1. Project Data

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Prepared by
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Reviewed by
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Group
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2. Project Objectives and Components

a. Objectives
Both the Financing Agreement (FA) and the Project Appraisal Document (PAD) stated that the Project Development Objective (PDO) was to assist Chongqing Municipality in increasing access of residents in selected counties and districts to improved public services, including roads, water supply, employment training, and primary health care (FA, p.4, PAD, paragraph 14).

b. Were the project objectives/key associated outcome targets revised during implementation?
c. Will a split evaluation be undertaken?

No

d. Components

1. **Roads and Water Supply** (US$119.68 million at appraisal, of which US$47.77 million was the World Bank loan, US$43.39 combined actual) financed transportation and water supply networks in selected jurisdictions.

2. **Township and Village Infrastructure Improvement** (US$10.71 million at appraisal, of which US$4.99 million was the World Bank loan, US$9.75 million combined actual) financed basic public infrastructure in the counties of Quijang and Chengkou, and the Wanzhou District. These included roads, service centers, water and wastewater facilities, distribution pipes, and garbage collection stations.

3. **Migrant Workers’ Training for Transfer and Employment** (US$13.91 million at appraisal, of which US$6.87 million was the World Bank loan, US$9.68 million combined actual) financed workshops and technical assistance (TA) to strengthen school and industry linkages in selected institutions, equipment and upgraded buildings, updated curricula and training materials, conducted teacher training for improved instruction, designed new tests to improve training assessment, and built capacity for monitoring and evaluation (M&E) with the use of tracer studies and employer surveys.

4. **Community Health Care Services** (US$43.66 million at appraisal, of which US$22.17 million was the World Bank loan, US$94.47 million combined actual) financed training and equipment for village clinics and urban Community Healthcare Centers (CHCs) and constructed new facilities for Yubei District Hospital as well as training and equipment for these new facilities.

5. **Institutional Support and Technical Assistance** (US$2.79 million at appraisal, of which US$1.99 million was the World Bank loan, US$2.27 million combined actual) financed TA to design, review and certify project works, strengthen the capacity of the Project Implementing agency, and a policy study on Operations and Maintenance (O&M) mechanisms for public utilities in rural areas.

There was a front end fee of US$ 0.21 million both at appraisal and actual.

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

**Project Cost:** Total project cost reached US$190.75 million at appraisal, of which US$ 84 million was funded by the World Bank and the balance by counterpart funds. Disbursements reached US$159.78 million, of which US$78.72 million was the Bank loan. The balance of the Bank loan was cancelled.

**Financing:** The International Bank for Reconstruction and Development (IBRD) financed this Specific Investment Loan (SIL).

**Borrower Contribution:** There was no borrower contributions but the Government committed US$ 107.85 million in counterpart funds at appraisal, revised to US$ 133.63 million during the restructuring, and disbursed US$ 84.34 million by project close.
**Dates**: The project became effective on October 18, 2010 and was originally expected to close by June 30, 2016. The Mid Term Review (MTS) was conducted in March 2013, as planned. Actual project close was on June 30, 2017, with an effective 12 month extension to complete the project. There were two restructurings:

- on August 1, 2013 to change the results framework, components and cost allocation, disbursement arrangements, and procurement. Subprojects originally included in the work programs for the road and water supply components became fully financed by grant funding from the Government. As a result, key performance indicators and related intermediate outcome indicators for water supply were removed and the target beneficiaries for roads reduced from 306,000 to 227,000 beneficiaries.
- on December 17, 2015 to change the results framework, components and cost allocation, the financing plan, disbursement arrangement, and extend the loan closing date to allow for the completion of subprojects funded out of loan savings.

### 3. Relevance of Objectives

**Rationale**

The objective was relevant to the country's Thirteenth Five Year Development Plan (2016-2020) as this plan promoted balanced development between urban and rural areas across different regions. A whole chapter of the Five Year Development Plan, Chapter 36, was dedicated to promoting a coordinated pattern between urban and rural development by addressing community level health care institutions, safe drinking water, and improve long term investment mechanisms that promoted the integration of rural and urban infrastructure such as roads, and water supply. This chapter was followed by a section on coordinated development among regions that promoted equitable access to basic public services.

