



1. Project Data

| | | | |
|------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------------------------------------|--------------------------------|
| Project ID P083979 | Project Name BO Urban Infrastructure Project | | |
| Country Bolivia | Practice Area(Lead) Social, Urban, Rural and Resilience Global Practice | Additional Financing P117308,P130528 | |
| L/C/TF Number(s) IDA-42470,IDA-51680 | Closing Date (Original) 30-Nov-2010 | Total Project Cost (USD) 30,000,000.00 | |
| Bank Approval Date 21-Nov-2006 | Closing Date (Actual) 30-Sep-2017 | | |
| | | IBRD/IDA (USD) | Grants (USD) |
| Original Commitment | | 30,000,000.00 | 0.00 |
| Revised Commitment | | 53,174,167.33 | 0.00 |
| Actual | | 46,218,926.90 | 0.00 |
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2. Project Objectives and Components

a. Objectives

The Project Development Objectives as stated in the Financing Agreement (FA, p.6) and the PAD (p.7) were:
1) To achieve sustainable improvements in the urban infrastructure and living standards in the poorest neighborhoods of La Paz through comprehensive urban upgrading and neighborhood participation in project implementation; 2) To enhance mobility in the city of El Alto, removing infrastructure bottlenecks and introducing measures to modernize public transport services and urban transport management; 3) To expand sewerage coverage in poor areas of Santa Cruz de la Sierra.

The PDO was not revised. However, the PDO as formulated in the Financing Agreement for the Additional Financing excluded the third objective "to expand sewerage coverage in poor areas of Santa Cruz", as the



AF only financed additional activities in La Paz and El Alto (Additional FA of 2013, p.5). The PDOs were otherwise identical.

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

No

c. Will a split evaluation be undertaken?

No

d. Components

There were three components (PAD pp. 8-10), (ICR pp.10-13).

Component 1: Urban upgrading in La Paz. (Appraisal: US\$10 million, Additional Financing: US\$21.4 million, of which US\$12 million was World Bank financing and 9.4 million was borrower contribution; Total allocation: US\$ 31.4 million, of which US\$ 22 million were WB financing; Actual: US\$37.09).

This component supported the design of the proposed BdV Subprojects. Studies and assessments were carried out to identify and evaluate the risk and impact of the component, including the design of a communication strategy. It was also to provide equipment to the Barrios de Verdad.

The component was also to strengthen the BdV Neighborhoods, including: a) support to the implementation and maintenance of proposed BdV Subprojects; b) legal services to assist with the land title registration in the corresponding real property registry; and c) designing of contingency plans so each neighborhood could respond to natural disasters, including flooding.

The following BdV Subprojects were carried out under this component: a) construction efforts for basic pedestrian and motorized access, and access to public transportation, including low-cost road paving, sidewalks, neighborhood access stairs, and public transport stops; b) installation of street lighting; c) construction of new drainage networks or improvements to existing drainage infrastructure, including the construction of new street drains; d) construction of retaining walls to mitigate flood and erosion damage; e) installation of sanitation facilities in residential dwellings; f) creation of urban parks and reforested areas; g) construction of solid waste collection transfer points; and h) construction of new community centers, childcare facilities, and sports and recreation facilities or improvements to existing centers and facilities. Technical assistance for monitoring and auditing the implementation was also included in this component.

Component 2: Urban Transport in El Alto. (Appraisal: US\$10 million; Additional Financing: US\$12 million; Total allocation: US\$22 million; Actual: US\$18.21 million). This component was to finance infrastructure investments for trunk roads and associated drainage works to complete the construction of El Alto's second ring road. It was also to finance public transportation investments, such as paving of selected dirt and gravel streets with high volumes of public transport vehicles; the construction of strategically located bikeways, improvements to sidewalks for areas identified in the non-motorized transport strategy and a feasibility study. This component also included institutional capacity strengthening of El Alto authorities for urban development and transport management and provision of technical assistance.

Component 3: Sanitation in Santa Cruz (Appraisal: US\$10 million; No additional financing; Actual: US\$ 10.52 million). This component was to finance sewerage and wastewater treatment investments in Santa Cruz, including: a) construction of secondary sewerage networks; b) construction of main collectors and a sewage pumping station for the sewerage system serving Santa Cruz Neighborhoods; c) construction of a



system of interceptors connecting each of those neighborhoods to the main conveyance systems to transport wastewater to the existing treatment plants; and d) infrastructure improvements to increase the processing capacity of the city's two wastewater treatment plants. It also provided technical assistance to the Water Supply and Sanitation Cooperative of Santa Cruz (SAGUAPAC) and training of their staff in sewerage and wastewater treatment.

