



## 1. Project Data

<b>Project ID</b> P147006	<b>Project Name</b> NI Sustainable Rural WSS Sector Project		
<b>Country</b> Nicaragua	<b>Practice Area(Lead)</b> Water		
<b>L/C/TF Number(s)</b> IDA-53770,IDA-H9120	<b>Closing Date (Original)</b> 31-Jul-2019	<b>Total Project Cost (USD)</b> 28,328,137.54	
<b>Bank Approval Date</b> 18-Mar-2014	<b>Closing Date (Actual)</b> 30-Sep-2019		
	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>	
Original Commitment	30,000,000.00	0.00	
Revised Commitment	29,723,551.17	0.00	
Actual	28,328,137.54	0.00	
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## 2. Project Objectives and Components

### a. Objectives

The project development objectives (PDOs) for this operation were "(a) to increase access to sustainable water supply and sanitation services in selected poor rural areas of the Recipient through a consolidation of rural water supply and sanitation sector institutions, and provision of adequate infrastructure and (b) improve the Recipient's capacity to respond promptly and effectively to an eligible emergency" (Financing Agreement dated April 3, 2014, Schedule 1).



The PDOs were not changed during project implementation. However, key performance indicators and targets were revised during restructurings.

Parsing of the PDO: For the ICRR, the PDO have been parsed into the following:

Objective 1: To increase access to sustainable water supply and sanitation services, and provision of adequate infrastructure, in selected poor rural areas of the Recipient.

Objective 2: To improve the Recipient's capacity to respond promptly and effectively to an eligible 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?**

No

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

Yes

**d. Components**

Component 1: Strengthening the Rural Water Supply and Sanitation Sector: (appraisal cost US\$7.0 million; actual cost US\$7.56 million)

Sub-component 1.A would provide support to FISE (Emergency Social Investment Fund), the project implementation agency, to (i) strengthen its capacity to enhance institutional coordination at the national, municipal, regional and community levels, and (ii) lead the water supply and sanitation sector, including through promotion of international best practices on water supply and sanitation sector harmonization. The sub-component would include (i) training, workshops, and provision of equipment to support sector institutions and information systems, and (ii) financing of project management, monitoring & evaluation, project audits, and implementation of environmental and safeguards instruments. It would also include support for development of PISASH's (National Water and Sanitation Sector Strategy Plan) rural component through provision of technical assistance. Sub-component 1.B would support strengthening of an integrated structure for sustainability of rural water supply and sanitation services - Sustainability Chain - by providing support for (i) preparation of rural water supply and sanitation plans and (ii) institutional strengthening and capacity building for in UMAS (Municipal Water & Sanitation Units) in municipalities selected for support under the project; (ii) capacity building and training for selected CAPS (Committees for Water and Sanitation) and selected communities under the project; (iii) strengthening coordination mechanisms between FISE and sub-national stakeholders; and (iv) strengthening of SIASAR (Rural Water and Sanitation Information System) through provision of equipment and technical assistance. Sub-component 1.C would provide support to FISE for undertaking the implementation and monitoring & evaluation of the project. (PAD paras. 14 to 17)



Component 2: Increase Sustainable Water Supply and Sanitation Coverage in the Pacific, Center, North, Atlantic and Alto Wangki y Bokay Regions (appraisal cost US\$21 million; revised cost following restructuring US\$23.0 million; actual cost US\$24.92 million)

Sub-component 2.A would cover the Pacific, Center and North Regions. Sub-component 2.B would cover the Atlantic and Alto Wangki Y Bokay Regions. The sub-components would include provision of physical infrastructure and related services to subprojects to be carried out to increase access to water supply and sanitation services in selected beneficiary poor areas. The activities financed would cover the entire subproject cycle from formulation, execution, supervision, and post-works support. A total of around 85 municipalities would be supported under the project. Sub-component 2.C would support the design and implementation of a strategy for FISE's sanitation marketing program - Alliances for Sanitation. Municipalities that fall outside the pro-poor selection criteria would be prioritized (PAD paras 18 to 20). As discussed below under the first restructuring, Sub-component 2.C was dropped and the funds were reallocated to benefit other rural/per-urban communities. FISE decided to follow a different sanitation marketing approach by promoting a sanitation basic solutions menu with aspirational options under the project's social support scheme (Restructuring Paper, para. 12).

Component 3: Innovations in Rural Water, Sanitation and Hygiene (appraisal cost US\$2.0 million; actual cost US\$1.16 million)

The component would finance design, implementation, monitoring & evaluation and documentation of innovative water, sanitation, and hygiene approaches and pilot project in the areas of water quality; resilience to climate change and natural disasters; operations & management strategies; and innovative technologies for rural water supply and sanitation services. It would also support the expansion and improvement of the water supply system in the municipality of Corn Island. (PAD para. 21)

Component 4: Immediate Emergency Response Contingent Component (IRM CC) (appraisal cost US\$0.0 million; actual cost US\$0.0 million)

The component would support the Government's capacity to provide an immediate response to an eligible emergency. The IRM CC was contingent on the decision by the Government to activate it. Hence it had a zero allocation of funds. (PAD para. 22).

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

Project Cost: At appraisal, the total project cost was estimated at US\$32 million; at completion, the actual total cost reported was US\$30.47 million, including US\$28.33 from IDA credit disbursements and US\$2.14 million from the Borrower's contribution (ICR Data Sheet). However, there is a discrepancy in the total cost (US\$33.64 million) as estimated from the costs attributed to each of the four project components (see above). The Bank's project supervision team explained that the discrepancy is accounted for by non-monetary in-kind contributions, valued at US\$3.18 million, from beneficiaries of improved water and sanitation services.

Project Financing: The project was financed by two IDA grants of US\$14.30 million and US\$15.70 million respectively totaling US\$30 million. The actual disbursements were US\$28.33 million.



Borrower's Contribution at appraisal was US\$2 million; the actual contribution was US\$2.14 million.

Other Co-Financing: Project beneficiaries provided non-monetary in-kind contributions valued at US\$3.18 million.

Dates: The original closing date was July 31, 2019; it was extended once by two months to September 30, 2019.

