Report Number : ICRR0020244

1. Project Data

Project ID	Project Name	
P073089	UG-EMCBP SIL 2 (FY01)	
Country	**Practice Area(Lead)**	**Additional Financing**
Uganda	Environment & Natural Resources	P111366

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IDA-34770,IDA-3477A,IDA-45040	31-Dec-2006	41,100,000.00
Bank Approval Date	**Closing Date (Actual)**	
20-Mar-2001	30-Nov-2012	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	22,000,000.00	0.00
Revised Commitment	36,866,247.15	0.00
Actual	39,004,410.95	0.00

Sector(s)
Central Government (Central Agencies)(66%):Sub-National Government(17%):Social Protection(17%)

Theme(s)
Environmental policies and institutions(34%):Decentralization(33%):Participation and civic engagement(33%)

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

a. Objectives

Financial Agreement Development Objective: To (i) strengthen the capacity of the National Environmental Management Authority (the Authority) and the Lead Agencies to carry out their environmental functions and responsibilities effectively; (ii) strengthen the capacity of local government institutions, including district and community level to carry out their environmental functions at the district and community levels; and (iii) assist communities to address environmental degradation problems and use natural resources in an environmentally sustainable manner.

First Revised Financial Agreement Objective (October 10, 2008) (Schedule 1, pg. 6): The objectives of the Project are to: (i) strengthen the capacity of the Authority and the Lead Agencies to carry out their environmental functions and responsibilities effectively; (ii) strengthen the capacity of local government institutions, including district and community levels; and (iii) assist communities to address environmental

degradation problems and use natural resources in an environmentally sustainable and prudent manner. This revision did not materially change the original version.
Second Revised Project Development Objective in Project Restructuring Paper and in the Revised Financial Agreement (November 14, 2011): To contribute to sustainable management of environmental and natural resources at the national, district, and community levels. This was the same as the original PAD objective, but the Financial Agreement was not formally revised to adopt this wording until mid-November 2011, more than ten and a half years after the original IDA credit approval date.

In addition to the above, the project outcome indicators were substantially changed at the time of the Mid-Term Review (MTR), as two of the three initial overall outcome indicators were dropped because they could not be measured. Two of the seven intermediate outcome indicators were also dropped at that time. Thus, 40 percent of all original project indicators were dropped including two-thirds of the PDO indicators. New, more specific and measurable indicators were also added (see ICR Annex 2A. pp, 27-30). The new PDO indicators, for example, were as follows: (i) Number of people benefiting from waste management in selected municipalities; (ii) environmental guidelines and regulations completed; (iii) environmental priorities are reflected in District Development Plans (DDPs); and (iv) hectares of tree plantations established and maintained at least one season after planting in Kasagala and North Rwenzon Central Forest Reserves (CFRs). A large number of new intermediate indicators were also added, specifically: (i) number of improved municipal solid waste (composting facilities) established and equipped; (ii) priority aspects of the national public awareness and non-formal and environmental education and community training strategy implemented at the national and local level; (iii) District Environmental Committees (DECs) functioning; (iv) environmentally sensitive curriculum adopted in primary, secondary, and tertiary [education) institutions; (v) number of tons of compost produced annually from municipal solid waste; (vi) key policies reviewed with recommendations regarding environment; (vii) environment issues mainstreamed into Lead Agency operations; (viii) environmental monitoring database for oil and gas established; (ix) budget line on environment evident in sectoral budget framework papers; (x) hectares under Collaborative Forest Management (CFM) planted; (xi) 100% of target Central Forest Reserve (CFR) boundaries permanently demarcated with concrete pillars; (xii) efficient charcoal kiln built and piloted; (xiii) the Authority's as a percentage of recurrent costs; (xiv) number of facilities inspected and audited; (xv) number of inspectors gazette; and (xvi) environmental regulations relating to oil and gas policy promulgated.

According to standard IEG practice, this project's outcome will be assessed in relation to both its original and (second) revised Financial Agreement (FA) Development Objectives. As US$ 31.28 million of the project's final disbursement total of US$ 46.72 million had been disbursed at the time the project development objectives (PDOs) were revised in the Financial Agreement (FA) in mid-November 2011, a weight of 67% will be applied to the original FA objectives and 33% to that of the revised objective.