The objective was also relevant to the World Bank's Country Partnership Strategy for FY13-FY16 as well as the Performance and Learning Review (PLR) of the CPS dated January 2016. This document was the most recent partnership framework between the World Bank and China. In the CPS, this project was noted as directly contributing to the Strategic Theme 2 - "Promoting a more inclusive development" - as reflected in outcomes 2.1 - increasing access to quality health services and social protection programs, 2.2, strengthening skills development programs, 2.3 - enhancing opportunities in rural areas and small towns, and 2.4 - improving transport connectivity for more balanced regional development. The PLR confirmed that the PDO directly contributed to the outcomes and milestones of the updated results matrix (Annex 1). In particular, the project contributed to the outcomes under 1.2 - enhancing urban environmental services - 1.2.1 people with access to improved water supply and the strategic theme 2 - promoting a more inclusive development as noted above.

**Rating**

Substantial
4. Achievement of Objectives (Efficacy)

Objective 1
Objective
To assist residents in selected counties and districts of the Chongqing municipality to increase access to road transportation networks.

Rationale
Both the FA and the PAD noted one Project Development Objective (PDO) - to assist Chongqing Municipality in increasing access of residents in selected counties and districts to improved public services, including roads, water supply, employment training, and primary health care. To better assess the project's efficacy, this objective was subdivided into four sub-objectives: to assist residents in selected counties and districts of the Chongqing municipality to increase access

- to road transportation networks,
- to safe drinking water supply,
- to improved quality of vocational training programs, and
- to enhanced quality of healthcare services in rural and peri-urban areas.

OUTPUTS:

- A total of 77.6 km of roads were constructed and rehabilitated (original target 100 km, revised target of 77.6 km, achieved) and served a population of around 341,000 residents in the County (original target 306,000, revised target 230,000 residents, exceeded).
- Constructed and rehabilitated 3 roads with 31.5 km (original target 5 rural roads at 25.6 km, number of roads almost achieved, length exceeded) in Tongliang District: (a) new, 1.7 km Class II Jinshazong Road; (b) rehabilitated 11.2 km of Class III Huda Road plus secondary roads; and (c) rehabilitated 18.6 km of combined Classes III and IV Tongyan Road and associated urban Class II roads,
- Constructed a new Class II, 6.3 km road in Yongchuan County and another 14 Class IV 39.8 km rural roads for a total of 46.1 km in Yongchuan District (target 13 Class III-IV roads at 46 km length, achieved).
- Under the township and village infrastructure component, assisted a total of 3 villages (original target 5, revised target 3, achieved) with improved village level infrastructure such as secondary roads, sidewalks, community centers, sanitation systems and water pipes. These included the construction of a total of 3.66 km of Class IV of rural roads in Qinglong village, Xianyi Township; 4.47 km. of two rural roads within Xishan village, Qikang county benefited 9,520 local residents; and four Class IV 9.86 km. roads in Cuijiao village benefited 9,520 villagers (original target 23.53 km of main roads and 3 service centers in Qijang County and 6.2 km of roads of which 2.8 km was new and 3.4 km was reconstruction in Chengkou County, almost achieved)
- Completed one TA study on rural public asset management (target achieved).

OUTCOMES:
Two road subcomponents were dropped at restructuring because the Government decided to provide grant financing as part of its pilot urban-rural reforms. A new road in Xiushian county was dropped because of lengthy delays in the design of the new Yuhuai railway that the road would cross, which resulted in loan savings that financed the construction of a new road in Yongchuan district and upgraded the Yubei district hospital.

Typical travel time from Banquiao town to the expressway entrance in Yongchuan was reduced from 45 to 15 minutes. This information was based on interviews. (No numerical targets in the results framework, only that the travel time will be reduced, achieved).

Average daily traffic volume increased from 270 to 500 passenger vehicles and 200 to 300 freight vehicles. In Tongliang, average daily traffic volume along the Huda Road increased from 270 to 350 passenger vehicles and 250 to 300 freight vehicles. These figures were reported from the beneficiary survey. (No equivalent physical targets in the results framework).

In Yongchuan, 11 new enterprises started operations because the new roads allowed for large cargo trucks, which carry local agricultural products to national and international markets and encouraged new processing businesses. Yonchuan government reported in their local papers that more food processing businesses have been set up, creating 8,000 jobs. In addition, local papers also reported that local farmers from 11 villages in Yongchuan registered an improved density in road use from 0.99 per square km to 2.12 per square km with 0.65 square km increase attributed to the project.

