1. Project Data:

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<td>P069937</td>
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<td>Project Name:</td>
<td>Social Welfare Development Project</td>
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<td>Theme(s):</td>
<td>Social risk mitigation (40% - P); Social safety nets (40% - P); Other social protection and risk management (20% - S)</td>
</tr>
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</table>

2. Project Objectives and Components:

a. Objectives:
The project’s original objectives, according to the Loan Agreement (LA, p. 18), were “to strengthen the quality, targeting, and administration of social benefits and services to the Borrower’s population.” The Project Appraisal Document (PAD, p. 4) stated the objectives with an additional qualifier: “to strengthen the quality, targeting, and administration of social benefits and services to those most in need.” This Review will use the statement of objectives from the PAD, as it is more concrete in that it states whom will be targeted.

The objectives were revised as part of a project restructuring on October 21, 2009. The revised objectives, according to the Project Paper on a Proposed Project Restructuring, p. 5, were “to strengthen the quality of social services and to improve administration, planning, and policy making of the social welfare system.”

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

Yes

Date of Board Approval: 10/21/2009

c. Components:
The project contained three components:

1. Improving Social Service Delivery (appraisal, US$ 7.21 million; actual, US$ 6.80 million). This component was intended to improve the entire spectrum of social welfare provision in Croatia, from prevention through quality of service delivery to reintegration of clients into communities. It contained two subcomponents:

   a) Programming Cost-Effective, Efficient, and Inclusive Social Services was to introduce improvements in administration and service delivery in three pilot counties, in preparation for replicating those improvements nationally (beyond the project’s lifetime).
Managing and Financing for Results was to help public sector agencies use new tools and approaches to achieve the changes envisaged under the project. An Innovation and Learning Program (ILP) was to be established to finance or co-finance initial costs for the provision of new and innovative community care programs, and to evaluate and disseminate lessons learned on improvements in quality, effectiveness, and costs.

2. Strengthening of the Social Welfare Management Information System (appraisal, US$ 9.52 million; actual, US$ 7.89 million). This component was designed to improve the administration of cash and non-cash benefits by implementing a new organizational model in Center for Social Welfare offices (CSWs), and to ensure that the management information system could provide timely and high-quality data to Ministry of Health and Social Work (MHSW) staff for designing, monitoring, and analyzing social policy. It contained two subcomponents:

(a) Implementation of a New Administration Organization was to develop a new organization of social welfare based on a one-stop-office model for CSWs, bringing together cash and non-cash benefits, improving the CSWs’ work organization, and providing better service to clients.

(b) Introduction of a Management Information System (MIS) was to establish a register of all welfare system beneficiaries; automate the process of claiming, processing, and paying cash benefits; and institute a case management system that would assist the Government in reviewing relative program effectiveness, tracking services at the client level, and using this information for better policy and decision making.

3. Upgrading of Existing Social Services Facilities (appraisal, US$ 44.06 million; actual, US$ 78.61 million). This component was intended to: (a) upgrade a range of selected residential institutions to ensure meeting of minimum standards; (b) provide CSW with renovations or new construction in order to introduce the One-Stop-Office model, provide an appropriate environment for information technology upgrades, and improve overall facility conditions, consistent with the administrative reorganization.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:

Project Cost: The ICR denominates project costs in euros. This Review uses the exchange rate in effect on the date of the ICR (September 29, 2011), 1 Euro = US$ 1.36.

At the October 21, 2009 restructuring, US$ 35.58 million, or 84.4% of the loan, had been disbursed.

At the October 21, 2009, restructuring, an unspecified amount of funds was reallocated from Goods, Consultants’ Services, and Grants to Civil Works. This reallocation was possible because the cost of the MIS was lower than estimated, because the Swedish International Development Agency (SIDA) grant financed the bulk of consultants’ services, and because the Government financed some of the project design and civil works supervision.

Financing: SIDA agreed to provide 14.7 million Swedish krona (US$ 1.9 million) in co-financing to develop specific policy recommendations and tools to assist the Government in implementing deinstitutionalization and introducing prevention and social inclusion policies. Specifically, SIDA agreed to finance consultants and training for social planning, the Innovation and Learning Program, the One-Stop-Office model, quality standards, methodological centers, MIS development, and project monitoring and evaluation. All activities planned under the SIDA grant were successfully completed by June 30, 2009.

