



Report Number : ICRR0021060

1. Project Data

Project ID P117103	Project Name AF: National Solidarity Program III		
Country Afghanistan	Practice Area(Lead) Social, Urban, Rural and Resilience Global Practice	Additional Financing P159307	
L/C/TF Number(s) IDA-H6030,TF-98459	Closing Date (Original) 30-Sep-2015	Total Project Cost (USD) 1,146,604,005.86	
Bank Approval Date 29-Jun-2010	Closing Date (Actual) 30-Sep-2015		
	IBRD/IDA (USD)	Grants (USD)	
Original Commitment	40,000,000.00	1,107,255,800.00	
Revised Commitment	39,994,261.40	1,104,637,406.92	
Actual	41,966,598.94	1,104,637,406.92	
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Project ID P159307	Project Name Afghanistan: NSPIII Additional Financing (P159307)	
L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD) 0.00



Bank Approval Date	Closing Date (Actual)	
29-Jun-2016		
	IBRD/IDA (USD)	Grants (USD)
Original Commitment	0.00	0.00
Revised Commitment	0.00	0.00
Actual	0.00	0.00

2. Project Objectives and Components

a. Objectives

This is the third phase of the National Solidarity Program (NSP III). The Project Development Objective (PDO) of this third phase, as articulated in the Emergency Project Paper (EPP, p. 7), was identical to the PDO as stated in the Financing Agreement (FA, p. 4) and the Trust Fund Grant Agreement (p. 4), and aimed to:

"build, strengthen, and maintain community development councils (CDCs) as effective institutions for local governance and social-economic development."

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

No

c. Will a split evaluation be undertaken?

No

d. Components

NSP III was supported by three components:

1. Capacity Building of Community Development Councils (CDCs) (appraisal cost: US\$291 million, actual cost: US\$212.15 million). This component would continue to establish CDCs and to build their capacity to: (a) function as a village level governance body for continued empowerment of village communities, bringing their voices into the government decision making process for subnational development planning, resource allocations and delivery of rural development programs, and (b) facilitate communities' participation in the various sectoral programs operating in rural areas (rural roads, irrigation,



horticulture and livestock, water supply, education, health, microfinance and etc), harvesting benefits of synergy and complementarity among various programs, maximizing development outcomes and reducing delivery costs. Capacity building activities would focus on: participatory planning of community development priorities; community governance and accountability systems and processes, and mechanisms for conflict resolution; participatory planning for broad-based community recovery from conflict; gender awareness and enhancing women's effective involvement in the economic and social activities of the communities; community participatory monitoring of programs being implemented in the localities; basic bookkeeping and contracting for management of community-implemented investment schemes; and communication with subnational and national government.

2. Community Grants for Economic and Social Development (appraisal cost: US\$1,093 million, actual cost: US\$902 million). The component would provide block grants to 27,720 CDCs to fund priority investment sub-projects for rural and social development. The first block grant would be given to the 10,320 newly mobilized CDCs; and a second block grant would be given to 17,400 existing CDCs that were operating under NSP-I and NSP-II, that have successfully utilized their first block grant and are maintaining completed subprojects. These communities must also hold re-elections, update their CDP and prepare community action plans before receiving a second block grant. The block grant amount would be determined by the number of families in a community at the rate of US\$ 200 per family, but with a maximum ceiling of US\$60,000 per community. The average block grant per community under NSP-II was US\$33,500 and this would be used as the basis for estimating the block grants needed for this project.

3. Project Implementation Support (appraisal cost: US\$122.3 million, actual cost: US\$142.7 million). This component would cover expenditures associated with the Ministry of Rural Rehabilitation and Development (MRRD) overall management (excluding the Facilitating Partners) and oversight of NSP, including the salaries of all contractual staff engaged by MRRD for NSP, technical assistance needed to support MRRD's Program Management Office for NSP, and MRRD incremental operating costs pertaining to NSP, costs associated with monitoring and evaluation of the program, and an agreed share of salaries of MRRD contractual staff who perform certain headquarters functions for the MRRD as a whole.

Revised Components. The November 2015 restructuring introduced the Maintenance Cash Grant (MCG) scheme, in support of the Government's Jobs for Peace program, as well as scaling back program size to reflect a shortfall in total projected funding for the NSP III, primarily from the ARTF.

Specific changes to the components included:

Component 1. The NSP's Provincial Management Units (PMUs) took on the role of supporting CDCs in developing maintenance plans to foster effective MCG use as the Facilitating Partners (FPs) contracts were set to close at end-September 2016. PMUs (funded by Component 3) also took on the remaining work of FPs who had withdrawn from communities for security reasons.

Component 2. A new category of MCGs was introduced. The projected number of first block grants to newly mobilized CDCs was reduced slightly from 10,320 to 10,200. Second block grants to existing CDCs would be reduced from 17,400 to 10,000. The MCG program aimed initially to cover 3,700 communities in



12 provinces. An Additional Financing (AF) of \$57.3 million in June 2016 aimed to expand the MCG program to an estimated 4,200 communities in 17 provinces.