A survey in Yongchuan showed that the farmers’ average annual disposable incomes in the project region increased from RMB 4,000 in 2012 to RMB 6,600 in 2017. The ICR acknowledged that while not all of this increase was attributed to the project, it contributed in a positive manner.

The rural roads connected rural households, benefited 2,000 villagers and improved livelihood and enhanced agricultural production. Evidence was provided by the proximity of the village to a Class 4A tourist attraction (the Chinese Standards range tourist attractions from the highest 5A to lowest 1A) and the connectivity provided by the rural roads were claimed to have boosted income of 2,000 villagers who earned from tourism because the daily traffic volume increased from 30 to 85 passenger vehicles and 15 to 35 freight vehicles before and after the project. Data were derived from the beneficiary survey.

The TA on rural public asset management informed local governments on future operations and maintenance (O&M) requirements of completed road projects. O&M needs of rural roads were the responsibility of township governments and they received subsidies from a higher level government budget. O&M needs of urban roads O&M was supported by municipal, district, or county governments. There was no additional information if the O&M needs of the project were budgeted post project.

Rating
Substantial

Objective 2
Objective
To assist residents in selected counties and districts of the Chongqing municipality to increase access to safe drinking water.

Rationale
The Key Outcome indicator for this objective was access to safe water supply. The Intermediate Outcome indicator for this objective was increase in the number and volume of new water supply systems. At the first restructuring, when 21% of the loan was already disbursed, all water related indicators were dropped. The water schemes were completed without Bank financing at an even larger capacity than planned (actual 17,500 m³/d baseline 12,800 m³/d) and reaching 183,000 beneficiaries (original target 112,000, exceeded).

OUTPUTS:
- In Qijang County, four water tanks, 286 km of water pipeline, water distribution network with a total capacity of 900 m³ in Cuijaocun and Xishan villages, benefited 937 people (original target was 3 water treatment plants with combined capacities of 660 m³ and 46 km of pipelines, achieved).
- In Chengkou County, one water treatment with a capacity of 1,500 m³/day, 12 km of main pipelines supplied water to 8,700 residents in four villages of Xianyi Township as well as 20,000 tourists a year (original target was 2 water storage tanks with a capacity of 220 m³/day, 5.5 km of trunk and 60 km of distribution lines, exceeded).

OUTCOMES:
- The continuous water supply in Chengkou County met national standards and provided 1,975 household connections, and 1,737 water meters, which would facilitate tariff collection. A total of 19,800 villagers benefited (original target 112,800 beneficiaries, almost achieved)
- The same TA study on rural asset management included O&M needs of the water facilities to inform the rural entities how to reduce financial and technical risks (target achieved).

Rating
Modest

Objective 3
Objective
To assist residents in selected counties and districts of the Chongqing municipality to increase access to improved quality vocational training programs.

Rationale
OUTPUTS:
• Assisted four vocational training institutions in four counties/districts - in Shizhu, Yubei, Wushan, and the Chongqing Technology and Business University - to improve their training programs for the employability of its migrant workers through workshops and technical assistance (TA) to strengthen school-industry linkages, equipment, building upgrades, workshops to deliver training programs in electoral, computer, cell phone repair, maintenance, automotive, sewing/tailoring, hospitality, beekeeping, livestock care, and updated curricula and training materials to increase the quality and relevance of training (target achieved).
• 24,340 trainees received vocational training (original target 13,000, exceeded) 1,672 trainers/instructors received training (original target 1,360, exceeded)
• trained 2,510 instructors in Yubei in training skills and management. Vocational education covered 19 courses such as computer aided accounting, PC repair and applications, electronics and electrical appliances and new courses such as digitized machine building. Between 2012 and 2015 graduated 8,550 students. Employees of enterprises, freelancers, farmers and migrant workers were also trained in improving job skills, special job certification, business set up, safety management and logistics management.
• Trained 333 instructors in Wushan and trained 7,541 farmers in farming skills 6,691 students in vocational education and 33,552 migrant workers in short courses.
• trained 106 instructors in Chongqing Technology and Business University and provided vocational training to 4,000 people.
• trained 333 instructors in Wushan and offered three types of training - farming skills, vocational training, and for migrant workers.
• rehabilitated training workshops with modern facilities in Shizhu and trained 726 instructors. Offered courses on car making and repair, and tourism. The school linked with nine large enterprises and graduated 7,599 students between 2010 and 2017. The school also trained 14,875 farmers between 2011-2017 in skills such as planting cash crops and herbs, beekeeping, livestock feeding, and setting up mini businesses, e-commerce, farm machine operation and maintenance.

