



Report Number: ICRR0021906

## I. Project Data

### Project ID

P127079

### Project Name

SS-Local Governance&amp;Service Delivery

### Country

South Sudan

### Practice Area(Lead)

Urban, Resilience and Land

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

IDA-52130,TF-18138

### Closing Date (Original)

31-Dec-2018

### Total Project Cost (USD)

52,871,483.05

### Bank Approval Date

28-Mar-2013

### Closing Date (Actual)

28-Feb-2019

### IBRD/IDA (USD)

### Grants (USD)

Original Commitment

50,000,000.00

6,980,505.00

Revised Commitment

56,980,505.00

6,980,505.00

Actual

52,871,897.30

6,980,505.00

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### Group

IEGSD (Unit 4)

### Project ID

P129581

### Project Name

SS-Local Governance SD Preparation ( P129581 )



L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
Bank Approval Date 29-Jun-2012	Closing Date (Actual)	0
	IBRD/IDA (USD)	Grants (USD)
Original Commitment	0.00	0.00
Revised Commitment	0.00	0.00
Actual	0.00	0.00

## 2. Project Objectives and Components

### a. Objectives

The Project Development Objective (PDO) as stated in the Financing Agreement (Schedule 1, page 5) and the Project Appraisal Document (PAD, page 7) was "to improve local governance and service delivery in participating counties in South Sudan".

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

No

### c. Will a split evaluation be undertaken?

No

### d. Components

There were four components (PAD, page 9).

**1. Block Grants to Counties for Payam (sub-county level) Development** (cost at appraisal US\$30.0 million, actual cost US\$8.8 million). This component was expected to support a new Payam Development Grant (PDG). PDG would provide dedicated resources within county budgets that would respond to payam level priorities for small infrastructure investments. Activities included: (i) incentivizing community members to oversee local government efforts; (ii) capacity building of county government staff; and (iii) small-scale infrastructure investments. The actual cost of this component was lower than estimated



due to (a) temporary suspension of block grants first, due to the exchange rate fluctuations between the South Sudanese Pound relative to the US\$, and second, due to conflict-related fiduciary risks. These factors resulted in reducing the scope of activities financed under this component.

**2. Community engagement** (cost at appraisal US\$25.4 million (cost at appraisal included IDA and Trust Fund amount), actual cost US\$11.9 million). This component aimed at engaging communities in planning, implementing and overseeing local development activities.

**3. Institutional strengthening** (cost at appraisal US\$22.0 million, actual cost US\$15.5 million). This component financed technical assistance activities to the national and state level staff on areas such as: participatory local development planning and budgeting, fiduciary management, monitoring and reporting, safeguards and dissemination of information.

**4. Project management support** (cost at appraisal US\$21.0 million, actual cost US\$15.4 million). Activities included: (i) financing the Project Management Unit at the central level, and (ii) implementing grant monitoring and feedback and grievance mechanisms.

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

**Project cost.** The estimated cost at appraisal was US\$98.5 million. The revised estimate was US\$56.98 million. The cost was revised for a combination of factors, including withdrawal of funding by co-financiers following the outbreak of conflicts and cost overruns due to adverse macroeconomic conditions (inflation and significant depreciation of the South Sudanese Pound vis-à-vis the US\$) during implementation. These factors contributed to a reduction in project scope. The actual project cost was US\$52.9 million.

**Project financing.** The project was financed by an IDA grant of US\$50.0 million. This amount was fully disbursed. Co-financing by other donors (the Governments of Denmark, Netherlands and Norway), was estimated at US\$48.5 million (representing about 50% of the appraisal estimate). In the face of outbreak of conflicts, Netherlands and Norway withdrew their commitments and Denmark reduced its funding to US\$6.98 million. This amount was fully disbursed.

**Borrower contribution.** None was planned at appraisal.

**Dates.** The project was approved on March 28, 2013, became effective about a year later on February 21, 2014, and was scheduled to close on December 31, 2018. The project closed two months behind schedule on February 28, 2019.

