Report Number: ICRR14417

IEG ICR Review

Independent Evaluation Group

1. Project Data:		Date Posted: 08/21/2014		
Country:	Liberia			
Project ID:	P105683		Appraisal	Actual
Project Name:	Community Empowerment Ii	Project Costs (US$M):	16.25	19.3
L/C Number:	CH305	Loan/Credit (US$M):	5.0	5.05
Sector Board:	Social Protection	Cofinancing (US$M):	11.25	14.25
Cofinanciers:	European Union, Food Price Crisis Response Trust Fund	Board Approval Date:		06/14/2007
		Closing Date:	06/30/2011	07/31/2013
Sector(s):	Other social services (36%); Primary education (16%); Health (16%); Roads and highways (16%); General water sanitation and flood protection sector (16%)			
Theme(s):	Conflict prevention and post-conflict reconstruction (29% - P); Participation and civic engagement (29% - P); Health system performance (14% - S); Education for all (14% - S); Other social protection and risk management (14% - S)			

Prepared by:	Reviewed by:	ICR Review Coordinator:	Group:
Judyth L. Twigg	Denise A. Vaillancourt	Lourdes N. Pagaran	IEGPS2

2. Project Objectives and Components:

a. Objectives:

According to the Financing Agreement (FA, p. 5) and the Project Paper (p. 9), the project's objectives were to "improve the Recipient's poor rural communities' access to basic services and economic opportunities through: (a) a community driven approach, by investing in community Sub-projects; and (b) the provision of capacity-building at the community and local government levels."

As part of a June 2008 Additional Financing (AF), the project's objectives were amended: "to improve poor rural communities' access to basic infrastructure and provide economic opportunities for vulnerable households in urban and rural areas through: (a) a community-driven approach; (b) a labor-intensive public works program; and (c) the provision of capacity building at the community and local government levels" (Emergency Project Paper, p. 2). At the time of this revision, US$ 0.64 million (or 12.7% of total Bank funds) had been disbursed.

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

Yes

If yes, did the Board approve the revised objectives/key associated outcome targets?

Yes

Date of Board Approval: 05/29/2008

c. Components:

The project originally contained three components:

1. Community-Driven Program (appraisal: US$ 4.0 million IDA financing, US$ 13.0 million with EU co-financing;

AF, US$ 3.0 million; actual, US$ 14.73 million). This component was to provide sub-grants to beneficiaries for financing sub-projects, including (but not limited to) reconstructing and rehabilitating infrastructure in health, education, water, and sanitation services; improving infrastructure related to agriculture (including rural roads, markets, and storage facilities); and improving delivery of and access to economic services. Beneficiaries were also to be assisted through technical assistance and training, social mobilization, and collective action. Communities were to be assisted to form community-based organizations (CBOs) to represent them in planning and implementing these activities, including for tasks related to procurement, monitoring, and payment of local contractors.

2. Capacity-Building Program (appraisal: US$ 0.4 million IDA financing, US$ 1.3 million with EU co-financing; actual, US$ 2.19 million). This component was to provide training and technical advice to enhance the capacity of communities and other sub-project stakeholders, including local governments, in participatory planning and development. Under project supervision, Community Facilitators were to conduct training programs to enable communities to play a leading role in the identification and implementation of subprojects.

3. Project Management (appraisal; US$ 0.6 million, US$ 1.95 million with EU co-financing; actual, US$ 2.41 million). This component was to support the operating capacity of the Liberia Agency for Community Empowerment (LACE) to manage the project. It was to finance development of a monitoring and evaluation (M&E) system to collect data from community, regional, and central levels; information, education, and communication activities; financial, technical, procurement, and management audits; assistance for social and beneficiary assessments, community mobilization, and environmental studies; and incremental operating costs for LACE.

The 2008 Additional Financing added a fourth component, Cash for Work Employment Program, intended to finance the use of local labor for basic community tasks such as sanitation and drainage clearance. It was expected that at least 75% of costs would be labor costs, maximizing impact on beneficiaries.

When the European Union provided co-financing in 2009, slight modifications were made to the wording of the components, though little changed in substance. The first component added language on activities explicitly intended to "increase the income of community members."

