QUALITY OF SUPERVISION ASSESSMENT (QSA6)  
Summary Assessment Sheet  

COUNTRY: West Bank and Gaza  
REGION: MNA  
TASK TEAM LEADER: DAJANI  
COUNTRY DIRECTOR: Nigel Roberts  
LN/CR AMOUNT ($MIL): 20  
PROJECT ID: P078212  
DATE APPROVED: 12/17/2002  
PERSON(s) INTERVIEWED: I. Dajani, S. Bleibleh, L. Abdallah, K. Seif El-Din Al Qutob, S. Hillis, A. Odeh, S. Karam, M. Kopanyi, C. Astrup  

SPVN BUDGET $000 (incl. TF)  
WPA  
ACTUAL  

FY02 FY03 FY04  
AT RISK STATUS  
PSR: NA  
PANEL: NA  

EA CATEGORY B  
FIRST STAGE REVIEW:
PANEL MEMBER(S)  
Jane Loos; and  
Masaharu Shimizu

MODERATOR
Saeed Ahmed Rana/Person/World Bank

SPECIALIZED REVIEWERS:
1. Poverty and Social  
   Bruce Harris  
   Colin Rees
2. Environment  
   Brian Falconer

OVERALL RATING  
1

ASSESSMENT DATE  
09/20/2004
QUALITY OF SUPERVISION ASSESSMENT (QSA6)
Summary Assessment Sheet

COUNTRY: West Bank and Gaza
PROJECT TITLE: GZ-EMERGENCY MUNIC

A. Overall assessment

The panel rated this supervision effort as Highly Satisfactory overall, commending the Task Team and the Region for being able to balance the demands of an emergency situation with medium-term developmental goals. This balance was evident in the way the project activities were designed/monitored, in the way fiduciary/safeguards were pursued, and in the way the Ministry of Local Government. Focus on Development Effectiveness, Supervision of Fiduciary/Safeguard Aspects, and Adequacy of Supervision Inputs and Processes Realism of Project Performance Ratings was rated Satisfactory.

B. Main problems encountered (when did they occur, and what were the main factors giving rise to them)

(a) The security situation worsened early in project implementation, and remains difficult.

(b) Putting in place the Management Agent for the Municipal Fund (MF) was delayed by over a year, slowing progress on creation of the MF.

(c) Delays in fulfilling eligibility criteria by municipalities for access to second year funding.

C. Appropriateness and adequacy of actions taken by the Bank to resolve existing/potential problems

(a) The panel considered the efforts of the Task Team to work in the difficult environment to be commendable -- not only their intentions, but also their results. Project municipalities that had been operating in the difficult environment all along. Additional support made available to them via the project was able to be marshalled with the help of contractors who worked effectively in reaching the scattered project municipalities. The Bank's strategy of supervision called for a strong local presence in both WB and GAZ, and a commitment to opportunistically to visit project sites as and when possible.

(b) Even though the contracting for a Management Agent was delayed, the Task Team helped the Ministry of Local Government use the steering committee as a de facto Municipal Fund -- coordinating between the Ministry of Local Government, Ministry of Finance, and Ministry of Planning. They also helped to consolidate external donors that had been one of the objectives of the MF, by working with the EC (and more recently with other donors) to use the project-supported structures within the Ministry for their support and joint reporting. The Task Team also worked as the technical adviser to the sector working group of donor agencies, that intermittently had coordinating meetings. The Task Team's efforts helped in the creation of the Palestinian Authority (PA). During the interview, the Task Team explained its hopes to merge the sector working group with the steering committee, at
They are aware that this may not be accomplished for 100% of external funds available to the sector, as bilateral donors may wish to keep some direct contacts with municipalities.

Contracting for the Management Agent is the largest contract under the project and complicated by the security situation to be able to interest the quality of adviser required time on the terms of reference and facilitating the procurement process, and has made management aware in advance that it will be necessary to extend the grant closing.