Component 3. This component was amended to cover expenditures by the Ministry of Rural Rehabilitation and Development's (MRRD) Project Implementation Unit (PIU), the NSP, and its Provincial Management Units to support implementation of the Maintenance Cash Grants, including overall management, oversight, technical assistance, monitoring and evaluation, and the incremental operating costs and construction of provincial administration buildings. Funds for MRRD institutional strengthening under this component, up to \$1.94 million were earmarked to support MRRD's Change Management Program.

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

Overall, there is a lack of clarity on programmatic costs and financing in the ICR. The following data was made available:

Project Cost. This is the third phase of NSP. The total estimated cost for the entire program was US\$1.51 billion and the actual costs were US\$1.23 billion, or 83.5% of the appraisal amount (according to Annex 3 of the ICR, p.54). This amount differs from the actual dispersed amount reported in the ICR's Basis Data sheet (p.2) which reports total actual disbursements to be US\$1.15 billion.

Financing. For the third phase of NSP - the phase being assessed - the estimated IDA contribution was US\$40 million and the actual disbursed level is US\$41.97 million according to the ICR Basic Data Information Sheet (p.2). Other financing came from contributions made available through the ARTF-Afghanistan Reconstruction Trust Fund (TF-98459) reported as US\$1.11 billion in actual disbursements in the ICR (Basic Data Information Sheet, p.2).

Additional Financing. In June 2016, the project received US\$57.3 million in Additional Financing from the ARTF funded by contributions from the United States Agency for International Development (USAID) and the United Kingdom Department for International Development (DFID).

Borrower Contribution. The Community Development Councils (CDCs) were expected to contribute US\$164 million. The ICR did not report on the actual amount contributed.

Dates. The project was expected to close on September 30, 2015. The closing date was extended twice to March 31, 2017. The two extensions were necessary to accommodate implementation delays due to security concerns. Also, to ensure that all sub-project construction was fully completed, any remaining balances in Community Development Council bank accounts were used or returned, and the Additional Financing funds for the Maintenance Cash Grants were fully disbursed. The extension also ensured that there was a smooth transition of institutional arrangements to support the implementation of the Citizens' Charter Afghanistan Project - which was approved in October 2016 (ICR, p. 11).



Restructuring. The project was restructured four times, all of which were Level 2 restructurings. The first was on September 18, 2015 when the amount disbursed was US\$41.97 million, in order to extend the loan closing date. The second was on November 20, 2015, when the amount disbursed was US\$41.97 million, in order to introduce modifications to the Results Framework, change in components and cost, extend the loan closing date, allow cost reallocation between disbursement categories, change in disbursements arrangements, change in institutional arrangements; and change in implementation schedule. The third was on June 29, 2016, when the amount disbursed was US\$41.97 million, in order to approve an Additional Financing worth US\$57.3 million, change in components and allow cost reallocation between disbursement categories. The fourth was on March 24, 2017, when the amount disbursed was US\$41.97 million, in order to allow cost reallocation between disbursement categories.

3. Relevance of Objectives

Rationale

The PDO of NSP III was highly relevant. The third phase objective was focused on local governance. Specifically, the PDO aimed to build, strengthen and maintain Community Development Councils as effective institutions for local governance and social-economic development. This focus on strengthening and maintaining institutional gains that had been made over the prior two phases was a highly relevant aim. The pursuit of CDCs as "effective institutions for local governance" was very much in line with the core aim of the program as it was conceived in the early 2000s that linked participation, ownership and trust in local decision-making and development processes to wider stabilization and development aims. In Afghanistan, "participation is securitization" (Lockhart, 2009). Service delivery (socio-economic development) is a critical part of the trust quotient in a unitary state where funds flow from the capital; but services in the context of the NSP (and the block grants that fund them) were also the "means" by which the program promulgated a more inclusive (e.g. including women) and democratic (e.g. including the use of secret ballot) form of decision-making. As stated in the Borrower's comments (ICR p.62), the "client" views "governance as identifying and addressing the broad field of coordination problems related to development, including a general restructuring of decision-making to achieve greater inclusion and participation, and ensuring a link between social action and discussion/negotiation."

The focus on governance is central to the Country Partnership Framework (CPF) for Afghanistan (FY17-20). The first pillar of the CPF calls for building strong and accountable institutions; and objective 1.3 aims to improve service delivery through enhanced citizens' engagement with the state. This is expected to be achieved by building the capacity of CDCs to implement, plan and monitor local service delivery and hold government to account. Service delivery aspects of the program were and continue to be in line with Afghanistan's National Development Strategies, including during the project appraisal period. The National Solidarity Program has been one of the Government's main implementation tools in support of rural reconstruction and rural livelihoods promotion, in line with its development strategies.



Rating
High

4. Achievement of Objectives (Efficacy)

Objective 1 **Objective**

Objective: to build, strengthen, and maintain community development councils (CDCs) as effective institutions for local governance and social-economic development.

As stated, the PDO included two sub-objectives that will be evaluated separately:

(a) to build, strengthen, and maintain community development councils (CDCs) as effective institutions for local governance, and

(b) to build, strengthen, and maintain community development councils (CDCs) as effective institutions for social-economic development.

Rationale

Objective 1: Build, strengthen, and maintain community development councils as effective institutions for local governance.

