



1. Project Data

Project ID

P111928

Project Name

BZ Municipal Development

Country

Belize

Practice Area(Lead)

Social, Urban, Rural and Resilience Global Practice

L/C/TF Number(s)

IBRD-79580

Closing Date (Original)

30-Nov-2015

Total Project Cost (USD)

15,730,000.00

Bank Approval Date

16-Sep-2010

Closing Date (Actual)

30-Nov-2016

IBRD/IDA (USD)
Grants (USD)

Original Commitment

15,000,000.00

0.00

Revised Commitment

14,890,747.23

0.00

Actual

14,890,747.23

0.00

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2. Project Objectives and Components

a. Objectives

The objective of the Project is the same in the Project Appraisal Document (PAD) and in the Loan Agreement (LA), and reads as follows: “to improve access to basic municipal infrastructure and to enhance the municipal management in selected town and city councils.” (PAD, para 18 , Loan Agreement, schedule 1, page 6). This project was also particularly notable as it represented the first re-engagement opportunity since the last Bank financed project in Belize closed in 2005 (ICR, para 19, 21).



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

No

c. Will a split evaluation be undertaken?

No

d. Components

Component 1: Municipal Infrastructure Investments (appraisal: US\$11.75m, actual: US\$11.38m).

The objective of this component was to prepare and carry out municipal infrastructure in the selected participating towns and city councils (TCCs). Eligible investments included paving streets, constructing drainage canals, as well as public spaces, parks, markets, and street signage.

Component 2: Technical Assistance and Capacity Building for TCCs, Ministry of Labor, Local Government and Rural Development (MLLGRD), and of Natural Resources and Environment (MNRE) (appraisal: US\$1.44m, actual: US\$1.44m).

The objective of this component was to strengthen institutional and technical capacity of (a) selected TCCs through the development Municipal Growth Plans, design and implement municipal financial management systems, carry out revenue enhancement, develop asset management plans and enhance traffic management activities, and (b) the MLLGRD and the MNRE through targeted technical assistance.

Component 3: Project Management appraisal: (appraisal US\$1.67m, actual: US\$1.67m).

Strengthening of the operational capacity of BSIF for implementation of the project to ensure compliance with fiduciary, technical, safeguards, and monitoring and evaluation requirements. To this end the Belize Social Investment Fund (BSIF) was required to put in place a Project Implementation Unit (PIU).

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

Project Cost: At appraisal, the total project cost was US\$15.73 million; actual cost was also US\$15.62 million.

Financing: The World Bank contribution was US\$15 million loan at appraisal and US\$14.89 million at the project's close.

Borrower contribution: The Government of Belize contributed US\$420,000 at appraisal which was all disbursed by the project's closing date. Local governments of the selected towns and councils contributed US\$310,000 which was also all disbursed..

Dates: The project was approved on September 16, 2010 and was restructured three times, on June 16th, 2014, October 11th, 2014 and June 2nd, 2015. The original closing date of November 30th, 2015 was extended by one year to November 30th, 2016 to "ensure completion of drainage and road works, revise the disbursement estimates, and revise the results framework targets" (ICR, Data Sheet, Table H).

□



Restructuring: None of the restructurings changed the PDO or PDO indicators. On June 16 2014, the undisbursed balance of US\$440,000 was reallocated to support activities under component 1 and 2. On October 11th, 2014 a level 2 restructuring reallocated project funds for US\$250,000 from category 2 to category 1. On June 2nd, 2015 a level 2 restructuring extended the loan closing date from November 20th, 2015 to November 30th 2016; revised the results framework targets and the methodology to assess the project's beneficiaries resulting from the expansion of access to infrastructure.

This Review will not provide a split rating because there were no changes to the Project Development Objective and all the restructuring were level 2 concerning reallocation of the project's proceeds, and increasing the target beneficiaries for PDO indicator 1

□

3. Relevance of Objectives & Design

a. Relevance of Objectives

Relevance at approval: The project objectives "to improve access to infrastructure and to enhance municipal management" were both relevant to the three policy pillars of the World Bank Interim Strategy Note 2009-2011 of improving fiscal sustainability, strengthening governance and accountability, and addressing critical infrastructure needs (Interim Strategy Note, Section 4, para 33, 29; Section 5, para 67, 70-71; PAD, Annex 1 para 8-9). While the objectives were simply defined, sub-objective 1 (to improve access to municipal infrastructure in selected town and city councils) was weak and unambitious. Therefore the relevance of this sub-objective was rated in this Review as modestly relevant. By comparison, sub-objective 2 (to enhance municipal management) was strong and rated in this Review as highly relevant.