(c) The criteria for the second tranche includes allocation by population and municipalities complying with the Local Government Law for submission of budgets/expenses. In the first year of the project, about 30% of municipalities in WB fulfilled this law, and in the second year, it currently is about 60%; compliance in Gaza explained the reasons behind this difference in performance relating to the much small size and more scattered locations in WB than in Gaza. The Task Team helped to explain the reasons behind this difference in performance relating to the much small size and more scattered locations in WB than in Gaza. The Task Team helped to create the 20 teams of technical consultants to ensure that they spend sufficient time supporting the municipalities in their efforts to prepare such documents and submit them, in addition to helping with the individual subprojects, and making it known that the funds have been set aside for them and will be available once they submit the appropriate documentation regarding expenditures. This "first come-first serve" approach does not hold back those who have complied, and provides an incentive for the slower ones to comply.

D. Any Systemic Lessons

Emergency projects require a strong presence in the field, to enable flexibility and to ensure a sound understanding of conditions/prospects.

It is possible to establish harmonious relationships between field and HQ, even in the most difficult situations. The panel diagnosed one of the contributing factors to be what the client needed, instead of what the Bank required. The fiduciary and safeguard work was approached as a means to ensure viability of the project activities and term, not just the meeting Bank requirements.

The design of project reporting makes a difference for how and how quickly the project can start. It seems more effective to have simple, robust indicators from the beginning and the development of more refined indicators during project implementation.

E. Suggestions to the Task Team (List two or three factors that will require particular attention in the short/medium term to improve the prospects for development objectives and long-term sustainability).

Although the Task Team is well focused on the development objectives, the panel notes the following suggestions:

1. Hone the project tools (especially project reporting) to become vehicles for the Ministry and possibly eventual use by the MF.

2. Develop a strategy for how to follow-up on the recommendations expected from the Management Agent for the MF, after the (extended) closing date. The Task Team needs sufficient funding from other donors to test the new entity and its instruments. A key question for the Bank is how does it stay involved.
3. Given the fungibility of funds, consider reporting to Bank management about the overall program, rather than the project financed activities.

4. Follow-up carefully on the survey work -- both of beneficiaries and of municipalities -- in order to draw practical lessons for future work in the sector. This feedback of the program and increase demands on project entities to produce good results.

*Rejoinder from the Region*
QUALITY OF SUPERVISION ASSESSMENT (QSA6)
Summary Assessment Sheet

COUNTRY: West Bank and Gaza
PROJECT TITLE: GZ-EMERGENCY MUNI

Major Issues Identified

Recommendation for Panel Skills
QUALITY OF SUPERVISION ASSESSMENT (QSA6)

Development Objectives (Part A to be completed by the Task Team and Part B by the Review Panel)

A. Strategic outcomes and development objectives (DOs) outlined in the project documents or subsequent changes

i. What are the strategic outcomes in the latest CAS to which the project is expected to contribute?

No CAS per se, but Bank’s objectives for WBG are directed to help to put in place institutions for the medium-term, establish more efficient and transparent effective use of donor funds.

ii. List the project’s primary DOs and the key indicators used to measure their achievement at project completion.

(a) Mitigate further deterioration in quality and coverage of municipal services (customer satisfaction surveys, % increases in services delivered, average)
(b) generate temporary employment opportunities (number of man-days direct and indirect employment created)
(c) introduce mechanism to link central and local government budgetary planning and strengthen municipal cost management (equitable allocation of governments supported via project, number of donors and amount of funds using joint mechanisms).

iii. List the intermediate indicators used to measure progress towards achieving the project’s DOs.

There were no intermediate indicators established for the end of the first year of the two-year projects.

Comments: (Please explain any material changes in DOs since project start.)

