Report Number: ICRR0022008

1. Project Data

Project ID	Project Name
P095232	SZ-Loc Govt SIL (FY11)
Country	**Practice Area(Lead)**
Eswatini	Urban, Resilience and Land

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IBRD-80030	30-Jun-2017	26,543,917.05
Bank Approval Date	**Closing Date (Actual)**	
20-Jan-2011	30-Jun-2019	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	26,900,000.00	0.00
Revised Commitment	26,900,000.00	0.00
Actual	26,543,917.05	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

As per the Loan Agreement (LA),"the objective of the Project is to assist the Borrower to develop institutionally strengthened rural local governments (Tinkhundla) and urban local governments (ULGs)-LA, p. 5".

For the project to eventually address the consequences of any emergency situation, the Project Development Objective (PDO) was revised during the 2016 restructuring and was restated as follows: "to assist the Borrower to develop institutionally strengthened rural local governments (Tinkhundla)", Urban Local

Governments (ULGs), and to improve the Borrower's capacity to respond promptly and effectively to an Eligible Crisis or Emergency."

As there was no case of emergency requiring the project's intervention, the achievements of the project will be assessed against the original PDO with a clarification that the purpose of institutional strengthening in the PDO was to plan and manage infrastructure needs and services as stated in the Results Chain (Theory of Change) in the ICR. The expanded PDO against which this project's achievements will be assessed in this ICR Review is as follows: "To assist the Borrower to develop institutionally strengthened Rural Local Governments (Tinkhundla) and Urban Local Governments (ULGs) to plan and manage infrastructure needs and services".

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

Yes

Did the Board approve the revised objectives/key associated outcome targets?

No

c. Will a split evaluation be undertaken?

No

d. Components

There were three original components and a fourth Contingent Emergency Response Component added during the November 2016 restructuring as delineated below:

1. Tinkhundla Infrastructure and Capacity Building Support (appraisal: US$7.76 million; actual: US$3.78 million). This component aimed to fund the following activities: (i) Small-Scale Infrastructure Funding aimed to support the carrying out of subprojects by eligible Tinkhundla through the provision of performance-based infrastructure funding; (ii) Capacity Building Support toward strengthening the capacity of participating Tinkhundla to manage the delivery of basic local public services in their jurisdictions, including through the support of a Rural Capacity Building Mobile Team (RCBMT).

2. Urban Infrastructure Grants and Capacity Building Support (appraisal: US$18.55 million; actual: US$15.90 million). This component was to fund the following activities: (i) Performance-Based Infrastructure Grants aimed to support the provision of infrastructure by ULGs through the financing of investments in roads and related civil works, through the provision of Performance-Based Infrastructure Grants and ULG's contribution, and (ii) the Capacity Building support aimed to strengthen the capacity of ULGs and sound management practices toward the delivery of basic local public services, including through the support of an Urban Capacity Building Mobile Team (UCBMT).

3. Project Management and Technical Assistance (appraisal: US$7.18 million; actual: US$6.74 million). This component was to fund the following activities: (i) Project Management consisting in the establishment and operation of the Project Support Team (PST), (ii) Formal training and capacity building toward strengthening the capacity of ULGs and Tinkhundla in overall local government management and systems, (iii) Technical Assistance for local government borrowing through strengthening the financial capacity of ULGs including through the delivery of advisory services; (iv) Performance assessments and related reviews toward the carrying out of performance assessments and periodic reviews of project processes; and the studies to assist the Borrower in developing a sustainable local government financial framework; and finally (v) the set-up of monitoring systems in the Ministry of Housing and Urban Development (MHUD) and the Ministry of Tinkhundla Administration and Development (MTAD) aimed to strengthening local government monitoring systems.

4. Contingent Emergency Response Component (appraisal: US$0.00 million; actual: US$0.01 million). This component was included as a precautionary measure when the project was restructured in 2016 in case of an urgent need for assistance or to bolster a capacity constraint in the event of an unexpected drought situation, but was never triggered.

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

Cost: The project's appraised cost was US$33.76 million. The actual cost of the project according to the Data Sheet in the ICR amounted to US$26.54 million, representing the disbursement of 78.6 percent of the total estimated project cost.

Financing. The original financing by an IBRD loan was US$26.90 million, of which almost 100 percent (US$26.54 million) was disbursed.

