



## 1. Project Data

<b>Project ID</b> P126157	<b>Project Name</b> Rural Service Del. and Local Governance	
<b>Country</b> Papua New Guinea	<b>Practice Area(Lead)</b> Social, Urban, Rural and Resilience Global Practice	
<b>L/C/TF Number(s)</b> TF-15507,TF-18447	<b>Closing Date (Original)</b> 31-Aug-2016	<b>Total Project Cost (USD)</b> 4,993,567.91
<b>Bank Approval Date</b> 30-Sep-2013	<b>Closing Date (Actual)</b> 31-Aug-2017	
	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>
Original Commitment	5,000,000.00	5,000,000.00
Revised Commitment	4,993,567.91	4,993,567.91
Actual	4,993,567.91	4,993,567.91

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## 2. Project Objectives and Components

### a. Objectives

As described in the Grant Fund agreement, the objectives of the Rural Service Delivery and Governance Preparation Project was: “to develop a community-driven development model to improve access to, and the quality of, basic services in rural communities in the Recipient’s territory, that can be scaled up.” (Grant Agreement, pg. 6).



The project received additional funding in 2014 from the State and Peacebuilding Fund (TF18447). Even though the project received additional funding, the objective did not change throughout the life of the project (SPF Grant Agreement TF18447, pg. 3 and 4).

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

No

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

No

**d. Components**

**Component 1: Systems and Financing of Ward Development Grants.** (Original Estimated Cost: US\$1.4 million. Actual Cost: US\$1.60 million) This component sought to provide Ward Development Grants (WDGs) to eight pilot Local Level Governments (LLGs) in two provinces (PAD, pg. 14). A total of 80 social and economic infrastructure sub-grants would be financed (PAD, pg. 14). Community-identified projects could include construction of latrines, rehabilitation of local roads, or construction or repair of schools (PAD, para 13a).

**Component 2: Capacity Building of National and Sub-national entities.** (Original Estimated Cost: \$700,000 million. Actual Cost: US\$1.50 million) This component aimed at strengthening the capacity of national and sub-national government entities to manage and implement the project and basic delivery services (PAD, para. 13b). In particular, activities under this component would be aimed at Department of Provincial and Local Government affairs (DPLGA), Ward, and local level government (LLG) personnel (ICR, pg. 14).

**Component 3: Project Management.** (Original Estimated Cost: \$1.1 million. Actual Cost: US\$1.90 million) This component sought to strengthen the overall project management team at the national and provincial level to enable day to day project operations (PAD, para 13c).

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

**Project Cost.** At appraisal, the total cost of the project was estimated at US\$ 3.2 million (PAD, pg. v). While the project amount indicated in the PAD was \$3.2 million, the project design and targets were approved in 2013 with the assumption of a total budget of US\$5 million. The Korean Trust Fund had made a commitment to fund part of the project, but the commitment was later withdrawn. A proposal to the SPF for the additional \$1.8 million was approved in 2014.



**Financing.** The appraised amount of finance needed for this project was estimated at US\$ 3.2 million (PAD, pg. v).

The project received a Papua New Guinea Social Development Grant in the amount of US\$3.2 million (Grant Agreement TF015507, pg. 2). This Fund was set up from revenues generated by the Ok Tedi Mine in Western Province (ICR, pg. 23).

In March 2015, the project received additional financing provided by the State and Peacebuilding Fund in the amount of US\$1.8 million (SPF Grant Agreement TF018447, pg. 9).

The actual disbursement at the end of the project was US\$ 4,993,568 (ICR, pg .2).

**Borrower Contribution.** The legal agreements do not stipulate that the borrower had to make a financial contribution. According to the ICR, the government of Papua New Guinea committed \$1.2 million and transferred a total of \$893,000 (ICR, pg.50). The contributions were from the central government, provincial governments, and LLGs.

**Dates.** The project was approved on September 30th, 2013 and became effective on November 14th, 2013. The original closing date was August 31st, 2016.

In February 2016, the project was extended six months from August 31st, 2016 to February 28th, 2017.

The project received a second 6-month extension, which moved the closing date from February 28th, 2017 to August 31st, 2017.

The project closed on August 31st, 2017.

### 3. Relevance of Objectives

#### Rationale

**Country Context.** Despite the fact that Papua New Guinea (PNG) was experiencing economic growth between 2007 and 2010, poverty and social inequality were persistent. Basic development outcomes had remained stagnant or improved only marginally. The UNDP Human Development Index of 2012 estimated that more people were living in poverty than a decade before (PAD, para 2). While the Government had developed ambitious strategic plans to tackle the MDGs, a 1995 Organic Law for Provincial and Local Government crippled the ability of local government to deliver basic services. As a result, the population of PNG was increasingly turning to nongovernmental organizations and other special purpose authorities for the delivery of basic services (PAD, para. 7).



