



## 1. Project Data

### Project ID

P116201

### Project Name

MA-National Initiative for Human Dev II

### Country

Morocco

### Practice Area(Lead)

Social, Urban, Rural and Resilience Global Practice

### L/C/TF Number(s)

### Closing Date (Original)

### Total Project Cost (USD)

267,564,412.73

### Bank Approval Date

28-Jun-2012

### Closing Date (Actual)

### IBRD/IDA (USD)

### Grants (USD)

Original Commitment

0.00

0.00

Revised Commitment

0.00

0.00

Actual

0.00

0.00

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## 2. Project Objectives and Components

### a. Objectives

According to the Loan Agreement (Schedule 1, page 4) and the Project Appraisal Document (PAD), the Program Development Objective (PDO) was:

***“To improve access to and/or use of enhanced participatory local governance mechanisms, basic infrastructure, social services, and economic opportunities in the Program Area.”***

The four PDO indicators were:

1. Percentage of girls who reside in the educational dormitories (*Dar Taliba*) graduating to the next grade.



- 2 . Percentage of population with access to improved water supply in the targeted rural communes.
- 3 . Percentage of income-generating activities implemented by cooperatives and which were viable two years after financing under the program.
- 4 . Percentage of the sampled population in the targeted areas who took part in the participatory diagnostic or in the Monitoring and Evaluation (M&E) of the National Initiative for Human Development (INDH in French) program activities.

This assessment is based on the four objectives: (1) To improve access to and/or use enhanced participatory local governance mechanisms: (2) To use enhanced participatory local governance mechanisms to improve access to basic infrastructure: (3) To use enhanced participatory local governance to improve access to social services: and, (4) To use enhanced local governance mechanisms to improve access to economic opportunities in the Program Area.

**b. Were the project objectives/key associated outcome targets revised during implementation?**  
No

**c. Components**

The phase two of the INDH program built on the institutional architecture and approaches developed during the first phase and expanded its scope. The program comprised five sub-programs. Bank financing for the program focused on four thematic areas which were expected to have the biggest development impact (enhancing access and quality in service provision, strengthening participatory local governance, enhancing economic inclusion and supporting capacity and systems development) and was limited to the first three of the five sub-programs discussed below (PAD, pages 10-11). The ICR does not provide disaggregated information on actual expenditure at closure of the sub-programs.

- 1 . **Rural sub-program.** Appraisal estimate US\$374.00 million. This sub-program aimed at improving the living conditions of the target population in 702 poor rural communes by financing the following activities: rehabilitation of roads and street infrastructure, electricity, water supply, sanitation and solid waste services, schools, local health and community centers and sports and other public facilities.
- 2 . **Urban sub-program.** Appraisal estimate US\$410.00 million. This sub-program aimed at improving the living conditions in 532 targeted urban neighborhoods (*quartiers*). The neighborhoods were selected on the following factors: unemployment rates, incidence of poverty, access to basic services, illiteracy and housing conditions. The activities financed under this sub-program were similar to the activities described above.
- 3 . **Cross-cutting sub-program.** Appraisal estimate US\$331.00 million. This sub-program supported activities for promoting the social and economic inclusion of vulnerable persons in geographically selected targeted areas. About 40% of the budget for this sub-program was earmarked for community-managed, revenue-generating activities (such as, household waste collection, water management and recycling management). This sub-program also financed the cost of capacity building and systems management (such as training provincial, municipal employees and local managers of INDH on technical, fiduciary, environmental and social management).



4. **Vulnerability (*precarite*) sub-program.** Appraisal estimate US\$168.00 million. This sub-program aimed at improving the quality of life of vulnerable persons in 10 targeted categories (widows, disabled persons, orphans, street children, drug users and Human Immunodeficiency Virus (HIV) affected people).

5. **Territorial upgrading sub-program.** Appraisal estimate US\$602.00 million. This sub-program aimed at improving the living conditions of populations in the 503 most isolated rural communes in mountainous areas through investments in basic infrastructure.

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

**Program Cost.** Appraisal estimate of the INDH 2 program US\$1,535.00 million. Actual expenditure at closure US\$1,457.60 million (95% of the appraisal estimate).

**Financing.** The program was financed by an IBRD loan of US\$300.00 million. Amount disbursed US\$295.68 million (89% of the loan). The balance US\$4.32 million was not disbursed for reasons discussed in Section 4. The undisbursed balance was cancelled when the program closed (ICR, page 8).

