Report Number : ICRR0021445

1. Project Data

Project ID	Project Name
P096965	La Guajira Water and Sanit.
Country	**Practice Area(Lead)**
Colombia	Water

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IBRD-74340	15-Oct-2011	71,441,085.16
Bank Approval Date	**Closing Date (Actual)**	
15-Mar-2007	16-Apr-2018	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	90,000,000.00	0.00
Revised Commitment	90,000,000.00	0.00
Actual	71,441,085.16	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
Hiroyuki Yokoi	John R. Eriksson	Christopher David Nelson	IEGSD (Unit 4)

2. Project Objectives and Components

a. Objectives

The objective of the Project is to improve the quality of water supply and sanitation services in urban and peri-urban areas of the Borrower's territory by: (a) supporting utility institutional performance through the use of "specialized operators"; and (b) delivering the necessary water and sanitation infrastructure.

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
16-Dec-2011

c. Will a split evaluation be undertaken?
No

d. Components

Component 1: Urban Water Supply and Sewerage Infrastructure (Appraisal cost: US$129.0 million, Actual cost: US$90.1 million)
This component included civil works, equipment, and services for Water Supply and Sanitation (WSS) in at least ten participating municipalities of the Department of La Guajira. The detailed investments were to be decided based on the negotiations between municipalities and Specialized Operators, commercially independent utility companies (ICR, para. 6). The expected investments were: (i) rehabilitation and construction /expansion of primary and secondary water and sewerage networks; (ii) water treatment plants, pumping stations and main collectors; (iii) wastewater treatment infrastructure including treatment plants and discharge infrastructure; and (iv) engineering designs and environmental and social assessments (PAD, page. 69).

Component 2: Rural Pilot (Appraisal cost: US$ 7.0 million, Actual cost: US$7.2 million)
This component included small rural pilot activities to improve access to WSS services for rural communities, mostly indigenous Wayuu. Also, since the project was structured as the first phase of an Adaptable Program Loan, the component aimed to develop a model to scale up the project in rural areas in the second phase.

Component 3: Program Management and Analytical Activities (Appraisal cost: US$ 7.0 million, ICR: US$10.8 million)
This component included the financing of goods and services associated with project management. Specifically, the component included the cost for the Project Implementation Unit (PIU) and outreach, communication, and social and environmental activities (PAD, p. 73).

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

Project Cost: The original cost estimate was US$143.0 million. The actual cost was US$108.1 million (ICR, p. 18). The reduction of the cost was due to currency fluctuation, adjustment of interventions, and lower investment costs (ICR, p. 69).

Financing: The appraisal estimated that IBRD would finance a US$90.0 million loan. The actual IBRD disbursement was US$71.4 million.

Borrower Contribution: The Borrower was to contribute US$50.0 million at appraisal. The actual contribution was US$36.72 million. Besides, municipalities and local sources were to contribute US$ 10.2 million and US$ 8.0 million respectively, none of which were disbursed during the project period.

Dates: The project experienced six restructurings since its approval on March 15, 2007.
The first restructuring (October 7, 2011) was to extend the loan closing date from October 15, 2011 to December 31, 2011 to secure enough time to prepare a comprehensive restructuring plan.
The second restructuring (November 30, 2011) was to: (i) add rural areas into the Project Development Objective (PDO); (ii) extend the loan closing period from December 31, 2011 to October 15, 2015 in response to the initial delay caused by the political resistance to the project; (iii) modify the causal chain and associated outcome indicators to better measure the outcomes; (iv) define the rural WSS sanitation activities as the construction of reservoirs and incorporate a safeguard policy OP 4.37 on Dam Safety; and (v) change the responsible organization of Component 1 from the municipalities to the Department in line with the 2008 Departmental Water Plan.
The third restructuring (September 22, 2015) was to extend the loan closing date from October 15, 2015 to April 15, 2017 to accommodate the delay in its implementation.
The fourth restructuring (April 28, 2016) was to further improve outcome indicators under the Theory of Change and Results Framework modified as part of the second restructuring.
The fifth restructuring (April 7, 2017) was to extend the loan closing period from April 15, 2017 to October 15, 2017 to advance project implementation, safeguard and fiduciary policy compliance.
The sixth restructuring (October 12, 2017) was to (i) extend the loan closing date from April 15, 2017, to April 16, 2018; and (ii) reallocate the disbursement categories.