There have been no changes in the project DOs, although the closing date will need to be extended to accomplish the proposed institutional work of the
QUALITY OF SUPERVISION ASSESSMENT (QSA6)

B. Likelihood of the operation contributing to the CAS strategic outcomes and achieving the DO\(^1\) (Panelists should evaluate these two aspects after considering the scale of: L = Likely; NL = Not likely; UN = Uncertain; or N/A = Not Applicable)

(a) What is the likelihood that the operation will contribute to the CAS strategic outcomes? (Please comment on each of the strategic outcomes identified by the Task Team and also on the robustness of the underlying basis for the panel judgments)

The project is designed very much with the Bank strategy in mind -- balancing the emergency response with medium and longer-term goals on the one side. Credible steps have been accomplished for creating viable intergovernmental relations, and the trends are in the right direction. Project contributions for establishing more effective use of donor funds are also likely, given the success so far in working jointly with EC and the readiness of other donors to use project mechanisms.

(b) What is the likelihood that the DO will be achieved? (Please match the DO identified by the Task Team with the following classifications)

i. Poverty Reduction
ii. Structural and Sector Policy Reform
iii. Private Sector Development
iv. Institutional Development/Capacity Building
v. Human Development\(^2\)

Comments:

vi. Environmental Sustainability
vii. Infrastructure Development
viii. Other (specify) Sustaining Essential Municipal Services
ix. Macroeconomic Management

Comments: (including robustness of underlying basis for these judgments)

The panel noted that analytical work in WB/Gaza has demonstrated that unemployment is a clear proxy for poverty. Job creation has already been considered, but we wondered what would be the net impact given the large scale of the unemployment issue in WB/Gaza.
Structural and Sector Policy reforms and Institutional Development/Capacity Building were not major project objectives, but are emerging as increasingly important. Important improvements have already been accomplished in clarifying intergovernmental transfers, and the trend is in the right direction, though improvement is needed.

The way in which the Environmental Management Plan was designed and implemented has helped to institutionalize this way of thinking.

Sustaining Essential Municipal Services was a major project objective. It has been facilitated by the project through support to operating expenditure, expedient, not intended to go beyond restoring previous service levels or coverage.

C. **Sustainability:**
(Panel’s judgment of the likelihood that the operation’s results will be sustainable in the longer-term)

Likely

**Comments:** QEA concluded that it is hard to say with confidence that anything could be sustainable given the political insecurity. The project is about individual municipalities, and the political security is about the central government.

This QSA panel concurs that we should assess the suitability of that bridge and its prospects for becoming sustainable. In that sense, the QSA panel believes that the level of local governments are suitable and potentially sustainable, and in fact were handled by the municipalities on their own in the past. The fundamentals, such as the allocation of revenues between the central government and municipalities has been clarified, at least for those municipalities not in arrears to Israeli public utilities. The establishment of a Municipal Financial Agent would help to investigate ways to address the issues with municipalities that are in arrears. Most importantly, project mechanisms are already in place to address the objectives of the Municipal Fund -- harmonized standards for allocations to municipalities, consolidating joint reporting on projects, increased coverage of the work in the sector towards an overall government strategy, rather than being donor-driven.

---

1. Either as originally stated, or as revised if there has been Board-approved restructuring for exogenous reasons.
2. Specify which one of the following: (i) Achieve Universal Primary Education; (ii) Reduce Child Mortality; (iii) Improve Maternal Health; (iv) Combat HIV/AIDS, Malaria and Development.
QUALITY OF SUPERVISION ASSESSMENT (QSA6)
GUIDANCE QUESTIONNAIRE
Summary Assessment Sheet

Assessment Rating
1 = Highly Satisfactory
2 = Satisfactory
3 = Moderately Satisfactory
4 = Moderately Unsatisfactory
5 = Unsatisfactory
6 = Highly Unsatisfactory
NA = Not Applicable

1. Focus on Development Effectiveness 1
2. Supervision of Fiduciary/Safeguard Aspects 1
3. Adequacy of Supervision Inputs and Processes 1
4. Candor and Quality of Project Performance Ratings 2

OVERALL ASSESSMENT 1

The overall assessment is not an average of the assessments of the constituent elements of supervision. Instead, the panel should use its judgment in weighing the relative importance of context. In making the assessment, the panel should consider the importance of each category, and within each category, the various questions, to supervision quality.
QUALITY OF SUPERVISION ASSESSMENT (QSA6) GUIDANCE QUESTIONNAIRE

Context:

A. With the experience of implementing and supervising the project to date, as far as can be readily determined:

(a) Was project design at entry sound?

