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Prepared by
Judyth L. Twigg

Reviewed by
Robert Mark Lacey

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Lourdes N. Pagaran

Group
IEGEC (Unit 1)

2. Project Objectives and Components

a. Objectives

According to the Emergency Project Paper (p. 15), the project's objective was "to improve the delivery efficiency of the PCNA [Post Crisis Needs Assessment] program through institutional strengthening and support of the Khyber Pakhtunkhwa (KP) and the Federally Administered Tribal Areas (FATA), while responding to priority needs of the PCNA governance program." The PCNA was the work plan containing a set of priority interventions for peace-building and development to be implemented over a three- to five-year period.

At a June 2012 Level 1 restructuring, the project's objective was revised "to strengthen the capacity of the government departments in Khyber Pakhtunkhwa, FATA and Balochistan, as exemplified through the
efficient delivery of the PCNA program and related development programs in Balochistan.” This restructuring added the province of Balochistan, under the Balochistan Development Needs Assessment (BDNA) that was modeled on the PCNA. Additional Financing (AF1) of US$ 2.75 million was approved, primarily to fund the project's extended geographic scope to Balochistan under both components. In January 2015, a second Additional Financing (AF2) of US$ 4 million scaled up activities in FATA, but on this occasion the objectives were not changed. At the time of the Level 1 restructuring, US$ 1.45 million, or 11.4% of total financing, had been disbursed.

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 14-Jun-2012

c. Will a split evaluation be undertaken? Yes

d. Components

The project contained two components:

1. Strengthening of the PCNA Implementation Support Units (ISUs), provision of technical assistance, and institutional building of government departments (appraisal, US$ 2.5 million; actual, US$ 5.65 million). This component, through the provision of consultants, training, goods, and services, was to strengthen capacity of line departments in KP, line directorates in FATA, and ISUs in both provinces for: (a) identification, design, preparation, appraisal, and implementation of PCNA recommendations; (b) development and implementation of data collection, communication, and monitoring and evaluation (M&E) methodologies; (c) ensuring of coordination with donors; and (d) fulfillment of fiduciary duties. It was also to develop KP’s and FATA’s systems and processes for coordination and implementation of PCNA activities, identify a pipeline of projects for development by line departments in KP and line directorates in FATA, and support operation and management of the PCNA ISUs.

2. Rapid Response Facility (appraisal, US$ 3.5 million; actual, US$ 7.1 million). This component was to provide implementation support for specific governance interventions under the PCNA, as identified in line departments (KP) and line directorates (FATA). A transparent funding mechanism was to be identified to support PCNA-specific, demand-driven interventions, with the aim to encourage and stimulate innovation among line departments/directorates and other government entities towards the improvement of the quality and relevance of their services. The ISUs were to develop a competitive program window with transparent selection criteria to prioritize these investments, with foremost consideration for the peace-building impact of the activities.
e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project financing and costs: The project was to be financed by a US$ 6 million grant under the KP, FATA, and Balochistan Multi Donor Trust Fund (MDTF). Of the original US$ 6 million, US$ 3.9 million was to be allocated to KP and US$ 2.1 million to FATA. As noted in Section 2a above, an AF of US$ 2.75 million was approved in June 2012, and a further AF of US$4 million in January 2015. The entire total grant amount of US$ 12.75 million had been disbursed by closure.

Borrower Contribution: No contribution was planned.

Dates:

- At the time of the Level 1 restructuring in June 2012, the project’s closing date was extended by one year, to June 30, 2015.
- When the second AF was approved in January 2015, some indicators were dropped and others added along with the majority of numerical outcome targets.
- The project’s closing date was extended three times in a six-month period (approvals on June 19, 2015; October 28, 2015; November 30, 2015) to allow for completion of activities and provide a bridge to a follow-on operation. The project closed on June 29, 2016.

