



1. Project Data

Project ID

P100397

Project Name

MA-Regional Potable Water Supply Systems

Country

Morocco

Practice Area(Lead)

Water

L/C/TF Number(s)

IBRD-79220

Closing Date (Original)

31-Dec-2015

Total Project Cost (USD)

216,000,000.00

Bank Approval Date

15-Jun-2010

Closing Date (Actual)

30-Jun-2016

IBRD/IDA (USD)
Grants (USD)

Original Commitment

175,000,000.00

0.00

Revised Commitment

106,709,935.90

0.00

Actual

96,224,126.83

0.00

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2. Project Objectives and Components

a. Objectives

The Project Development Objective (PDO) as stated in the Loan Agreement (Schedule 1, page 5) and in the Project Appraisal Document (PAD, page 5) was similar.

"To increase access to potable water supply for selected local communities in the Project Provinces".



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

No

c. Will a split evaluation be undertaken?

No

d. Components

The project aimed at covering six priority provinces. There were three components.

Water production, conveyance and rural water supply (Appraisal estimate US\$160.12 million. Actual cost at closure US\$125.16 million). This component, which included water sector infrastructure investments, had three sub-components.

Sub-component 1a. In the Nador and Driouch Provinces. Activities included: (i) extension of the Nador potable water treatment plant and of the raw water pipe network: (ii) doubling the existing Nador-Midor regional trunk line: (iii) construction of about six lateral mains, storage tanks, pumping stations and public standpipes in selected small urban centers and rural areas.

Sub-1b. In the Safi, Youssoufia and Sidi Bennour Provinces. Activities included: (i) construction of an intake, a pumping station and a water treatment plant and construction of a new regional trunk line in Safi, Youssoufia and Sidi Benmour provinces: and, (ii) construction of lateral mains, storage tanks, pumping stations and public standpipes in selected villages.

Sub-component 1c. In the Errachida Province. Activities included: (i) rehabilitation of the production and transmission systems of the Tafilalet water scheme including equipment for new bore wells, construction of tanks and connection pipelines between the bore wells and the main pipeline, reinforcement of conveyance capacity between selected locations (including new boosting stations): and, (ii) replacement of pipes and installation of new pipes between selected locations.

Mitigation of environmental impacts and grey water management (Appraisal estimate US\$6.03 million. Actual cost at closure US\$0.00 million). This component aimed at mitigating the potential environmental impacts relating to increased grey water flows (wastewater resulting from domestic, cooking and washing uses) in selected rural areas that opted for establishing Household Connections (hereafter referred to as HCs). Activities were to include: (i) support for developing private sector activities for improved onsite sanitation, training on appropriate techniques and targeted communication and advertising campaigns: and, (ii) construction of grey water collection networks in selected areas. Activities in this component were eventually not undertaken for a combination of factors including pending land acquisition issues and inadequate financing for constructing HCs in selected villages (discussed in section 3b).

Implementation Support and Capacity Building (Appraisal estimate US\$8.85 million. Actual cost at closure US\$5.89 million). Activities included: (i) technical assistance for project implementation, monitoring, carrying out participatory approaches to providing services, integration of hygiene and wastewater management and determining solutions to grey water management: (ii) capacity building for outsourcing to private sectors the operations of HC service: and, (iii) technical assistance for developing feasibility studies and designing HC and greywater management systems and pilots on-site sanitation systems.

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



Project cost. (Appraisal estimate US\$175.00 million. Actual cost at closure US\$125.16 million). Actual cost was lower than the appraisal estimate due to the non-completion of several activities.

Project Financing. The project was financed by an IBRD loan of US\$175.00 million. The amount disbursed at closure was US\$131.05 million).

Borrower Contribution. Appraisal estimate US\$41.00 million. Their contribution at closure was less than planned at US\$34.83 million.

Dates. The project was restructured twice. The first restructuring on May 9, 2013 reflected the merger between the National Office of Drinking Water (ONEB in French) and the National Electric Office (ONE). The resulting organization was called the National Electric and Potable Water Office (ONEE) and the name of the Borrower in the Loan and Guarantee Agreements were adjusted to reflect this merger. The second restructuring on December 23, 2015 envisioned the extension of the closing date by 24 months in two phases. The first phase extended the closing date by six months. The second phase of extension by 18 months was contingent on resolution of pending land acquisition and involuntary resettlement issues. This extension was not granted by the Bank due to a combination of factors including pending land acquisition issues and weak project performance till then. The project closed six months behind the original schedule on June 30, 2016.