Comments:

(b) Did the project have a sound results framework at entry to enable tracking the operation’s progress towards meeting its DOs?

Comments: The results framework was designed to be pretty straight-forward:

(a) Mitigate further deterioration in quality and coverage of municipal services (customer satisfaction surveys, % increases in services delivered, average increase in municipal revenues);

(b) generate temporary employment opportunities (number of man-days direct and indirect employment created); and

(c) introduce mechanism to link central and local government budgetary planning and strengthen municipal cost management (equitable allocation of the number of local governments supported via project, number of donors and amount of funds using joint mechanisms).

However, in actual practice, it has not been possible for some measures to move beyond anecdotal evidence -- in particular increased services. The one area where the panel had questions is evaluating impact of job creation -- which in absolute terms is verifiable, but its relative importance in the larger poverty is questionable.

(c) Are the project’s assumptions about reaching the DO realistic in terms of the planned duration of the project, technical feasibility and management capacities?

Comments: The two year framework was realistic for the emergency response. The parallel effort for institution building will likely take longer, but the objective was carefully framed in the project documents to be measured not by the creation of the MF, but rather use of improved (fair, transparent) mechanisms for intergovernmental transfers -- which has already begun to happen.

(d) Is the Borrower committed to the Project?
Comments: This is a very strong aspect of the project -- the commitment of the Ministry of Local Government and championed by the current Minister, as well as the full cooperation of the Ministry of Finance and the Ministry of Planning via the Steering Committee.

(e) Was the project ready for implementation at approval?
Comments: Mechanisms for first year transfers already agreed. TA to work with municipalities quickly in place.

(f) Was overall implementation performance satisfactory prior to FY03?
Comments: project became effective only during FY03.

(g) Could the problems encountered during implementation have been identified at entry?
Comments: Not only could, but were identified as risks -- security situation as well as difficulties in building new institutions.

(h) Were there any major changes prior to FY03 (through restructuring and/or MTR)?
Comments:
QUALITY OF SUPERVISION ASSESSMENT (QSA6)
GUIDANCE QUESTIONNAIRE

Context:
B. Compliance with safeguard policies

(a) Please mark below the applicability of and compliance with safeguard policies:

<table>
<thead>
<tr>
<th>Policy</th>
<th>Applicability</th>
<th>Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment (OP 4.01)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Natural Habitats (OP 4.04)</td>
<td>No</td>
<td>NA</td>
</tr>
<tr>
<td>Forestry (OP 4.36)</td>
<td>No</td>
<td>NA</td>
</tr>
<tr>
<td>Pest Management (OP 4.09)</td>
<td>No</td>
<td>NA</td>
</tr>
<tr>
<td>Cultural Property (OPN 11.03)</td>
<td>No</td>
<td>NA</td>
</tr>
<tr>
<td>Indigenous Peoples (OD 4.20)</td>
<td>No</td>
<td>NA</td>
</tr>
<tr>
<td>Involuntary Resettlement (OP 4.30)</td>
<td>No</td>
<td>NA</td>
</tr>
<tr>
<td>Safety of Dams (OP 4.37)</td>
<td>No</td>
<td>NA</td>
</tr>
<tr>
<td>Projects on International Waterways (OP 7.50)</td>
<td>No</td>
<td>NA</td>
</tr>
<tr>
<td>Projects in Disputed Areas (OP 7.60)</td>
<td>No</td>
<td>NA</td>
</tr>
</tbody>
</table>