**Borrower Contribution.** The borrower contribution estimated at appraisal was US\$1,115.00 million. Their actual contribution was US\$1,078 million (74% of the appraisal amount). There was parallel financing in the form of grants from other donors. Appraisal estimate of parallel financing US\$120.00 million. Actual contribution at closure US\$112.00 million (93% of the appraisal estimate).

**Dates and Revisions.** The program was approved on June 22, 2012 and closed as scheduled on June 30, 2016. The PDO was not revised during implementation.

### 3. Relevance of Objectives & Design

#### a. **Relevance of Objectives**

Although average Gross Domestic Product (GDP) growth rates of 5% and social investment programs had contributed to reducing Morocco's poverty rate from 15% in 2001 to 9% in 2007, there were wide disparities within the country at appraisal. The rural-urban gap remained large, with 66% of the poor in rural areas classified as poor. In terms of social indicators, the literacy rate in the 15-24 cohort remained low (with 21% and 42% of young men and women and nearly 70% of women in rural areas classified as illiterate). While the nationwide unemployment rate was 9%, average unemployment rate for young men and women was 22% and 38% respectively. About 44% of rural people lacked access to safe drinking water and over two-thirds had no improved sanitation. According to the 2009 data, maternal and infant mortality were high by regional standards (at 132 out of 100,000 and 30 out of 1,000), respectively. Gender bias continued to limit women's mobility and access to economic opportunities.

The PDO was relevant to the Government strategy. The Government launched the INDH program in 2005, a nationwide Community-Driven Development (CDD) program aimed at fostering social inclusion and open governance. The program set up inclusive and participatory bottom-up governance mechanisms, identified priority gaps in social and economic development at grassroots level and brought in locally-managed investments to fill those gaps. Following a process of constitutional change approved by a referendum in



March 2011 and a change of government in 2012, the Government launched the second phase of INDH in June 2011. The second phase of the program expanded the target population (nearly doubling the targeted communes and neighborhoods) and substantially increased resource allocation.

The PDO program development objective was well-aligned with the second pillar of the Bank's Country Partnership Strategy (CPS) for the 2010-2013 period: "increasing access to and quality of service for all". The program was expected to contribute to the CPS Program Area 2.4, "Reducing vulnerability and social exclusion" and in particular to the CPS outcomes of: (a) improving access to basic infrastructure, social services and economic opportunities for the poor and vulnerable groups, including women and youth; (b) better coordination of national policies and institutional mechanisms; and, (c) consolidating participatory approaches to ensure that basic infrastructure and socio-economic services meet the basic needs of the excluded groups. The PDOs were consistent with the priorities of the CPS for 2014-2017 (the latest available strategy document). The CPS underscored the need for inclusive growth, strengthening governance and improving service delivery to all citizens.

The program objectives were in line with the Bank's Regional Update for the Middle East and North Africa region presented to the Board on February 28, 2012. The update underlined the need to: (i) strengthening governance: (2) ensuring social inclusion: and, (3) creating jobs in the regional countries.

## Rating

High

### b. Relevance of Design

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## Rating

High

## 4. Achievement of Objectives (Efficacy)

### Objective 1

#### Objective

To improve access to and/or use enhanced participatory local governance mechanisms

#### Rationale

**Theory of Change.** Strengthening participatory local governance and social accountability aimed at empowering people at the local level and bringing the decision- bringing the process closer to the beneficiaries. This in turn was expected to contribute to increasing accountability and greater inclusion of women and youth in the decision-making process.

**Outputs** (ICR, pages 24 and 28).



- As per the Program Action Plan, the responsibility for managing the Local Development Plan was clarified. Social accountability measures at the local were introduced and the capacity building program on participatory approach was launched.
- A focal point for Environmental and Social issue was designated in the provincial support unit.
- The Fiduciary Coordination Committee was established and capacity building program on participatory approach and fiduciary management was launched.
- The Grievance Redressal System of the INDH was upgraded.
- The INDH Environmental and Social Guide relating to the program was prepared. This guide is now used by other ministries and other donors. All key actors were trained in using the guide.

**Outcomes.** (ICR, pages 11 and 22).

- The percentage of women in the local governance bodies increased from 17% in 2011 to 21% 2012. This exceeded the target of 20%.
- The percentage of youth in the local governance bodies increased from 12% in 2011 to 17% in 2012. This exceeded the target of 15%.
- 90% of provinces and prefectorates in the Program Area had put in place a plan of action to address audit recommendations as compared to 50% at the baseline. This exceeded the target of 80%.
- 73% of the projects were contracted by local government, associations or cooperatives in 2015 as compared to the target of 70%.
- 73% of the priority audit recommendations were included in the action plans that were implemented. This was short of the target of 95%. The ICR (page 22) notes that this shortfall led to a pro rata reduction in disbursement.

