



1. Project Data

Project ID P123480	Project Name LA-Poverty Reduction Fund II		
Country Lao People's Democratic Republic	Practice Area(Lead) Social, Urban, Rural and Resilience Global Practice	Additional Financing P153401	
L/C/TF Number(s) IDA-56770,IDA-H6850,TF-12419	Closing Date (Original) 31-Dec-2016	Total Project Cost (USD) 57,000,000.00	
Bank Approval Date 09-Jun-2011	Closing Date (Actual) 31-Dec-2016		
	IBRD/IDA (USD)	Grants (USD)	
Original Commitment	25,000,000.00	16,900,000.00	
Revised Commitment	36,600,000.00	16,899,961.97	
Actual	35,375,871.89	16,899,961.97	
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2. Project Objectives and Components

a. Objectives

According to the Project Appraisal Document (p. 6) and the Financing Agreement of July 14, 2011 (p.5) the objective of the project was “to improve the access to and the utilization of basic infrastructure and services for the project’s targeted poor communities in a sustainable manner through inclusive community and local development processes.”

During the project restructuring in January 2015 the objective of the project was changed to “help improve the access and the utilization of basic infrastructure and services for the project’s targeted poor communities. The PDO would be achieved through inclusive community and local development processes with emphasis



on ensuring sustainability.”

However, since the revised PDO was just clarified during the restructuring and outcome targets were increased to reflect the additional financing, no split rating is necessary.

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

No

c. Will a split evaluation be undertaken?

No

d. Components

The original project included three components:

Component 1: Community Development Grants (appraisal estimate US\$40.9 million, additional financing of US\$8.41 million, actual US\$53.9 million): This component was to finance public infrastructure investments in certain areas such as access to water, education, health, and roads. Two activities were covered: planning for community and local development, and community sub-projects. This component received additional financing in the amount of US\$8.41 million to i) provide about 200 additional community sub-grants to build or improve tertiary infrastructure identified by beneficiary villages in seven provinces, and ii) roll out a strengthened Community Driven Development (CDD) approach in 10 districts in three provinces following the success of a “Deepen CDD” pilot.

Component 2: Local & Community Development Capacity-Building and Learning (appraisal estimate US\$6.6 million, additional financing of US\$1.75 million, actual US\$8.5 million): This component was to finance activities on three different levels: i) village & kum ban level (clusters within villages),: support facilitators to train communities on participatory community development process; ii) district & provincial level: train district and provincial officials on community and local development planning and supervision; iii) central level: support the National Leading Committee on Rural Development and Poverty Eradication (NLCRDPE) to refine its methodologies for national poverty targeting, provide oversight and strengthen capacity at the Poverty Reduction Fund (PRF), and strengthen development coordination of PRFII investments of different sector ministries and entities supporting rural development. Under the additional financing this component was revised to strengthen bottom-up planning processes in the seven additional financing provinces. A new rural sanitation pilot was added to support the Open Defecation Free campaign.

Component 3: Project Management (appraisal estimate US\$9.0 million, additional financing of US\$2.06 million, actual US\$13.6 million,): This component was to finance the remuneration of national, provincial, and district PRF staff and any expenses related to equipment, operating costs, accounting, procurement, financial management, internal controls, auditing, and other specialized areas. Under the additional financing the project’s funding was increased by US\$1.81 million to finance the project’s expansion and additional activities.

Under the additional financing, a new component was added:

Component 4: Livelihood and Nutrition Pilot (additional financing estimate US\$1.78 million, actual US\$1.93 million): This component was to finance the setting up of self-help groups to assist villagers solve problems of poverty, livelihood and nutrition. Furthermore, revolving funds supported economic



activities and production inputs of members. Village Nutrition Centers were to support behavioral change among pregnant and lactating women by providing supplementary meals for mothers and children, seeds for home gardening, livelihood linked nutrition education, and financial support for the government's "mother and child health" service delivery.

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

Project Cost: Originally the project was estimated to cost US\$57 million. The project received additional financing in the amount of US\$11.6 million, Actual cost was US\$75.7 million. There are several inconsistencies in the ICR with regard to project costs, discrepancies regarding allocations and actual costs for each component and for the total figures. While the ICR (p.28) Annex 1 Table 1 states that total cost was US\$78 million, the costs in Table 2 a and b add up to only US\$75.7 million. The figures provided for each component in the ICR text do not add up or correspond with figures provided in the Annexed tables.