Borrower contribution. Counterpart funding was not elucidated in the main body of the ICR report. However, the ICR's Data Sheet indicated that the Borrower's contribution was expected to be US$4.0 million, and contributions from the local Governments (US$2.20 million) and the communities (US$0.66 million) were also anticipated. In the event, according to the ICR Data Sheet, none of these contributions were made.

Dates. The project was approved January 20, 2011 and made effective on March 12, 2012. The project was restructured twice: (i) first on November 29, 2016 to make changes in the Project Development Objectives, in the results framework, in components and cost, in the Loan closing date, in the disbursements arrangements, and in the implementation schedule; and (ii) second on October 5th, 2017 to reallocate resources among disbursement categories. The project was closed according to the new schedule on June 30, 2019, two years after the original closing date.

3. Relevance of Objectives

Rationale

The project objectives were substantially relevant to country's priorities at appraisal and over the lifetime of the project. The project was consistent with the Interim Strategy Note (ISN) for the period 2008-2010, which included in its outcomes the goal of improved management in local authorities and identified this project as a key initial intervention for scaled-up Bank's support. The project was also consistent with the Country Partnership Strategy (CPS) for Eswatini for the period 2015–2018 that had as its primary goal "to support the country's efforts to reduce poverty and inequality and promote shared prosperity in a sustainable manner." The CPS had a two-pillar strategic approach namely: (i) promoting growth and job creation and (ii) strengthening state capabilities. The primary objective of the project relates to the "strengthening state capabilities", with indirect benefits for the "promoting growth and job creation" pillar**.** Strengthening the rural and urban local governments' ability to plan and manage infrastructure needs and services was a major contribution to enhancing the state capabilities at local level.

A shortcoming of the project's PDO was that, as a self-standing statement, it was not clear about the purpose of "institutional strengthening". Fortunately the PAD (paragraph 4) had indicated the different, but at times overlapping, institutional responsibilities the RLGs (mainly planning for infrastructure needs) compared with the more advanced responsibilities of ULGs (mainly planning for infrastructure services). In light of this clarification this review rates the relevance of the project's objectives as substantial.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

"To assist the Borrower to develop institutionally strengthened Rural Local Governments (Tinkhundla) and Urban Local Governments (ULGs) to plan and manage infrastructure needs and services"

Rationale

Theory of change

The Project Appraisal Document (PAD) did not have an explicit theory of change, but the ICR constructed one based on the results framework presented in the PAD. The theory of change toward the PDO was built on the logic that training events and workshops, mentoring, development of training manuals and materials, annual performance audits, and the development of a sustainable local government finance framework would lead to improvements in the areas of (i) project financial management, (ii) infrastructure project management and administration, (iii) participatory planning and project ownership, and (iv) capital investment and asset management. The above achievements would in turn enhance the technical capacity of rural and urban local governments to plan and manage infrastructure needs and services for RLGs and ULGs. The expected long-term impact was the availability of and access to services for communities, opportunities for economic growth, and improved community safety. Key assumptions underpinning the theory of change were that: (i) urban and rural local governments adopt and implement new processes, (ii) budgets for maintenance be prioritized by urban and rural governments and communities, and (iii) guidelines for improved local government financing frameworks be adopted at the level of the national ministries (ICR, Figure 1, Results Chain, page 8). The results chain or theory of change presented in the ICR was generally sound and will guide the assessment of the efficacy with which the project achieved its objective.

Efficacy

Key project's achievements are detailed on pages 14-17 and 20-22 of the ICR, and are summarized below:

Outputs

(a) Tinkhundla

- Tinkhundla secretaries who received training and mentorship can now prepare comprehensive Capital Investment Plans (CIPs), register and follow objective process in project identification, prioritization and selection;
- The percentage of targeted Tinkhundla signing annual sub-project execution side letters with the Ministry of Planning, and those completing annual budgets on time for submission to the Ministry of Tinkhundla Administration and Development (MTAD) were exceeded, all reaching 100 percent against a target of 75 percent;
- 87% of rural local governments are now scoring 80 or above against a target of 75 percent on their final performance assessments with significant progress in their ability to complete budgets and audits on time. The assessment reviewed a set of mandatory minimum requirements, the participatory planning and budgetary practices as well as the administrative effectiveness, reporting and disclosure practices and sustainability of improved practices of the Tinkhundla;
- The project was successful in strengthening the capacity of Tinkhundla in documentation, keeping proper record, filling systems, and some Tinkhundla have continued the use of community consultation and prioritizations process adopted during project implementation; and
- The construction and/or upgrade of roads and bridges, school infrastructure, markets, community hall, clinics, dip-tanks, footbridges, water crossings, fencing, and sports fields.