NSP aimed to establish and build the capacity of CDCs to function as village-level development governance bodies for rural communities, bringing their voices into the government decision-making process for subnational development planning, resource allocations and delivery of rural development programs.

As explained by the Government, local governance was defined and measured as CDCs being:

- 1 . legitimate and representative institutions;
- 2 . the main decision-making body in the community - doing so in a transparent, participatory and inclusive way;
- 3 . avenues for active women's participation in decision making by ensuring their membership and representation in the council, involvement in CDP planning and sub-project selection and;
- 4 . performing functional mandates such as CDC planning, social audits and implementation of community development investments.

Measurement/Results



Legitimacy and Representation were measured by an outcome indicator which the program met and exceeded. Against an appraisal target, that a minimum of 70% of sampled communities would recognize CDCs as the legitimate and representative institution of communities, by end-line, 96% of sampled communities are reported to recognize their CDCs as the legitimate representative of decision making and development of their communities (based on a sample size of 51% of CDCs, surveyed post-implementation). This outcome should be weighed against the lower number of sampled CDCs (80%) who are reported to have performed their functional mandates (such as conducting CDC meetings, sharing of information, successful completion of sub projects and so forth). It is not clear how a CDC can be considered an “effective institution of good governance” if it does not perform its functional mandates.

A second governance metric, introduced through the additional comment period, is voter turnout. For the first 5,000 CDC elections under the Citizen Charter program, in all regions, male voter turnout has been between 75-78 % of the eligible voter population while the women’s voter turnout has been even higher ranging from 78-81 percent with the exception of the South due to conflict and local customs that limit women’s mobility. This data provided on voter turnout, which supersedes activities under NSP, can be used as a useful proxy for perceived legitimacy.

A third metric, is the measurement of “Confidence” in CDCs that is made available through an annual Asia Foundation Survey of the Afghan People. The survey found that 61% of rural persons surveyed expressed confidence in CDCs in 2010 and 58 % in 2017. The ICR notes that these levels were close to the confidence levels expressed for community shuras/jirgas, much longer established traditional bodies, which started and ended the period at 66%. The ICR does not address the incongruity between the MIS’s end line findings and the Asia Foundation Survey. There is a wide variation between the 96% of all rural villages that are estimated by the project to view their CDCs as legitimate and representative and the 58% that express confidence. The fact that a greater percentage (66%) have confidence in traditional bodies – the shuras/jirgas – raises a fundamental research question about the

Data provided by the Altai 2013 assessment of 100 CDCs in 6 Provinces and the Swedish Committee for Afghanistan (SCA) further illustrate how, anticipatedly, the roles and functions of CDCs varied depending on geography and the culture of the region in which NSP was working. Altai’s 2013 assessment found that CDC functions ranged from a narrow role in support of local development (Helmand) to a broader role including dispute resolution and the establishment of linkages between the community and higher levels of government (Badakhshan and Bamiyan). In Wardack province, which is heavily affected by conflict, the SCA found few to no broader governance outcomes resulting from NSP. Customary structures remained the primary source of all governance functions except in the delivery of development projects undertaken by CDCs.

There is strong evidence that NSP enabled female community members to participate in decision making related to community development activities (mainly the identification of their priority problems and selection of sub projects) during the subproject cycle. During implementation, female community members participated in decision making related to the identification and selection of sub projects in an estimated 79%



of sampled communities. However, there is a need to better understand how and where female participation in local decision-making persisted after project end.

The ability of CDCs to sustain their legitimacy over time will largely depend on their ability to access adequate resources to perform their governance functions. IEG's Evaluation, *World Bank Assistance to Low Income Fragile and Conflict Affected States* (IEG, 2013) and an internal Bank assessment (Bradley S., et al. 2015), point to the fact that the size and frequency of block grants are a strong determinant of the effectiveness and sustainability of a CDC, as revealed under NSP. Under NSP III, large and infrequent block grants undermined the ability of CDCs to perform their governance functions. CDCs are currently being supported through MOUs signed under the Citizen Charter with the Ministry of Education, Health, Agriculture and Energy, and through other donor financed programs (e.g. IFAD). The Government of Afghanistan has also channeled funds through CDCs for cash for work programs in provinces, such as Kunduz, that have faced rising insecurity and political uncertainty. However, over time, the lack of formal institutionalization and clarity about the role of CDCs, and financing, threatens to undermine their ability to perform the full suite of governance functions that were performed under NSP, including many of the progressive elements (e.g. female participation in governance, secret ballot voting, social audits etc.).

Assessment of Outcome

The project **substantially** achieved its objective to build, strengthen, and maintain community development councils as effective institutions for local governance.

Rating

Substantial

Objective 2 Objective

Objective 2: to build, strengthen, and maintain community development councils (CDCs) as effective institutions for social-economic development.

Rationale

The NSP III objective required an analysis of the link between the enhanced effectiveness of CDCs as local service delivery agents and the outcomes of the service delivery investments. Unfortunately, the ICR bifurcated the analysis; it did not establish an evidentiary link between the relative performance of better governed CDCs and the relative performance of the subprojects, apart from the difficulties experienced in heavily insecure areas (where the link is tacitly made).