Restructurings: The project was restructured twice

First restructuring (May 1, 2018): This was a Level II restructuring. The PDOs were not changed. Changes were made to the Results Framework (RF) and reallocations of funds between components. The RF was modified to reflect better information and experience gained during implementation; better capture progress on the ground; streamline and accelerate project implementation (ICR, paras 11 and 22). Reallocations were made between categories because sub-projects in some rural areas exceeded cost estimates due to the specific circumstances in the concerned areas. The RF, which originally had 31 indicators, was revised as follows

#### Revised PDO level indicators

- 2 PDO level indicators which referred to percent of "nation-wide" coverage of rural WSS were dropped as they were not aligned with the project's development objective to target "selected poor rural areas"; The remaining service indicators focused on the number of beneficiaries in a selected "project area" served under the project which, according to the ICR, was an aggregation 75 poor communities (para 36) dispersed throughout Nicaragua (see ICR, Annex 7)
- 3 PDO level indicators were amended in terms of wording and targets as follows: (i) from the proportion of Committees for Water and Sanitation (CAPS) "operating in a sustainable manner nation-wide" (61%) to "the proportion of CAPS "supported by the project operating in a sustainable manner" (80%); (ii) the target for beneficiaries from improved sanitation services was reduced from 21,916 to 13,968; (iii) the target of direct project beneficiaries was reduced from 52,725 to 42,453 with the target for the number of female beneficiaries reduced from 25,308 to 20,377.

#### Intermediate Results Indicators

- 5 Intermediate Results Indicators (IRIs) were dropped (i) preparation of a rural water supply and sanitation strategy because this was to be carried out as part of the Government's National Rural Water Supply and Sanitation Sector Plan (PISASH); (ii) the indicator under the project's Component 2.C for supporting FISE's national sanitation marketing program was dropped following the dropping of Sub-component 2.C since it targeted areas that were outside the pro-poor rural areas criteria and the funds were re-allocated to benefit rural/peri-urban beneficiaries; (iii and iv) two targets for number of beneficiaries from rehabilitated water supply and sanitation facilities respectively were dropped because the municipalities preferred to use project funds for new facilities; (v) the indicator for number of women in decision making roles (president, treasurer) in communal WSS boards was dropped but the one concerning female representation of at least 30% in community WSS boards was retained.
- 6 IRIs were amended in wording and/or target values: (i) updating of the SIASAR database was changed from "each year" to "every other year"; (ii) for the number of UMAS providers performing in



a sustainable manner, "UMAS providers" was replaced by "UMAS providers supported by the project" and the target was increased from 60% to 85%; (iii) for innovative approaches under the project, "pilot projects" was replaced by "innovative approaches"; (iv) the target for the number of beneficiaries from improved sanitation practices was reduced from 27,395 to 17,123 to reflect changes resulting from dropping Component 2.C; (v) the target for the total number of beneficiaries was reduced from 53,000 to 25,330 with an associated reduction in the number of female beneficiaries from 25,440 to 12,158; (vi) the target for the number of indigenous peoples and Afro-Nicaraguan communities supported under then project was reduced from 26 to 23.

Component 2.C was dropped (as described above) and the funds saved were reallocated across other categories.

Second restructuring (May 24, 2019): This was a Level II restructuring. Changes included (i) extension of the closing date by two months to September 30, 2019 and (ii) reallocations of project funds between categories.

Split Rating. Since the first restructuring described above reduced the scope of the project's objectives from rural areas "nation-wide" coverage to poor rural areas in a smaller "project area" by virtue of the changes in service indicators, this review will undertake a split evaluation of outcomes.

### 3. Relevance of Objectives

#### Rationale

Country and Sector Context: Despite significant economic progress in Nicaragua, as of 2014, an estimated 30 percent of the population still lived below the poverty line, and about 80 percent of the population was assessed to be poor or vulnerable to becoming poor. An estimated 43 percent of the poor live in rural areas. Indigenous peoples, estimated at about 5 percent of the population, face issues of economic deprivation and social exclusion. Access to essential services like water supply and sanitation is particularly low in remote communities. As a result, there are important coverage gaps in water supply and sanitation. At the national level, there were large disparities between access to water supply and sanitation: for water supply, (national average 85 percent; urban areas 98 percent; rural areas 68 percent) and for sanitation (urban areas 68 percent; rural areas 37 percent). Furthermore, there are significant disparities among regions - certain regions (selected for support under the project) have the lowest coverage levels. Principal constraints in regard to addressing these issues include weaknesses in institutional capacity and lack of sufficient financial resources available to local governments. Multiple organizations at the central and local government levels are involved in formulation and implementation of strategies and policies aimed at improving the quality of service and the long term sustainability of the water supply and sanitation sectors. These sectors needed to be better organized through enhancing capacity at the national level to develop and lead sector policy, and by strengthening capacity of the regional/local governments to better undertake their responsibilities. In particular, institutional roles need to be clearly defined and integrated at all levels, with an optimal allocation of roles among all levels of government. Recognizing the urgent need to address these issues, the Government of Nicaragua (GoN) endorsed the development and implementation of a Sustainability Chain for the rural water supply and sanitation sectors



consisting of (i) improved sector policy and capacity building at the central government level and (ii) strengthening capacities at the regional and municipal levels for providing support to the local communities. To provide strong coordination at the central level, the Government appointed the Emergency Social Investment Fund ( FISE) to be the focal point to lead the effort, and to coordinate the execution of the Sustainability Chain by supporting capacity building at each level of government. These institutional strengthening measures were to be accompanied by provision of the required physical infrastructure and related services. The NSRWSSP supports the Government's efforts to achieve these goals by providing resources for institutional strengthening as well as for physical infrastructure and services. (PAD paras 1 to 6 supplemented by ICR para 1 to 6).

Prior experience in the sector: The World Bank, through IDA, has been involved in the water supply and sanitation sector in Nicaragua since 1998. Previous projects include: (i) Rural Water Supply and Sanitation Project - RWSSP (P106283) with a total financing of USD 26 million (started in 2008 and completed in 2015); and (ii) Adaptation of Nicaragua's Water Supply and sanitation Sectors to Climate Change Project (PACCAS) which aimed at facilitating the mainstreaming of climate change adaptation into water resource management and water supply provision in rural areas. The RWSSP was developed to specifically address issues in the provision of rural water supply and sanitation services and resulted in significant improvements in the sectors in terms of institutional strengthening and infrastructure provision. The NRWSSP builds on the achievements of the RWSSP with a special focus on (i) improving the situation in poor rural areas in the regions with the lowest access ratios in terms of water supply and sanitation services, including improvement in hygiene practices, and (ii) enhancing the sustainability of the benefits

Alignment with Country Partnership Framework (CPF): At appraisal, the PDOs were consistent with the Country Partnership Strategy (CPS) FY2013-2017 and were aligned with the World Bank's twin goals - ending extreme poverty by 2030 and promoting shared prosperity (PAD, para 9). The parsed Objective 1 continues to remain consistent under the CPF FY18-FY22 which highlights low access to water and sanitation as a major welfare issue, especially at the lower end of the income distribution. (CPF Annex 1). This project contributes to CPF Objective 2: Improved Health and Early Childhood Development under Pillar 1: Investing in Human Capital (CPF Annex 1), particularly for disadvantaged groups. The parsed Objective 2 is consistent with CPF Objective 5: Improved Resilience to Macroeconomic Volatility under Pillar 3 (CPF Annex 1).

