Report Number: ICRR0022836

1. Project Data

Project ID P151442	**Project Name** LS-Social Assistance Project	
Country Lesotho	**Practice Area(Lead)** Social Protection & Jobs	
L/C/TF Number(s) IDA-58340,IDA-59320	**Closing Date (Original)** 30-May-2020	**Total Project Cost (USD)** 39,850,325.01
Bank Approval Date 03-Jun-2016	**Closing Date (Actual)** 30-Jun-2021	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	20,000,000.00	0.00
Revised Commitment	40,000,000.00	0.00
Actual	39,929,132.68	0.00

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

a. Objectives

According to the Financing Agreement (p. 5), the objective was "to support the Recipient in improving the efficiency and equity of selected Social Assistance Programs."

At a 2016 restructuring and Additional Financing (AF), the objective was revised to: "support the Government of Lesotho in improving the efficiency, equity, and shock responsive function of selected Social Assistance Programs and, in the event of an Eligible Crisis or Emergency, to provide immediate and effective response to said Eligible Crisis or Emergency." This ICR Review will therefore perform a spilt rating. At the time of the restructuring, US$1.49 million, or 3.7% of total Bank financing, had been disbursed.

Several outcome targets were revised at other restructurings, but as they were overall adjusted upward, no additional split rating is required.

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

06-Dec-2016

c. Will a split evaluation be undertaken?

Yes

d. Components

The project initially contained two components:

1. **Strengthening administrative efficiency and equity of the selected social assistance programs** (appraisal: US$15 million; AF US$15.5 million; actual US$23.2 million). This component was to reimburse a portion of eligible expenditure line items, with disbursements triggered by verified achievement of agreed specific results (disbursement-linked indicators, DLIs) in improving administrative efficiency and equity. Social assistance programs were to be considered eligible for inclusion based on the existence of robust fiduciary arrangements. At project start, two programs -- the Child Grant Program (CGP, a human development-linked poverty targeted program for poor households with children under age 18) and Orphan and Vulnerable Children Bursary Program (OVC-B, a scholarship program for OVCs under 18 enrolled in secondary school) -- qualified. Other programs anticipated for eligibility included the Post Primary Bursary Program (PPB, a scholarship program for OVC with proven academic achievement), Public Assistance Program (PA, a poverty alleviation transfers program for those under age 70), and Old Age Pension (OAP, a universal non-contributory pension for all citizens over the age of 70). Results were to be organized around two results areas that corresponded with the project's objectives -- improved administrative efficiency of social assistance programs, and improved equity of social assistance programs -- with DLIs sequenced to support critical actions and inputs by project year (PAD, pp. 11-12). It was assumed that achievements in the area of efficiency would generate the necessary fiscal savings to finance the desired results related to equity, especially in terms of expansion of coverage.

At the AF, the component was renamed to "Strengthening administrative efficiency, equity, and shock responsive function of the selected social assistance programs." The amounts allocated to some DLIs were increased with the aim of building capacity to scale up, in terms of both population covered and benefit amounts, in the event of a shock. The allocation to some other DLIs was increased to further incentivize efficiency results for the OAP.

2. **Implementation support** (appraisal: US$ 5 million; AF US$4.5 million; actual US$16.8 million). This component was to contain investments necessary to overcome the main constraints in terms of capacity, implementation, and monitoring and evaluation (M&E) of results supported by the first component, and to support the design and implementation of a pilot of livelihood enhancement activities among beneficiaries of social assistance programs to further households' income generating capacity in the medium and long term. It contained three sub-components. The first sub-component was to provide direct technical assistance and investment in support of achievement of DLIs under Component 1, including interventions in both results areas: for improved administrative efficiency, to improve coordination and harmonized delivery of social assistance programs, strengthen the institutional capacity of the Ministry of Social Development (MoSD), and consolidate the OVC-B and PPB programs; and for increased equity, to expand the registry of poor households through the National Information System for Social Assistance (NISSA), improve the targeting mechanism for OVC and PA, and expand coverage of the CGP. The second sub-component was to support the above-mentioned livelihoods pilot, aiming to bridge the gap between social assistance beneficiaries and the existing supply of programs that can help them increase their productive potential, gradually generating the necessary foundation for households' graduation from social assistance. The third sub-component was to support project management, including a Project Implementation Unit (PIU) housed in the Department of Planning and Information of the MoSD.