The project closed on April 16, 2018.

3. Relevance of Objectives

Rationale

Alignment with strategy: The objective of the project aligned with the Bank's strategy. The Country Partnership Framework (CPF) (FY16-21) sets out three pillars: (i) fostering balanced territorial development; (ii) enhancing social inclusion and mobility through improved service delivery; and (iii) supporting fiscal sustainability and productivity. The project aimed at improving WSS access in a financially and technically sustainable manner in remote areas where over 40 percent of the population was the Wayuu indigenous group. The project substantially followed the stated priorities in the CPF.

Country context: The objective of the project was in line with the government strategy. The project built a foundation to improve WSS services in selected municipalities, prompting the Government and the Department to advance these services throughout La Guajira. Specifically, a report was published by National Council of Political and Social Economy in 2017, which noted the importance of expanding the mechanism that the project developed throughout La Guajira. Further, the current Department administration recently launched a "La Guajira Azul" program which aimed to deliver clean water in all La

Guajira by 2020 through expansion of the project model (ICR, para. 48). As such, the project has been in line with the priority of the government to improve WSS access in La Guajira.

Previous sector experience: The PAD stated that the project drew on the Bank's broader lessons primarily on private sector involvement in the WSS sector. Lessons were also drawn from previous Bank sector experience in Colombia, including Water Sector Modernization Project (7077-CO), Cartagena Water Supply, Sewerage, Environmental Management Project (4507-CO), and Water and Sanitation Sector Support Project (7281-CO). The project design incorporated such lessons as tariff setting, investment planning, institutional arrangements, and communication. However, the PDO was too ambitious to achieve within 4.5 years given the complex political and operational environment. The ICR, in fact, recognized ambitiousness of the project to deliver WSS services to 300,000 people in a politically sensitive region (ICR, p. 19-20). Anticipating the political turbulence was largely unforeseeable, yet more realistic project design could have been developed given the experience of the former projects.

Despite these shortcomings, IEG considered the PDO highly relevant in responding to expectations of the client to deliver WSS services in a politically difficult environment. Hence, the relevance rating of the objective was judged to be high.

Rating
High

4. Achievement of Objectives (Efficacy)

Objective 1
Objective

To improve the quality of water supply and sanitation services in urban, peri-urban, and rural areas of the Borrower's territory.

Rationale
IEG conducted the efficacy assessment with the revised PDO and the 2016 Results Framework for the following two reasons. First, the revision of the PDO did not substantially change the Theory of Change and both PDOs aimed at achieving the same outcome . The PDO was revised at the second restructuring in 2011 to explicitly mention "rural" areas. But the rural activities were originally planned and no fundamental changes were observed except a specific definition of the activities to construct reservoirs, made at the 2011 restructuring. Given the continuity of the objective and explicit statement, the revised PDO will be used in this assessment. Second, the latest Results Framework better measured the outcomes than the previous one, and thus it better reflects the intention of the project. The Results Frameworks were revised twice in 2011 and 2016 to incrementally improve the indicators to be measurable and to be aligned with the external political/institutional environment. This improvement allowed for a better assessment of the "quality" of WSS services as stated in the PDO.

While the ICR applied a split rating, IEG considered the split rating was not relevant to this assessment because the PDO and the associated key strategic outcome indicators remained unchanged.