3. Relevance of Objectives & Design

a. Relevance of Objectives

At appraisal, the project’s objectives were highly relevant to country conditions, government strategy, and Bank strategy at appraisal, responding to a post-crisis Damage and Needs Assessment completed in 2009 by the World Bank and Asian Development Bank (ADB), as well as the subsequent PCNA (supported by the World Bank, ADB, European Commission, and United Nations) in October 2010. The PCNA was considered to be the point of reference for response to the post-crisis situation in the region. The objectives were also in line with Pillars 1 and 4 of the MDTF Financing Strategy, addressing the challenges of longer-term capacity building and governance as well as strengthening immediate technical capacity and institutional arrangements/coordination, and with the Country Partnership Strategy 2010-2013, which contained a fourth pillar on increased responsiveness and effectiveness of the State. In particular, while other donors had been providing support around specific governance issues, this project filled a gap in attention to overall policy and procedural reforms at key line departments/directorates and government agencies.

At restructuring, the project remained highly relevant to the Government of Pakistan’s development strategy (Vision Document, 2025), which identifies the need for government focus on service delivery and promotion of responsiveness, inclusivity, transparency, and accountability. KP, FATA, and Balochistan have current
provincial development strategies prioritizing increased coverage and quality of basic services, as well as continuous institutional strengthening and capacity development that are highly relevant to the project's objectives. The Bank's Country Partnership Strategy at closure (2015-2019) stresses the need to improve public sector accountability, transparency, and performance.

The original objectives were therefore Highly relevant, and remained Highly relevant after the addition of Balochistan at restructuring.

**b. Relevance of Design**

According to the Emergency Project Paper (p. 12), the PCNA's four key strategic objectives were to build responsiveness and effectiveness of the State to restore citizen trust, stimulate employment and livelihood opportunities, ensure the delivery of basic services, and prevent radicalization and foster reconciliation. Nine priority sectors were identified to facilitate the development of these objectives: governance, rule of law, agricultural and natural resources, non-farm economic development, education, infrastructure, health, social protection, and strategic communications. Both components were structured to respond to these objectives and priorities: component one, aimed at operationalizing and strengthening the ISUs, was in line with the PCNA recommendation to establish a governance structure for implementation; and component two, establishing the Rapid Response Facility, was to provide flexible funding for priority or non-planned needs. The alignment between the objectives and planned activities was maintained after the restructuring, when the province of Balochistan was added. Relevance of Design is therefore rated Substantial under both the original and revised objectives.

**4. Achievement of Objectives (Efficacy)**

**Objective 1**

**Objective**

Improve the delivery efficiency of the PCNA program through institutional strengthening and support of the Khyber Pakhtunkhwa (KP) and the Federally Administered Tribal Areas (FATA), while responding to priority needs of the PCNA governance program

**Rationale**

**Outputs**
Technical assistance was provided to strengthen the capacity of the ISUs, which are now fully operational. Overall, 1,000 government officials were trained, and fiscal and fiduciary management capacity development was provided to central and 17 line government departments in all three provinces. The ISUs now hold regular coordination meetings with external partners (through a Development Partners Consultative Forum in each province), line departments/directorates, civil society, and academia. Line departments/directorates were supported in the development of project proposals aligned with PCNA priorities. 48 proposals were developed for MDTF financing; of these, 11 were funded, with eight reform actions implemented (exceeding the target of five interventions funded and two implemented). Ten-year governance programs for KP and FATA, including specific proposed investments, an action plan for implementation, and costing, have been developed and endorsed by stakeholders. Two PCNA monitoring reports were developed and published. A number of grievance redress mechanisms were established in support of citizen engagement and oversight.

The ICR (p. viii) states that the project covered 45,620 beneficiaries, 1,170 of whom were female, exceeding the target of 2,000 beneficiaries (200 female); and that there were 7,053 participants in consultation activities (1,235 female), exceeding the target of 2,000 participants (200 female), but "beneficiary" and "participant" are not well defined. The ICR (p. 13) also states that 108,399 citizens were reached, including 31,119 women.