(b) Urban Local Governments

- The target of non-rural roads rehabilitated was fully achieved and reached 40 km;
- The percentage of ULGs with completed, up-to-date road asset registries was exceeded, reaching 92 percent against a target of 75 percent, and from a baseline of zero;
- The percentage of ULGs having annual financial audits completed within six months of the end of the financial year was exceeded, reaching 92 percent against a target of 75 percent, and from a baseline of 25 percent;
- 92% of participating urban local governments are now scoring 80 or above against a target of 75 percent on their final performance assessments with significant progress in their ability to complete budgets and audits on time. The assessment included a minimum requirement review, financial stability and good governance, administrative efficiency, project execution and service delivery as well as transparency, accountability and participation assessment. The performance assessment for ULGs progressively increased minimum score requirements from 50% to 80% on the above-mentioned areas, and over time more than 90% of all ULGs were able to meet minimum score requirement, showing improved capacity on all targeted measures;

- However, the target for minimum percentage of operating budget allocated to asset maintenance was missed, reaching only 7 percent against a target of 15 percent, and from a baseline of 5 percent; and
- The upgrade and/or construction of roads and drainage and the provisioning of street lights. The largest portion of the 40.62 km road construction program in the ULGs was for 30.1 km of road upgrades.

Outcomes

(a) Tinkhundla

- The construction of markets in some Tinkhundla promoted business development which in turn contributed to opportunities for local economic development. Low water bridges connected previously disconnected communities to greater economic opportunities;
- The project has created a demonstration effect as a basis for communities to conceive and implement more ambitious projects in the future. The ICR reported (ICR, para 50) that asset management and basic capital planning activities have been entrenched in the local practice. For instance, it was found that public posting of the three-year capital development plan and the annual capital development budget at the council offices notice boards are now a common practice in the participating Tinkhundla;
- A significant outcome in Tinkhundla was the strengthening and empowerment of local communities to conceive, plan and implement projects. As communities had to take ownership of the small-scale infrastructure projects and are collectively responsible for the maintenance of achieved infrastructure, the projects have improved community cohesion and participation.

(b) Urban Local Governments

- In ULG, the target of the ratio of capital expenditures to total revenue was exceeded, reaching 28 percent, against a target of 25 percent, and a baseline of 5 percent;
- The construction of roads and roads-related infrastructure in urban areas promoted shared prosperity and improved overall accessibility and access to economic and social opportunities. Citizens involved in business activities throughout the ULGs where road construction was undertaken have noted an improvement in business performance once accessibility improved. Capital investment in urban areas also served as an economic injection into the construction sector, with various town clerks noting increased numbers of local construction workers employed for project delivery;
- The installation of street lights has contributed to extended trading hours for local businesses, and residents have noted an increased informal economic activity in areas with improved sidewalks.

(c) Tinkhundla and Urban Local Governments

- 91% of participating urban local governments and 87% rural local governments are now scoring 80 or above on their final performance assessments with significant progress in their ability to complete budgets and audits on time;
- The reported estimated number of direct beneficiaries under all funded sub-projects is 110,710, of which 58% were females;
- The number of people provided with access to all-season roads within a 500-meter range under the project is estimated at 25,504, and 86% of respondents in the 2019 beneficiary survey are satisfied with the achieved infrastructure;

- The 2019 beneficiary survey identified positive social and business impacts of improved access to services. The achieved infrastructure and services permitted (i) medical emergency service vehicles to come to the beneficiary homes, during all seasons and at any hour of the day, (ii) increased access to education by all school-age children, (iii) drastic reduction of students' rate of absenteeism from school and improvements in enrolment rates and lower dropout rate, and (iv) provision of houses for teachers has also improved educational outcomes;
- The performance-based grants have directly contributed to improved efficiency, transparency, and accountability based on improved financial management and budgeting, planning, safeguards management, community consultation and accountability and implementation capacity including improved capacity on procurement, asset management and maintenance performance of both RLGs and ULGs;
- The summary of interviews conducted by the ICR team reported that improved institutional practices had become embedded in ULGs and Tinkhundla systems and activities. For example, consultations with the MHUD revealed that ULGs were submitting their narrative and financial reports promptly after the close of projects, and three City Councils have continued the use of independent auditors to assist in financial management.
- This Review concluded that the RLGs and ULGs had achieved substantial achievements in strengthening their institutions to plan and deliver infrastructure needs and services.