Borrower Contribution: Limits on counterpart funding in 2007 delayed the contracting of civil works for CSWs and social services facilities. These limits resulted from the Government’s strategic decision to use the majority of the MHSW’s capital budget that year to complete a Council of Europe Development Bank project. The 2008 budget allocations for the project were increased to compensate, but the delay in construction bidding and start-up set this activity back by one year and led to the first closing date extension to June 15, 2010. Ultimately, the Government provided US$ 49.23 million, or 255% of the appraisal estimate of US$ 19.31 million.

Dates: The closing date was extended three times. The first extension, approved on February 18, 2009, moved the closing date to June 15, 2010. It was intended to allow for contracting of civil works for CSWs and social services facilities that had been postponed by delays in provision of counterpart contributions. Subsequent extensions, to December 31, 2010 (approved on June 14, 2010) and finally to March 31, 2011 (approved on December 21, 2010), were to allow for completion of the MIS. The ICR does not provide the dates of approval of these extensions; those dates were provided by the project team.

3. Relevance of Objectives & Design:

a. Relevance of Objectives:

Original Objectives: Substantial.
The original objectives are substantially relevant to the Bank's Country Partnership Strategy (CPS, 2009-2012), current at project closure, that aims to support selectively the Government’s main strategic priorities in the context of European Union accession, including improving quality and efficiency in the social sectors.

The project's objectives complemented the Bank’s Programmatic Adjustment Loan (PAL, US$ 184.9 million, 2005-2006) and Second Programmatic Adjustment Loan (PAL II, US$ 197.4 million, 2007-2008), which focused specifically on benefit policy, and the United Nations Development Program’s support to social welfare monitoring capacity in the MHSW (2003).

The original objectives are substantially relevant to the Government's Social Welfare Reform Strategy. That policy’s goals were: (a) to help clients achieve self-reliance through provision of effective social services to the most needy; (b) to ensure uniform access to quality and relevant social services; and (c) to streamline targeted social assistance programs, strengthen fiscal sustainability, and preserve work incentives for benefit recipients.

At the time of appraisal, Croatian households were expected to face differential impacts and challenges from economic transition and European Union accession. Social services were seen as a public good that could mitigate those impacts when delivered effectively. A Government-sponsored study had found that the absolute poverty rate for 2001 was 11.2%, dominated by the poorly educated and the elderly. This poverty profile revealed two main economic causes of income poverty: limited employment opportunities and inadequate targeting of the social safety net (ICR, p. 1). The Government recognized that it was necessary to consolidate and improve the efficiency of social expenditures, but faced the challenge of limited MHSW capacity to design social policy. In addition, incentives for the local level of government to conduct social planning were weak and lacked funding.

**Revised Objectives: Modest.** The revised objectives removed the goal of improving targeting of benefits to those most in need. It is unclear how genuinely improved quality and administration of social services could take place in the absence of effective targeting. Government strategy (ICR, p. 2) continues to focus on "the most needy," and the May 2011 Social Welfare Act has as its first provision the improvement of social benefits targeting. The removal of targeting as part of the project's objectives reduced the probability that social services would be targeted at the neediest population groups. The CPS current at project closure specifically cites the need for "better targeting of social benefits" (p. 3). The 2009 restructuring therefore reduced the relevance of the project's objectives to the Government's strategy and to the Bank's strategy.

**b. Relevance of Design:**

**Original Design: Modest.** The intent of each element of the project’s original objectives was clearly reflected in the PAD, which discussed “concentrating the available resources on the very poorest ” (p. 4) and the “fiscal savings that can be realized from improved targeting of benefits “ (p. 10). However, with its emphasis on improvements in targeting of benefits to those most in need, the project’s original objectives were not likely to be achieved by the activities described in its components. With the exception of one small consultancy, the project’s planned activities could not be expected to have an impact on achieving improved targeting and administrative efficiency of social benefits. Instead, this goal was intended to be achieved through PAL II, which had one specific condition on improving targeting of social benefits. According to the Restructuring Paper (p. 4), this project was designed to be implemented in parallel with the PAL series. Its components related to improvements in quality of social services and strengthening of administration and policy-making in the social welfare system, activities that would plausibly be expected to achieve only part of the original statement of the objectives. As stated in the Restructuring Paper (p. 5), “the development objectives and the majority of outcome and intermediate indicators have either been misaligned, mis-designed, or difficult to monitor.” The results framework presented in the PAD (pp. 22-24) does not fully connect the project’s objectives and outcome indicators to the activities and intermediate results anticipated from the implementation of its components. A Joint Portfolio Review in 2009 noted this discrepancy and recommended that the development objectives and the results framework be reformulated to capture better the results of the project.

