



1. Project Data

Project ID

P120234

Project Name

CN-Shandong Confucius & Mencius Culture

Country

China

Practice Area(Lead)

Social, Urban, Rural and Resilience Global Practice

L/C/TF Number(s)

IBRD-80510

Closing Date (Original)

31-Dec-2016

Total Project Cost (USD)

86,560,000.00

Bank Approval Date

24-May-2011

Closing Date (Actual)

30-Jun-2017

IBRD/IDA (USD)
Grants (USD)

Original Commitment

50,000,000.00

0.00

Revised Commitment

45,685,208.13

0.00

Actual

45,685,208.13

0.00

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2. Project Objectives and Components

a. Objectives

According to the Project Appraisal Document (PAD) (page 5) the objective of the project was “to assist Shandong province to enhance cultural heritage conservation, and tourism management and development in Qufu and Zoucheng”. The objective stated in the Loan Agreement of July 15, 2011 (page 4) was “to assist Shandong province to enhance cultural heritage conservation, development and tourism management in Qufu and Zoucheng.”

During a project restructuring on April 11, 2016 the objective of the project was revised to “to assist Shandong province to enhance cultural heritage conservation and tourism services in project areas in Qufu



and Zoucheng”.

The objectives in the original and revised loan agreements will be used to assess the project's achievements.

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

11-Apr-2016

c. Will a split evaluation be undertaken?

Yes

d. Components

The project included four components:

Component A: Cultural heritage conservation and presentation (appraisal estimate US\$25.42 million, actual US\$28.12 million): This component was to finance the conservation of cultural heritage assets in Qufu Confucius complex, Nishan mountain, Ming Old City of Qufu and Zoucheng Old City. In addition, this component was to finance the conservation of cultural heritage assets, management and displays in Lu Old City of Qufu and the development of signage, interpretation, digital displays and websites in Qufu and Zoucheng.

Component B: Old city infrastructure upgrading (appraisal estimate US\$103.10 million, actual US\$56.89 million): This component was to finance the regeneration of the historic city in block A of Ming Old City in Qufu, the rehabilitation of the city moat and Gupan pond water system in the Ming Old City, the regeneration of the historic city of Zoucheng Old City, the rehabilitation of the Yinli river in Zoucheng, and the cultural heritage conservation and tourism management in Qufu and Zoucheng through community participation. During the restructuring in April 2016, several activities under this component were cancelled including the rehabilitation of the Gupan pond water system, the urban redevelopment of block A of Zoucheng and Ming Old City, and the remodeling of private houses construction of infrastructure and firefighting facilities. The reason for the cancellation of these activities was, among others, the fact that the redevelopment had to comply with UNESCO guidelines but no conclusions were expected to be drawn by the UNESCO Heritage committee regarding the proposed redevelopment soon.

Component C: Manuals, Guidelines and Other Assistance to Project Implementation (appraisal estimate US\$0.97 million, actual US\$1.08 million): This component was to finance the development of conservation techniques, modeling of infrastructure network for the Qufu Ming Old city, guidelines for old city regeneration, planning and development control, a manual on community participation and sustainable tourism management, a detailed development plan for the Qufu Ming Old city, and an update of the Qufu Ming Old city conservation plan.

Component D: Capacity Building and Assistance to Project Implementation (appraisal estimate



US\$1.39 million, actual US\$2.72 million): This component was to finance the provision of assistance for design reviews, project management and monitoring, assistance to prepare a management plan for the world heritage sites and sites on the tentative list, training and exchange program on cultural heritage conservation, training in sustainable tourism management, training and study tours for project related capacity building, and institutional support for the project including office equipment.

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

Project Cost: The project was estimated to cost US\$130.94 million. Actual cost was US\$88.95 million.

Financing: The project was to be financed by a US\$50 million loan by the International Bank of Reconstruction and Development (IBRD). Actual disbursement was US\$45.68 million.

Borrower Contribution: The borrower was to contribute US\$80.94 million. Actual contribution was US\$36.56 million.