A sample survey of 3,000 households in 10 provinces was conducted by INDH to assess the levels of local participation. The main conclusions of the survey were: (1) 79% of the households in the targeted rural and urban areas participated in the participatory diagnostic for the “Local Initiatives for Human Development” (LIHD) and expressed satisfaction with the LIHD process: (2). About 25% of the target population participated in the planning of projects and their implementation: and, (3) About 79% of the people participating in the survey expressed satisfaction with the participatory process, with 86% of women expressing complete satisfaction.

An Impact Evaluation was conducted by the National Observatory for Human Development using a baseline survey in 2008 and two follow up surveys in 2011 and 2013. The methodology followed entailed comparing a representative sample of targeted and untargeted communes with poverty rates of 30%. The conclusions of the survey were: (1) There was a 21% increase in the average income of households in targeted communes (as compared to a 5% increase in the untargeted ones). (2) There was a 41% increase in the asset of households in the targeted communities (as compared to a 29% in the untargeted ones). And, (3) There was a widening of inequalities of incomes in both the targeted and non-targeted communes, suggesting that INDH program had not affected income distribution.

Given that outcomes for the most part were realized, it is reasonable to conclude that the program substantially contributed to realizing the PDO.



**Rating**  
Substantial

## **Objective 2**

### **Objective**

To use enhanced participatory local governance mechanisms to improve access to basic infrastructure

### **Rationale**

**Theory of Change.** Community driven investments in basic infrastructure (such as in water supply, sanitation, waste management, electrification and lighting) were aimed at improving service delivery. Improved service delivery was expected to contribute to improving the living conditions of the poor in the selected rural and urban areas.

**Outputs** (ICR, page 28).

- As per the Program Action Plan, financing and institutional arrangements to improve the Operation and Maintenance of projects were identified and the operation of infrastructure projects was delegated to local bodies as mandated in the Program Action Plan.
- 2,098 improved water schemes servicing 99,620 households were constructed during program execution.

### **Outcomes.**

- 86% of the population had access to safe water in rural areas in 2015 as compared to 50% at the baseline. This exceeded the target of 77%.
- 50% of the beneficiaries of water and sanitation subprojects were women.
- 84% of the infrastructure projects financed under the Program were judged by the auditors as conforming to technical specifications after final commissioning in 2015. This exceeded the target of 70%.
- The beneficiary survey conducted in 2015 of 3,000 households reported that about two-thirds of the respondents reported that they benefitted from the infrastructure projects constructed under the aegis of the INDH Program.

**Rating**  
Substantial

## **Objective 3**

### **Objective**



To use enhanced participatory local governance to improve access to social services

### **Rationale**

**Theory of Change.** Community driven investments in basic services (such as in education, health and social centers, sanitation blocks for girls, boarding houses for girls and accommodation for female teachers) aimed at improving service delivery and this was expected to contribute to improving the living conditions of the poor in the selected rural and urban areas

### **Outputs.**

- 96 dormitories with places for 5,800 people were constructed at program closure (ICR, page 20).
- Specialized clinics were created in 40 Dar al Oumouna with 9,310 pieces (ICR, page 21).

### **Outcomes.**

- 84% of the infrastructure projects financed under the Program were judged by the auditors as conforming to technical specifications after final commissioning in 2015. This exceeded the target of 70%.
- 11,240 women benefitted from pre-natal care in Dar al Oumouna in 2015 as compared to 7,000 at the baseline in 2011. This exceeded the original target of 10,500.
- 84% of girls in the educational dormitories graduated to the next grade in the first year of the program in 2012 as compared to the target of anywhere in the range between 55% - 70%. Given that the target was reached in the first year of the program itself, the outcome suggests that the target was set too low.

### **Rating**

Substantial

## **Objective 4**

### **Objective**

To use enhanced local governance mechanisms to improve access to economic opportunities in the Program Area

### **Rationale**

**Theory of Change.** Improving access to economic opportunities such as through community driven investments in sectors such as agriculture, livestock, handicrafts and rural tourism was expected to increase the income of beneficiaries and thereby contribute to reducing poverty in the selected rural and urban areas.