The Additional Financing was designed to scale up the first two of the three components. Component 3 (Santa Cruz) was completed ahead of schedule under the PP and was thus not a part of the AF.

Component 1. Expansion of Urban Upgrading in La Paz (Additional WB Financing US\$12 million). This component was to strengthen the communities residing in 10 Barrios y Comunidades de Verdad (BCdV) neighborhoods. It included support to the maintenance and operation of the proposed BCdV subprojects, providing legal services to register land titles in the corresponding real property registry, and designing contingency plans to enable each neighborhood to respond to natural disasters. This component was also to carry out BCdV subprojects and to provide support, including technical assistance and goods, to the Barrios y Comunidades de Verdad Unit for the preparation, implementation, supervision and auditing of the Project and for the implementation and supervision of the Abbreviated Resettlement Plan with respect to the BCdV Subprojects.

Component 2. Expansion and Strengthening of Urban Transport in El Alto (Additional Financing US\$12 million). This component was to finance the selected subprojects. It was also to support the Autonomous Municipality of El Alto (GAMEA) to modernize its public transport sector, strengthening its institutional capacity, and to design and implement urban transport projects. The component was furthermore to strengthen the city's budgeting and financial capacity and was to provide technical assistance and equipment to the Office of Works and the Environment (OMOMA) and the Grupo de Coordinación y Asesoramiento (GCA).

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

Project Cost. The total appraisal estimate was US\$54 million including the Additional Financing of US\$24 million. The revised estimate at restructuring was US\$53.2 million. The actual disbursement at closing was US\$46.2 million.

The ICR team informed IEG (email 07/30/18) that the differences in funds between appraisal and actual, (besides the cancellation of US\$4,040,000 of Component 2 of the project and the contract of US\$3,400,000 that was declared as misprocurement in the same component) is due to exchange rate differences between SDR and US\$. While the original amount of both credits is considered at the time of the Board approval, the actual amount reflects the amounts disbursed during the project lifespan, applying the daily exchange rate.

Project Financing. The project was financed by the International Development Association (IDA) (IDA-42470) with the approved original amount of US \$30 million. Additional Financing in the amount of US \$24 million was approved by IDA-51680. There were no co-financiers to this project.

Borrower Contribution. At appraisal, the borrower contribution was estimated at US\$9.4 million.

Dates. The project was approved on November 21, 2006 and became effective on September 12, 2007. It was restructured six times:

on August 10, 2010 (change in loan closing date);

December 30, 2011 (change in loan closing date);



May 2, 2012 (change in loan closing date);
October 23, 2012 (Additional Financing, change in loan closing date);
June 30, 2015 (change in loan closing date) and
November 14, 2016 (change in loan closing date).

According to the project team (email 07/30/18), the reasons for the extensions of the closing date were mainly related to delays in the execution of all activities under Component 2 caused by frequent staff turn-over, weak technical, procurement and financial capacity, weak institutional coordination, and weak governance environment. Additionally, due to changes in El Alto's municipal structure in January 2013, an amendment was made to the Financing Agreement to reflect the restructuring of the Office of Works and the Environment (OMOMA) - which coordinated and managed Component 2 - to the Office of Development and Urban Public Infrastructure (OMDIP) and the creation of the Special Directorate for Urban Mobility and Transport (DEMUT).

The project closing date was extended in total from November 2010 to September 2017, i.e. 6 years and 11 months.

3. Relevance of Objectives

Rationale

The project objectives were and remain highly relevant to Bolivia's national priorities. Because of increased urbanization, the Government of Bolivia was eager to address the urban infrastructure needs in the three most populated cities (La Paz, El Alto and Santa Cruz) by selecting sequences of different infrastructure interventions, according to each city's most vital needs.

The objective was relevant to the country's National Development Plan (2006-2010) that addressed growing urban challenges. One of the plan's pillars was dedicated to improving urban infrastructure, sanitation and water supply. The objectives were also aligned with the goal of introducing high-visibility programs to address inequality, poverty and social exclusion.

The objectives were in line with the Bank's most recent Country Partnership Framework (CPF) FY16-20, which includes "promoting broad-based and inclusive growth". (CPF, p.17). The objective was relevant to the 2012-2015 Bank's Country Partnership Strategy (CPS), with discussion of accessing to the basic service. (CPS, p. 21).

