



Report Number: ICRR0021853

## I. Project Data

<b>Project ID</b>	<b>Project Name</b>	
P095235	PY Water & Sanit. Sector Modernization	
<b>Country</b>	<b>Practice Area(Lead)</b>	
Paraguay	Water	
<b>L/C/TF Number(s)</b>	<b>Closing Date (Original)</b>	<b>Total Project Cost (USD)</b>
IBRD-77100	15-Mar-2015	55,525,417.11
<b>Bank Approval Date</b>	<b>Closing Date (Actual)</b>	
14-Apr-2009	31-Jan-2019	
	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>
Original Commitment	64,000,000.00	0.00
Revised Commitment	64,000,000.00	0.00
Actual	58,222,775.47	0.00

<b>Prepared by</b>	<b>Reviewed by</b>	<b>ICR Review Coordinator</b>	<b>Group</b>
Ranga Rajan Krishnamani	Peter Nigel Freeman	Ramachandra Jammi	IEGSD (Unit 4)

## 2. Project Objectives and Components

### a. Objectives



The Project Development Objective (PDO) as stated in the Loan Agreement (Schedule 1, page 6) and the Project Appraisal Document (PAD, page 6);

**"To increase the efficiency, coverage, and sustainability of the water supply and sanitation services in Paraguay by: (a) improving the governance of the water and sanitation sector; (b) improving water services, and increasing access to sewerage services, in the Asuncion metropolitan area; and (c) increasing access to sustainable water and sanitation in rural areas."**

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

05-Feb-2015

c. Will a split evaluation be undertaken?

Yes

d. Components

This project was processed as a "framework Project". (According to the information provided by the team, framework projects are used, when only the safeguards framework (Environmental and Social Management Framework and a Resettlement Policy Framework), are prepared at appraisal and detailed safeguards instruments are to be developed, based on the feasibility studies conducted in the first year of implementation. The advantages of using this approach are usually linked to the flexibility at implementation, that in principle, could lead to better selection of project locations. The disadvantages of the approach are the unforeseen risks relating to project design and possible resettlement issues, since there are no detailed assessments at appraisal). The project had three components (PAD, page iii).

**One. Support to the Modernization of the Sector - Governance and Institutional Strengthening.** (cost at appraisal US\$4.00 million. actual cost US\$3.30 million). This component aimed at capacity building of: (a) the newly created Water and Sewerage Unit in the Ministry of Public Works and Communications; (ii) The Sanitary Services Regulation Agency; and (c) The Environmental Licensing Directorate of the Environmental Secretariat.

**Two. Urban water supply and sanitation and institutional strengthening of the Sanitary Services Company of Paraguay (ESSAP).** (cost at appraisal US\$65.50 million. actual cost US\$57.30 million). This component aimed at: (a) Institutional strengthening of ESSAP; and (b) financing Water Supply and Sanitation (WSS) infrastructure investments.



**Three. Rural water supply, sanitation and hygiene education and institutional strengthening of the National Environmental Sanitation Service (SENASA).** (cost at appraisal US\$14.00 million, actual cost US\$12.30 million). This component aimed at: (a) institutional strengthening of SENASA; (b) increasing WSS coverage for indigenous and rural communities; (c) construction of services in rural areas using the minimum subsidy scheme (This sub-activity was dropped as the envisioned output-based financing model was deemed to be infeasible in the dispersed rural communities on the Eastern part of the country and the indigenous communities in the Chaco region).

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

**Project cost.** The appraisal estimate was US\$83.50 million. The actual cost US\$72.90 million.

**Project financing.** The project was financed by an IBRD loan of US\$64.00 million. The amount disbursed was US\$58.22 million. About US\$5.78 million of the loan was not disbursed.

**Borrower contribution.** At appraisal, the borrower contribution was estimated at US\$19.50 million. At closing, their actual contribution was US\$14.62 million.

**Dates.** The project was approved on April 14, 2009, became effective nine months later March 15, 2015 (since the project was prepared as a framework project, some activities were defined later). The original project, scheduled to close on March 15, 2015, closed on January 31, 2019, with a delay of about four years.

**Other changes.** There were four Level 2 restructurings during implementation. The following changes were made through the first restructuring on February 5, 2015.

