Report Number: ICRR0023376

1. Project Data

Project ID	Project Name	
P149282	Rural Development Program II	
Country	**Practice Area(Lead)**	
Solomon Islands	Social Sustainability and Inclusion	

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
COFN-C1360,IDA-55740,IDA-D0220,IDA-D5110,TF-19256,TF-A5083	28-Feb-2020	31,780,341.84
Bank Approval Date	**Closing Date (Actual)**	
21-Nov-2014	07-Feb-2022	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	19,500,000.00	21,055,856.00
Revised Commitment	32,217,452.16	21,027,461.87
Actual	31,780,341.84	21,027,461.87

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

a. Objectives

According to the Project Appraisal Document (PAD) (p. 15), the objective of the project was “to improve basic infrastructure and services in rural areas and to strengthen the linkages between smallholder farming households and markets”. As per the Financing Agreement of January 29, 2015 (p.5), the objective of the project was “to assist the Recipient to improve basic infrastructure and services in rural areas and to strengthen the linkages between smallholder farming households and markets”. According to the ICR (p.11), the PDO was amended during the Additional Financing to ensure consistency between the PAD and the

Financing Agreement. The revised objective of the project was "to assist the Recipient to improve basic infrastructure and services in rural areas and to strengthen the linkages between smallholder farming households and markets".

The PDO will be parsed as follows:

Objective 1) To improve basic infrastructure and services in rural areas; and

Objective 2) To strengthen linkages between smallholder farming households and markets.

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

Yes

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

Yes

Date of Board Approval

12-Mar-2020

c. Will a split evaluation be undertaken?

Yes

d. Components

The project included three components:

Component 1: Community Infrastructure and Services (appraisal estimate US$21.52 million, actual US$23.50 million): This component was to finance the following sub-components:

a. **Community development grants**: This sub-component was to deliver grants in two cycles covering all of the country's 172 rural wards. The menu of eligible and ineligible sub-project types remained the same as for the first Rural Development Program (RDP I) (e.g., water supply, schools, health facilities, resource centers, etc.). The sub-component aimed to foster particular economic infrastructure (e.g., feeder roads, footbridges, jetties, storage facilities, etc.), capacity building, and training activities (e.g., income-generating skills), which complemented and supported agricultural commercialization activities under Component 2.
b. **Community facilitation and capacity development:** This sub-component was to continue providing community-level support by Community Helpers (CHs). Approximately half of these CHs were to be converted to Technical Community Helpers (TCHs) to provide engineering and technical services. A partnership with local training providers was to be formed to deliver training for all CHs, and intensive technical training for TCHs.
c. **Rural infrastructure disaster recovery and resilience:** This sub-component was to provide grants to the communities in Guadalcanal most badly affected by the April 2014 flash floods.
d. **Provincial support:** This sub-component was to support Provincial Support Units (PSUs) in each province by leveraging the resources and systems of the Provincial Government, Constituency Development Offices, and line ministries with staff operating at the provincial level.

Component 2: Agriculture partnerships and support (appraisal estimate US$18.81 million, actual US$10.93 million): This component was to finance the following sub-components:

a. **Agribusiness partnerships:** This sub-component was to finance the development of stronger, more profitable alliances between private sector agribusinesses and smallholder farmers.
b. **Agriculture Supplemental Equity Facility (ASEF):** This sub-component was to finance the reactivation of the SEF activity, which was created under RDP I. The facility was to be accessed through commercial banks for projects in which the borrower contributed 20 percent of the cost, and the bank was to be prepared to lend 60 percent. An ASEF grant to the borrower financed the remaining 20 percent. Eligibility was limited to enterprises engaged in agriculture (broadly defined, including primary production and other activities in the value chain). It would favor those offering the best prospects for generating employment growth in rural areas.
c. **Agricultural commercialization: This sub-component was to strengthen the enabling environment for developing** the agricultural sector through support to the ongoing Ministry of Agriculture and Livestock (MAL) capacity-building process, direct support to farmer groups (in particular, those including women farmers), improved industry coordination, and adaptive research (focused on cocoa and coconut and other to be identified cash crops).
d. **Agriculture and livestock disaster recovery and resilience:** This sub-component was to finance the replacement of agriculture and livestock assets (mainly pigs and poultry) and repair or replace agriculture and livestock infrastructure in Guadalcanal communities most affected by the April 2014 flash floods.
e. **Agribusiness support:** This sub-component was to finance Component 2 Management Unit (C2MU) to be based in MAL with a mandate to coordinate and manage the implementation of Component 2.