At appraisal, one of the Bank's 2006 Interim Strategy Note (ISN) objectives were "support for fostering jobs through growth and providing better services to the poor". (ISN, pp. 21-23).

The country put in place strategies and programs to address inequality, poverty and social exclusion. However, while there is clear alignment between the project's development objectives and the country- and WB strategies, the relevance of the objectives is pitched at a level that does not adequately reflect a potential solution to a development problem. While acknowledging the difficulty of the operational environment, the objective should be directed at a level where it can be traced to what the improvements in the urban infrastructure and living standards, enhanced mobility and expanded sewerage coverage are likely to lead to, whether it be improved health outcomes, improved production and increased income or other



factors affecting community livelihoods. These may be longer term targets but tracking them and identifying them is an important aspect of a successful development operation.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

To achieve sustainable improvements in the urban infrastructure and living standards in the poorest neighborhoods of La Paz.

Rationale

Outputs:

The ICR reports that the project upgraded 46 neighborhoods. The following outputs were reported:

- 5,010 households connected to new sanitary networks, not reaching the target of 6,045.
- Provided access to improved sanitation to 28,804 people in urban areas, against a baseline of 20,040, almost reaching the target of 29,317.
- Provided access to all-season roads within a 500 meters range to 110,409 people in urban areas, not reaching the target of 151,078.
- Provided access to recreational spaces constructed by the project to 5,131 families, not reaching the target of 6,045.
- Provided access to communal houses or spaces built by the project to 5,367 families, not reaching the target of 6,045.
- Resident's perception of improved safety reached the target of 80%, increasing from a baseline value of 54%.
- The number of temporary jobs created was 1,148 against targeted 200.
- Registered the property of 5,220 families, not reaching the target of 5,787

The perception of weather related risk to housing units and neighborhood reduced from 45 to 18 percent, but not quite reaching the target of 8.54 percent.

Outcomes:

- The number of direct project beneficiaries in La Paz was 38,480 against a baseline of 15,280, nearly achieving the target of 39,240.
- Female beneficiaries were 52.9%, almost reaching the target of 53.5%.



- The walking time to nearest transport stop decreased from a baseline value of 19 minutes to 6 minutes, exceeding the target of 7 minutes.
- It is reported that the property values of participating poor neighborhoods in La Paz increased as a result of improved access to basic urban services from a baseline of US\$8.44 (in 2012) to US\$182 (in 2017), exceeding the revised target of US\$38 (measured as the price of monthly rent).

There are issues with these figures, though, as a) the prices of rental properties are not necessarily linked to real estate values; b) there is no information in the ICR as to whether inflation has been taken into account, i.e. whether the reported prices are real or nominal; c) in addition to the potential effects of the project, property values were also positively affected by recent legal reforms in the cadaster valuation (by combining residential and commercial valuations), which elevated property values citywide. Hence, the actual value achieved might not be fully attributable to the project; and d) two different methodologies for estimation of property value were used at appraisal and at closure; a hedonic price methodology for estimation were applied at appraisal, a simplified method to review housing prices were used at closure, and this simplified method did not identify how urban improvements carried out by the project impacted property values. There is thus insufficient evidence to demonstrate that the project's interventions lead to increased property values. 140 "groups for sustainability after project's interventions" were created, exceeding the target of 120 groups. Although this indicator shows that the sustainability had been considered in the design of the project (as it is also stated as part of the objective), there are no indicators at outcome level to measure sustainability aspects of the interventions. Given these shortcomings, the objective is rated Modest.

Rating
Modest

Objective 2

Objective

To enhance mobility in the city of El Alto.

Rationale

Outputs:

- More than 13 km of main routes with high traffic volumes improved, exceeding the target of 11.16 km.
- 18,937 meters of sidewalk border were constructed, exceeding the target of 12,978 meters.
- A non-motorized strategy was designed, as targeted
- A strategy to improve the efficiency of the public transport system was designed, as targeted.

Outcomes:



- Improved urban mobility in El Alto, as estimated time to travel to work was reduced from 60 to 43 minutes, almost reaching the target of 42 minutes.
- The number of direct project beneficiaries La Paz was 197,073, exceeding the target of 118,838.
- Female beneficiaries reached 52%, exceeding the target of 50.1%.

Rating

Substantial

Objective 3

Objective

To expand sewerage coverage in poor areas of Santa Cruz de la Sierra.

