Multiproject

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Western Samoa: Multiproject (Credit 1657-WSO)

The Western Samoa Multiproject, supported by Credit 1657- WSO for SDR 2.3 million (US$2.5 million), was approved in FY86. The project originally consisted of four subprojects identified by the government as high priority in the agriculture, industry, and infrastructure sectors. A fifth subproject_in the energy sector_was added in January 1991, in the wake of the damage done by a cyclone. The Asian Development Bank (ADB) was the main financier (US$4.4 million), with cofinancing by UNDP (US$250,000) and the OPEC Fund for International Development (US$1.7 million). The ADB was responsible for project preparation. The credit was fully disbursed and closed on May 18, 1994, two years later than planned. The Implementation Completion Report (ICR) was prepared by ADB and the East Asia and Pacific Regional Office. No comments were received from the borrower.

The project represents an innovative approach to financing projects in small countries where the size of individual projects often makes them too costly for multilateral financing. Its objectives were: (a) to strengthen and diversify the economy by generating new economic activities and creating employment; (b) to build local capacity for project implementation; and (c) to demonstrate the cost-effectiveness of the multi-project approach to smallscale development projects. Four subprojects were originally used to achieve these objectives (i) Tree Crop Development (TCD); (ii) Rural Roads
Upgrading (RRU); (iii) Small Industries Center (SIC); and (iv) Container Park Upgrading (CPU) at the Apia Wharf. The fifth subproject, which was added later, for Upolu Power Rehabilitation (UPR), had an "emergency" component financed by IDA and a "rehabilitation" component financed by the OPEC Fund.

The physical objectives were fully met in all but the TCD subproject. Delays in implementation raised project cost substantially, rendering the four original subprojects individually nonviable in economic terms. Nevertheless, the CPU, SIC and RRU subprojects have put in place high quality assets; the TCD subproject has established a valuable supply of improved variety coconut seedlings to farmers; and the UPR subproject has successfully rehabilitated the power generation capacity of Western Samoa. These assets are yielding benefits to the local economy, but maximizing future benefits depends critically upon proper operation and maintenance of the facilities. Unfortunately, the sustainability of the benefits flow at the time of project closing remains a question mark. The project was unable to meets its goals of capacity building and of demonstrating the cost-effectiveness of the multiproject approach.

The ICR rates project outcome as satisfactory, institutional development as partial, sustainability as uncertain and IDA performance as satisfactory. The Operations Evaluation Department (OED) agrees with the sustainability rating in the ICR. The aggregate ERR for the project is 18 percent, largely as a result of the good performance of the UPR subproject. However, the unsatisfactory performance of the original subprojects, accounting for about 78 percent of project costs, qualifies this result. Thus, on balance OED rates project outcome as marginally satisfactory. The ADB comments on the weakness of its own performance in appraisal and project preparation. Under the prevailing administrative arrangements, which have since been discontinued, ADB was responsible for project management. Nevertheless, IDA could have initiated remedial actions in response to emerging implementation problems during its many supervision missions. On the plus side, IDA was flexible and exercised appropriate judgment in adding the UPR subproject to the Multiproject. On balance, therefore, OED rates IDA performance as marginally satisfactory. The lack of progress on institutional development, despite significant consultant expenditures, leads OED to rate institutional development as negligible.

The multi-project approach is a potentially useful tool for financing projects in small countries, and this project's experience offers important lessons. It points to the need for a realistic assessment at appraisal of the absorptive capacity of the implementing agencies and for adequate provisions for technical assistance for capacity building. Additionally, IDA should pay attention to its preparation and supervision duties, even when the primary responsibility for project supervision rests with partners or cofinanciers. This operation also highlights the need for effective coordination of implementation in cofinanced projects to reduce the burden on the borrower when complying with differing donor procedures.

The ICR provides sufficient information to determine performance ratings, and the evaluation summary is candid. However, the ICR is unsatisfactory because its ratings do not follow from its discussion of the problems. It discusses some of the issues concerning sustainability, but does not provide a well developed plan for the future operation of the subprojects. No audit is planned.