The ICR provided data on the subprojects, their quality, O&M, and the economic rates of return of a sample of the sub-projects. It did not measure the socio-economic welfare of individuals or the communities.



The quantified outputs were:

1. The number and percentage of CDCs that completed at least one sub-project (98%).
2. The number and percentage of sampled communities that had improved access to services (80%).
3. The number of actual versus planned subprojects completed (7,208 of 7,710 subprojects, or 93%)
4. The relative distribution of sector investments, including Transport (32%); Irrigation (25%) Water and Sanitation (20%) plus other.
5. The number of roads that were constructed (1293 km) and rehabilitated (141); the number of water subprojects that resulted in "improved" water points (39,449); the amount of land that was irrigated, or provided with new or improved irrigation or drainage services (361,523 hectares); the number of improved latrines (7,953); the amount of Kw of electricity generated through micro-hydro power sub-projects (15,800Kw); the number of primary classrooms (2,995) and health centers (53) that were built or rehabilitated; and the number of community centers that were constructed (4200). In addition, 12,830 works were maintained or repaired under the MCG program.
6. The ICR (p.17) also reported that the construction buildings and other structures financed by the project, monitored by communities, was "generally of high quality" but that the design and implementation of some energy and irrigation sub-projects were sometimes beyond the capacity of CDCs and FPs.
7. O&M issues have begun to be addressed through the signing of MOUs with the Ministries of Health and Education, to support the incorporation of schools and health facilities into district and provincial level planning.

Evidence of Socio-Economic Development

The ICR reported on the functioning of the sub-projects at project close. It also included economic rates of return analyses for a sample of the projects. There were, according to the ICR, 7,208 sub-projects completed under NSP III, but the ERR used a sample of less than 1% of the total to derive average returns and there is no explanation in Annex 4 as to how the sub-projects were selected - there was no discussion of the sampling frame (e.g. the sample appears to be stratified, but did not appear to be randomized). In some key areas, like transport and roads, there was no record in the ICR of the total number of sub-projects, so it was not clear whether the sample sizes were adequate (22 irrigation projects and 33 transport projects were analyzed in the ERR analysis, but the only data provided in the ICR concerns the number of ha irrigated or the number of km of rural roads rehabilitated).

The ICR (p.17) used the Independent Impact Evaluation to report on socio-economic benefits since the design of NSP III is very similar to NSP II, and since the IE was conducted at the same time as NSP III was implemented. (i.e. the effects of NSP II found by the IE are likely to be similar to those for NSP III). The IE showed that:

- (i) The **usage** of protected water sources increased by 36% at midline, but that this declined to 5% points at end line. Overall, these contributed a 5% **reduction in the collection of water time** (a gender informed indicator).
- (ii) In addition to finding that there was a small increase in access to education for girls, there was also improved school attendance and **quality of learning for girls**.



(iii) The **ERR analysis of roads projects indicated that there was transport cost savings and time savings** (to local markets) and for children accessing school, while pointing to lower ERRs after applying a sensitivity analysis in the Central and East regions. The IE found **positive yet modest increments for the overall village accessibility** (in non heavily conflict affected areas) and also found that there was no evidence that the rehabilitated roads increased the frequency of males visiting the district center (a value not reported on in the ICR).

(iv). While the IE found no noticeable economic impacts of irrigation investments, the ERR analysis found that the four regions covered in the analysis showed an ERR averaging above 25% with the sensitivity analysis applied. **This is an understudied area of the NSP, since irrigation is so closely tied to the livelihoods of the program's rural beneficiaries and since water use allocation and decision-making is so closely tied to the program's governance objectives.**

(v) **Another area of the program that deserves further elucidation is the innovative ways that the program sought to access in insecure areas, by rolling out the High Risk Areas Implementation Strategy.** While unrelated to the rating of the objective, this is a process issue that can inform the way the Bank implements sub-projects in many FCV environments. The ICR reported that it allowed for more flexibility and better access to insecure areas. At the same time, over 370 people associated with the program were killed and another 125 persons were kidnapped, with the highest numbers during NSP III. And, even with the strategy in place, works in 3000 communities were left incomplete. There appears to be a great deal of learning "left on the table" with regard to the implementation of the HRAIS which has the potential to inform other FCV operations.

Even with these various shortcomings, the achievements of NSP in meeting its intended goals was Substantial.

Rating
Substantial

Rationale

IEG upgraded the internal Efficacy rating from Modest to Substantial by assigning, per the guidelines, two internal Efficacy ratings of *Substantial* (for socio-economic outcomes and for governance).

Overall Efficacy Rating
Substantial

5. Efficiency

Economic and Financial Efficiency



ex-ante

The overall Economic Rate of Return (ERR) of the project was estimated at 18% under a 10 year project life, including O&M and FPs costs and the NPV at US\$543 million. The ex-ante economic analysis focused on **improved access** to infrastructure and services. It attempted to evaluate the viability and sustainability of the project, its impact on rural communities, and its cost-efficiency compared to other alternative government programs. The analysis relied on data and studies done under NSP-II. No value was assigned to efficiency gains achieved through strengthened CDCs, including service access that may have been achieved through linkages to local government institutions.