Component 3: Program management (appraisal estimate US$6.57 million, actual US$7.17 million): This component was to finance overall program management, finance, procurement, overall Monitoring and Evaluation/ Management Information System (including contracting studies on topics such as land use and ownership, disaster preparedness, etc.), and environmental safeguards.

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

Project Costs: The project was estimated to cost US$46.35 million. The actual cost was US$42.23 million.

Financing: The project was financed by an IDA credit in the amount of US$5.0 million (of which US$4.6 million was disbursed), an IDA credit in the amount of US$4.0 million (of which US$3.7 million was disbursed), an IDA credit in the amount of US$2.2 million (of which US$2.4 million disbursed), a Trust Fund (TF-19256) in the amount of US$10.50 million (of which US$10.49 million disbursed), and a Trust Fund (TF-A5083) in the amount of US$10.55 million (of which US$10.53 million disbursed). The project was also to receive financing from the International Fund for Agriculture Development of US$4.6 million. Actual financing was US$3.9 million.

Borrower Contribution: The Borrower was to contribute US$9.5 million. The actual contribution was US$6.5 million.

Dates: The project was restructured six times, as discussed below.

- On February 3, 2016, the project was restructured to revise the financing agreement to clarify the implementation arrangements under component 2.
- On April 14, 2016, the project was restructured to change the financing percentage of the i) Community Development Grant (CDG), ii) Disaster Recovery Grant (DRG), and iii) ASEF Grant to read as "100% of the amount disbursed". The remaining eligible project expenditures, including the Agribusiness Partnership Grant, were to remain at "100% of eligible expenses".
- On June 15, 2017, the project was restructured to change the financing plan.
- On January 25, 2018, the project was restructured to i) reduce the target values for three of the four PDO level indicators to reflect the reduction in the numbers of a) CDG and DRG subprojects and their beneficiaries; b) agribusiness partnerships and their beneficiaries; and c) beneficiaries receiving agriculture and livestock support to recover incomes lost from April 2014 flooding; ii) a PDO level indicator on “Increase in sales for farmers engaged in partnerships” was revised to “Increase in the volume of produce sold by households engaging in agricultural partnerships” to reflect the nature of partnerships better and to avoid dependency on external factors, such as weather and markets; iii) the target was decreased for five Intermediate Outcome Indicators (IOI), three IOIs were revised, a new IOI was added, and five IOIs that did adequately reflect the scope and nature of the Project were dropped.
- On August 11, 2019, the project was restructured to extend the project’s closing date from February 28, 2020, to February 28, 2021, to allow the grant to fully disburse all available funds and provide the project time with processing the government’s request for Additional Financing (AF).
- On February 12, 2020, the project received AF in the amount of US$2.2 million to cover counterpart financing, which did not materialize due to the country's fiscal constraints. The scope of the project was not modified.
- On February 1, 2021, the project was restructured to extend the closing date from February 28, 2021, to February 7, 2022, i) complete the remaining 87 subprojects since communities experienced delays in the shipment of materials due to the ongoing COVID-19 Public State of Emergency; ii) carry out the necessary community operations and maintenance training to ensure that project investments were protected; iii) give the Ministry of National Planning and Development Coordination (MNPDC)’s Project Management Unit more time to analyze results and impacts, complete the Agribusiness endline survey, and prepare the Project Completion Report.

3. Relevance of Objectives

Rationale

Country and Sector Context. The Solomon Islands includes 997 islands, of which 90 are inhabited. At the time of appraisal, the country had an approximate population of 550,000 and the world's lowest population densities and urbanization rates. Between 1998 and 2003, the country went through civil unrest because of land disputes between indigenous Guale and Malaitan migrants in Guadalcanal, where the capital city of Honiara is located. This impacted the economy substantially, and the country experienced a 24 percent decrease in Gross Domestic Product (GDP) during this period. At the time of appraisal, in 2014, the country experienced challenges related to access to health, education, water resources, electricity, and unequally distributed markets throughout the country, in addition to a lack of transportation infrastructure.

Furthermore, in April 2014, in North-Central Guadalcanal, heavy rains caused substantial floods resulting in high human and economic costs.

According to the PAD (p. 12), in 2006 (the most recent data at appraisal), approximately 23 percent of people in the Solomon Islands suffered from basic needs poverty. Poverty varied geographically. Peri-urban households around the capital of Honiara suffered from disproportionate poverty levels, with almost one in three people unable to afford a basic minimum standard of living. However, the incidence of extreme poverty was lower in urban areas than rural areas (2.6 percent versus 8.7 percent). However, access to services was also limited across the country. Rapid social change associated with increasing urbanization also contributed to stresses, including the erosion of customary authority, disenchantment among young people, and a loss of social cohesion. As a result, there was a strong need to improve infrastructure, services, and economic opportunities in rural areas.