**Revised Design: Substantial.** Though the revised objectives were less relevant than the original objectives to the Government's strategy and to the Bank's strategy, the project's activities were better aligned with the revised objectives after restructuring. The revised statement of the project’s objectives removed references to improving targeting of social benefits to those most in need, instead focusing on improving the administration, planning, and policy making of the overall social welfare system, as well as the overall quality of social services. The revised results framework (Restructuring Paper, pp. 7-15) presents a results chain that plausibly connects the project’s revised development objectives with its activities, outputs, and expected outcomes.

4. Achievement of Objectives (Efficacy):

**Original Objectives**
Strengthen the quality of social benefits and services to those most in need is rated Substantial.

**Outputs:**

Methodological Centers (MCs) were developed, based on a competitive selection process, to identify and disseminate best practice strategies in the provision of social services. Three of these MCs were based in social welfare homes, and one was based in the newly created Department for Social Welfare Development.

34 Innovation and Learning Program (ILP) projects designed to transform residential-based programs and promote community-based care were implemented, meeting the target. These projects produced six models: community centers, empowerment programs, home help, foster care, planning and cooperation, and transport services. 3,050 persons were included in prevention programs under the ILP, exceeding the target of 2,781. 8,620 beneficiaries received alternative community-based services generated by the Innovation and Learning Program, exceeding the target of 6,840.

**Outcomes:**

15 new quality standards, with 155 quality indicators, were developed, approved, and fully applied in all state-owned residential social welfare institutions and centers for social welfare. An additional 5 quality standards with 55 quality indicators were developed for organizations providing “out of home” social care for children, and 5 standards with 48 quality indicators for organizations providing “out of home” social care for adults. These standards are now mandatory for all social welfare institutions managed or funded by the Government.

Through the ILP projects, 28 beneficiaries were discharged from residential care, and 622 were prevented from having to enter residential care. Most of these ILP projects have continued with financing from municipalities, counties, or other donors.

The number of clients receiving community-based home care services increased from 3,113 in 2005 to 4,350 in 2011, exceeding the target of 4,300. These clients were elderly persons, children, and persons with physical or mental disabilities and disorders.

The percentage of public residential social welfare institutions for children and adults meeting public health standards increased from 30% in 2005 to 73% in 2011 (45 institutions), meeting the target.

Strengthen the targeting of social benefits and services to those most in need is rated Negligible.

The project did not implement activities intended to improve targeting of benefits and services.

**Outputs:**

The Department for Social Welfare Development was reorganized and made operational as a new organizational structure of the Social Welfare Directorate of the MHSW. Its mandate was to carry out the reform agenda and monitor progress.

A new social planning methodology was developed and legislated, and multi-year master plans for development of social services were developed according to the new methodology in 10 of 21 counties. The remaining 11 counties were to have developed similar master plans by the end of 2011; according to the project team, this has not taken place because of an ongoing second-generation social welfare reform that has occupied the MHSW’s attention. The master plans for the remaining 11 counties are now scheduled to be completed by the end of 2012. The Government has incorporated this social planning model into the new Social Welfare Act.

The One-Stop-Office model bringing together cash and non-cash benefits and services was designed, adopted, and implemented in all centers for social welfare. 14 Centers for Social Welfare (CSWs) were constructed or upgraded to adapt to this new organizational model. The model is now mandatory for all CSWs.

A revision of software for a Social Welfare MIS was finalized and used in the three pilot counties as of early 2011. This system’s modules include a central registry of beneficiaries, a benefit calculation and payment module, a case management system, interfaces with existing accounting and planning tools, and a database of social service providers. As of project closing the system was not entirely operational due to delays in the procurement of necessary equipment and necessary changes in the software. It was expected that the system would be fully
operational throughout the entire country by January 1, 2012; according to the project team, this did not take place, but the Government has declared it a top priority, and stated that it will become operational during 2012.

A data exchange system that would reduce the social benefits application burden on clients and social workers was modeled and software developed, but the system has not become operational.

Outcomes:

A 2007 survey found that social workers spent 34% of their time on administration, better than the target of 55% and a significant reduction from the 2005 estimate of 70%. It is unclear that this result can be attributed to project-supported interventions, however, since the MIS and One-Stop-Office model were not complete until after 2007. No end-of-project survey was taken.

Revised Objectives

Strengthen the quality of social services is rated Substantial, based on the evidence presented above.