□

Relevance at project close: When the project closed its objectives were still relevant to the Bank and country strategies. Disaster risk management, strengthened macroeconomic and fiscal management, improved government accountability, and enhanced infrastructure were key objectives of the Country Partnership Strategy for FY 2012-2015 (CPS, para 27-28, 30-31, 35). While there was no CPS for FY 2016-2017, the project's two sub-objectives remained, respectively, modestly and highly relevant to Government Strategy in the Country Partnership Strategy for FY 18-22 (CPS FY18, paras 39-40 and 46, 51), although only in part to the Bank strategy (CPS FY18, paras 46 and 51).

□

Conclusion: The overall relevance of the objectives is rated substantial based on modest relevance for sub-objective 1 and high relevance for sub-objective 2.

Rating

Substantial

b. Relevance of Design



The project's activities as designed at appraisal were substantially relevant to the achievement of the project's objectives by supporting a series of municipal infrastructure investments and providing technical capacity building to municipalities and the coordinating ministries to improve their planning and municipal management.

Improved access to basic municipal infrastructure. According to the PAD, together with additional information provided to IEG by the World Bank task team, there was a positive linkage between Components 1 and 2 because criteria for the TCCs to be eligible to apply for infrastructure sub-project funding (Phase 1 in Component 1) and their eligibility to receive funding for these sub-projects (Phase 2 of Component 1) required compliance with the capacity building activities in Component 2, particularly for Component 2a (PAD, para 42, Annex 1 para 8-10; ICR, para 22). To be eligible for Phase 1 financing TCCs were required to comply with conditions showing that they had consulted with civil society on investment priorities, attended training on increasing revenues, and collected information for a baseline for asset maintenance as provided under Component 2a (ICR, para 10-12, para 22). The allocation of funds to TCCs for sub-projects was subject to an additional set of criteria predominantly "Initiation of the process for adoption of the Municipal Growth Plan", asset maintenance plans and budgets, and consultations with stakeholders which were also mandated as part of Component 2a. The implicit objective was that access to basic municipal infrastructure was to be achieved by improving the quality of that infrastructure in participating towns and councils. The eligible infrastructure investments were primarily roads, drainage and traffic management, as well as public spaces and other facilities and were well defined in the PAD and in a positive list in the operations manual (PAD, para 18).

Enhanced municipal management. Component 2 (b) was well designed to ensure that the Ministry of Labor, Local Government and Rural Development as well as the Ministry of Natural Resources Environment would fully support town and city councils in the design and implementation of their projects and the development of municipal growth plans (PAD, para 41-41). This Review agrees with the ICR that another strength of the design of this project was the requirement of a contribution of 3 percent to the total cost of each sub-project by the Town and City Councils. According to the ICR this "encouraged greater ownership and led to the success of the project" (ICR, paras 22 and 47).

The results framework in the PAD (Annex 3) did not provide a clear causal chain linking project activities to project outcomes because listing outcomes and their outcome indicators (as presented in the PAD's results framework) did not lead to an understanding of the project's theory of change. Nevertheless, the implicit design of this project, namely to improve municipal infrastructure and strengthen the capacity of municipal institutions to manage towns and councils was clear cut and explained by other sections in the PAD and in the ICR (PAD, paras 18-23; ICR, paras 9-16, 29, 49-51)

The design of the M&E system for measuring the achievement of sub-objective 1 ("access to basic municipal infrastructure") was well designed and straightforward, even if (as noted in Section 3a of this Review) "access" was a weak and unambitious objective. At the same time, while the meaning of sub-objective 2 ("to enhance municipal management") was clear, the design of the M&E system to measure this sub-objective's achievements was problematic because there was no direct measurement in the M&E system of the impact of the project's capacity building activities and the consequent enhanced municipal management. To overcome this shortcoming the ICR linked the achievement of sub-objective 2 to intermediate outcome indicators 6-15 which measured the extent to which capacity building activities were



achieved. There were, however, no clear measurable linkages between capacity building and the sub-objective of enhanced municipal management. In summary, M&E design provided a strong measurement of the achievements of the weak sub-objective 1, and a weak measurement of the achievements of the strong sub-objective 2. This matter will be pursued in the next section.