The ex ante analysis projected the highest ERRs for irrigation subprojects (22%), followed by power, transport and water supply and sanitation sub-projects (18%). A sensitivity analysis estimated that a 10% increase in costs would reduce ERRs from 18 to 14% and a 15% increase would lower this down to 12%.

ex-post

The ex-post analysis is based on completed projects. it includes an analysis of the estimated ERR for US\$832 million of block grant financed infrastructure, equaling 66% of the total project costs. Works in 3,000 communities were not finished by project completion due to insecurity.

An overall ERR was estimated at 41.4%, and a Benefit Cost Ratio (BCR) of 2.5:1. The ICR (Annex 4) provided a detailed ex post economic analysis of the sub-projects financed by the project.

As compared to a projected 22% rate of return, the ERR for irrigation is estimated to be 61%. However, the ICR does not provide sufficient information to validate this high ERR. This return is out of step with other ERR projections for irrigation investments in both stable and unstable environments. There is no explanation in the ICR as to how this average effect would be achieved over the projected return period. IEG assumes that an average ERR is projected that smooths or calibrates the effects of extreme weather events (i.e. that the return was not estimated using a drought year as a baseline, and a non-drought year to calculate the return). the ICR also indicated that there were increased costs (as would be expected) in insecure areas, but there is no differentiation between the ERR of certain sub-projects in high cost and hard to reach areas from lower cost, stable areas.

As compared to an 18% ERR for transport, power, and water subprojects, a 30.8%, 40.2%, and 40.5% ERR was estimated for these subprojects, respectively. Again, the ICR did not provide an explanation as to how the ERR was doubled. Other estimates include 15% ERR for community centers, 17% for schools, and 41% for local clinics.

Delivery Costs and Implementation Efficiency

Average delivery costs (28% excluding MCGs) were comparable to other large CDD programs and lower for like programs in FCS and project management (8%) is below the FCS average (13%). Costs also compared favorably with other donor programs of similar scale in Afghanistan (e.g. USAID).



The project provided efficient financial mechanisms that featured a system of direct payment between MRRD in Kabul to thousands of CDC bank accounts. At the central level, NSP III continued and enhanced the use of float accounts managed by a Financial Management Agent, which reduced the average payment processing time by 2 to 4 weeks compared with the earlier system of payments vis the MoF. The project also increased efficiency during NSP III by merging FP contracts (95 into 28).

As noted in the ICR (Pgs. 19-20), there were implementation delays and increased costs in insecure areas (as would be expected) and delays in block grant disbursements and facilitating partner payments (and to a lesser extent staff salaries) to the lack of liquidity between fiscal years. Also, the PIU structure which uses contracted staff within MRRD was costly and hard to sustain.

Administrative Efficiency

The project closed sixteen months later than expected due to implementation delays. The project experienced significant delays after centralizing all recruitment into the Ministry’s HR Directorate instead of the earlier arrangement through the project’s HR Department. This change also resulted in interference in recruitments especially for key staff in district and provincial level recruitment during the rollout of Maintenance Cash Grants (MCGs) and closure of the project. Also, the sudden change of the financial management agent resulted in delays in 2011. Finally, there were implementation delays due to a slow down in the procurement of Facilitating Partners contracts for the second phase of roll-out of the repeater block grants.

Overall, and based on the information provided above, efficiency is rated **substantial**, however there are questions that relate to the average effect of some of the estimated rates of returns for different areas and for seasonal variance, especially for irrigation.

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	✓	18.00	0 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	41.40	66.00 <input type="checkbox"/> Not Applicable

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

6. Outcome



The NSP III ICR includes the following internal ratings: Relevance (High) Efficacy (Substantial); Efficiency (Substantial). The ICRR validated and maintained the High Relevance rating; Upgraded the Efficacy rating to Substantial by incorporating additional data provided by the team on governance outcomes; and validated and maintained the Efficiency rating of Substantial. Therefore, the overall outcome rating is Satisfactory.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

For the short and medium term, the CDCs are expected to benefit from the Citizen's Charter National Priority Program and from financing through the Citizens' Charter Afghanistan Project. The Citizens' Charter would also benefit the CDCs through extending their mandate and coverage to include community organizations such as health and education shuras, and extending coverage to cities. Also, through linking CDCs to sub-national governance bodies such as district and provincial assemblies.

However, there are three significant risks that could negatively impact the sustainability of the development outcome:

- **Institutional.** The lack of formal institutionalization and legal recognition of CDCs, beyond the CDC By-Law, remained a concern for CDCs sustainability and effectiveness beyond the NSP. Also, competition for external resources at the national level provides little incentive for line ministries to collaborate in strengthening CDCs or funneling funds through them, as they are still seen largely as Ministry of Rural Rehabilitation and Development (MRRD) structures. Also, CDCs' efforts to coordinate with higher levels of governance were hindered by the continuing weakness of district-level governance. While the lowest tier of government and formal local governance remains the district level, efforts have focused on strengthening the provincial level.
- **Country-specific.** Afghanistan experienced a steady decline in the security situation over the last several years. The spread of violence and deteriorating security is expected to negatively impact the ability of CDCs to perform their duties.
- **Funding.** The decrease in the flow of foreign funding to Afghanistan already constrained development programs including NSP. The role of two thirds of the CDCs is under serious threat due to lack of funds. While the Government increased financing to CDCs, it is doubtful that this will suffice given the low economic growth and challenging fiscal situation in the country.