(b) Were there any compliance issues, including those occurring prior to FY03?

i) Environment

Comments:

ii) Social Development

Comments:

(c) If the answer to b(i) or b(ii) is Yes, were appropriate measures taken to mitigate safeguard aspects that could have had adverse impacts?
i) Environment

Comments (explain briefly the adequacy of mitigating measures and indicators/benchmarks used to monitor progress?): NA

ii) Social Development

Comments (explain briefly the adequacy of mitigating measures and indicators/benchmarks used to monitor progress?): NA

C. In light of answers to questions under A and B, what should have been the supervision strategy/focus during FY03-04?

Panel agrees with the supervision strategy actually followed --giving top priority to putting most supervision responsibility in the field in order to be

Other parts of the strategy included: balancing the emergency and medium-term goals and using them to feedback into each other; mix of skilled sp
donors; and strong and harmonious HQ/Field working relations.
QUALITY OF SUPERVISION ASSESSMENT (QSA6)
GUIDANCE QUESTIONNAIRE

Assessment Rating
1 = Highly Satisfactory
2 = Satisfactory
3 = Moderately Satisfactory
4 = Moderately Unsatisfactory
5 = Unsatisfactory
6 = Highly Unsatisfactory
NA = Not Applicable

1. Focus on Development Effectiveness

With the experience of supervising the project during FY03-04, assess the quality of Bank performance for:

1.1 Identification and Assessment of Problems
   a) Timely identification and assessment of implementation problems?
   b) Timely identification and assessment of possible threats to DO?

   Comments: The Task Team in the field was in close contact with clients, and worked pragmatically on implementation issues, meeting jointly with the PCU and the TA consultants on a regular basis.

1.2 Focus on Sustainability
   a) Borrower and Stakeholder Ownership
   b) Technical Assistance, Training and Capacity Building
   c) Readiness for Operational Phase (including financing)

   Comments: This was a strong element of the project, and the Task Team carefully emphasized building the capacity of the willing and eager Ministry of Local Government under the new Minister.

   The Task Team also carefully monitored the work of the TA consultants working at the municipal level -- not only for the subprojects, but also to ensure that the TA consultants pursued a sound training program. They also worked to improve the quality of their progress reporting.

1.3 Actions Taken and Follow-Up
a) Appropriateness of Advice and Proposed Solutions to the Borrower (including Action Plan)
b) Appropriateness and Speed of Bank follow-up action (including e.g., cancellations, suspensions)
c) Impact and effectiveness of Bank actions (including risk management)
d) Quality of Mid-Term-Review (if it took place during FY03-FY04)
e) Quality of Restructuring Plan (if it took place during FY03-FY04)

Comments: Bank actions were very effective in helping the Ministry of Local Government pursue a program (instead of a project) outlook and promote the program to other donors, helping to harmonize procedures (and thereby simplifying demands on MOLG). As will be noted in the supervision of fiduciary/safeguards section below, supervision approach on these matters was also very effective in not only developing project mechanisms, but most importantly finding ways to institutionalize the improved practices within the project entities.

The Mid-term Review took place about 6 months later than original schedule, but even then did not have the results of the client survey in WB nor the survey of impact on LGU budgets.

1.4 Performance Monitoring
a) Extent to which the task team made use of the key indicators to assess the project’s performance, as reported in the PSR.
b) Extent to which the indicators (both quantitative and qualitative) have been used to identify and address potential obstacles to the achievement of the DO (attention to outcomes)

Comments: While not reported in the PSR (covered in 4.0 below), the Task Team did use key indicators to assess the project. These included number of man-days employment and number of local government units working with the project. However it was only possible to collect anecdotal evidence about the impact of the project investments on service delivery and LGU revenues.