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

Yes

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

No

c. Components

Original Components:
1. ***Local Government and Communities Capacity Building*** (Appraisal Cost: US$ 7.7 million; Actual Cost: US$ 10.5 million) -- according to the PAD (pg. 6), the objective of this component was to support the local governments and the communities to enable them to fulfill their statutory roles in decentralized environmental management. It would provide logistical support, equip, and assist local governments and communities to build and strengthen their capacities in environmental planning, and to redress key environmental issues and would complement Government of Uganda (GOU) efforts to eradicate poverty and hence improve the quality of living standards of the people of Uganda.
In addition to the PAD description reproduced above, the ICR (paras. 24-26, pp. 4-5) indicates that each of these original components had a number of subcomponents, specifically in the case of the first component: (i) development of environmental management capacity for local governments, including training and logistical support/office equipment; (ii) planning for and incorporation of environmental concerns and programs in DDPs (District Development Plans], including preparation of DEAPs (District Environmental Action Plans); (iii) provision of grant funds for implementation of District environmental priorities; and (iv) support to local governments, communities, educational institutions, CBOs (Community Based Organizations), and NGOs (Non-Governmental Organizations) for environmental awareness and public awareness at district and community levels.
2. ***Capacity Building in the Lead Agencies*** (Appraisal Cost: US$ 2.2 million; Actual Cost: US$ 0.8 million) -- according to the PAD, this component aimed at building partnerships with Lead Agencies as part of their responsibilities within the sectoral mandate and as

required by the National Environmental Statute (1995). The ELU [Environmental Liaison Unit] approach that was pursued under EMCBP [the first Environmental Management and Capacity Building Project] proved to be ineffective. Therefore, a new approach to developing the required capacity was designed. This approach was expected to include a forward looking strategy that identified Lead Agencies' critical actions and policies. Based on this strategy, a list of possible partner agencies was developed. This component would equip Lead Agencies with required skills, knowledge, and logistical support to enable them to integrate environmental concerns in their policies, plans, and programs. Environmental assessments and monitoring would likewise be undertaken by the Lead Agencies as an integral part of the program under this component.

Subcomponents identified in the PAD for Component 2 were: (i) strengthened partnerships between NEMA and LAs; (ii) measures and policies for dealing with environmental issues at LA level; and (iii) strengthened capacity in selected LAs through training.

3. ***Institutional Support to NEMA*** [the National Environmental Management Authority] (Appraisal Cost: US$ 14.2 million; Actual Cost: US$ 13.3 million) -- according to the PAD (pp. 6-7), this component would consolidate the institutional structure of the Authority as the apex regulatory body in the area of environmental management. This component would ensure that capacities in regulation and compliance are built and enhanced. Capacities in environmental awareness and reporting targeted at promoting sustainable development would be further strengthened through the component. Adequate human resource capacity in environmental management would be developed and strengthened through this component.

Subcomponents for this component, according to the PAD, were: (i) strengthened capacity of NEMA, including renovation and equipment of NEMA's office building and recruitment of skilled staff and training; (ii) compliance with environmental laws and regulations; (iii) strengthened environmental monitoring and reporting capacity; and (iv) strengthened environmental education and public awareness through curricula review and national environmental education program.

Revised Components:

According to the ICR (para. 27, pg. 5), the project components were revised three times as follows:

1 Informally, at the Mid-term Review (MTR) in May 2005, when a carbon finance component related to the Ministry of Solid Waste Compositing (MSWC) was added for nine municipalities in order to "support NEMA's financial sustainability and to tackle a key urban environmental challenge" and by including afforestation support to the National Forestry Authority (NFA).

2 At the time the Additional Financing (see the next section) was approved in 2008 by expanding support for eight additional municipalities for MSWC, adding environmental compliance of oil exploration and a NFA subcomponent for tree planting, and focusing support on NEMA's environmental compliance monitoring.

3 Formally, at the restructuring in November 2011, when the number of phase 2 MSWC composting plants was reduced from eight to three; the project development objectives (PDO) were also formally changed in the Financial Agreement at this time as indicated above.

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

Cost: Total project costs increased from an original appraisal estimate of US$ 24.10 million to an actual final cost of US$ 46.72 million, which included an Additional Financing (AF) of US$ 15.00 million. Compared to the appraisal estimates, the share of actual costs was significantly lower (only 37% of the original) for Component 2 (Enhancing Environmental Management Capacity in Lead Agencies) and significantly higher (136%) for Component 1 (Enhancing Environmental Management Capacity in Districts and Communities), while also being slightly higher (103%) for Component 3 (Enhancing Environmental Management Capacity in NMA).