Rationale

Outputs:

- The number of new inhabitants (calculated 4 people per connection) connected to a sewerage network reached 34, 532, exceeding the target of 25,000.
- The financing of a specific technology to capture methane gas from anaerobic lagoons to support a carbon finance initiative for the water utility was completed, as targeted.
- The construction of secondary sewerage collectors all exceeded their targets (see technical details in Annex 1 of the ICR).

Outcome

- The coverage of Santa Cruz's sewerage networks in poor neighborhoods and wastewater treatment capacity increased to 34,532 (4 people per connection), exceeding the target of 25,000.
- The rate of groundwater contamination was reduced from 10 Mg/l to 8.2 Mg/l, almost reaching the target of 8.1 Mg/l.

The activities and expected results under this objective were mostly achieved as planned, before schedule and within budget.

Rating

Substantial



Rationale

Two of the objectives were rated Substantial and one Modest, thus resulting in an overall Substantial rating for Efficacy.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic and Financial Analysis

At appraisal (PAD p. 19,81) an economic assessment was carried out using the "cost-benefit analysis model" to assess the feasibility of the project. Three separate analyses were conducted for the three components. Based on these analyses, all three components were deemed economically justified. Similar analyses were conducted at completion. It provided a comparison between results estimation at appraisal and at completion confirming at conclusion that the project was economically sound.

The analysis was not updated for the AF, as it financed scaling up of the original activities and the main assumptions and trends remained valid (ICR, p. 20).

1. La Paz component. At appraisal, a hedonic price methodology was used to measure the individual benefits of the urban upgrading. The hedonic price function was based on the housing market in which transactions can be observed.

At completion, a similar methodology was applied with the housing price, estimated as the cadastral values, as dependent variable to measure the individual benefits of urban upgrading. In both cases the benefits were multiplied by the number of beneficiaries and then converted into annual flows.

The IRR computed at appraisal was 20% and at completion 21.6%.

2. El Alto component.

Overall, the IRR estimated at appraisal was 16.1% and at completion 22%. An increase in the number of beneficiaries explains the higher IRR identified at completion.

3. Santa Cruz component (SAGUAPAC). The estimated IRR was 98% at appraisal and 92% at completion. The low-cost technology introduced to treat waste water and the capacity of the investments to expand the client base significantly explains the high IRR.

Operational and Implementation Efficiency. The project experienced a significant delay in implementation, apart from Component 3 (Santa Cruz) which was completed ahead of schedule. Components 1 (La Paz) and 3 (Santa Cruz) disbursed 100% of Bank funds. In the case of La Paz, local counterpart funding was US\$16 million, surpassing the US\$9.4 million estimated at appraisal due to costs overruns and differences in exchange rate that had to be covered by counterpart funds.

In total, US\$7.19 million remained undisbursed at the time of closing: US\$4.04 million unutilized funds from Component 2 were cancelled (7.5% of the loan proceeds) US\$3.15 million were unutilized, given that some



activities could not be carried out due to lack of time, with frequent staff turn-over and procurement issues that caused delays and affected the execution of Component 2. As the ICR (p.54) reports, the loan account has not been closed because one of the Implementing Agencies has not returned the undisbursed balance to the Bank. The project was repeatedly extended, with a total extension of nearly seven years mainly due to the Additional Financing, and caused by frequent staff turn-over, weak technical, procurement and financial capacity, weak institutional coordination, and a weak governance environment. Given these shortcomings, the project Efficiency is rated Modest.

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 | | 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

Relevance of the PDO for the government and the Bank strategy is rated Substantial. Overall efficacy is Substantial, and Efficiency is rated as Modest. This gives an overall Moderately Satisfactory Outcome rating.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

The following pose risks to the development outcome:

Financial Risk. There is a risk of insufficient funding for maintenance and operational costs of the facilities for components 1 and 2. Funding is at risk due to decreasing economic growth and lower hydrocarbon revenues. However, municipalities are now working on increasing their sources of funding, and hydrocarbon revenues are seeing a marginal recovery.

Risk of natural disasters. The project areas continue to be exposed to the risk of natural hazards such as earthquakes, flooding and landslides. The mitigation efforts as described in the ICR (p 28) were taken during



implementation by increased coordination among national and local agencies, and strong community pressure on the local government to provide support. Whether this coordination and cooperation is maintained in the post-project era remains uncertain.