Theory of Change (TOC):
The ICR noted that there were two paths to achieve the PDO. One path was to improve the quality of WSS services in urban and peri-urban areas. The project expected to achieve it through improvements in revenue collection, a reduction of unaccounted for water, increased use of micro-meters, and expanded WSS networks. The second path was to improve rural WSS access. This was to be attributed to communities' participation in managing basic infrastructure and institutional and financial arrangements for scaling up from pilot WSS activities in several rural indigenous communities.

In the first revision of the Results Framework, a composite indicator on urban WSS services was introduced, which included eight sub-indicators derived from outputs. From this indicator, a comprehensive assessment of the quality of WSS services would be derived.

In the second revision of the Results Framework, the project relinquished the composite indicator and added the following indicators in its place: the number of customers, accessibility to WSS, continuity, and connection to micro-metering in urban and rural areas. Also, the indicator on the satisfaction level of indigenous communities with reservoirs was replaced by the reduction of time spent fetching water in communities served by the rural water supply systems.

As the ICR noted, the project was assessed for efficacy in four categories: (i) urban/peri-urban water supply, (ii) urban/peri-urban sanitation, (iii) rural water supply, and (iv) rural sanitation.

Outputs:

(i) Urban/peri-urban water supply

- Water supply infrastructure coverage in participating municipalities was improved from 70 percent to 90 percent against the target of 88 percent.
- Unaccounted-for water (UFW) was reduced from 78 percent to 57 percent, exceeding the target of 61 percent.
- The revenue collection rate was improved from 28 percent to 48 percent, not achieving the target (54 percent). The ICR noted that the rate could increase given the performance trend. IEG, however, considered this estimation was optimistic given the political and institutional complexities of the project, and little evidence corroborated such likelihood.
- Although the project was not able to establish a departmental water company at closing, the Temporary Administration has successfully established a new water company (SUR AZUL SA ESP) based on the additional information provided by the task team.

(ii) Urban/peri-urban sanitation

- Sewerage infrastructure coverage in participating municipalities was improved from 53 percent to 80 percent, exceeding the target of 74 percent.
- The rate of wastewater treatment deteriorated from 20 percent to 14 percent, not exceeding the target of 77 percent. Two reasons could explain the declined rate, the first of which was the abandonment of the existing facility in Maicao. There had been an existing wastewater treatment infrastructure in Maicao before the project, which became non-operational due to the deterioration of the facility during the project period. This resulted in lower treatment capacity than the baseline. Second, the incomplete construction of the lagoons in Maicao and Riohacha kept the waste treatment rate lower. Although the facilities in San Juan del Cesar and Villanueva were successfully constructed, the delay in Maicao and Riohacha, where there was a higher population density, largely impacted the total rate of the wastewater treatment. IEG however considers that the rate is likely to increase up to 62 percent. Based on IEG's query to the ICR team, the team provided convincing information that the Riohacha lagoon will be completed by 2019 since the project resolved the long-standing dispute with the indigenous communities, which was the primary cause of the delay. Together with additional data such as approval of an archaeological plan, the rate will be at 62 percent with the completion of the Riohacha lagoon, which is 15 percentage points lower than the target.

(iii) Rural water supply

- The project constructed ten reservoirs in rural areas and exceeded the target of eight.

(iv) Rural sanitation

- No intended specific outputs were planned and observed. The activities related to the safeguard activities, improved sanitation facilities of 468 rural indigenous Wayuu residents in Riohacha and 112 rural residents in Maicao. Also, the project improved the school sanitation facilities for 300 students.

Outcome:

Achievements of the PDO indicators are summarized below:

(i) Urban/peri-urban water supply

- The project helped 409,160 people connect to the improved water sources, exceeding the target of 357,285 people.
- The number of participating Specialized Operators increased from two to seven against the target of six.
- Continuity and meter connections did not meet the target. Continuity, which was measured by uninterrupted time of water supply, was improved from 8 hours/day to 11.4 hours/day, not meeting the target of 14 hours/day. Meter connections by households in the participating municipalities were remarkably improved from 16 percent to 51 percent, but it did not achieve the target of 81 percent. The ICR team estimated the likelihood of the numbers with the trend analysis, but IEG considered that there is little evidence to support this likelihood.