3. Relevance of Objectives & Design

a. Relevance of Objectives

The PDO was highly relevant to the Government strategy. In 2007, 9% of Morocco's population was classified as living below the poverty line as compared to 19% in 1999. Poverty however was disproportionately high in rural areas. At appraisal, only 61% of the rural population had access to potable water, as compared to the nationwide average of 87%. Access was also uneven, with access on the mountainous regions lagging behind the national average and only 40% of the rural population had access to improved forms of sanitation. One of the priorities of the Government's *2020 Rural Development Strategy* was increasing access to basic infrastructure throughout the country. The *National Initiative for Human Development* (INDH in French) launched by the King in May 2005 highlighted the need for reducing poverty in poor rural and peri-urban areas. The PDO was relevant to the government's *Universal Water Access Program* issued in 2004. This program aimed at extending access to water services to 96.5% of the population by 2017.

The PDO was well-aligned with the Bank strategy. The Bank's Country Assistance Strategy (CAS) for the 2005-2009 period identified the water sector as a priority sector and the "water pillar" of the CAS highlighted the need for improving service delivery of Water and Sanitation (WSS) services. The Country Partnership Strategy (CPS) for the 2010- 2013 period renewed commitments pertaining to equitable, sustainable and affordable WSS services. The pillar four of the current CPS for the 2014-2017 intended to support social programs aimed at "guaranteeing equitable access to basic services and strengthening solidarity and equal opportunities across citizens, generations and regions" and strategic outcome 3.4 of the CPS underscored the need for "expanding access to basic services (water, sanitation, electricity, transport, telecommunications, health and education)."



Rating

High

b. Relevance of Design

The statement of the PDO was clear and the causal links between the project activities, their outputs and outcomes were logical. The intended outcomes were measurable in principle. Component one activities such as water sector infrastructure investments (such as, extension of the water treatment plant, doubling the regional trunk line, construction of lateral mains, storage tanks, pumping stations and public standpipes in selected provinces) in conjunction with component two activities aimed at grey water management networks in provinces that opted for HCs were intended for increasing access to potable water supply for selected local communities in the selected rural and non-rural areas.

However, there were several shortcomings in design. The design was largely focused on infrastructure investments, with limited focus on institutional strengthening.

It was not clear if issues activities pertaining to water supply access in rural areas through HCs were aligned with the National Electricity and Potable Water Board's (ONEE's) priorities and growth strategies. The ONEE was inclined towards increasing access through public Standpipes (hereafter referred to as SPs), as these were deemed to be adequate for reaching the government's goals for the Program for Universal Access to Potable Water Supply in rural areas. ONEE moreover did not have a clear mandate and had neither the required staff capacity nor the financial capability for installing HCs in rural areas.

The results framework was weak. Although the project did not finance activities associated with HCs, the results framework included indicators on HCs. The grey water management component of the project was dependent on construction of HCs in rural areas. Since these were not installed, activities associated with grey water could not be implemented.

The design did not identify and address the risks associated with land acquisition and involuntary resettlement at design and this contributed to non-compliance with social safeguards at project closure (discussed in section 11).

Rating

Modest

4. Achievement of Objectives (Efficacy)

Objective 1 Objective

To increase access to potable water supply for selected local communities for selected local communities in the Project Provinces.



Rationale

Outputs.

- About 2,300 kilometers of pipes, 25,600 cubic meters of storage capacity and 1062 standpipes (SPs) were installed. Only 11 of the SPs were operational and 88 were connected but pending operation arrangements. The remainder were constructed but not yet connected at project closure (ICR, page 18).
- At project closure, the Water Treatment Plant (WTP) in Nador province was completed as targeted. The WTPs in Safi was not fully completed as targeted (ICR, page 18).
- 100% of villages were visited to assess demand for SPs or HCs through a demand-driven and participatory approach (ICR, Datasheet, Intermediate Outcome Indicator Number 1.1).
- 94.5% of communities in the project provinces signed co-financing SP and/or HC co-financing agreements at project closure as compared to the target of 100% (ICR, Datasheet, Intermediate Indicator Number 1.2)
- 8.33% of rural communities located in the Nador and Driouch Provinces and 4% of rural communities in the Safi Youssoufia or Sidi Bennour provinces paid the initial up-front fee at project closure as compared to the target of 100% (ICR, Datasheet, Indicator Number 1.3 a and b).
- The Operation and Management (O&M) arrangements for SPs were in place for 2% of the villages as compared to the target of 100% (ICR, Datasheet, Intermediate Outcome Indicator 2.1). O&M arrangements for SP or HC system were in place in none of the municipalities in Safi Youssoufia or Sidi Bennour provinces as targeted (ICR, Datasheet, Intermediate Outcome Indicator No 2.1b). HC service with operation and maintenance was not outsourced to local operators in the project villages as planned (ICR, Datasheet, Intermediate Outcome Indicator Number 3.1).
- None of the households served by individual HCs had adequate grey water collection facilities as targeted (ICR, Datasheet, Indicator Number 4.1).