Rating
Substantial

OVERALL EFFICACY

Rationale
Overall, the project efficacy was substantial as evidenced by the key results summarized below:

- Communities in Tinkhundla and staff members of ULGs benefited from the capacity support and acquired new skills, and local governments have already embedded new processes into their operations to plan and deliver infrastructure needs and services;
- Most participating urban local governments and rural local governments are now scoring 80 or above on their final performance assessments with significant progress in their ability to complete budgets and audits on time;
- The project led to improved efficiency, transparency, and accountability based on improved financial management and budgeting, planning, safeguards, community consultation and accountability and implementation capacity, including improved capacity on procurement, asset management and maintenance.
- The achieved infrastructure permitted access to all-season roads for more people, led to increased social services, including medical emergency services, and to increased access to education services with improved educational outcomes.

- Finally, communities' ownership of the small-scale infrastructure led to improved community cohesion and participation.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic and financial analysis: No economic analysis was conducted at project appraisal, as this was essentially a technical project and that the types, localities and number of infrastructure projects were unknown at appraisal for either the RLGs or the ULGs. At project closing, the ICR asserts that while an economic analysis could encompass equity, efficiency and quality, the ICR's economic analysis would be focused on efficiency, emphasizing unit costs, cost comparisons and actual expenditure versus budgets between and across different types of investments (Annex 4, page 42).

Tinkhundla projects numbered 88, of which school infrastructure, footbridges and water crossings, and fencing accounted for 47 projects. School infrastructure, footbridges and water crossings, and four sports fields accounted for 57 percent of total costs. According to the Annex 4 in the ICR, the actual cost of three sports fields was almost 12 times the budgeted cost and the fourth, even after an upward re-estimate of likely expenditure, still cost 50 percent more than the budget estimate. The estimation of footbridge costs was also a challenge; eight of the last footbridges built were expected to cost 67 percent more than budgeted. This analysis of Tinkhundla project costs were not measures of cost effectiveness and hence not an assessment of efficiency.

For the ULGs projects, funds were used for “road-related projects, which broadly included building of new roads, upgrading of roads, drainage work only and the provisioning of street lights” (ICR, Annex 4, page 44). The ICR noted that the largest portion of the 40.62 km road construction program in the ULGs was for 30.1 km of road upgrades. Costs per kilometer for road construction varied according to designs and the circumstances. As the ICR pointed out, “the average cost per kilometer only diverges for road upgrades, road and drainage and new roads in year 4 of the project, with consistency in costs between these groups of projects in general. Whilst a number of new roads were constructed in the early part of the project, the latter years saw a greater focus on road upgrades. This reflects an acknowledgement that road upgrades could address more cost-effectively pressing issues such as drainage challenges and even mitigate landslide risks (Annex 4, page 48). No evidence is provided for this statement.

To summarize, the ICR provided no information on the efficiency of the project’s investments. It nevertheless notes that “the project was essentially focused on capacity building, utilizing a grant approach to incentivize participation and the infrastructure selection, design and implementation process as a learning ground. These additional benefits and results from the project were not quantified in a cost-benefit analysis, but the project’s infrastructure outputs do seem to have been delivered in an economically efficient manner” (Annex 4,page 48). Again the ICR provides no evidence to justify this conclusion and therefore this review rates the project’s economic efficiency as modest.

Operational and administrative efficiency: This was a small project which took more than 8 years to complete. It took more than a year for the project to be effective due to weak implementation readiness on the ground. According to the ICR, there were also delays during the earlier years as the communities could not effectively meet their contribution obligations and due to lack of adequate community mobilization. Project management on the ground was challenging due to capacity constraints within the micro-projects teams. Early supervision was weak leading to delays in the construction of some projects such as footbridges. Contractors were also not adequately supervised leading to poor workmanship on some structures which was not discovered until an advanced stage of construction had been reached. To summarize, operational and administrative efficiency was rated modest by this review.