Alignment with the Government Strategy. In 2007, the Ministry of Development Planning and Aid Coordination (MDPAC) prepared and launched the Agriculture and Rural Development Strategy (ARDS) and asked the Bank to lead the preparation of the Rural Development Program (RDP) to support the implementation of some of the key priorities identified under the ARDS such as improving rural infrastructure, services, and access to markets. In 2014, the government developed the National Development Strategy (NDS; 2011-2020) to alleviate poverty and provide social and economic opportunities and benefits by building rural infrastructure, enhancing agricultural productivity, and increasing access to markets and services. Also, the NDS aimed to ensure community participation in the selection and ownership of project activities. The most recent NDS (2016-2035) has five key objectives, of which four were supported by the second phase of the Rural Development Program: i) objective 2: poverty alleviated across the whole of the Solomon Islands, basic needs addressed, and food security improved, with the benefits of development more equitably distributed; and ii) objective 4: resilient and environmentally sustainable development with effective disaster risk management.

Alignment with the Bank Strategy. At appraisal, the objectives of the project were in line with the Bank's Country Partnership Strategy (CPS) (FY2013-2017), which aimed to "Increase productivity in key cash crops while maintaining food security," "increase the resilience of rural communities to climate change, natural hazards, and catastrophic disasters" as well as "capacity for collective action and increased access to services for rural communities." The PDO also remains directly relevant to the three Focus Areas of the Bank's Solomon Islands Country Partnership Framework (CPF) for the period FY2018–2024, particularly Focus Area 1: Strengthening the Foundations of Well Being, Objective 1.1: Improve renewable power generation and access to electricity, by financing electrification and hydropower subprojects inwards; Focus Area 2: Promoting Inclusive and Sustainable Growth, Objective 2.2: Increase productive opportunities in agriculture, by financing extension services, training, and market linkages between farmers and agribusinesses; and Focus Area 3: Managing Uneven Development, Objective 3.2: Improve access to service delivery in underserved communities by financing infrastructure subprojects that improve access to services.

The PDO is also directly relevant to the Bank Strategy for Fragility, Conflict and Violence (FCV) 2020–2025 in helping countries transition out of fragility by "promoting approaches that can renew the social contract between citizens and the state, foster a healthy local private sector, and strengthen the legitimacy and capacity of core institutions."

Given the fragile context, the PDO supported improving infrastructure and services and capacity building at the national (delivery of this component through MAL) and local levels through strengthening links between farmers and markets. Of the Bank's six high-priority areas in FCV settings, the PDO is particularly relevant to (a) Investing in human capital through the capacity building of farmers and increased access to services; (b) Creating jobs and economic opportunities through strengthened market links; and (c) Building community resilience and preparedness, through building quality infrastructure, especially in disaster-affected communities.

While the PDO focused on improving basic infrastructure and service, the intended outcome was to improve basic infrastructure and 'access' to services. Given the alignment with the Government and Bank strategy, as well as the focus on capacity building at the core institution and farmer level, in a fragile context, the relevance of the objective is rated as Substantial.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

Improve basic infrastructure and services in rural areas

Rationale

Theory of change: The project's theory of change envisioned that project **activities** such as training of communities to participate and implement in projects, financing, and designing of improved small-scale infrastructure, financing and designing of community Operation & Maintenance (O&M) systems, and training of O&M committees were to result in **outputs** of enhanced coverages and maintenance of small scale infrastructure in rural areas thereby promoting the **outcome** of increased access to improved basic infrastructure and services in rural areas. These results contributed towards **long-term outcomes** of enhancing social and economic opportunities and benefits to rural communities. The critical assumptions included (i) communities' willingness to participate and commitment to O&M; (ii) government will honor service infrastructure support agreements.

The theory of change presented in the ICR was logical. However, the outcome was measured as people benefitting from any single or combined set of interventions related to water supply, education service infrastructure, community infrastructure, economic subprojects, and health services, including disaster recovery. Even though the PDO stated to improve basic infrastructure and service, the indicator, in effect, measured improved basic infrastructure and access to services.

Outputs:

- 317 community infrastructure sub-projects were completed, slightly below the original target of 374 community infrastructure sub-projects. These were subprojects within water supply, education service infrastructure, community infrastructure, economic subprojects, and health services.

- 213,088 participants (of which 105,927 were women) participated in community prioritization/ consultation meetings, exceeding the original target of 180,000 participants (of which 90,000 were to be female.
- 100 percent of sub-projects confirmed plans for community engagement in post-project operations and maintenance, achieving the original target of 100 percent.
- Out of the total subproject costs, 25 percent were covered by the community and other non-project financed contributions, not achieving the original target of 30 percent of costs being covered by the community and other non-project financed contributions.
- 37 percent of representatives in Ward Development Committees were women, not achieving the target of 50 percent.