Conclusion: Despite minor shortcomings in M&E design, project activities were appropriately designed to achieve the project development objective, and therefore relevance of design is rated substantial.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

As noted in Section 2a this project's first objective was "to improve access to basic municipal infrastructure in selected town and city councils

Rationale

Basic municipal infrastructure was primarily drainage and traffic management (roads and road architecture, but also signage), as well as the development of public spaces, parks, tourism enhancements, bridges (smaller, municipal-responsibility), markets, and street lighting (PAD, para 20). Direct beneficiaries were identified through a methodology developed by the Government of Belize and adopted by the PIU. Based on the document provided to IEG by the Bank project team, the methodology to identify direct beneficiaries was developed based on the type of subproject under inputs from the Statistical Institute of Belize, and it is summarized in the table below. Indirect beneficiaries corresponded to the latest population in the respective municipalities available at the Statistical Institute of Belize.

Project Type	Methodology to Determine Number of Direct Beneficiaries
Seaside and Riverside Walks	25% of the population, plus number of adjacent households/businesses times the size of the average household for the municipality
Public Centers such as Parks, Libraries, Markets, Theatres, Tourist Centers, Town Halls/Admin Admin. Buildings etc	50% of the population, plus number of adjacent households/businesses times size of the average household for the municipality
Sporting Complexes	10% of the population, plus number of adjacent households/businesses times size of the average household for the municipality
Residential Roads, Sidewalks, Bridges, and adjacent Drains	5% of the population, plus # of adjacent households/businesses times size of the average household for the municipality



Major Municipal Roads, Sidewalks, Bridges, and adjacent Drains	10% of the population, plus number of adjacent households/businesses times size of the average household for the municipality
Major Roads, Sidewalks, Bridges, and adjacent Drains that connect municipalities	15% of the population, plus number of adjacent households/businesses times size of the average household for the municipality
Cemeteries, Welcome/ Thanks for Visiting Signs etc	1% of the population, plus number of adjacent households/businesses times size of the average household-rate for the municipality

Outputs:

Infrastructure expansion attributable to the project can be summarized as follows (based on the main text of the ICR and on Annex 2)

- 33.7 km of drainage infrastructure were financed (initial target: 3 km, revised target 25.3 km)
- 7 town and city councils completed investments in first and second phases (initial target: 7)
- 12,000 sq meter sports complex built in Corozal
- 9,400 sq ft. of markets rehabilitated and extended in Dangriga and Corozal
- Central park rehabilitated in Orange Walk (2,400 square meters)
- Sidewalks constructed 1,098 feet (no initial target)
- 214 traffic signs built (initial target 1, revised target: 240)
- 140 improved intersections financed (initial target: 7, revised target: 140)
- 14.85 km of non-rural roads rehabilitated (initial target: 4 km, revised target: 14.85 km). Most of the road rehabilitation implemented by the project also paved previously unpaved roads and provided new drainage on both sides of the road (ICR, para 53).

Outcomes:

The following outcomes were attributable to the project (based on various part of the ICR as noted below)

- **Improved access to municipal infrastructure.** Increased access to roads and reduced traffic congestion followed the construction of paved roads and better traffic management (ICR, para 50). The 7 town and city councils where infrastructure was financed exceeded all beneficiary targets related to rehabilitation of roads and drainage system, as well as increased access due to the development of new infrastructure (ICR, Annex 2, page 21)
- **Positive benefits to communities.** The Community Consultation Committees indicated that the project "has positively impacted its beneficiaries" (ICR, para 84). These Committees were tasked to monitor project implementation and oversight of the works.
- **Beneficiaries exceeded targets.** 157,233 beneficiaries, of which 35,280 women, gained access to improved basic municipal infrastructure (initial target: 60,992; revised target: 148,943) (ICR, PDO indicator 1). Out of these, 69,177 were direct beneficiaries (initial target: 20,330), and 88,056 were indirect beneficiaries (initial target: 40,662). (ICR, Annex 3, Table A3-2)



Conclusion: The project increased access to basic municipal infrastructure in all the selected towns and city councils, exceeding all the initial and most of the revised targets. Therefore, the achievement of this objective is rated Substantial.