OUTCOMES:

• In Shizhu, graduates who obtained jobs rose from 82.7% in 2010 to 97.97% in 2017. Job satisfaction increased from 60% in 2010 to 85% in 2017 and the school reported that farmers increased their income (no value provided).
• In Yubei, 8,455 graduates (of 8,550) received good jobs within 12 months after graduation and 83% of the graduates expressed satisfaction with their jobs. The jobs and details of graduates were tracked by the school through mobile apps. A survey indicated that 92% of the graduates found their jobs in the Chongqing region and the rest in cities like Beijing and Guangzhou. Migrant workers who received training in short courses expressed satisfaction with the training from 79.6% in 2012 to 93.2% in 2016.
• In Wushan, employer surveys conducted among the companies that hired those trained indicated that 100% were moderately satisfied with the professionalism of the new hires (75% were highly satisfied) and another 100% were above moderately satisfied with their job skills (55% indicated highly satisfied). 97% of the farmers expressed satisfaction with the training received and reported an increase of income by 10% after the training. 97% of the students trained in vocational education reported obtaining jobs with an
average annual income of RMB 33,000-RMB 34,000 in 2016-2017. 93% of the migrant workers who took short courses expressed satisfaction with their training, and reported an increase in their employability from 41% to 93% and increase in annual incomes from RMB 4,000 to RMB 5,000.

• The ICR noted that there was no outcome level survey data available for the training conducted at the Chongqing Technology and Business University

**Objective 4**

**Objective**

To assist residents in selected counties and districts of the Chongqing municipality to increase access to improved quality primary health care services in rural and peri-urban areas.

**Rationale**

**OUTPUTS:**

- 687 village clinics and 37 urban community health clinics were provided standardized medical sets to deliver standard services medical (targets achieved). In addition, 1,672 health workers (target 1,360, exceeded) and 474 general practitioners (target 236, exceeded) were trained in health care service delivery.
- The Yubei Hospital was expected to be improved from a Class II A (regional hospital with 100-500 beds) to a Class III A (provincial level with over 500 beds) to better serve a wider area and provide tertiary treatment at the main hospital. Surrounding clinics would provide basic services to minimize overcrowding at the hospital and optimize hospital resource allocation. This target required an RMB 695.2 million investment but construction only started in 2015 because of delays in finalizing the Yubei District Master Plan. The project only funded part of the construction including additional hospital facilities (1 in-patient building, 1 outpatient building, a wastewater treatment station) on a new site in Yubei district, medical and other equipment for affiliated community health care centers, and training health care service providers.
- 822 standardized community-level health care facilities were operational (original target 734, revised target 727, exceeded)
- Equipped 20 central hospitals in six districts and counties of Wanzhou, Fuling, Beibei, Hechuan, Wansheng, and Tongliang and 37 community health service centers with basic medical equipment and 20 ambulances (targets achieved).
- Established a pilot local government network of PHCS providers to cover rural areas in Chongqing according to plan. This network was known as "one health care center for every street, one hospital for every town, and one clinic for every village."
- A series of studies were completed as planned that promoted health care policy reform for the municipality - (a) Chongqing Municipal Health Care Survey Report, (b) Equity and Efficiency Study Report
OUTCOMES:

- The share of outpatient case loads increased from 0% to 23% (target 18 point increment, exceeded)
- The population with access to primary health care services at the community level increased by 822,000 (145% more than the original target of 336,000)
- The Chongqing Municipal Government committed to completing the Yubei hospital after project close, by end 2018 and operational by 2019 to benefit 2.7 million. Note that the Yubei Hospital, which had a four year construction delay, offered services beyond primary health care. The outcomes associated with the hospital are unclear because the project closed without this component being completed. The ICR states that by constructing the hospital, positive impacts on primary health care are expected. Based on the May 2, 2018 email from the Task Team Leader, the Chongqing Project Management Office (there is an ongoing follow on project - the CURIP II - Health) will continue to monitor this component and notify the World Bank of completion and operationalization.
- The Chongqing Municipal Government reported scaling up its medical training programs across the municipality together with two parallel training programs reaching 3,200 general practitioners in primary health care service (PHCS). A third party survey indicated that 56.1% of residents expressed satisfaction with outpatient services in 2010 and increased their satisfaction to 78.4% in 2016 (a 22.3 percentage point increase). The same survey noted that residents expressed satisfaction with inpatient services from 54% in 2010 to 77.8% in 2016. (23.8 percentage point increase).
- The pilot local government PHCS network allowed residents to have access to the network within 30 minutes in the rural areas and within 15 minutes in urban areas, A survey indicated that almost all villages were furnished with PHCS clinics within 1-2 km or 30 minutes walking time from the farthest family. Minor physical problems were handled locally, more serious ailments were transferred to the larger hospital with local PHCS staff guidance and coordination.
- The studies promoting health care policy reform led to the Bank-financed Chongqing Urban-Rural Integration Phase II - Health loan approved in June 2012 (ICR, p.20 of 67).