The objective of this project aimed at addressing some of the effects of the 1995 Organic Law for Provincial and Local Government by piloting a community-driven development model to improve access to and quality of basic services. A new District Development Authority (DDA) Act came into effect late in 2014 which gave more power to the district level authorities to manage and allocate funding for service delivery (ICR, pg. 11). The project's objective with an emphasis on community-driven development provided a mechanism to support local government bodies' responsibility to provide service delivery. The objective of the project also supported the government's long-term development plans as articulated in the Vision 2050 document, the Development Strategic Plan 2010-2030, and the Medium-term Development Plan 2011-2015 (ICR, pg. 6).

**Alignment with Country Strategy.** The objective also aligned with the Country Partnership Strategy (CPS) 2013-2016. In particular, the objective supported Pillar 3 of the CPS "the prudent and increasingly inclusive management of revenues and benefits streams at the national and community level." (CPS FY13-FY16, pg. 29). The project also supported the CPS's second pillar of "gender-equitable improvement in lives and livelihoods."

**Previous Experience.** The project was designed keeping in mind its experience implementing projects in PNG. In particular, the project drew lessons-learned from the AusAID implemented project "Strongim Pipol Srongin Nesen and Community Development Scheme" (PAD, pg. 6). Importantly, the project was also pitched at an appropriate level given the challenges of working in a difficult environment with limited government capacity.

Thus, the relevance of the project is rated as Substantial. The project's objective aligned with the country context, the country partnership strategy, and government policies. The project was also designed keeping in mind lessons learned from other projects implementing similar approaches in PNG.

## Rating

Substantial

## 4. Achievement of Objectives (Efficacy)

### Objective 1 Objective

To develop a community-driven development model to improve access to, and the quality of, basic services in rural communities in the Recipient's territory, that can be scaled up.

### Rationale

The objective of the project aimed at building a community-driven development model to improve access and quality to basic services in rural communities. The theory of change underscores that if local wards receive capacity and programmatic training and have the necessary funds available, then local ward



representatives would choose and implement infrastructure projects that better serve the needs of the community in an inclusive way. The theory of change was supported by capacity strengthening activities at several levels (LLGs, local government, and centralized government), funds for social and economic infrastructure, and overall transfer of knowledge related to participatory community development.

As acknowledged by the ICR, while the design was simple, the project's objective was overambitious (ICR, pg. 30). Scaling up the model was also ambitious because it would require buy-in from various ministries and institutions. The design of the project did not have adequate activities to effectively support the 'scale-up' or sustainability of the project within the funding and time allocated. The objective also included long-term outcomes (improving access and quality of basic services) that extended beyond the scope of the project. Scaling up the model was also ambitious because it would require buy-in from various ministries and institutions in addition to sufficient funding allocations for provincial authorities.

### **Output:**

The following outputs were achieved throughout the life of the project:

- 78 rural communities were selected and provided with community-driven development (CDD) training.
- 227 out of 268 villages (85%) in the 73 targeted wards were represented in the Ward Development Planning Meetings (Target not met, Target: 100%, ICR, pg 36).
- 34 ward residents participated in ward development meetings (Target Met, Target: 30).
- 41% of the 34 ward residents which participated in ward development meetings were female (Target Not met, Target: 50%, ICR, pg. 37)
- 1,645 people were trained (Target Not met, Target: 1,865, ICR, pg. 38) on CDD approaches and sub-project implementation.
- 87% of training participants rated the training as useful (ICR, pg. 39)
- US\$1.6 million were distributed to 73 wards to complete 58 sub-projects (Target Not Met, Target: 100% of wards receiving funding (80), ICR, pg. 35).

### **Outcomes:**

#### **Community- Building Model**

The project increased the capacity of the Department of Provincial and Local Government Affairs (DPLGA) to implement a community-driven development model tailored for an FCV context. In total, the project provided training to 188 LLG and ward level officials, as well as 1,456 community members on CDD approaches and sub-project implementation (ICR, pg. 12). A total of 73 out of the 80 wards had approved sub-projects for implementation under the project.