Outcomes:

- 171,320 beneficiaries (of who 84,673 were female) benefitted from improved quality of and access to rural infrastructure or services, not achieving the original target of 262,850 beneficiaries (of who 131,425 were to be female) – 65% achieved.

Given the partial achievement of the original outcome target, the efficacy of the original objective 1 is rated as Modest.

Rating
Modest

OBJECTIVE 1 REVISION 1
Revised Objective
To assist the recipient to improve basic infrastructure and services in rural areas.

Revised Rationale
The theory of change remained the same.

Outputs:

- 317 community infrastructure sub-projects were completed, exceeding the revised target of 275 community infrastructure sub-projects.
- 100 percent of completed sub-projects established community engagement in post-project operations, achieving the original target of 100 percent. The target was not revised.
- 25 percent of the total subproject costs were covered by the community and other non-project financed contributions, exceeding the revised target of 20 percent of costs being covered by the community and other non-project financed contributions.
- 37 percent of representatives in Ward Development Committees were women, not achieving the original target of 50 percent. This indicator was not revised during the restructuring.

Outcomes:

- 171, 320 beneficiaries (of who 84,673 were female) benefitted from improved quality of and access to rural infrastructure or services, exceeding the revised target of 140,000 beneficiaries (of who 70,000 were to be female).

The ICR provided the additional information, not included in the RF and therefore without target values:

- Surveys were conducted for 296 of the 317 completed subprojects through focus group discussions with Subproject Implementation Committee (SIC) members, non-SIC women's groups, and non-SIC men's groups. Across all provinces, SIC satisfaction was 95 percent, men's satisfaction was 92 percent, and women's satisfaction was 91 percent.

Given the substantial achievement of the revised targets, the rating for the revised objective 1 is Substantial. The narrow definition of the objective, focusing on access to basic infrastructure and services rather than improving services highlighted earlier, also holds for the revised objective.

Revised Rating

Substantial

OBJECTIVE 2

Objective

Strengthened linkages between smallholder farming households and markets in rural areas

Rationale

Theory of Change: The project's theory of change envisioned that project **activities** such as providing grants to disaster-affected communities, training and support to the Ministry of Agriculture and Livestock (MAL), supporting MAL to provide extension services and commercialization services to farmers, and financing support to agribusinesses were to result in **outputs** such as disaster-affected communities implementing sub-projects, MAL staff being trained and supported, and financing support to agribusinesses being provided. These outputs were to result in the **intermediate outcomes** of improved household finances and the capacity of smallholder farmers to access key markets, as well as an improved enabling environment for partnership between smallholders and private companies. This was expected to lead to **outcomes** of better linkages between smallholder farming households and markets in rural areas being strengthened. These results were to contribute towards **long-term outcomes** of enhancing social and economic opportunities and benefits to rural communities.

The theory of change under this objective was logical. The critical assumptions included (i) disaster-affected communities willing to participate; (ii) MAL willing to provide services inwards; and (iii) farmers willing to work with/ sell to agri-businesses.

Outputs:

- 35 agribusiness partnerships were established (of which three were canceled), not achieving the original target of 79 partnerships. These partnerships provided tools, seeds, and training to farmers and then purchased the commodities produced.

- 38,394 client days of agriculture training were provided, exceeding the original target of 20,000 days.
- 18,922 members (of which 8,977 were female) of farming households engaged in productive partnerships with commercial enterprises, not achieving the original target of 68,200 members of farming households.
- The total value of Agriculture Supplemental Equity Facility (ASEF) grants disbursed was US$122,986, not achieving the original target of US$2 million.

Outcomes:

- Farmers engaged in partnerships experienced an increase of 50 percent in sales, exceeding the original target of 30 percent.
- 2,846 male and female beneficiaries received agriculture and livestock support to recover incomes lost from the April 2014 flooding, not achieving the original target of 5,400 male and female beneficiaries. According to the ICR (p. 21), the target of this indicator was revised downward because a comprehensive verification exercise showed that the number of affected persons listed in numerous disaster surveys that informed the PAD was inaccurate.

While the participating farmers experienced an increase of 50 percent in sales, the outreach of this component was significantly lower than planned, as the actual number of beneficiaries engaged in productive partnerships with commercial enterprises was less than a third of the target. Agriculture and livestock support beneficiaries were almost half the expected number. Therefore, the achievement of the second original objective is rated Modest.

Rating
Modest

OBJECTIVE 2 REVISION 1
Revised Objective
To assist the recipient to strengthen the linkages between smallholder farming households and markets.