Improve administration, planning, and policy making of the social welfare system is rated Substantial, based on evidence presented above as well as the following outcome:

Parliament adopted the Social Welfare Act in May 2011, intended to consolidate system administration, strengthen system control, introduce social mentors and activation elements to social assistance, reduce the scope of institutionalized care, and strengthen provision of community-based social services (ICR, p. 13). The Government developed a 2011-2016 Social Welfare Development Strategy that drew extensively on principles and practices introduced through the project.

5. Efficiency:

Efficiency is rated Modest.

The PAD (pp. 10-11, 45-48) conducted a financial analysis calculating the direct fiscal savings to be realized from Croatia’s social assistance cash benefit reform. The PAD’s analysis, however, assumed that the project would realize efficiencies through improved targeting of Croatia’s social assistance cash benefits, which was not in fact supported by the project’s activities.

An updated formal financial analysis was not prepared for the ICR. The ICR states that the costs of construction and rehabilitation activities under the project were efficient when compared with comparable construction costs in Croatia, but it does not provide those comparator costs (ICR, p. 15). The project team provided construction costs of $ 1,070 per square meter of new construction, and $ 830 per square meter of reconstruction, stating that these were competitive unit costs for this time.

The ICR notes that the project put in place tools to increase the efficiency of social services administration and service delivery in Croatia, and the project team stressed the efficiencies realized by the transition from institutional care to community-based alternatives to institutional care. The ICR provides little evidence, however, on the efficiency or cost-effectiveness with which Bank resources were invested in order to achieve those efficiencies.

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

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</table>

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

Original objectives: Based on Substantial relevance of objectives, Modest relevance of design, Modest efficiency, Substantial achievement of one of the project’s three objectives, Modest achievement of one of the project’s three objectives, and Negligible to Low achievement of one of the project’s three objectives, the outcome based on the original project objectives is rated Moderately Unsatisfactory.

Revised objectives: Based on Modest relevance of objectives, Substantial relevance of design, Modest efficiency, and Substantial achievement of both objectives, the outcome based on the revised project objectives is rated Moderately Unsatisfactory. The project’s substantially relevant design and substantial efficacy pertained to objectives that were less relevant to overall country and Bank goals. The Modest rating for relevance of objectives assumes considerable weight.

The project’s original objectives were substantially relevant to country conditions, Government strategy, and the Bank’s partnership strategy with Croatia. The original design, however, did not contain activities that would plausibly be expected to achieve the improved targeting of benefits that was contained in the original objectives. The revision of the objectives improved the quality of the project’s results chain, but reduced the objectives’ relevance by removing targeting of social benefits, which remained important to both the Government’s and Bank’s strategies. The ICR provides little evidence on the efficiency with which Bank resources were invested to achieve expected outcomes.

a. Outcome Rating: Moderately Unsatisfactory

7. Rationale for Risk to Development Outcome Rating:

The project’s investments and model institutional reforms are being sustained through the routine operations of the MHSW. Local authorities continue to finance the ILP projects. The MIS is being rolled out to all CSWs and other social welfare institutions, and the Government has committed to provide training to all staff who will use the system (ICR, p. 12). Several laws and policies adopted in 2011 are based on tools and models developed under the project and will also permit expansion of the project’s activities to other Government systems, for example, by establishing linkages of the MIS with other departments to coordinate benefit administration through an E-Exchange system. The Social Welfare Act adopted by Parliament in May 2011, for example, is designed to consolidate system administration, strengthen system control, introduce social mentors and activation elements to social assistance, reduce the scope of institutionalized care, and strengthen provision of community-based social services (ICR, p. 13); importantly, the Social Welfare Act also places improved social benefits targeting as a priority.

a. Risk to Development Outcome Rating: Negligible to Low

8. Assessment of Bank Performance:

a. Quality at entry:

The Bank participated in three stakeholder workshops during preparation that introduced stakeholders to reform ideas as they were being developed, and solicited feedback. Preparation benefited from a Poverty Assessment that found that, although spending on social benefits was adequate, targeting of the social safety net was poor, resulting in significant leakage of benefits to the non-poor and in significant exclusion errors (many poor elderly were not covered by the pension system or by the system of social assistance). The Bank worked to take into account experience from other countries of the Europe and Central Asia (ECA) region, specifically that decentralization of social welfare services could lead to serious gaps in the coverage and quality of the social safety net. Risks were well identified and mitigated (PAD, p. 8), including the risk of limited human resource capacity at MHSW; important resources were allocated to technical assistance and increased early supervision. When the Government changed during preparation and new officials requested a somewhat scaled-down project design, the Bank responded promptly and flexibly, limiting the project’s components and activities to those the Government wanted to address.