Alignment with national priorities: The parsed Objective 1 is consistent with national human development priorities. Provision of sustainable rural water supply and sanitation services, including improvement in hygiene practices, have been, and continue to be, a national priority. The project remains consistent with Nicaragua's 2012-2016 National Human Development Plan and its subsequent updated versions (ICR para 24). The Government has endorsed the development of a National Water and Sanitation Sector Strategic Plan (PISASH) to lay out a path forward with FISE as the leading implementing institution at the national level (ICR para 4). Preparation of the program is being supported under the project and completion is expected during 2020. Objective 2 is aligned with the Government's efforts to strengthen capacities across



different levels to respond to, and manage, emergency situations in an effective manner through the National System for Disaster Prevention, Mitigation and Response (ICR para 26).

While the project's objectives were highly relevant to the Government and World Bank strategic objectives for economic and social development in Nicaragua, the two core PDO indicators defined in the Project Appraisal Document to measure the extent to which there was an increase in access to sustainable water supply and sanitation services in selected poor rural areas in Nicaragua were inadequate. The shortcomings were the absence in the indicators of any focus on poor rural areas nor any attention to outcomes that would enhance the health and welfare of beneficiaries which explicitly lowered the ambition of the project well below its declared objectives. Hence the indicators designed to measure the project's achievements were at a low level of ambition which undermined the relevance of the PDO. This review therefore rates the relevance of objectives as barely "substantial".

## Rating

Substantial

## 4. Achievement of Objectives (Efficacy)

### OBJECTIVE 1

#### Objective

To increase access to sustainable water supply and sanitation services and the provision of infrastructure in selected poor rural areas of the Recipient.

#### Rationale

Theory of Change (TOC): The TOC provides an overview of how the project inputs lead to outputs, intermediate and final outcomes (the project's objectives) as a result of a chain of activities implemented by various institutions at various levels of responsibility.

Achieving Objective 1 to increase access to sustainable water supply and sanitation (WSS) services in selected rural poor areas required a combination of institutional strengthening at central, municipal and community levels, and provision of physical infrastructure and related services. This project focused on these two issues.

1. Institutional strengthening was to be achieved through training, capacity building, and coordination of activities at the central, municipal and community levels. Outputs/intermediate outcomes were a consolidation of WSS sector institutions including: (a) At the central government level, the Emergency Social Investment Fund (FISE), which was designated as the lead agency for implementation of the project): capacity building including strengthening of; (i) SIASAR (Rural Water Supply and Sanitation Information System); (ii) ARAS (Regional Water and Sanitation Advisers) for providing targeted technical support and capacity building to UMAS (Municipal Water and Sanitation Units) and to CAPS (Community Water Supply and Sanitation



Committees) for planning and execution of WSS services: (b) At the municipal government level, capacity building and strengthening of UMAS for technical planning and providing targeted technical support to CAPS; and (c) At the community level, capacity building and strengthening the CAPS, to improve the management structure for community WSS systems and to undertake operations & management of facilities. Outcomes: Poor rural communities would be provided with: (a) increased access to sustainable water supply services; and (b) increased access to sustainable sanitation services. In addition, the community-level WSS Committees would be assisted to operate the improved water and sanitation services in a sustainable manner. However, real outcomes for poor rural communities will not be achieved unless access to improved water supplies and sanitation is available at affordable prices.

2. Improved water supply and sanitation infrastructure and related services to municipalities and communities would be provided to the municipalities and communities with the lowest coverage ratios. Outputs/intermediate outcomes: (a) Implementation of water, hygiene and sanitation approaches including (i) advancing new technologies through innovative sanitation pilot projects; and (ii) strengthening resilience of community water supply and sanitation systems against climate change: (b) Provision of adequate WSS infrastructure including: (i) design of technical subprojects for community water services; (ii) support for adequate implementation arrangements (central/municipal/communities); (iii) develop works for improved WSS services; and (iv) establish mechanisms to ensure water quality and water sources protection. Outcomes: Improved infrastructure would ensure increased and assured access of poor rural communities to sustainable water supply and sanitation services. While the theory of change in the ICR notes the potential improvements in social welfare to be derived from improved water supply and sanitation services this outcome cannot be assured unless access is affordable for the target group, namely poor rural communities. The TOC makes no mention of water pricing to consumers.

As discussed earlier, the project was restructured in May 2018, with no change in the PDO, but significant changes/reductions in some of the associated output/outcome indicators. A split evaluation is therefore being applied to rate the project's outcome.

The ICR stated that the project was restructured to focus on 75 communities in Nicaragua thus changing from a nation-wide coverage to a project area coverage. Nevertheless, the project area defined in the ICR included communities from almost all of Nicaragua, but the project area was by definition a smaller total area comprising 75 selected communities that included a significant number of poor rural areas.

This assessment of the efficacy of the achievements towards Objective 1 covers the entire duration of the project. It is based on the information reported in the Project Paper dated May 1, 2018 which was the basis for the project's Level II restructuring, and the ICR (Annex 1, "Results Framework" and Annex 9, "Summary of Impact Evaluation").

#### Outputs:

- Number of municipalities with water supply and sanitation action plans developed before restructuring was 62 compared with a target of 70 and hence 89% achieved. At restructuring the target was



- revised to 62 mainly because other donors were supporting 7 of the municipalities that had not developed water supply and sanitation action plans in the context of this project. At project close 62 municipalities had developed action plans and hence the revised target was 100% achieved.
- The percentage of UMAS providers supporting the project with an A or B rating under the SIASAR classification index before restructuring was 74% compared with a target of 60%. At restructuring the target was increased to 85% but there was no improvement in the percentage of 74% before the project closed
  - For the municipalities in the SIASAR (central statistical database for rural water and sanitation monitoring & evaluation) with data updated every other year the original target was 140; the revised target 133; actual performance was 151. This achievement was above the original target and 14% above the revised target.
  - The percentage of CAPS (Community Water and Sanitation Services providers) in the project area ranking either A (best) or B (second best) on the sustainability scale (baseline 40%; original target 61%; revised target 80%; actual 93%; achievement 116% against the revised target)
  - With respect to the percentage of CAPS with at least 30% representation of women on the boards in the project supported communities from a baseline of 0; the actual percentage was 7%; at project closing compared with an end target of 100%; hence an achievement of only 7%)

