ongoing and future infrastructure development.

Outcomes:

- 350,000 people (including nearly 120,000 slum residents living in over 250 settlements (exceeding the set 25,000 target) had access to improved public services in Berhampur, surpassing the target of 30,000. This achievement is related to 350,000 beneficiaries which were provided access to improved water sources as compared to the original target of 25,000. According to the ICR (p. 34), not all public



services were supported as planned and the city of Berhampur did not benefit from the interventions on improved sanitation services and all-access to all-seasons roads (as discussed above under outputs).

- The target of 25,000 people in urban areas provided with access to all-season roads within a 500-meter range was not achieved. At project closing, about 60 percent of the work on all-season roads was completed, therefore not providing the expected access benefit.

The ICR did not provide sufficient evidence at the outcome level and discussion of aspects of improved public service delivery. Also, the ICR did not state what the planned target for roads, pipelines, sewerage and sanitation facilities, city-wide drainage and sewerage master plans were and how many were actually delivered.

Rating
Modest

OBJECTIVE 3

Objective

Increase the capacity of the State entities to respond promptly and effectively to an eligible crisis or emergency

Rationale

Theory of change: The project's theory of change envisioned that project outputs such as the establishment of an integrated complex for Odisha State Disaster Management Agency (OSDMA) that includes a GIS cell, an emergency operation center, a training center and a decision support system, as well as training of OSDMA and H&UD staff on DRM would increase the capacity of the State entities to respond promptly and effectively to an eligible crisis or emergency.

Outputs:

- A decision support system was established in OSDMA as planned. However, OSDMA used its own resources to develop the system for automated assessment of risks, dissemination of warnings, and advisory for resource management.
- The State Institute of Disaster Management (SIDM), an integrated complex comprising of OSDMA, a GIS cell, an Emergency Operation Center and a training facility was only 50 percent completed by project closing. Therefore, the target of establishing one was not achieved. According to the ICR (p. 40) the government of Odisha is currently completing the construction using its own resources.
- Expert staff was not employed at OSDMA, thus not achieving the target of three staff being employed.
- The project did not complete the following activities:



- hiring of technical specialist to build capacity at OSDMA in the areas of disaster risk management, hydro-met systems, risk assessment and financing, structural engineering, remote sensing, and GIS; and
- community based initiatives such as vulnerability mapping and needs assessment, provision of common facilities for income generating activities, and community-based DRM activities to enable affected marginalized communities to cope with survival risks posed by natural disasters.

Outcomes:

- When the project closed, none of the state departments were making use of the information generated by the OSDMA. As a result, the target of doing so was not achieved. The project conceptualized the pathway for strengthening the impact forecasting capacity of OSDMA as well as use of modern tools such as GIS and remote sensing for disaster planning and response.

Taking everything together, the achievement of the third objective was negligible since most targets were not achieved.

Rating
Negligible

OVERALL EFFICACY

Rationale

Achievement of the original first objective was **Negligible** given that the project was not able to achieve the target for resilient houses being constructed and village development plans being developed. The project did not achieve the target of "households with fully/severely damaged houses (defined as those structures where walls and roofs were damaged and were not habitable) in project areas were provided with resilient housing reconstructed under the project".

Achievement of the second objective was **Modest** given that the project was able to surpass the target of people having access to improved public services in Berhampur (water supply). However, not all services were supported as planned and the city of Berhampur did not benefit from the interventions on improved sanitation services and all-access roads.

Achievement of the third objective was **Negligible** since the project was not able to deliver most of the outputs and outcomes under this objective.

Overall Efficacy Rating

Primary Reason



Negligible

Low achievement

OVERALL EFFICACY REVISION 1

Overall Efficacy Revision 1 Rationale

Achievement of the revised first objective was **Modest** since the project largely achieved the target for resilient houses being constructed and target for fully/severely damaged houses in project area being provided with resilient housing reconstructed.

Achievement of the second objective was **Modest** given that the project was able to surpass the target of people having access to improved public services in Berhampur (water supply). However, not all services were supported as planned and the city of Berhampur did not benefit from the interventions on improved sanitation services and all-access roads.

Achievement of the third objective was **Negligible** since the project was not able to deliver most of the outputs and outcomes under this objective.

Overall Efficacy Revision 1 Rating
Modest

Primary Reason
Low achievement

5. Efficiency

Economic Efficiency:

Both, the PAD and the ICR conducted a traditional economic analysis.