Financing: According to the PAD (p.9) the project was financed by a US\$25 million IDA grant, a US\$14.5 million Multi-Donor Trust Fund, and US\$13.6 million co-financing by the Swiss Agency for Development and Cooperation. The project received additional financing through a US\$11.6 million IDA credit and a US\$2.4 million Multi-Donor Trust Fund.

Borrower Contribution: The borrower contributed US\$10 million.

Dates:

- **On October 3, 2012** the project was restructured to make adaptations to institutional arrangements (amendment to the decree governing the project), financing (with regard to disbursement) and procurement (in regard to procurement guidelines).
- **On December 1, 2014 the project was** the project was restructured to modify the co-financing percentages of the IDA grant from the ratio of 63% IDA and 37% MDTF to 46% IDA and 54% MDTF in order to increase the disbursement of the MDTF.
- **On June 2, 2015** the project received additional financing in the amount of US\$14 million. The following adaptations to the project were made: i) the PDO was clarified; ii) about 200 additional sub-projects were financed; iii) a new component to take over the JSDF-financed livelihood and nutrition pilot in selected villages was added; iv) community engagement and facilitation under the government's Open Defecation Free (ODF) program was supported on a pilot basis; v) non-consulting services were added as an eligible expenditure under the IDA financing; vi) the relative joint co-financing between IDA and MDTF was readjusted to reflect the additional financing; vii) three additional safeguards were triggered (Natural Habitats, Safety of Dams, and Projects on International Waterways); viii) food expenditures were financed.

The project closed at its original closing date.

3. Relevance of Objectives & Design



a. Relevance of Objectives

The project's objectives were highly relevant. Laos' incidence of poverty declined steadily from 46% to 28% between 1993 and 2008. However, in 2008, Laos was classified by the United Nations as a least developed country due to its per capita income of US\$740. Also, Laos had been facing challenges to meet the Millennium Development Goals (MDGs) related to nutrition, measles immunization, skilled birth attendance and gender quality. Out of 182 countries included in the United Nations Human Development Index Laos was ranked 133 in 2007 and 141 in 2014.

The objectives of the project were in line with the government's sixth National Socio Economic Development Plan (NSEDP) (2006-11) which identified a poverty reduction plan and priority districts for poverty reduction interventions. Also, the seventh NSEDP focused on achieving the MDGs by 2015 and transitioning out of the "least developed country" status by 2020. Also, the objectives of the project were in line with the Bank's Country Assistance Strategy (2005-2011) at appraisal which aimed to improve social outcomes and reduce vulnerability through targeted poverty reduction programs. The Bank's current Country Partnership Framework (2017-2021) also focuses on reducing the prevalence of malnutrition, improving access to quality health services and reducing vulnerability and inclusive access to social services. The project's development objectives were well aligned with both, national and Bank strategies, at appraisal and at closure.

Rating

High

b. Relevance of Design

The planned activities were logically and plausibly linked to the achievement of the project objectives. Activities to improve access to basic infrastructure and services included investments into public infrastructure, planning for community and local development, and community sub-projects. Activities to improve the utilization of basic infrastructure and services included capacity building on three different levels (village, district and provincial) such as training of communities on the participatory community development process, training of officials on community and local development planning and supervision, and supporting the National Learning Committee on Rural Development and Poverty Eradication to refine national poverty targeting coordination of PRF II investments.

The project design included a poverty targeting mechanism to narrow down the targeting unit from district to kum ban level, using clear criteria for selection of kum bans based on the National Population and Housing Census (2005), Lao Expenditure and Consumption Survey III (2002-2003), and project specific selection criteria such as operational access, lack of similar support from other development partners, and areas not included in the government's village resettlement program. However, the project design did not distinguish between access and utilization, two distinct aspects, where access is at output level and utilization is at outcome level. During the additional financing restructuring, an additional component to scale up the Livelihood Opportunities for Nutrition Gains pilot was added (accounting for 5% of the total project cost at the Additional Financing restructuring). However, activities under this component were not clearly linked to the PDO. Exogenous factors such as the government's fiscal constraint were not identified. The Bank team stated that this constraint was not evident at the time of project design, a time during which government expenditures were expanding significantly, and there was little documented anticipation of the scale of the subsequent



crunch by the international community. By appraisal of the AF, the government's fiscal issues had been largely resolved.