Rating

Substantial

Objective 2

Objective

The project's second sub-objective was "to enhance the municipal management in selected town and city councils

Rationale

Outputs:

- **Training of Municipal and City Council staff.** The project provided several specialized training programs to strengthen the ability of municipal management and community working groups in all participating towns and city councils.
 - Capacity building was provided to municipal staff for the preparation of municipal growth plans, traffic management and physical assets maintenance plans and budget to 7 municipalities (ICR, Annex 2, Table A2-2, Table A3-2). The Bank project team advised that the preparation and presentation of municipal growth plans also led to south-south exchanges of ideas for the overall development of Belize.
 - According to the project team and the ICR, 7 Councils were trained in asset maintenance, which led to the development of maintenance plans and the accompanying budgets. (ICR, Intermediate outcome indicator 7; Annex 2, Table A2-2, Table A3-2)
 - A spatial database was developed to improve 7 Municipal Councils' understanding of land use (ICR, intermediate outcome indicator 15).
 - Revenue enhancement training to all 9 municipalities, including on tax collection, fees and balance statements (ICR, Annex 2, Table A2-2, Table A3-2)
 - Information provided to IEG by the World Bank project team stated that people trained "included members of the council engaged in planning, economic development, transportation management and overall municipal management".
- **Staff training in the Ministry of Labor, Local Government and Rural Development and the Ministry of Natural Resources and Environment.** The project trained a local government officer and an urban planning officer in the Ministry of Labor and the Ministry of Environment. These two staff trained 220 other staff in Town and City Councils (initial target: 220) (ICR, Annex 3, table A3-2)



- The ICR reported no evaluation of the efficacy of the training program financed by the project
- According to the Bank team, all Town and City Councils were required by the project agreement to hire a Financial Management Manager and publish their balance sheets

Outcomes:

• Improved Planning, Asset Maintenance and Resource Management

- 7 town and city councils have adopted municipal growth plans (initial target: 7). Several mayors of the cities and towns received these plans very well and are committed to their implementation (ICR, para 51).
- The Bank's project team advised IEG that municipalities were able to have "a better sense of the current land-use" on which to base municipal management because of the development of the spatial data sets (ICR, intermediate outcome indicator 15).
- Improved Asset Maintenance reduced the expenditures of the municipality so that, according to the project team, in the long run the funds could be used more productively (ICR, Annex 7, page 31).
- Resource management in 9 towns and city councils improved and their own revenue increased (ICR, intermediate outcome indicator 8). In value terms, the consolidated own-source annual revenues of the 9 municipalities increased by 48.1% from approximately an average of US\$11.4 million in FY12 to an average of US\$16.9 million per year in the three years following implementation i.e. FY13 - FY15 (ICR, para 51). Furthermore, all 9 municipalities now have qualified accountants on staff use computerized financial reporting systems and submitted monthly financial reports (target: 7 municipalities) which has ensured the improvement of municipal financial management.

• Despite only circumstantial evidence to support claims regarding the achievements of sub-objective 2 as a consequence of the project-financed training, intermediate outcome indicators 6-15 measured some aspects of improved municipal capacity and management

- Even though the Bank's project team provided information to IEG claiming that the achievement of sub-objective 2 ("enhanced municipal management in selected TCC") was directly attributable to project capacity building activities (predominantly training), there was no independent verifiable evidence of attribution because the project did not conduct an evaluation of the impact of the training. □
- However, intermediate outcome indicators 6 to 15 measured the enhancement of municipal staff competence in a number of important areas, and provided evidence that, despite the lack of attribution, substantial achievements were measurable compared to the baseline (ICR, intermediate outcome indicators 6-15). Specifically:
 - According to the Bank project team, improvements in TCC revenue collection were directly attributable to the project's capacity building. The Bank project team and the PAD advised that municipalities did little to collect taxes and were in overdraft before the project (PAD, Annex 1, para 14 and table 1.2-.3), and that this situation improved after the project provided capacity building on the collection of taxes, fees and establishing proper balance sheets
 - The Borrower and all the beneficiaries expressed satisfaction with the project outcomes (ICR, para 84, Annex 7, page 31-32), and the Borrower explicitly referred to the project's impact on the



collection of taxes and efficient management of finances (ICR, Annex 7, page 31-32).

- The Bank project team also pointed out that the successful award and implementation of infrastructure phase one and two tenders were proof of the effect of the project's training in enhancing municipal management. The team also claimed that the Town and City Councils would have had no capacity to oversee the community-led process and investments in the absence of the capacity building activities.