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 ☐ Not Applicable
ICR Estimate		0	0 ☐ Not Applicable

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

6. Outcome

The relevance of objectives was substantial. The project's overall efficacy was rated substantial because RLGs and ULGs institutions were strengthened to plan and manage rural infrastructure needs and services. On the other hand, the project’s efficiency was rated modest. Overall, the project’s outcome is rated as Moderately Satisfactory.

a. **Outcome Rating**
Moderately Satisfactory

7. Risk to Development Outcome

The ICR identified three risks to the project’s development outcome (paras 80-82):

The first risk to development outcome and sustainability is the turn-over of staff at local governments. Staff members and the community representatives at Tinkhundla that benefited from the capacity support might move on without transferring knowledge and skills to new staff members, and the benefits of the capacity training cannot be sustained over the long term.

The second significant risk for the completed infrastructure projects is the uncertainty of maintenance of the infrastructure. Rural and Urban governments' own revenue remain very low, and access to the financial resources, capacity, maintenance plans and management to ensure the necessary upkeep on the infrastructure is a challenge.

Finally, the project was undertaken in an environment where key institutional and fiscal policy issues remained unresolved. The 2006 Constitution mandates the establishment of a single country-wide system of local government within five years, but the legislation to implement that constitutional mandate had not yet been introduced, and the arrangements for the proposed new local governments were still to be determined.

8. Assessment of Bank Performance

a. Quality-at-Entry

According to the ICR (para 72), the Bank's project appraisal team responded to a real need to enhance the technical capacity of local governments following the decentralization mandate from the Constitution. The team worked closely with country counterparts during the period of project design to ensure that the project objective was relevant, including extensive consultations with key stakeholders, drawing on the lessons learnt from an earlier Bank's Urban Development Project. The Bank's team successfully worked with the Government to develop the project and activate in-country structures and mechanisms for the implementation of the project.

The Bank's team also set up adequate implementation and monitoring arrangements to ensure the viability and feasibility of sub-projects, with the PST responsible for ensuring the design and construction of approved sub-projects in close collaboration with the community. The PAD incorporated specific measures to ensure fiduciary, social and safeguards compliance.

In hindsight, two important issues were not correctly addressed at appraisal and they significantly affected the project: (i) the project implementation readiness was weak (ICR, para 54 and 55), and (ii) the 20 percent of local government contribution (ICR, para 70) hindered a quick start of the project. These two elements caused delays in project effectiveness and in the launch of the project activities.

Quality-at-Entry Rating

Moderately Unsatisfactory

b. Quality of supervision

The Bank's project team was, according to the ICR, fully engaged in the project delivery through regular supervision and support missions. The Bank also worked closely with the Project

Support Team (PST) to ensure that progress was monitored, and that potential obstacles to implementation were identified and addressed in a timely manner.

The Bank's team organized several workshops with country partners on procurement matters that had to be handled carefully to ensure the selection of qualified contractors, competent technical specialists, and the project auditor, including the development of a contract register to be used for contract management. The Bank acted swiftly through a restructuring operation to assist in the removal of the 20% of local government contribution to the project.

The Bank provided awareness training on the Government's and Bank's environmental and social policies and procedures, including the safeguard tools developed for the project. However, the ICR (para 78) noted the absence of ongoing training on the topic of environmental safeguards during the lifetime of the project, and while environmental management measures were mentioned in contract documents, they were not physically implemented by contractors.

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The ICR summarized the theory of change and the M&E arrangements in the paragraphs 60 and 61. The theory of change set out the project's objectives and intended outcomes, and the M&E arrangements described the results framework with specific, measurable and achievable indicators. The PST was responsible for the monitoring and evaluation of the project, including the reporting of progress to the Bank's project team.

Key indicators were to measure (i) the results of capacity building by way of performance assessments of local governments and (ii) the completion of infrastructure projects, which were the two main outcomes of the project. Baseline and targets were set for all the indicators, but the ICR noted in paragraph 61 that some of the outcome indicators could have been expanded to measure the outcomes for capacity building in more detail. The final independent performance assessment of participating ULG’s and Tinkhundla included a review of the performance indicators used in the assessments, and most indicators were found to be relevant.

b. M&E Implementation

As noted in the ICR (para 62), the PST reported implementation performance using semi-annual progress reports and quarterly financial management reports, and the ISRs and aide-memoires were regularly prepared and corrective actions were identified and acted upon. Both Tinkhundla and ULGs provided the PST with a semi-annual report on actual progress against planned physical outputs under their capital budget, as well as progress with other key performance targets. In addition, there were formal mid-term and final evaluations. Separate independent reviews were also commissioned to examine overall impacts on local government institutional performance, service delivery and governance issues and training. Annual and independent performance assessments were conducted in each of the participating local governments to evaluate performance against the set criteria, and the results were latter communicated to the PST and the Bank.