Outcomes

At project closure, KP and FATA were managing and coordinating implementation of PCNA short- and medium-term interventions and were designing longer-term interventions. The average number of days from proposal to start of implementation of programs under the Rapid Response Facility declined from 150 in 2011 to 44 in 2016, exceeding the target of 65; however, this lead time increased in 2013, and the lead time target specified in the project Operations Manual was 15 days. According to the ICR (p. 9), diagnostic studies that were conducted (such at the FATA Development Household Survey) were used to target investments, but no detail on this targeting is provided. FATA has piloted geo-referenced third-party monitoring of select public services. The ICR (p. 13) notes that post-training evaluations were not conducted to assess capacity gains among line departments.

US$ 2.6 billion in investments were mobilized in targeted development sectors responding to the PCNA program in KP and FATA, exceeding the target of US$ 1.5 billion, with 69% coming from the Government of Pakistan and 31% from development partners.

Peshawar: The number of grievances addressed monthly by the Peshawar High Court reached 239 in 2015, exceeding the target of 200 (baseline not well established).

FATA: The average processing time for public services by the newly-created FATA Tribunal (an appellate court) decreased from 721 days in 2012 to 56 days in 2016, exceeding the target of 93 days. The total number of monthly transactions processed by the FATA Tribunal increased from 200 in January 2012 to 821 in February 2016, exceeding the target of 800. 88% of litigants at the tribunal expressed satisfaction with the quality of judgments received.
KP: The average processing time for delivery of a Domicile Certificate in KP (used as a proxy for processing time for public services) decreased from 18 days in 2011 to 9 days in 2016, exceeding the target of 15 days. A broader range of five services, monitored by a newly established Right to Public Services Commission, saw a reduction in average processing times as well as high and increasing compliance with standards; the ICR does not provide specific details on these times and compliance indicators (ICR, p. 10). The total number of Domicile Certificate transactions increased from 1,791 in 2011 to 92,030 in 2016, exceeding the target of 55,000. The number of grievances addressed monthly by the KP Ombudsman increased from 15 in 2011 to 42 in 2015, exceeding the target of 30. Citizen Report Cards implemented by this Ombudsman showed low overall citizen awareness about the Ombudsman's office or how to contact it, but "several" citizens who were interviewed about their experience with the office expressed satisfaction with the handling of their complaints (ICR, p. 14).

It should be noted that a large majority of the numerical targets were added very late in the project period, at the AF in early 2015. Also, the ICR does not describe how projects were selected, given the lack of prioritization/sequencing specified in project design. The project team later explained that the numerical targets were added when the AF provided an opportunity to highlight outcomes that were being delivered. However, is not clear to what extent those targets had already been achieved at the time they were set. Despite these questions, it is nonetheless clear that the project contributed to the delivery efficiency of the PCNA program (building the responsiveness and effectiveness of the State) in KP and FATA, and therefore achievement of this objective is rated Substantial.

Rating
Substantial

Objective 1 Revision 1
Revised Objective
Strengthen the capacity of the government departments in Khyber Pakhtunkhwa, FATA and Balochistan, as exemplified through the efficient delivery of the PCNA program and related development programs in Balochistan

Revised Rationale
In addition to the outputs and outcomes listed above on KP and FATA, the following achievements are noted for Balochistan:

Outputs: Technical assistance was provided to the ISU, which is now fully operational. Government officials in various departments were trained in common function areas such as financial management and M&E, and line departments and directorates were assisted in developing project proposals aligned with established priorities. Two of these interventions were implemented in Balochistan alone (exceeding the target of two interventions for the entire project). The project supported the Finance Department and a newly-established Balochistan Revenue Authority with collection of the sales tax on services. A ten-year governance reform program has been drafted and submitted for approval by stakeholders; 2,744 citizens (including 644 women) were included in the consultation process. Balochistan participated in the Development Partners Consultative Forum convened in KP, but it is still in the process of establishing its own. The Balochistan
M&E Directorate has piloted geo-referenced third-party monitoring of select services. Citizen Facilitation Desks were set up in districts, and an e-citizen grievance redress mechanism was established to allow citizens to submit complaints through phone calls, the web, and text message.