Dates:

- On April 11, 2016 the project was restructured: i) the PDO was revised to “to assist Shandong province to enhance cultural heritage conservation and tourism services in project areas in Qufu and Zoucheng” for related results to be more clearly defined and measured; ii) the Results Framework was modified to align it better with the PDO, ensure attribution to project activities, include core sector indicators, and reflect the revised project scope; iii) the legal covenants were modified; iv) the total project cost was reduced due to the cancellation of certain activities related to urban regeneration sub-projects (referred to as “development” in the PDO). The Borrower’s financial contribution was reduced from US\$80.78 million to US\$36.56 million; and v) reallocation between disbursement categories.
- On December 28, 2016 the project was restructured to revise the closing date from December 31, 2016 to June 30, 2107 to allow for the completion of project activities and reallocate funds between disbursement categories.

3. Relevance of Objectives

Rationale

As explained in the ICR (page 6) the cities of Qufu and Zoucheng, both located in Shandong’s province, are the home of the temple, cemetery and family mansion of Confucius and Mencius, two important philosophers of ancient China. Despite their historic value, these sites had been deteriorating due to insufficient funding for conservation and operation and maintenance, weak urban planning and development controls, and lack of site management plans such as for tourism management. According to the ICR these cultural heritage sites “had not seen any extensive conservation investment since the 1930” (page 16). Consequently, the historic cities became dilapidated and provided sub-optimum living standards for residents. In addition, Shandong’s tourism related economy deteriorated. Therefore, in 2005 the Government of China issued a state council’s notice on strengthening cultural heritage conservation and required local governments to make substantial progress in cultural heritage conservation (ICR, page 6).

The objective of this project supported the government’s five-year plan for 2006-2010 in which cultural



heritage conservation was given high priority. Also, the project supported China's latest five-year plan (2016-2020) which highlights "cultural development" as an overall guiding principle, and includes specific sections on strengthening cultural heritage conservation in cities and cultural tourism development. For the first time, the National Tourism Development Plan under the five-year plan was upgraded in 2016 by the State Council as a national level strategic plan. The plan envisions the development of tourism under a more strategic, comprehensive and sustainable framework (ICR, page 12).

At the time of appraisal, the objective of the project was in line with the Bank's Country Partnership Strategy (CPS) for 2006-2010 and its pillars on "reducing poverty, inequality and social exclusion" and "managing resource scarcity and environmental challenges" (ICR, page 6). The project was also consistent with the Bank's current Country Partnership Strategy for 2016-2020 which aims to "demonstrate ways to integrate cultural heritage conservation and sustainable local economic development, emphasizing that conserving the past is a foundation for the future" under the CPS's first theme of "supporting greener growth" (ICR, page 12)

Rating
High

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

Context: The original project development objective (PDO) had three parts (referred to in this Review as Objective 1, 2 and 3), namely "enhanced cultural heritage conservation", "enhanced development", and "enhanced tourism management" in Qufu and Zoucheng. The PDO was revised in April 2016 by deleting "enhanced development" and revising "enhanced tourism management" to "tourism services". Most of the information on outputs and outcomes below were obtained from Annex 1 in the ICR

Objective 1: Enhanced Cultural Heritage Conservation

Rationale

Outputs (based on information in based on page 16 and Annex 1 of the ICR):

- Qufu Confucius complex (including 20 ancient buildings) was conserved and renovated.
- 102 stone tablets were preserved.
- 319 meters of slopes were protected in Nishan.
- 300 meters of river embankments were rehabilitated.
- Approximately 700 ancient trees were treated with physical and chemical control for longer preservation and new drainage was constructed and a nearby area was treated for erosion.
- The displays for Confucius culture were modeled according to historic records and a digital exhibition room and library were established to improve presentation.
- The old Confucius mansion and ancient county government buildings were conserved and repaired in Ming old city of Qufu.