(ii) Urban/peri-urban sanitation

- 362,131 people were connected to improved sanitation facilities, surpassing the target of 298,761 people.
- The wastewater treatment rate deteriorated from 20 percent to 14 percent against the target of 77 percent, which would be likely to increase up to 62 percent. (See the output section)

(iii) Rural water supply

- 8,881 indigenous Wayuu people gained access to improved water sources, far exceeding the target of 3,500 people.
- Time spent fetching water was reduced by 4.1 hours against the target of 4 hours.
- The project successfully constructed ten reservoirs against the target of eight.

(iv) Rural sanitation

- No intended specific outcomes were defined and observed.

Overall, for urban/peri-urban water supply, two outcomes were achieved and another two were not. For urban/peri-urban sanitation, one outcome was achieved and another was not. For rural water supply, three outcomes exceeded the targets.

The project was successful in expanding the coverage of WSS services in both urban and rural areas, while failing to achieve the service quality as measured by continuity and meter connections.

At a higher level, although not fully validated, the project may have contributed to health and wellbeing of the beneficiaries of La Guajira. Before the project, 45 percent of water was not potable or associated sanitary risks existed in urban areas of La Guajira (ICR, para 3). After the project, the ICR noted that the increased access to WSS services improved the residents' health and wellbeing. In Alta Guajira, anecdotal evidence indicated that morbidity rates due to waterborne illness declined (ICR, para 50). Causality of the health outcome was however not fully verified given possible different causal paths such as an increase in income and household expenditure to the health-related activities, yet it was obvious that the project brought a positive contribution to health with the improved water quality.

In summary, despite the success of the quantitative expansion of the facilities, the project experienced major shortcomings in improving the technical and managerial services related to the continuity of water supply and meter connections. Hence, a key aspect of the institutional reform required to ensure the project's sustainability and that is illustrative of the 'quality' of the WSS was not achieved. Thus, the efficacy rating of the objective was judged to be modest.

Rating
Modest

Rationale

The project was successful in expanding the accessibility to WSS services in urban and rural areas through the development of hard infrastructure. The coverage was significantly increased, and protected water sources in rural areas improved the time for fetching water at the poor local communities. On the other hand, the project was not fully able to accomplish the targets which associated with soft infrastructures such as meter connections and continuity. The project has strongly contributed to the improvement of these targets given the baseline, but the achievement to the expected targets was modest. Hence, the efficacy rating of the objective was judged to be modest.

Overall Efficacy Rating	Primary reason
Modest	Low achievement

5. Efficiency

Economic Analysis: The appraisal applied a cost-benefit analysis and provided EIRR for urban WSS services. The benefits were: (i) an increase in water and sewerage coverage; (ii) reduction or elimination of rationing and intermittent water supply; and (iii) reduction or elimination of water pollution levels, all of which were measured by Willingness-To-Pay (WTP) for water supply and sewage disposal services. The cost was calculated based on anticipated investments on WSS services in each municipality, summing up 15 municipalities' investments possibilities. The resulting original ex-ante EIRR was 19 percent and feasible to invest in the project, given a 12 percent discount rate and a 30-year project life.

The ICR adjusted the methodology based on the results of the project. The ICR conducted an economic analysis for both urban and rural WSS services. The ICR calculated the ex-post benefit and cost in five municipalities where all the investments had been completed: Riohacha, Maicao, Fonseca, Albania, and Metesusto. The ICR reviewed the benefits, comprising (i) the avoided cost on savings of operating costs and consumer's benefits which would have resulted from savings of costs for water supply; (ii) the billing for the sewerage service as a proxy for the WTP; and (iii) the cost of the saved time for fetching and collecting water under Component 2. The cost was calculated by the actual disbursement which was converted to 2007 prices to accommodate inflation and fluctuation of the exchange rate. The resulting EIRR was 21 percent for urban WSS services and 25 percent for rural WSS services. The same discount rate and project life were applied as for the ex-ante EIRR.