At the AF, the component was renamed "Support for implementation and crisis response," with additional funds allocated to direct financing of emergency top-ups in the last quarter of 2016 and first two quarters of 2017; expansion of NISSA; and support for resilience-strengthening social protection interventions, primarily the pilot of livelihood enhancement activities for vulnerable households.

3. **Inclusion of a Contingent Emergency Response Component (CERC)** (US$0). This component was added at the AF in accordance with OP10.00, paragraphs 12 and 13, to help improve response times in future situations where urgent assistance is needed.

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

The project was initially to be financed by a US$20 million International Development Association (IDA) investment credit, disbursed against achievement of DLIs using a results-based financing approach for the first component, and using a traditional investment project financing approach for the second component. The initial financing plan called for an additional US$7 million in financing of the first component by the government, for a total original project cost of US$27 million.

The project was approved on June 3, 2016 and became effective on July 12, 2016. AF of US$20 million was approved in December 2016 and became effective in February 2017. The credits, totaling US$40 million, were fully disbursed. The government delivered emergency cash assistance to vulnerable families in response to the 2016 drought; these costs were reimbursed to the government through the AF. The project underwent five restructurings:

- December 6, 2016: In addition to the AF and revision of objectives and components, the targets for some outcomes and DLIs were revised upward, and there were changes to disbursement arrangements, legal covenants, and financial management.

- November 19, 2019: One DLI was shifted to be an outcome indicator, and other DLIs were adjusted and simplified. The livelihoods pilot was dropped due to implementation delays and the cancellation of the follow-on Lesotho Livelihoods Project, which the pilot had been meant to inform.
- January 17, 2020: In response to a drought emergency declaration in October 2019, the project reallocated US$7.4 million from selected DLIs to finance emergency cash transfers to about 38,000 vulnerable households affected by the crisis. One outcome target was increased, and some DLIs were adjusted.
- March 14, 2020: The project's closing date was extended from May 30, 2020 to November 30, 2020 because of the drought emergency.
- October 20, 2020: The closing date was again extended due to the drought emergency, and to allow full achievement of all DLIs. The project closed on June 30, 2021.

3. Relevance of Objectives

Rationale

The objectives were highly relevant to country context and government strategy. At the time of appraisal, 57.1% of Lesotho's population lived below the basic needs poverty line, and 84% of the population was considered vulnerable to poverty. Frequent and severe droughts put a significant portion of the population at risk of food insecurity. The government was spending around 4.5% of gross domestic product (GDP) on social assistance programs, nearly three times the sub-Saharan African average (1.7%). Spending had generally increased at a faster pace than inflation in the preceding five years. The two largest programs in terms of spending, the OAP and School Feeding (which provides school meals to all children attending public primary schools), made up about three-quarters of all social assistance spending. According to the PAD (p. 3), the social protection system was characterized by lack of overall vision, weak capacity, fragmentation, duplication, and inefficient delivery systems. The six main programs were implemented by four different ministries without an overall guiding framework. Poverty targeting mechanisms were unclear or highly discretionary. For categorical programs, eligibility verification processes were prone to fraud and error due to lack of cross checks and other adequate verification mechanisms. Beneficiary records were paper-based and often unavailable, and systems for case management were weak or non-existent. Payments were generally cash-based and relied on expensive processes. Overall, these programs varied greatly in their effectiveness in reaching the poor; about half of households in the bottom two quintiles reported receiving no social assistance at all. The only exception to these shortcomings was the CGP, which used an objective poverty targeting methodology linked to an electronic beneficiary database.

In 2012, the government created the MoSD to be in charge of social protection (and to run three of the six main programs, the CGP, OVC, and PA), and to implement a National Social Protection Strategy (NSPS) that was officially launched in February 2015. The NSPS pillars are to establish coherent and progressive social protection synergies by ensuring strong positive linkages with other ministries and key stakeholders; integrate and harmonize operational systems for the effective implementation of social protection programs; and strengthen the implementation of core social protection programs aimed at reducing vulnerabilities throughout the life-course. The NSPS identifies the NISSA, a social registry that contains social-economic information on households and a targeting tool for identifying poor households, as the backbone of the social protection system.