- The pavilion and stone tablet in Quanchi pond were restored and the Lu old city wall was conserved.
- The Mencius complex was conserved. 15 ancient buildings, 330 tablets, 1,047 meters of fencing walls and 4,546 square meters of traditional road surface, ancient trees were protected, and embankments were rehabilitated.
- Conservation techniques for wood, color paintings, stone tablets and inscriptions were developed and approved by a panel of experts and applied accordingly in the project's works.
- Guidelines for historic city regeneration, planning and development control were developed by experts and adopted for Qufu and Zoucheng.
- A detailed development plan for the Qufu Ming Old City was developed and approved by the government. The plan was adopted by the project in infrastructure upgrading.
- A conservation plan for Qufu Ming Old City was updated and approved by Shandong Provincial Government.
- A management plan for "Three King" World Heritage Site was prepared according to the World Heritage Convention and approved by Shandong Provincial Cultural Relics Bureau.
- Training activities and study tours on cultural heritage conservation in Qufu and Qoucheng were conducted, benefiting approximately 286 government official and staff (ICR page 13).

Outcomes (based on information on page 13 and in Annex 1 of the ICR):

- 40 cultural heritage sites (18 sites in Zoucheng and 22 sites in Qufu) were conserved, almost achieving the original and revised targets of 41 sites.
- 17 cultural heritage assets (11 assets in Qufu and six assets in Zoucheng) were adaptively reused, achieving the target.

Rating

Substantial

Objective 1 Revision 1

Revised Objective

Context: The first objective was not revised during the project restructuring.

Objective 1 Revision 1: Enhanced Cultural Heritage Conservation

Revised Rationale

See above under Objective 1 – outputs and outcomes were the same as under the original objective.

Revised Rating

Substantial



Objective 2

Objective

Objective 2: Enhanced Development:

Rationale

Outputs (based on information on pages 13, 15 and 18 and in Annex 1 of the ICR):

- Infrastructure network modelling for the Qufu Ming Old City was integrated into the design for the pipeline network of Ming Old City eastern zone infrastructure construction works.
- Guidelines for historic city regeneration, planning and development control were developed by experts and adopted for Qufu and Zoucheng.
- Detailed development plan for the Qufu Ming Old City was developed and approved by the government. The plan was adopted by the project in infrastructure upgrading.
- Updated Qufu Ming Old City conservation plan was approved by Shandong Provincial Government.

Outcomes (based on information on pages 14 and 15 and in Annex 1 of the ICR):

- Ming Old city in Qufu was rehabilitated and upgraded: 5.4 kilometers of roads were rehabilitated, surpassing the target of 5 kilometers; 5.4 kilometers of river course were renovated, achieving the target;
- Also, 7.2 kilometers of drainage pipeline, 3.2 kilometers of water pipeline, 3.6 kilometers of heating pipeline, and 3.4 kilometers of gas pipeline were constructed. In addition, 47 fire hydrants, 50 dustbins, 56 street lamps were installed and 378 trees were planted. Furthermore, street sweeping and snow removal equipment was procured. According to the Bank team the project did not define specific targets for the associated infrastructure, such as drainage pipeline, water pipeline, heating pipeline, gas pipeline, fire hydrants, dustbins, trees and street lamps for the following two reasons: 1) the associated infrastructure elements were an integral part of the two key outputs (i.e., roads and river courses rehabilitation); and 2) it was anticipated that the design details would be modified during construction to adapt to some unexpected findings under the ground due to the complexity of old city infrastructure upgrading.
- The city moat and Gupan pond water system in the Ming old city were rehabilitated. Activities included the laying of 1,200 meters of diversion pipelines, building of a sightseeing pavilion and a tourist footpath, improving 5.4 kilometers of embankments along the city moat and landscaping.
- The old urban area in Zoucheng was upgraded: 1.88 kilometers of roads were rehabilitated, surpassing the target of 1.30 kilometers; 2.9 kilometers of river course were renovated, achieving the target.
- In addition, 4 kilometers of drainage pipelines, 3.3 kilometers of water pipelines, 485 meters of heating pipelines, and 761 meters of gas lines. Also, 18 hydrants, and 23 dustbins were installed.
- The Yinli river was rehabilitated. Activities included conducting 2.9 kilometers of embankment works, building of 12 bridges, upgrading of 3.5 kilometers, and constructing 6.6 kilometers of drainage pipes.