The PAD (p. 60) estimated the economic benefits of resilient housing and access to improved water and sanitation services to avoid illness, mortality and injuries caused by cyclones and other storms over a 10 year period. The analysis used the costs, which had been estimated in the 2013 Rapid Damage Needs Assessment (RDNA) and applied a 10 percent discount rate. The analysis calculated for the housing reconstruction and community infrastructure activities a benefit-to-cost ratio (BCR) of 2:1. The BCR for the risk mitigation capacity-building activities was 3:1. According to the ICR (p. 20) the economic analysis at appraisal lacked sophistication and data due to the need to respond to the Phailian disaster in a timely manner.

No additional economic analysis was carried out during the restructurings, which mainly consisted of cancellations of credit proceeds and extensions of the credit's closing date.

The ICR (p. 52) recalculated the economic analysis conducted at appraisal (adjusting for exchange rate changes, project restructurings and reduction in scope) and estimated a BCR of 3.69:1. However, due to the limited availability of data at appraisal, the ICR applied a different model using international standard values for several benefits (resilient housing, toilets, electrification for the first component and water supply) calculating a BCR of 25.3:1 indicating that the project was a worthwhile investment.

Operational Efficiency:

At appraisal, costs were estimated at approximately US\$4,697 per house, with the remaining costs including community infrastructure (community meeting halls, marketplaces, water supply, medical centers, solid waste



management, childcare centers, internal roads, etc.) as well as housing insurance, relocation payments, temporary rental payments and incentives for accelerated construction. According to the ICR (p. 50), at project closing, the average house cost was about US\$6,705. However, due the COVID-19 pandemic, it is not clear how much of this cost went towards actual housing construction versus supporting infrastructure and other payments.

Due to the reduction in the number of houses for reconstruction, US\$9.8 million was cancelled in March 2019, only one year before project closure. Due to non-completion of activities, additional US\$40.13 million was cancelled in June 2020. Furthermore, the ICR did not explain if the remaining US\$18.4 million was cancelled. This might indicate inefficiencies in project implementation.

The project experienced delays in regard to the reconstruction of housing in the Puri district, infrastructure construction in Berhampur, as well as in the construction of the SIDM complex. As a result, the project’s implementation period was extended by a total of 15 months. However, due to the Covid-19 pandemic and the implementation of a national lockdown, the extended period could not be fully used to complete several activities such as the construction of 3,046 houses in the Puri district, construction of the SIDM building and several infrastructure activities in Berhampur, resulting in the underachievement of components 1, 2 and 3.

Given the cancellation of a total of US\$49.93 million during the last year of project implementation and the lack of clarity in regard to what happened to the remaining US\$18.4 million, the efficiency of this project is rated 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 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

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

6. Outcome

<i>Rating Dimension</i>	<i>Original Targets</i>	<i>Revised Targets</i>
Relevance of the Objective		High
Efficacy	Negligible	Modest



Efficiency	Modest	
Outcome Rating	Unsatisfactory	Moderately Unsatisfactory
Outcome Rating Value	2	3
Amount Disbursed (US\$ million)	73.41	11.19
Disbursement (%)	86.8%	13.2%
Weight Value	1.73	0.39
Total weights	2.12	
Overall Outcome Rating	Unsatisfactory	

a. Outcome Rating
Unsatisfactory

7. Risk to Development Outcome

Government Commitment Risk. The government commitment risk is assessed as low because according to the ICR (p. 30) the government continues to remain committed to improve its capacity to manage disaster risks as demonstrated through the ongoing collaboration with the Bank in a follow up project (Odisha State Capability and Resilient Growth Project, P178511). The aim of the project is to enhance the capability of the government of Odisha to expand coverage of evidence-based systems for social protection and post-disaster risk insurance for vulnerable communities within the state.

Operation and Maintenance Risk. The 2019 National Disaster Management Plan endorsed Owner Driven Construction of Houses (ODCH) as a key approach for disaster-affected housing reconstruction. Homeowners are maintaining their houses and public assets such as water supply pipeline, drainage works and community infrastructure are being operated and maintained by the relevant state agencies. For example, the ICR (p. 30) stated that in Berhampur, the Public Health Engineering Organization, the state utility, is already operating and maintaining the municipal water supply. However, it is critical that relevant state agencies have adequate budget for doing so. The ICR did not specify if they do. The O&M risk is assessed as modest.

8. Assessment of Bank Performance

a. Quality-at-Entry

Due to the project’s response to an emergency, the preparation period was only about three months. According to the PAD (p. 7), the project design was built on lessons learned from the completed Emergency Tsunami Reconstruction Project (P094513) in Tamil Nadu and Pondicherry, Bihar Kosi Floods Reconstruction Project, National Cyclone Risk Mitigation Project and projects in Bangladesh and around the world. Key lessons included the importance of involving local communities in disaster response including in the decision on locations and design of infrastructure. Also, the lesson to keeping the design simple with few sub-projects and implementing agencies to avoid overburdening was reflected in the project’s design.



