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Prepared by
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Reviewed by
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Group
IEGHC (Unit 2)

2. Project Objectives and Components

a. Objectives

The original Project Development Objective (PDO), as set out in the Grant Agreement, was to improve the administration, delivery, financial sustainability, and targeting of social insurance, social safety net, health, and public education services.

The PDO as set out in the Emergency Project Paper (EPP) was to improve the administration, delivery, financial sustainability, and targeting of social services through implementation of new systems and the adoption of new policies in the National Social Security Fund (NSSF), the Ministry of Labor (MOL), the Ministry of Public Health (MOPH), the Ministry of Social Affairs (MOSA)/Council of Ministers (PCM), and the
Ministry of Education and Higher Education.

The PDO was revised in March 2013 in a Level 1 restructuring due to lack of progress on the social insurance objective, which was replaced by a youth employment objective. At the same time, the PDO was reformulated to provide more specific sector objectives. The revised PDO was to (i) strengthen the capacity of the MOL to promote youth employment; (ii) rationalize public health expenditure; (iii) establish a national poverty targeting system for social safety net programs; and (iv) increase availability of education data for decision making in the Ministry of Education and Higher Education. Some key outcome indicators were also revised.

A split evaluation will be undertaken, with project outcomes being assessed against both the original and revised project objectives. The two original PDOs are materially consistent, and the version in the Grant Agreement will be used for assessing efficacy under the original objectives.

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

Did the Board approve the revised objectives/key associated outcome targets?
   Yes

Date of Board Approval
   27-Mar-2013

c. Will a split evaluation be undertaken?
   Yes

d. Components

The Second Emergency Social Protection Implementation Project (ESPIP2) had five original components:

Component 1: Modernization of the social insurance system (estimated total cost at appraisal US$ 2.25 million; actual cost US$ 0.70 million). The component aimed at improving financial stability and administration in the NSSF. It included three sub-components:

Sub-component 1: further development of policies and systems to increase revenues and control expenditures in the health insurance branch of the NSSF;

Sub-component 2: improve administrative and business processes in NSSF; and

Sub-component 3: advisory services to strengthen MOL's monitoring function as custodian to the NSSF.

Component 2: Rationalizing public sector health expenditures (estimated cost at appraisal US$ 1.55 million; actual cost US$ 0.66 million). The component was to improve efficiency in MOPH expenditures. It included the creation of a modern utilization management function and the design of modern indicator-based hospital contracts, supported by necessary information technology (IT) and human resources investments.
Component 3: National poverty targeting program for social safety nets (NPTP) (estimated cost at appraisal US$ 9.34 million; actual cost 3.76 million). The component was to establish a national targeting system for the delivery of social transfers and services. It included the national roll-out of the NPTP based on the implementation of the following sub-components:

Sub-component 1: establishment of the NTPT database on the poor and vulnerable population;
Sub-component 2: preparation and implementation of a public information campaign;
Sub-component 3: capacity building for monitoring and evidence-based policy making to ensure performance of the targeting mechanism; and
Sub-component 4: setting up the institutional structure in the PCM to manage the NPTP.

Component 4: Education sector performance and quality enhancement (estimated cost at appraisal US$ 2.05 million; actual cost US$ 0.99 million). The component was to institutionalize performance-based and quality-focused approaches in the MEHE and at the school level. It included three sub-components:

Sub-component 1: development of an educational SWAp framework for a second phase of education sector reform, including a medium-term expenditure framework (MTEF) and key performance indicators;
Sub-component 2: adoption of performance based principles and practices in the general education system; and
Sub-component 3: implementation of quality-oriented tools in the MEHE and the introduction of school-based management practices.

Component 5: Fiduciary operations (estimated cost at appraisal US$ 0.77 million; actual cost US$ 1.09 million). The component was to support a Fiduciary Operations Team (FOT) responsible for procurement and financial management under the project.

Revised components
The first component was revised in March 2013 due to slow progress on its implementation stemming from internal resistance to the reforms in the implementing agency (the NSSF), and all activities relating to the component were dropped. A new component was introduced to support a pilot program to improve employability of first-time job seekers, essentially youth between the ages of 16 and 30. The new component combined training and intermediation with employer incentives to encourage the hiring of program participants. The program was to be managed by MOL, with NGOs contracted to undertake recruitment, training, placement, and monitoring of the program. Activities included life skills training; job search techniques and counseling; practical on-the-job training in private enterprises; and job vouchers and wage subsidies. The new component also included a strategic planning unit in MOL, and a technical feasibility study to automate MOL.