### **Outputs.**

- Given that income-generating activities of the government program had experienced substantial failure rates in the first phase, measures were incorporated to in this phase, such as working with entrepreneurs with proven capacity (such as cooperatives) and reinforcing support to entrepreneurs through technical





assistance and business management support, including during an extended post-investment operation period (ICR, page 7).

- Focal points within each provincial support unit were appointed for implementing income-generating activities.
- 35% of income-generating activities were implemented by cooperatives, associations and private firms in 2015 as targeted.
- 79% of the agencies implementing income-generating activities were trained as compared to 20% at the baseline. This exceeded the target of 70%.

### **Outcomes.**

- 75% of the income-generating activities were deemed to be viable after two years in 2015 as compared to 18% at the baseline in 2011. This exceeded the target of 40%.
- 50% of the beneficiaries of sub-projects pertaining to poultry-rearing activities were women and 48% of entrepreneurs in income-generating activities were women in 2015 (ICR, page 18).
- An economic evaluation conducted on a sample of 26 income-generating activities randomly selected across seven provinces and a range of sectors (both rural and urban), concluded that 81% of the income-generating activities were profitable (for instance, the project to acquire hives and equipment for the production and marketing of Dara's honey had an Internal Rate of Return (IRR) of 22% and the project for the organization and equipment of 179 street vendors in Marrakech had an IRR of 17%).

**Rating**  
Substantial

## **5. Efficiency**

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### **Efficiency Rating**

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- 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 program and to the Bank strategy was High. Relevance of DLIs was rated as Substantial. Although the results framework was logical and the links between program activities and their intended outcomes and between disbursements and delivery of activities were clear, the indicators were modest in terms of the level of ambition. Overall relevance is rated as Substantial. Efficacy is rated as Substantial, given that the targets were either realized or exceeded during the program implementation period.

- a. **Outcome Rating**  
Satisfactory

## 7. Rationale for Risk to Development Outcome Rating

**Governance risk.** The national government remains highly committed to the INDH program. However, as the ICR (page 32) notes there is still the risk associated with reconciling programs and standards between the local level programs of INDH and the local programs of national agencies and programs.

- a. **Risk to Development Outcome Rating**  
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## 8. Assessment of Bank Performance

### a. Quality-at-Entry

The INDH 2 project was the first Bank operation using the PforR lending instrument. This instrument was appropriate, given that this was the second phase of the government program and the government commitment was demonstrated by its contribution to more than 85% of the program cost. The preparation



of the INDH 2 program, drew on lessons from the implementation of the phase 1 of the program and from global experience with CDD operations (PAD, pages 11-16). The lessons from the phase 1 program incorporated at design included, focusing on sustainability of physical infrastructure activities through including criteria for Operation and Management Plans from the outset, establishing grievance redress mechanism and participatory M&E for addressing transparency and accountability issues and strengthening fiduciary and safeguard systems through capacity building. Lessons incorporated from the global experience with CDD operations included, capacity building of communities and utilizing poverty maps for targeting the poorest rural communes and marginalized neighborhoods. The Bank supported three of the five subprograms program that were expected to have the biggest development impact in terms of improved service provision, strengthening local governance, gender and youth focus and supporting capacity and systems development.

As required for a PforR operation, a Program Action Plan - an agreed plan of measures to be taken by the Government - was prepared at preparation (ICR, page 7). The lending instrument had arrangements for advance financing of 25% of the loan amount (advances that could be disbursed prior to achievement of specific DLIs) and at government request, the advance was used for financing activities such as the expenses relating to building and equipping additional residential facilities for students (PAD, page 47). The implementation arrangements were similar to the INDH 1, with the INDH Coordination Unit (Coordination Nationale) in the Ministry of Interior responsible for overall coordination and governance committees at the local and provincial and regional levels responsible for program implementation (PAD, page 17). Several risks were identified at appraisal, including Substantial risk associated with fiduciary management in view of the lack of independent procurement appeals system and clear process for handling complaints. Mitigation measures were incorporated at design including establishing a grievance redress mechanism and monitoring achievement of key fiduciary DLI's. With the mitigation measures, overall program risk was rated as Moderate at appraisal. The arrangements made at appraisal for M&E (discussed in section 9) and environmental and social safeguards and fiduciary compliance were appropriate (discussed in section 10).

Given that some targets for DLI's were realized in the first year of implementation itself, it is not clear if the original targets were modest in terms of the level of ambition.