The project's PDO was adequately ambitious, and the Bank team identified appropriate stakeholders and beneficiaries.

The Bank team identified relevant risks such as large number of direct beneficiaries, management of social and environmental process due to nature of project location and involvement of implementing agencies with varied capacities to deal with various stakeholders and local communities. According to the PAD (p. 9) mitigation measures included provision of additional resources and training to the implementing agency staff to address: i) social and environmental safeguard issues; ii) ensure community participation in design and implementation; iii) capacity augmentation of beneficiaries towards managing their constructions; iv) procurement and financial management. However, the mitigation measures were not sufficient and the staff at the PMU and PIUs lacked experience in regard to Bank procedures/policies for financial management, procurement and environmental and social safeguards. As a result, the project experienced implementation delays.

Also, the Bank team did not identify the risk of difficulties in beneficiary engagement in Puri. According to the ICR (p. 25) the PIU of the Puri district faced issues regarding implementing reconstruction activities, including litigation related to discrepancy in the beneficiary list. As a result, since the PIU was only able to finalize the beneficiary list in 2019, most houses in Puri still were incomplete when the project closed. Finally, the bank did not identify the risk of frequent natural disaster such as three different storms between 2018 and 2020, which resulted (according to the ICR p. 25) in the diversion of attention of the PMUs and PIUs since they were involved in emergency operations. As a result, project implementation experienced delays.

Furthermore, the Bank based its Economic and Financial Analysis on damage and rebuilding cost estimates instead of findings from the Rapid Damage and Needs Assessment (RDNA) resulting in an underestimation by almost 50 percent.

The Results Framework had shortcomings (see section 9a for more details).

Quality-at-Entry Rating Moderately Satisfactory

b. Quality of supervision

According to the ICR (p. 3), the Bank conducted 10 supervision missions throughout project implementation. The ICR (p. 29) stated that the team was composed of the necessary expertise, which prepared detailed aide memoirs and Implementation Status Reports (ISRs). The ICR (p. 29) stated that the Bank team coordinated with other project teams from other complementary initiatives to avoid duplications.

However, supervision missions were not conducted on a bi-annual basis as planned. The ICR (p. 29) stated that between January 2016 and project closure in June 2020, the Bank only conducted five supervision missions. Also, there was a delay in reporting after supervision missions. During the last year of project implementation, the Bank did not submit an aide memoire. The lack of regular supervision missions and delays in reporting might have detracted the Bank team from continuous monitoring of project implementation towards the objective.



The Bank team restructured the project three times to adapt the Results Framework and extend the closing date by 15 months. The first restructuring was only one year before the closing date. The third restructuring approved a decrease in two intermediate outcome indicators (the target of 200 Village Development Plans and the target for the number of city-wide drainage and sewerage master plans) on the last day of project implementation in June 2020. Also, the project's M&E was weak and the Bank did not make any improvements (see section 9a for more details).

Supervision of safeguards implementation was weak (see section 10 a below).

Quality of Supervision Rating

Moderately Unsatisfactory

Overall Bank Performance Rating

Moderately Unsatisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The project's objective was sufficiently clear and specific. Also, the project's theory of change and how the outputs and activities were to result in the intended outcomes was soundly reflected in the Results Framework. However, The Results Framework only had two indicators duplicating the number of beneficiaries with reconstructed houses in terms of the number and a share. Also, the Results Framework lacked indicators to measure an improvement in public services (PDO 2) or the capacity of the State entities to respond promptly and effectively to an eligible crisis or emergency (PDO 3).

According to the PAD (p. 8), the OSDMA was responsible for the M&E activities for component 1 while the H&UD was responsible for component 2's M&E activities.

b. M&E Implementation

The ICR (p. 26) stated that the project produced progress reports, a Mid-Term Review (MTR) and completion report to the state-level Steering Committee and the Bank. Data for these reports was collected at the block level, aggregated at the district level, and compiled at the state level, making the reporting process rather complex. There were inconsistencies between data reported at the state level and aide memoires such as the number of houses completed. The ICR (p. 26) stated that these discrepancies possibly resulted from audits that were conducted at local, district, and state levels and were corrected for errors but with a time lag.

The ICR does not discuss the reason for how the project benefited 350,000 people against the target of 30,000 (eleven-fold increase).



During two project restructurings the Results Framework was modified to reflect the reduction of the project's scope.

c. M&E Utilization

According to the ICR (p.26), the project's M&E data was used to inform decision making such as project restructurings, identifying risks, assessing project costs, targets and timelines. The Steering Committee used progress reports to provide direction towards more effective implementation to the OSDMA and district officials.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

The project was classified as category B and triggered the following four Bank's safeguard policies: OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP/BP 4.11 (Physical Cultural Resources) and OP/BP (4.12) Involuntary Resettlement. The project prepared an Environmental and Social Management Framework (ESMF) to address potential issues related to the construction of houses, roads, drains and community infrastructure. These included impacts on forests, human-elephant/wildlife conflict in select locations, vegetation, drainage, air quality, noise levels, and occupational health and safety.