**Outcomes:** The proportion of funds directed to priority sectors (education, health, and irrigation) based on citizen consultations increased by 1.72% by the end of the project period, exceeding the target of 1%. The number of grievances addressed monthly by the Balochistan Ombudsman increased from 82 in 2012 to 181 in 2016, exceeding the target of 150, and the average time of grievance disposal decreased from 614 to 169 days (no target was set).

**Revised Rating**
Substantial

### 5. Efficiency

The ICR (p. 11) notes that measurement of rates of return is complicated by issues of data reliability and availability, given the conflict-affected context. Given these limitations, the ICR provides a quantitative analysis that is meant only to be illustrative, covering services representing 9% of project investments. Although the results suggest monetary savings and positive returns, the ICR (p. 29) acknowledges that the actual benefits accruing from project interventions are likely to be lower. Additional evidence on cost-effectiveness of project implementation is limited. On this basis, the ICR (p. 12) provides an efficiency rating of Modest. Furthermore, capacity constraints in the ISUs, including human resource challenges, produced delays that adversely impacted implementation efficiency (see Section 9b).

**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:

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<tr>
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☐ Not Applicable
6. Outcome

Relevance of both the original and revised objectives is rated High, as the objectives responded effectively to country conditions, government strategy, and Bank strategy. Relevance of design under both the original and revised objectives is rated Substantial due to alignment of planned activities under both components with the priorities laid out in the PCNA. Achievement of both the original and revised objectives (which added Balochistan) is rated Substantial. Although quantitative targets were set very late in the project period, the project appears (regardless of consideration of those targets) to have made important progress in building the responsiveness and effectiveness of the State, which was the core aim of the PCNA Program. Efficiency is rated Modest due to limited data on cost-effectiveness and indications of implementation inefficiency. Taken together, these ratings are indicative of moderate shortcomings under both the original and revised objectives, and therefore an overall Outcome rating of Moderately Satisfactory.

a. Outcome Rating
   Moderately Satisfactory

7. Rationale for Risk to Development Outcome Rating

All three provincial governments are increasingly using their own budget resources to sustain a number of the project's interventions. Three separate follow-up operations, focusing on revenue mobilization, public investment management, and service delivery, have been requested and are currently under preparation. These programs are expected to use institutional arrangements developed under the project, including implementation units housed in provincial Planning and Development Departments.

However, substantial risks remain. The government may not be able to retain ISU technical and operational staff to support ongoing reforms. Lack of public awareness and institutionalization of citizen engagement mechanisms threatens sustainability of accountability gains. Turnover of government officials at all levels risks commitment to project-supported reforms. The overall security situation has improved but remains volatile.

a. Risk to Development Outcome Rating
   Substantial

8. Assessment of Bank Performance
a. Quality-at-Entry

Project design took into account lessons from the Bank's experience in fragile and post-conflict countries: the importance of simple, well defined, and flexible design that would allow for adaptation to changing circumstances; the need for robust understanding of country context and dynamics; the key role of adequate funding and an up-front road map for capacity building and other expected activities; and the critical role of donor harmonization (Emergency Project Paper, p. 18). Key risks and mitigating measures were identified, including limited capacity of the ISUs (to be addressed through technical assistance and training), potential fraud and corruption (to be addressed through reporting, reviews, and audits), insufficient internal authority of the ISUs (to be addressed through a Steering Committee that would endorse the decisions and activities of the ISUs), and limited M&E capacity (to be addressed through building M&E strengthening into project design). The risk of non-sustainability of achieved outcomes was also noted, but no mitigation measures were discussed or proposed (Emergency Project Paper, p. 24 and Annex 4).

The Emergency Project Paper recognizes that the project's specific activities would not be able to address all of the priority sectors identified as key to achievement of the objectives. Annex 11 lists a large number of possible activities under both components for both KP and FATA, with no sense of prioritization or sequencing, or specification of what activities would take place under each component. The project team later explained that the emergency/rapid-response design explicitly acknowledged a tradeoff between flexibility of design (considered necessary to achieve the restoration of citizen trust by incorporating beneficiaries into the selection of activities) and pre-determination of activities. The initial results framework focused on outputs rather than outcomes, lacked baselines, defined some indicators ambiguously, and set low targets.