Financing: In addition to the original IDA Credit of US$ 22.00 million, approved on March 20, 2001, an AF of US$ 15.00 million was approved on October 10, 2008, bringing the total IDA contribution to US$ 37.00 million. In terms of actual values at closing, US$ 24.66 million was the dollar equivalent of the original IDA loan of 17.10 million Special Drawing Rights (SDR) and US$ 14.33 million of the estimated US$ 15.00 million (or 9.30 million SDR) AF had been disbursed.

Borrower Contribution: At appraisal, the Borrower's Contribution was estimated at US$ 2.20 million, but with the Additional Financing, it rose to US$ 10.73 million at project closing.

Dates: The project's original closing date was December 31, 2006, but with the Additional Financing in 2008, it was extended until December 31, 2014 and with the restructuring in November 2011, it was formally extended for one more year, to December 31, 2015, to permit completion of carbon finance activities. The Mid-term Review (MTR) was also delayed for nearly a year and a half after its originally anticipated date, from early December 2003 to mid-May 2015.

3. Relevance of Objectives & Design

a. Relevance of Objectives

Project objectives were highly relevant at the time the project was appraised because the vast majority of the Ugandan population was dependent on the country's renewable natural resource base and national environmental management continued to be weak despite the Bank's support for preparation of its National Environmental Management Plan (NEAP) and implementation of the first Environmental Management and Capacity Building Project (EMCBP), which was implemented between 1996 and 2001. Arresting environmental degradation and natural resource depletion was seen as one of the country's key development challenges in the Bank Group's Country Assistance Strategy for FY 2011-2015 (para. 43, pg. 11), as well as in Uganda's National Development Plan (NDP) for the same period, one of whose main objectives was to promote sustainable population and use of the environment and natural resources (CPS, paras. 62-63, pg. 15). In response, under its Strategic Objective 1 (Promote Inclusive and Sustainable Economic Growth), the fourth item was "increased efficiency and sustainability of natural resource management" (CPS, Figure 1, pg. 24). The present project was explicitly mentioned in this context, with the CPS (para. 120, pg. 31) affirming that it "helps to establish the institutional and legal framework for national and local-level environmental management...[while] additional financing (FY09) is supporting afforestation, improved municipal solid waste (sic), and the establishment of environmental standards for oil and gas exploration."

Rating	Revised Rating
High	High

b. Relevance of Design

Project design, which was originally largely based on that of the previous first EMCBP operation, evolved significantly over its extended implementation period with the Additional Financing in 2008 adding several new activities. In addition, the project development objective as stated in the original IDA Credit Agreement was reportedly changed to that in the original PAD at the time of a formal restructuring in November 2011. No explanation is given in the ICR as to why the original objective in the PAD and the Financial Agreement (FA) were different, or why two parts of the original FA objective were essentially dropped more than ten years after the project was approved. This notwithstanding, there was a clear disconnect between the way the objectives were stated in the original FA (even as revised in 2008), which referred specifically to NEMA, the Lead Agencies, local governments, and communities and the original outcome indicators, which were defined in much more general terms, some of which could either not be easily measured or clearly attributed to project interventions. The Key Performance Indicators (KPIs), as a result of this and other changes, were revised three times, reflecting their initial inadequacy. The ICR points to significant quality-at-entry problems that will be further detailed in section 8 (Assessment of Bank Performance) below. These included: (i) limited background analysis; (ii) weak preparation quality; (iii) inadequate government commitment; (iv) limited stakeholder involvement; and (v) inadequate risk mitigation measures. The revised design as incorporated in the Additional Financing, even though consisting of a significantly improved Results Framework and more readily measurable outcome indicators, nonetheless further added to project complexity and, according to the ICR (para. 32, pg. 7) ultimately also to its "inefficiencies."

Rating	Revised Rating
Modest	Modest

4. Achievement of Objectives (Efficacy)

Objective 1

Objective
To strengthen the capacity of the Authority and the Lead Agencies to carry out their environmental functions and responsibilities effectively.
Rated Modest

Rationale
Outputs (original project indicators):

- No Lead Agencies (LA) reported annually on their sectoral environmental performance starting the second year of project implementation with an original target of 12 LAs -- according to the ICR (pg. iv), a concept paper on guidelines for environmental reporting was developed, but there is "no evidence of actual reporting."
- 4 regulations stipulated in the Environmental Statute of 1995 were completed by 2003, out of an appraisal target of 12 remaining guidelines and regulations, or 33% of the target; following approval of the AF, 12 key policies were reviewed with recommendations regarding the environment by November 30, 2012, exceeding the target (10) by 20%.
- Guidelines for 5 sectoral environmental assessments prepared, specifically for agriculture, mining, industrial development, waste and energy; however no guideline for strategic environmental assessment, also included as an appraisal target, was completed.
- 13 of the most polluting industries supported received ISO 1400 certification as of September 2004, compared with a target of 21 such industries, or 62% -- according to the ICR, this indicator was dropped at the time of the MTR, yet it nevertheless reported on it.