#### Outcomes:

- There had been no "percentage increase nationwide in improved rural water supply coverage" at the time of the project's restructuring (Project Paper, May 2018, Annex 1). This indicator was dropped at restructuring and no longer measured. However, the ICR noted (para 29) that, accounting only for the number of beneficiaries in the communities that gained access to improved water supply and sanitation systems constructed under the project, the increase in water supply services coverage at the project's close was estimated at 1.82% compared with a target of 1.60% - a 113% improvement. This conclusion was based on the following: 75 poor rural communities supported under the project; 48,774 beneficiaries from improved water supply services; total population of Nicaragua (2018 estimates) 2,681,765; hence percentage of beneficiaries nation-wide 1.82%. Since the 75 poor rural communities supported under the project are a part of the total number of poor rural communities nation-wide, the target was considered met on a nation-wide basis.
- There was also no increase in nation-wide coverage of sustainable sanitation services when the project was restructured (Project Paper, May 2018). This indicator was also dropped at restructuring and no longer measured. However, based on information in the ICR (para 29), similar to the case for improved water supply discussed above, the nation-wide target for improved sanitation services (0.35%) was achieved by taking into account the number of beneficiaries (23,616) in the 75 poor rural communities under the project; this yielded a nation-wide coverage of 0.88%.
- In terms of the number of people in poor rural areas provided with access to improved water supply services in the project area, according to the Project Paper dated May 2018 the information was (baseline 0; actual 2,499; end target 20,264; 12% of the target) at restructuring. On the other hand, thereafter according to the ICR (Table 1) the actual achievement at the project's close was 44,514 beneficiaries in the project-supported 75 poor rural communities which, compared with the target of 20,264, was 220% above the unchanged target.
- The number of people in rural areas provided with access to improved sanitation services in the project area according to the Project Paper dated May 2018 was (baseline 0; actual 1,149; original target 21,916; achievement of 5%) at restructuring. Thereafter (according to the ICR) the actual achievement at the project's close was 19,582 beneficiaries in the project-supported 75 poor rural



communities which compared with the revised target of 13,968 and was an achievement of 140% above that target, but below the original target.

- The number of total direct project beneficiaries before restructuring was 3,435 compared with a target of 52,725 (an achievement of 6.5%). Thereafter the total number of direct project beneficiaries increased to 72,390 at the project's close compared to a revised target of 42,453 (171% above that target)
- The number of female direct project beneficiaries before restructuring was 1,372 compared with a target of 25,308 (an achievement of 5.4%). Thereafter at the project's close the direct female beneficiaries increased to 35,956 compared with a revised target of 20,377 (176% above that target)
- The number of community WSS boards under the project operating in a sustainable manner in the project area at project closing 93 compared with a target of 80. This was an achievement of 116%

Rating: Although the project had been under implementation with only modest results for 34 months prior to its restructuring in May 2018. implementation progress picked up subsequently thereafter and the original outcome targets for Objective 1 were achieved over the duration of the project. This review rates the efficacy of the achievement for Objective 1 as Substantial.

### **Rating**

Substantial

## **OBJECTIVE 1 REVISION 1**

### **Revised Objective**

To increase access to sustainable water supply and sanitation services in selected poor rural areas of the Recipient - the original PDO was not revised but some indicators and targets were revised during the project's restructuring in May 2018.

### **Revised Rationale**

The Theory of Change (TOC), including the results chain, remained as outlined under the original Objective 1 above. As discussed earlier, some PDO Indicators and Intermediate Result Indicators (IRIs) were changed, and some of the output and outcome indicators were revised, at the first restructuring (in May 2018). The overall impact was a reduction in the level of ambition of the original project, leading to the need for a split evaluation of the project's outcome.

The information regarding outputs and outcomes is taken from the ICR (Annex 1, Results Framework and Annex 9, Impact Evaluation).

### Outputs:



(1) Consolidation of sector institutions and capacity building

- number of FISE staff specialized in water supply and sanitation (baseline 15; original target 60; actual 62; achievement 103%)
- total number of people trained in improved hygiene behavior and sanitation practices in the project area (baseline 0; original target 25,330; actual 46,885; achievement 85% above the original target) of which number of women trained (baseline 0; original target 12,158; actual 23,297; achievement 92% above the original target)
- number of water supply and sanitation institutions not financed under the project that adopt the Execution Manual for WSS Projects - MEPAS (original target 10; actual 14; achievement 40% above original target)
- number of other water supply and sanitation providers supported by the project (baseline 0; original target 120; revised target 115; actual 115; achievement 96% against original target and 100% against revised target)
- percentage of CAPS with at least 30% representation of women on the Board (baseline 0; original target 100%; actual 100%; achievement 100%)
- in regard to innovations, number of investigations documented, evaluated and disseminated (baseline 0; original target 3; actual 3; achievement 100%)
- number of municipalities with PMACCs (Municipal Climate Change Adaptation Plan) developed (baseline 0; original target 5; revised target 4; actual 4; achievement 80% against original target and 100% against revised target)
- number of project supported water systems ranked on a scale from A (best) to D (lowest) on a sustainability matrix (50 rated A; 21 rated B; 3 not rated; achievement 96% of the 74 water systems under the project rated either A or B in terms of the quality of support from the project teams)

Other relevant capacity building objectives

- Preparation of a Rural Water Supply and Sanitation strategy - not achieved during project implementation - this is now being incorporated in a National Water and Sanitation Sector Strategic Plan (PISASH) - expected to be completed during 2020. While the ICR described this as a shortcoming for the sustainability of CAPS at the national level, "93 percent of the CAPS receiving project support were classified as 'sustainable,' exceeding the target of 80 percent" (ICR, para 40).
- Expansion of SIASAR to nation-wide coverage of rural water supply and sanitation services, but this was not an issue for the project after restructuring when its scope was reduced from "nation-wide" to the area receiving project support
- Preparation of Project Execution Manual (MEPAS) for water supply and sanitation projects was achieved
- Adoption of the community driven delivery modality (CDD) was successful
- Providing AVAR training and ARAS support to municipalities - 148 municipalities were provided training and 110 UMAS were upgraded to superior rating

(2) Physical infrastructure

- new piped household water connections in the project area (baseline 0; original target 2,956; actual 8,388; achievement 184% above the original target)



- improved community water points in the project area (baseline 0; original target 60; revised target 16; actual 18; achievement 27% against original target 27% and 13% above the revised target). The original target for community water points was reduced at restructuring in 2018 since there was a greater demand for household connections. The actual number of household water connections far exceeded the target.
- number of additional sanitary units constructed in the project area (actual 4,971; no targets were set since the type and number of units were demand-driven based on the preferences of the participating communities). At the restructuring in 2018, Component 2.C on improved sanitation facilities was dropped since it was determined that areas that it targeted did not meet the pro-poor definition used under the project. The amounts were reallocated to other components. Also, based on experience at that point, the approach to provision of sanitation facilities was changed from one relying on nationally standardized technologies to a more demand-driven approach based on beneficiary preferences. These changes resulted in changes in the number of targeted beneficiaries (see Outcomes below).