Rating
Modest

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

To improve the access to basic infrastructure and services for the project's targeted poor communities.

Rationale

Neither the PDO nor the Results Framework separate between "access" and "utilization", which is a significant shortcoming. Furthermore, the ICR did not provide baseline or target figures for most of the project's outputs, which does not allow for an assessment of relative achievement of output targets.

Outputs:

- A total of 1,931 sub-projects were implemented, surpassing the target of 1,600 sub-projects.

Education:

- 1,335 classrooms in kindergarten/primary schools were renovated or constructed.
- 44 toilets, usually two toilets per classroom, were constructed.
- 35 student and teacher dormitories were constructed.
- Three new libraries in primary schools were constructed.
- Medical equipment for four dispensaries was purchased.
- Two roofs of primary schools were renovated.
- 2,039 desks and chairs were purchased.
- 1,092 student books and teacher guide books were purchased.

Water:

- Seven kilometer of water pipes were constructed.
- 1,253 kilometers of gravity fed water systems were constructed/renovated.
- 250 community water supply taps were constructed/renovated.
- 428 drilled wells were constructed/renovated.



- 88 hand dug well with pipe were constructed.
- Access to water increased from 76% in 2012 to 80.1% in 2016, not achieving the target of 84%. However, the Impact Evaluation showed that access to safe water in the dry season represented an increase of 58 percentage points in villages implementing PRF sub-projects compared to non-PRF villages and 61 percentage points increase for the poorest households. During the wet season, poor households in PRF villages were 67 percentage points more likely to have access to protected water sources compared to households in non-PRF villages.

Roads:

- 1,185 kilometers of rural roads were renovated.
- Access to roads increased from 30% in 2012 to 36.1% in 2016, not achieving the target of 38%. However, travel time to the nearest village was reduced on average by 114 minutes during dry season and by 73 minutes during wet season.

Health:

- Three new birth delivery rooms were constructed.
- 85 dispensaries were constructed/renovated.
- 92 toilets were constructed.
- Six medical equipment sets were purchased.
- 47 nurse dormitories were constructed.
- 54 village medicine kit boxes were purchased.
- Access to health services increased from 37% in 2012 to 44.9% in 2016, surpassing the target of 43%.

Agriculture:

- 10 community markets were constructed/renovated.
- A fish pond was constructed.
- 47 irrigation systems, canals and pipes were constructed/renovated.
- A gabion wall was constructed.
- Three erosion protection systems were constructed.
- A rice storage area was constructed.
- Four soil dams were constructed/renovated.
- A water waste canal was constructed.

Electric Power:



- An electric network for a school was installed.
- 16 low voltage electricity networks for villagers were installed.
- Two electricity transformers were installed.
- 90% of sub-project activities were of high technical quality, surpassing the target of 85%.
- 95% of sub-projects were maintained and operational two years after sub-project completion, surpassing the target of 90%.
- 95% of sub-projects have post-community engagement or operation & maintenance arrangements, surpassing the target of 90%.
- 1,349 communities were able to plan, implement and monitor their activities, surpassing the target of 1,300 communities.
- In all districts, districts officials provided technical assistance and supervision to communities (limited to endorsement and technical inspection of PRF sub-projects), surpassing the target of 85% of districts.
- 56% PRF kum bans plans were used by the government and/or other development actors for planning and funding, surpassing the target of 35%.
- 9.4% of total project costs were contributed by communities, almost achieving the target of 10%.

Sanitation, livelihoods and nutrition:

- More than 100 kum ban facilitators and village leaders were trained in the new Open Defecation Free approach.
- Community sanitation activities were conducted in all 41 target villages.
- 3,755 livelihood activities were supported by seed grant, achieving the target of 2,400 activities.
- 49.4% of the total number of beneficiaries were female, almost achieving the target of 50%. 72.2% of the total number of beneficiaries were of an ethnic minority, surpassing the target of 70%.