Rating
Modest

Rationale
Some outcomes were difficult to measure. Some outcomes were attributable to factors other than the project. When the project was restructured, there were adjustments made on the project targets (e.g., downsizing of water
activities, the focus of the hospital away from primary care, and design from vocational programs to short training sessions for migrant works), which contributed to the difficulty in evaluating the final project. While the efficacy of the objective related to roads was rated substantial, the other 3 were rated modest leading to a final rating of efficacy as modest.

Overall Efficacy Rating

Modest

Primary reason

Low achievement

5. Efficiency

Economic and Financial Efficiency: The same economic analysis approach was used at appraisal and at completion. Data at completion was obtained from a beneficiary survey. At completion, the following benefits were identified - road improvements led to savings in travel time and cost, productivity increases, and income increases from training farmers and migrant workers. Cost benefit analyses were conducted for the road project, the training of migrants, and for the Yubei District Central Hospital.

- For the road component, two of the four road subcomponents were dropped during the first restructuring because these were instead funded by grants from the Government. For the two remaining road subcomponents, EIRRs were 16.79% for Tongliang Road and 9.2% for Yongchuan Road, both well above the threshold of 8% for investment projects.
- For training, EIRRs registered at 18.42% in Wishan, 20.7% in Yubei, 1.3% in Shizhu, and 14.1% for CTBU. Financial analysis showed that incomes of migrant workers who received training were sufficient to cover their training expenses and debt service.
- For the not yet completed Yubei District Central Hospital, EIRR was estimated to reach 10.6%. Financial analysis estimated that the Hospital would generate sufficient income to cover expenses and debt service once it becomes operational in 2019.

A cost effectiveness analysis was used for three of the four subcomponents under the township and village infrastructure improvement component of the project. One subcomponent (Wanzhou District) was dropped during the first restructuring. Costs of rural roads were higher than appraisal estimates and average costs of other village roads in the region. For drinking water, every RMB 10,000 investment was estimated to benefit 1.8 households, higher than that of a similar Bank financed project (0.54).

Administrative and Operational Efficiency: The project was restructured twice - the first to take into consideration a Government decision to pilot its grant financing of local investments through the New Countryside Development Program, dropping the water subcomponents and a key road sub component from the project, and the second to address the operational delay brought by a lengthened completion of the Yubei District Master Plan, which included a higher class Yubei District Hospital. With that delay, only a segment of the original project was financed with Chongqing committing to completing the rest of project by 2018 and making the hospital operational by 2019. In addition, there were changes made to the training component, which originally focused only on migrant workers but eventually covered farmers training and vocational diploma education, not just short courses, affecting the outcome for employment training for migrants.
Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

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

6. Outcome

Relevance of the PDO was rated substantial. Efficacy of Objective 1 was rated substantial while the efficacy of the remaining three objectives were rated modest. Efficiency was also rated modest. This gave an overall rating of Moderately Unsatisfactory.

a. Outcome Rating
   Moderately Unsatisfactory

7. Risk to Development Outcome

The following pose risks to the development outcome:

- **Technical Risk.** The water quality is at risk of contamination from raw water or from simple treatment employed, or from insufficient monitoring of quality. This is mitigated by a guide prepared under the project, "Rural Infrastructure Survey and Asset Management Guide" given to all government authorities, implementing units, and future agencies. The government also established a Rural Water Conservation Fund to support future but there is still a lack of institutional arrangements to mitigate this risk. As regards the O&M for rural roads, convention calls for township governments or village committees to be responsible for O&M of rural roads. These organizations may not provide adequate funding for managing the built assets or may not have administrative capacity to do so.