Quality-at-Entry Rating
Moderately Satisfactory

b. Quality of supervision

Supervision was frequent and intensive, despite the challenging environment, with regular project coordination meetings in Islamabad and formal implementation support missions every six months. When security challenges prevented the Bank team from visiting the project, project teams were invited to Islamabad or Karachi, or videoconferences were held. The two restructurings proactively adjusted the project's scope and monitoring framework. The team worked closely with all three governments, especially KP, to resolve issues related to long hiring times and payment delays, and also on the preparation of follow-on operations. However, there were moderate shortcomings. The January 2015 restructuring came too late to influence project activities, and most importantly, it set the project's only numerical outcome targets at a point that was essentially meaningless given the time frame (six months prior to project closure, when 63.6% of project funds had already been disbursed). Furthermore, baselines and targets at that restructuring were not reported consistently in the restructuring documents and subsequent Implementation Status Reports.
Quality of Supervision Rating
Moderately Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

9. Assessment of Borrower Performance

a. Government Performance
The Government of Pakistan received grant funds and subsequently transferred them to the governments of KP and Balochistan and FATA. The three provincial governments had primary responsibility for overseeing implementation, reporting, and compliance with Bank guidelines and procedures. All three governments sustained strong ownership of the project, in many cases allocating their own resources to project-funded activities (with the project’s financing share for individual activities ranging from 100% to less than 10%). The governments were proactive in requesting project extensions to allow time for completion of planned activities. The governments of KP and FATA established a Development Partners Forum as a framework for donor coordination; Balochistan has yet to institutionalize a similar mechanism. Steering Committees that were established to oversee the ISUs and provide strategic management were not used often or effectively.

Government Performance Rating
Moderately Satisfactory

b. Implementing Agency Performance
The PCNA ISUs were responsible for project implementation, including all aspects of financial management, procurement, disbursement, and M&E. Line departments in KP and Balochistan and line directorates in FATA were implementing partners under the second component. Despite a high-risk environment, overall implementation progressed steadily. ISU engagement with line departments/directorates was strong, and fiduciary arrangements were satisfactory. M&E arrangements and capacity were initially limited (see Section 10), but training enhanced capacity as the project progressed.

However, there were shortcomings. Project start-up was delayed due to lack of knowledge about account opening procedures at the National Bank of Pakistan, and it took almost a year after project effectiveness for KP and FATA to comply with two legal covenants. Annual work plans were delayed at various points in all three provinces, impeding performance and delaying the second AF. Initial delays in the hiring of ISU specialists (for procurement, financial management, M&E, communication) slowed implementation progress and budget utilization; at mid-term, it was decided to delegate hiring approval to ISU Coordinators. This decision was implemented in FATA, reducing hiring and payment delays, but KP did not implement the recommendation. Reliance on a part-time ISU Coordinator in Balochistan contributed to implementation and payment delays throughout, with key ISU positions vacant 60% of the time. Ultimately, however, the project was able fully to disburse and use project funds.
Implementing Agency Performance Rating
Moderately Satisfactory

Overall Borrower Performance Rating
Moderately Satisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design
M&E arrangements were not discussed in detail in the Emergency Project Paper. The one-page Results Framework (p. 30) defined a set of intermediate outcome indicators that were, especially for the second component, not well specified (for example, "government's capacity to implement key interventions enhanced"; "improved transparency and accountability of the PCNA program"). Baseline data were largely absent. According to the ICR (p. 5), an M&E specialist was hired in each ISU to be responsible for overall project M&E and quarterly progress reports. The project aimed at strengthening M&E country systems that could also contribute to project M&E, largely through enhancing the M&E Directorates in the provinces' Planning and Development Departments. The project team later explained that, for a variety of reasons -- (a) the Bank had no prior experience working in the conflict-affected FATA; (b) the Bank had no prior experience in the governance sector in the region, making this the first governance operation in the South Asia Region (SAR); and (c) this was a rapidly-prepared emergency project -- constructing specific outcome indicators was deemed to be overly ambitious, and output-oriented results indicators were considered to be appropriate.