With the exception of the first component (social insurance, and subsequently, employability), the components remained largely unchanged, with only minor adjustments.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates
Project cost and financing: Total project costs at appraisal were estimated at US$ 15.96 million; actual costs were US$ 15.95 million. The Bank provided a grant of US$ 6 million from a Trust Fund for Lebanon.
(TFL), established by the Bank at a donors’ conference in 2006 to assist in the reconstruction of Lebanon in the aftermath of hostilities in the region. Canada provided a US$ 2 million grant, and Italy provided a US$ 0.6 million grant, both to support Component 3, the national poverty targeting program.

**Borrower contribution:** The Borrower provided US$ 6.75 million for Components 2, 3 and 4; while local hospitals provided US$ 0.6 million for Component 2.

**Dates:** The project was approved on September 5, 2008, and it became effective on January 27, 2009. The Closing Date, initially set for March 31, 2012, was extended three times to reflect three project restructurings:

- A first, Level 2, restructuring occurred on September 30, 2011, postponing the Closing Date from March 31, 2012, to March 30, 2013. The restructuring reflected delays in implementation due to a volatile political situation that slowed the decision making process on the project.
- A second, Level 1, restructuring occurred on March 27, 2013, postponing the Closing Date a second time by 17 months to August 31, 2014. The postponement was due to delays in implementing NSSF reforms, and led to a revision of the PDOs and Component 1 of the project.
- A third, Level 2, restructuring occurred on July 14, 2014, postponing the Closing Date a third time by 16 months to December 31, 2016, when the project closed. This last restructuring was needed to adjust implementation plans and schedules due to a political stalemate in the country.

**3. Relevance of Objectives & Design**

**a. Relevance of Objectives**

The original as well as the revised PDOs are consistent with Lebanon’s current development priorities in social protection and education, and in line with the Bank’s current country and sector strategy. At the same time, targets set for knowledge transfer in the social sectors do not always seem commensurate with the country’s absorptive capacity (see Section 4). That said, the PDOs support the country’s comprehensive social reform program that initially was introduced at a donor conference in the early post-conflict stage (in 2006) to reduce economic and social risk among the population, and to serve as a means to strengthen national identity. The program, which was approved by donors, including the Bank, continues to provide the basis for the Government’s economic policy making and reform efforts. The PDOs also reflected Bank priorities for Lebanon as set out in an Interim Strategy Note developed on the basis of Bank economic and sector work around the time of the conference. Since then, a Country Partnership Strategy (CPS) for the FY2017-22 period has been developed. One of its two focus areas (Focus Area 2) emphasizes job creation and skills development, continued strengthening of the health sector, and further developing the safety net. These elements take on particular importance with the ongoing crisis in Syria and the influx of Syrian refugees into Lebanon.
b. Relevance of Design

The project, in its original and revised form, built on prior projects, with a view to subsequent, more sector-specific support. (The project would be followed by sector specific projects in the lending program.) The original results framework had a broad statement of objectives that were consistent with, although not explicitly addressing, the multiple objectives sought in each case – improved administration, delivery, financial sustainability, and targeting of services. For instance, better claims processing and specific criteria for facility entry and exit, combined with facility-level performance monitoring, were to help rationalize hospital sector expenditures and improve administration, delivery, financial sustainability, and targeting of hospital services. The theory of change does not specify further how each of those objectives were to be achieved, although their achievement over time is plausible with the activities that were being introduced. The same is valid for the other services supported under the project – social insurance, safety nets and education.

The revised objective was more specifically linked to project components: for instance, the theory of change sets rationalization of the hospital sector as the sector objective to be achieved by implementing the measures indicated above. Likewise, objectives for other sector interventions were also more specifically defined, allowing for a well-defined causal chain between funding and outcomes.

In both its original and revised version, the design may have been ambitious, as reflected in the difficulties encountered in implementing health insurance modernization and youth employment measures (see Section 4).

4. Achievement of Objectives (Efficacy)

**Objective 1**

**Objective**

improve the administration, delivery, financial sustainability, and targeting of social insurance

**Rationale**

No outputs or outcomes. The MOL began preparing reforms aimed at improving its administrative systems and financial flows in NSSF. However, progress was stalled, as priorities at the political level changed. Consequently, no outputs or outcomes were reported for this objective.
Objective 1 Revision 1

Revised Objective
Strengthen the capacity of the MOL to promote youth employment

Revised Rationale

Outputs
- A competitive selection process was initiated with five NGOs to help launch component activities (not completed).
- A competitive selection process was initiated to conduct a baseline survey (not completed).
- A project coordinator was hired.
- A communications campaign was designed (not implemented).
- An IT system for registering and tracking beneficiaries was developed.
- An operating manual was drafted for the program.