Rating

Substantial



Objective 2 Revision 1

Revised Objective

Context: The objective of "enhanced development" was dropped at project restructuring in April 2016. Hence only the original objective remained

Revised Rationale

There was no additional development of heritage sites after the project's restructuring in April 2016, although there was continued investment under the objective of cultural heritage conservation (Objective 1).

Revised Rating

Not Rated/Not Applicable

Objective 3

Objective

Enhanced Tourism Management:

Rationale

Outputs:

- The ICR noted that "Signage boards for directing tourists, managing old city traffic and explaining the significance of cultural heritage were designed and installed to improve tourist management in the cultural heritage sites in the old cities" (page 16)
- "A total of 700 multi-lingual audio guides and associated equipment were introduced to guide tourists and reduce the noise level from loud speakers. Digital display systems were applied in the Confucius complex, Mencius complex, Confucius Research Center, and the Mencius Museum to disseminate information on Confucian culture and diversify tourists' experience" (ICR, page 16)
- The ICR also mentioned that "Training was provided to 1,926 tour guides, taxi drivers, homestays, home restaurants, tourism management staff, residents near the CH sites, in the two old cities to improve their tourism related skills" (page 16).
- It was also mentioned, however, that "training and TA support for handicraft development and design of marketable products were dropped due to lack of clear ownership" (ICR, page 16)
- A manual on community participation and sustainable tourism management was developed by experts and adopted by the project for community training.(ICR, page 16)

Outcomes:

- No key performance indicator was defined in this project's design before restructuring to measure "enhanced tourism management". The ICR provided no independent assessment of the project's achievement with respect to enhancing tourism management.. Indeed, the narrative in the ICR focused more on sustainable tourism management than enhanced tourism management reflecting an



apparent desire to ensure that the existing tourism management activities would be maintained.

Rating
Modest

Objective 3 Revision 1

Revised Objective

Enhanced tourism services:

Revised Rationale

Outputs:

- The Confucius and Mencius museums and tourism centers were renovated allowing for enhanced cultural heritage presentations and exhibitions (ICR, page 19).
- Sightseeing bridge and tourist-paths were constructed and signage and landscaping activities were implemented in Lu Old City (amended - ICR page 51).
- 312 interpretation and guidance boards and, as noted already, 700 sets of audio tour equipment were introduced for the Confucius and Mencius complex. Also, equipment for the digital exhibition hall in the Confucius Research Center was installed to enhance the visiting experience (ICR page 55).
- Training in sustainable tourism development, marketing and tourism management continued for tour guides, taxi drivers, and cultural heritage conservation agency staff in Qufu and Zoucheng (ICR, page 19).

Outcomes:

- The satisfaction level of tourists with tourism services in Qufu increased from 48% in 2010 to 96.4% in 2017, surpassing the target of 75%.
- The satisfaction level of tourist with tourism services in Zoucheng increased from 48% in 2010 to 94.1% in 2017, surpassing the target of 75%.

Revised Rating
Substantial

Rationale

Summary Assessment of Efficacy

The achievement of the first original objective (which was not revised) of "enhanced cultural heritage conservation" was rated Substantial. Achievement of the second original objective "enhanced development" was rated Substantial. The second objective was dropped during the April 2016 restructuring and was therefore not rated. Achievement of the third original objective "enhanced tourism management" was rated Modest. Achievement of the third revised objective "enhanced tourism services" was rated Substantial. Overall the



efficacy of both the original and the revised objective was rated Substantial.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic Efficiency:

Both, the PAD and the ICR conducted a cost-benefit analysis. The PAD quantified the direct benefits of the project to visitors and residents. The analysis focused on three investments grouped by location: the Confucius complex, the Nishan mountain (in Qufu) and the Mencius complex (in Zoucheng old city). The expected benefits were higher revenues linked to tourist spending in the local economy, consumer surplus generated for tourists, and appreciation of real estate values in the cities of Qufu, Shandong and Nishan. In order to implement these three different valuation techniques the ICR estimated revenues in terms of additional revenues at tourist sites, contingent valuation (willingness to pay), and hedonic valuation (the value attributable to proximity to rehabilitated tourist facilities). The PAD (p. 13) estimated an Economic Internal Rate of Return (EIRR) of 27.50% for Qufu, 12.89% for Zoucheng, and 8.16% for Nishan.