- Land purchase was authorized as part of the Resettlement Action Plan (RAP) for 133 families, affected by the construction of the Bella Vista Waste Water Treatment Plant.
- Resources were reallocated among components, in view of the cost increase of some activities and financing new activities associated with installing water meters.
- The minimum subsidy scheme activity was dropped.
- The PDO terms "Efficiency and sustainability of WSS services" were defined (discussed in section 3). The target for beneficiaries in rural and indigenous communities was reduced by 64% (from 28,000 to 18,000); and
- The closing date was extended by 30 months (from March 15, 2015 to September 30, 2017), for completing ongoing activities in the Italy Basin sewerage system and implementing the RAP.

The second restructuring on December 2, 2016, reallocated resources among components and made some minor changes to the results framework.



The third restructuring on October 18, 2017, extended the closing date by six months (from September 30, 2017, to March 31, 2017) for completing rural activities, completing the RAP and implementing a Mitigation Measures Action Plan (MMAP) in the vicinity of the terrain for the Bella Vista Waste Water Treatment Plant.

The fourth restructuring on March 29, 2018, extended the closing date by an additional ten months (March 31, 2017 to January 31, 2018), for completing the ongoing RAP.

**Split rating.** Given the major changes with the first restructuring, this assessment uses a split rating of objectives, when 30% (US\$17.53) was disbursed before restructuring, and after restructuring when 70% (US\$40.69 million) was disbursed.

### 3. Relevance of Objectives

#### Rationale

**Country context.** Before appraisal, there were wide disparities in delivery of Water Supply and Sanitation (WSS) services within Paraguay. Less than half of the rural population had water connections. Sewerage coverage was particularly weak in the Asuncion metropolitan area, where only a third of the population had wastewater connections. There was limited treatment of wastewater and untreated sewerage was either discharged in streets or aquifers, creating public health and environmental pollution concerns. The lack of physical infrastructure in the sector was exacerbated by sector governance issues, such as the operational and financial constraints of the Water and Sanitation Sector (WSS) utility and its challenges associated with serving rural areas.

**Government strategy.** The government's strategy articulated in the "Strategic and Economic Plan for 2008-2013", underscored the need for priority spending programs aimed at sustained poverty reduction. The package prepared by the Government in the wake of the global financial crisis in 2009, targeted WSS investments. The Government's current National Development Plan for 2030, highlighted the need for WSS investments for sustained poverty reduction.

**Bank strategy.** The PDOs are well-aligned with the Bank strategy. At appraisal, they were consistent with two pillars of the Country Partnership Strategy (CPS) for 2009-2012; (a) improving governance and transparency in public administration; and (b) promoting social inclusion and increasing the coverage and efficiency of basic social services. The objective five of the CPS for the 2015-2018 period highlighted the need for improving service delivery. The Focus Area one of the Bank's current Country Partnership Framework for 2019-2023, explicitly underscored the need for improving water sector governance.

The terms "efficiency and sustainability" were defined during implementation. "Efficiency" was defined as operational efficiency, measured through trends in Non-Revenue Water (water lost due to leaks). Sustainability was to apply only to rural water systems and these systems were deemed to be sustainable; (i) if they were delivering continuous services; (ii) the sanitation committees met regularly; and (iii) tariffs were set at a level that guaranteed recovery of operational and maintenance costs.



While the PDOs were consistent with the long-term development challenges, the project was ambitious, with activities in rural, urban and peri-urban areas, and involving five institutions (the Ministry of Public Works and Communication, the service provider, the regulator, the overseer of environmental quality and water resources and the rural WSS focal point). As the ICR (paragraph 25) notes, a splitting of the project in two separate operations - rural and urban, would have been more appropriate, given the weak implementation capacity.

## Rating

Substantial

## 4. Achievement of Objectives (Efficacy)

### OBJECTIVE 1

#### Objective

To increase the efficiency of water supply and sanitation services.

#### Rationale

**Theory of change.** The theory of change was based on a premise of improving WSS service delivery, through physical infrastructure investments and sector reforms. Infrastructure investments aimed at rehabilitating WSS systems in rural, urban and peri-urban areas in the Asuncion metropolitan area, were expected to improve access to WSS in the project areas. Sector reforms aimed at institutional strengthening were aimed improving the operational efficiency and sustainability of the WSS sector. The combination of these activities was likely to contribute to the long-term development objective of economic growth with sustained poverty reduction.

#### Outputs (ICR, page 13-14).

- The Sanitary Services Company of Paraguay (ESSAP) established the Non-Revenue Water (NRW) unit and the unit's staff were trained.
- 105,242 micrometers were installed to reduce water leaks. At project closure, 74% of water connections had working micrometers, exceeding the target of 50%.
- The ESSAP developed a strategy for sewerage investments through a "Master Plan for Asuncion", as targeted.