Outcomes:

The objective "to improve access to basic infrastructure and services" is at intermediate outcome level. However, the project has documented substantial construction results in the health, education, water, sanitation, road and electricity sectors, which are likely to have improved people's access to these basic infrastructures and services. Achievement of Objective 1 is therefore rated **Substantial**.

Rating

Substantial

Objective 2

Objective

To improve the utilization of basic infrastructure and services for the project's targeted poor communities.

Rationale



Outputs:

The outputs for this objectives are the outputs documented under Objective 1: the infrastructure construction and training activities in the health, education, water, sanitation, road and electricity sectors.

Outcomes:

The Impact Evaluation found no significant impact on the rate of seeking care when sick. The Impact Evaluation’s qualitative research identified the following key obstacles: time to reach health care facilities, or cost of transport to health facilities due to poor quality roads, lengthy travel times during wet season, cultural fears of using external medical facilities, lack of financial resources, affordability, and poor service quality at health centers. The ICR lacks evidence of "increased utilization" of health facilities, and the degree of achievement of this objective can therefore not be assessed.

The ICR lacks evidence on the actual utilization of water. The degree of achievement of this objective cannot be assessed due to lack of evidence in the ICR. However, the Impact Evaluation showed that access to safe water in the dry season increased with 58 percent in villages implementing PRF sub-projects compared to non-PRF villages, and that access to safe water increased with 61 percent for the poorest households. During the wet season, poor households in PRF villages were 67 percentage points more likely to have access to protected water sources compared to households in non-PRF villages. Although the ICR does not report on increased utilization of safe water, it is likely that this increase in access also have resulted in some increase in utilization (although other water sources might also still be in use; however, there is no information regarding the utilization of different water sources).

The qualitative Impact Evaluation indicated that road improvements fostered an increase in the number of traders accessing villages resulting to higher incomes for villagers selling products to visiting traders and a decrease in prices of goods sold in the villages. □ This is a good indication that "increased utilization" of roads were achieved and that improved road infrastructure had further positive outcomes.

29% of beneficiary communities achieved Open Defecation Free (ODF) status, almost achieving the target of 30%.

Beneficiaries reported a 99% satisfaction level in targeted villages regarding improved service delivery and participatory local development planning, implementation and monitoring in a representative subset of sub-districts, surpassing the target of 75%. This indicator lacked a baseline. □□□

The ICR only reports on intermediate outcomes for access and utilization combined - it does not distinguish between access and utilization, which is a significant shortcoming. Furthermore, the ICR does not include any data on final outcomes such as improved health or improved education results due to better access to and utilization of health and education services or improved economic growth and thriving businesses due to improved access to roads, water and electricity. Overall, the achievement of Objective 2 is rated **Modest**.

Rating
Modest



5. Efficiency

The PAD did not include cost-benefit calculations upfront because of the programmatic nature of the project design and extensive menu. Experience from PRF I and other similar CDD projects indicated favorable economic rates of return for individual sub-projects. A unit cost comparison undertaken in the context of the PRF evaluation conducted by the Bank in 2008 showed that PRF unit costs remained below the costs of many other development projects in Laos. In-kind community contributions, community-based procurement founded on knowledge of local costs, and PRF cost checks through comparisons with a centrally managed unit costs database helped maintain construction costs below those of most other development projects undertaking similar activities.

A traditional economic analysis was not conducted during the ICR either (p17) but the 2016 technical audit was referred to, which sampled 60 PRF I and PRF II sub-projects and compared them with similar sub-projects financed by the government or other donors in the same geographical area. The analysis found that roads were economically beneficial with a Net Present Value (NPV) of LAK 1,004,750747 (approx. US\$122,200) and an expected internal rate of return (EIRR) of 43.5%. Water projects such as the construction of Gravity Fed Water Systems had a NPV of LAK 71.4 million (approx. US\$8,563) and an EIRR of 20%. Drilled well sub-projects had a NPV of LAK 245 million (approx. US\$29,416) and an EIRR of 126%, all indicating high rates of return from PRF investments. The construction of schools had a NPV of LAK 271.8 million (approx. US\$32,719) and an EIRR of 26% suggesting that PRF schools were an economic worthwhile investment. Construction costs of concrete weirs and channel control sub-projects were similar to comparable sub-projects. The average contribution by communities to a PRF sub-project through local materials and labor was 14% of the infrastructure budget. The ICR (p. 18) states that this was an adequate size for the size of the PRF investment.