Outcomes
The new project component aimed at facilitating entry into work for first-time job seekers. While some activities were initiated, completion was affected by a tight implementation schedule and a lack of urgency on the part of the national authorities. Consequently, the Bank decided not to further extend project closing, and no outcomes related to this objective are reported.

Revised Rating
Negligible

Objective 2

Objective
Improve the administration, delivery, financial sustainability, and targeting of social safety net services

Rationale

Outputs
- A national poverty targeting program (NPTP) based on proxy means-testing was developed and is being used to target services to poor households.
- A data base on poor households was established.
- A central management unit for the program was established and is operational at the time of the ICR.
- An information campaign was undertaken.
Outcomes
The project aimed at establishing an operational national poverty targeting program (NPTP). As of the time of the ICR, key elements are in place: an administrative structure underpinned by a registry and a targeting mechanism based on proxy means-testing. While only administration and targeting objectives are explicitly addressed, these elements are likely also to have a direct and favorable impact on facilitating service delivery and supporting financial sustainability of programs.

Rating
Substantial

Objective 2 Revision 1
Revised Objective
Establish a national poverty targeting system for social safety net programs

Revised Rationale

Outputs
See Original Objective 2, above

Outcomes
The national roll-out of the NTPT is underway: as of the time of the ICR, some 102,000 beneficiary households have been identified and are receiving benefits under the program, compared to a target of 60,000.

Revised Rating
Substantial

Objective 3
Objective
Improve the administration, delivery, financial sustainability, and targeting of health services

Rationale

Outputs

- An automated claims processing system was put in place and is operational.
- Admissions criteria for 40 high-cost, high-volume conditions, and monitoring of conditions that were prone to misuse in admissions and use of inpatient resources, were established.

Outcomes
• At the time of the ICR, 90 percent of individual claims are processed and paid within 2 weeks as compared to several months previously.
• The average number of days for processing a hospital bill was reduced from 35 days in 2008 to 5 days in 2014.
• The share of admissions according to standard admissions criteria rose from zero at the start of the project (when the criteria still did not exist) to 83 percent in 2014, compared to a target of 75 percent.
• Hospital admissions became more appropriate, as reflected in: (a) a case mix index that increased from 1.14 to 1.18 (i.e. towards more complex cases); and (b) an average number of cases per month and average cost per case that decreased by 22.7 percent and 5.1 percent, respectively.

While the documentation does not explicitly relate outputs/outcomes to objectives, it is reasonable to assume that, when correctly pursued, the introduction of a modern hospital utilization management function into the relationship between MOPH and hospitals will translate into improved administration, improved efficiency in MOPH spending (financial sustainability), and horizontal efficiency (targeting) in delivery.

Rating
Substantial

Objective 3 Revision 1
Revised Objective
Rationalize public health expenditures

Revised Rationale
The outputs and outcomes reported under Original Objective 3, above, point to substantial achievement of the objective to rationalize public health expenditures.

Revised Rating
Substantial

Objective 4
Objective
Improve the administration, delivery, financial sustainability, and targeting of public education services

Rationale

Outputs
• An education management information system (EMIS) was established.
• An education sector development secretariat (ESDS) was established in the MEHE and is responsible for policy, planning, and information functions in the Ministry.
• A medium-term expenditure framework (MTEF) was introduced to provide a framework for developing
education sector performance-based budgets.

• A first national round table was held in 2010 to analyze international learning assessment tests, including training of staff in analyzing such tests.

Outcomes

• With the 2011 education budget being implemented using performance-based budgeting, MEHE operations are increasingly being undertaken using a performance-based management approach; where the EMIS increasingly is being used for evidence based decision making (ICR pp. 22-23).

The interventions focus on improving the administration of public education services through better budget planning and management, and a comprehensive management information system. While none of the interventions are flagged as specifically addressing objectives of financial sustainability, delivery, or targeting, it is reasonable to assume that financial sustainability and service delivery over time will improve as a result of new institutions. Better targeting of education services was achieved by drawing on information in the NPTP to decrease education costs and improve access for children from poor households.

Rating
Substantial

Objective 4 Revision 1

Revised Objective
Increase availability of education data for decision making in the Ministry of Education and Higher Education

Revised Rationale
While outputs and outcomes under the original and revised project were the same (see above under original Objective 4), the formulation of the more specific revised objective allows for a more direct link between outputs and outcomes than is the case in the original version.