Outcomes (original project indicators):

- 12 key policies or plans were revised within Lead Agencies (LAs) to reflect NEMA review and adoption -- 75% achieved as only 9 LAs revised their policies; following approval of the AF, 26 LAs reportedly mainstreamed environmental issues into their operations, compared with a target of 21, by November 30, 2012, thereby exceeding the target by 24%; however, the ICR (pg. 29) observes that the indicator "lacked a clear definition of the target and methodology for measurement" and that it was "measured" only by the number of LAs and "not the quality of mainstreaming and impact."

Summary: Project outcomes with respect to the objective of strengthening the capacity of NEMA and the Lead Agencies, which, in fact, were never specifically identified in the ICR, were Modest. The ICR (Annex 2, pg. 28) concludes that, while NEMA gained improved technical capacity in a number of areas as a result of the project and the number of Environmental Impact Assessments (EIAs) "increased dramatically," human capacity for EIA review at NEMA and in the Lead Agencies had not grown proportionally, leading to both delays and quality shortcomings. In addition, while the project provided operational support and training for 21 LAs during the early years of implementation, actual results were not monitored but appeared to be "very limited." It concludes that there were "rather small improvements" for NEMA since the first project, while improvement in LA engagement in environmental management activities was "insignificant." The project also generated limited improvements with respect to environmental policy, legal, and regulatory frameworks.

Rating
Modest

Revised Objective
To contribute to sustainable management of environmental and natural resources at the national, district, and community levels. Rated Modest

Revised Rationale
Outputs (indicators added at the time the Additional Financing was approved):

- 9 improved and functional municipal solid waste (composting facilities) established, compared with a target of 11, or 82% achievement.
- 27 District Environmental Committees (DECs) were functioning as of November 30, 2012, meeting the target 100% as indicated by regular meetings.
- Priority aspects of national public awareness and non-formal and environmental education and community training strategy implemented at the national and local level -- according to the ICR (pg. 28), this (non-quantified) target was fully achieved and consisted of "implemented multi-media public awareness activities focusing on oil, waste, and compliance enforcement at national level, including support to districts (at least 56) and NGOs to carry out awareness activities.
- As to an indicator "environmental monitoring database for oil and gas established," the ICR (pg. 29) states "performance depends on definition of 'established.' A server and software is in place (at NEMA) but database is not yet populated with data and therefore cannot be claimed to be functional."
- Budget line on environment evident in 3 sectoral budget framework papers, compared with a target of 7, or 43% achievement.
- 125.6 hectares under collective forest management planted, compared with a target of 200, or 63% achievement.

- 2 efficient charcoal kilns were built and piloted, out of a target of 3, or 67%; according to the ICR (pg. 30), only two kilns were actually built while two other ones were mobile and consisted of metal sheets, while piloting was limited to "rudimentary testing.
- 1,352 facilities were inspected and audited between July and November 2011, compared with a target of 530, exceeding the target by 125%.
- An indicator regarding the number of regulations related to oil and gas policy promulgated, with a target of 2, was dropped at the time of the 2011 restructuring due to "lack of progress" and, thus, was not achieved.

Outcomes (indicators added at the time the AF was approved):

- 3 environmental regulations and 7 environmental guidelines reportedly completed by November 30, 2012, compared with an initial target value of 8 new regulations and guidelines and a formally revised (November 2011) target of 3 regulations and 7 guidelines.
- 85 districts reflected environmental priorities in their District Development Plans (DDPs) by November 2012, compared with an initial target of 27 districts and a formally revised (November 2011) target of 112 districts, or 76% of the revised target.
- 869,489 people benefitted from improve waste management in selected municipalities, compared with a target of 850.000 -- according to the ICR (Annex 2a, Table 8(a)) the quality of the reported data was "impacted by lack of a defined M&E methodology" and the estimated average increased waste collection was 38%.
- 2,457 hectares of tree plantations established and maintained at least one season after planting in Kasagala and North Rwenzori Central Forest Reserves (CFRs), compared with a target of 4,000 ha, or 62%.
- 13,281.8 tons of compost produced annually from municipal solid waste operations, compared with a target of 20,000 tons, or 66%.
- NEMA's own revenues as a proportion of recurrent costs -- no data were provided against a target of 30%, but the ICR estimates that "in view of the increased number of EIAs [Environmental Impact Assessments] and associated fees," the figure is about 20%.