8. Assessment of Bank Performance

a. Quality-at-Entry

The project design was sound in identifying objectives. All project components were aligned with the Development Objectives. As the ICR (p. 7) noted, the rationale for assistance was built on decades of the Bank's experience and lessons learned in integrating projects for upgrading low-income human settlements, urban transport and sanitation. Bank staff worked closely with the Government. The major drawback in the project's design was that the project's activities in different sectors in the three cities with dissimilar implementation capacity was too complex. The Bank conducted a thorough risk assessment on the fiduciary, environmental, technical, and political aspects and put in place possible mitigation measures.

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

Supervision activities were performed regularly and substantively. 23 supervision missions were undertaken during the 11 years of the project's implementation period. According to the ICR (pp. 27-28), the Bank team worked closely with the Project Implementation Units (PIU) to adjust implementation arrangements, strengthen the project's M&E framework, address fiduciary and safeguards challenges, and extend the loan closing date.

The Bank's team organized training on financial and procurement management for PIU's staff and worked closely with the government to address issues and adjust to the country context. However, revisions to the Results Framework at the Additional Financing weakened parts of the Results Framework.

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory



9. M&E Design, Implementation, & Utilization

a. M&E Design

The objective was clearly specified, and the theory of change outlined the key activities, the outputs and outcome indicators measuring achievement of objectives. However, while the objectives were clear, they were mainly pitched at an output level that does not adequately reflect a potential solution to a development problem.

Some indicators that could have captured relevant project achievements at outcome level were missing at the design stage. According to the ICR (p. 24) during the project's first phase it was not possible to obtain data on several indicators, as the data sources were not aligned with the definitions of variables used by the project, which indicates weaknesses in M&E design.

b. M&E Implementation

The M&E implementation had significant shortcomings. According to the ICR (p.23), the El Alto component failed to implement the M&E system to supervise the implementation of subprojects and to monitor the financial and physical progress.

The ICR (pp. 23-24) reported that the PIU had difficulties in obtaining data and in measuring some of the indicators.

During project implementation, parts of the M&E framework was perceived to be too complex to implement by the counterpart without incurring considerable costs. For instance, in order to measure the property values, increase considerable effort was required to generate data that was not regularly produced. By the end of the project, a simplified methodology that was agreed with the counterpart delivered the results presented in the ICR. As discussed under section 4, these methods did not provide sufficient evidence of the project's achievements.

The ICR reports (pp. 23-24), that it was only under the Santa Cruz component that the M&E system was implemented as designed.

c. M&E Utilization

The project's results framework was used by the project team and implementing agency to formally track progress of results made. M&E data was incorporated in the Bank's Implementation Status and Results Report (ISR).

Data and results from analyses were used in the decision-making process by the Mid-Term Review (MTR) conducted in October 2009 to improve project performance.

M&E Quality Rating

Modest



10. Other Issues

a. Safeguards

The Project was classified as Category B and triggered three Bank safeguard policies: (i) OP/BP 4.01 Environmental Assessment; (ii) OP/BP 4.11 Physical Cultural Resources; and (iii) OP/BP 4.12 Involuntary Resettlement. The PAD (p. 27) noted that although no resettlement was expected, subprojects related to the urban upgrading in La Paz and the urban transport component in El Alto would include neighborhood and city level infrastructure works that in some very limited cases could entail population displacement.

A full Environmental Assessment was carried out during project preparation to identify potential negative environmental impacts of the sub-projects to be financed under the three components and to develop appropriate mitigation measures (ICR p. 25). An Environmental Management Framework (EMF), based on Bank policy as well as the requirements of Bolivian law, was developed for each component featuring environmental impact mitigation measures and environmental monitoring programs. The EMFs included specific guidelines on measures to prevent, minimize, mitigate or compensate any adverse impacts of public works - atmospheric or noise emissions, solid waste disposal, etc., - and was updated to reflect improvements in the AF monitoring protocols.

The ICR (p.25) reported that project interventions did not cause significant negative environmental impacts, small localized and temporary negative impacts were duly prevented and mitigated. There were no cultural properties found in the project areas (OP 4.11). The ICR states that compliance with Bank environmental safeguards was rated Satisfactory.

Social Safeguards. Socio-economic studies were carried out for each component at the time of appraisal. The PAD (pp. 25-16) noted that detailed analyses of social impacts of the specific intervention in each city were undertaken regarding housing, migration and primary spoken language, as well as access to water, health, education and other basic services.