Conclusion: There is no direct evidence in the ICR of an association between the extensive training programs financed by the project and improved municipal management measured by, for example, increased revenue collections by Town and County Councils. This Review therefore rates the achievement of sub-objective 2 as modest.

Rating
Modest

5. Efficiency

The PAD made no quantifiable estimate of potential project benefits (such as savings to the transport sector resulting from road improvements, reduced losses and health benefits because improved drainage, and enhanced safety on roads due to improved signage in case of floods) due to the framework approach "where specific investment programs will be identified during project implementation" (PAD, Annex 9, para 3). The ICR assessed efficiency on the basis of three perspectives: the cost effectiveness of infrastructure construction, the efficiency with which training for capacity building was performed, and the project's administrative efficiency.

Cost effectiveness of infrastructure construction: In case of investments in roads and drainage, the ICR concluded that the project was cost effective because it incurred comparable or lower unit costs than in similar road construction in other recent World Bank projects in Panama, Malawi, and India (ICR, para 53). However, this standard is a relatively weak measure of efficiency because it does not provide any assessment of benefits. Nevertheless, the comparisons in the ICR do suggest that the project obtained "value of money" from the infrastructure program. Further analysis of the evidence in the ICR also suggests that there were benefits for the citizens of the targeted municipalities in Belize, for example in terms of avoided loss of infrastructure during Hurricane Earl in 2016 thanks to the new drainage systems financed by the project (ICR, para 50).

□

Efficiency of training for capacity building/enhanced municipal management: The ICR concluded that the capacity building was efficient in this project. However, the project lacked an evaluation of the impact of training/capacity building and it was not possible to link an enhanced municipal management (measured as



increased TCC revenues) to capacity building activities. Nevertheless, based on the assumption that the increased revenues collected by towns and city councils during project implementation was in part the result of the capacity building training, the ICR estimated that the net present value (NPV) for the next five years would be US\$4.79 million, the benefit/cost ration would be 1.51, and the internal rate of return (IRR) would be 51.3% (ICR, para 54). According to the project team, for a ten-year period scenario, the NPV, benefit/cost ratio and the IRR would be US\$7.36 million, 1.59 and 52.4 percent respectively. In addition, the ICR also noted that there was a US\$5.5 million increase in average annual revenue in the 9 selected towns and city councils in the three years following the project's implementation of the capacity building training.

Administrative efficiency: The project management costs were US\$2.7 million or 17% of total costs, but of this US\$693,000 was directly attributable to World Bank management costs (about 4.4% of total cost). At the time, the project closed after only a year's delay US\$14.89 million were disbursed representing 99% of the total cost. The effective project management costs were 12.7%, and this figure represents a reasonable performance for a relatively small investment project.

Conclusion: Based on the evidence concerning the cost effectiveness of infrastructure construction and the project's administrative efficiency, the overall efficiency of the project is rated substantial.

Efficiency Rating

Substantial

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

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

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

6. Outcome

The relevance of the project development objective was rated Substantial because despite improved access to basic municipal infrastructure (sub-objective 1) being weak, the enhancement of municipal management (sub-objective 2) was strong and highly relevant to Belize's development strategy and country context. Relevance of design was rated Substantial because activities were well designed to achieve the project development objective. Efficacy was rated Substantial for sub-objective 1 (to improve access to basic municipal infrastructure in selected town and city councils) as it exceeded all the targets of basic infrastructure expansion. On the other hand the relevance of sub-objective 2 (to enhance the municipal management in selected town and city



councils) was rated modest because, despite a positive overall picture, there was no evidence to support the claim that indicators of improved municipal management, such as increased revenues raised by the town and city councils, were attributable to the project's training program. Nevertheless, intermediate outcome indicators 6-15, which measured institutional achievements by the town and city councils, provided evidence that there was substantial improvement by the time the project closed compared to the initial baselines. These results arguably contributed substantially to the overall capacity of these councils and the efficacy of their operations. Efficiency is rated substantial because enough information was provided to show value for money from infrastructure construction and a sound administrative efficiency given the size of the project.