- **Financial Risk.** Completion of the Yubei District Hospital and the provision of primary health care in the PHCs may fall short. Funding to replace low value assets with short life spans may not be attended to or funded by the health care units. There are no budgeted plans to replace these assets which need to be
renewed every 3-5 years to maintain desired service levels.

- **Government policy** to remove the disparity between urban and rural service delivery may not be maintained and resources may be diverted to other national priorities such as rapid urbanization.

- **Risk of natural disasters**. The region is exposed to the risk of natural disasters such as earthquakes. The municipality did experience one in 2017 but no casualties or little damage were reported. There remained a risk though that the completed projects would be affected by natural hazards such as earthquakes.

### 8. Assessment of Bank Performance

#### a. Quality-at-Entry

The PDO was clearly stated even though it was output- rather than outcome oriented. Design was comprehensive and technically sound, targeting four key areas where access in the rural areas were not comparable to those delivered in the urban areas. Design was internally consistent and addressed key issues. However, the inclusion of sub-projects that were also submitted for grant funding under the New Countryside Development Program led to key sub components being withdrawn just as implementation was underway. Furthermore, design called for projects in 16 dispersed counties and districts scattered over a wide area, which challenged coordination, management and supervision. The Results Framework was also output oriented and made it difficult to measure and monitor the project's relative achievement of the PDO. Risks and mitigating measures were adequately identified except for the availability of national grant funding for the water supply subprojects in the poor regions that the national government was targeting during appraisal. There were no alternative sub projects identified. Construction delays were not identified as a risk for the Yubei hospital nor was the plan to adjust the hospital classification from IIA to IIIA as part of the Chongqing Municipal Government's updated Yubei District Master Plan.

**Quality-at-Entry Rating**

Moderately Satisfactory

#### b. Quality of supervision

Supervision was adequate. There was an average of two missions a year to ensure timely monitoring of project progress. Performance reporting was candid. Problems, and issues were identified and communicated to the Borrower with suggested corrective measures. Two project restructurings raised disbursement rates and helped ease concerns on insufficient or late counterpart funds. However, the PDO remained unchanged even when a significant project component - water supply - was withdrawn by the government from the project and which should have removed "water supply" from the PDO. The Bank team did not use the restructuring as an opportunity to strengthen the weak results framework. Bank supervisory missions, including fiduciary and safeguards, were adequate but some issues were not addressed in a timely manner. For example, the construction of the Yubei hospital was not completed by the time of project close. The government committed to complete the project in 2018 and make it operational by 2019.
Quality of Supervision Rating
Moderately Unsatisfactory

Overall Bank Performance Rating
Moderately Unsatisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design
The M&E design stated that the Chongqing Project Management Office was to be responsible for the M&E system. The objective was clearly specified. The theory of change outlined the key activities and the outputs that would support the expected outcome. However, the M&E system was based on a Results Framework that provided adequate indicators for inputs, outputs but not for outcomes or the evaluative aspect of M&E. For example, the key performance indicator for the roads component measured the increase in population with access to the networks that reduced travel time to main urban areas rather than specifying the reduced travel times for specific roads or increased road density between townships. Indicators such as the number of towns with improved infrastructures, needed the support of indicators that would show how the investments reduced the service delivery disparity between the urban and rural areas. There were no indicators to measure which training in the four service areas would reduce the urban-rural disparity. There were also no indicators on technical quality, the level of satisfaction by beneficiaries, road safety or the reduction in the number of road accidents, or measures of sustainability. The M&E design could have benefited from the inclusion of surveys, which could have provided information on beneficiary satisfaction or tracked road usage. For the training component, M&E did not include tracer studies to follow up on trainees to see if they found better paying jobs after receiving training. The Results Framework did not include indicators to measure efficiency gains in the health care system.

b. M&E Implementation
The Chongqing Project Management Office coordinated and implemented the M&E system as designed and included government statistics in its reporting. The various implementing units provided the required data as designed. However, when the first restructuring dropped the water subcomponents and removed the key performance indicators and intermediate outcome indicators from the Results Framework, it became difficult to assess the achievements of the water investments in Qijiang and Chengkou under the township and village infrastructure subcomponent of the project. In addition, the second restructuring allocated loan proceeds to further upgrade the Yubei District Hospital, and refocused health care delivery from "primary" to a higher class but the related key performance indicators directed at primary health care were not changed.

c. M&E Utilization
The ICR noted that the M&E data was used to monitor implementation progress. The M&E system identified the slow progress, which led to an increase in supervision resources. The studies, data and findings under the health care component were used to influence the second phase of the project focusing on health (the
Bank-financed Chongqing Urban Rural Integration Phase II - Health (Loan 8171-CN) approved in June 2012. However, the lack of evaluative nature of the M&E system noted above was not remedied during implementation even though opportunities were presented by the two restructurings. For example, the water related indicators removed during the first restructuring may have been reinstated to inform the impact of the water related investments under the township and village infrastructure components of the project.