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

Project Cost: The total project cost was US$19.3 million, or US$ 3 million more than the original estimate of US$16.25 million. Each of the three components cost more than its original estimate. The US$ 3 million increment in actual cost/expenditures was made possible by the provision of an additional US$ 3 million in the form of an additional financing Grant from the Food Price Crisis Response Trust Fund, approved in June 2008.

Financing: The project was financed by an International Development Association Pre-Arrears Clearance Grant in the amount of SDR 3.3 million (US$ 5.0 million). An additional EUR 8.5 million (US$ 11.25 million) was planned from the European Union at the time of appraisal (Project Paper, p. 9). In April 2009, the EU actually provided EUR 8.047 million (US$ 11.25 million) in co-financing, and in June 2011 further EU co-financing was provided in the amount of EUR 0.285 million, to bring the total EU contribution to US$ 11.25 million with exchange rate fluctuations and to allow for the completion of five additional sub-projects. The ICR does not explain why the EU funding was delayed by two years; the project team explained that the delays were due to protracted negotiations between the EU and the Bank. In June 2008, an additional US$ 3.0 million was provided in the form of an additional financing Grant from the Food Price Crisis Response Trust Fund.

Borrower Contribution: No Recipient contribution was planned.

Dates:

At the time of the June 2008 AF and revision of objectives, the project's closing date was extended from June 30, 2011 to July 31, 2012.

In April 2009, at the time of the first EU co-financing, targets for the project's intermediate indicators (number of sub-projects, number of beneficiaries trained) were increased to take the additional funding into account.
In June 2011, at the time of the second EU co-financing, the EU Trust Fund's closing date was extended from June 30, 2011 to June 30, 2012.

In June 2012, the IDA Grant's closing date was again extended to July 31, 2013, to allow for completion of community sub-projects. The EU Trust Fund closing date was extended to August 31, 2012.

3. Relevance of Objectives & Design:

a. Relevance of Objectives:

Relevance of the original and revised objectives is rated Substantial . Liberia's 14 years of civil war diverted resources away from development, devastating the country's economy and destroying its physical, social, and human capital. Government capacity to deliver services had degraded considerably, particularly in rural areas. The institutional space for local decision-making had been undermined by population dislocation, limited local economic activity, lack of social capital, and dependence on international relief agencies. At appraisal, Liberia's Human Development Indicators were among the worst in the world (ICR, p. 1). The project's original objectives are therefore substantially relevant to country context at the time of appraisal. The 2008 international food price crisis further threatened the well-being of Liberia's vulnerable households, with price increases witnessed even in the capital, Monrovia. The revisions to the objectives responded appropriately to urban and rural needs during the global food crisis.

The Bank's current Country Partnership Strategy for Liberia (2013-2017, pp. 27, 28) explicitly supports social protection to increase resilience among poor and vulnerable households, with attention to local development and community participation. Liberia's national development strategy (launched in 2013), *Agenda for Transformation*, contains human development and economic transformation as two of its five pillars, explicitly focusing on social protection, infrastructure development, and strengthening the results of sub-national processes. The original and revised objectives are therefore also substantially relevant to current Bank and government strategy.

b. Relevance of Design:

Relevance of Design under the original and revised objectives is rated Substantial . The project's design contained provisions for capacity building and support appropriate to enable communities to identify and prepare sub-projects geared toward achievement of the development objectives. Although the labor-intensive public works programs financed by the Food Price Crisis Response Trust Fund under the revised objective were not explicitly incorporated as revised components, the temporary employment activities were modeled on the community-driven development approach embodied in the original components, contributing to rapid rollout. There appear not to have been provisions under the original objectives explicitly to target poor rural communities; similarly, under the revised objectives, there were not provisions to expand economic opportunities to vulnerable households specifically in urban areas. Although targeting procedures and methods are not explicitly outlined in the original project documents, the project team later explained that the vast majority of localities in the country are poor, and that targeting of specific poor rural communities was done in consultation with local governments on the basis of household access to basic services. The failure to specify targeting procedures in the original project documents is therefore considered, in this case, to be a minor shortcoming. The project paper for the Additional Financing (p. 16) explains that the public works programs would be self-targeting by offering a wage rate lower than market, though still meaningful.