Outcomes: Outcomes of activities that were originally in response to meeting Objective 1 and for which indicators and targets were revised at the time of the May 2018 restructuring and have indicators that are relevant here, have already been discussed above under the heading of "Outcomes" for Objective 1 and are therefore not repeated in this section.

- percentage of Community Water and Sanitation Services providers (CWSS) in the project area operating in a sustainable manner (baseline 40%; original target 60%; revised target 80%; actual 93%; achievement 55% above original target and 17% above the revised target)
- number of indigenous and Afro-Nicaraguan communities supported under the project (baseline 0; original target 26; revised target 23; actual 22; achievement 85% against the original target and 96% of the revised target)

Rating: This review rates the efficacy of the achievement of Objective 1-Revised as High

**Revised Rating**  
High

**OBJECTIVE 2**  
Objective



To improve the Recipient's capacity to respond quickly and effectively to an eligible emergency.

### **Rationale**

Theory of Change (TOC): Achieving Objective 2 to improve the Recipient's capacity to respond promptly and effectively to an eligible emergency would require the establishment of an emergency response mechanism, including the development of appropriate instruments, to enable the GoN to respond promptly and effectively to an eligible emergency. Outputs/intermediate outcomes: (i) Establish and endorse a mechanism for immediate response and (ii) build capacity to respond promptly to an eligible emergency. Outcomes: It was expected that there would be an improvement of the Government's capacity to respond promptly to eligible emergencies as well as the time taken by the World Bank to disburse funds requested by the Government for such emergencies (ICR, paras. 43 to 45).

Information on the achievement of outputs and outcomes listed below is based on the ICR (Annex 1 Results Framework).

### Outputs:

- Immediate Response Mechanism (IRM) was established in the project's Financing Agreement and was ready to provide access to financial resources to Nicaragua in case of an eligible emergency (original target was achieved).
- Time taken to disburse funds requested by the Government for an eligible emergency (original target 4 days; estimated at completion - achievement not determined) - efficacy could not be determined since no eligible emergency was declared.
- Number of municipalities with WSS action plans developed for addressing emergencies (original target 70; revised target 62; actual 62; achievement 89% against original target and 100% against revised target)
- Number of municipalities with PMACC (Municipal Climate Change Adaptation Strategies) developed (original target 5; revised target 4; actual 4; achievement 80% against original target and 100% against revised target)

A key output was the preparation of an Immediate Response Mechanism (IRM) Manual which: (i) defined roles and responsibilities of the implementation agencies potentially involved; (ii) explained how environmental and social management would be handled, including action plans to be developed by municipalities; (iii) defined eligible expenditures; and (iv) established mechanisms for expedited financing. This was achieved (ICR para 43).

### Outcomes:

The IRM Contingent Component was established but was not triggered by an eligible emergency during this project's implementation..

Rating: Since this activity was not triggered, there was only a process associated with the objective but no measurable outcome of the "Recipient's capacity to respond promptly and effectively to an eligible emergency". The outcome of the objective was therefore not rated.



**Rating**

Not Rated/Not Applicable

**OVERALL EFFICACY**

**Rationale**

This review rates the efficacy of the project's ultimate achievement of Objective 1 as Substantial. As noted already, Objective 2 was not implemented and therefore its efficacy was not assessed.

**Overall Efficacy Rating**

Substantial

**OVERALL EFFICACY REVISION 1**

**Overall Efficacy Revision 1 Rationale**

Project implementation improved considerably after restructuring which involved mainly changes in the original PDO indicators and the addition of some other PDO indicators. ~~For the reasons explained above Objective 2 was not rated,~~ This review rates the efficacy of the project's achievement of Objective 1- Revised as High. For the reasons explained above Objective 2 was not rated,

**Overall Efficacy Revision 1 Rating**

High

**5. Efficiency**



### Administrative and Operational Efficiency

Project implementation duration: The project was implemented over a period of 63 months and completed close to the originally planned schedule, with one extension of the closing date by two months to allow for completion of ongoing contracts.

Project cost: The actual project cost at completion was about 5 percent higher than the estimate at appraisal (appraisal estimate US\$32 million; actual cost at completion US\$33.64 million based on project component costs reported in the ICR and confirmed by the project supervision team).

### Economic and Financial Efficiency

Cost-effectiveness: The ICR does not provide an assessment of the cost-effectiveness of the project based on a comparison of the project's costs with benchmark cost comparisons from similar projects in the region. However, it should be noted that, while total cost at project completion was slightly higher (by 5 percent) than the original estimates, most physical infrastructure outputs were either achieved or overachieved. The additional number of beneficiaries under the project exceeded the revised targets and often exceeded the original targets. Capacity building and training activities under the project were delivered and were reported to have resulted in significant strengthening of the participating institutions/agencies at the central, municipal and community levels. Thus, the project's results in terms of delivered output per unit of cost are assessed to have exceeded the expectations set at appraisal.

Impact evaluation of training and institutional strengthening (ICR Annex 9): A notable feature of the project was the Impact Evaluation undertaken to assess the causal attribution of the benefits of the capacity building and institutional strengthening interventions under the project. The analysis was carried out on the basis of quasi-panel, cluster randomized control trials, with a sample of participating and an equal sized sample of non-participating municipal/community level agencies. A separate analysis was carried out for households. At the municipal level for UMAS (Municipal Water and Sanitation Units), the capacity of the UMAS was assessed on the basis of the following indicators: (i) number of visits to the communities in the last 12 months; (ii) support to communities in water quality management; (iii) human resources; (iv) transport capacity; (v) status of equipment and materials; and (vi) budgets provided. The findings were that, at completion, out of 52 communities, 50 were rated either A or B, exceeding the project's target of 85 percent. At the community level, for CAPS (Community Water and Sanitation Boards), which oversaw implementation of the water and sanitation sub-projects, the sustainability grading of the CAPS was based on the following indicators: (i) institutional strength of service providers; (ii) existence and efficacy of a water tariff system; (iii) financial solidity of the CAPS; and (iv) attention paid to operations and management (O&M) of the water basin and water management. The sample included a treatment group of 150 CAPS that were provided training through AVAR (Outcome Based Learning Methodology) and ARAS (Regional Water and Sanitation Advisers) and a randomly selected control group of 150 CAPS. The findings were that, compared to the control group, the treatment group CAPS experienced a 15.7 percent increase in their sustainability score over a 4 year period (2015 to 2019). Out of the 74 CAPS supported under the project, 32 were rated A and 37 B on the sustainability score; the achievement (93 percent) exceeded the project's target of 85 percent.