**Other changes.** In December 2013, two months before the project became effective, conflicts erupted in the country. The co-financiers withdrew from their funding commitments. There was considerable upheaval in local governance arrangements in the wake of government's decision to create new states and counties. The political changes along with the adverse macroeconomic conditions contributed to the increase in the price of imported inputs. These factors contributed to a severe



financing gap, necessitating reduction in project scope. The project closing date was extended by two months for completing activities associated with third party monitoring and financial audits, through a Level 2 restructuring on December 19, 2018.

### 3. Relevance of Objectives

#### Rationale

**Country context.** Before appraisal, the newly formed Independent Republic of South Sudan (hereafter referred to as South Sudan) was embarking on nation building, having just emerged from more than two decades of civil war. The development challenges facing South Sudan at appraisal were, high incidence of poverty (with half the population living in extreme poverty), poor service delivery (due to inadequate investments in transport infrastructure and sanitation facilities), and local disputes (due to lack of clarity on the roles and responsibilities of sub-national level functionaries).

**Government strategy.** The Government enacted legislation for decentralized governance in the years before appraisal. The Local Government Act of 2009, articulated provisions for establishing local government structures and specified the mandates of sub-national level functionaries. Counties were to be responsible for service delivery at the local level, through the "County block grants" from the national government. The PDOs were consistent with the priorities articulated in the medium-term South Sudan development Plan and Aid Strategy for 2011-2016. The Plan highlighted the importance of good governance for nation building and provided a framework for managing development assistance. The governments Aid Strategy emphasized the need for improving aid effectiveness by funding service delivery mechanisms through local government systems.

**Bank strategy.** The PDOs were well-aligned with the Bank's Interim Strategy Note (ISN) for 2013-2014. The ISN noted the importance of creating legitimate institutions for transitioning from instability and identified the need for creating effective and accountable institutions. The cluster one of the ISN specifically focused on the need for building institutions for effective governance and improving service delivery at the local level.

Although the Bank' strategy at appraisal focused on building legitimate institutions, the Bank strategy at closure, was limited to improving service delivery. The ICR (paragraph 18) states that this reduced scope was in recognition of the fact that "international actors were rushing too fast towards development and state building, without consolidating peace". Although the Bank's current Country Engagement Note (CEN) does not emphasize institution building, it does highlight the importance of improving service delivery to the vulnerable population. Given that the narrow scope of project activities was consistent with the Bank's current strategy, the relevance of objective is rated as substantial.

#### Rating

Substantial



## 4. Achievement of Objectives (Efficacy)

### OBJECTIVE 1

#### Objective

To improve local governance in participating counties.

#### Rationale

**Theory of Change.** The causal links between project activities, outputs and outcomes are plausible. Training local functionaries to participate in inclusive planning processes, was expected to strengthen their capacities to manage local development projects. Better community management was expected to improve the local government's ability to better identify infrastructure priorities and manage the intergovernmental fiscal transfers for community-prioritized infrastructure projects. The intended outcomes were expected to improve service delivery at the local level. The theory of change was based on three critical assumptions: (i) continued security; (ii) block grants would flow through the government system as planned; and (iii) stable macroeconomic conditions. None of these assumptions proved to be realistic, with outbreak of hostilities and adverse macroeconomic conditions. This necessitated a shift of focus from strengthening local governance activities to improving service delivery for the poor and rural population.

**Outputs** (ICR pages 13 - 15 and pages 35 -36).

- PDGs were provided in 14 counties, well short of the target of 40. The variance between the budgeted and actual PDG expenditures not exceeding 35% was achieved in 80% of the eligible counties, falling short of the target of 90%.
- As agreed with the Bank, the participating counties were publishing their community development goals and Payam Development Grants (PDGs) indicative planning figures by official due date. The eligible counties received PDGs within 30 days, as targeted.
- 135,449 people participated in consultation activities during implementation, far short of the target of 500,000. In total, 63,778 of the participants were women, much lower than the target of 250,000.
- 91% of the grievances related to delivery of project benefits was addressed by the grievance-handling mechanism, exceeding the target of 80%. However, the beneficiary assessment found that only two in ten people were aware of the project's Grievance Redressal Mechanism (GRM), suggesting that although the project itself was responsive, its potential as a vehicle for accountability was limited.