Revised Rationale
The theory of change remained the same.

Outputs:

- 35 agribusiness partnerships were established (of which three were canceled), exceeding the revised target of 43 partnerships.
- The total value of Agriculture Supplemental Equity Facility (ASEF) grants disbursed was US$122,986, not achieving the revised target of US$1 million.
- 38,394 client days of agriculture training were provided, exceeding the revised target of 22,000 days.

Outcomes:

- 18,922 members (of which 8,977 were female) of farming households engaged in productive partnerships with commercial enterprises, exceeding the revised target of 14,000 members of farming households with 8,977 members being female.
- Farmers engaged in partnerships experienced an increase of 50 percent in sales, exceeding the revised target of 15 percent.
- 2,846 beneficiaries (of which 1,366 were female) received agriculture and livestock support to recover incomes lost from the April 2014 flooding, exceeding the revised target of 2.500 beneficiaries, with 1,250 female.
- 7,298 male and female partnership members adopted improved farming practices due to engagement in agribusiness partnerships, exceeding the target of 7,000 members.
- The economic rate of return of a sample of agribusiness partnerships was minus 9 percent, not achieving the target of 11 percent. The ICR noted that Of the 11 sampled partnerships, 6 have positive returns, especially in the coconut sector. This indicator should have ideally been under the efficiency assessment.

The project achieved or exceeded all revised targets except a few intermediate results indicators. As a result, achieving the objective under the revised targets is rated Substantial.

Revised Rating
Substantial

OVERALL EFFICACY

Rationale
Given the shortcomings in achieving the targets, the efficacy of both objectives before the restructuring is rated as Modest. Thus, the overall efficacy before restructuring is Modest.

Overall Efficacy Rating
Modest

Primary Reason
Low achievement

OVERALL EFFICACY REVISION 1

Overall Efficacy Revision 1 Rationale
Given the substantial achievement of the revised targets, the efficacy of both objectives post-restructuring is rated as substantial. The narrow definition of the first objective, focusing on access to basic infrastructure and services rather than improving services highlighted earlier, also holds for the revised objective. Thus, the overall efficacy post-restructuring is Substantial with minor shortcomings.

Overall Efficacy Revision 1 Rating

Substantial

5. Efficiency

Economic efficiency:

The PAD (p. 25) conducted an Economic analysis that identified the following expected benefits: i) improved service delivery and greater private investments in rural areas; ii) changed patterns of agricultural production, increased agricultural productivity, and increased marketed output; and iii) restoration of productive assets destroyed during the 2014 floods.

According to the Bank team (May 16, 2023), the analysis used a discount rate of 10 percent. It calculated a Net Present Value (NPV) of US$22,249 and an Economic Rate of Return (EIRR) of 17 percent, indicating that the project was a worthwhile investment.

The ICR (p. 52) activity models were prepared to represent the significant project investments and their associated benefits. For each model, a with-without scenario was assessed. A model was considered profitable if the beneficiaries could derive more profits following the project investments. The models were structured around Component 1 (Community Infrastructure and Services) and Component 2 (agriculture partnerships and Support). For Component 1, the models included the key activities the project invested in, such as water (pipes/tanks), community halls, and education (primary schools and kindergartens). For Component 2, the models included primary agro-processing investments that the project financed: ngali nut dryers, ngali nut extraction processing facilities, outboard motors, trucks, direct micro expellers for virgin coconut oil processing, coconut oil mills, and cocoa fermenting and drying equipment. In addition, the production benefits were estimated. The analysis found that most activities under component 1 were economically viable with positive IRRs and NPVs, except community halls.

For Component 2, while the financial analysis had mixed results, the economic analysis showed positive results.

Overall, ex-post the project's analysis estimated an NPV of US$18.8 million and an EIRR of 15 percent. The ICR noted that a sensitivity analysis with benefits reduced by 20 percent found that the project remains robust with an NPV of SBD 69.3 million (US$8.6 million), with an EIRR of 11 percent.

Operational efficiency:

The project experienced implementation delays partially because of the depreciation of varying currencies that resulted in insufficient budgets, which required the revision/reduction of targets and additional financing. Also, because of implementation delays, the project's closing date had to be extended twice by almost 24 months. Furthermore, project management costs were higher than expected, amounting to 17.2 percent of project costs, compared to planned project costs of 14 percent at appraisal and the global norm of 13 percent for FVC settings but lower than the 25 percent of project management costs for the first phase of the rural development program settings. The ICR notes that overall, the higher project management costs in the Solomon Islands compared to other FCV countries reflect the logistical complexity of managing projects in an expansive and diverse island archipelago with limited to nonexistent transportation infrastructure and the high fuel costs in the Pacific, with considerable impact on the cost of project support and oversight. In addition, given the hybrid CDD approach of the project, 67 technical staff at the provincial and ward levels had to be recruited to support beneficiary communities for both infrastructure/services and livelihood activities, with additional operational costs to support.