Economic cost-benefit analysis (ICR, para 51 and Annex 4): At appraisal, a cost benefit analysis was carried out for the components. Costs included capital costs and recurrent costs during operation. Benefits from improved access to water supply and sanitation services included: reduction in coping costs for households; time and convenience benefits; health benefits for households, including children; improved water resource management. At completion, the appraisal analysis was largely replicated in the ICR, but based on



new/additional experience from implementation collected through SIASAR and other sources. The ICR reports (ICR, Annex 4) that the re-estimated Economic Rate of Return (ERR) at completion was 18.6 percent (compared to 15.4 percent at appraisal). The ICR also reports (para 52) that the training programs were economically more effective than the physical infrastructure component, but does not provide sufficient quantitative evidence to support this conclusion.

Based on the information above this Review rates the efficiency of the project as Substantial.

### Efficiency Rating

Substantial

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	✓	15.40	93.00 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	18.60	93.00 <input type="checkbox"/> Not Applicable

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

### 6. Outcome

Improved water supply and sanitation services. The project's primary objective was highly relevant to Government and World Bank development strategies. However, the original indicators used to measure the achievement of the objective needed a lower level of ambition than the objective aspired to. Therefore the relevance of Objective 1 was rated substantial. Although the project's core outcome before restructuring fell short of expectations, after restructuring implementation improved and the outcome targets for Objective 1 the efficacy of this achievement was rated substantial over the duration of the project. Following restructuring with amended indicators the project was successful and the efficacy of its achievements were rated high. The project's overall efficiency (excluding an assessment of the efficiency of Objective 2) was rated substantial based on sound cost effectiveness, generally sustainable institutional development, and a solid estimated economic rate of return.

Emergency Preparedness. The project's second objective was to improve the Government's capacity to respond quickly and effectively to an eligible emergency. The Immediate Response Mechanism was established but was not triggered by an eligible emergency during this project's implementation. Consequently the efficacy of the achievement of the outcome of Objective 2 was not rated.

This project's overall outcome is assessed by this review as Satisfactory as shown in the table below.



Rating dimension	Original Objectives (with original indicators)	Original Objectives (with revised indicators)
<b>Relevance of objectives</b>	<b>Substantial</b>	<b>Substantial</b>
<b>Efficacy</b>		
Objective 1	Substantial	High
Objective 2	Not rated	Not rated
<b>Overall efficacy</b>	<b>Substantial</b>	<b>High</b>
<b>Efficiency</b>	<b>Substantial</b>	<b>Substantial</b>
<b>Outcome rating</b>	<b>Satisfactory</b>	<b>Satisfactory</b>
Outcome rating value	5	5
Amount disbursed (US\$ million)	9.87	18.46
Disbursement (%)	35%	65%
<b>Weighted value</b>	<b>1.75</b>	<b>3.25</b>
<b>Total weighted value</b>		<b>5.0</b>
<b>Overall outcome rating</b>		<b>Satisfactory (5.0)</b>

**a. Outcome Rating**  
 Satisfactory

**7. Risk to Development Outcome**

Technical risks: These risks are assessed by this review to be low since the technologies provided are not complex and sufficient capacity exists to address any technical issues that may arise. However, since the infrastructure projects have been carried out at the level of communities, timely and adequate addressing of any problems would depend upon the degree of support from the UMAS and other municipal units concerned. The municipalities would need to ensure continued technical, administrative and financial support to these units to enable them to carry out their responsibilities.

Administrative risks: These risks are assessed to be moderate. FISE, UMAS and CAPS have played critical roles in the implementation of the project. The gains through capacity building and institutional strengthening need to be sustained by ensuring adequate financial and other resources for their continued development.

Financial risks: These risks are assessed to be substantial. Sustainability of the benefits would depend upon proper operations and maintenance (O&M) of the constructed facilities and water sources which depends upon the willingness and ability of the community level CAPS to provide the required financial and technical resources. By definition, the targeted communities are among the poorest in the nation and financial considerations are likely to play a large role in decision-making. One of the impact evaluation



findings under the project was that willingness to set adequate tariffs continued to be an issue during implementation. The concerned municipal governments would need to monitor and help to address issues, with support from the central government where warranted.

Sector policy and strategic risks: These risks are assessed to be moderate. The Government recognized the importance of developing a national rural water supply and sanitation strategy which will be a part of the National Water Supply and Sanitation Sector Strategic Plan (PISASH). This is expected to be completed during 2020 (ICR para. 31). The timely and effective execution of the Plan will be essential for ensuring continued level of attention and support for nation-wide rural water supply and sanitation services, but particularly so for the poorest communities like those under the project. Sustainability of project benefits will depend upon the effectiveness of implementation of PISASH.

## 8. Assessment of Bank Performance

### a. Quality-at-Entry

Project design benefited from the experience under the predecessor Rural Water Supply and Sanitation Project (PRASNICA) which was ongoing at the time of project design. Some of the initiatives in regard to capacity building and institutional strengthening had already been initiated under PRASNICA. Lessons learned under PRASNICA helped in streamlining the project interventions and better aligning the components with the objectives. The need for further consolidation of sector institutions, capacity building and training were taken into account. Special consideration was given to gender aspects including ensuring appropriate representation of women in the decision-making Boards of the CAPS and coverage of female beneficiaries in hygiene/sanitation related training and support. Special attention was paid to beneficiary social management and citizen engagement aimed at ensuring sustainability, and the need for training in improved hygiene behavior and sanitation practices.

At the same time certain aspects, such as sub-project costs and output/outcome indicators based on PRASNICA experience, had to be later adjusted to the more specific circumstances under the project which dealt with the poorest rural communities. This led to changes, at restructuring in May 2018, to some output/outcome indicators, which needed to be streamlined to become more relevant to the specific objectives of the project and the targeted communities/beneficiaries. The Results Framework, which at the outset, included two PDO indicators indicators (expressed as percent of national numbers/quantities) without any reference to "poor rural areas" mentioned in the PDO that had to be adjusted to more appropriately refer to the targeted municipalities/communities (ICR, paras. 59 and 60). Moreover, the Restructuring Paper (April 2018 ) acknowledged that implementation progress had been slow due to insufficient readiness of the project at approval (Project Paper, para 4) reflected in insufficient project management capacity which led to procurement weaknesses contributing to delays during the early years of implementation in the formulation of sub-projects under Components 2 and 3 of the project.

Based on the evidence, this ICRR's rating for quality at entry is Moderately Satisfactory.