4. Achievement of Objectives (Efficacy):

ORIGINAL OBJECTIVES:

Improve poor rural communities' access to basic services is rated Modest.

Outputs:

244 sub-projects were completed, not meeting the target of 265. Of these, one-third were water/health/sanitation projects, and 56% were transportation infrastructure projects (culverts and bridges). Despite the fact that 90% of sampled communities listed a health facility among their needs, only one health post was built, largely due to staffing constraints within the Ministry of Health and limited engagement of that ministry (ICR, pp. 13, 22).

30 schools were constructed/rehabilitated, not meeting the target of 33. 69 water and sanitation projects were built, not meeting the target of 85. One health facility was constructed/rehabilitated, meeting the target of one. 89 culverts were constructed/rehabilitated, exceeding the target of 88. 49 bridges were constructed, not meeting the target of 52. These targets were set at the June 2012 restructuring; specific sub-project targets were not set earlier due to the demand-driven approach adopted by the project.

82 sub-projects were located in urban areas, with the rest spread throughout rural communities in all 15 counties.

The ICR (p. iii) states that 100% of sub-projects reflected beneficiaries' priorities and were implemented in collaboration with local authorities, exceeding the target of 90%; however, this statement is difficult to reconcile with the fact that only one health facility was built despite 90% of communities expressed this as a priority need. All project management committees (PMCs) were inclusive with at least 50% of their members women, exceeding the target of 90%. 90% of communities had minutes of the meeting electing their PMCs, meeting the target of 90%. All PMCs had bank accounts at project closure, meeting the revised target of 100% and exceeding the original target of 90%. Project management expenses were 10.8% of total budgeted annual expenditures, exceeding the target of 13%. However, the government provided an unspecified amount of support to the implementing agency during the project period in order to meet this target, and therefore actual total operating costs are not known (see Section 9a and ICR, p. 22).

2,650 PMC members were trained in project management, exceeding the original target of 2,600 and meeting the revised target of 2,650. 530 county/district officials were trained in project management, exceeding the target of 360. However, the ICR (pp. 20, 22) points out that local government authorities remained limited in their capacity to be "proactive and responsive" to the development needs of communities, and that the project had little impact on strengthening the links between local government and communities. The lack of planning for recurrent cost financing and maintenance of financed infrastructure (see Section 7) and weak financial management capacity throughout project implementation (see Section 11b) are also indicative of shortcomings in local capacity development.

Outcomes:

8596 children were attending primary school in the 30 "improved" facilities at project closure, not meeting the target of 8910. No outcome data are provided for access to other basic services (water/sanitation/health, transportation) covered by implemented sub-projects. The ICR (p. 13, footnote 32) explains that there were discussions about broadening the results framework to include indicators related to markets and water/sanitation/health, but that these were never reflected in project restructurings.

According to the ICR (p. 13), the Beneficiary Assessment confirmed that the implemented sub-projects improved access to basic needs and living standards (through schools and water/sanitation/health facilities), strengthened economic opportunities (through the markets), and opened up transport corridors, enhancing trade (through culverts and bridges). No specific information, however, is provided.

Improve poor rural communities' access to economic opportunities is rated Substantial.

Outputs:

Six markets were constructed/rehabilitated, meeting the target of six. 49 bridges were constructed/rehabilitated, not meeting the target of 52.

Under the labor-intensive cash-for-work program launched with the AF, 680,000 person-days of temporary jobs were created, not meeting the target of 800,000. The target was not met because the daily wage rate was raised after the target was set to align with other ongoing temporary employment programs. The change in the daily wage (from US$ 2.50 to US$ 3.00 per day) was made in direct response to the government's request for this harmonization and did not impact the total value of the cash transfer to beneficiary households through the project. 80% of beneficiaries (approximately 13,600 persons) fell below the country's poverty line. Of the 17,000 total individual beneficiaries, 8,707 resided in rural areas.

Outcomes:

The poverty gap in targeted vulnerable households decreased by 27%, exceeding the target of 20%. (The poverty gap is the mean shortfall of the target population from the poverty line, expressed as a percentage of the poverty line; it is intended to reflect the depth of poverty as well as its incidence.) A quantitative assessment of the project's impact showed that a significant portion of wages went to investments in children's education (31%) and to farm and non-farm investments (14.2%) (ICR, p. 32). 90% of respondents reported that, through the project, they had their first-ever interaction with a commercial bank (ICR, pp. 14-15).