Delays in project implementation during the first half of the project may indicate an inefficient use of project resources. However, the original closing date was met and no extension was necessary. Overall, the project's Efficiency is rated Substantial.

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		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

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



6. Outcome

Relevance of objective is rated High given the degree of alignment between the PDO formulation and the national and Bank strategies at appraisal and closure. Relevance of design is rated Modest since neither the PDO, the Results Framework or the project design did distinguish between "access" and "utilization", in addition to other shortcomings. Achievement of Objective 1 is rated Substantial and achievement of Objective 2 is Modest. Efficiency is rated Substantial. The overall outcome rating is thus Moderately Satisfactory.

a. Outcome Rating

Moderately Satisfactory

7. Rationale for Risk to Development Outcome Rating

The government continues to be committed and works with the Bank to implement a follow-on project, PRF III, which will build on outcomes achieved under PRF II. Also, a Technical Audit, which was conducted in 2016, found that PRF sub-projects are generally well designed, built, and maintained. Also, the audit found that most sub-projects were still operational after four to six years with active operation and maintenance committees in place. However, this was not the case for road sub-projects. Recommendations drawn from this audit were incorporated into PRF III. Also, the government continues to face fiscal challenges, which will be mitigated in PRF III through procedures, which ultimately helped in PRF II, to allocate government funds in a timely manner. The political risk will be mitigated in PRF III through an ongoing policy dialogue to support the government to make informed decision on legal and institutional arrangements, avoiding elite capture by using objective selection criteria, community engagement and social/technical audit processes, and increasing community oversight of procurement and sub-project implementation processes under PRF III. Overall, the risk to development outcome rating is Modest.

a. Risk to Development Outcome Rating

Modest

8. Assessment of Bank Performance

a. Quality-at-Entry

The project design built on lessons learned from PRF I and other poverty alleviation programs. The project was strategically relevant given Lao's high incidence of poverty. The Bank team identified relevant risk factors including the risk that the capacity of the PRF may be overstretched due to the expansion to new kum bans and modification of the approach, the risk of elite capture at village and kum bum level, and the risk of fund misallocation and collusion. Also, risk of local authorities not having sufficient capacity to gradually take over the implementation responsibilities from the PRF operation and maintenance



performance on part of communities and sector ministries, and inadequate capacity to undertake rigorous evaluations, were identified. Mitigation measures included a gradual scale-up, careful assessment of opportunities for expansion, and using the existing PRF structure for implementation. However, despite mitigation measures, the risk of overstressing PRF's capacity materialized resulting in implementation challenges during the first two years. The Bank team did not conduct a traditional economic analysis but based the economic relevance of the project on the favorable economic rates of return from PRF I and other community driven projects, financing similar small scale public infrastructure. The Results Framework had some shortcomings, especially related to the failure to separate indicators for "access to" and "utilization of" (see section 10a for more details).

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

The Bank team conducted ten supervision missions and local Bank staff provided implementation support on an ongoing basis. The Bank team restructured the project and fulfilled the government's request for additional financing. The Bank reflected implementation shortcomings, which occurred in the first half of the project, in candid Aide Memoires and Implementation Status Report ratings. In addition, the Bank conducted seven evaluation studies which identified critical organization and project related issues such as gaps in local capacity. Based on these findings implementation was improved, and lessons learned were incorporated into the design of PRF III, the follow-on project. The Bank addressed shortcomings in regard to safeguards monitoring and documenting by providing safeguards training for staff. During the additional financing, a new component focusing on livelihoods and nutrition was added. However, the component was not clearly attributable to the PDO and no results indicators to measure achievements of this component were added to the Results Framework, which was a significant shortcoming in the AF design. The Bank also failed to address the shortcomings related to the RF's treatment of "access" and "utilization" as one and the same thing, affecting the possibility to document project achievements at the outcome level.