## **Quality-at-Entry Rating**

Moderately Satisfactory

### **b. Quality of supervision**

As indicated earlier, implementation progress was slow in the early years, partly due to insufficient readiness at approval (Restructuring Paper para 4). Issues included weaknesses in procurement capacity at the PIU and high turnover at FISE (the main central government agency involved) which led to delays in development of the sub-projects for implementation. The earlier project (PRASNICA) was ongoing at the time and diverted some of the attention from the new project. A Mid Term Review (MTR) was carried out in January 2017 and a Level II restructuring in May 2018. The project team took the opportunity to carry out necessary adjustments in the Results Indicators to align them better with the specific circumstances of the project including targeting them to the served rural communities. Significant changes in the implementation approach included (a) moving from using nationally standardized technologies for sanitation facilities to a more demand-driven approach based on the beneficiary preferences and affordability in the communities involved, and (b) moving from using central contractors to a Community Driven Delivery (CDD) model based on using community level resources for construction of facilities. These changes contributed to an acceleration of implementation and the achievement/over achievement of most targets with a minimal extension of the original closing date. However, Development Objectives (DO) and Implementation Progress (IP) ratings were maintained at moderately satisfactory level until three months before project closing, including in the last Implementation Status and Results Report (ISR, June 2019). The ICR reports that project results in regard to the number of beneficiaries and the findings of the Impact Evaluation, which were incorporated in the ICR's DO and IP ratings of Satisfactory, were not available until after project closure (ICR, para 83). The project team explained that this was due to the fact that several sub-projects were not achieved until shortly before the project's closing date and the results were reported by the concerned communities only after that date. However, all the information was received prior to preparation of the ICR.

The project supervision team made good use of the Social Development Scheme established under the project to ensure that regular contact was maintained with the targeted household and institutional beneficiaries in regard to the observation of environmental and social safeguards, and for providing training and counseling in regard to improved hygiene behavior and sanitation practices. While a large number of contracts were carried out, the observations and findings in regard to beneficiary perceptions of the benefits and shortcomings of the improved services were not synthesized in an ISR when the project closed (ICR, footnote 27)

The Bank project team advised IEG that it was in regular consultation with FISE and other implementation agencies during project implementation. On average, two supervision missions were carried out per year over the implementation period. The project had three TTLs during implementation. The Bank project supervision team was adequately staffed with Fiduciary and Safeguards specialists. The ISRs were regularly submitted and the reporting was candid as reflected in the continuing MS rating until three months before project closure, compared with a final rating of satisfactory (ICR, footnote 27)

Overall this ICRR rates the quality of project supervision as Satisfactory.



## Quality of Supervision Rating

Satisfactory

## Overall Bank Performance Rating

Moderately Satisfactory

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

### a. M&E Design

M&E design benefited from the experience under an earlier Rural Water Supply and Sanitation Project in Nicaragua (PRASNICA) which was still ongoing at the time of this project's design for M&E. Nevertheless, in adapting the M&E design to the special requirements of the new project which focused on the poorest rural areas, there were a number of areas where significant adjustments were required later. The Results Framework, as originally designed, was overloaded with indicators (31) some of which were not suited to reporting outputs/outcomes in the target project areas. As mentioned earlier in this review, at the project's restructuring in May 2018, two PDO indicators, percent increase nation-wide in improved water supply coverage and percent increase nation-wide in improved sanitation coverage, were dropped because they were judged to reflect achievements beyond the scope of the project. Under the first restructuring, other amendments included: three PDO indicators with a change in wording; five intermediate results indicators (IRIs) dropped; and six IRIs amended in wording or target values. These amendments resulted in a reduction in the level of ambition of the project. The M&E system, as designed at appraisal, relied heavily on the SIASAR which had been used during the PRASNICA project and subsequently strengthened under this project. The M&E design for this project included a Trust Fund-supported Impact Evaluation (ICR Annex 9) and a qualitative study of the project's impact on indigenous peoples (see Section 10 "Other Issues" below).

### b. M&E Implementation

During implementation, adjustments were made to the Results Framework as indicated above. With these adjustments, the coverage of the M&E system was strengthened in regard to the relevance and clarity of the indicators. The use of the SIASAR system for M & E implementation under the project required periodic update of the SIASAR system. Originally, this was targeted to be done every year, but this proved time-consuming and costly for FISE, and the project team judged this was also difficult for FISE to manage in the context of the political and economic challenges in Nicaragua at the time. The frequency of M&E measurements was therefore changed to every two years. During the period of project implementation (2014 to 2019), the SIASAR system was updated twice, once in 2011-2015 and once in 2017-2018 (ICR para 70), representing an average of once every three years (ICR para. 70).

### c. M&E Utilization

Reliance was placed on the M&E system for decision-making during project implementation. The ICR reports (ICR para 72) that this was particularly useful in engaging with the participating communities for preparation and implementation of WSS subprojects through the CDD model which was employed to expedite implementation after problems experienced with the central government's contracting system



that was being used earlier. This also helped increase community ownership of the interventions and services provided.

Rating: As discussed above, there were adjustments in M&E design. Subsequently the project's M&E system was able to cover a wide range of indicators in regard to project outputs and outcomes, including for physical infrastructure, institutional strengthening at the central, municipal and community levels, and impact evaluation of the project interventions. The M&E system included indicators to cover special aspects including gender, indigenous and Afro-Nicaraguan peoples, and resilience in regard to climate change.

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

Substantial

## **10. Other Issues**

### **a. Safeguards**

The project was rated Category B. At appraisal, safeguards triggered included: Environmental Assessment (OP/BP4.01); Natural Habitats (OP/BP4.04); Forests (OP/BP4.36); Physical Cultural Resources (OP/BP4.11); Indigenous Peoples (OP/BP4.10); Involuntary Resettlement (OP/BP4.12); and Projects on International Waterways (OP/BP7.50).

The same safeguards were employed during project implementation. The ICR reports that, overall, compliance was satisfactory (ICR para 74). However, the ICR does not provide separate compliance ratings for each of the triggered safeguards. The project's last ISR (June 2019), however, indicates that compliance was satisfactory for each of the triggered safeguard policies, namely Environmental Assessments, Natural Habitats, Forests, Indigenous Peoples, Involuntary Resettlement, and Projects on International Waterways. The SORT (Systematic Operational Risk Reporting Tool) rating of risks to Environmental and Social Safeguards in the final ISR for this project was Moderate.

In regard to social safeguards, the ICR reports that a Resettlement Policy Framework (RPF) was established and that there were no cases of resettlement of social units and economic activities (ICR paras 75 and 76). For indigenous peoples there was compliance with 22 Indigenous and Afro-Nicaraguan Peoples Planning and Frameworks (IAPPFs) prepared and implemented in the concerned communities.