The community-building model implemented left the oversight and management of the sub-projects with the LLGs, while communities delivered the construction of the infrastructure (ICR, pg. 23). Community members participated in the Ward Development Planning meetings to discuss and select subprojects. In total 227 of



268 villages in 73 targeted wards participated in participatory planning processes. An independent monitoring assessment funded by the Australian Department of Foreign Affairs and Trade (DFAT) confirmed that “doing community-driven development in PNG villages – is a feasible, efficient and effective way of delivering services to citizens in PNG, especially those in rural communities.” (ICR, pg. 12). A total of 78 wards submitted proposals for sub-projects.

LLGs, tasked with oversight and management, are the weakest and most poorly funded arm of government and the project invested heavily in training LLG staff and ward level staff (ICR, pg. 22). Some LLGs were not used to receiving significant funds and many had no prior experience in delivering services to local communities, let alone implementing community-based models (ICR, pg. 12). LLGs that benefited from quality external facilitation, including technical and administrative support, had stronger participation from the community (ICR, pg. 12 and pg. 23). Many LLGs did not have a functional office, budget to deliver services, adequate staff or transportation to visit remote communities (ICR, pg. 23). Lack of formal education or basic literacy skills among some of the ward level officials led to difficulties in preparing basic proposals (ICR, pg. 23).

The project’s independent monitoring system concluded that quality of community participation varied across localities. Importantly, there is limited information on how effective the project was in transforming the relationship between the DPLGA and the provincial authorities, what if any improvements were made in how provincial authorities functioned and how well they were prepared to deliver projects in the future.

### **Improved Access to Basic Services**

Outputs that contributed to Improved Access and Improved Quality of Basic Services included:

- A total of 73 wards implemented community sub-projects, with 58 completed sub-projects by the end of the project. An additional two sub-projects were completed with funding received from the Government of PNG, but with technical support from the project team. Sub-projects were implemented in the following sectors:
  - Health: 6 health aid posts and two health worker’s houses constructed and 8 aid posts upgraded
  - Water: 22 rainwater catchment systems provided
  - Education: 5 school rooms, 1 school library, 2 incomplete teacher’s houses constructed and 5 school rooms upgraded
  - Energy: 4 solar lighting projects constructed.
  - Transport: 1 motorboat purchased and 1 footbridge built.
  - Other: 3 community halls built and 1 incomplete fish pond constructed.

### **Outcomes:**

In total, 38,804 individuals benefitted from improved access and quality of services due to the project (ICR, pg. 14). In a beneficiary evaluation survey, community members stated that there was an ease of access to sub-project infrastructure (rating of 4.8 on a scale of 1 being bad to 5 very good). An ex-post beneficiary



assessment conducted 10 months after the project closed concluded that out of the LLG wards that were visited, 77% of infrastructure sub-projects were providing vital services. Twenty-three percent of visited infrastructure sub-projects, including health and education investments, were not operational due to lack of staff or necessary equipment (ICR, pg. 14). According to the ICR, this gap was partially a result the sub-projects being completed at the end of the project and with insufficient time to fully operationalize them.

**Water:** The rainwater catchment sub-projects provided direct access to clean piped water to 25,500 people (ICR, pg. 14). This significantly reduced the time spent collecting water particularly by women (ICR, pg. 14). The water catchment sub-project built water tanks in central locations and a community water committee regulated access and collected fees to cover operation and maintenance costs (ICR, pg. 14). The project visited 7 out of the 22 rainwater catchment system and documented anecdotes from young women saving more than a 1 hour a day due to the new water source (ICR, pg. 14). Moreover, the water catchments improved the quality and cleanliness of water provided. A case study from Nara Village in Kairuku District in Central Province from May 2017 documented that “all mothers agreed that fresh water tasted better and was cleaner than the well water that they used to drink” (ICR, pg. 16). There was no evidence to highlight the benefit (if any) of the CDD model for investment prioritization.

**Health:** Health facilities, including housing for medical staff, improved access to basic services. According to the ICR, only 60% of the aid posts were operational. In some cases, NGOs and church-based organizations stepped in to make clinics and schools operational. For example, in Guisiere Ward, a Catholic charity provided medical staff. Meanwhile, to make the clinic operational, another local organization provided solar-powered lighting, a refrigerator and water tank. The health facilities that are functioning have benefited a total of 1,086 individuals (ICR, pg. 15). In Western Province, North Fly District, community members are saving between half a day to a full day of travel time to access health services. Infrastructure projects such as the new footbridge in South Fly District and the dingy in Yamega Ward also have increased accessibility to health services (ICR, pg. 15). While many health centers were operational, 40% of health aid posts had challenges ensuring that medical staff worked regularly (ICR, pg. 15).