#### Outcomes.



- Indicators were output-oriented, given that indicators for monitoring "operational efficiency" was added with the project restructuring on February 2015.

### Rating

Modest

## OBJECTIVE 1 REVISION 1

### Revised Objective

The PDO was not revised, although indicators for monitoring outcomes were added.

### Revised Rationale

The outputs mentioned above were relevant.

### Outcomes.

- The share of billed water increased consistently between 2015 and 2018 (with the share of billed water increasing from 73,107,187 cubic meters in 2015 to 80,102,624 in 2018). The NRW reduced by 11.4 percentage points, reaching 39.6% in February 2019. This exceeded the target of 46%.

### Revised Rating

Substantial

## OBJECTIVE 2

### Objective

To increase coverage of water supply and sanitation services.

### Rationale

**Outputs** (ICR, pages 15-16 and page 43).

- 28 kilometers (Km) of sewerage collectors were rehabilitated from the sewerage system in the Asuncion metropolitan area. This was short of the revised target of 48 km.
- 133 families were resettled as part of the Resettlement Action Plan, as targeted.



- 30 new systems were constructed for providing access to water supply to the indigenous communities, as targeted.
- 30 rural water supply systems were constructed in Eastern Paraguay as per the revised target.
- 1,789 latrines were installed for indigenous communities. This exceeded the target of 1,200 latrines.

### Outcomes

- 440,000 people were provided with improved sanitation environment in urban areas. This exceeded the target of 300,000.
- 29,000 people had access to improved sanitation services at project closure. This exceeded the revised target of 10,000.
- 18,000 people in rural areas had access to improved water sources as targeted.
- 6,500 indigenous people had access to improved sanitation facilities in rural areas as targeted.
- 458,000 people directly benefitted from project activities, exceeding the target of 384,000.

The main conclusions of a beneficiary survey conducted by the National Environmental Sanitation Service, in 15 of the 30 rural sanitation communities in Eastern Paraguay and ten of the 31 indigenous communities in Chaco were: (i) The water systems were used in the communities and the latrines were being used in nine of the ten communities in Chaco; (ii) water was available on premises through household connections in Eastern Paraguay and household water tanks in Chaco; (iii) Water was supplied 16 to 24 hours a day; (iv) In Chaco area, only 70% of the respondents expressed satisfaction with the rainwater harvesting tanks, due to issues with the construction companies (slight system alterations of the rainwater harvesting tanks were identified during the monitoring and grievance redress processes); and (v) Of the 15 Sanitation Committees, 13 met regularly within the past year.

Given that some targets were revised downwards through the project restructuring on February 2015, efficacy is rated as modest.

### Rating

Modest

## OBJECTIVE 2 REVISION 1

### Revised Objective

There was no change in the PDO.

### Revised Rationale

The outputs discussed above were relevant to this objective.



Given that the revised targets were realized, efficacy is rated as Substantial.

**Revised Rating**  
Substantial

### **OBJECTIVE 3**

#### Objective

To increase sustainability of the water supply and sanitation services.

#### Rationale

**Outputs** (ICR pages 16-20 and page 44).

- As noted above, the Water and Sanitation Unit was created in the Ministry of Public Works and Communications (MOPC). The National Water and Sanitation System (SIAPS) was developed as targeted.
- ESSAP signed a performance-based 30-year concession contract with the Ministry of Finance. This contract specified the responsibilities of the WSS Direction Unit in the MOPC, the Sanitary Services Company of Paraguay as the service provider for meeting service levels and the Sanitary Services Regulation Agency.
- According to the data provided by ESSAP, the NRW Index improved from 47% at the baseline in 2012 to 40.3% in 2018, exceeding the target (46%). The collection ratio of ESSAP improved from 95% to 101% between 2012 and 2018. There were no targets for this indicator. ESSAP started monitoring grievance redress through a newly-established online platform.
- These plans were developed as targeted: (i) The Governance Plan for the WSS Direction in the Ministry of Public Works and Communication; (ii) The National Water Plan; (iii) The Master Plan for Sewerage in Asuncion metropolitan area.
- A decentralized National Environmental Sanitation Service was opened in Chaco, as targeted.
- A tariff study was completed by the Sanitation Services Regulatory Agency.

#### Outcomes.

- The outcomes were output-oriented as the indicators for sustainability were added through the project restructuring of February 2015.