REVISED OBJECTIVES:

Improve poor rural communities' access to basic infrastructure is rated Modest, based on the outputs and

outcomes presented above.

Provide economic opportunities for vulnerable households in urban and rural areas is rated Substantial, based on the outputs and outcomes presented above. Of the 17,000 total individual beneficiaries of the cash-for-work program, 8,293 resided in urban areas and 8,707 in rural areas.

5. Efficiency:

Efficiency is rated Substantial . Neither the Project Paper nor the ICR conducted economic rate of return calculations. However, there is evidence of cost-effective use of project resources. Project management expenses were 10.8% of total expenditures. Although the actual percentage varied over the project's lifetime, it was always under the target of 13%. However, the government provided an unspecified amount of support to the implementing agency during the project period in order to meet this target, and therefore actual total operating costs are not known (see Section 9a and ICR, p. 22). In addition, construction activities were completed at costs in line with regional norms. Project classrooms cost, on average, US$ 15,000; in other recent education sector projects in low-capacity and fragile contexts, costs were higher (between US$ 20,000 and US$ 25,000 per classroom in Benin, Burundi, Northern Uganda, and Tanzania). Finally, the cost effectiveness of the temporary employment program is estimated at 0.51, based on three factors: 68% of total public works costs were wages, on par with international standards (Argentina, 40-50%; India, Bangladesh, and Korea 60-70%, and Ethiopia 85%); the percentage of wages paid to poor workers was approximately 80%; and the net wage gain (share of gross wages received after accounting for foregone income) was very high at 93% (approximately 75% of participants had no other income or employment before the program) (ICR, pp. 16, 31). The 0.51 result is comparable to similar cost-effectiveness calculations for the cash-for-work program under the Productive Safety Net Program in Ethiopia (p.55). Delays in implementation of the sub-projects negatively affected the project's efficiency, but overall low operating costs were achieved despite the two additional years of operating costs resulting from the project's extensions. In addition, challenges with procurement (see Section 11b) may have reduced project efficiency. On balance, the efficiency is rated Substantial.

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

	Rate Available?	Point Value	Coverage/Scope*
Appraisal	No		
ICR estimate	No		

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

6. Outcome:

The project's original objectives were substantially relevant to country conditions and to government and Bank strategy. The project's planned activities and design were substantially relevant to both the original and revised objectives. The original and revised objective to enhance poor rural communities' access to basic services/infrastructure was modestly achieved, as little concrete evidence is provided on actual increased beneficiary access to services. The original objective of increasing poor rural communities' access to economic opportunity, and the revised objective that added urban households, was substantially achieved, as the temporary employment program exceeded its target for decreasing the poverty gap in vulnerable households, and both urban and rural households were targeted. Efficiency is rated substantial, as the project achieved low overall operating costs, low construction costs in relation to comparator projects, and strong cost-effectiveness of the cash-for-work program.

Taken together, these ratings represent moderate shortcomings in the project's preparation and implementation under both the original and revised objectives, resulting in an outcome rating under both the original and revised objectives of Moderately Satisfactory. Under IEG/OPCS harmonized guidelines, when a project's objectives and/or key outcome targets are revised, the final outcome rating combines the outcome ratings of the project under each set of objectives/targets, weighted by the percentage of Bank funds disbursed at the time of restructuring. In this case, as both ratings are Moderately Satisfactory, the final outcome rating is also Moderately Satisfactory.

a. Outcome Rating : Moderately Satisfactory

7. Rationale for Risk to Development Outcome Rating:

LACE has been established as a capable implementing agency of and for the government. In FY 2013, government support to LACE included a US$ 3.3 million allocation for construction of basic social services throughout the country; these activities mirror those undertaken through the project. In FY 2014, government support to LACE for these activities increased to US$ 5.0 million. The Bank has continued its support through a US$ 16 million Youth, Employment, Skills Project jointly implemented by LACE and the Ministry of Youth and Sports (MOYS). The MOYS is also implementing, with government funding, a Liberia Youth Employment Program whose design is modeled after the project's cash-for-work program.