**Education:** The beneficiary assessment showed that 80% of new schools were functional. While most villages had some sort of semi-permanent structure before the project, community leaders confirmed that the new buildings have provided more space. Previous structures had leaking thatched roofs, crowded and poorly ventilated rooms that would get too hot during the day, and were prone to flooding (ICR, pg. 16). The new structures enable classes to be held during bad weather and the new infrastructure provided a safe environment for children (ICR, pg. 15). According to the ICR, children were attending school more regularly for longer hours (ICR, pg. 15).

**Other Infrastructure:** The purchase of the motorized dinghy in Yamega Ward in South Fly Western Province increased the community’s access to health services and markets. Community members of Yamega Ward can now travel to Daru, the nearest town, in half a day as opposed to 3-4 days in paddle dug-out canoes.



The information on the provision of new infrastructure to support access to services provides sufficient detail to confidently claim that communities would benefit from these investments where and when they are provided. What it does not explain is how the CDD model was more or less effective than other models in delivering these investments. However, given the participatory nature of the decision making process, we can presume that the services were those most in demand where they were requested.

### **Scale up of Community- Building Model**

The project objective includes a commitment to scale-up the project, even though this project was a pilot. Scale-up is defined in the PAD as "the decision on the part of the GoPNG to scale-up the project to additional provinces, and additional cycles of funding, including significant government counterpart funding.community-building model" (PAD, para 23).

While the government of PNG contributed funds to this project, their commitment was less than originally planned. There were also several shortcomings related to the operational and maintenance costs related to health clinics and schools, which were in part due to the government at state level unable to financially support the project. As noted in the ICR, this project did not incorporate or push policy or institutional reforms (ICR, pg. 13).

While the project was not scaled up during the life of the project. The CDD model is expected to be scaled up in additional provinces through the support of a new Rural Service Delivery Project (P159517) approved by the Board on June 9, 2017. This project will continue CDD activities in the Central and Western Provinces and scale up to three additional provinces (East New Britain, West Sepik, and Simbu). The new project is larger in scale and funding. This new project will integrate key lessons learned including simplifying the selection of sub-project and providing greater support to communities.

### **Rating**

Substantial

### **Rationale**

The efficacy of the project is rated as substantial. Overall, the project effectively developed a community-driven development model that trained, mobilized, and led to the implementation of 58 sub-projects in rural communities. While 77% of sub-projects visited were fully operational, 10 months after the project, 23% of the projects were not. The project did reach 49,285 direct project beneficiaries, of which 45% were female (Target Met, Target: 50,000, Target not met, Target: 50% female, ICR, pg. 36). The project improved access to basic services by constructing, rehabilitating or supporting health posts, education centers, and transportation projects. These projects were chosen by the community through community representatives, thus giving voice to the community. The quality of basic services varies by sector. The quality of services provided by water catchment services seemed to be more constant and remained of high quality. However, health clinics and educational schools, while some were operational, face the challenge of inconsistent attendance of medical professionals and teachers. The project was unable to scale-up during the life of the project.



In addition to what was achieved, and despite a learning-by doing project management approach, there is scant evidence explaining how the pilot project identified what worked and what did not in instituting a workable platform for subsequent CDD investments. We know from the evidence provided that the investments are needed, extensively utilized by the target communities and appreciated by many community members. What we don't know is whether the institutions and provincial government are better placed to deliver a CDD project. We don't know what characteristics of provincial authorities work best in ensuring positive outcomes, nor do we know whether the training provided was the best way to prepare teams for the rollout of a CDD model. Thus, the ICR reader is left to conclude that the marginal benefits of the investments themselves is sufficient to illustrate project success. This may well sell the project short and it prevents us from really knowing how to succeed in the subsequent phase. Having said that, on balance we consider these moderate shortcomings and thus the overall rating for Efficacy is Substantial.

## Overall Efficacy Rating

Substantial

### 5. Efficiency

**Analysis from the PAD** – At appraisal, it was determined that an ex-ante economic rate of return or a cost-benefit analysis of the project was difficult to conduct due to the flexibility of community-driven development projects (PAD, para. 27). After all, in this type of program design, the sub-projects are not predetermined and therefore unknown at appraisal. Furthermore, the sub-projects tend to be small and dispersed across several sectors making it difficult to generalize assumptions. Nonetheless, the PAD noted a literature review of similar projects that predicted reasonably high ERRs, ranging from 21% in a portfolio in the Philippines to over 60% for the portfolio in Burkina Faso (PAD, para. 28). The PAD outlined that subproject's ERR ranged from 16% for school buildings in the Philippines to 68% for irrigation in Indonesia (PAD, para. 28). The PAD outlined a criteria for selecting sub-projects to support efficiency (PAD, para. 27).