Revised Rating
Substantial

5. Efficiency

Neither economic nor fiscal analysis was undertaken in the PAD or the ICR. The team argued that SEQAP mainly was a technical assistance project, and that relevant data that would contribute to such an analysis was scarce. The ICR does not report any analysis or estimate of whether the costs involved in achieving project objectives were reasonable in comparison with other similar technical assistance
projects. Juxtaposing the speed, flexibility, and simplicity of emergency assistance with the reigning political situation, it is appropriate to question whether costs were reasonable, especially since the project produced fewer benefits and did not deliver on key outputs that were anticipated in the original project and subsequently under restructuring.

**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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<th>*Coverage/Scope (%)</th>
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* Refers to percent of total project cost for which ERR/FRR was calculated.

**6. Outcome**

The relevance of the original and revised PDO are both rated substantial, as they responded to country needs, and Government and Bank policy. Relevance of design under the original objectives is rated modest, reflecting weaknesses in linking planned activities and intended outcomes; relevance of design under the revised objectives is rated substantial, as the tighter formulation of the reformulated objectives better reflected the plausible results of the planned activities. Under the original objectives, efficacy is rated negligible for social insurance in the absence of recorded outcomes; and substantial for safety nets, health and education, reflecting steady progress towards the more specific objectives in those areas. Efficiency is rated modest under both the original and revised objective, reflecting lack of economic or financial analysis.

Based on these ratings, the outcome ratings under the original and revised objectives are both Moderately Satisfactory.

According to OPCS/IEG guidelines for restructured projects, the final outcome rating is determined by the ratings for the original project and the restructured project, weighted by the percentage of the grant that disbursed before and after the restructurings. As both ratings were moderately satisfactory, the overall rating is also moderately satisfactory

a. **Outcome Rating**
Moderately Satisfactory

7. Rationale for Risk to Development Outcome Rating

Drawing on the discussion in the ICR (p. 11), the geo-political risk may be moderate to high, although the domestic political situation is deemed better than at start-up and implementation of the project under review, stakeholder familiarity with the Bank is higher, and agency capacity is likely to have improved through this project and related projects under implementation. Still, risk would still appear to be substantial, although moderated by an active Bank lending and advisory services portfolio in the sectors covered by this project, including education, poverty analysis, social insurance, and employment, which would tend to reduce the non-political risk elements in the future.

a. Risk to Development Outcome Rating
   Substantial

8. Assessment of Bank Performance

a. Quality-at-Entry

At appraisal, the project team emphasized the strategic importance of early Bank intervention in the Lebanese post-conflict situation – in maintaining the momentum gained in earlier Bank projects, and for building and restoring key social policy institutions; that urgency is reflected in the risk assessment at project start-up. This approach led to an intervention on a broad scale with an unclear statement of objectives and a weak causal chain. The preparation approach also may have overestimated implementation capacity – political and technical – at the national level, resulting in revisions to the project. At the same time, follow-up engagements with Lebanon in the social policy area point at least to partial success in moving forward in a risky situation.

Quality-at-Entry Rating
Moderately Unsatisfactory

b. Quality of supervision

Reflecting the risk assessment, supervision was intense and hands-on, managed by a country-based task manager and a team of specialists. This approach resulted in a redesign of the results framework, and successful implementation of the revised project. Challenging political economy considerations meant that the redesign occurred relatively late during the project period.
Quality of Supervision Rating
Moderately Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

9. Assessment of Borrower Performance

a. Government Performance
The main government agencies – the Council of Ministers and the Ministry of Finance – remained supportive of the project throughout preparation and implementation, although stronger focus might have helped avoid some of the failings under component 1. Here, disruptions due to government changes may have prompted some of the problems experienced.

Government Performance Rating
Moderately Satisfactory

b. Implementing Agency Performance
The project had six implementing agencies – the NSSF, the MOL, the MOSA, the MOPH and the MEHE, as well as a Fiduciary Operating Team (FOT). Based on component performance, the MOSA, MOPH and the MEHE performed well, as did the FOT. Weak results in the social assistance and youth labor components appear to have reflected some resistance on the part of the agencies concerned, as well as capacity constraints, as new activities were being introduced.