Community-level implementing capacity was also strengthened through the creation of project management committees. The Beneficiary Assessment (BA) noted that these committees had a positive impact on communities' awareness about and involvement in their towns' development (ICR, p. 18). However, the BA found little change in the way community members view local authorities, suggesting minimal overall impact on the role of local government in community development, strengthening the link between communities and local governments, or advancing the government's decentralization agenda.

Most importantly, although the BA and ICR missions confirmed community commitment to support maintenance of constructed facilities/infrastructure, no concrete maintenance plans were developed. Supervision missions indicated that the backfilling of bridges and culverts (necessary annually after the rainy season) was incomplete, leaving these structures vulnerable to erosion. There is also no concrete provision for coverage of recurrent costs related to the infrastructure investments, particularly for schools. According to the ICR (p. 20), the Ministry of Education (MOE) struggles with recurrent costs nationally and therefore may not be able fully to staff project-constructed schools (although communities have expressed willingness to recruit teachers locally when the MOE does not meet its obligations in this area).

a. Risk to Development Outcome Rating : Significant

8. Assessment of Bank Performance:

a. Quality at entry:

Project preparation benefited from the implementation structures (LACE) and lessons learned from the precursor first Community Empowerment Project. These lessons, together with those learned from the implementation of prior projects in other post-conflict countries, included: (a) that a community-driven development project can be properly designed only if there is a strong understanding of the root causes of conflict and necessary peace-making processes; (b) that the likelihood of success is strongly related to the simplicity of project design; and (c) that strong participatory processes are required to ensure community involvement throughout the project cycle and beyond (Project Paper, p. 13). Risks, including those relating to the pace of government action on decentralization, the speed of rebuilding of social capital following the war, and the likelihood of surges in the prices of construction materials, were appropriately identified and mitigation measures specified (Project Paper, p. 15). The Ministries of Education and Health were asked to sign Memoranda of Understanding (MOU) that acknowledged LACE's responsibility for constructing facilities with prior approval from the relevant ministry and secured ministry agreement to provide staff and other critical inputs. In the end, only the Ministry of Education signed such an agreement, and LACE did not initiate an analogous MOU with the Ministry of Public Works for the road/culvert/bridge sub-projects.

Although the project contained explicit capacity-building activities for LACE, the ICR (p. 7) suggests that these activities were not adequate given the magnitude of the planned outputs, the project's planned time frame, and the challenges of finding qualified professional staff. Specifically, the ICR (p. 21) suggests that project preparation did not ensure that LACE's procurement management arrangements were adequate. In addition, the project's risk assessment did not raise the issue of incremental recurrent cost financing for project-financed construction and rehabilitation.

The project's original results framework (Project Paper, p. 25) contained outcome indicators appropriate for measuring only some aspects of communities' access to basic services (primary education, but not transportation or water/sanitation/health), and there were no indicators in the original results framework to measure increases in economic opportunity or local-level capacity building.

Quality-at-Entry Rating: Moderately Satisfactory

b. Quality of supervision:

Supervision missions were proactive in identifying implementation issues and following up with appropriate resolutions. The Bank team drew on appropriate skills and experience in providing relevant and practical advice on a number of issues: techniques for targeting in the absence of good data; fiduciary issues; adjusting LACE's structure and staffing as its mandate grew; rapid and efficient design of the cash-for-work program in response to the food price crisis; and developing guidelines covering LACE's relationship with local government authorities and social sector ministries. Although the Task Team Leader changed three times, the ICR (p. 21) reports good transition and hand-over between them. The mid-term review and other technical studies were used appropriately to develop workable solutions to identified problems. Bank fiduciary staff were based in the country office and were attentive to the project. The Bank exhibited flexibility in financing arrangements (reposting expenses originally incurred under Bank financing to the EU Trust Fund, allowing the full use of the EU funds by the Trust Fund's closing date of August 2012; and allowing for an advance of construction materials to contractors, permitting contractors to mobilize more quickly and speeding up construction). However, the Bank did not take necessary steps to ensure full compliance with safeguard policies (see Section 11).