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. Assessment of Borrower Performance

a. Government Performance

The government was committed to achieving the development objectives and provided US\$10 million counterpart financing. Also, the government's commitment was demonstrated by its request for additional financing in order to scale up the project. However, due to fiscal constraints impacting civil service, the



counterpart financing was delayed by three years, negatively impacting the implementation of sub-projects. In order to ensure cooperation with key sector agencies and ministries, the government facilitated Memorandums of Understanding. After the mid-term review, these memorandums were adapted to ensure the timely provision of staff and resources. However, the end line impact evaluation identified staffing issues in newly constructed health facilities, not complying with an existing agreement with the District Health Office that new facilities should be equipped with staff as soon as they were constructed. The government supported the strengthening of local administrations and service delivery through several pilot projects. In order to build on the outcomes of this project, the government decided to implement PRF III as a follow on project.

Government Performance Rating

Moderately Satisfactory

b. Implementing Agency Performance

The Poverty Reduction Fund (PRF) was responsible for the implementation of the project. Despite initial delays the project management team was successful in implementing project activities in a timely manner, and surpassing the number of beneficiaries. During the first two years, the implementation of sub-projects faced several challenges due to the expansion into three new provinces, integrating design changes, high staff turnover, and the distraction of the project management’s attention to set up the separate Japan Social Development Fund pilot. The project management team addressed delayed M&E reporting and was able to set up a robust M&E system despite limited local capacity. Furthermore, the PRF coordinated with district level government and supported *kum bans* in identifying sub-projects to reach the poorest communities.

Implementing Agency Performance Rating

Moderately Satisfactory

Overall Borrower Performance Rating

Moderately Satisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design

Even though the objectives were clearly specified, part of the objective is at output level (“access to”) while the other part is at outcome level (“utilization of”). The indicators were measurable in terms of numbers, timing and location. However, the selected indicators did not measure to what extent the project reached poor communities, a key aspect of the PDO. Furthermore, the Results Framework did not include any indicators to measure significant outcomes of the project such as to what extent health and education outcomes or economic growth improved due to better access to health and education services and improved access to roads, water and electricity. A significant shortcoming in the RF was that it did not



have separate indicators for "access to" and "utilization of" and thus measured these two different aspects together; "access" focuses on the supply side (at output level, like schools and health clinics, roads constructed) and "utilization" focuses on the demand side (at outcome level; were the outputs (schools and health facilities, etc) actually used by the beneficiaries?). This makes documenting project achievement at outcome level difficult.

In addition, several intermediate outcome indicators do not measure actual achievement of the PDO as they focus on administrative aspects such as "% of districts where district officials provide technical assistance and supervision to communities." During the additional financing an indicator (Indicator 15 "Improvements in dietary diversity among pregnant/lactating women and children aged six to 24 months) was added for which there was no data available. Proposed data collection methods were qualitative and quantitative and included a baseline, mid-term and final Impact Evaluation in 2011, 2012-2013 and 2015, respectively. Also, the project planned to conduct studies such as beneficiary assessments, technical quality studies, cost effectiveness studies and capacity studies. The PRF's Monitoring Information System (MIS) was to be used for daily monitoring.

b. M&E Implementation

During the first half of implementation, the project experienced several M&E challenges including late data entry, poor quality data and progress reports and lack of a unified format for data submission. After the mid-term review, the government made substantial staff changes and more emphasis was put on M&E activities. Starting in December 2014, progress reports included sufficient data and analysis and were submitted on time. Also, the MIS was refined, several changes were made, and all provincial and district staff were trained in the usage of the MIS. The MIS produced useful data to monitor the progress of project implementation. In late 2012 and early 2013 a baseline Impact Evaluation based on rigorous methods was conducted in four provinces. The final Impact Evaluation was conducted in 2016. The Impact Evaluation identified key factors for differences in rural welfare such as access to infrastructure, ethnicity, education, occupational status and household size.

Despite the improvements to the M&E system undertaken after the mid-term review, significant shortcomings in the Results Framework such as measuring access and utilization together were not addressed at MTR or at the restructurings.

c. M&E Utilization

According to the ICR (p. 10) the management of the PRF reviewed MIS data on a regular basis to identify bottlenecks and implementation delays. Several studies such as the Gender Equality and Social Inclusion Assessment, the Organizational Review, the Safeguard Assessment and the Technical Audit provided opportunities for identifying areas that required more attention and also allowed for continuous learning.

