



1. Project Data:		Date Posted : 07/26/2002	
PROJ ID: P039264		Appraisal	Actual
Project Name: Community Development Fund	Project Costs (US\$M)	49.69	42.72
Country: Eritrea	Loan/Credit (US\$M)	17.5	16.06
Sector(s): Board: SP - General education sector (25%), Sub-national government administration (25%), Health (25%), Water supply (25%)	Cofinancing (US\$M)	20.12	17.87
L/C Number: C2823; CP967			
	Board Approval (FY)		96
Partners involved : Netherlands, Italy, Belgium	Closing Date	12/31/2001	12/31/2001
Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components			
a. Objectives			
The project objectives were to finance community-initiated subprojects which would: (i) support the rehabilitation and development of basic social and economic infrastructure critical to the improvement and development of the economic and social conditions of the population, especially in the rural and war devastated areas of Eritrea; and (ii) improve the income generating capacity of poor people and households.			
b. Components			
The project components were:			
(i) financing community initiated subprojects, including education facilities, health facilities, feeder roads, rural water supplies, and local markets, (US\$ 40.4 million, or 80 percent of total project costs);			
(ii) pilot micro-credit for income generation and micro-enterprise development (US\$ 2.5 million or 5 percent of total project costs); and			
(iii) training and capacity building (US\$ 3.9 million or 8 percent of project costs).			
The remaining 7 percent of expenditure was for project administration.			
c. Comments on Project Cost, Financing and Dates			
The IDA credit amount was US\$ 16.06 million (appraisal estimate US\$ 17.5 million). The loan was closed on schedule on 31 December 2001.			
3. Achievement of Relevant Objectives:			
The project broadly achieved its objectives: (i) A total of 171 subprojects were completed. The four lowest income regions in the country (comprising 54% of the population) were the location of 104 projects (61% of the total) amounting to 59% of the total investment. (ii) Micro-credit was provided to about 11,600 persons, of whom 36% were women. Incomes of benefitting households increased by about 25%.			
4. Significant Outcomes/Impacts:			
An impact evaluation commissioned by ECDF pointed to many positive effects from project infrastructure. For example, reduction in travel time to school and decline in number of episodes of specific diseases. For example, in the sites surveyed, the number of children attending primary schools			

increased by 191% after the construction or improvement of the local schools. The increase for secondary schools was 69%. Journey times to schools were reduced by 50-60% on average. In communities benefitting from improved road access, travel per person per year on two roads increased by 56%. Related benefits included increased fertilizer use, an increase in the quantity and range of agricultural production, and an increase in the range of goods available in local stores. There are data collection and methodological issues, relative to the impact evaluation, which limit firm conclusions. Available information on the project's efficiency raises some questions. While the expenditure equalled the appraisal estimate, original project output targets were not met and it is not clear what percentage of revised targets were met.

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

- The beneficiary assessment and stakeholder workshop indicated that a number of facilities lacked complementary inputs (health clinics without safe water, water investments without sanitation), thereby raising question about the long term development impact.
- The project failed to mainstream an outcome-based monitoring system into its operations.
- The capacity building component of the project was neglected throughout the project period.
- The project did not put in place mechanisms for ensuring systematic community participation in the various phases of the subproject cycle.
- The project's financial, technical, and institutional arrangements for sustainability do not appear to be adequate.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Modest	<ul style="list-style-type: none"> • OED's "substantial" rating for IDI is for projects that "made, or are expected to make, a significant contribution to the country's ability to effectively utilize human, financial and natural resources". This does not appear to be the case here: • Project management was centralized within the ECDF office in Asmara and did not involve the regional offices or the regional administrations to any significant degree, limiting learning-by-doing. • At the community level, the project did not significantly strengthen community capacity. • The capacity building component of the project was neglected throughout the project period.
Sustainability :	Likely	Non-evaluable	<ul style="list-style-type: none"> • There is no assurance that necessary inputs from regional administrations and communities for ongoing running and periodic maintenance of facilities will be available on a continuing basis given capacity constraints and open questions about the government's decentralization process. • It is not clear that adequate financial, institutional, and technical

			mechanisms for ensuring operations and maintenance of ECDF investments over their operational life were in place.
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf. :	Highly Satisfactory	Satisfactory	While the Borrower's performance was fully satisfactory, the limited institutional impact (noted above) was a result of aspects of Borrower performance. The centralization of management in Asmara reduced the strengthening of capacity and skills at the regional level and this in turn limited the extent to which the project strengthened community capacity. Neglect of the capacity building component and inadequate attention to the monitoring of impacts also detract from a "highly satisfactory" rating.
Quality of ICR :		Satisfactory	

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

7. Lessons of Broad Applicability:

Four lessons from the ICR aimed at improving future ECDF operations are:

1. Depending on existing decision-making structures, explicit measures may be needed to support the processes of community mobilization and participation through information dissemination and knowledge-sharing, or more structured training in specific activities and functions.
2. Physical output targets can get emphasized over longer term and less visible objectives of institutional development and sustainability unless clear mechanisms and incentives are in place.
3. Maximizing development impact requires a focus on more complete investments and on ensuring that the necessary complementary inputs including software are in place.
4. Ensuring sustainable service flows over the operational life of the investment requires that: (i) capacity building measures are well-articulated and defined collaboratively at the outset, pro-active implementation is undertaken, and there is systematic follow-up on results; and (ii) institutional, financial, and technical mechanisms for operations and maintenance are in place at all relevant levels.

8. Assessment Recommended? ☒ Yes ☐ No

Why? An OED assessment has already been carried out along with the Intensive Learning ICR mission (in July 2001).

9. Comments on Quality of ICR:

The ICR is clear, coherent, and well-written. It provides a detailed account of the project experience and achievements in a spirit of learning, and is of above average quality. There are some discrepancies with regard to cost data. More in-depth analysis of the project's efficiency was warranted.