Outcomes.

- 2,161 people in villages of project areas had access to potable water through SP or HC arrangements as compared to the target of 336,000 (ICR, Datasheet, PDO Indicator Number 1).
- None of the outcomes pertaining to increase in the volume of water supplied through HCs were realized as targeted.

Rating

Modest

5. Efficiency

Economic Analysis. An economic analysis was carried for the three sub-projects in the six provinces in the PAD and for the ICR. These sub-projects accounted about 91% of the appraisal estimate and about 95% of the total project cost at closure. The costs included: (i) costs of studies, works and supervision of works associated with construction of water production, conveyance and distribution infrastructure: (ii) costs associated with operations and maintenance of the infrastructure: and, (iii) project management



costs. The benefits were assumed to come from: (i) time savings due to reduced time spent collecting water: (ii) decrease in the occurrence and severity of water borne diseases due to increased household water consumption and improved quality of drinking water: and, (iii) reduced household spending on water supply. According to Table 1 in the ICR the total Net Present Value (NPV) at 10% discount rate was about US\$67 million at appraisal and - US\$116.9 million at project closure. The average ex post Economic Internal Rate of Return (EIRR) was 13.6% at appraisal as compared to the less than zero % at project closure signifying that the project was not economically viable.

Financial Analysis. A financial analysis was also carried out for the project provinces. While financial costs were based on project appraisal costs, financial benefits were measured in terms of incremental (with/without the project) cash flows for the National Electricity and Potable Water Board (ONEE). The financial benefits with the project were assumed to come from factors including, incremental sales for water delivered to operators, to ONEE's direct customers and to municipal Water and Electricity Authority, annual tariff increases, and the contribution of communes and the population for 20% of the cost of conveyance (such as through regional trunk lines, lateral mains and storage). The project at closure had an overall negative NPV of Moroccan Dirham (MAD) -1.5 billion discounted at 8% at appraisal, a negative financial IRR and a negative present value benefit cost (B/C) ratio across the board.

Operational and Administrative Inefficiencies. There were administrative inefficiencies in the project. After approval, the project reached effectiveness eight months later than scheduled due to delays associated with preparing the standard bidding documents, and the bidding process for the Technical Assistance contracts which took 18 months. By the time the two Water Treatment Plant contracts were ready, nearly three years had passed with no project implementation. Project activities were subject to further delays due to the tardiness associated with the resolution of land acquisition and involuntary resettlement issues. At closure, several activities such as HCs had not been started and land acquisition issues were still pending.

Efficiency Rating

Negligible

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	✓	13.58	91.00 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	0	95.00 <input type="checkbox"/> Not Applicable

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

6. Outcome

Relevance of PDO was highly relevant to the government and Bank strategy for Morocco. Relevance of design



was rated as Modest in view of the shortcomings in design including an inadequate results framework, no consideration of land acquisition challenges in the PAD and inadequate consideration of feasibility of housing connections or standpipes. Efficacy of the single objective - to increase access to potable water supply for selected local communities for selected local communities in the Project Provinces - was rated as Modest in view of the non-completion of several activities and non-realization of several outcomes. Efficiency was rated as Negligible. The economic analysis showed that the project was economically not viable. In addition, several activities including land acquisition issues and involuntary resettlement were resolved at project closure. Overall outcome was rated Unsatisfactory reflecting major shortcomings in the project's design, achievement of its objectives and in its efficiency.

a. Outcome Rating

Unsatisfactory

7. Rationale for Risk to Development Outcome Rating

Technical Risk. Despite the technical competence of the National Electricity and Potable Water Board, especially as it pertains to major infrastructure works, the technical risk is Substantial, given that of the 1,683 SPs constructed under the aegis of this project, only 11 were functioning commercially and 88 were only functioning industrially (receiving water), as they were still in the process of identifying operators willing to manage water sales and distribution.