The performance indicators included in the Results Framework were assessed and included in the ISRs. Based on the semi-annual progress reports prepared by the PST, the MHUD undertook necessary corrective actions to improve progress. The ICR mentioned that the Bank's project team also monitored progress and achievement of intended outcomes at least once annually and intensively during the June 2015 midterm review.

However, the reports produced by the Urban Mobile team were, according to the ICR, too activity-focused and did not fully address the main challenges and how they are being addressed (para 63). Progress reporting required improvement and action early in the project, which were achieved by the time of the final supervision missions. Monitoring the project implementation was complicated by the lack of a consolidated M&E system, as reporting was done in several different ways and by different role players and consolidated at the PST level. This complicated the collection, interpretation and dissemination of information to monitor and evaluate project progress, and this was more so in the area of safeguards due to IT infrastructure constraints in the PST office.

c. M&E Utilization

Aides-memoires and ISRs were the key instruments that prompted the initiation of restructuring operations that contributed to the resolving of implementation obstacles like the financial contribution to sub-projects from the participating local governments and communities. The ICR noted that at times, the Bank identified shortcomings in the initial ISRs and advised the PST that these were inadequate to address issues and inform all stakeholders on the status of the project. Some important indicators such as gender inclusion and the number of community beneficiaries were only measured through mid-term and completion studies, with no requirements to report on these during project implementation, making the initiation of timely corrective action virtually impossible.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

Social and environmental compliance

The PAD classified the operation as a category B project, as potential adverse social and environmental impacts were assessed as limited. Three environmental policies were triggered as follows:(i) Environmental Assessment (OP/BP 4.01), (ii) Physical Cultural Resources (OP/BP 4.11), and (iii) Involuntary Resettlement (OP/BP 4.12). In accordance with the World Bank's OP 4.01, an Environmental and Social Management Framework (ESMF) was prepared in 2010, and environmental and social screening was done with support from the Urban Capacity Building Mobile Team (UCBMT), and Comprehensive Mitigation Plans (CMPs) were prepared for all ULG sub-projects. The contractors then prepared Construction Environmental Management Plans based on the findings of the ESMF, which were monitored by environmental officers in the ULGs as well as on the contractors' teams.

As the rural sub-projects became more complex with the construction of footbridges, market centers and sports fields, the Microprojects Program (MPP) relied on the Consultant Engineer to monitor and report on environmental safeguards. One of the main challenges was the capacity to prepare safeguards documents of acceptable standard, and to supervise and monitor incorporation of environmental safeguards, especially for rural projects. In this regard, a training workshop was carried out, targeting the PST, ULGs, Tinkhundla and micro-projects to understand the ESMF and its requirements.

Implementation of safeguards on a day-to-day basis was handled by the implementing agencies under the supervision of the PST. In both Tinkhundla and ULGs, the selection of priority investments was discussed in public meetings, and engagement of local workers was prioritized to focus on the associated development benefits and minimize risks associated with potential labor influx. The PST received three complaints related to potential resettlement impact. All cases were timely investigated and documented following established procedures, and were concluded as unfounded.

The ICR was not specific about compliance with regards to the triggered social and safeguards policies. However, given that the ICR did not pinpoint any unsettled social and safeguards claims at the project closing date, this review concludes that the project implementation was generally in compliance with triggered social and safegards policies.

b. Fiduciary Compliance

Financial Management:

The fiduciary aspects of the project were assessed in paragraph 71 of the ICR. At appraisal, the financial management arrangements for the project were reviewed and found adequate. Procurement of works, goods and services funded under the project followed Bank's procurement procedures. The project financial management functions were handled by the PST. A suitable qualified accountant had overall responsibility for financial management of the project. The Government's Auditor General carried out annual audits of the project financial statements at the end of each fiscal year. The project received an unqualified audit opinion for the final implementation year and for the final audit conducted after the closing date. Overall, the ICR concluded that the financial management implementation of the project maintained a satisfactory rating.