The positive net benefits in Maicao, which was partially offset by the low EIRR in Fonseca, Villanueva, and San Juan del Cesar, largely explained the slight increase in the overall ex-post EIRR.

Financial Analysis: Financial analysis was inconsistent between the appraisal and the ICR. While the appraisal assessed the cost of equity and Weighted Average Cost of Capital (WACC) to measure the

investment return for the private operators, the ICR assessed the overall financial statements of the participating municipalities. Since the objectives of the respective assessments differed (the appraisal assessed the project viability for the private operators, while the ICR assessed the project viability for the municipalities), no conclusive statement could be examined. Still, it should be noted that the overall municipalities' financial positions were dramatically improved without receiving subsidies, which were prevalent before the project,

Aspects of design and implementation: The project experienced seven restructurings, yet maintained the original Theory of Change, with adjustments to the results framework. TOC primarily looked at the changes of services of the producers in quality, reliability, accessibility, and sustainability. Since the project was motivated by introducing the private sector's solutions to improve inadequate WSS services, the design of the project was oriented to a supply-side approach, i.e., an improvement of producer's services. However, the lack of a demand-side approach in the TOC would have hindered the level of achievements of the project. For instance, connections to micro-meters would require behavioral change by consumers. Even though the project concentrated on improvements in producer's services, the TOC should have considered the impact on consumers. For implementation, many restructurings resulted in extending the project period from 4.5 years to 11 years. This extension resulted in substantial increased time and effort by the Government, the Department, the municipalities, and the Bank. Although political instability made it difficult to keep to the pre-determined schedule, a better framing of an implementation strategy could have avoided unnecessary extensions and contributed to earlier service delivery. Also, the Bank conducted monthly supervision missions for the last two years, which used to be five missions per year (ICR, para 68). The intensive supervision missions contributed to enhancing the efficacy as seen in the client's comments (ICR, page 85), though the unusually high frequency of supervision missions would have resulted in spending a large amount of time and human resources of Bank staff from an efficiency point of view.

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	✓	19.00	90.20 ☐Not Applicable
ICR Estimate	✓	21.00	100.00 ☐Not Applicable

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

6. Outcome

Relevance of the objective is high because the project was closely aligned to the country context and the bank's strategy. The required improvements in the livelihoods of La Guajira residents was strategically important given the complex political environment. **Efficacy is modest.** The coverage of the infrastructure services was substantial in both urban and rural areas, but major shortcomings were observed in improving services such as the continuity and meter connections. **Efficiency is modest.** The project was successful in instituting economic returns, but the financial, design and implementation aspects of efficiency were modest. Thus, the overall **outcome** of the project is rated **moderately unsatisfactory**.

a. Outcome Rating
Moderately Unsatisfactory

7. Risk to Development Outcome

Technical and Operational Risks: Technical and operational risks were substantial. For urban WSS, substantial efforts would be needed to improve meter connections and revenue collection as well as completion of wastewater treatment lagoons in Riochaha and Maicao. For rural WSS, operation and maintenance of the reservoirs can be a risk. Based on IEG's query, the ICRR team were informed that the project developed a manual and conducted training of community members to operate and was made to maintain the reservoirs, which would be technically supplemented by the government. However, no measurement was conducted to what extent the communities and the government acquired technical capacity. Because the initial design of the reservoirs had various technical problems, it is unlikely that the local authorities had sufficient technical capacity.

Financial Risks: Financial risks were modest. The project dramatically improved the municipal financial statements to operate and maintain the services and facilities. In the long run, the current revenue stream might be insufficient to replace the major infrastructure facilities, however the risk could be mitigated by increasing revenue collection and the expected governmental funds, which were aligned with the Water Departmental Plans.

