



1. Project Data:		Date Posted : 09/22/2003	
PROJ ID: P058684		Appraisal	Actual
Project Name: Gz-community Dev. li	Project Costs (US\$M)	15.00	20.82
Country: West Bank & Gaza	Loan/Credit (US\$M)	8	8.01
Sector(s): Board: SP - Other social services (88%), Sub-national government administration (10%), Central government administration (2%)	Cofinancing (US\$M)	5.5	11.69
L/C Number:			
	Board Approval (FY)		99
Partners involved : OPEC Fund, European Investment Bank	Closing Date	10/31/2002	10/31/2002
Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components			
a. Objectives			
The project objective was to rehabilitate community infrastructure through labor intensive micro projects while improving their targeting towards poor and marginalized areas, including refugee camps . The project objective was not revised. The project built on the success of the first Community Development Project .			
b. Components			
The project had three components : (i) Civil works, infrastructure improvements (90 percent of project support) ; (ii) Technical assistance--capacity building for LGU/contractors (4 percent of project support); and (iii) project Management Support (6 percent of project support).			
c. Comments on Project Cost, Financing and Dates			
The project was appraised in January 1999 and approved in March of the same year . The mid term review (MTR) took place in February 2001. The project closed in October 2002, on schedule. At appraisal co-financiers were expected to provide US \$ 5.5 million but they had not been identified . Actual co-financing was more than double the amount envisaged at appraisal . The success of the first project attracted financing from OPEC and the European Investment Bank (EIB) which committed US\$ 8 million and US \$ 10 million respectively by the time the project became effective. However EIB suspended its operations after disbursing about 3.5 million Euros due to the socio-political unrest. OPEC disbursed 90 percent of the committed amount.			
3. Achievement of Relevant Objectives:			
No rate of return calculations were made for the project either at appraisal or completion . However, the project exceeded its target of rehabilitating infrastructure . More than 200 micro-projects--road rehabilitation, water and sanitation systems schools--were completed, But the project had a limited impact on employment creation .The implementation of a large number of non-labor intensive road projects pushed down employment generation averages.			
Initially the location of the sub-projects were in areas identified by the poverty map prepared by the Palestinian Center Bureau of Statistics. However, with the political unrest, unemployment rates rose significantly in all the Palestinian territories reducing the relevance of the poverty maps themselves . The project was overtaken by events during the <i>Intifada</i> and the critical need for rehabilitation/upgrading of access and link roads became a major deciding factor for the kind of sub-projects undertaken.			
4. Significant Outcomes/Impacts:			
<ul style="list-style-type: none"> • The project far exceeded the planned target of rehabilitating infrastructure, well above the 125 micro-projects initially envisioned; • one million people are reported to have benefitted from project activities (more than 32 percent of the population of West Bank and Gaza); • 325 kms. of roads were rehabilitated and reconstructed and provided the critical lifeline for inter -community 			

travel and commerce;

5. Significant Shortcomings (including non-compliance with safeguard policies):

- The project had limited impact on employment creation;
- Delays in implementing the technical assistance component reduced the possible institutional capacity building impact;
- A significant disconnect between community priorities and actual sub -project implementation (graph, page 4 ICR). Most of the rehabilitation of infrastructure was for roads;

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Moderately Satisfactory	[the ICR's 4-point scale does not allow for a "moderately sat." rating]. The project achieved its objectives in rehabilitating community infrastructure but with significant shortcomings as noted in section 5.
Institutional Dev .:	Substantial	Substantial	
Sustainability:	Unlikely	Unlikely	
Bank Performance:	Satisfactory	Satisfactory	
Borrower Perf .:	Highly Satisfactory	Satisfactory	Although performing well overall, the Borrower steered the project too far away from its employment generation and poverty reduction goals.
Quality of ICR:		Unsatisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

The project was intended to be a Community Driven Development (CDD) operation. The Evaluation Summary identifies one project specific and two CDD relevant lessons .

Project specific lessons:

In conflict and post conflict situations, where the ongoing security and political situation creates a high degree of uncertainty, a Bank operation has to be realistic right from the design stage about sustainability expectations . A follow-on operation called the Integrated Community Development Project (ICDP) is being supported in West Bank and Gaza. Given the current political situation in the region, sustainability could be an issue even in that intervention and this risk should be factored in the approval process of other follow -on projects.

CDD relevant lessons:

(i) It is important to clearly recognize that the CDD approach cannot work effectively in all situations . Given the uncertain and politically volatile environment in which it was being implemented, the project in West Bank and Gaza consulted with communities about their preferences but could give them little actual control over decisions and resources. Community preference for sub-projects could not also be realistically met for a variety of reasons, some of which are noted here: other agencies were already active in supporting interventions in the health and educations sectors and the Bank was to supplement rather than replace their work, road rehabilitation had been neglected in the past and required urgent attention, the uprising made village access roads even more critical (para 4.2, ICR). Ultimately, there was a significant disconnect between local community priority and actual sub -project execution by sector (graph page 4).

(ii) Even in demand driven interventions calculations of rates of return should be emphasized at least at the project completion stage . In the Second Community Development Project no ERR was undertaken ex -ante on the ground that the sub-projects were to be demand driven . However an ex-post ERR can be calculated and should be attempted to get a reliable indicator of efficiency .

8. Assessment Recommended? ● Yes ○ No

Why? For two reasons: (i) to verify the outcome and institutional development impact; (ii) to provide input to OED's post conflict study.

9. Comments on Quality of ICR:

The ICR is rated unsatisfactory overall because it fails to give a complete picture of project performance . It focuses only on the post *Intifada* phase giving practically no information on the pre *Intifada* phase during which substantial project disbursements were made . Hence it is difficult for the reader to clearly understand how project implementation actually changed because of the uprising .