**Rating**



Modest

### OBJECTIVE 3 REVISION 1

#### Revised Objective

To increase sustainability of the water supply and sanitation services in rural areas.

#### Revised Rationale

The outputs mentioned above were relevant to this objective.

#### Outcomes.

- The ESSAP started publishing its external audit of financial and performance data every year between 2014 and 2018 on its website to improve transparency.
- The ICR (page 17) notes that there were two tariff adjustments during the project lifetime. In 2012 the water tariff was increased to address provision costs and in 2018, to meet the 22% increase in service cost. The ICR (page 17, Table Five) notes that ESSAP no longer receives subsidies and can recover operational and maintenance costs through tariffs.

#### Revised Rating

Substantial

### OVERALL EFFICACY

#### Rationale

The revised targets for the indicators were realized at project closure.

#### Overall Efficacy Rating

Substantial



## 5. Efficiency

**Economic analysis of urban investments.** An economic analysis was conducted at appraisal and at closure for urban investments. This component accounted for 78% of the project cost. The project benefits were to come from improved living conditions. Increase in house value in the project intervened areas was used as a proxy for measuring improved living conditions. The Net Present Value (NPV) at closure at 12% discount rate was US\$20.63 million as compared to the NPV of US\$61.00 million at appraisal. The ex post Economic Internal Rate of Return (EIRR) was 18% as compared to the ex ante EIRR of 43%. Although the ex post EIRR was higher than the opportunity cost of capital, it was lower than the ex ante EIRR, due to the implementation delays. Other qualitative benefits like improvements in long term health care were not included in the calculation of economic benefits.

**Economic analysis of rural investments.** An economic analysis for rural subprojects was conducted at closure, using the methodology used for the recently closed project (Fourth Rural Water Supply and Sanitation Project). These subprojects accounted for about 17% of the project cost at closure. The 18 subprojects of this project that were evaluated had an EIRR ranging from zero to 73%, an average return of 34%, and an average NPV of US\$73,950, with only three out of the 18 subprojects being economically non-feasible. However, the subprojects financed through this project were not comparable with the Fourth Rural Water Supply and Sanitation Project, given the wide variations in the number of beneficiaries and cost per connection.

**Administrative and Operational Inefficiencies.** The project became effective nine months after approval on April 14, 2009. Since the project was processed as a framework project, many activities were only defined during implementation. This contributed to delays and low disbursements (with only 10% disbursed in four years of implementation). The delays during implementation were exacerbated due to factors such as, frequent staff changes in the Ministry of Public Works and other implementing agencies, construction delays in areas of Chaco, procurement delays and a case of mis procurement (discussed in section 10b). Although the need for resettlement was identified in 2012, resettlement arrangements had not been planned. This necessitated reallocation of funding from the works category to resettlement expenses and this contributed to the reduction in the scope of project activities. Complaints from some of those who were to be resettled, necessitated developing and implementing a Mitigation Measures Action Plan (MMAP) pertaining to the location and size of culverts. Some measures of the plan were still incomplete when the project closed, as some of the implemented structural measures did not correspond to those agreed in the MMAP.

In sum, efficiency is rated as modest due to the administrative and operational inefficiencies during implementation, that undermined the economic justification for the project.

### 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:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	<input type="checkbox"/>	43.00	78.00 <input type="checkbox"/> Not Applicable
ICR Estimate	<input type="checkbox"/>	18.00	78.00 <input type="checkbox"/> Not Applicable

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

## 6. Outcome

Relevance of the PDOs to the government and Bank strategy is substantial. Efficacy of the three PDOs - to increase the efficiency, coverage, and sustainability of WSS services - is rated as modest, in view of the limited achievement of outcomes before restructuring but substantial after restructuring, when the revised targets were realized. Efficiency is rated as modest, given the administrative and operational inefficiencies. Considering the ratings discussed above and weighting them by the shares of Bank disbursement before and after restructuring ( $0.30 \times 3 + 0.70 \times 4 = 3.70$ ), outcome is rated as moderately satisfactory, reflecting moderate shortcomings in the project's achievement of its objectives and in its efficiency.

### a. Outcome Rating

Moderately Satisfactory

## 7. Risk to Development Outcome

**Institutional and Financial Risk.** Although the WSS Direction Unit has been established in the Ministry of Public Works and Communication (MPWC), the unit did not have the required staff and relied on consultants for a large part of its activities. Further, there are issues with the financial autonomy of the unit, given that the unit did not have a separate budget and and relied on MPWC for funding.