According to the ICR (p.25) a Resettlement Policy Framework (RPF) was prepared for the three components in accordance with OP/BP 4.12 and was triggered by sub-projects under La Paz and El Alto components.

Affected parties were identified and Resettlement Action Plans (RAP) were prepared accordingly.

As described in the ICR (p. 25) , all adverse impacts on third parties were addressed through changes in design under the La Paz component. The Municipal Government of La Paz (GAMLP) prepared an Abbreviated Resettlement Plan (ARP).

For the El Alto component, the implementing agency prepared a Conflict Management Plan and indicated that documentation of a "voluntary cession of land" had been planned before the PP's identification phase and had been carried out after the Bank's involvement in project identification. The implementing agency prepared an ARP to provide compensation to property owners for the land used for the construction of "Av. Santa Vera Cruz – Tramo 1". Five of the six cases were solved at the end of the project, and property owners obtained legal titles for their lots.

There were no social issues encountered under Santa Cruz component.

According to the PAD, (p. 27), the Indigenous people safeguard policy was not triggered although the project was benefiting indigenous people, as they were residing in urban areas and the land where the families lived did not correspond to ancestral territories, and their income in urban areas did not originate primarily from subsistence-oriented production.



b. Fiduciary Compliance

Financial Management (FM). According to the ICR (p. 26) a financial management assessment was conducted for each one of the three implementing entities during appraisal. The FM performance was rated moderately satisfactory. There were several areas identified during AF capacity assessment that needed to be improved, such as: i) simplify procedures and increase efficiency; ii) strengthening coordination between the Coordination and Advice Group (GCA) and the related Municipal Offices under El Alto component; iii) strengthening the preparation of financial reports (IFRS) for La Paz and El Alto components.

As indicated in the ICR (p.27), to address FM issues raised by the Bank during the final stages of the project, both implementing agencies in La Paz and in El Alto tried to improve their internal control systems. There was no evidence of any significant weakness in the overall control framework. No FM issues were reported in the implementation of Santa Cruz component.

Procurement. The ICR reports (p. 26) that the project's procurement performance was moderately unsatisfactory. At appraisal, a procurement capacity assessment was carried out for each of the three project implementing agencies and overall procurement risk was rated "moderate".

A full procurement management capacity assessment of the two implementing agencies (La Paz and El Alto) for the AF was conducted in 2012. According to the ICR (p.26), the procurement capacity and arrangements for the implementing agency in La Paz were considered adequate. The procurement capacity of the implementing agency in El Alto was weak as it lacked a procurement specialist with adequate knowledge of Bank procurement guidelines.

As noted in the ICR (p. 26), procurement bottlenecks continued in the second phase due to continual institutional weaknesses and staff turnover in El Alto. The quality of procurement was acceptable in La Paz.

Due to misprocurement, INT investigated the El Alto component (ICR p. 26), involving the first two bidding processes. Based on their findings, the Bank debarred two companies and declared misprocurement for a contract in the amount of US\$3.4 million, as the Autonomous Municipality of El Alto's (GAMEA) efforts in the procurement of this contract were not in accordance with the Bank's Procurement and Anti-Corruption Guidelines. The Bank team worked with INT and the client to ensure that appropriate measures were taken to avoid such cases during the remainder of the project.

c. Unintended impacts (Positive or Negative)

None

d. Other

None



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 following lessons have been adapted from the ICR:

Optimizing the institutional setting is critical for successful implementation. In a country with limited institutional capacity, deploying more than one implementing agency is likely to make implementation more complex. This arrangement required more coordination efforts than originally envisaged.

Clear guidelines on procurement and financial management may mitigate implementation delays particularly when there is significant turnover of staff. Regular implementation support from the Bank team to the PIUs that are new to the Bank's procurement and financial management guidelines and requirements can help address issues in a timely manner.

Promotion of citizen engagement is a key to improvements for residents in their own neighborhoods. Strong community's engagement paves the way to improving the quality of their lives, while promoting local economic activity.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provides a good discussion of the major factors affecting the operation and overall achievements. The theory of change was well presented with a good description of implementation readiness. The ICR was candid, concise, and followed OPCS guidelines.

There are some discrepancies in reporting such as different cost amounts at appraisal stage (PAD, p. 59) which was not mentioned at the ICR. Also, the project's component costs reported in the PAD (pp. 8-10) are different from those shown in the ICR (pp. 10-11, 52). There are also some discrepancies in the figures of Annex 1.



a. Quality of ICR Rating
Substantial