Summary: The revised project included more concrete potential outcomes in terms of solid waste management and afforestation, which, according to the ICR (para 51. pg. 14), were "introduced more on the basis of their carbon funding potential rather than due to their environmental relevance." In addition, these revised indicators, as well as most of the original outcome indicators, fell short of their targets, and, according to the ICR's assessment (see Table 4 on pg. 14-15), with which IEG agrees, their effect on environmental pressures in the country was "limited."

Revised Rating
Modest

Objective 2

Objective
To strengthen the capacity of local government institutions, including district and community levels. Rated Modest

Rationale
Outputs (original performance indicators):

- 164 environment officers from districts and within partner agencies gazetted and equipped as environmental inspectors by 2004, reportedly significantly exceeding the target of 100 by January 1, 2004. However, the ICR (pg. iv) questioned the "functionality" of the inspectors gazetted as well as their sustainability due to "high turnover of inspectors, irregular renewal processes, and lack of operational support." Following the AF, 363 inspectors were gazetted as of November 30, 2012, compared with a target of 171, but the ICR (pg. 30) expresses the same caveat as above regarding their "functionality."
- 100% of primary, 20% of secondary, and 10 tertiary educational institutions within target districts adopted environmental curricula by September 2008, as compared with targets of 50%, 40%, and 13, respectively, so these targets were partially met. As of November 30, 2012, 100% of primary and secondary institutions and 13 tertiary ones had included environmental issues.

Outcomes (original performance indicators):

- Increasing level of compliance among regulated communities -- no data were reported and the indicator was dropped at the time of the Mid-term Review (MTR).

Summary: The ICR presents limited indicator-based evidence with respect to this objective, but what little there is suggests that project achievements regarding the strengthening of local government institutions were close to non-existent. It does observe (Annex 2, pg. 28) that 27 "focus" districts developed environmental planning, management, and monitoring capacity as a result of the project, as well as for the integration of environmental concerns into District Development Plans (DDPs), while "selected municipalities" gained similar capacity, although the exact number of municipalities so benefited is not mentioned. 17 local governments that participated in the municipal solid waste management and composting program, however, reportedly increased their capacity in this regard, as well as with respect to their ability to access carbon finance.

Rating
Modest

Revised Objective
NA

Revised Rationale
NA

Revised Rating
Not Rated/Not Applicable

Objective 3

Objective
To assist communities to address environmental degradation problems and use natural resources in an environmentally sustainable and prudent manner. Rated Negligible

Rationale
Outputs (original project indicators):

- Outcomes (sic) from environmental protection and rehabilitation activities were implemented within 27 target districts as of September 4, 2008, exceeding the original target of 22 districts; however, it should be pointed out that this was really an output rather than an outcome and does not in and of itself indicate that communities were better able to address environmental degradation problems and use natural resources in an environmentally sustainable and prudent manner.

Outcomes (original project indicators):

- Measureable changes in Ugandans' behavior from environmental awareness campaigns -- no data was collected and indicator was dropped at the time of the MTR.

Summary: Again the ICR presents little explicit evidence with respect to possible achievements in relation to this objective at the community level other than that for the version incorporated in the paper for the restructured project in November 2011. This reflects the poor quality of both the initial results indicators and of the project monitoring and evaluation system. It also notes (Annex 2, pg. 40), the initial approach in this regard entailed the use of grants for micro-projects involving local stakeholders for tree planting, water management, and erosion control measures, which were assessed as "very weak and not sustainable."