**Technical risk.** There is technical risk, associated with the completion of the ITAY Basin sewerage works. The ICR (paragraph 90) notes that the construction of this activity is now underway, with financing from the Inter-American Development Bank.



## 8. Assessment of Bank Performance

### a. Quality-at-Entry

This project was prepared based on the experience with prior Bank financed projects in Paraguay (four Rural WSS projects and the Asuncion Sewerage Project). Lessons incorporated at design, included seeking community contribution for maintaining the infrastructure, phased approach for sector reforms, and strengthening sector governance. The implementation arrangements were appropriate. The water and sewerage unit, in the Ministry of Public Works and Communication was responsible for coordination and existing units in the other agencies, with prior experience in implementing Bank-financed projects, were to be in charge of implementing sub project activities. Several risks were identified, including substantial risk associated with weak implementation capacity and high fiduciary risks. Mitigation measures incorporated at design, included training staff and developing a communication strategy for creating constituency support among users. Even with the mitigation measures, the overall project risk was rated as Substantial. Appropriate arrangements were made at appraisal for safeguards and fiduciary compliance (discussed in Section 10).

There were significant shortcomings at Quality at Entry. (i) As discussed in section 3, the project with activities in rural, peri urban and urban areas and five implementing agencies was ambitious, given the weak implementation capacity. (ii) Since the project was processed as a framework project, many activities and technical studies were finalized during implementation. This contributed to delays in the initial years of the project. (iii) As discussed in section 5, lack of resettlement arrangements at appraisal, necessitated reallocation of funding from the works category and this led to the reduced project scope: and (iv) There were shortcomings in M&E design (discussed in section 9a).

#### Quality-at-Entry Rating

Moderately Unsatisfactory

### b. Quality of supervision

Supervision missions were held on average twice a year. The supervision team was proactive and responded to implementation challenges, such as responding to the complaints of the RAP beneficiaries, due to some Bank-financed activities (discussed in section 10a). The team responded to the implementation challenges through project restructurings and extending the project closing date. The ICR does not provide details on the mix of skills on the team but states that missions involved a large Bank team.



There were moderate shortcomings in supervision. (i) Supervision of environmental impacts was insufficient, given the issues that arose in the Italy basin sewerage works. and (ii) There were financial management issues during implementation (discussed in section 10b).

### **Quality of Supervision Rating**

Moderately Satisfactory

### **Overall Bank Performance Rating**

Moderately Satisfactory

## **9. M&E Design, Implementation, & Utilization**

### **a. M&E Design**

The key outcome indicator for monitoring the PDO associated with improved coverage of water services was appropriate. However, there were no indicators at design for monitoring performance with respect to the PDOs of improving efficiency and sustainability of WSS services. The indicators for monitoring efficiency (through reduction in NRW) and sustainability (recovery of operational and maintenance cost through tariffs by the Sanitary Services Company of Paraguay) were later added during implementation. There were issues with the number of intermediate indicators (as many as 22 in the results framework). Given the importance of institutional strengthening, it is surprising that there were no specific indicators for monitoring performance with respect to institutional strengthening.

The design envisioned monitoring and evaluation mechanisms at two levels; (1) community level information, garnered through household surveys; and (2) national level information through an WSS information system. The design also envisioned monitoring through two impact evaluations (However, no financing was allocated for such impact evaluations and these were not conducted during implementation).

### **b. M&E Implementation**

The process of monitoring project performance was facilitated during implementation with the setting up of the WSS Direction Unit in the Ministry of Public Works and Communication. A beneficiary survey was carried out at project closure by the National Environmental Sanitation Service to monitor activities pertaining to rural systems.



### c. M&E Utilization

There is no evidence in the ICR that the data was used for purposes other than tracking project activities.

### M&E Quality Rating

Modest

## 10. Other Issues

### a. Safeguards

The project was classified as a Category A project, under the Bank's safeguard policies. Six safeguard policies were triggered at appraisal: Environmental Assessment (OP/BP 4.01); Natural Habitats (OP 4.04); Physical Cultural Resources (OP 4.11); Involuntary Resettlement (OP 4.12); Indigenous Peoples (OP 4.10); and Projects on International Waterways (OP 7.50) (PAD, page iii).