8. Assessment of Bank Performance

a. Quality-at-Entry

The project was the third phase of the National Solidarity Program in Afghanistan. *While the project aim was pitched at an appropriate level for the third phase - that had placed governance at the core of the program throughout – program designed undermined achievement against the project’s governance objectives. The PDO was: to build, strengthen, and maintain CDCs as effective institutions for local governance and social-economic development.* To achieve effective the governance aims of the program, CDCs would need to be strengthened and maintained (not just built). The Bank responded to the Government’s priority of national coverage, and in doing so, it built CDCs in 90 percent of rural areas. But in responding to Government demand, the quality of entry of the project – in terms of its ability to achieve its PDO related governance aims - was partially undermined, since expanded coverage came at the expense of more frequent and appropriately sized block grants. The ICR cites CDD literature that states that **new behaviors become institutionalized after at least three rounds** while noting that the NSP provided (large block grants) too infrequently (every 7-10 years) to institutionalize strong performance. “The size and frequency of block grants weakened CDC effectiveness and sustainability, and thus achievement of the ‘strengthened’ and ‘maintained’ elements of the PDO.”

M&E design included multiple products - a MIS, an IE that carried over from NSP II, several agency studies etc. But M&E could have been strengthened by creating a tool that was designed to test the project objective. Bank comments indicate that the so called "grain experiment" was not well received. In that case, other quasi-experimental tests could have been administered to measure the link between well performing CDCs, the development of a trust quotient, and the way that the project financed services contributed to the perception of legitimacy and increased trust in the state. As shown in the ICR, the MIS measured the quantifiable outputs, and while there were several studies, each used a different method, covered different geographic areas, while some were conducted over two points in time, others were static. After three project phases that used over US\$1 billion to help develop more representative, participatory and effective local governance in Afghanistan, the ability to report on these effects should have been given more prominence.

Design was otherwise informed by some aspects of the existing impact evaluations in several ways : the discussion of CDCs and the roles that they play in planning and community leadership; the need to ensure that the roles and responsibilities of CDCs versus local elders and shuras are made clear to the community (this was reflected operationally through improvements in mobilization and communications); technical designs for infrastructure; training for engineers, mobilizers and monitors; and enhanced operation and maintenance (O&M, through user fees, transferring health, education, on grid energy sub-projects to the relevant line ministries etc.)

In line with the comments received that provide additional evidence on how design was strengthened under NSP III, IEG adjusted the Quality at Entry Rating from MU to MS.



Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

The project was implemented under a challenging security situation. However, the task team conducted monthly visits to Kabul (sometimes more), regular meetings by video and audio conference and managed to ensure that even with a small task team in place, limited movements, withdrawal of FPs and increasing risk, regular coordination was maintained with the Government team to ensure smooth implementation. Management, gave a high priority to the program and provided quick security clearances to the task team so that more handholding support and regular supervision could take place. Reverse missions were only done when the team was too large to be in Kabul at the same time.

The Bank team simultaneously brought to closure the activities under NSP I, II as well as NSP III. Supervision ensured that project financial management complied with the Bank 's procedures and guidelines. Quarterly Interim Financial Reports were submitted on time and were of acceptable quality and project audits were unqualified every year (see financial management section).

Supervision should have acted earlier in the implementation cycle to address weaknesses in safeguard compliance. The project failed to properly document the implementation of the environmental management plan; did not properly process and document land transfers; and according to the ICR, there were safety issues concerning the construction of schools and community centers that may have been at risk for floods and avalanches. The third part monitoring structure that is used by the Bank in very insecure environments has many benefits from the point of view of data collection, but the ability to identify safeguard issues and to ensure proper compliance is often a challenge in these working arrangements. While the task team provided further information about safeguards, it did not supply the needed evidence to validate that the above issues, raised in the ICR, were addressed.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

It is important from the outset to recognize that Bank projects require reporting against their objectives, not their indicators. As stated in several inter-linked sections of this assessment, the core aim of this project was to strengthen local governance. The M&E system that was designed was only partially



capable of measuring this. As also stated in this assessment, one of the weaknesses of the M&E system was that it bifurcated the achievement of the two parts of the objective (governance and service delivery) rather than utilizing data to establish causal links between good governance and effective service delivery.

With that said, IEG recognizes the strength of NSP's M&E system which underpins the project's performance rating and which was undertaken under extremely challenging circumstances. The MIS provided data on CDC progress and subproject achievements. Data was collected by a mix of Third Party Monitoring, post-implementation monitoring, community based monitoring and through 20 World Bank, Government and external evaluations or studies to verify results. The data for PDO, intermediate and core sector indicators was regularly collected by community monitors, FPs, district and provincial staff and its reliability was checked by third party monitors. It is notable that the Government could report upon what was achieved across 36,000 communities, owing to the work of monitors who frequently traveled to all districts and Provinces under This effort was unparalleled among projects in Afghanistan, and to a large extent, in bank operations in FCV.

b. M&E Implementation

The project's PIU included an M&E Department at the central level and monitoring staff in its 34 PMUs. The project data was accessible at headquarters though an operational MIS with a decentralized data entry system to the provincial level. all provinces submitted monthly monitoring reports. Facilitating Partners complied quarterly Community Participatory Monitoring reports from thousands of communities. Database-generated reports were combined to provide weekly, monthly and quarterly reporting to the project management, government and donors on the overall program progress.