## **Quality-at-Entry Rating**

Satisfactory

### **b. Quality of supervision**

Eight Implementation Status Results Reports were filed over a five-year project implementation period (implying supervision missions of roughly twice a year). Continuity of leadership of the Task Team Leaders, with one of the co task team leader based in the country office helped in program implementation. The supervision team included a multi-disciplinary team and the team regularly visited many project sites (30 provinces out of the total of 70 provinces) to assess progress of the program (ICR page 24, para 91). The support provided by the supervision team aided in implementing the Program Action Plan (ICR page 24, para 92). Disbursement requests were processed in a timely fashion and advances were made annually and accounted for once the results were notified and verified (ICR, page 9).

One factor outside INDH's control was the lengthy election season in 2015, which slowed implementation and postponed decisions on the recommendation of the Mid-Term Review to consider possible



restructuring. These delays contributed to the target on one DLI being missed (pilot test of participatory monitoring and evaluation tools in two provinces. (ICR, page 7).

### **Quality of Supervision Rating**

Satisfactory

### **Overall Bank Performance Rating**

Satisfactory

## **9. Assessment of Borrower Performance**

### **a. Government Performance**

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### **Government Performance Rating**

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### **b. Implementing Agency Performance**

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### **Implementing Agency Performance Rating**

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### **Overall Borrower Performance Rating**

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

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

The PDO was clearly defined and the Results Framework was logical. There were nine DLIs (including four PDOs) aimed at measuring on aspects pertaining to participatory governance, improved access to infrastructure and social services, income-generating activities and capacity building. Improvement to the M&E system was included as an indicator in the Results Framework (RI-12, PAD, page 20). The indicator for viability of income generating activities after two years was clearly defined and subject to meeting three of the five criteria: evidence that the activity was continuing, the annual assembly was held, at least two thirds of members remained, the activity had a turnover and the activity earned profits (ICR, page 9). Coordination Nationale at the national level was responsible for M&E (PAD, page 18). A management information system for M&E used for the first phase of the program was to be upgraded to capture relevant cost information, procurement status, implementation performance and environmental and social data. The National Human Development Observatory was envisioned at appraisal to carry out an Independent Impact Evaluation for the operation (PAD, page 19).



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

The primary information base for the verification protocols was from the INDH Management Information System and from the audit agencies in the Ministry of Finance and the Ministry of Interior. Independent verification of six of the nine DLI's was done by an external firm and an individual consultant and the remaining three DLI's (relating to technical quality of infrastructure works and follow up on audit recommendations) was done by the audit agencies. The ICR (page 9) notes that in addition to information from the Management Information System, a geographic information system was developed with the collaboration of the European Union for monitoring program performance. An Impact Evaluation and a beneficiary survey was conducted during implementation to monitor program performance. The participatory M&E pilot to test feedback mechanisms for schools and health centers in two provinces were not completed as envisioned, given the delays following the election process (ICR, page 9).

## **c. M&E Utilization**

The indicators were used as a decision tool during implementation and for disbursing against the DLIs during implementation (ICR, page 9).

### **M&E Quality Rating**

Substantial

## **11. Other Issues**

### **a. Safeguards**

Given that the program financed mainly CDD activities, adverse environmental and social impacts were not anticipated (PAD, page 25). The Environment and Management Plan prepared for the first phase of the program was to be used for this program. As per the plan, activities that were likely to adverse environmental or social impacts (such as activities that may impact on natural habitats, physical cultural resources or activities that entailed procurement of pesticides and construction of dams) were not eligible for financing. Program activities were not expected to require resettlement (PAD, page 11).

Two DLI indicators in the Program Action Plan specifically aimed at tracking environmental and social impacts of the program. (i) preparation of environmental and social guide related to the program: and, (2) percentage of people in the provincial support and local facilitation teams who were trained for using the guide (PAD, page 46).

The ICR (page 9) notes that an INDH *Environmental and Social Guide* was developed, and the staff of the provincial support and local facilitation teams were trained during program implementation. The ICR (page 10) notes that the guide was subsequently adopted as a reference for programs implemented by other line ministries (including the Ministry of Environment) and was incorporated into other PforR programs (including for Urban Transport).



## b. Fiduciary Compliance

The Coordination Nationale in the Ministry of Interior was in charge of fiduciary management (PAD, page 16). The PAD (page 23) notes that Morocco in the years before appraisal had launched a Public Financial Management reform program aimed at aligning Morocco's public procurement and financial management systems with international practices.