**Analysis from the ICR** - The economic analysis was largely modeled on similar work for the Solomon Islands with assumptions modified to adapt to the Papua New Guinea scenario (ICR, Annex 4, pg. 51). ERRs were calculated separately for the 4 most common type of subprojects, using total costs and benefits for a particular type of subproject where possible and using the cost/benefit for a sample of representative subprojects when data was not readily available for all subprojects (ICR, Annex 4, pg. 51).

The project achieved an overall ERR of 140%. The high economic rate of return can be accounted for by the high number of reported beneficiaries (over 4,600 households or roughly 250,000 beneficiaries) estimated for water catchment sub-projects. (ICR, pg. 19). The ERRs ranged from 19% (for health projects), 47% (installation of solar panels), 77% (for education projects) to 500% (for water catchment sub-projects). There are questions as to the validity and consistency of these claims, particularly in an environment like PNG where calculating beneficiaries and returns is not comparable to other countries due to geography, community composition and cultural dimensions. In addition, including all households within a beneficiary



area as the basis for these calculations is unhelpful for small scale CDD infrastructure projects. Presuming almost 1200 people would benefit from each of the water investments is highly unlikely and unrealistic for this kind of operation.

The economic return of the sub-projects were comparable to other similar CDD projects in other countries, such as Indonesia. A 2012 World Bank Study examined the impact of CDD programs found that the rate of return for CDD infrastructure projects showed an average of 18 to 53 percent return (ICR, pg. 19).

**Project Administration** - . Project management costs were extremely high compared to international standards for similar projects, with a total of US\$1.9 million or 38% of total financing spent on project management, including facilitation and service costs. In addition to the US\$1.9 million, another \$1.5 million was spent on capacity building (training at national, provincial, district, LLG and ward levels) to build the community-driven. The high costs were due to weak overall capacity at the LLG level, high logistical and monitoring costs resulting from working in remote, mountainous, rural areas (ICR, pg. 20). The one-year project extension also increased project administration costs. Even in a high cost country like PNG, the considerable overhead is not sufficiently explained against what was actually achieved in the project, particularly with regards to capacity building and training of LLGs.

Overall the project produced a high ERR of 140%, which though informed by limitations in the method is loosely consistent with similar CDD projects elsewhere. The project had higher than usual administrative costs, driven by local conditions of operating in remote, mountainous, and rural areas. However, this is not sufficiently justified against the intention to set up and institute sustainable CDD delivery systems and thus the efficiency of the project is rated as 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



The relevance of the project is rated as Substantial. The project's objective aligns with the country context, the country partnership strategy, and government policies. The project was also designed keeping in mind lessons learned from other projects implementing similar approaches in PNG and was appropriately pitched to the challenging environment in which it was to be delivered.

The efficacy of the project is rated as substantial. Overall, the project effectively developed a community-driven development model that trained, mobilized, and led to the implementation of 58 sub-projects in rural communities. While 77% of sub-projects visited were fully operational, 10 months after the project, more than 30% of the projects were not. The project improved access to basic services by constructing, rehabilitating or supporting health posts, education centers, and transportation projects. The quality of basic services varies by sector. The project was unable to scale-up during the life of the project and importantly, the level of institutional achievement against the ability to function as a foundation for future investments remains uncertain. However, on balance Efficacy was rated Substantial.

Overall the project produced a high ERR of 140%. The project had higher than usual administrative costs, driven by local conditions of operating in remote, mountainous, and rural areas. But it failed to sufficiently justify the funds committed to building institutional structures and thus efficiency of the project is rated as Modest.

Thus, overall the project is rated as Moderately Satisfactory.

**a. Outcome Rating**  
Moderately Satisfactory

## 7. Risk to Development Outcome

There are several interrelated risks that can impact the sustainability of the objective:

**Shifting Government priorities at the local level:** The project invested heavily on the capacity of the LLGs. Fiscal transfer to sub-national governments has increased substantially over the years, while fixed sector allocations have been largely removed (ICR, pg. 13). Provinces and districts are playing a greater role and have greater flexibility in utilizing public funds for addressing local development needs (ICR, pg. 13). However, there have been many changes to the local government policies and legislative framework related to governance (ICR, pg. 31). It is possible, that in the future the District level administration may become more significant than the LLGs over time and receive the bulk of the public funding. As a result, the LLGs would gradually become weaker and less relevant (ICR, pg. 31). If this scenario develops, the CDD model would have to be adjusted (ICR, pg. 31).