Procurement

The ICR reported that procurement of works, goods and services funded under the project followed Bank procurement procedures (para 71). Moreover, the Bank's project team held several workshops with country stakeholders on matters related to procurement. Projects which experienced delays were also concentrated in the latter years, because of a procurement rule that did not allow for multiple projects to be awarded to the same contractor. In some instances, multiple procurement attempts, and re-designs brought costs down. Ultimately, any individual project cost overruns were accommodated in the overall budget envelope due to savings realized elsewhere. Overall, according to the ICR, there was enough evidence of compliance with the World Bank procurement rules.

c. Unintended impacts (Positive or Negative)

Participation, Ownership and Cohesion: The local Council in Motshane has set fines for different offences which include the absence from development meetings and vandalism of community assets. This is an example of how participatory planning and ownership of projects has found traction whereby communities were concerned about possible vandalism of infrastructure. A significant outcome of the project in the Tinkhundla was the strengthening and empowerment of local communities to conceive, plan and supervise the implementation of projects. As communities had to take ownership of the small-scale infrastructure projects and were collectively responsible for the maintenance of these projects, the projects have improved community cohesion and participation.

d. Other

The ICR did not identify any other noticeable impact.

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

This review agrees with the lessons identified in the ICR, which are summarized below:

(i) M&E efficacy requires an improved data management: For effective monitoring and evaluation, it was important to have a central server with an archiving system that could provide a repository for all reports and documents for easy access by all stakeholders. This instrument generated the necessary support for the collection of PDO indicators, their regular update, interpretation and sharing with all key stakeholders. The lesson is that improved data management is important to ensure the sustainability of achieved outcomes, as updated information and data on outcomes will allow good maintenance and eventual scaling up.

(ii) The mobilization of communities and their leaders is central to the sustainability of local government projects (para 85). The participation of communities in the sub-projects improved significantly during project implementation, but it was necessary to further improve community responsibility in the implementation, operation and maintenance of sub-projects. Sports fields were technically difficult to deliver and have limited value in terms of actual numbers of community members using them. Similarly, the occupancy of market stalls remained relatively low, although the significantly improved conditions for the limited number of traders (mostly female) who utilize them was appreciated. The lesson is that to get the beneficiaries' support for sub-projects and achieve a project's outcome, community mobilization is necessary and is only successful if sub-projects are of sound quality and community mobilization is established at a high level (para)

(iii) Close supervision focused on adherence to construction quality, building standards, and timeliness has to be the norm to ensure the satisfactory delivery of project results (para 86). The quality of implemented projects in rural areas is highly dependent on the experience of local contractors and to the adequate supervision of contractors by the authorities. In this project, the overall quality of contractor performance was noted as acceptable from the functionality perspective; however there were variations at the detailed level. The lesson is that close supervision and standardized designs can mitigate some of the technical challenges facing contractors, but the authorities need to guard against sites that are not suitable for standard designs, resulting in unsupervised changes on site and during construction.(para)

(iv) There is a link between the success of local Government projects and the national-level government system reforms (para 87). While decentralization triggered the launch of this project at the time, much of the longer-term sustainability of the project results were rooted in national government system reforms. The changing macro-environment could not have been clearly foreseen, but the challenges and delays encountered in the project design and effectiveness periods could have acted as early red flags. The lesson is that there could have been more explicit consideration of how to better ensure sustainability of capacity building interventions at the local level. Implementation of this lesson might have been the compilation of training manuals into a handbook to serve as reference

(v) Implementation readiness is essential to move rapidly toward project results. In this project, delays of project launch, and project extensions were caused by the lack of project implementation readiness at project approval. The lesson from the experience of this project was that project implementation readiness is essential to start the project promptly and conclude it on time.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is well-written and provides a candid account of the project design and implementation. The theory of change and the evidence for project efficacy are well articulated. There is a good presentation of evidence for achieved outputs, outcomes and impacts, including useful annexes providing detail on the key PDO indicators and their assessment methodology. The lessons and recommendations formulated in the ICR are relevant and were derived from the experience of the project implementation. However, the quality at entry could have been better described, and Annexes 1 and 3 of the ICR were deficient in many respects, and the latter was updated only upon request from IEG. Nevertheless, the ICR's overall quality is rated by this Review as substantial.

a. Quality of ICR Rating
Substantial