The ERR ex-post at 15% was slightly lower than the ex-ante ERR of 17%. However, overall, the project achieved lower targets than set at appraisal, using more financing than planned and an implementation period extension of almost 24 months. Taking everything together, the project's efficiency is rated Modest.

Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	15.00	0 ☐ Not Applicable
ICR Estimate	✓	17.00	0 ☐ Not Applicable

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

6. Outcome

A split rating was done to determine the overall outcome rating. The overall Relevance of Objectives was rated Substantial. The efficacy rating was Modest pre-restructuring and 'substantial with moderate shortcomings' post-restructuring. Efficiency was assessed as Modest. The split rating assessment assesses the overall outcome rating as Moderately Satisfactory, as shown below.

Rating	***Original objectives***	***Objective Post-restructuring***
Relevance of the Objective	Substantial	
Efficacy -		
Objective 1	Modest	Substantial
Objective 2	Modest	Substantial
Overall Efficacy	Modest	Substantial
Efficiency	Modest	
Outcome Rating	Moderately Unsatisfactory	Moderately Satisfactory
Outcome Rating Value	3	4
Amount Disbursed (US$ million)	15.78	16.00

Disbursement (%)	50	50
Weight Value	1.5	2
Total weighted value	3.5	
Overall Outcome Rating	Moderately Satisfactory	

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

Financial risk: Infrastructure built under this project will require continuous Operations and Maintenance (O&M). According to the ICR (p. 35), it is expected that financial resources available for O&M through household contributions, which had started under the Rural Development Program I, will be continued. Also, provincial line ministries have taken over the responsibility for service infrastructure. As a result, there is no significant financial risk to development outcomes.

Technical risk: While the project was able to build knowledge and provide tools to farmers' groups, MAL will likely decrease the provision of extension services to farmer groups since MAL staff is no longer provided logistical support by the project. The ICR (p. 35) stated that farmer groups are expected to require less external support from MAL due to the capacity built.

Social risk: According to the ICR (p. 35), engagement with communities, especially with women, in decision-making at the village and ward level is unlikely to continue as WDCs are likely to return to a top-down approach to development with the lack of community-level SICs with limited funds.

Environmental risk: The ICR (p. 35) stated that subprojects might utilize unsustainable logging practices that may continue damaging water sources. Also, secondary catchments and water piping established under the project to more distant/unaffected water sources may likely be rendered unusable since logging operations are expanding to the interior and negatively impact subproject water sources. The sustainability of subprojects at the coast will also be put at risk due to sea level rise. In the case that villages have to relocate due to sea level rise, subprojects may be abandoned.

8. Assessment of Bank Performance

a. Quality-at-Entry

According to the PAD (p. 20), the project was built on lessons learned from the first phase of the rural development program. These lessons included the following: i) women being involved in Subproject Implementation Committee (SIC) encourages women to be more active in their communities. As a result, this project required a balance of approximately 50% of SIC and Ward Development Committee (WDC) members being women; iii) communities prefer community procurement, but it is costly and time-consuming; iv) centralized technical/engineering support is costly and inefficient; v) community projects cannot usually be completed within one year, as initially planned; vi) community projects do not receive adequate Community Helper (CH) support due to lack of performance incentives and inadequate training; and vii) importance of private sector engagement and reducing the reliance on public sector service delivery which incurs high recurrent expenditure levels.

According to the PAD (p. 23), the Bank team identified relevant risks to project implementation. The following were rated as Substantial: i) insufficient capacity to deliver support to every rural ward in the country; ii) offering partnership grants for the first time (managing the grants was to be transaction intensive); and iii) limited size of the private sector, which were to result potentially in limited quality uptake on partnerships early on in the project. The mitigation efforts included training to build technical capacity in the government to deliver support to rural wards, manage grants, and the private sector to participate in the project's activities. However, mitigation measures were not sufficient, resulting in implementation delays. Also, the Bank team did not identify all risks, such as fluctuating commodity prices, limitations to existing and new markets, and a general lack of working capital in the private sector. Also, the risk of small agribusinesses not being able to qualify for a loan at other Banks was not identified, resulting in the discontinuation of the Agriculture Supplemental Equity Facility (ASEF) in May 2018.

According to the ICR (p. 29), the project's financial management was complex, including various funding sources with different eligible expenditures. The PMU had to manage multiple withdrawal applications, prepare separate financial reports and consider various currency fluctuations. These challenges resulted in a delay in project implementation and the need to extend project implementation by 23 months.