The ICR also applied a cost-benefit analysis using the same method as in the PAD. The analysis combined administrative tourist visits and revenue and baseline spending data and estimated growth in local revenues at the sub-project level. The ICR does not specify how administrative tourist visits were measured. Additional consumer surplus was estimated by utilizing willingness-to-pay and baseline data on tourist characteristics. The analysis included capital and operation and maintenance costs. The ICR (p. 22) estimated a Net Present Value of US\$50 million and an EIRR of 16%.

Operational Efficiency:

At the beginning of the project, implementation was slow due to weak capacity in project management. The project experienced implementation delays and the closing date needed to be extended by six months. The project management company was not hired until 2013, one and a half years after project implementation had started. The project's operational costs (manuals, guidelines and capacity building) accounted for 4.3% of the total project costs, suggesting that the management of the project was efficient.

However, taking everything into account, Efficiency is rated Substantial.

Efficiency Rating

Substantial

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		0	0 <input type="checkbox"/> Not Applicable

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

6. Outcome

The relevance of the original and revised objective was rated High given the historic importance of the deteriorating Confucius and Mencius sites and the sub-optimum living standards for residents in the cities of Qufu and Zoucheng, where the sites were located. The achievement of the original and revised objectives before and after the project's restructuring were both substantial. The efficiency of the project before and after restructuring was also rated substantial.

When this Review's assessment of the three elements measuring the project's performance are combined the outcomes before and after restructuring were both "satisfactory". Therefore the project's performance had minor shortcomings and hence this Review has rated its overall outcome "satisfactory".

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

The Government continues to be committed to the objectives of the project. However, the project's outcomes faced several risks to their sustainability. The ICR made the following points.

First, Operation and Maintenance (O&M) - while the project allocated loan proceeds to support O&M activities and associated equipment and the provincial cultural heritage bureau and State Administration for Cultural Heritage had allocated significant funding for the conservation of the Confucius and Mencius complexes, O&M as well as infrastructure and tourism services will require continued attention and hence budget continued support. This Review concludes that shortfalls in the budget for these activities will be the greatest risk to the project's current satisfactory outcome.

Second, management of cultural heritage sites and buffer zones - the project financed the installation of guidebooks, signage, audio guides and the development of management plans for conservation sites, city conservation, and buffer zone. Also, training to improve site management was conducted. Site management plans will need to be regularly updated in the future. Furthermore, it will be critical and challenging to balance conservation of buffer zones and urban development in old cities.

Finally, even though the project sites were in a low-risk earthquake zone, the area is vulnerable to droughts and flooding. In addition, the negative impacts of climate change might raise the disaster risk and the chance of



chronic hazards and result in additional O&M challenges.

8. Assessment of Bank Performance

a. Quality-at-Entry

The World Bank team prepared several analytical reports incorporating global lessons learned to inform the project design at project's appraisal. The Bank team consisted of several members from all relevant technical areas including urban development, cultural heritage conservation, municipal engineering etc. The Bank cooperated with other entities in the field and identified critical areas that needed support such as introducing the idea of a Project Management Company. The Bank team also drew on support from a trust fund to finance a technical assistance sub-component on conservation techniques.

The project appraisal document identified relevant risk factors such as rebuilding structures which copy ancient architectural style and thereby reduce the value of cultural heritage assets. Another risk identified at appraisal was inadequate operation and maintenance budget provisions which, as already mentioned in Section 7 of this Review, could lead to the decay of cultural heritage assets following this project. According to the ICR, mitigation arrangements for these risks were adequate. However, other risks were not identified. For example, the project included three levels of government and several sectoral agencies which made project coordination and management challenging. Also, the risk of shortcomings in institutional and technical capacity was not sufficiently identified in the PAD's risk assessment even though the project included a component which focused on capacity building. Furthermore, the risk of implementation delays due to lengthy domestic approval procedures which emerged as problems and were not identified in the risk assessment in the PAD.