**Environmental Assessment, Natural Habitats and Physical Cultural Resources.** Activities associated with constructing urban sewerage facilities and wastewater treatment facilities were expected to have environmental consequences. A general Environmental and Social Management Framework was prepared and publicly disclosed at appraisal. Given that this project was processed as a framework project, site-specific environmental impact assessments were prepared during implementation. According to the ICR (paragraph 71), there was an unanticipated adverse environmental impact due to a Bank-financed activity (Costanera Backfilling), during implementation. This led to protests by people living in the vicinity. The issue was resolved by the government implementing a Mitigation Measures Action Plan (MMAP). The ICR (paragraph 71) notes that some measures indicated in the Plan were still pending when the project closed (discussed in section 5). The ICR however does not specifically state compliance of environmental safeguards.

**Involuntary Resettlement and Indigenous Peoples safeguards.** A general Resettlement and Land Acquisition Policy Framework and an Indigenous Peoples Management Framework were prepared and publicly-disclosed at appraisal (PAD, paragraph 89). The ICR (paragraph 71) notes once the site was identified, and a site-specific Resettlement Action Plan was developed. Fifteen families chose resettlement outside the project area; twenty four families opted for cash compensation; and ninety four families chose a home in the collective resettlement site to be built at a safe distance from the planned wastewater treatment area. The ICR reports that there was compliance with involuntary settlement safeguards and there were no issues with indigenous communities during implementation.

**Projects on International waterways.** This policy was triggered since the project aimed at improving the overall environmental and sanitary conditions at the Asuncion's metropolitan area, through discharges to the Paraguay River (Riparian countries of the Paraguay River were Argentina, Bolivia, Brazil and Uruguay). The PAD (paragraph 91) reports that these countries were notified by the Bank before the loan was approved by the Bank (PAD, paragraphs 91 and 92).



**b. Fiduciary Compliance**

**Financial management.** A financial management assessment was conducted at appraisal. The assessment concluded that the arrangements were satisfactory (PAD, paragraph 64). The financial management risk, was rated as High, in view of the weak implementation capacity. Mitigation measures, included training the staff of the respective agencies. There were no financial management issues during implementation.

**Procurement.** An assessment of the procurement management capacity of the implementing agencies was conducted at appraisal. Procurement risk was rated as High at appraisal due to the weak capacity of the agencies and lack of uniform ethics standards in the country context. Mitigation measures, included training the staff, including at the Bank’s Department of Institutional Integrity in Asuncion (PAD, paragraph 65). The ICR (paragraph 72) notes that there was a mis-procurement of the contract for the terrain backfilling and houses construction, rendering it non-eligible for financing. The ICR does not provide details on the size of the contract. According to the team, after the declaration of mis-procurement, the government launched a new procurement process for completing the terrain backfilling works, 18 months before project closing. The team also clarified that the government is committed to returning the ineligible expenses after the approval of the new budget (expected by the end of 2019).

**c. Unintended impacts (Positive or Negative)**

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**d. Other**

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**11. Ratings**

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Quality of M&E	Modest	Modest	
Quality of ICR	---	Substantial	



## 12. Lessons

The ICR draws the following three lessons from the experience of implementing this project, with some adaptation of language.

**(1) Framework projects should be accompanied by strong technical studies.** While there are advantages of adopting this approach (flexibility at implementation was expected to better selection of investments), lack of technical studies at design in this project, contributed to implementation delays. This along with other factors discussed in the text contributed to the extension of the project closing dates.

**(2) Collaboration with local governance structures could facilitate implementation of activities associated with improving service delivery in remote and culturally diverse areas.** In this project, WSS activities in these areas was facilitated by the involvement of municipalities and local community leaders.

**(3) Funds need to be allocated at appraisal for resettlement expenses, if resettlement is foreseen at design.** In this project, although resettlement was identified at appraisal, there was no allocation of funds for covering resettlement expenses. Eventually funds had to be diverted from other activities and this contributed to the reduction in project scope and project delays.

## 13. Assessment Recommended?

No

## 14. Comments on Quality of ICR

The ICR is reasonably well-written. It candidly discusses the issues associated with a "framework" project. It also candidly discusses the issues associated with resettlement and fiduciary management issues. The ICR draws reasonably good lessons from the experience of implementing this project. The ICR follows the guidelines and appropriately does a split rating of objectives, given the changes in targets during implementation.

The ICR provides few details on issues such as, M&E utilization and continuity of leadership of the Bank team during the execution period. The ICR is unduly long (with the main text of the ICR at 30 pages, about twice the recommended length) and would have benefitted through better editing.

### a. Quality of ICR Rating



Substantial