M&E Quality Rating
Modest

10. Other Issues

a. Safeguards
The project was assigned an Environmental Category B for the purposes of OP/BP 4.01, which requires a partial environmental assessment. Two other safeguards were triggered - Involuntary Resettlement (OP 4.12), and Safety of Dams (OP 4.37). (ICR, p.26, PAD, paragraphs 55, 60, and 61). After the first restructuring, the Safety of Dams was no longer relevant because water supply activities were dropped but was not explicitly noted in the Restructuring Paper (ICR, p. 26). The ICR stated that the project satisfactorily complied with Bank safeguards policies. For example, site environmental supervision engineers monitored air quality and noise levels at construction sites and found that these met stipulated standards. Laboratory results of samples of raw surface water and treated water of the Chengkou water treatment plant complied with stipulated Chinese Environmental Quality Standards for Surface Water and Drinking Water Standards.

Resettlement activities showed moderately satisfactory implementation of social safeguards. The Resettlement Action Plan was completed and implemented in full compliance with national policies and the Bank's safeguard policies (ICR, Annex 7). External monitoring reported that the Resettlement Action Plan was implemented with limited impact on the income, livelihood, and agricultural activities of households because only a minor portion of the land was acquired. The ICR noted that safeguards in resettlement were in accordance with the legal agreements. The compensation rates for resettlement and land acquisition exceeded the rates in the agreed Resettlement Action Plan because the water and road components were reduced leading to lower land acquisition and resettlement. Compensation to each of the affected households was increased due to increase in land prices and more favorable compensation policies issued after the initial estimates. Compensation payments were issued in a timely manner and all issues were properly addressed. Resettlement issue in Tongliang was solved at loan closing (ICR, p. 29)

b. Fiduciary Compliance
Financial Management: The ICR noted that the project satisfactorily complied with Bank financial management policies after early training addressed initial lack of experience in Bank financial management procedures for implementing unit level staff. All audits received unqualified (clean) opinions.
Procurement: The ICR noted satisfactory compliance with Bank procurement policy. Some designated staff had experience with Bank project implementation. There were no misprocurements, no integrity and no corruption incidents reported.

c. Unintended impacts (Positive or Negative)

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d. Other

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12. Lessons

The lessons are drawn from the ICR with some modification of language:

- **Flexibility in project design is important when there are components that may receive alternative financing during implementation.** Experience in implementing projects in China showed that sometimes appraised subprojects were funded by alternative sources. It might be necessary to come up with a more exhaustive list of potential projects as some may be captured by alternative financing.
- **Challenges posed by multi-sector projects may require the availability of technical experts throughout implementation.** Technical sector experts were available to this project during preparation - in roads, water supply, vocational education, and health care. However, these same technical experts were also needed during implementation to ensure the effectiveness of the project.
- **A pilot multi-sector approach may require fewer sites where more sectors are implemented with substantial investments to better demonstrate how to reduce the disparity between urban and rural service delivery.** This project included single sector interventions in 16 counties - spread over a wide area of the Chongqing municipality. The wide swathe challenged managing, coordinating, and monitoring the implementation of fragmented sub-projects.
13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provided a detailed overview of the project, was internally consistent, followed a logical sequence, and integrated the various sections. Robust evidence was sourced from beneficiary surveys, monitoring indicators, and data collected by the government. The ICR was candid, concise, and followed OPCS guidelines. The annexes provided additional information, like the annex showing before and after pictures which further highlighted its results orientation. In addition, extensive discussion of the efficiencies of its project components contributed to strengthening the evidence base of project outcomes, where measured. Lessons were clear, useful, and based on the evidence from the ICR. There was adequate analysis of the evidence including the difficulty posed by the weak results framework, particularly where indicators used were more outputs rather than outcomes. The ICR noted the difficulty in evaluating the final project outcome and pointed to shortcomings in the results framework and incompleteness of data.

a. Quality of ICR Rating

Substantial