Conclusion: Overall there were only minor shortcomings in the project achievements, and the project's outcome is therefore rated as satisfactory.

a. Outcome Rating
Satisfactory

7. Rationale for Risk to Development Outcome Rating

Despite the relatively high risk of investing in areas subject to natural events such as hurricanes and the inherent dependency of an improved municipal management on continuous training and political support, the risk to development outcome is rated modest in this Review for three reasons:

- **Contribution of infrastructure to hazardous climate management.** . As confirmed by the Bank's project team, infrastructure built during the project showed resilience against Hurricane Earl in August 2016, and the drainage system decreased the intensity of the flooding compared with previous hurricanes of similar intensity (ICR, para 50).
- **Infrastructure maintenance.** The ICR stated that several town and city councils indicated their willingness to allocate funds in future budgets to ensure sustainability of the public works financed by the project and invest in similar additional works (ICR, para 43). On average, 85% of town and city councils' budgets are own sourced and have increased in the past three years (ICR, para 61). Maintenance of infrastructure can therefore be carried out with existing resources. The project team also confirmed that, based on visits during supervision missions, towns and city councils have already been maintaining the infrastructure built during the project.
- **Expanding access to basic infrastructure.** Project investments have induced municipal authorities to finance additional roads and drainage works because of a positive demonstration effect of infrastructure built by the project and the resultant increase in people's quality of life (ICR, para 50; Annex 3 page 25)



- **Capacity building and enhanced municipal management.** According to the ICR, several mayors have shown a commitment to ensure the use and longevity of municipal growth plans. Town and city councils indicated a strong commitment to continue to strengthen revenue collection and maintain the management systems developed under the project (ICR, para 51, 58). Town and city councils also expressed their intention of publishing financial reports, as well as training additional and new staff on the systems that have been put in place through the project (ICR, para 62)

Nevertheless, according to the ICR, challenges persist. They include ensuring cleanliness of drains, especially of those that are not covered, Resolving this problem would require behavioral change of residents. Some of the TCCs (e.g., Punta Gorda) are mobilizing residents to clean the drains in front of their houses (ICR, para 61).

a. Risk to Development Outcome Rating

Modest

8. Assessment of Bank Performance

a. Quality-at-Entry

Quality at entry was rated Moderately Satisfactory in light of the following:

- **Strategic Relevance.** As noted in section 3a, the PDO was relevant to the country and Bank strategy, but sub-objective 1 (expand access to basic infrastructure) was weak and unambitious.
- **Design.** As noted already, the project's activities were relevant to the PDO, and interlinked to each other in a simple project design. Further, the two components reinforced each other; an improved municipal management and revenue collection would facilitate further investments in infrastructure and maintenance (ICR, para 22). Furthermore, the design of investments that required a 3% contribution for each sub-project from town and city councils ensured a considerable

degree of ownership

and commitment to the project (ICR, para 22, 31).

- **Lessons learned.** Four lessons were incorporated from other projects, including an IEG evaluation of Municipal Development Projects. The lessons focused on creating a healthy competition among municipalities, linking growth plans with investments, emphasizing operation and maintenance, and prioritizing investment based analysis (ICR, para 20).
- **Risk mitigation.** Assessment of risk at appraisal identified three substantial risks (poor revenue collection, weak financial management, lack of familiarity with Bank procurement) which were addressed



for, according to the ICR (ICR, para 26, 28)

- **M&E design.** M&E design was satisfactory to measure activities under Component 1 and the design of PDO/intermediate outcome indicators for Component 2 was innovative. However, the design of the design of the M&E system to measure activities under Component 2 presented some shortcomings because it did not provide for an assessment of the link between the project's capacity building activities and the reported intermediate outcome indicators. This challenge with respect to attribution could have been avoided if an evaluation of these training programs had been included at the design stage.

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

Quality of supervision was rated Moderately Satisfactory because it suffered from shortcomings in revising M&E design during implementation and a weak sub-objective 1, while performing well on training and safeguards.

- The Bank team visited the project implementation unit (PIU) bi-annually, and the ISRs documented the challenges quite candidly (ICR, para 68)
- Despite its close supervision the Bank team was unable to correct a few fundamental issues created by the M&E system in the project's design, such as the lack of suitable evidence to support claims of achievement of sub-objective 2.
- The Bank team worked closely with the PIU to ensure compliance with safeguard policies, which were rated Satisfactory at project close (ICR, para 69)
- The Bank team also supported the PIU in ensuring sustainability of the project and financial management capacity building (ICR, para 70)
- As a consequence of the Mid-Term review, a Spanish translator was hired to conduct more culturally sensitive consultations in the local language with people affected by the infrastructure program, although there were no major issues with regard to the impact of the project on Indigenous People (ICR, para 39).