1.5 Effective use of the CPPR or other venues for portfolio review with the borrower to resolve problems affecting the project, including cross-sectoral issues (e.g. governance, transparency).

Comments: The Task Team explained that the initial project design had benefited from an informal CPPR diagnosing problems with previous emergency projects. The first formal CPPR was held in 2003, and the Task Team considered it very useful to help in strategizing about common issues across projects as well as placing this project in the context of the Bank’s overall objectives. They also noted the CFAA and forthcoming CPAR should also help frame better country level solutions for implementation issues.
QUALITY OF SUPERVISION ASSESSMENT (QSA6)
GUIDANCE QUESTIONNAIRE

2. Supervision of Fiduciary/Safeguard Aspects
With the experience of supervising the project during FY03-04, assess the adequacy of supervision of:

2.1 Procurement e.g., Post reviews, quality and timeliness of advice and follow-up action
Comments: The Task Team explained that the supervision team includes several local consultants who are procurement accredited. They handle small goods and works procurement activities (most of the subprojects) directly from the field. There was a regular program for ex post reviews, including checking of the physical works. The large TA contract for the Management Agent was closely followed by the both HQ and Field staff in terms of submission of the TORs and the contracting processes, and formal procurement clearances were handled by procurement specialists at HQ.

2.2 Financial Management e.g., Accounting/auditing; financial information (e.g., PMRs), Special Account Reviews, SOE processes
Comments: Country office FMS has participated in both formal supervision and MTR missions in FY04 and to the AMs. He reports that he visits them on a regular basis thus being able to deal promptly with FM issues. In addition, during the MTR the mission conducted field visits to 12 municipality system and its operation noted as satisfactory. Some small amounts of ineligible expenditure have been resolved. Work on FMRs is on track and first report received on time and accepted.

2.3 Legal Aspects e.g., Legal compliance; relevance of legal covenants; clarity/timeliness of advice
Comments:

2.4 Environmental Aspects e.g., Environmental impact, safeguard compliance
Comments: The project involved subprojects with very minor potentially negative impacts. Yet within what must be a very difficult working environment the Team exhibited a degree of professional diligence for implementation of agreed upon environmental safeguard issues that have not been observed in many projects with much greater potentially adverse impacts in much less adverse working conditions.

2.5 Social Aspect e.g., Social impact, safeguard compliance
Comments: TT has done an excellent supervision job under trying circumstances. Basic outputs of improved service delivery and critical local infrastructure have been generally achieved with almost 400 municipalities participating representing over 90% of total WBG population. Qualitative social outcomes have been as impressive. Local level participation in decisionmaking has worked effectively, including inclusion of women in decisionmaking bodies has considerably improved local governance, especially in responsiveness and accountability of local councils to citizens. Minister of LG is very strong champion, and has adopted local participation model for wider application, issuing ToR for a Community Participation Specialist to expand the approach to other areas/sectors. TT has also worked well to harmonize approaches of various donors (including EU, French, Italians, Belgians, Danes and others) greater or lesser extent), some of whom are already members of the Steering Committee which promotes a coordinated development approach (more to join in the near future). Overall the TT has used an innovative and "opportunistic" approach to supervision which has included site visits (often to
venues at the last minute depending on closures and checkpoints), frequent telephone and other communications with mayors, public and private sector officials, NGOs, and others with whom strong relationships have been built, and even informal visits and reports by team members who live in areas in which the project is being implemented. Overall, the supervision effort has led to social development outcomes which have potential impact far beyond the project itself.
QUALITY OF SUPERVISION ASSESSMENT (QSA6)
GUIDANCE QUESTIONNAIRE

3. Adequacy of Supervision Inputs and Processes
With the experience of supervising the project during FY03-04, assess the quality of Bank inputs and processes:

3.1 Staffing
a) Staff Continuity
b) Supervision Skill Mix
c) Degree of Country Office Involvement and Contribution

Comments: The current TTL and many other members of the current Task Team were part of the original project preparation/appraisal team, thereby good continuity.