- Community engagement was strengthened. The project substantially succeeded at enabling citizens to become more engaged in planning, implementing, and overseeing local development. In every county, community engagement activities began with conflict mapping and a campaign aimed at reaching different micro-social groups, including women, youth, internally displaced people, refugees, returnees, people with disability, minority groups and other. An Independent Assessment (Assessment of Local Governance and Service Delivery Project) conducted in 2016, concluded that the project process was inclusive. Project administrative data showed that the project substantially met the 50% threshold for women's participation.

## Outcomes

- 100% of the participating counties submitted approved plans and budgets, exceeding the target of 80%.
- The Technical Assistance (TA) firm's performance indicators (TA firm was hired to train local government officials) found that while the planning, budgeting, financial management, and procurement capacity of the local government officials improved, there was less improvement in infrastructure design, appraisal, implementation, and maintenance capacities.
- Participating counties at project closure had core operational procedures and systems in place, held regular planning and budget meetings, and had functional financial and other reporting structures. However, the ICR mentions (para 28) that there were limitations of classroom training and on-the-job-training model of capacity building for county officials who often lacked minimum technical qualifications or did not speak English as the budgets and financial reports were written in English.
- By project closure, 68% of the participating Payams had functioning Payam Development Committees, lower than the target of 80%.
- 52% of the sub-projects financed by the project had operational and maintenance arrangements (through a user fees system), as compared to the target of 80%.
- A 2017 Local Government Performance Assessment (LGPA) found 44% of the counties remained eligible for PDGs in the subsequent year, well short of the target of 80%.
- Only 11% of the participating counties submitted "clean" audits on grant expenditure. This was well short of the target of 85%.
- Overall, a total of 774,664 people in eligible counties benefitted from project activities. This represented less than a fifth (19%) of the target of 4,100,000.

A third-party monitoring of the project was conducted, by the International Organization for Migration, from July 2018 to March 2019. This was done through 31 focus group discussions with Boma (village cluster level) Development Committee members (BDC) and 16 focus group discussions with Payam Development Committee (PDC) members, on a sample of 260 of



293 sub-projects. The main conclusions of the monitoring report were: (i) over half of the sub projects had a system for funding maintenance costs through user fees; (ii) over a third (37%) of BDC members and 47% of PDC members were women; and (iii) 62% of the intended beneficiaries were aware of project investments at project closure; and (iv) most counties were not able to share documents with third-party monitors due to poor filing system. The monitoring report also noted the limitations of a classroom and on-the-training model of capacity building for county officials who often lacked minimum technical qualifications, implying that the project's expectations in this regard were too high.

### Rating

Modest

## OBJECTIVE 2

### Objective

To improve service delivery in participating counties.

### Rationale

**Theory of Change.** As discussed under the first objective, the training of local functionaries to participate in inclusive planning processes, was expected to strengthen their capacities to manage local development projects. Better community management was expected to improve the local government's ability to better identify infrastructure priorities and manage the intergovernmental fiscal transfers for community-prioritized infrastructure projects. The intended outcomes were expected to improve service delivery at the local level.

**Outputs** (pages 15-16 and page 37).

- In total, 408 small scale infrastructure sub projects were completed, short of the target of 500. The sub-projects included 30 primary health care units, 142 classroom blocks in 60 primary schools, three primary access roads, 105 bore-wells, three local markets, a livestock market, 202 ventilated improved pit (VIP) latrines and one storm water dyke.

### Outcomes.

- About 90% of the financed sub projects were functional one year after completion, exceeding the target of 80%.
- A total of 774,664 people in eligible counties benefitted from project activities. This represented less than a fifth (19%) of the target of 4,100,000.

The conclusions of the third-party monitoring (discussed above) were: 78% of the respondents were satisfied with the constructed markets and 75%, 73%, 66% and 67% of the respondents were satisfied with schools, health centers, boreholes and dykes, constructed under the auspices of this project. None of the respondents expressed satisfaction with the road that was



rehabilitated, as it had broken culverts. The monitoring report also noted that the subprojects constructed under the project were easily accessible to the general populace living in the vicinity (ICR paragraph 34).