The ICR (page 30) states that another additional shortcoming was that the Bank team did not include a historic city regeneration expert who could have led the analyses on urban regeneration approaches and mechanisms. Even though the project design included innovative concepts such as conserving privately owned buildings, the project lacked in-depth preparation to operationalize these concepts.

Quality-at-Entry Rating

Moderately Unsatisfactory

b. Quality of supervision

The Bank project team conducted 12 supervision missions during five and a half years of project implementation.

In October 2014, three and a half years into project implementation the Bank conducted a Mid-Term Review. The Bank advised the government to drop some of the project's sub-components which could not be implemented before project closing since they required extensive stakeholder consultations, needed to comply with UNESCO requirements and were overly complex. In addition, the PDO and the Results Framework were revised in collaboration with the counterpart to provide more clarity and allow for better measuring of progress towards the PDO. The Bank team supported the PIU and conducted regular progress reporting and video meetings with the Project Management Offices to increase implementation support. All these measures had a positive impact on implementation progress. However, it took 17 months from the Mid-Term Review before the



restructuring was approved by the Board leaving only seven months of implementation before the original closing date of the project.

The Bank team supervised satisfactorily the project's compliance with the Bank's safeguard, financial management and procurement policies.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

According to the PAD (page 10) the Provincial Project Management Office (PPMO) was to be responsible for data collection and analysis of results through its M&E working group. The PPMO was to prepare semi-annual progress reports on the basis of indicator data collection, verification and analysis.

Not all aspects of the project's original PDO statement were sufficiently clear. The first aspect of the PDO "to enhance cultural heritage conservation" was clear. The second aspect of the PDO "to enhance development" was less clear but one can assume that it was related to the urban upgrading activities which were implemented under this project. The third aspect "to enhance tourism management" was not clear either. Also, the Results Framework did not adequately capture the contribution of the project's components and outputs towards achieving the PDO. For example, the project's activity on "conservation of privately owned historic houses in Qufu" contributed to the first aspect "conservation" of the PDO, however, the outputs of this activity were not measured in the Results Framework. Furthermore, even though the original M&E design included surveys of residents' and visitor satisfaction and planned to use employment records and cultural heritage patrol records, the Results Framework did not include indicators to measure results. Another shortcoming of the Results Framework was that no final socio-economic survey to measure the benefits of increased tourism to the local economy of the two cities, was planned.

b. M&E Implementation

Since the Project Implementation Unit (PIU) lacked experience in collecting and monitoring data, few data were collected at the beginning of project implementation.

Nevertheless, as already mentioned, during the project's restructuring in April 2016, the Bank revised the PDO and the Results Framework. The third aspect of the PDO was reworded to link to activities to improve site and visitor management plans and trainings. Overall, M&E improved after the project restructuring and the PIU received additional financial support from the Project Management Company. The ICR (page 28) states that after the project restructuring, baseline information was updated and reporting on implementation progress was improved.

The ICR also mentions that "As part of ICR preparation, the Shandong University of Finance and Economics



was hired to conduct a Post-Investment Socio-Economic Impact Evaluation to assess the economic and social impact of the project investments. The university collected and analyzed data from project sites and from control group areas as part of a before-and-after exercise in Qufu and Zoucheng. The study demonstrated the added value of investments in cultural heritage in the target cities, and demonstrated the positive socio-economic impacts of the investments, particularly regarding tourism revenue, employment, income generation, and satisfaction. The study analyzed effects on the two major beneficiary groups - residents and tourists (page 28). The results of the study of beneficiary groups were reported in Section 5 of this Review.

c. M&E Utilization

M&E data were used to inform decision making. During the MTR and the restructuring, M&E was an important area of discussion. M&E weaknesses led to the decision at the MTR to revise the project design. Reports that informed decision making were included in the Bank's Implementation Status Reports which were submitted in a timely manner after the project restructuring in April 2016.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project was classified as category B and triggered the Bank's safeguards OP/BP 4.01 (Environmental Assessment), Physical Cultural Resources (OP/BP 4.11), and Involuntary Resettlement (OP/BP 4.12). The project team prepared an Environmental Impact Assessment and Environmental Management Plan which addressed the direct and indirect environmental impacts of the project. Also, civil works had appropriate mitigation measures to minimize the impacts of construction work. In addition, a Cultural Resource Management Plan was developed under the supervision of local cultural bureaus. During project implementation an environmental officer and an external environmental monitoring consultant were assigned to develop environmental monitoring reports on a regular basis. Overall, the project's compliance with OP/BP 4.01 and OP/BP 4.11 was satisfactory.