Institutional Risks: Institutional risks were low. Municipalities and SOs have had continuous communication to maintain and update their contractual status. Southern municipalities were engaged to bring a new SO, supported by the Ministry of Housing, City and Territory. Also, the policy to have SOs run WSS services will not immediately change given the President's "La Guajira Azul" program.

8. Assessment of Bank Performance

a. Quality-at-Entry

Project preparation by the Bank included an analysis of the relevant lessons from similar worldwide projects as well as in the Colombian context. Careful attention was also given to alignment with the policies and plans of the Central Government and of the Department. Identified shortcomings in the ICR were an underestimation of political risks, an ambitious scope and unrealistic indicators. An initial Results Framework measured only the coverage or accessibility to the WSS services and was not designed to measure the quality of the services, which was later clarified during the restructurings. Also, given the awareness of the political instability from the beginning of the project, the project could have incorporated various assumptions on governance and institutional aspects into the Theory of Change. Despite these shortcomings, the quality of the project was of a higher standard with due consideration to the political complexities, local capacities and application of an innovative approach.

Quality-at-Entry Rating
Moderately Satisfactory

b. Quality of supervision

The task team and the Country Management Unit (CMU) of the Bank capably managed the project in three significant ways. First, the team managed the unexpected political volatility. During the implementation period, La Guajira had 12 governors, who had different opinions about the project. The team made an effort to keep communication going with the leaders, while they maintained a good relationship with the central government. This avoided the worst-case scenario that the project would be canceled. Second, the team overcame the weakness in the Implementing Agency's institutional capacity. At appraisal, the project team decided to outsource the project management function to an external project management agency. Later in 2013, the team recognized the limited capacity of the selected management agency and decided to replace it with a capable agency that had experience in the Caribbean region. The continuous effort by the project team to diagnose institutional capability contributed to advancing the project. Third, the Bank's robust supervision was a critical factor in expediting the project during the last two years. The task team significantly increased the number of supervision missions from bimonthly to monthly supervision. This intense hands-on support to the client beefed up the progress of the implementation. For instance, with the help of the Bank's team, the efforts of the Temporary Administration (AT) resulted in the reactivation of 17 stalled civil works contracts. Insufficient attention to the tracking and monitoring of institutional reform was a shortcoming.

Quality of Supervision Rating
Moderately Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

Due to the ambiguity and gaps in the Theory of Change and the results framework, the M&E design was not well crafted at the beginning. However, in the process of implementation of the project, the project team redesigned the M&E system to better measure the outputs and outcome through systematic data collection. However, the M&E system never got to the point where it was adequately capturing and illustrating the necessary institutional changes and improvements that would lead to the improved quality of the system. This ultimately led to an over emphasis on outputs rather than the project outcomes.

b. M&E Implementation

The project yielded insufficient data of poor quality during the first 9 years of implementation, despite efforts to establish standard indicator calculation methods. The project team found it difficult to monitor project outcome, but the regular monthly supervision established during the last two years of project implementation solved some of these problems. Coupled with extensive baseline data collection, intensive M&E during the last two years resulted in adequate, proactive M&E implementation, but this would not be sufficient to adequately illustrate progress against the institutional changes required of the project.

c. M&E Utilization

The collected M&E data was increasingly used not only for project supervision but also for the decision-making on priority investments and contract implementation, but the focus was on project outputs. To foster strategic decisions, the project developed a consistent, systematic format for the collection and reporting of key data across all the participating municipalities, but this did not happen until the project was well advanced.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

The project was classified as Environmental Category B and triggered the Bank's safeguard policies on Environmental Assessment (OP/BP/GP 4.01), Natural Habitats (OP/BP 4.04), Cultural Property (OP 4.11), Involuntary Resettlement (OP/BP 4.12), Indigenous Peoples (OP 4.10). Projects on International Waterways (OP/BP/GP 7.50). Due to the addition of the construction of the reservoirs, Dam Safety (OP 4.37) was added in the midst of project implementation.