To ensure that PDO level indicators were achieved and data reported from the MIS was reliable, the WB team adjusted the TORs of the third-party monitors in the last years of NSPIII. So as to go beyond verifying activities at the CDC level towards reporting on the robustness and accuracy of the MIS to ensure that there are no inaccuracies between what the TPM saw in the field and what is entered in the MIS (this is mentioned on page 26 of the ICRR).

Also, some indicators were adjusted upwards to achieve more outcome oriented results reporting. For example, the PDO 'a minimum of 70 percent of sampled communities have successfully implemented community investment sub-projects' was replaced with a 'minimum of 70 percent of sampled communities have improved access to services. While access falls short of measuring use, it is a more robust indicator linked to service delivery.

As would be anticipated, M&E implementation suffered from insecurity in some areas of the country which prevented safe access to data. M&E activities were also undermined by non-completion of some studies envisioned in the Emergency Project Paper. These included: a household study to understand how villagers experience change related to NSP and to other political, social and economic developments in their communities; an impact study on governance, state-building, security and peacebuilding; and an evaluation of Facilitating Partners looking at deliverables, reporting, and performance in the field (ICR, p. 26).



c. M&E Utilization

The project's M&E data on performance and results progress informed project management and decision-making. The PIU management team relied on data and field experience to regularly update the operational tools, procedures and policies, including three revisions to the operations manuals. Data and reports from third party monitoring served as a feedback mechanism for the project. Original reports were shared with ARTF donors to assure proper use of funds. The ICR relied on the project's M&E to report on different aspects of the project.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project was an environmental category B. Environmental Assessment (OPBP 4.01) was the only safeguard policy triggered at appraisal and reported in the Emergency Project Paper. However, the ICR (p. 27) reported that OP/BP 4.12 on Involuntary Resettlement was also triggered due to possible land acquisition in connection with certain sub-projects. The sub-projects implemented by NSP communities would be small-scale civil works with little impact on the environment. An Environmental and Social Management Framework (ESMF) was prepared; and later updated in November 2015 during the restructuring to include the Maintenance Cash Grants (MCG) work. A Resettlement Policy Framework (RPF) in compliance with the operational policy was also prepared.

The ICR provided mixed messages on compliance where it reported that "the project generally maintained compliance with Bank safeguard requirements, as confirmed by implementation support missions (ICR, p. 27)." However, it also reported that the project failed to properly process and document land donations or other transfers as required in the ESMF and Operations Manual, and suffered from inconsistent documentation of Environmental Safeguards Management Plans (ESMPs) across sub-projects. There were also safety issues at a limited number of sites for rural infrastructure including several sites for schools and community centers that were at risk for floods and avalanches. No information was provided on the environmental impacts of the micro-hydropower stations financed by the project. These could potentially have some environmental impacts including reduced oxygenation and soil erosion immediately downstream of the turbine draft tubes. Finally, compliance with safeguard requirements was constrained by limited capacity among assigned safeguard focal points, FPs, and CDCs (ICR, p. 28).



b. Fiduciary Compliance

Financial Management. The project used float accounts managed by a contracted Financial Management Agent. This arrangement enabled the project to disburse funds quickly and efficiently-where float accounts reduced average payment processing time by two to four weeks, compared with the earlier system of payment via the Ministry of Finance. According to the ICR (p. 28), the project financial management complied with the Bank's procedures and guidelines. Quarterly Interim Financial Reports were submitted on time and were of acceptable quality. The project audits by the supreme audit of Afghanistan were unqualified every year. At closing, there were no pending/unresolved deductions under either IDA or ARTF Grants. However, financial management suffered from a three month delay in 2011, when the original Financial Management Agent (Deloitte USA) exited Afghanistan due to changes in the Government security protocols for international contractors. This situation was resolved after contracting GIZ International Services as the replacement Financial Management Agent.

Procurement. There were procurement delays that impacted the FP contracts for the second phase of roll-out and repeater block grant communities. Also, as noted above the sudden exit of the Financial Management Agent caused procurement delays. According to the ICR (p. 28) "the project complied with Bank procurement procedures and policies."

c. Unintended impacts (Positive or Negative)

The program made a strong contribution to an increased and more meaningful role of women in decision-making processes, including through representation in CDCs and increased voice in determining community investments. Half of all council seats were allocated to women. With the establishment of gender quotas for CDC office bearers, the number of female officials increased from 5 percent under NSP IIIA grant communities to 40 percent in NSP IIIBs. Female sub-committees provided a forum in which women could meet and express their views in the selection of subprojects. Project indicators supporting this finding are: (i) Women made up 39 percent of CDC members nationally, against a goal of 38 percent; and (ii) Among sampled women representatives, 79 percent took active part in decision-making, against a goal of 70 percent. The NSP II IE also found that the creation of gender-balanced CDCs increased female representation in local institutions by 38 percentage points and increased the provision of governance services particularly to women.

