



1. Project Data:		Date Posted : 08/21/2001	
PROJ ID: P006200		Appraisal	Actual
Project Name: Social Investment Fund II	Project Costs (US\$M)	70	?
Country: Bolivia	Loan/Credit (US\$M)	40	?
Sector(s): Board: SP - Health (55%), Primary education (29%), Central government administration (16%)	Cofinancing (US\$M)	5	?
L/C Number: C2532			
	Board Approval (FY)		93
Partners involved : DANIDA, OPEC	Closing Date	12/31/1997	12/31/1998
Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components			
a. Objectives			
<p>The primary objective was to start assisting the Government to improve coverage and quality of health, education, water supply and sanitation services, targeting primarily the rural poor, including indigenous people, disadvantaged women and children.</p> <p>This was to be achieved by adopting strategies which included :</p> <ol style="list-style-type: none"> 1. Emphasizing basic and preventive health care, primary education, basic water supply and sanitation . 2. Further refining targeting mechanisms. 3. Encouraging increased responsibility of local governments and institutions, communities, private sector agencies and NGOs. 			
b. Components			
<p>The disbursements for subprojects from the Fondo de Inversion Social or Social Investment Fund (FIS or SIF) over the years 1994-98 were allocated as follows (ICR Table 1):</p> <ul style="list-style-type: none"> ● Formal and non - formal education (50%) - repair of existing or construction of new schools, and provision of furniture and playgrounds. ● Water supply and sanitation (29%) - small scale potable water systems. ● Health (14%) - repair of existing and construction of new facilities, medicines, furniture, equipment, motorcycles, power and water. ● Other (8%) <p>The project also financed institutional components to support the operation and develop the capacity of the SIF and requesting agencies (RA). In the SAR these components were 17.8% of project costs:</p> <ul style="list-style-type: none"> ● Institutional support to RAs (2.8%) ● Consultant Services (1.6%) ● Salaries Training and Travel (11.8%) ● Equipment, supplies and vehicles (1.6%) 			
c. Comments on Project Cost, Financing and Dates			
<p>The SAR project cost was \$69.9 million but the corresponding figure in the ICR cost annex is \$ 113 million. The total project cost (actual/latest) is \$42.6 million in one table and \$116.1 million in another. The subproject components are reported as percentages of total SIF disbursement since the cost annex does not contain a line item for water supply and sanitation. Thus with the data available from the ICR it is impossible to determine how much the project actually cost. In addition, the SAR makes signing of a \$5 million OPEC contribution a condition of effectiveness; in the ICR the cofinancing partners are listed as Denmark and Sweden . What actually happened is unknown from the evidence presented.</p> <p>The project's planned closing date was 12/31/1997, while the revised figure is 12/31/1998 - the extension was to permit an intensive learning ICR and a CD-ROM was produced. The project was preceded by a SIF 1 and succeeded by a SIF3 project.</p>			
3. Achievement of Relevant Objectives:			

Improvements in coverage rates of health, education, water supply and sanitation services were not assessed as there were no national household survey results available. There is mixed evidence of impact on poverty. Municipalities with higher poverty indices received a higher share of social fund resources -- they received 22% of municipal expenditures, contained 42% of Bolivia's population, and accounted for 63% of FIS expenditures. However, "for the poorest municipalities, the municipality in the 75th percentile [income?]* received roughly 8 times more than that received by the municipality in the 25th percentile". It appears that facilitation via the project to overcome the bias towards the better-off communities was not successful. According to the ICR, the variation in FIS expenditures per capita is not easily explained by readily observed variables. It is difficult to assess the degree to which targeting mechanisms were refined and improved as there is no evidence presented of what the changes were. Similarly, the mechanism by which encouragement of increased responsibilities for local governments and other institutions was effected, is not described.

By subproject component:

- **Education** - improved educational infrastructure (3 years after the intervention) was not accompanied by any measurable improvement in educational outcomes.
- **Water and Sanitation** - investments in small community water systems improved access and the quantity of water, but did not have a major impact on water quality. Improvements in water quality due to the addition of training by another Bank project (PROSABAR) are not evaluated in relation to the observed reductions in mortality.
- **Health** - improvements in the physical infrastructure and improved utilization of health clinics were associated with significant declines in child mortality.
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* Phrase in brackets added by OED.

4. Significant Outcomes/Impacts:

1. The project improved infrastructure on a significant scale -- 25% of all public investment over 1993-98, for school buildings, health and water supply and sanitation was funded by SIF.
2. The project adapted procedures to the new functions of municipalities and contributed to ensuring that social expenditures did not decline after decentralization. However since there were "doubts about the allocation mechanism" (which are to be addressed by a new project) it is not very clear what the procedures were.