The economic analysis in the PAD lacked critical information, such as the results of the NPV and ERR and what discount rate was applied. Furthermore, the project's Results Framework had several shortcomings, including the narrow definition of the outcome indicator that focused primarily on measuring access rather than improved services (see section 9a for details).

Therefore, the quality at entry rating is Moderately Unsatisfactory.

Quality-at-Entry Rating

Moderately Unsatisfactory

b. Quality of supervision

According to the ICR (p. 34), the Bank team conducted 16 supervision and technical support missions throughout project implementation. Also, the Bank team had the relevant technical expertise to supervise the project's implementation and provide training in financial management, procurement, and environmental and social safeguards compliance. Even though the project was managed by four different Task Team Leaders (TTLs), the ICR (p. 35) stated that continuity was ensured.

The Mid Term Review was timely and occurred in September 2017, 2.5 years after effectiveness. The restructuring that followed in January 2018 made the needed adjustments as agreed in the MTR. Even though the RF was substantially improved during the 2018 restructuring and helped address issues identified during implementation, shortcomings in measuring the project's progress toward the PDO remained. Also, as stated above, mitigation measures to address implementation risks and complex project design were insufficient, resulting in implementation delays. Key task team specialists provided training in financial management, procurement, and environmental and social safeguards to project staff from the national down to the ward levels to help ensure compliance with World Bank guidelines and SIG regulations, and these specialists joined every implementation support mission. The ICR notes that the 'Implementation Status and Results Reports' (ISRs) were candid and highlighted issues requiring Government and World Bank management attention. Ratings in the ISRs were realistic and were based on progress, actions taken by the Government, and identified risks.

Overall, the Quality of Supervision is rated as Moderately Satisfactory.

Given that the Quality at Entry is Moderately Unsatisfactory, and the Quality of Supervision is Moderately Satisfactory, the overall Bank Performance rating is aligned with the overall outcome rating and rated as Moderately Satisfactory.

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The project's objective ("to improve basic infrastructure and services in rural areas and to strengthen the linkages between smallholder farming households and markets") was not well defined since the project did not aim to improve services. Instead, the project aimed to improve access to services. Also, the Results Framework did not sufficiently reflect the project's theory of change and how key activities were to contribute to achieving the objective. The intermediate outcome indicators were adequate to reflect the contribution of the project's activities and outputs toward achieving the outcome. Most indicators in the Results Framework were measurable, sufficiently specific, and relevant. All indicators had a baseline and target. Also, the economic rate of return of a sample of agribusiness partnerships (Percentage) was not a robust indicator in that it averaged impacts across very different agricultural activities with wide price disparities between them and did not reflect the project impact.

According to the PAD (p. 22), the Project Steering Committee (PSC) was to meet semi-annually to monitor progress in project implementation and provide necessary guidance. For Component 1 activities, a web-based Management Information System was used to monitor activities related to community subprojects.

The main monitoring instrument for Component 2 was to compare against baselines established for each Agricultural Partnership depending upon the intended outcomes.

b. M&E Implementation

The project's M&E was substantially revised during the 2018 restructuring with reduced target values for three of the four PDO level indicators, revised phrasing of the PDO to align with the Legal agreement and intermediate outcome indicators, and adding and dropping intermediate outcome indicators. However, PDO indicator 1 remained misaligned with the objective of the project. As a result, the project's Results Framework did not allow for adequate project monitoring even after the restructuring.

According to the ICR (p. 31), the MIS for activities under component 1 was functioning well, providing web-based data and photos on sub-projects for the public and supporting the preparation of standardized progress reports. For component 2, M&E data were collected by the PMU's M&E officer in a spreadsheet since the number of agribusiness partnerships and other activities was relatively small. The project's M&E experienced delays in obtaining data due to the remote location of some sub-projects and poor or lack of communication infrastructure in rural areas. However, reporting to the Bank was timely.

The ICR (p. 31) stated that the project conducted baseline and end-line surveys on farmer groups for component 2. Furthermore, in 2017, the PMU conducted a study on the project's gender sensitivity and inclusion and a beneficiary survey for component 1. The project produced semi-annual progress reports. The ICR did not state to what extent the data were reliable and of good quality and if M&E functions were likely to be sustained after project closure.

c. M&E Utilization

According to the ICR (p. 32), the project's data was used to inform project decisions such as restructuring and AF. In addition, the project's monitoring of community participation led to refresher training on subprojects' implementation roles and responsibilities. Also, the project's monitoring of women's participation resulted in the developing of a gender action plan.