A Resettlement Action Plan was prepared to guide resettlement and land acquisition in Qufu and Zoucheng. The Plan was revised when new activities were included at restructuring. An external monitoring team monitored the implementation of the plan and submitted semi-annual monitoring reports, which the Bank found to be satisfactory.

However, according to the ICR (page 29), the project faced some challenges regarding the clearance of housing in the Gupan Pond area rehabilitation. Two years into project implementation, 588 houses were demolished. The houses were not part of the original project design, but were adjacent to the project activities of rehabilitation of the Gupan pond water system and secondary infrastructure in the Gupan pond block. The demolition did not comply with UNESCO requirements for buffer zones of World Heritage sites, and the above two activities were therefore dropped during project restructuring in April 2016. The Bank



continued to conduct due diligence on all the linked investments to ensure that affected families were properly resettled and the revised plan and design were in compliance with UNESCO requirements. The World Bank support went beyond Resettlement Action Plan (RAP) supervision and execution, to advise best practice on redevelopment of historic neighborhoods aligned with UNESCO and national guidelines. When the project closed all land acquisitions and resettlements were completed and complied with the Bank's social safeguard policies satisfactorily.

b. Fiduciary Compliance

Procurement:

At the beginning of project implementation, the project faced some procurement related delays since the Project Implementation Unit (PIU) did not have any experience with Bank procurement policies and procedures. The local Bank procurement specialist supported the PIU through trainings and guidance. The project also received procurement and contract management support through a Project Management Company which was hired in 2013. Prior and post reviews were conducted and found to be satisfactory by the Bank. Also, all project contracts complied with the Bank's procurement guidelines and legal covenants.

Financial Management:

The project faced several issues regarding Financial Management. During the first three years of project implementation unaudited interim financial reports were submitted with significant delays. Also, the project lacked designated financial staff and experienced incomplete and delayed project accounting. Due to slow technical auditing, which was a local requirement, disbursement of project funds was delayed during the first four years and only improved during the last one and a half years of project implementation. Audits were conducted by an independent auditor and audit reports complied with the Bank's legal covenants and were submitted in a timely manner. The external auditor's opinion was unqualified throughout project implementation

c. Unintended impacts (Positive or Negative)

NA

d. Other

11. Ratings

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

12. Lessons

The ICR (33-34) includes several lessons learned which were adapted by IEG:

- 1 . Designing a robust Results Framework with a clearly defined PDO and indicators measuring the progress towards achieving the project's objective and ensuring sufficient capacity to perform M&E activities is critical for a successful project implementation:** Before the project restructuring in April 2016, this project's PDO was not clearly defined and the Results Framework lacked indicators to measure all aspects of the PDO. In addition, the PIU lacked capacity to perform its M&E activities sufficiently resulting in the shortcomings (as noted in Section 9 of this Review) in monitoring implementation progress at the start of the project.
- 2 . Cooperating with UNESCO and national cultural heritage authorities is critical for achieving high quality heritage conservation and management.** This project cooperated with UNESCO and experts from the State Administration of Cultural Heritage (SACH) to ensure compliance with relevant requirements and laws as well as to obtain technical guidance and insights from local experts and global best practices - as noted in Section 10 of this Review..

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provides a good overview of project preparation and implementation. It did not, however, assess the extent to which some outcomes identified in the theory of change were achieved. In this sense the ICR was not adequately outcome driven. While the PAD estimated separate EIRRs for for Qufu, Zoucheng and Nishan, the ICR provided an estimated EIRR and a benefit cost ratio only for the overall project thereby not allowing for a comparison of efficiency estimates before and after the project. Overall, the quality of the ICR is rated Substantial, but only marginally so.



a. Quality of ICR Rating
Substantial