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. Assessment of Borrower Performance

a. Government Performance

There was strong commitment from national and local governments (ICR, para 25). The Ministry of Economic Development, Commerce and Consumer Protection (MED) was identified as the main government counterpart. The MED provided essential support in initiating the project and identified the



implementing agency, created the PIU, and defined the roles of other partners (i.e. Ministries of Labor and Environment) (ICR, para 72).

Government Performance Rating

Satisfactory

b. Implementing Agency Performance

The Belize Social Investment Fund (BSIF) was identified as the umbrella organization responsible for the project's implementation. The Project Implementation Unit (PIU) was located within the BSIF. The BSIF performance has been rated satisfactory by this Review for the following reasons:

- Together with the Government, the BSIF established the PIU and a project steering committee which included representation from central government agencies and the Mayors' Association (ICR para 23, 75).
- The PIU had high capacity staff, fulfilled reporting requirements and acted quickly to resolve procurement and safeguard issues, despite the initial lack of familiarity with Bank processes (ICR, para 75-76). This staff was, nonetheless, overwhelmed by the many sub-projects implemented in different cities/towns (ICR, para 82).
- The PIU was also able to effectively coordinate different implementation partners and set up good working relationships (ICR, para 76).

Implementing Agency Performance Rating

Satisfactory

Overall Borrower Performance Rating

Satisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design

According to the PAD, Belize Social Investment Fund (BSIF), was responsible for collecting baseline data as well as keeping track of progress made in the Project and updating indicators (PAD, para 44). BSIF was also in charge of carrying out a Mid-Term evaluation by the end of the second year of implementation.

M&E for sub-objective 1 was well designed, and the project team advised that the methodology to calculate beneficiaries for activities under component 1 was "based on the type of works and the nature of the activities to be undertaken [...] and pertain mainly to civil works".

M&E for sub-objective 2 presented some shortcomings. The effort to link the PDO level indicator 3 with results from intermediate outcome indicators (intermediate outcome indicators 6-15) was commendable, but, as mentioned in section 8a, the M&E design generated no evidence to support the claim that the reported intermediate outcomes were a direct result of the capacity building activities conducted under component 2



b. M&E Implementation

M&E was performed by BSIF as planned at the design stage. The ICR states that "Progress was well monitored through quarterly and annual progress reports prepared by the PIU." (ICR, para 36). These reports outlined the status of project activities, finances and expenses. The Bank also contributed to information collection through bi-annual supervision missions bi-annually

c. M&E Utilization

The ICR does not report on M&E utilization nor the impact of M&E during project implementation. According to the Bank project team, the project used lessons coming from the M&E framework to inform "the development and implementation of Phase II activities. For example, with Phase I, the time taken to complete the pre-construction activities were a cause for political concern, so with the Phase II activities, the PIU had a communications strategy whereby the met with the Councils and the relevant stakeholders to explain the process and timelines. Another example refers to the collaboration with the utility companies. In Phase II, the team was able to engage with the utilities during the preparation of works so that maintenance activities could be synchronized with Project work (ICR, para 33)

M&E Quality Rating

Substantial

11. Other Issues

a. Safeguards

The project was classified as Category B, and the ICR concluded that overall compliance was Satisfactory at the end of the project. Eight of the Bank's ten safeguard policies were triggered. They were Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04), Forests (OP/BP 4.36), Physical Cultural Resources (OP/BP 4.11), Indigenous Peoples (OP/BP 4.10), Involuntary Resettlement (OP/BP 4.12), Projects in Disputed Areas (OP/BP 7.60) and Projects on International Waterways (OP/BP 7.50). They were all fully addressed (ICR, para 24). The Bank project team confirmed to IEG that compliance with all safeguards was achieved for all subprojects by the end of the project.