According to the ICR (p. 27), the environmental and social risks and impacts were screened and assessed but mitigation measures did not comply with the Bank's safeguard policies. Several issues were not fully resolved including inadequate solid and liquid waste management, incomplete ratification of loosely hanging electrical wires, insufficient adoption of solar power technologies, lack of availability of potable water in selected villages, and human-animal conflict. The work at the SIDM building site did not conform with the required environmental norms, including work-specific environmental and social screening.

Infrastructure activities in Berhampur were carried out without due attention to labor laws and resettlement action plans.

The project established a Grievance Redress Mechanism (GRM) based on the state's existing system. According to the ICR (p. 27) the GRM only received minor grievances mostly related to non-inclusion in the beneficiary list, delay in payments for housing reconstruction and deficiency in the provision of potable water. These issues were mostly addressed at the field level. There were litigation cases related to potential but not included beneficiaries in Puri (the matter was resolved by the courts in 2019) and resettlement-related concerns in Berhampur, which was not resolved by project closure.

b. Fiduciary Compliance



Financial Management:

According to the ICR (p. 28) the project complied with all the legal covenants. Also, the government appointed financial management specialists at the PMU and PIUs. The flow of funds from the state to district to local levels was smooth and based on needs. However, the project encountered several financial management related issues such as lack of financial management staffing at later stages of implementation, inadequate maintenance of books and accounts at Berhampur Municipal Corporation (BeMC), delayed addressing of some internal audit observations such as payments to 113 ineligible housing beneficiaries in the amount of US\$270,000. Also, the project experienced delays in submission of Interim Unaudited Financial report.

Procurement:

According to the ICR (p. 28), India introduced a new e-procurement system in 2013, which caused some early delay and confusion among the staff at the PMU and PIUs. Also, the project experienced capacity issues at the district PIUs, at OSDMA and BeMC resulting in procurement and contract management delays. Furthermore, the project's procurement plan was not regularly updated in the Systematic Tracking of Exchanges in Procurement.

c. Unintended impacts (Positive or Negative)

NA

d. Other

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Unsatisfactory	Unsatisfactory	Based on a split rating methodology and negligible efficacy under the original targets, the overall outcome rating is Unsatisfactory.
Bank Performance	Moderately Unsatisfactory	Moderately Unsatisfactory	
Quality of M&E	Modest	Modest	
Quality of ICR	---	Modest	

12. Lessons



The ICR (p. 30-32) included several lessons learned, which were adapted by IEG:

- **Collaborating at the community level in DRM initiatives may help ensure sustainability.** This project worked with NGOs and beneficiaries at the local level which resulted in the resolution of most grievances, and community-friendly design of reconstructed houses.
- **Failure to link projects to other development programs/projects before implementation may undermine efficiency and lead to delays.** In this project, during the design state the government of Odisha had to coordinate with other central- and state-sponsored schemes to develop a list of beneficiaries. When beneficiaries changed from the government's housing scheme to the project's scheme, significant delays occurred. Especially the district PIU in Puri faced considerable challenges in finalizing the beneficiary list resulting in most houses not being completed when the project closed.

A lesson learned added by IEG:

- **When working with counterparts that have no prior experience in the implementation of Bank projects, continuous Bank supervision is critical to ensure a successful project implementation.** In this project, the Bank did not conduct regular supervision missions and reported findings with delay despite several implementation challenges such as natural disasters occurring. As a result of lacking Bank supervision, implementation progress was not tracked effectively.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provided a good overview of project preparation and implementation. The ICR included lessons that can be useful for future Bank engagement in this area. Furthermore, the ICR was concise.

However, the ICR did not use split rating methodology for outcome. Also, the ICR was not sufficiently candid in regards to the cancellation of a total of US\$49.93 million just before project closure and did not provide any information on what happened to the remaining US\$18.4 million. It lacked information in critical areas such as how the Bank addressed several issues including financial management, weak capacity, and the occurrence of natural disasters during project implementation. Also, the ICR did not provide planned targets for some outputs such as number of water supply pipelines, number of sewerage and sanitation facilities. In addition, the ICR did not state why PDO indicator 2 ("number of people with access to improved public services in Berhampur") was substantially surpassed. Finally, it is not clear why it took so long for the ICR to be produced given that the project closed in June 2020. Overall, the quality of the ICR is rated Modest.



a. Quality of ICR Rating
Modest