**Poor operations and maintenance of sub-projects:** The project was not able to provide long-term sustainable operation and maintenance funds for the sub-projects. There is a limited capacity at the provincial,



district or LLG level to supervise and assist local communities with maintenance activities. To mitigate this risk, the project worked with communities to draft 64 operation and maintenance plans. The PMU could only verify that 47 out of the 64 plans were signed by the operational and maintenance committee members. As seen in the beneficiary assessment, even if the communities maintain health centers or classrooms, they are reliant on government to staff the facilities and provide basic materials to run schools and health clinics (ICR, pg. 32)

**Natural Risk:** The sustainability of the sub-projects are at risk of damage from natural disasters such as earthquakes, floods, or storms (ICR, pg. 32).

## 8. Assessment of Bank Performance

### a. Quality-at-Entry

The Bank worked with the Government of Papua New Guinea to identify a critical problem and create a solution that was adaptable to the local context. The community-driven model had support from the Government of Papua New Guinea (ICR, pg. 30). The appraisal documents were written considering a body of evidence and best practices on how to implement community-driven models (ICR, pg. 30).

While the design was simple, the project's objective was overambitious (ICR, pg. 30). The objective included long-term outcomes (improving access and quality of basic services) that extended beyond the scope of the project. Scaling up the model was also ambitious because it would require buy-in from various ministries and institutions.

According to the ICR, the project could have also included additional technical assistance and capacity strengthening activities to help local communities start their sub-projects. The limited resources in these areas led to implementation delays and the need to extend the project closing date (ICR, pg. 30).

The project design documents also correctly identified all the key risks, except climate risks that would make project sites inaccessible (ICR, pg. 30). The project design also took into consideration gender dynamics as it related to decision making and involvement in community-based models. Overall, there were limited resources (including time and capacity) to implement some of the mitigating measures suggested in the design including alternative technology for the management information systems (MIS) or arranging additional monitoring visits (ICR, pg. 30).

### Quality-at-Entry Rating

Moderately Satisfactory

### b. Quality of supervision



The Bank provided a hands-on implementation approach to provide support of various kinds to address challenges, concerns, and operational bottlenecks. During regular implementation support missions, staff was able to provide targeted and specific support, including having mission members provide training and Excel-based data collection monitoring systems (ICR, pg. 31). The team also worked to recruit additional community facilitators and engineers to support communities with the technical specifications of the building works.

The project did experience delays in rolling out sub-projects, collecting M&E data and overdue audit reports. The ratings of the overall project implementation progress in May 2016 was rated as moderately unsatisfactory. The team worked hard to address some of these challenges and delays by offering the Audit General office to hire a private audit firm to carry out the project audits (ICR, pg. 31). The team also arranged additional logistical support so that a helicopter could deliver essential building materials due to El Nino effects on the low level of river water, which made it inadequate to transport the materials to key communities. Providing additional logistical support helped get most of the sub-projects completed by the closing date, according to the ICR (pg. 31).

The team was able to acquire additional financing to address the financial gap and worked with the government of Papua New Guinea to top-up some of the sub-projects budgets.

Overall, the project faced many challenges. The team worked actively to reduce implementation challenges, address bottlenecks, and find context and culturally-appropriate solutions. The project benefited from having only two Task Team Leaders and team members who understood the local PNG context (ICR, pg. 31). The team was able to acquire additional financing to address the financial gap and worked with the government of Papua New Guinea to top-up some of the sub-projects budgets. The quality of supervision is rated as moderately satisfactory.

### **Quality of Supervision Rating**

Moderately Satisfactory

### **Overall Bank Performance Rating**

Moderately Satisfactory

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

### **a. M&E Design**

At appraisal, the monitoring and evaluation system of the project was designed keeping in mind some of the challenges of working in remote and rural communities. The project steering committee was tasked to meet on a quarterly basis to monitor progress against expected results (PAD, para. 20). A full-time monitoring and evaluation officer would be part of the PMU (PAD, para. 30). The LLGs and Ward Development Committees (WDCs), supported by technical specialists and the PPO would be responsible for supervising and monitoring



sub-project implementation. The project management unit would consolidate sub-project reports and report them in a semi-annual report.

According to the PAD, a non-governmental organization would be directly contracted, by AusAID to become the Independent Monitoring Group (IMG). The IMG would provide objective assessments on the progress towards results (PAD, para. 22).