In accordance with the Bank's safeguard policy, the project prepared relevant instruments to mitigate and adapt the environment and social impact of climate change. Although the safeguard policy was initiated in a

standard manner, the project encountered delays and limited compliance in its implementation due to the municipalities/departments' low capability and lack of understanding of the Bank policies.

b. Fiduciary Compliance

Financial Management

The project faced problems with delayed on-time audits and the finalization of outstanding payments for awarded contracts, which lasted throughout the life of the project. The project's financial management performance was rated Moderately Unsatisfactory by the ICR (ICR, para 65).

Procurement

Procurement was performed in compliance with the Bank's standard. The delay in procurement was triggered primarily by the technical issues and the government's lengthy approval process. Also, preparation of the bidding documents took time due to the limited capacity of the local municipalities. The Bank continuously helped the counterparts, and the project's final procurement rating was Moderately Satisfactory by the ICR (ICR, para 66).

c. Unintended impacts (Positive or Negative)

There was a positive unintended impact on the responsiveness of the municipalities to the WSS services crisis. Because of the improved services, the Maicao municipality was able to handle the inflow of Venezuelan refugees. The ICR noted that there was an increase in tourism in Riohacha and an increase in property values. Perhaps, they contributed to economic gain for the local people, but there was no validated evidence that these impacts were perceived as a positive impact for the local people.

d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Unsatisfactory	Achievement against the project's objectives had significant shortcomings.

Bank Performance	Moderately Satisfactory	Moderately Satisfactory	---
Quality of M&E	Modest	Modest	---
Quality of ICR		Substantial	---

12. Lessons

1. A complex project environment requires flexibility and strategic planning. The project was implemented in a politically sensitive region. The political environment had changed almost continuously throughout the project life. This required the project team to respond quickly to these swift changes. The Bank was successful in managing such fluctuations through (i) adapting inputs of rural components; (ii) incorporation of a new Government policy and plan; and (iii) continuous dialogue with the Central Government and the concerned authorities. However, the Bank's flexibility had an impact on the efficiency of the project. Numerous extensions of the project delayed the timing of service delivery. The project at a later stage established a more effective M&E system, which enabled the Bank and the client to strategically identify the key issues associated with the project.

2. Leveraging a convening power of the Bank is an effective instrument for coping with the changing political environment. In a politically sensitive environment, there are typically multiple levels of stakeholders. An accurate understanding of the perspectives of each level is essential to bringing about intended results. The Bank's multi-layered approach in the project was effective in this regard. The Country Manager was regularly involved with the missions in La Guajira and held monthly breakfasts with key stakeholders from the central to local level. The task team and the CMU were actively engaged with project supervision over the last two years of project life, which included monthly supervision missions to identify key actions and any associated events. Since timely information from reliable sources contributes to project course correction, the Bank should leverage its convening power to cope with changing political and implementation challenges.

3. Capacity constraints should be diagnosed and unlocked to deliver results. The project encountered capacity constraints from the very beginning. The lack of the PIU's capacity led the Bank to outsource the function to a third party, which was replaced later in accordance with the increasing demand by the local communicates to deliver rapid results. The replaced PIU performed relatively well, however the prolonged delay prompted the Bank to have to closely supervise the implementation. This required an iterative process to diagnose and discover an entry point to improve institutional performance. When dealing with capacity constraints, the constraints need to be disentangled (decomposing the elements of capacity) and finding a strategic entry point to improve performance.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR was candid and concise in its description of the project's evolution. The relevance section was convincingly stated, including the direction of governmental policy. For the efficacy assessment, the ICR thoroughly measured the outputs in the respective municipalities and components (annex 1 b). But providing four PDOs (page 12 through 16) were misleading because the four items were the unit of assessment rather than PDOs. Besides, the results framework and associated indicators in the ICR were not clearly linked to the respective restructuring. The efficiency section was clearly argued, yet the financial analysis had limited consistency with the appraisal. Other parts of the document provided a logical and clear structure.

a. Quality of ICR Rating
Substantial