However, it was a major shortcoming that the project’s original objectives, its key indicators, and the economic analysis in the PAD were not appropriately matched to the project’s components and activities as eventually approved and implemented.

Quality-at-Entry Rating: Moderately Unsatisfactory

b. Quality of supervision:

The Bank’s supervision was country-based and hands-on. The Bank team regularly visited ILP projects,
CSWs, and other project sites. It also routinely met with SIDA representatives to update them on project implementation and corresponding grant financing. According to the ICR (p. 19), the Bank team also regularly used implementation support as a mechanism for partnering with the Government to use the project’s experiences and results as tools toward more ambitious social welfare reform. According to the ICR (p. 19), “it is rare for an investment loan to be able to make a bridge into policy dialogue and influence policy in this way.” The Bank team played a catalytic role, using annual implementation workshops as a venue for wide-ranging discussions of issues involving a large number of relevant stakeholders. Also, the team remained actively engaged with the Government, participating in, and providing inputs to, workshops to frame the 2011 Social Welfare Act. However, although it was appropriate for the team to have identified the mismatch in project design (between objectives and project activities), it was a shortcoming that the objectives were revised in a way that reduced their relevance to the Government's strategy and to the Bank's strategy.

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<th>Quality of Supervision Rating</th>
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<tr>
<td>Overall Bank Performance Rating</td>
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9. Assessment of Borrower Performance:

a. Government Performance:

The Government remained committed to broad social welfare reform in general, and specifically to the project, throughout implementation. Engagement under the project provided an opportunity for policy dialogue and led to the 2011 Social Welfare Act and the 2011-2016 Social Welfare Development Strategy that drew extensively on principles and practices introduced through the project. Throughout, the Government used the experience and lessons learned under the project to feed into the design of its broader social welfare reform objectives and programs. A new Department of Social Welfare Development was created in the MHSW, signaling ongoing commitment to continued reform of the social welfare system. The Government eventually contributed over 250% of its original financial commitment to the project.

| Government Performance Rating | Highly Satisfactory |

b. Implementing Agency Performance:

The MHSW was responsible for implementation, and its project manager effectively coordinated project activities. The MHSW established three working groups to design and implement activities under each of the three project components. Staffing of the MHSW was relatively continuous throughout, and when there were openings, staff were assigned or contracted to ensure continuity on critical tasks. The project manager effectively maintained communication among the three component working groups and working groups in pilot counties, a task that was challenging given the extent of guidance some of these working groups required. The ILP monitoring team in the MHSW is described in the ICR as particularly effective (p. 20), recognized by the ILP project managers and participants as a valuable asset, especially on financial and administrative matters.

| Implementing Agency Performance Rating | Satisfactory |
| Overall Borrower Performance Rating | Satisfactory |

10. M&E Design, Implementation, & Utilization:

a. M&E Design:

According to the PAD (p. 7), the MHSW Department of Economic Affairs was to be responsible for overall project monitoring. Component working groups were to be responsible for monitoring the implementation of components and the outcome indicators to be achieved. The project manager was to compile information from the component working groups and the fiduciary units into annual monitoring reports. The PAD (p. 24) contained detailed arrangements for results monitoring, including baseline data or provisions for collection of baseline data, expected frequency and source of reporting, data collection instruments, and assigned responsibility for data collection. However, the original results framework included an expected outcome (targeting of social assistance benefits) that could neither be attributed to the project’s activities nor measured by the project.
b. M&E Implementation:
At a late stage of implementation, the project underwent a Board-level restructuring to align the results framework so that the project’s objectives and expected outcomes matched its components, activities, and monitoring arrangements.

The three component working groups routinely compiled information that fed into the project’s monitoring system, and this information was used to supervise implementation of activities carried out by CSWs and social institutions under the project.

c. M&E Utilization:
The new MIS established under the project, according to the ICR (p. 10), has set the stage for an integrated national system for social welfare beneficiaries that will eventually include not only MHSW-managed programs, but other Government programs as well.