Rating
Negligible

Revised Objective
NA

Revised Rationale
NA

Revised Rating
Not Rated/Not Applicable

5. Efficiency

The ICR presents no cost-benefit or cost-effectiveness analysis as such, but based on a number of considerations -- project arrangements, design, management, municipal solid waste investments, District Environmental Action Plan (DEAP) implementation, and compliance monitoring, concludes that the project's Efficiency rating was "Unsatisfactory." IEG agrees with this assessment. Among the most important considerations supporting this rating are the following:

- Of the total project funds allocated, about 40% went to NEMA and roughly 70% of this total, or nearly 30% of all project funds, financed its recurrent costs, while the rest were judged "insufficient" to deliver on NEMA's increased environmental responsibilities.
- Delayed disbursement of funds from NEMA to the LAs and districts resulted in "protracted" delay" in project implementation, while
- Delays in the procurement of equipment, which was subsequently found to be inappropriate, as well as in the start of civil works for the municipal solid waste (MSW) component led to increased equipment and supervision costs.
- Operation and maintenance costs of MSW equipment and composting facilities has created a major fiscal burden and resulted in their idleness when operational budgets were low.
- The compost produced as a result of project investments was expected to be sold as fertilizer and, thus, generate revenues for the participating municipalities, but only a few sites were able to sell compost and these revenues failed to cover the associated operating costs.

In short, implementation of both the original project and the activities supported by the Additional Financing, which together extended over an 11 year period, has involved only modest benefits and generated larger than expected costs. Its Efficiency is thus rated Negligible both before and after restructuring in 2011.

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		0	0 ☐Not Applicable

ICR Estimate	0	0 ☐Not Applicable

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

6. Outcome

The following table summarizes the project ratings both before and after restructuring.

Project/Rating	Disbursement Share	Relevance of Objectives	Relevance of Design	Efficacy	Efficiency
Original Project	70%	High	Modest	Modest (2)Negligible (1)	Negligible
Restructured Project	30%	High	Modest	Modest	Negligible

Even though the relevance of project objectives is rated High both before and after restructuring that of design together with Efficacy are rated Modest and Efficiency Negligible in both cases, resulting in an overall Unsatisfactory outcome rating. No quantified calculation of the split rating is necessary.The project had major shortcomings.

a. Outcome Rating
Unsatisfactory

7. Rationale for Risk to Development Outcome Rating

Given NEMA's continued institutional and technical weaknesses and its very uncertain budgetary situation, as well as that of the districts and municipal governments, the risk to those limited achievements that can be attributed to the project is High. According to the ICR (para. 94, pp. 18-19), NEMA has "insufficient staff" for environmental monitoring and compliance assurance, and to carry out its responsibilities throughout the country more generally. As a result it has to rely extensively on the Lead Agencies (LAs) and local governments, whose own capacity is characterized as "restrained by lack of resources and sometimes even commitment." At the district level, the high turnover of officials severely undermines potential gains from the training provided by the project and the near doubling of districts (from 56 when the project began to 112 when the ICR was issued) means that it is unclear how well environmental concerns will be integrated in their respective Development Plans going forward. Finally,while some progress was made with respect to afforestation and municipal solid waste management under the revised project design, the Operation and Maintenance (O&M) costs appear beyond the ability -- and perhaps willingness -- of the municipalities to provide for their financing and prospects for adequate revenue generation from the sale of compost are dim. In addition, expected carbon offset revenues have not been received and are considered likely to be lower than initially anticipated.

a. Risk to Development Outcome Rating
High

8. Assessment of Bank Performance

a. Quality-at-Entry

The project was poorly designed due at least in part to insufficient background analysis and preparation time. The Results Framework, which was not at that time formally referred to as such, was very poor as there was little if any link between project objectives and key performance indicators, which subsequently needed to be reformulated several times. There was also a disconnect between the statement of project objectives in the PAD and the Credit Agreement, with the latter being more specific and clearly focused on capacity building than the former. Performance indicators did not adequately reflect project objectives, The ICR (para. 97, pp. 19-20) also highlighted the following quality-at-entry deficiencies: (i) failure to assess design alternatives, including delivery mechanisms; (ii) lack of detailed exit strategies; (iii) insufficient assessment of institutional capacity; (iv) inadequate risk mitigation measures; and (v) a poorly designed monitoring and evaluation system (see also section 10 below).

Quality-at-Entry Rating
Unsatisfactory

b. Quality of supervision

The project TTL and other supervision team members were based at Headquarters, which made it more difficult to provide the necessary day-to-day support for project implementation of a challenging project. This situation improved somewhat subsequently when a new TTL was located in the country office. However, the team lacked an infrastructure specialist who could have helped with the solid waste management component in the revised project. The supervision team was reportedly "highly proactive" in seeking to identify more sustainable financing options for NEMA including carbon finance and received an Africa Region Award for Excellence with respect to its design of the municipal composting component even though this does not appear to have worked well in practice and appears unlikely to be sustainable. The Bank can be faulted for not formalizing the de facto project restructuring following the Mid-term Review (MTR). It also demonstrated limited efforts to improve project monitoring and evaluation activities and gave overly positive Implementation Status Report (ISR) ratings during the early years of implementation that did not correspond to actual project performance.