Of particular importance were the following actions on groups of safeguards:

- **Environment.** Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04), Forests (OP/BP 4.36), and Physical Cultural Resources (OP/BP 4.11) were triggered by the project. An environmental management framework was developed as well as a separate plan to address environmental challenges of the Dangriga sub-project (ICR, para 38).
- **Social.** Indigenous People (OP/BP 4.11) and Involuntary Resettlement (OP/BP 4.12) were triggered. A social assessment study, Indigenous People's framework and resettlement framework were prepared to ensure compliance. As a consequence of the Mid-Term Review, a Spanish translator was hired to



conduct more culturally sensitive consultations, although there were no major issues with regard to Indigenous People. Resettlement plans were developed for four sites, and all vendors were resettled and moved to more lucrative locations (ICR, para 39).

- **Legal.** Projects on International Waterways (OP/BP 7.50) was triggered in two sites, and a Project in Disputed Areas (OP/BP 7.60) was triggered due to long standing border issues between Belize and Guatemala. According to the ICR, appropriate notifications were sent to the Government of Guatemala in 2009 and 2010 and no objections were received (ICR, para 40).

b. Fiduciary Compliance

Financial management: Financial management by the PIU was rated Satisfactory during the project and at the project's close. Financial transactions were recorded electronically. Quarterly Interim Financial Reports and monthly financial reports submitted in accordance with national and World Bank guidelines (ICR, para 41; Intermediate Outcome Indicator 17). In addition, project accounts were audited by external auditors and were acceptable to the Bank (ICR, para 41). The team pointed out that the FM manager was later asked by the Bank to provide training during a conference in other countries in recognition of the quality of his work in Belize.

Procurement: There were some procurement issues particularly for contract management, as staff had to quickly learn Bank processes (ICR, para 10; Annex 7 page 32). The PIU, while initially unfamiliar with Bank processes, acted quickly to resolve these issues. □ Nevertheless, the Bank team provided training of staff and guided the PIU to recruit additional experienced procurement staff (ICR, para 42, 76). In addition, the PIU in Belize Social Investment Fund maintained a dedicated procurement staff throughout the project (ICR, para 42). By the end of the project, procurement duties were executed in accordance with national and World Bank guidelines (intermediate outcome indicator 17). The project team also advised that often procurement staff would leave the project after being trained for a year to other, better paying jobs.

c. Unintended impacts (Positive or Negative)

Positive impacts:

- Additional works were financed by town and city councils once they began to see positive results from the project's investments (ICR, para 31, 59)
- The Bank project team mentioned that there was considerable on the ground cooperation between the Bank project and a project by the Caribbean Development Bank and utility companies. This cooperation led to lower expenses and more outputs for the Bank financed project.
- The Bank team also advised that Town and City Councils are now leveraging funding from the business community for civil works, after they saw the positive results from the Bank-financed investments

d. Other



12. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	---
Risk to Development Outcome	Modest	Modest	---
Bank Performance	Satisfactory	Moderately Satisfactory	During implementation, M&E design shortcomings were not resolved and a system for evaluating the impact of project-financed training on municipal management was not put in place.
Borrower Performance	Satisfactory	Satisfactory	---
Quality of ICR		Substantial	---

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

Summary of Lessons from the ICR: There were 5 lessons listed in the ICR for this project, but two were acknowledged in the ICR to be focused on project specific operational issues. The three with a general application are summarized below

- **Successful re-engagement projects require particular efforts to bring the counterpart/PIU up to speed on procurement and financial management.** Extra time should be dedicated to project preparation and support to the PIU, as was the case with this project.
- **It is important to provide enough resources for project management and staff in the PIU to avoid capacity challenges.** A few implementation challenges emerged in this project because of a lack of specialized expertise in Belize because it is a small country.
- **It is essential to develop mechanisms to ensure sustainability and maintenance of works.** In this project, enhanced municipal revenue and strong commitment from mayors to continue capacity building activities were instrumental in mitigating risks to the project's sustained development outcome.

Lessons further identified by this Review:



- **It is necessary to arrange evaluations of training programs financed by projects to measure and understand their impact and added value.** In the absence of an evaluation of capacity building activities, it is problematic to attribute results to project financed training activities as was the case in this project.

14. Assessment Recommended?

No

15. Comments on Quality of ICR

The ICR was outcome driven, concise, well written and easy to read. While most evidence was well-presented and summarized with respect to the improvement of access to infrastructure, the same cannot be said regarding the evidence on the impact of capacity building on enhancing municipal management. In addition, the analysis of efficiency could have been strengthened by estimating the direct benefits of the infrastructure program.□

Despite these shortcomings the quality of the ICR is rated Substantial.

a. Quality of ICR Rating

Substantial