Grievance Redress Mechanism (GRM): The ICR reports that a GRM was established (ICR para 77) but does not indicate the nature of the complaints received, how they were addressed, or their final resolution.

### **b. Fiduciary Compliance**

Financial Management (FM): The ICR reports that FM was rated moderately satisfactory (MS) by supervision reports throughout project implementation. The main reasons for a less than fully satisfactory rating were delays, from time to time, in (i) documenting funds; (ii) submitting un-audited Financial



Management Reports; and (iii) submission of audit reports. The ICR also mentions that there were some internal control weaknesses. However, all audit reports provided "clean" opinions (ICR para 80)

Procurement: The ICR reports that procurement was also rated MS throughout project implementation. The main issues confronted during implementation were weaknesses in the management capacity in the PIU that resulted in shortcomings in bidding documents, lack of diligence of procurement processes, and weak contract management. These contributed to the early delays in project procurement and implementation. The ICR also reports that there was one case of ineligible expenditures (ICR para 79). While the ICR does not provide information as to how this was remedied, the Bank project supervision team confirmed to IEG that the entire amount of the ineligible funds (US\$126,151) was returned by the Borrower to the Bank in December 2016, one year after the ineligible expenditures were incurred.

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

There were no unintended impacts mentioned in the ICR, nor any uncovered by IEG.

### **d. Other**

Gender: Project design included special attention to gender issues, including institutionalizing gender strategies at different governance levels. The ICR reports that FISE's capacity to ensure dissemination and implementation of gender instruments was strengthened. This included the utilization of social specialists, social facilitators and the ARAS as appropriate in regard to training and social support. The project fully achieved its target of "percentage of CAPS with at least 30% women on the Boards" - all 74 participating CAPS met the target. The number of women in decision-making positions included 15 as presidents and 48 as treasurers. In regard to training in improved hygiene behavior and sanitation practices, an estimated 23,297 women benefited, exceeding the target of 192 percent. Overall, women's participation in the training activities was estimated at 52 percent (ICR para 55).

Climate Change Adaptation: The ICR reports that the PACCAS project supported implementation of pilot sub-projects to mainstream climate change adaptation into water resources management and water supply services in poor rural areas. The project developed a comprehensive set of climate change adaptation measures to be incorporated into new WSS projects. FISE was enabled to strengthen its own operation manuals and its Environmental Social Management Framework, including incorporation of climate change mitigation, adaptation and environmental protection activities in its M & E system (ICR para 58).

Indigenous Peoples and Afro-Nicaraguan Communities: Project design included special attention to indigenous peoples issues. The project employed a different social approach for these people. As noted already, the project supported 22 WSS sub-projects each with IAPPFs (Indigenous and Afro-Nicaraguan Peoples Planning and Frameworks) which took into consideration cultural appropriateness of the interventions. In addition, a Qualitative Study in the "Indigenous Peoples and Afro-Nicaraguan Community Areas" was carried out to assess the impacts on the targeted beneficiaries. The findings of the study were that the perceived benefits of the project interventions included the reduced time devoted to securing and storing water, decreased water-borne diseases, and increased water availability (ICR para 56).



## 11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Moderately Satisfactory	This ICRR's rating for quality at entry was Moderately Satisfactory which led to an overall rating of Bank Performance of Moderately Satisfactory.
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

## 12. Lessons

The ICR lists a number of lessons which are relevant for similar projects implemented in comparable environments.

(1) To reach rural poor areas, strengthening institutional capacity at all levels of government is essential for sustainable WSS services. This requires the establishment of a decentralized organizational structure with clearly defined roles, responsibilities and procedures. The project showed that each level in the structure needs to have the required capacity to address issues corresponding to its level of influence, to escalate issues that require a deeper level of support to the next level, as well as sustained funding for infrastructure maintenance and employment of skilled technicians (ICR para 90).

(2) Community-based implementation through a Community-Driven Development (CDD) Modality can be an agile and cost-efficient option for implementation of non-complex works. It can result in increased ownership of the project at the community level. This project showed that a CDD model was appropriate because technical solutions need to be carefully considered with due regard to the local and cultural context of communities, including O & M needs, costs, and adequacy of water supplies. However, the CDD modality needs to be supported by a technical and organizational support structure at the municipal and central government levels as appropriate (ICR paras 89 and 92).

(3) Sustainability of WSS infrastructure requires sound technical assessments particularly related to water demand and its supply and quality. Poor quality of studies related to water resources was a recurrent problem under the project. In particular, WSS interventions would benefit from mainstreaming of watershed management and planning approaches, as for example, piloted under the PACCAS project (ICR para 91).



(4) Rigorous impact evaluation studies should be included in the financing of comparable WSS projects. In this project, the preparation of an impact evaluation was critical to fully capturing efficacy and efficiency aspects of the project's interventions (ICR para 93).

### 13. Assessment Recommended?

No

### 14. Comments on Quality of ICR

The ICR is well-written and in a structure that is consistent with OPCS guidelines. It provides a clear theory of change and discussion of various elements of the project's results chain in different parts of the ICR. The ICR is also candid, but not always consistent and adequate, in reporting the project's achievements and shortcomings. Overall, the quality of the analysis is good and evidence-based, with adequate provision of supporting information in the annexes. The ICR does provide a number of useful lessons learned from the project that are relevant for similar water and sanitation projects.

But, the ICR is not clear on the way in which the communities in the "project area" were chosen. For example there is no information on whether the criteria outlined in Annex 2 of the PAD to identify communities to be supported by the project were used to select the 75 communities in the "project area" other than they were "poor communities" (ICR, para 36). There is also no information provided in the ICR on some basic social characteristics of those chosen 75 communities.

There is also no analysis or information on outcomes from the improved water supply and sanitation services. The ICR does contain a brief reference to a survey of 300 randomly chosen households in 76 municipalities (para 48) which the ICR candidly reports did not show improvements in access to water, but did show increases in access to improved sanitation, improved unshared sanitation, and decreases in open defecation. On the one hand, the ICR cautions that the survey was probably done too early after infrastructure improvements were completed to assess results in terms of access to improved water supply services. On the other hand, if access to improved sanitation services was achieved according to the survey that was not an outcome without also providing information about real outcome issues such as user charges for access (affordability) and the reduction of infections amongst beneficiaries. Overall, the ICR lacks a focus on outcomes relevant to the welfare of people resulting from improved water supply and sanitation services.

Overall, despite shortcomings in the analysis of real outcomes which obscured a clear understanding of the project's impact on the welfare of its beneficiaries, the quality of the ICR is rated Substantial.

#### **a. Quality of ICR Rating** Substantial