Quality of Supervision Rating
Moderately Unsatisfactory

Overall Bank Performance Rating
Unsatisfactory

9. Assessment of Borrower Performance

a. Government Performance

The Government demonstrated weak commitment to project objectives and design despite what the ICR (para. 106, pg 21) describes as "a generally conducive policy and legal framework." In addition, a 13 month delay by the Parliament in approving the Additional Financing (AF) led to subsequent implementation delays and the need for a further extension of the already extended project closing date to November 30, 2012. The Government also provided both delayed and insufficient resources both to the project executing agency, NEMA, and local governments, which adversely affected project implementation and outcomes and failed to set up a separate local currency account for the project.

Government Performance Rating
Unsatisfactory

b. Implementing Agency Performance

Despite previous experience with the implementation of the Bank-financed first Environmental Management and Capacity Building Project, according to the ICR (para. 109, pg. 22), NEMA's performance was "below expectations." Among other problems, it failed to appoint a project coordinator in a timely way or to establish an effective Monitoring and Evaluation (M&E) system. Its financial management and procurement performance was also inadequate (see section 11 below). The National Forestry Authority (NFA) also became a project implementing agency starting in 2009, and its performance was reportedly better than that of NEMA, including in terms of the dialogue with the Bank.

Implementing Agency Performance Rating
Moderately Unsatisfactory

Overall Borrower Performance Rating

Unsatisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design

M&E design was very poor, according to the ICR (para. 36, pg. 8) at least in part because at the time the project was prepared and appraised (2000-2001), Bank standards in this respect were, according to the ICR, lower than today and, thus, received limited attention This was clearly reflected in relation to the projects initial performance indicators which focused mainly on outputs rather than desired outcomes and failed to include baselines or quantitative targets, and revealed inconsistencies in terms of project objectives. As a result, many of these indicators had to be revised or were dropped/never measured at the time of the Mid-term Review, or subsequently. The revised project design at the time of restructuring represented an improvement in this regard, but capacity in the main executing agency, NEMA, continued to be weak.

b. M&E Implementation

M&E implementation was similarly inadequate despite the above-mentioned revisions in the Results Framework. The need for outcome indicators and a more effective overall M&E system was not addressed. Periodic progress reports from NEMA also failed to include analysis of project performance and results, while required annual reports from this agency to the Government did not disaggregate funding by source, project, activities, and outputs, and, thus, was likewise of limited usefulness. Even though the Bank provided some additional assistance to NEMA for M&E during the course of project implementation, only some of the recommendations were adopted and, in the assessment of the ICR (para. 38, pg. 9) this effort came "too late and lacked the continued support by the Bank and NEMA needed to redress the deficient M&E framework

c. M&E Utilization

The results of project and agency-related monitoring and reporting activities, as suggested above, were not effectively used to guide project resource allocation and/or other management decisions. Environmental monitoring activities, in turn, were also poor and ineffective.

M&E Quality Rating

Negligible

11. Other Issues

a. Safeguards

The project was initially classified as Category C, as it was mainly a capacity building operation even though it contained a small grant subcomponent for implementation of district environmental actions plans, which, in principle, would require a Category B classification and preparation of an Environmental and Social Management Framework (ESMF). This did not occur. When the project was revised following the MTR in May 2005 to include solid waste management/composting and afforestation investments it was reclassified in Category B and triggered OP 4.36 (Forests). However, given the new SWM component, this should also have triggered OP 4.01 and required an environmental assessment (EA) and associated environmental management plan for these investments. This only formally occurred some years later when the Natural Habitats (OP 4.04), Pest Management (OP 4.09), Physical Cultural Resources (OP 4.11) and Involuntary Resettlement (OP 4.12) safeguard policies were also triggered. An EA was finally submitted in November 2011. According to the ICR (para. 39, pg. 9), "full compliance was deemed achieved with the disclosure of safeguard instruments for NFA and NEMA operations," while at the time of project closing, all composting plants had disclosed environmental impact assessments (EIAs) and environmental management plans (EMPs) as well as Abbreviated Resettlement Action Plans (ARAPs) and each of the Central Forest Reserve (CFR) sites also had disclosed EIAs and Forest Management Plans (FMPs) and put Collaborative Forest Management (CFM) agreements in place. However, the ICR does not comment on the implementation experience with any of these plans.