Quality of Supervision Rating: Moderately Satisfactory

Overall Bank Performance Rating: Moderately Satisfactory

9. Assessment of Borrower Performance:

a. Government Performance:

The Liberian government supported the community-driven development approach from the outset, and support for LACE was strong throughout. Although counterpart financing was not a requirement of the project, the government provided funding to LACE during the project to support its management and administrative costs; this contribution was crucial to keeping project operating expenses under the target of 13% (ICR, p. 22). However, there were moderate shortcomings. The Ministry of Health was engaged in only a limited manner, which compromised the project's ability to construct/rehabilitate health clinics. Also, local government authorities were not proactive and responsive participants in the development agenda of communities within the project's framework.

Government Performance Rating Moderately Satisfactory

b. Implementing Agency Performance:

LACE enjoyed strong and effective management, consistent support from high levels of government, and an active and involved Board of Directors. It ensured that consultation with communities took place in a timely, sustained, and participatory manner. The Beneficiary Assessment confirmed communities' satisfaction with LACE's performance (ICR, p. 23). However, the scale-up of sub-project activities (from 80 to 265 sub-projects and the cash-for-work program) challenged LACE's institutional capacity. Some staffing issues arose during implementation, including a two-year vacancy in the Deputy Executive Director post. There were some issues of compliance with Bank guidelines and with LACE's own Operational Manual arose, particularly surrounding safeguards and procurement (see Section 11). LACE management moved quickly to address these problems, with varying degrees of success. The most problematic prolonged issues related to procurement procedures.

Implementing Agency Performance Rating: Moderately Satisfactory

Overall Borrower Performance Rating: Moderately Satisfactory

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

a. M&E Design:

The project's key indicators were barely appropriate for measuring its objectives, as there was originally no outcome indicator to measure improvement in poor rural communities' access to economic opportunity, and only one outcome indicator (school attendance) to measure improved access to basic services. There were limited outcome indicators to measure increased use/access to the majority of infrastructure that was constructed under the project, and in particular none to measure access to transportation and water /sanitation/health services. Beneficiary assessments at the project's mid-term and closing, as well as annual reports, were planned as part of the results monitoring arrangements; however, the original project documents do not include plans for an impact evaluation. LACE was assigned responsibility for M&E.

b. M&E Implementation:

LACE did a credible job of data collection. Bank supervision missions rated M&E reporting as satisfactory except for the period from June 2008 - September 2010, when the rating slipped to moderately satisfactory because reporting on sub-projects was found to be inadequate (ICR, p. 9). Findings from a Rapid Technical Assessment of sub-projects during the mid-term review were instrumental in improving LACE oversight, including increasing frequency of site visits and reporting and assignment of responsibility for M&E to more experienced program staff. A computerized data system for project monitoring, adopted toward the end of the implementation period, strengthened the M&E function.

c. M&E Utilization:

The ICR does not report on the use of M&E data and analysis for policy development or mid -course corrections to the project. The project team later explained that M&E data determined where additional field visits would take place and the frequency of field visits to remote areas.

M&E Quality Rating : Modest

11. Other Issues

a. Safeguards:

The project was classified category B. It triggered Environmental Assessment (OP 4.01) and Involuntary Resettlement (OP 4.12). A local consultant prepared an Environmental and Social Impact Assessment and Resettlement Policy Framework. According to the ICR (pp. 9-10), safeguard compliance was rated moderately satisfactory throughout most of the implementation period, except from March 2009 through December 2010 when it was rated moderately unsatisfactory. Early supervision missions found that contractors were working without taking environmental, health, and safety considerations into account, and that supporting documentation related to land acquisition for sub-projects was weak. A social and environmental compliance review undertaken in advance of the mid-term review found persistent "significant shortcomings" in safeguard compliance, specifically in terms of LACE's monitoring and supervision of sub-projects (ICR, p. 9). The mid-term review specifically recommended more clearly delegated responsibility for safeguard monitoring and the adoption of a safeguard template for field monitoring; these changes helped LACE make progress in this area. Throughout the remainder of implementation, however, some weakness in reporting remained evident, likely due to the failure to assign the safeguard responsibility clearly to specific individuals in LACE (ICR, p. 10). The ICR does not contain information on compliance with the Involuntary Resettlement safeguard. The project team later explained that the safeguard template for field monitoring included provisions to document land use. If new land was being used, that land was allocated by communities in rural areas, and the template was used to make sure the land was open, free, and clear. As a result, according to the project team, there was no involuntary resettlement under the project.