**Financial management.** A fiduciary assessment of the implementing agency conducted at appraisal, concluded that the financial management arrangements were adequate (PAD, page 23).

Two DLI's in the Program Action Plan specifically aimed at improving financial management performance: One, percentage of provinces and prefectorates in the Program Areas which had put in place a plan of action to address audit recommendations and two, percentage of priority audit recommendations that were included in the action plans which were implemented (PAD, page 46).

The ICR (Data Sheet) notes that 90% of the provinces and prefectorates at program closure had put in place a plan of action to address audit recommendations. This exceeded the target of 80%. 73% of the priority audit recommendations were implemented. This was short of the target of 95%.

**Procurement.** An assessment of the procurement management capacity of the implementing agency was conducted at appraisal (PAD, page 67). The assessment concluded that although the procedures and control framework were adequate, there were procurement risks due to the large number of small contracts and sponsors with low capacity, dispersed over more than 1,200 locations (PAD, page 67). The procurement risk was rated as Substantial at appraisal (PAD, page 76). Mitigation measures were incorporated at design such as improving the Grievance Redress Mechanism to be implemented at all levels of the program (including at the decentralized level) and this was to include features aimed at handling procurement-specific complaints (PAD, page 67).

The ICR (page 10) notes that the procurement management was deemed to be satisfactory and there were no procurement issues during program implementation.

## c. Unintended impacts (Positive or Negative)

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## d. Other

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## 12. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Quality of ICR		Substantial	---



Quality of M&E	Substantial	---
Bank Performance	Satisfactory	---
Outcome	Satisfactory	---

### Note

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.

The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

## 13. Lessons

The ICR (page 26) draws four lessons from the experience of implementing this program. The three most lessons from the experience of implementing this program, with some adaptation of language.

**One. Systematic local empowerment and CDDs programs can be useful for improving local governance but such programs may require long timeframes.** For over a decade, INDH aimed at promoting CDD program with participatory decision-making structures involving the government, local elected officers and civil society representatives including women and youth. The long-time frame helped in increasing the inclusiveness of women and youth in local governance.

**Two. Although it is necessary to incorporate income-generating activities in CDD programs from the outset, strong provisions for risk management are required.** This program showed that while it is both feasible and desirable to include income-generating activities as incomes are important for livelihood improvement, incorporating of such activities require careful planning, preparation and selectivity and strong complementary support (such as through business training and market analysis).

**Three. While a national CDD program requires strong central management in its early phase, it is necessary to encourage local management as the program matures.** The experience of this operation showed that once the program was rolled out and operational, local decision-makers were keen to learn from what was happening in their area and to experiment with new management approaches (such as participatory monitoring and evaluation) tailored to the local context.

The ICR (pages 26-28) draws six lessons regarding the value-added of using PforR instrument. Of these, the three most important lessons are, with some adaptation of language.

**One. The PforR instrument allowed to focus on systemic change and capacity building and these can have positive implications for sustainability beyond the ambit of the program.** The DLI's helped the government in strengthen its audit capacity and the environmental and social guidance prepared under the auspices of this program had been adopted by the Non-Governmental Organizations.

**Two. The PforR approach can help in reducing the transactions costs for the client.** In this operation, the approach allowed the Bank to support many subprojects in fiduciary and safeguard procedures.

**Three. Administering the PforR approach may require additional Bank flexibility and resources.** Client unfamiliarity with the approach in the case of this operation led to greater reliance on Bank guidance and considerable involvement on the part of the Bank team in the preparation of procurement documents.

The IEG draws the following lesson from this program.

**The targets for DLI's needs to be carefully assessed at appraisal and if need be, scaled upwards through a project restructuring.** The targets for many of the indicators in this operation were realized in the



first year of operation itself, suggesting that the original targets may have been modest in terms of the level of ambition.

#### **14. Assessment Recommended?**

Yes

Please explain

Given that this was the first operation linking disbursements to delivery of results using the PforR lending instrument in a CDD program, it would be instructive to validate the results on the ground.

#### **15. Comments on Quality of ICR**

The ICR is reasonably well argued and concise. It provides a good description of the PforR instrument and candidly discusses the issues regarding the DLI targets. The ICR draws good lessons from the experience of implementing this program. It is consistent with the OPCS guidelines.

The ICR however has many repetitions and is unduly long (at 28 pages, almost twice the recommended length of 15 pages).

##### **a. Quality of ICR Rating**

Substantial