The monitoring system as designed, included the creation of a Community Scorecard System to be implemented 6 to 12 months after the completion of the sub-projects (PAD, para 8c). The design of the monitoring system, also included the use of mobile phones to document progress on sub-project and other local government level activities (PAD, para. 31). The monitoring system also included the creation of a management information system.

The project did not provide funding for a baseline (PAD, pg. 8). A participatory sub-project evaluation of the sub-projects would inform the overall Project Evaluation (PAD, para. 8d).

As the ICR correctly pointed out, the results framework did not include sufficient indicators to measure key aspects of the objective, in particular access and quality of basic services (ICR, pg. 26). In practice, this led to a monitoring system that was focused on the monitoring the development and replication of the CDD model (ICR, pg. 26).

## **b. M&E Implementation**

The project experienced several challenges implementing the monitoring and evaluation system as outlined in the appraisal documents. The project management unit was unclear what information needed to be collected for the management information system (MIS). According to the ICR, anecdotal evidence was insufficiently captured and no social media or communication processes were introduced to capture key data. Monitoring trips were not used strategically to collect monitoring data.

The Management Information system took time to be developed and was never fully operational. The project also had difficulties in recruiting and retraining qualified M&E officers, with the post open for prolonged periods of time (ICR, pg. 27). The ICR recognizes that having a simpler monitoring and data management design that could be managed by local staff would have been more appropriate (ICR, pg. 27).

During project implementation, the task team aimed to address some of the weakness in the results framework, in particular, the lack of project indicators focused on measuring access and quality of basic services. The Task team informally introduced and monitored four core sector indicators starting in 2015. Three out of the four indicators were output level related to the construction of health, educational, or energy infrastructure. Only one indicator measured the outcome of the sub-projects, which was “people provided with access to improved water sources” (ICR, pg. 26).



An independent monitoring and assessment of the project was funded by DFAT. This process produced two reports in 2016. While an Independent monitoring group was hired to conduct an additional evaluation, the assessment was unable to capture any results related to the sub-projects since the report was completed before any of the sub-projects were implemented (ICR, pg. 27).

As a result of the lack of data on the sub-projects, the Bank designed and carried out a rapid, beneficiary assessments ten months after the project closed to better understand (i) how beneficiaries were utilizing facilities, (ii) the overall impact of the project, (iii) to identify best practices and draw lessons learned, and (iv) identify areas of improvement. The assessments were conducted in 22 wards and it consulted with 521 individuals, focusing on sub-projects across all the key sectors (ICR, pg. 27).

### **c. M&E Utilization**

The project utilized monitoring data to write progress reports. A review of the sub-project completion reports indicates that there was a substantial and detail amount of information that was provided by the communities. However, this information was insufficiently captured in the MIS and unfortunately was not used to understand the progress towards outcomes (ICR, pg. 28).

Throughout the project, there was ongoing learning, reflection, and adaptation. The project reflected on key lessons learned and integrated key changes on the follow-up project. Some of the lessons learned include an improved process to select sub-projects, more suitable grant size, and improvement of procurement and financial management system.

The quality of M&E is rated as moderate. The M&E design considered some of the challenges of implementing monitoring in mountainous and rural areas by suggesting tools such as Community Scorecards, phones, and allocation of monitoring responsibilities to the community level. Unfortunately, the system was not fully operational due to the timing of when the sub-projects were implemented. The timing of key assessments challenges recruiting an M&E officer, and lack of a suitable information management system prevented the collection, storage, and use of critical information. The task team compensated for these design and implementation challenges by conducting an ex-post assessment to better understand the impact of the sub-projects. The ICR shows evidence that the team was implementing a learning-by doing approach and integrated critical lessons-learned into a new project that will scale up the community development approach.

### **M&E Quality Rating**

Modest

## **10. Other Issues**

### **a. Safeguards**



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## **b. Fiduciary Compliance**

According to the ICR, the project experienced significant challenges with regards to financial management and procurement.

The first audited financial statements (2013-2014) were not submitted until late 2016 (ICR, pg. 29). The challenges to delivering audited financial statements included the absence of procurement offices, limited technical capacity, weak capacity in some communities, unsuitable procurement and financial management training, and poor quality reports that led to repeated revisions (ICR, pg. 29). The project management unit struggled to clear the backlog and meet the legal requirements to submit annual financial statements. There were also considerable delays in reporting with the Interim Financial Reporting.

An independent audit firm was contracted by the Auditor General Office (AGO) to address the backlog of 2013 and 2014 audited financial statements in 2016 (ICR, pg. 29). The 2015 audited financial statements were submitted in 2017. The 2016 and the final audited financial statements are still outstanding (ICR, pg. 29).