Implementing Agency Performance Rating
Moderately Satisfactory

Overall Borrower Performance Rating
Moderately Satisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design
The results framework under both the original and revised PDO was coherent, albeit with more specific links between outputs and outcomes in the revised project. Indicators were well-defined and focused on institutional improvements (better processes, information systems, etc.), reflecting the technical-assistance nature of the project. In some instances (financial sustainability, poverty targeting), quantitative targets were set; and, where feasible, baselines were introduced. Monitoring, and evaluation functions for each component were to be undertaken by a designated project implementation team within each beneficiary agency, supported by the
Bank supervision team located in Beirut. In some cases, impact assessments were envisaged (essentially under the dropped components); in others management information systems designed under the project were to be drawn on for evidence-based adjustment to beneficiary agency processes.

b. M&E Implementation

Monitoring was implemented by a designated project implementation team in each participating agency with assistance from the Bank team. All indicators included in the Results Frameworks were reported as part of the supervision process. Weaknesses in design, including adjustments to indicators as objectives were revised, were corrected during implementation, and are reflected in the revised Results Framework and in closing date postponements.

c. M&E Utilization

With frequent interaction between the agency monitoring teams and the Bank team, the M&E data was used for decision making on the institution building on an ongoing basis. This served to inform interventions to adjust processes as they were being implemented.

M&E Quality Rating

Substantial

11. Other Issues

a. Safeguards

ESPISP 2 was rated as environmental category C, and no safeguard policies were triggered.

b. Fiduciary Compliance

As noted in the ICR (p. 15), a fiduciary operations team (FOT), hosted in the Presidency of the Council of Ministers (PCM) and composed of a Coordinator, two Procurement Specialists, one Financial Management Specialist, and one Project Assistant, carried out the procurement and financial management functions of the project. It provided support to the Project’s implementing agencies. In general, fiduciary compliance was found to be adequate and satisfactory. The following issues were highlighted: (a) the Government’s original decree approving the grant mentioned that it was funded from the TFL, when in fact it was funded from the interest accrued to the TFL. This delayed approval of the March 2013 restructuring. This error was ultimately resolved only in April 2016, and resulted in halting implementation from February 2015 to April 2016; (b) occasional changes in staffing in the FOT and the need to provide training on World Bank procedures; (c) delays in contracting auditors in 2014 pending cabinet approval; and (d) minor recommendations resulting from
procurement post reviews, such as those relating to the need to publish contract awards.

Audit reports were submitted regularly and contained minor recommendations. The audit for the last three years was combined, given the low levels of disbursements, as all activities except for Component 1 had been completed.

c. Unintended impacts (Positive or Negative)

None reported.

d. Other

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12. Ratings

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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

Lesson drawn by IEG:

A favorable political environment is a prerequisite for effective reform. A major lesson from the project, and especially the restructuring, is the need to invest only when the political economy in the sector is favorable for reform and for ensuring national ownership of reforms across all political parties. During periods when there is insufficient commitment to reform in a sector, it may make sense for the Bank to focus instead on continued
policy dialogue with the Government through analytical work and outreach.

Lessons drawn from the ICR (pp. 29-31):

**Emergency projects include a wide spectrum of responses to crises**, but political uncertainty adds to the complexity of emergency assistance. Emergency assistance, as provided for under OP/BP 8.00, is meant to comprise speed, flexibility, and simplicity. Normally, in emergency situations, governments are united in their commitment to the objectives of emergency assistance. An environment of political uncertainty adds a further dimension to responding to emergency situations and can have a potentially detrimental impact on the components of emergency assistance. This was evident under this project, as the NSSF lost commitment to the reforms it was to implement.

**Multi-sectoral projects, with several implementing agencies, are notoriously complex, all the more so in an emergency mode.** Detailed procedural manuals and guidelines along with regular training can enhance the efficiency and quality of a project’s implementation. Further, having a separate unit to handle fiduciary matters may well be the most efficient way of handling aspects that could otherwise stall implementation. While this project was unconventional in that it had a higher level objective of building a pipeline of subsequent human development projects in support of the Government’s Social Action Plan, normally, in emergency situations, it would be preferable to have more simply structured projects, with fewer implementing agencies and sectors.

**It is possible, in a post-conflict environment, to achieve concrete institutional reforms.** This project was successful in achieving significant institutional reforms in health, education, and social protection. Most of these are notable and can be considered difficult even in more stable environments. Reforming the hospital contracting system, establishing a comprehensive safety net program relying on a single data base of the poor, and objective targeting mechanisms are institutional reforms that many countries struggle to achieve.

14. **Assessment Recommended?**

Yes

Please explain

To provide greater clarity and complement the analysis of project efficacy.

15. **Comments on Quality of ICR**

The ICR provides an adequate basis for assessing the program. However, the quality of the evidence and the analysis could have been stronger. While the discussion is results-oriented, it does not sufficiently address the mixed results orientation, and the presentation makes it difficult to distinguish achievements under the original project from those of the revised one. Still, the document is internally consistent, and consistent with OPCS
guidelines.

a. Quality of ICR Rating
   Modest