The participation of women in village life as supported by NSP representatives was important progress in a society where women are largely absent from public fora. Culturally, Afghan women have limited formal public roles, and are restricted in their participation in community decision-making processes. With the onset of Taliban rule in the mid-1990s, women were banned from paid employment and were prohibited from leaving their homes without a mahram (escort). This imposed a severe restriction on women's mobility, and their ability to be active participants in public life. Their representation in CDCs and their participation in decision-making as reflected in the program indicators points to a notable contribution towards closing the gender gap in Afghanistan.



The extent of progress in gender inclusion varies from place to place, as there is considerable variation in the cultural context across rural Afghanistan. In some areas, the role of women in village leadership and decision-making remains limited, due to continued enforcement of conservative gender norms. For example, a recent evaluation of an FP’s work in Wardak province found limited progress in female inclusion due to a strong presence of the Taliban in customary governance structures. Similarly, there was underreporting of the female population in certain Provinces such as Uruzgan and Zabul which made it difficult to include them or report on their involvement.

Women generally did not participate in the construction or installation of works under the block grants or MCGs due to social norms. This affects their ability to benefit from the daily wages, especially for those who don’t have able-bodied males to participate on behalf of the household.

At the institutional level, female staff representation remained low across the length of the program (similar to other development projects in the country). At project closing, women represented 18 percent of staff at HQ level and 11 percent at field level. Female staffing in the FPs increased only after the introduction of specific allowances for female social mobilizers in the FP to enable them to travel.

d. Other

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	---
Bank Performance	Satisfactory	Moderately Satisfactory	By Phase III, effectiveness was still undermined by a design that required full roll out, but that was restricted by infrequent block grants. Design also could have included tools to better test and report on governance outcomes, including by using the effective delivery of the means (services) to test the aim (governance).
Quality of M&E	Substantial	Substantial	---
Quality of ICR		Substantial	---

12. Lessons



There is a need to manage expectations by the Government and donors about the peacebuilding impact that a Community Driven Development (CDD) project can have, including one that has been implemented over several phases with a relatively large donor investment. CDD can build trust within communities and among them toward the government. But its ability to influence exogenous forces (recruitment, insurgency) remains untested. Likewise, there is a need to preserve the neutrality—and not politicize—Community Development Councils by using them for military or security purposes, so that the legitimacy that has been earned by the better performing councils does not become eroded.

Not all problems can be solved at the community level, so there is a need for close coordination with line agencies and district and provincial levels of government for effective service delivery. Line agencies must be responsible for actions beyond communities' control, such as ensuring teacher and health worker quality, providing engineering expertise, ensuring appropriate operations and maintenance interventions and coordinating subprojects' linkages with higher level infrastructure trunk networks (roads, sewerage, etc.) In the case of NSP III, appropriate platforms were needed to allow public service providers to coordinate with CDC and CCDC leadership or sub-committees at the local level, underpinned by closer coordination at the center.

There are trade-offs involved in implementing a national CDD project via a parallel PIU structure - and any transition into Government systems should be a gradual one. NSP's structure of contracted staff paid at higher salaries than civil servants (but consistent with Government consultant salaries), operating largely independently within the ministry, may have allowed it to recruit and retain more qualified staff, operate more effectively and deliver services in rural areas where the civil service does not have a presence. But—even with recent Afghanization and convergence towards civil service norms—the higher costs undermine sustainability and limit the impact of institutional strengthening efforts, if still concentrated within a PIU rather than the ministry as a whole. Furthermore, such convergence/transition processes must be a gradual one to avoid impacting project performance, as for example happened with HR functions on the NSP III.

NGO participation in CDD programs can be essential, but careful training, selection and contract management are needed to ensure consistent implementation performance. FPs played a key role in the success of NSP III, as with earlier phases. However, gaps in training, selection of less-experienced NGOs, and output-based contracts that may have prioritized subproject completion and block grant utilization over participatory aspects apparently contributed to uneven performance under NSP III.

13. Assessment Recommended?

Yes

Please explain

An expanded assessment is recommended, which may be done on desk, if security considerations prohibit a field visit. The ICR references 20 different studies, that together with the MIS, and an array of stakeholder interviews could underpin a strong post project assessment. The assessment should be conducted to



synthesize the cumulative knowledge of the three phases of the program, as well as any new information available through the implementation of the Citizen Charter.

14. Comments on Quality of ICR

The ICR provided good coverage of project activities, but lacked details on project shortcomings. The ICR tone was mostly positive despite the challenges faced by the project during implementation. Discussion of outcomes was logical and the ICR provided good justification for the assigned efficacy ratings. However, the ICR reported outcome rating as satisfactory despite a modest overall efficacy.

The ICR could have improved on the following points:

- Provide a clear statement of compliance for each of the triggered safeguard policies.
- Discuss the risks and effectiveness of risk mitigation measures during implementation.

a. Quality of ICR Rating Substantial