Social Risk. There is significant social risk given that land acquisition and involuntary resettlement issues were still pending and the payment of compensation had not been completed.

Financial Risk. Although the Government's and ONEE's Framework program for the 2014 to 2017 includes measures to recover debts from local governments, value added tax refunds from the government and increasing tariffs for water distribution and sanitation activities, there is financial risk given that (according to the ICR, page 22), sales tariffs to the operators are to be unchanged for social reasons.

a. Risk to Development Outcome Rating

Substantial

8. Assessment of Bank Performance

a. Quality-at-Entry

The preparation of this project was based on lessons from the implementation of an ongoing Bank financed project (Rural Water Supply and Sanitation Services Project, also known as the BIRD 1 project) that supported the launching of Universal Access to Potable Water (GEP in French) and extending the construction of Standpipes in the western parts of the Safi and El Jadida provinces and from the conclusions of the study of the Water Sector Funding Mechanisms and Flows implemented by the Bank in 2008. Unlike



the BIRD 1 project, this project supported the construction of production infrastructure and regional trunk lines to reach areas with substantial access needs and to increase reliability of supply in urban areas.

As indicated in Section 3b, there were shortcomings in design including issues associated with providing water services HCs vis-à-vis Standpipes, non-inclusion of non-rural beneficiaries in the results framework, lack of mandate on the part of ONEE for addressing rural sanitation issues, weakness in the result framework. Since the project included no HC-specific activities as envisaged, associated with grey water management in rural areas could not be completed.

The preparation over-estimated ONEE's capacity to carry out land acquisition and involuntary resettlement in accordance with Bank policies and risks associated with the slow procurement process for Technical Assistance, were not identified at appraisal. These factors contributed to delays in implementation and at closure, the resolution of land acquisition issues was still pending.

It is not clear if project activities were tailored to meet the requirements of the different project provinces.

Nador province was more urban, developing at a faster rate, had higher purchasing power and demanded solutions such as access to water services through HCs. In contrast, Safi province was poorer and since communities in the province unlike in Nador province were not dispersed, the province was more inclined towards getting access to water supply through SPs.

The project was arguably not ready for implementation because the risks associated with the adoption of HCs versus SPs were not identified at appraisal. In addition, the project did not become effective until eight months after approval due to delays associated with preparing the Standard Bidding Documents which had not been agreed upon prior to Bank approval. Implementation relied on a large Technical Assistance contract and despite prior Bank experience that TA contracts were difficult to arrange in Morocco, the bidding documents were not prepared until after Bank approval of the project. By the time the two contracts for the Water Treatment Plants (WTP) had been completed, nearly three years had passed and implementation of other aspects of the project had barely started.

There were shortcomings in M&E design (discussed in section 10a).

The design overestimated the capacity of ONEE to carry out land acquisition and Involuntary Resettlement in compliance with Bank policies (discussed in section 11).

Quality-at-Entry Rating

Unsatisfactory

b. Quality of supervision

Eleven Implementation Status Reports were filed over a six-year period, implying supervisions of twice a year. The support provided by the supervision team aided ONEE in fiduciary compliance (discussed in Section 11 of this Review).

The problems associated with resolving land acquisition and resettlement were due to a combination of factors including, limited Bank safeguard supervision in the first year of implementation and high turnover of social specialists in the Bank team. These factors contributed to the tardiness in the compensation process of beneficiaries and eventually to non-compliance with land acquisition issues.

Quality of Supervision Rating

Unsatisfactory



Overall Bank Performance Rating

Unsatisfactory

9. Assessment of Borrower Performance

a. Government Performance

The government acted as the loan's guarantor. The government at preparation promoted measures to create a favorable environment for the National Electric and Potable Water Office's (ONEE's) and endorsed financing rule in 2009 that would make HC-service cost neutral for ONEE. As per this rule, beneficiaries were required to contribute Moroccan Dirham (MAD) 3,500 for each HC (as compared to the previous rate of MAD 2,500) and rural municipalities (CRs) were to be responsible for 50% of the distribution system capital costs at the village level. For individual connections, households were required to pay the riparian tax. The government during the lifetime of the project covered ONEE's operating deficit.