#### Rating

Modest

## OVERALL EFFICACY

### Rationale

#### Overall Efficacy Rating

Modest

#### Primary Reason

Low achievement

## 5. Efficiency

**Economic analysis.** Data limitations precluded calculation of economic rates of returns (ERR) at appraisal (PAD, paragraph 65).

An *ex post* assessment was conducted for small scale infrastructure investments completed under the project. These investments accounted for less than a fifth (17%) of actual cost. The ICR (paragraph 36) notes that, in view of the economic and security situation, a conservative discount rate of 6% was used for the analysis, in accordance with the World Bank guidelines on social discount rate. The weighted average of the ex post ERR was 50%. There was no economic analysis for activities aimed at improving local governance, which accounted for bulk of financing for the project.

**Administrative and Operational inefficiencies.** The implementation was subject to delays right from the outset due to the eruption of conflict, which led to withdrawal of funding by co financiers. This, in combination with adverse macroeconomic impacts (inflation and significant depreciation of South Sudanese Pound relative to the US\$), contributed to the cost overruns (around US\$33.5 million) and a financing gap (about US\$75.0 million). The deteriorating security situation between July 2016 and August 2018, contributed to reduced geographical coverage (with project activities concentrated in the southern and western parts of the country), and the financing gap meant that the project could support activities in fewer counties, than targeted.



During implementation, disbursements were suspended twice - the first time for helping the government deal with exchange rate fluctuations and the second time for taking steps to minimize conflict-related fiduciary risks (discussed in section 9b and 10b). Since expenditures on institutional strengthening and project management continued during these periods of suspension, budget spent on these components was more than planned (70% and 74% of the original estimates were spent on activities associated with institutional strengthening and project management components, as compared to only 29% for block grants and 47% for community engagement). The government's decision to create more counties contributed to high staff turnover, and disruption of capacity building activities. Insecurity and conflict, besides causing delays, contributed to higher security cost. At project closure, the project, envisioned as a national project, had reduced geographic coverage within the country and was implemented in only 14 counties, as compared to the target of 40.

## Efficiency Rating

Modest

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

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate	<input type="checkbox"/>	50.00	17.00 <input type="checkbox"/> Not Applicable

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

## 6. Outcome

Relevance of the PDO to the government and bank strategy is substantial. Efficacy of the two PDOs - to improve governance and service delivery - were rated as modest, in view of low achievement of outcomes. Efficiency is modest, in view of the administrative and operational inefficiencies. Taking these ratings into account, outcome is rated as moderately unsatisfactory, reflecting significant shortcomings in the project's achievement of its objectives.

### a. Outcome Rating

Moderately Unsatisfactory



## 7. Risk to Development Outcome

**Political and economic risk.** The political risk is rated as high. Although the South Sudan peace deal was signed on September 2018, the ICR (paragraph 72) notes that, conflict remains to date in areas controlled by groups who are not signatories to the peace deal. Further, the peace deal did not address important issues, such as security, demarcation of internal boundaries, subnational governance and modalities of power sharing between South Sudan's regions and ethnic groups. There is also the risk that conflict, or other developments such as instability over the border could precipitate another macroeconomic crisis and thereby contribute to the unpredictability in the intergovernmental fiscal transfers to subnational functionaries.

**Institutional risk.** The government's decision to expand the number of counties during implementation, caused significant turnover of local government staff. This could undermine the ongoing benefits from the capacity building activities of local government staff, provided under the auspices of this project.

**Technical risk.** There were some issues with operations and maintenance such as finding spare parts on the market for operations and maintenance for boreholes and hand pumps. Technical repairs was also a challenge due to the lack of available resources in government and inadequate intergovernmental fiscal transfers in the wake of the macroeconomic crisis.