b. Fiduciary Compliance

Procurement: NEMA's procurement performance was identified as high risk at appraisal due to its lack of procurement proficient staff. Bank recommendations that it hire additional staff with procurement-related skills were only met in part and with delays. As a result, the procurement capacity shortcomings were never completed resolved. This was exacerbated by the fact that the design revisions following the MTR increased project complexity from a procurement perspective (i.e., added civil works and equipment for the solid waste management investments). Procurement capacity at NFA was better however and reportedly did not constitute an implementation constraint.
Financial Management: As in the case of procurement, NEMA was responsible for financial disbursement and accountability for all project components except, later during implementation, for the tree planting subcomponent which was handled by NFA. NEMA's FM performance was also problematic and disbursement lags and counterpart funding gaps occurred as a result. Audit reports were often submitted with delays and were assessed to be of poor quality, while the accounting software used reportedly impacted "adversely" on the production of accounts and reports and in other ways. No separate local currency bank account was established which was in violation of the Financial Agreement. This led to the mixing of Bank funds with those from other sources, and the project failed to submit the required quarterly financial reports. NFA's FM performance, like that with respect to procurement, however, was more satisfactory.

c. Unintended impacts (Positive or Negative)

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d. Other

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12. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Unsatisfactory	Unsatisfactory	Relevance of project design and Efficacy were both Modest at best and Effiicency was Negligible
Risk to Development Outcome	High	High	---
Bank Performance	Unsatisfactory	Unsatisfactory	---
Borrower Performance	Moderately Unsatisfactory	Unsatisfactory	The performance of both the Government and the principal executing agency was poor and led to substantial implementation delays, weak outcomes, and limited prospects of sustainability.
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 a number of useful lessons from the project experience. Among the most important were the following:

1 Institutional development projects require a focus on efficacy and delivery, including: (i) a clearly defined objective specified by measurable and realistic results indicators related to the efficacy of the institution and the proposed timeframe and budget; (ii) an in-depth analysis of the sector and actors involved with a particular emphasis on assessing and seeking complementary support from government and other partners; and (iii) a well-researched approach for operationalization -- and IEG would add, sustainability -- of capacity gains.
2 Spreading resources widely impacts implementation performance; environmental projects need to be strategic and realistic, using institutional champions as change agents and recipients.

In addition, IEG would highlight the following lessons, which are of more general applicability:

1 Projects should have well-designed and logically consistent Results Frameworks and associated Monitoring and Evaluation (M&E) systems, including adequate key final and intermediate outcome indicators, clear targets, and baseline data from the outset and these should ideally all be in place prior to the initiation of implementation.
2 Projects which undergo major design changes at the time of their Mid-term Reviews (MTRs), or at other significant points during implementation including the addition of new components or implementing agencies or substantial changes in their Results Frameworks including key performance indicators (KPIs), should be formally restructured.
3 Statements of project development objectives in the Legal Agreements and the respective Project Appraisal Document (PAD), as well as in the Results Framework, should be fully consistent.

14. Assessment Recommended?

No

15. Comments on Quality of ICR

The ICR is of generally good quality and is very forthcoming with respect to the project's many design and implementation shortcomings. While it did not explicitly assess project performance with respect to the three objectives contained in the original Credit Agreement in the main text, it does essentially do so in Annex 2. However, it could have said more in the main text regarding the extent to which both the original and revised project achieved its objectives with respect to the strengthening of capacity at the national (i.e., NEMA and the Lead Agencies) and subnational (District, Municipal, and community) levels. In addition, some of its ratings appear too positive considering what is stated in the main text and/or annexes. In a subsequent discussion between IEG and the last task team leader/ICR team leader, it was clarified that the ICR team chose to base its assessment of the project with reference to the PAD definition of the PDO because of the lack of appropriate outcome indicators in the original Results Framework, which was not properly resolved until the time of the Mid-term Review (MTR). However, IEG notes that the guidelines call for the use of the legal agreement statements of objectives. In addition, the ICR could have explained why the project was not formally restructured following the Mid-term Review when a number of important design changes were introduced as well as why the statement of the project development objectives was different in the Project Appraisal Document and the initial Credit Agreement. Finally, it could have provided greater information regarding the application of the various safeguard policies that were eventually triggered by the project.

a. Quality of ICR Rating
Substantial