There were delays associated with finalizing the National Rural Sanitation Program (PNAR). In the absence of clear mandate and enunciation of institutional responsibilities for grey water management, activities associated with HCs could not be completed and this contributed to the non-realization of the sanitation objective.

Government Performance Rating

Unsatisfactory

b. Implementing Agency Performance

The National Electric and Potable Water Office (ONEE, formerly known as ONEP) in the Ministry of Mines, Energy, Water and Environment, was in charge of implementing the project, with support from its regional and provincial offices. The project activities were coordinated by ONEE's Development and Coordination Division of the Directorate (DEP), the unit in charge of the national rural water program implementation. Given ONEE's experience in implementing Bank financed projects, ONEE used its own structure and staff in implementing the project, rather than creating a project implementation unit. ONEE's technical solutions helped in implementation of major infrastructure works and its performance helped in fiduciary and environmental compliance (ICR, page 25).

However, ONEE did not have the structure and capacity to address land acquisition procedures.

The delays in applying the Land Acquisition Framework (LAF) by ONEE and the Land Acquisition Plan (LAP) in the initial years, exacerbated by weak communication and coordination between ONEE's departments at the central level and between the central and regional offices, contributed to the lack of compliance with social safeguards at project closure. The ONEE's organizational structure did include social mobilization activities and hence had to rely on Technical Assistance firms to carry out social engagement strategies.

Implementing Agency Performance Rating

Unsatisfactory



Overall Borrower Performance Rating

Unsatisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design

The National Electricity and Potable Water Board (ONEE) was responsible for M&E. There were six key outcome indicators. Of these, three were appropriate for monitoring project performance namely - the number of people of project areas with access to potable water through SPS or HCs, average number of people supplied through SPs, and average volume of water supplied through the Tafilalet trunk line.

Although project activities encompassed both rural and urban areas, the results framework did not include indicators aimed at urban beneficiaries. Given that project activities financed only technical assistance activities aimed at HCs, the inclusion of two PDO level indicators - the number (or percentage) of people in villages of project areas served by HCs and the average volume of water supplied through HCs - was inappropriate. As envisaged at appraisal, there were to be two customer satisfaction surveys of a sample of beneficiaries (one before the Mid-Term Review (MTR) and one before the end of the project).

b. M&E Implementation

The customer satisfaction surveys were not carried as planned before the MTR. The key outcome indicators were reduced to one after the MTR. The revised key outcome indicator was reduced to one - number of villages receiving potable water. This was an inadequate measure of the project's expected achievements of water treatment plants. The proposed information system to monitor Rural Water Supply implementation and operation and the surface and groundwater quality-monitoring program were not developed as envisaged at appraisal.

c. M&E Utilization

Given that most indicators of the project's achievements remained at or close to zero throughout the life of the project, the data on indicators was not used to inform decision-making.

M&E Quality Rating

Negligible



11. Other Issues

a. Safeguards

The project was classified as a "Category B" project. Other than environmental assessment (OP/BP 4.01), one social safeguard policy was triggered: Involuntary Resettlement (OP/BP 4.12).

Environmental Assessment. An Environmental Assessment (EA) and an Environmental and Social Management Plan (ESMP) were prepared and publicly disclosed at appraisal (PAD, pages 22 and 24). The ICR noted that there was compliance with the environmental assessment and that ONEE planned to conduct the environmental audits of the Water Treatment Plants (WTPs) within a year of the contractor's final handover of the plants.

Involuntary Resettlement. Temporary and limited land acquisition (59% public and private) of the project's total area was anticipated at appraisal due to the activities associated with positioning pipes, erecting water tanks, pumping stations and water treatment plants. Involuntary resettlement or physical relocation of people was not expected. A Land Acquisition Framework (LAF) was prepared in accordance with Moroccan Law and publicly disclosed at appraisal (PAD, page 84). This framework however did not clearly propose solutions for people who did not have land titles and there was no Land Acquisition Plan (LAP) with specific steps and measures for addressing land acquisition issues at appraisal (ICR, page 8). Formal LAPs for the provinces were prepared only in 2014/2015. Tardiness in the compensation process of beneficiaries caused delays in resolving conflicts with land owners during project implementation. The revelation that ONEE had not been compensating landowners in accordance with OP 4.12 and Moroccan Law led the Bank to halt construction on any plot that had not complied with OP 4.12. The monitoring of the land acquisition process was further complicated by the lack of a centralized database on the status of land ownership/titles in rural areas. At closure, land acquisition issues had not been completed and the Project Affected Peoples (PAPs) had not been compensated at project closure. The information provided by the Bank project team indicated that there has been progress in compensation payment since then and 99.4% of the beneficiaries have received compensation to date.

b. Fiduciary Compliance

The National Electric and Potable Water Office (ONEE) had implemented Bank-finance projects and was familiar with the Bank's fiduciary policies (ICR, page 19).