M&E Quality Rating: Substantial

11. Other Issues

a. Safeguards:
This Category B project triggered the Environmental Assessment safeguard policy (OP/BP/GP 4.01), due to the planned civil works to take place at the CSWs and residential institutions. An Environmental Management Plan (EMP) was drawn up during preparation (PAD, pp.49-52), with the identified environmental impacts minor in nature and associated with construction. The EMP was included in the project’s Operational Manual. A supervision mission to review compliance with the EMP was carried out in early 2009. The mission confirmed that there was an established good practice among civil engineering companies regarding general environmental measures associated with construction, and implementation of mitigation measures was on track (ICR, p. 11). The ICR does not explicitly state that there was compliance with environmental safeguards. The project team added that there was compliance with safeguards.

b. Fiduciary Compliance:
The MHSW’s Capital Investment Department handled the project’s financial management, including accounting, internal controls, and reporting. The Bank’s supervision of financial management was carried out annually and assessed that it was satisfactory throughout implementation. Appropriate control procedures were in place. Reports were submitted in a timely manner and were considered acceptable. Audits were on time and unqualified (ICR, p. 10).

Procurement was carried out by civil servants in the MHSW procurement department. In general, procurement reviews found excellent quality of procurement management and supervision. By using the Bank’s transparent and competitive procurement processes, the Management Information System came in under budget, freeing up resources for civil works (ICR, p. 10).

c. Unintended Impacts (positive or negative):
The Bank team regularly used implementation support as a mechanism for partnering with the Government to use the project’s experiences and results as tools toward more ambitious social welfare reform. According to the ICR (p. 19), “it is rare for an investment loan to be able to make a bridge into policy dialogue and influence policy in this way.”

d. Other:

12. Ratings:

<table>
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<th>ICR</th>
<th>IEG Review</th>
<th>Reason for Disagreement /Comments</th>
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<td>Satisfactory</td>
<td>Moderately</td>
<td>Unsatisfactory</td>
<td>The project’s original objectives were substantially relevant to country</td>
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conditions, Government strategy, and the Bank's partnership strategy with Croatia. The original design, however, did not contain activities that would plausibly be expected to achieve the improved targeting of benefits that was contained in the original objectives. The revision of the objectives improved the quality of the project's results chain, but reduced the objectives' relevance by removing targeting of social benefits, which remained important to both the Government's and Bank's strategies. The ICR provides little evidence on the efficiency with which Bank resources were invested to achieve expected outcomes.

### Risk to Development Outcome:
- Negligible to Low

### Bank Performance:
- Satisfactory
- Moderately Unsatisfactory

It was a major shortcoming that the project's original objectives, its key indicators, and the economic analysis in the PAD were not matched to the project's components and activities as eventually approved and implemented. The objectives were revised in a way that reduced their relevance to the Government's strategy and to the Bank's strategy.

### Borrower Performance:
- Satisfactory

### Quality of ICR:
- Satisfactory

### NOTES:
- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

### 13. Lessons:
The first two of these lessons are adapted from those presented in the ICR, and the third is original to this ICR Review:

It is crucial to ensure that all projects have clearly and carefully articulated development objectives and key performance indicators, developed on the basis of results frameworks that plausibly link outputs to intermediate outcomes to final outcomes through implementation of planned project components and activities. This is particularly true where the Bank is engaging in two or more parallel operations in the same area; the expected contributions from each operation should be carefully delineated. In this case, the project’s original objectives and performance indicators went well beyond what would reasonably be expected as outcomes of implementation of its specified activities, complicating assessment of the project’s achievements; this happened, in part, because of inattention to the specification of the expected achievements of this project versus those of a parallel Programmatic Adjustment Loan.

Without adequate and thorough preparation, a project will likely waste the first year (or early years) of implementation. This is particularly true for projects requiring the development of information technology (IT) systems of any type, which are invariably complex, involving multiple suppliers and firms, sophisticated procurement, and numerous phased steps for testing, piloting, and eventual full scale implementation and training. Sufficient time must be built into a project to allow for the procurement, installation, and operation of new IT
When implementation of an investment project shows results, and when cooperation between the Bank team and the government is strong, there is the possibility of its contribution extending beyond the initial scope of the project. In this case, the relationship that developed between the government and the Bank team, together with high government commitment to reform, led to the project contributing not only to the strengthening of quality and administration of social services, but also to policy dialogue and policy formation.

### 14. Assessment Recommended?

- **Yes**
- **No**

**Why?** To verify the ratings and document lessons learned.

### 15. Comments on Quality of ICR:

The ICR is clear, concise, and evidence-based. It explains clearly and carefully a set of complex issues related to the specification of original and revised project objectives, and the lack of fit between the project’s original objectives and the remainder of the original results chain. The ICR does not state explicitly whether the project complied with environmental safeguards, and it does not follow OPCS guidelines for rating the Outcome of a project with revised objectives.

**Quality of ICR Rating:** Satisfactory