## 8. Assessment of Bank Performance

### a. Quality-at-Entry

The project was prepared based on the lessons from the Multi-Donor Trust Fund for South Sudan and operations in Fragile and Conflict - affected States elsewhere. Lessons incorporated in project design included: balancing the need for quick and early results with institutional capacity building, provision for carrying out frequent external audits, and involving non-government organizations. The project was prepared by a team that included experts on forced displacement, intergovernmental fiscal transfers, local governance and community driven development. Several risks were identified at appraisal, including high risks associated with weak implementation capacity, governance concerns, financial management and security risks. Mitigation measures incorporated at design, included a flexible design, a qualified financial management specialist at the Project Management Unit (PMU), and continuous engagement with state governments and stakeholders during implementation. The implementation arrangements were appropriate, with a dedicated Project Management Unit at the central level, supported by state level personnel. The arrangements made at appraisal for M&E design, and for safeguards and fiduciary compliance, were appropriate (discussed in section 10).

There were minor shortcomings at Quality-at Entry:

- The original design which aimed at building legitimate long-term institutions and state building without consolidating peace, was unrealistic in the country context. This necessitated a shift of focus from strengthening



local governance activities, to improving service delivery for the poor and rural population, following the outbreak of hostilities, even before the project became effective;

- The project underestimated the risk associated with local governance arrangements and this contributed to delays during implementation; and
- The project relied excessively on funding from bilateral donors. This contributed to the reduced project scope, following the withdrawal of financing from other donors.

### Quality-at-Entry Rating

Moderately Satisfactory

### b. Quality of supervision

Overall, 12 Implementation Status Results Reports were filed over six years (implying on average two supervision missions a year). The missions were conducted regularly, despite tight restrictions on field travel. These missions aided in identifying the major issues facing the project during implementation. The Bank's decision to revert course from what was envisioned as a national project, to restricting the scope of the project activities in the southern and western part of the country, was appropriate, as much of the northern part of the country was unable to participate in the project due to the lack of functional government and access. Likewise, the Bank's decision to suspend disbursements twice during implementation - first time for addressing the economic effects of the severe depreciation of the South Sudanese Pound and the second time for putting additional fiduciary measures, in the face of concerns that the development financing could be diverted for buying weapons, was appropriate. The support provided by the team, aided in M&E implementation (discussed in section 9b) and fiduciary and safeguards compliance (discussed in section 10).

Given the outbreak of hostilities even before the project became effective, it is not clear why the decision to restructure (on December 19, 2018), was taken just days before the originally scheduled closing date of December 31, 2018.

### Quality of Supervision Rating

Moderately Satisfactory

### Overall Bank Performance Rating

Moderately Satisfactory

## 9. M&E Design, Implementation, & Utilization



### a. M&E Design

The key outcome indicators, were simple and measurable. The key outcome indicators - the number of participating payams with functioning Payam Development Committees and the number of small-scale infrastructure investments, financed by the eligible counties, were appropriate for the PDO of improving governance. The number of people benefitting from the small scale infrastructure investments, was appropriate for monitoring performance with respect to improved service delivery. The M&E was envisioned to be administered through a Project Monitoring System to be established during the first year of implementation. This system was to be installed in the project coordination office in each state.

### b. M&E Implementation

The M&E implementation was hampered by the lack of qualified staff, following the outbreak of conflict. The project had only one local M&E officer and seven state monitoring and information officers, with limited technical expertise on data collection. From March 2015, the supervision team was not able to travel to field sites due to security concerns, and hence monitoring was done by multiple means, including geo-enabled monitoring, reports from implementing partners and third-party monitoring (TPM) by the International Organization for Migration. The TPM found that most of the monitoring reports were output oriented (ICR paragraph 57).

### c. M&E Utilization

The third-party monitoring found that none of the management staff reported that they used M&E finding for decision-making purposes (ICR paragraph 57).

## M&E Quality Rating

Modest

## 10. Other Issues

### a. Safeguards

The project was classified as a Category B project, under the World Bank's Safeguard policies. Three safeguard policies were triggered at appraisal; Environmental Assessment (OP/BP 4.01); Indigenous Peoples (OP/BP 4.10); and Projects on International Waterways (OP/BP 7.50).