Financial Management. A financial management capacity assessment, conducted at appraisal, concluded that the ONEE had experienced staff and that ONEE had the required procedures and systems to prevent financial irregularities (PAD, page 21). The ICR (page 15) notes that although there were delays in submission of financial audit reports in the initial years, they were timely in the final years of the project. The ICR however provided no details on whether or not the financial audits were qualified. The project team advised IEG that the financial audits were unqualified. The ICR (page 15) noted that at the project's close financial management was deemed to be satisfactory.

Procurement Management. An assessment was made of ONEE's capacity to address procurement issues at appraisal. This assessment concluded that ONEE had the required capacity to address procurement issues and procurement risk was rated as Low (PAD, page 20). A Procurement Plan in a format acceptable to the



Bank was prepared at appraisal (PAD, page 62). The ICR (page 15) noted that there were no procurement issues and there was compliance with procurement management.

c. Unintended impacts (Positive or Negative)

d. Other

12. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Unsatisfactory	Unsatisfactory	---
Risk to Development Outcome	Substantial	Substantial	---
Bank Performance	Unsatisfactory	Unsatisfactory	---
Borrower Performance	Unsatisfactory	Unsatisfactory	---
Quality of ICR		Substantial	---

Note

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

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

13. Lessons

The ICR draws the following main lessons from the experience of implementing this project, with some adaptation of language.

(1). Adequate preparation is required before project launch. Launching projects before they are fully prepared as in the case of this project increases the risk of inadequate design and implementation delays. This project's low level of readiness resulted in nearly two years of implementation delays and the delays contributed to the non-completion of several project activities at project closure.

(2) Consensus on the application of safeguards at the country level at preparation is necessary for compliance with safeguards. The experience with this project showed that clearer and strict guidance during preparation could have helped the National Electricity and Potable Water Board (ONEE) in identifying the requirements and steps that it needed to take follow to reach OP 4.12 compliance and that addressing land acquisition issues prior to effectiveness and ensuring timely engagement of Project Affected People's in the compensation process could have reduced implementation delays, which contributed to the non-completion of



many project activities.

(3) Integrating citizen engagement activities in the project cycle can be useful ensuring compliance with safeguards. The integration of a social analysis in the preparation of technical designs can be useful in reducing the need for land acquisition. Pipes, plants and other hardware could be positioned to avoid, whenever possible, the need for land acquisition. For instance, in the preparation of technical designs for an ongoing Bank financed project, the social teams presented alternative plans that reduced the need for land acquisition by 50% (from 2000 plots to 1000 plots).

(4). Downgrading projects can aid in speeding action. The experience of this project showed that candor in project ratings when appropriate during implementation promotes transparency and can be important in raising the level of dialogue and attention to the issue at hand. The decision not to extend the project's closing date due to pending land acquisition issues led to high-level discussion on land acquisition and motivated the ONEE to pay greater attention to compliance in an ongoing project.

(5). Appropriate lending instruments can help in strengthening strategic partnerships. Given that this project was mainly an infrastructure project, the Bank's contribution on sector strategy was limited. Engaging in a Program for Results or Sector Wide Approach (SWAP) may have encouraged a higher level of dialogue between the Bank and the client during implementation.

14. Assessment Recommended?

No

15. Comments on Quality of ICR

The ICR was well-written and provided a good analysis. The ICR was also candid, particularly in noting the inadequate consideration to land acquisition issues at preparation, the implementation delays associated with resolving those issues and the final cancellation of activities on account of pending land acquisition issues at closure. The ratings provided in the ICR were consistent with OPCS guidelines and the ICR drew good lessons from the experience of implementing this project.

The discussion of the efficiency section was, however, somewhat confusing and the ICR provided no details on whether or not financial audits were qualified.

a. Quality of ICR Rating

Substantial