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

There were two unintended positive impacts as a result of the sub-projects as identified by the beneficiary assessment. The sub-projects helped increased community cohesion, empowerment, and confidence. For example, residents in Bereina Urban mentioned the “community was empowered to make its own decisions,” and “the community was taking ownership of the project.” (ICR, pg. 23).

There were economic benefits to the community and new work opportunities in the construction of infrastructure. The assessment documented communities stating that youth had learned new skills in carpentry and masonry by building the new schools or health posts. The maintenance and operation of the motorboat also created new employment in Yamega Ward. It opened new business opportunities and enabled easier access to the Daru market (ICR, pg. 24).

## **d. Other**

Gender: The project design recognized that women remained generally marginalized in decision-making efforts at the community level in PNG. The Social Assessment provided quality gender analysis and showed that the degree of voice and autonomy of women varied across districts and wards (ICR, pg. 22). The project worked towards including women in planning and decision-making forums achieving 41% of



participants in the Ward Development Planning meetings being women (Target 30%, ICR, pg. 22). The Bank team tried to ensure that women’s preferences for projects were considered in the sub-projects decisions and that women’s remained active in the involvement of sub-project management. However, this was not done systematically across all cases (ICR, pg. 22). A World Bank Financed project “Inclusive Development in Post-conflict Bougainville” provided sub-projects that were managed through women’s groups, with women filling all the leadership positions. An independent monitoring of the project suggested that women’s group may also reduce the chance of corruption and lead to more inclusive management and sub-projects. As a result, the follow-on RSPD project will test some women’s only groups (ICR, pg. 22).

## 11. Ratings

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

## 12. Lessons

The following four lessons were extracted from the ICR:

- 1. The ward-level grant size needs to be adjusted to population size and needs of the community.** For example, the original grant size of US\$17,000 was not sufficient to meet all the standard building designs. Costs of materials and transportation to remote locations were under-estimated. The same size grants spread across all LLGs, while it seemed fair, did not take into account population density and therefore was not equitable. With adjustable grants, the investment per person can remain roughly equal across various wards and districts (ICR, pg. 32).
- 2. Communities need substantial support to prepare, design, and implement sub-projects, particularly in remote and rural areas.** For example, communities that received additional support from community facilitators and technical facilitators were able to implement the sub-projects more successfully. Training needed to be followed up with substantial follow up support and coaching. Having standard designs, bills of quantities and budget templates which can be adjusted by the community groups proved to be a workable solution for communities (ICR, pg 32).
- 3. Sub-project selection process needs to be streamlined at the ward level.** For example, the Bank over-estimated the capacity of LLGs and the local communities to develop detail Ward profiles and



development plants in a participatory manner. Furthermore, there was limited information on to objectively assess which wards were the poorest. Trying to select wards on a need-basis and through a competitive process did not work as expected. In the follow-up project, communities are expected to submit an expression of interest and based on an initial assessment, then communities will be asked to develop a full proposal.

**4. Coordination with provincial and district level authorities to ensure operational and maintenance funding needs to take place during the selection process.** For example, while LLGs technical committees consulted with district and provincial level agencies for their endorsement of proposed sub-projects, securing funding for reoccurring costs was difficult. Where possible, written commitments to cover reoccurring costs, especially related to teachers, health service providers, medicine, etc., must be included in proposals or expression of interest stage. The project recommends that provincial and district staff also attend LLG committee meetings to build buy-in and follow through their commitments to support reoccurring costs (ICR, pg. 33). Alternatively, subprojects should focus on issues that do not require government support such as water catchments, small access roads, provision of transportation (motorboat), and infrastructure needs (bridges). The ICR suggests that “given the high ERR for the water catchment projects, and the high completion rate, focusing on water and station projects could also fit with the recommendation for geographic or sector converse in an FCV context” (ICR, pg. 33).

### 13. Assessment Recommended?

No

### 14. Comments on Quality of ICR

The ICR was well written with a logical outline and presentation-style. Overall, the ICR was concise and it included a good quality of analysis. It included candid and detailed information that effectively discussed the areas and aspects of the project that needed improvement. The ICR benefited that an ex-post beneficiary assessment that provided detail information about the efficacy of the objective. The ICR also included selective qualitative data. It was honest about the areas and factors that the project did not succeed in, while celebrating areas of success. Candid sections included Monitoring and Evaluation, Bank's Performance, and Lessons Learned/Recommendations.

#### a. Quality of ICR Rating

Substantial