M&E Quality Rating

Modest



11. Other Issues

a. Safeguards

The project was classified as category B and triggered the Bank's Safeguards: Environmental Assessment (OP/BP 4.01), Pest Management (OP/BP 4.09), Indigenous People (OP/BP 4.10), and Involuntary Resettlement (OP/BP 4.12). When the project received additional financing three additional safeguards were triggered: Safety and Dams (OP/BP 4.37), Natural Habitats (OP/BP 4.04) and International Waterways (OP/BP 7.50).

An Environmental and Social Management Framework, a simplified Pest Management Plan, a Compensation and Resettlement Policy Framework and an Ethnic Group Policy Framework were developed and disclosed in project areas and on the project's and Bank's websites. Updates were made in order to reflect new activities which were implemented under the additional financing. The ICR (p. 11) states that no major adverse environmental and social impacts were observed. However, safeguard performance was rated Moderately Satisfactory between 2014 and 2016, the first half of the project, due to the lack of systematic monitoring and documentation. The ICR (p. 11) states that at project closing, compliance with Bank policies was rated as Satisfactory.

b. Fiduciary Compliance

Financial Management

According to the ICR (p. 11) the project's financial management was satisfactory throughout implementation, except in 2012 due to a delay in the reinforcement of internal control systems and recruitment of a consultant in charge of this process. Interim unaudited financial reports and annual financial audit reports were submitted on time. Audits were conducted by independent auditors on an annual basis and were accepted by the Bank. Also, all reports had unqualified opinions and were found of satisfactory quality by the Bank. At project closing, financial management was satisfactory.

Procurement

Due to delays in procuring goods and consultants and concerns regarding the project's internalization of revised community procurement procedures, procurement was rated moderately satisfactory throughout project implementation. The PRF's procurement unit was responsible for the procurement of goods, works and most technical assistance. During the additional financing, procurement arrangements remained mainly unchanged. A community procurement manual supported procurement activities on the community level. Also, in order to strengthen community ownership, during the first half of the project bid opening for sub-projects was transferred from the district to the village level. The project faced weak procurement capacity, especially at the provincial level, low literacy levels in communities and a lack of sufficient contractors and suppliers at the village level. At project closing procurement was satisfactory.

c. Unintended impacts (Positive or Negative)



NA

d. Other

12. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Moderately Satisfactory	Relevance of the objective is rated High, relevance of design is rated Modest, achievement of the first objective is Substantial and achievement of the second is Modest due to a lack of evidence in the ICR. Efficiency is rated Substantial. This gives an overall outcome rating of Moderately Satisfactory.
Risk to Development Outcome	Modest	Modest	---
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	---
Borrower Performance	Moderately Satisfactory	Moderately Satisfactory	---
Quality of ICR		Modest	---

Note

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 ICR (p. 25-26) included several lessons:

1 . Filling local capacity gaps through external experts and specialized studies can be useful for project implementation and longer-term capacity building. In this project, relatively weak analytical and supervision capacity was addressed through hiring consultants, who were able to support critical areas such as M&E, community participation, nutrition, and engineering, through their expertise allowing to move project implementation forward while building local capacity at the same time.

2 . Developing detailed step-by step procedures for critical project areas can help to simplify and



smoothen implementation. In this project, the Project Operation Manual was kept simple and was continuously updated while support was provided on an ongoing basis. This had a positive impact on the project's implementation and quality.

3. Supporting sub-projects in conducting Operations & Maintenance (O&M) activities, especially to preserve and improve rural access roads is critical for their longer-term sustainability. In this project, villages were allowed to use part of the sub-grants for O&M activities and supported to establish rural Road Maintenance Groups in order to preserve the investments made under this project. The ICR (p. 26) states that most PRF sub-projects were functional after four to six years of operation and O&M committees remained active except roads. Therefore, this project tried to address this challenge accordingly.

14. Assessment Recommended?

No

15. Comments on Quality of ICR

The ICR provides a good overview of project preparation and implementation and includes useful lessons learned based on the project's implementation experience. Also, the ICR is aligned with the ICR guidelines. There are several inconsistencies and discrepancies in the ICR with regarding projects costs; allocations and actual costs for each component and for the total figures. Also, the ICR does not include a traditional economic analysis and does not outline all project restructurings. In addition, the ICR does not distinguish between outputs and outcomes (access vs utilization) and does not provide figures for most of the output targets. The quality of the ICR is rated Modest.

a. Quality of ICR Rating

Modest