**Environmental safeguards.** The PAD (paragraph 84) notes that the adverse environmental impacts of the small-scale infrastructure investments, were expected to be localized and temporary. An Environmental and Social Management



Framework was prepared at appraisal, to address the possible environmental impacts of the project. The ICR (paragraph 63) notes that there was compliance with environmental safeguards.

**Safeguard on International Waterways.** This safeguards was triggered, as activities could entail rehabilitation or drilling of borewells. However, as the proposed sub-projects related to ongoing water schemes, they were not expected to adversely impact water supply in other riparian countries. The PAD (paragraph 86) notes that approval of the exception to riparian notification was obtained from the Africa Region Vice President on January 29, 2013.

**Indigenous Peoples.** This safeguard was triggered, as most of the people were indigenous people. The PAD (paragraph 68) notes that as per the requirements of OP/BP 4.10, elements of an Indigenous Peoples Plan (IPP) was included in project design, rather than presented as a separate IPP. The ICR (paragraph 63) notes that there was no involuntary resettlement or issues with indigenous peoples during implementation.

## b. Fiduciary Compliance

**Financial management.** A financial management assessment was conducted at appraisal. Financial management risk was rated as substantial, in view of the decentralized nature of the project, with many implementing agencies and weak implementation capacity of counties. A financial management action plan was prepared at appraisal (PAD, paragraph 33). The ICR (paragraph 62) notes that there were no financial issues during implementation and unqualified financial audits were submitted in a timely fashion.

**Procurement.** An assessment of the procurement capacity of county administrations conducted at appraisal, concluded that procurement risk was high, in view of the weak implementation capacity at the county level. An Action plan was prepared at appraisal to mitigate procurement risks (PAD, paragraph 76 and 78). The disbursement was suspended once, due to concerns that development financing could be diverted for buying weapons. The suspension was revoked with the Bank putting in place additional fiduciary measures for projects. The ICR (paragraph 62) notes that procurement was in accordance with Bank guidelines during implementation. There were no reported cases of mis-procurement.

## c. Unintended impacts (Positive or Negative)

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## d. Other

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## 11. Ratings



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

## 12. Lessons

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

- 1. Community driven development (CDD) activities can yield possible outcomes, even in fragile settings.** Although civil war and economic collapse limited the geographical coverage of this project, this project delivered significant results in counties where they were implemented. Projects with a CDD component can be a useful entry point for staying engaged and building state-society relations even when other development interventions that rely on a more functioning centralized state are more challenging.
- 2. A proper sequencing of activities is clearly required in countries deemed to be fragile.** In this project, some aspects of design (such as, intergovernmental fiscal transfers and a centralized technical assistance model of local governance), were clearly ambitious. The experience of this project shows that such activities should succeed (not precede), only after peace has been consolidated.
- 3. A careful consideration of the M&E arrangements is required for projects in countries deemed to be fragile.** This is particularly so in countries where field supervision may be restricted for security considerations. Incorporating third party monitoring arrangements need to be considered early on in such settings. In the case of this project, third party monitoring corroborated the Project Management Unit's (PMU) own reporting. Incorporating this earlier would have helped the task team, PMU, and the Country Management Unit considerably.

## 13. Assessment Recommended?

No

## 14. Comments on Quality of ICR



The ICR is well-written and candidly discusses the issues associated with implementing projects in countries deemed to be fragile. For instance, it clearly acknowledges that the project's main goal of improving local governance might have been unrealistic and that such activities should succeed (not precede) activities aimed at improving service delivery. It also provides a clear narrative of implementation difficulties in a complex environment, particularly given the constraints on supervision due to security considerations. The ICR is consistent with the guidelines and draws reasonably good lessons from the experience of implementing this project.

Two minor concerns with the ICR: one, the ICR is long (at 27 pages as compared to the recommended length of 15 pages), and two, it would be useful to either use acronyms sparingly or at least ensure that the acronyms are clearly specified in the beginning of the document.

**a. Quality of ICR Rating**  
Substantial