Overall, the project's M&E design shortcomings did not allow for adequate measuring of the PDO, and the issue persisted during implementation. The overall M&E quality is rated as Modest.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

The project was classified as category B and triggered the Bank's safeguard policies OP/BP 4.01 (Environmental Assessment), OP/BP4.04 (Natural Habitats), OP/BP (4.09) Pest Management, OP/BP 4.11 (Physical Cultural Resources), and OP/BP 4.10 (Indigenous People). According to the ICR (p. 32), the project developed an Environmental and Social Management Framework (ESMF) that included environmental codes of practice to guide the project in screening, assessing, and mitigating the project's environmental and social impacts. Also, the project prepared a pest management plan. In addition, the project used screening forms and verification checklists for each sub-project under component 1 and developed environmental and social management plans for each agribusiness partner. Oversight of project compliance was carried out under the PMU's oversight by a project facilitator, MAL extension agents, and provincial engineers. According to the ICR (p. 33), the PMU did not have sufficient staff at the provincial level to oversee safeguard compliance of both components in a timely fashion. As a result, the environmental and social officer at the PMU became responsible for these tasks. However, the officer mainly focused on component 1.

The ICR (p. 33) stated that since most project beneficiaries were indigenous people (IP), the main elements of an IP Policy Framework were included in the project design and operational procedures. A separate IP plan was not required.

According to the ICR (p. 32), the project complied with all safeguard policies. Also, the ICR (p. 33) stated that the project's grievance redress mechanism with facilitators settling the grievances at the community or ward level. According to the Bank team (May 15, 2023), all grievances were resolved when the project closed.

b. Fiduciary Compliance

Financial Management:

According to the ICR (p. 33), the project complied with the Bank's covenants and financial management procedures and guidelines. The project also submitted annual audited financial management reports and quarterly interim financial reports of acceptable quality and in a timely manner. The ICR did not provide any information regarding any qualified opinions. The project had qualified financial management staff who ensured that the project's accounting and reporting functions, internal controls, and disbursements were handled appropriately. However, the project faced long-standing issues of slow acquittal of project advances to sub-projects, agribusinesses, and staff. For example, two agribusinesses misused their first-tranche payment, which resulted in having to reimburse the Bank. Also, a few staff left the PMU without acquitting staff advances. The ICR (p. 33) stated that the counterpart addressed these issues timely. The Financial Management rating at closing was Moderately Satisfactory.

Procurement:

According to the ICR (p. 33), the project complied with the Bank's procurement procedures and guidelines. Also, the project complied with its legal covenants. However, the project faced several procurement-related issues, such as delays due to budget shortfalls, lack of regular updating of the Systematic Tracking of Exchanges in Procurement (partially due to internet connection issues and partially due to the procurement officer's position remaining vacant), and significant delay in the selection of the PMU gender consultant, the Operation & Maintenance consultant, and the root cause analysis consultant. The Procurement rating at closing was Moderately Satisfactory.

c. Unintended impacts (Positive or Negative)

NA

d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Quality of M&E	Modest	Modest	
Quality of ICR	---	Substantial	

12. Lessons

The ICR included lessons learned (p. 36) which were adapted by IEG:

- **Encouraging cash crop production at the expense of sustenance crops can lead to food insecurity.** The government prioritizes cash crops in the Solomon Islands for exports and taxation. Also, in this project, cash crops were grown at the expense of sustenance crops in a few instances. While in most parts of the world, people are rich and land/resource-poor, there is a link between cash and substance, and nutrition is determined by earnings; this is not the case in most of the Solomon Islands and other Pacific island countries, where home gardens provide most calories consumed by rural households.
- **Lack of relevant in-depth market research at appraisal may lead to a mis-targeting of beneficiaries.** In this project, a smaller number of agribusiness than estimated at appraisal and low capacity in existing agribusinesses resulted in a largely unutilized ASEF grant component. Furthermore, the demand for commercialization support for farmer groups exceeded the project's delivery capacity. Market research during project appraisal could have identified these issues and opportunities.
- **Supporting basic infrastructure and services that engage and empower the lowest government and community level is critical for sustainability.** In this project, engagement with wards positively contributed to achieving outcomes. However, there is a concern that this engagement at the Solomon Islands' lowest government level, ward level, initiatives will end after project closure.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR was internally consistent, candid, and sufficiently outcome-driven; the ICR provided a good overview of key factors affecting project preparation and implementation. The ICR also candidly reported on the shortcomings during the project design and future risks to development outcomes. The evidence and analysis provided in the ICR are adequate for evaluating the project's performance.

Minor shortcomings included inconsistency in the dates under the main text and the datasheet. Also, the ICR was lengthy, with double the recommended length of 15 pages. Overall, the quality of the ICR was Substantial.

a. **Quality of ICR Rating**
Substantial