b. Fiduciary Compliance:

Financial management: It was recognized during preparation that LACE required strengthening in the area of financial management, and a detailed review in January 2009 made several recommendations, including hiring a new internal auditor, improving budgetary controls, strengthening the M&E unit, improving petty cash management by project management committees, and revising conditions for staff bonuses. Action was taken to implement these recommendations, but a subsequent in-depth financial management review in March 2012 found that problems remained. A new internal auditor was hired in May 2012, and Bank supervision missions noted subsequent improvements (ICR, p. 10). In particular, LACE instituted monthly preparation of interim financial reports to ensure reconciliation and addressed issues of record keeping and petty cash management. Financial management capacity at the community level remained weak throughout implementation, and LACE had difficult conducting routine reconciliations of its financial records with those of the project management committees. Although delayed in a few cases, LACE submitted annual external audits throughout the project period, and these were unqualified.

Procurement: Issues related to procurement persisted until early 2011, including the adequacy of procurement guidelines in the project's Operational Manual (OM), procurement planning, LACE procurement capacity, misunderstandings surrounding key aspects of the bidding and Bank approval processes, and undercapitalized and inexperienced contractors. A 2009 procurement review identified these challenges and prepared a revised bid evaluation document, strengthened relevant sections of the OM, and recommended that LACE conduct re-evaluations of 65 sub-projects prior to awarding contracts. However, the mid-term review in 2010 found that these recommendations were not being followed, prompting additional and more thorough review and extensive consultation between LACE and the Bank team to balance the community-driven development approach with Bank procurement regulations. A 2012 Post Procurement Review (PPR) identified continued shortcomings with contract documentation and record keeping, as well as with the constitution of bid evaluation panels. In response, later in 2012 a new international procurement specialist, experienced in Bank procurement regulations, was hired to improve LACE procurement management. A final PPR, conducted in June/July 2013, noted improvements in overall procurement capacity but continued need for progress on document management. Throughout implementation, LACE struggled to find qualified staff.

c. Unintended Impacts (positive or negative):

None reported.

d. Other:

12. Ratings:	ICR	IEG Review	Reason for Disagreement /Comments
Outcome:	Moderately Satisfactory	Moderately Satisfactory	
Risk to Development Outcome:	Significant	Significant	
Bank Performance :	Satisfactory	Moderately Satisfactory	The project's planned capacity-building activities were not adequate to support the scope of its planned outputs and time frame, and the results framework did not contain outcome indicators adequate to measure achievement of objectives. During supervision, the Bank did not take sufficient steps to ensure compliance with safeguards.
Borrower Performance :	Moderately Satisfactory	Moderately 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 following lessons are derived from the ICR (pp. 23-24):

Stakeholder and donor coordination is essential in a post-conflict context, especially during the transition from the post-conflict to the development phase where priorities need to be clearly identified and sequenced. In this case, the Bank and EU collaborated effectively, and LACE further brought together representatives from key government ministries, civil society, and other donor partners.

Careful attention to fiduciary and project management skills is essential in a low capacity, post-conflict setting. The Bank's support in these areas was critical to the success of this project in meeting targets and overcoming implementation delays. Bank fiduciary staff were based in the country office and paid particular attention to the project.

Transparency in payment processes to project participants is an important component of strong administration in a low capacity environment. In this case, the project established bank accounts for all project management committees and facilitated direct payments through a commercial bank to all temporary work program beneficiaries.

14. Assessment Recommended? ○ Yes ● No

15. Comments on Quality of ICR:

The ICR is clear, concise, and evidence-based. It presents the project's outcomes in a systematic way; however, its discussion of outputs and of M&E is thin. It does not provide full information on compliance with the Bank's safeguard policies. It also does not conduct a split rating, as required by IEG/OPCS guidelines for a project whose objectives and/or key outcome targets are revised.

a.Quality of ICR Rating : Satisfactory