5. Significant Shortcomings (including non-compliance with safeguard policies):

- There is little explanation of what the targeting mechanisms actually were or how the participation of beneficiaries in project selection was facilitated. There is nothing in the ICR about the achievement of the project's objective to target indigenous people and disadvantaged women and children.
- No objective indicators of institutional development impact were defined to evaluate institutional strengthening. The ICR says that on balance institutional development impact was substantial but there is no evidence. The MIS system, adapted from the EMF, focused on financial and physical progress of construction.
- For all three subproject sectors, SIF was largely concerned with investments in physical infrastructure. This was a consequence of the design, which took an emergency program approach and tried to apply it to "improve coverage and quality of health, water supply, sanitation and education services." The project was - "to assist Government to sustain its poverty alleviation and human resources development objectives for the medium term, while parallel efforts are taking place to strengthen the respective ministries". There appears to have been little such collaboration and a smooth working relationship was not established with social sector ministries - "a better working arrangements with the Ministry of Education was only established after the implementation of an Education Quality Project to design integrated interventions that included both infrastructure and teaching processes." Furthermore the standards adopted for water supply were at odds with those being advocated by the Bank's sector specialists. The design of a new project (PROSABAR) to address these deficiencies is not evidence of a satisfactory project outcome.
- There is no explanation of what responsibilities and functions were delegated to communities or local government. While recognizing the distorting effect of SIF on the development of a coherent system of intergovernmental fiscal transfers, the region appears to be saying that the change in circumstances, not the design of the project was responsible for its deficiencies. This position is contradicted by the SAR where the project is described as a means for transition from emergency to longer-term development with a focus on "social services." SIF was to combine the speed and flexibility of ESF (the emergency fund) and "coordinating with a wide range of public and private agencies, particularly NGOs" and "such an institution was not to duplicate the efforts of the social sector ministries, but provide a cost-effective way of enhancing public investment capacity."
- While the project made an heroic effort to evaluate project impact on social concerns, it is not very clear from the ICR how the samples were chosen or how representative they are of the population assisted by the project.
- Cost control was weak in some cases - removing the most costly 5% of projects from each subproject class reduced costs from 5% to 35%.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Moderately Satisfactory	The project achieved most of its major relevant objectives, but with significant shortcomings with respect to improving the quality of service in the education sector. The benefits from improvements to educational facilities (50 percent of SIF disbursements) were not demonstrated to have any effect on educational outcomes . Where the evidence of benefits is most positive is for health (26 percent reduction in under five mortality) which only comprised 14 percent of expenditures . With respect to water and sanitation interventions, infant mortality declined over time (by 41 percent), but it is not clear if this can be fully attributed to the project's water supply and sanitation interventions. Furthermore, improvements in water quality were less than expected due to inadequate attention to "software" aspects, subsequently followed-up by the provision of additional training through the PROSABAR project. While the incidence of fecal contamination declined, lack of chlorination remained a problem.
Institutional Dev .:	Substantial	Modest	The institutional development effects were less than substantial and in some cases even appear negative - for instance contributing to non-transparency in resource allocation (by transferring resources through discretionary channels) and weak accountability in intergovernmental fiscal relationships . In addition, project selection procedures and targeting mechanisms were not clear, and there was modest involvement of communities and local governments in project cycle functions .
Sustainability :	Highly Likely	Non-evaluable	Available evidence is insufficient to justify a "Highly Likely" rating for sustainability of benefits. The ICR states that "municipalities have resources, but not all attach sufficient importance to maintenance". Sustainability would depend, inter alia, on how severe and widespread this problem is. It is not clear if adequate technical, financial, and institutional mechanisms for sustainability are in place and can be expected to work effectively over the operational life of the investments.
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	Particularly noteworthy were the efforts made by implementing agency staff to adapt to the Popular Participation Law and carry out the impact evaluation .
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

1. While social funds may perform a useful function during some emergencies or in niche activities, as their scope and scale expands, there needs to be an exit/transformation/transition strategy so that their functions can be absorbed in a more coherent overall system of financing and management of decentralized social services .
2. Since improved educational outcomes are the real aim of investing in school buildings, investments in physical infrastructure are not sufficient.

8. Assessment Recommended? Yes No

Why? The project is not fully evaluable solely on the basis of the information provided in ICR . A project performance assessment may be scheduled to verify ratings and identify lessons of experience especially with respect to institutional development and sustainability .

9. Comments on Quality of ICR:

This learning ICR is noteworthy in that it was informed by an impact evaluation and is accompanied by an innovative CD ROM whose costs and benefits should be assessed for future replicability . The ICR could have summarized relevant information from the CD ROM and included explicit cross -references to specific parts of the CD ROM as appropriate, and would have benefited from a clearer presentation of basic project information and greater attention to the following:

- Costs tables.
- Economic and financial dimensions of the impact results .
- Sustainability issues (more thorough treatment especially with respect to the technical, financial and institutional requirements for O&M).
- Clarity in targeting discussion .