b. M&E Implementation
The M&E system received intensive implementation support and capacity building, including partnerships with academia. A comprehensive needs assessment was conducted for the M&E Directorates at the province level, and trainings were provided to address capacity gaps. As a result, PCNA monitoring reports and an impact evaluation of several information campaigns were conducted. Data were regularly collected and reported through ISU progress reports and Bank Implementation Status Reports. However, the addition of meaningful outcome indicators with baselines and targets did not take place until very late in the project period (January 2015).

c. M&E Utilization
Decisions about allocation of AF2 resources were made on the basis of project monitoring data. Also, after capacity building had taken place in the provinces' M&E Directorates, they were able to generate data that led to concrete action to improve services, including development of a pilot involving geo-tagged dashboards to monitor availability and quality of some services. According to the ICR (pp. 6, 13), the PCNA progress
reports helped the governments of KP and FATA identify and take corrective action on some delays and under-resourced programs.

M&E Quality Rating
Modest

11. Other Issues

a. Safeguards
The project was rated Environmental Assessment category C, as no adverse environmental impacts were anticipated. The Bank team prepared an Environmental and Social Screening and Assessment Framework in accordance with OP 8.0 for emergency operations.

b. Fiduciary Compliance
According to the ICR (p. 6), the project complied with Bank fiduciary policies. The Bank adopted an integrated fiduciary management approach, combining the assessment for financial management and procurement to enable coordination in addressing issues involving both dimensions (such as contract management). Some deviations in procurement of goods were observed early in the project period, but these were addressed promptly through training and the introduction of prior reviews. Recommendations emerging from the mid-term review led to the establishment of a contract management system and improvements in record management. Project Coordinators were given enhanced financial delegation authority to address consultant payment delays (see Section 9b). Implementation Status Reports rated fiduciary performance Moderately Satisfactory or Satisfactory throughout implementation, with capacity building efforts pushing that rating fully to Satisfactory by the end of the project. The ICR contains no reference to external audits of project accounts.

c. Unintended impacts (Positive or Negative)
None reported.

d. Other
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12. Ratings
### Ratings

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<th>IEG</th>
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<td>Risk to Development Outcome</td>
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<td>Substantial</td>
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<tr>
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**Note**

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006. The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

### 13. Lessons

The ICR (pp. 19-20) offers several useful lessons, including:

It is a challenge, especially in fragile environments, to balance the need for flexibility with the imperative of well-defined objectives, scope, and outcome measurements. In this case, “flexible” design translated into lack of prioritization and measurement of achievement well into the project period.

Focused support to intermediary/cross-cutting institutions can be an efficient way to support line departments; however, those entities require clear mandates to avoid overburdening. In this case, support to the ISUs was leveraged to generate important synergies, but capacity constraints produced delays.

Where more than one distinct geographic area is involved, particularly in fragile contexts, the imperative for efficiency and cross-learning can be less important than the specific needs of each area. In this case, three separate projects would have enabled better tailoring to those specific needs and ultimately may have reduced implementation bottlenecks. As the ICR notes, this lesson has been incorporated into the design of three separate follow-on projects.

IEG adds the following lesson:

Although data reliability and availability can be complicated by a conflict-affected context, it is possible, through intensive implementation support and capacity building, to address capacity gaps even in challenging contexts. In this case, due to effective support for M&E Directorates at the province level, monitoring reports and an impact evaluation were produced in time to guide allocation of resources after restructuring and assess project achievement.
14. Assessment Recommended?

No

15. Comments on Quality of ICR

The ICR is clear, concise, and evidence-based. It appropriately and carefully rates project efficiency on the basis of cost-effectiveness of implementation, rather than on increases in service delivery efficiency (which was appropriately considered under efficacy). The structuring of the Bank and Borrower Performance discussions around strengths and weaknesses provides useful clarity. The lessons are insightful and well derived from project experience. More specificity on the selection of sub-projects and on times and compliance indicators would have been useful.

a. Quality of ICR Rating
   
   Substantial