The skill mix is diverse. Staff in the Field Office have close contacts with the project entities, and receive good backup from HQ team members. HQ Field Office staff appear to have developed exemplary cooperation. The panel ascribed this to the primacy given to the needs of the client, and not to the Bank requirements. Everyone is on the Team, and not just taking care of his/her own bit of turf.

3.2 Supervision Activities
a) Mission Preparation/TORs, mission frequency and time spent in the field
b) Quality of interaction with Borrower outside of formal missions

Comments: The Field Staff lead the supervision effort. Given the difficult security environment, planning for site visits has to be opportunistic and flexible.

Despite the difficulties, the decision to place staff in WB and in Gaza has paid off, in terms of ability to keep in close touch as well as to have the contacts of counterparts. Interaction outside of formal missions is almost a daily affair.

3.3 Quality of Supervision Documentation and Follow-up (Aide-memoire and follow-up letters well organized, focused on key issues and solutions)

Comments: Aide Memoire of Mid-term review was well organized, and focused on key issues.

3.4 Effectiveness of Relationships
a) With the Borrower
b) With donors and other stakeholders
**Comments:** Success in building effective relationships can be considered the major achievement of this supervision effort. The Task Team did allow change in Minister increased their access and opportunities, and that since he came on board, the project started to take root.

The constructive relationship with EC and subsequently with other donors has helped to harmonize project systems and reduce administrative burden Ministry of Local Government.

### 3.5 Management Inputs

**a) Adequacy and speed of management attention and actions**

i) Mission’s strategic focus and problem solving

ii) Missions debriefing

iii) PSR and post-mission follow-up?

**Comments:** The panel considered the relationship of the Task Team with Management and the Country Team to be very good. The level of mutual understanding was high, with the Country Director clear about how the project helps to pursue the Bank’s institutional development objectives with the Palestinian Authority. The Task Team has also taken pains to ensure that all are properly briefed about what is happening. There also appears to be good cohesion between the Network and the Urban Unit, facilitating Task Team work.

The one area where the panel would fault management was in not insisting that the PSRs include updated monitoring of the outcome indicators. The panel is aware that some of this data is available in other project documents.

**b) Adequacy of supervision budget** *(including leveraging with other tasks, donors)*

**About Enough**

**Comments:** The Task Team explained that additional resources were made available for supervision if a good case could be made.

**c) Effectiveness of Budget Use** *(including use of TFs)*

**Comments:** The FY03 supervision budget of $95,000 was used efficiently -- able to draw on a significant number of experts in various fields and at comparatively low unit costs by using local staff and consultants. The budget was also used effectively -- as it put good people on the ground with good who are fully committed to the effort.
4. **Candor and Quality of Project Performance Reporting (FY03-04)**

4.1 **Accuracy of the ratings for DO, IP and overall risk?**

*Comments:* The panel agreed that the ratings were appropriate, and balanced fairly the importance and status of the three components.

4.2 **Adequate explanation of DO, IP and risk ratings and of any change in ratings?**

*Comments:*

4.3 **Accuracy of sub ratings and their consistency with overall DO, IP and risk rating?**

*Comments:*

4.4 **Effective use of Key Performance Indicators, actual vs. target, in PSRs to support explanation in 4.2 above?**

*Comments:* In this otherwise stellar performance, the panel regrets to have to note one area where the Task Team missed an opportunity. The PSRs provide information about the key performance indicators in the standard PSR Annex, although some monitoring is described in the PSR text.

The Task Team explained that it was not possible to move from the anecdotal evidence available from the project records to an aggregate set of numerical indicators, such as service coverage, increased expenditures on various municipal services, or increases in central government transfers. The panel suggested this underlying issue should have been reported/discussed with management, including making an evaluation of what other indicators could be developed to be useful to the Minister of Local Government and others wishing to provide leadership and guidance to the project.