The government recognized that considerable fiscal space was already devoted to social protection. The key feature of the reform plan, as embodied in the NSPS, was to achieve fiscal savings by improving the efficiency of social assistance interventions; these savings were to be used to increase the coverage of poverty targeted programs, improving targeting accuracy and equity.

The project was also highly relevant to Bank strategy at appraisal and closing. It was fully aligned with the Bank's Country Assistance Strategy at the project preparation stage (FY2010-14), which recognized the development of a social protection strategy as a key priority, and with the Country Partnership Framework (CPF) for FY2016-19, in draft as the project was being approved, which identified modernization of the public sector through improved efficiency and effectiveness as a key development priority. The CPF FY2016-19 had a strategic objective to improve the targeting and coverage of the poorest by social assistance programs. This objective was revised at the time of the 2019 Performance and Learning Review to "improve the risk responsiveness and equity of the social assistance system," maintaining the alignment of the objectives to Bank strategy after the AF. The project team confirmed that, as of February 2022, the next CPF remains under preparation.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

Improve the efficiency of selected Social Assistance Programs

Rationale

The theory of change for this objective held that improved administrative and delivery processes of the OAP, consolidation of OVC programs, improved coordination of all social assistance programs, and strengthened capacity of the MoSD would lead to increased efficiency of social assistance programs, measured primarily by the removal of ineligible beneficiaries from the OAP roster. The key critical assumptions underlying this theory of change included: a stable political, governance, and macroeconomic situation; independence of social assistance programs from political influences; adequate institutional capacity to handle the technical and operational challenges of project design and implementation; and productive cooperation among stakeholders.

Outputs

The Social Protection Technical Committees for Childhood and Old Age met twice, as planned. The Social Protection Policy Committee met annually, as planned.

The percentage of OVC-B and CGP beneficiary children who hold a unique identification number provided by Home Affairs increased from zero in 2016 to 51% in 2021, not meeting the target of 70%. 80% of OAP beneficiaries have a national identification number, meeting the target.

CGP and OVC-B modules were developed for the NISSA. According to the ICR (p. 56), PA modules were under development at the time of the ICR. This partially met the target of an integrated management information system for the CGP, OVC-B, and PA having been developed, deployed, and made fully operational. Delays were due to slow issuance of the support contract to complete all the modules. According to the ICR (p. 23), the PA is still mainly self-targeted through applications that are submitted and assessed at the district level, though new PA beneficiaries are now drawn from the NISSA.

Two cross checks were carried out between the OAP database and civil service pension database, as planned. All accounts in the OAP had a proof-of-life verification in late 2019-early 2020, and 100% of pensioners on the June 2021 paylist were seen in person. The OAP information system was upgraded to require pensioners to be seen in person once per year moving forward.

Progress was made toward the development of a new secure payment system, with pilots implemented in some districts and data cleaning ongoing at the time of the ICR. The ICR (p. 57) reported that the percentage of payments to CGP and PA made through the unified payment system increased from zero in 2016 to 100% in 2021, exceeding the target of 75%, but with the caveat that the 100% achievement is an overstatement, as around 12,000 PA beneficiaries are still paid manually due to targeting differences with CGP beneficiaries.

The percentage of citizens reporting satisfaction with the administration of social assistance programs was 65% in 2021, exceeding the target of 50%. The percentage of beneficiaries reporting satisfaction was 84% in 2021, exceeding the target of 70%. No baseline information was provided, and therefore the project's impact on citizen and beneficiary satisfaction is not known.

<u>Outcomes</u>

The number of non-eligible beneficiaries eliminated from the OAP roster rose from a baseline of zero in 2016 to 18,806 in 2021, exceeding the target of 15,000. The ICR (p. 50) noted that this was a net indicator of beneficiaries taken off the program, which shrunk from about 85,000 beneficiaries at baseline to 79,000 at closure. No information was provided on programs other than the OAP.

Due to demonstrated progress in removing ineligible beneficiaries from the OAP roster, as well as partial consolidation of other programs into a single information system and progress toward the use of secure digital payment systems, achievement of the objective to improve the efficiency of social assistance programs is rated Substantial.

Rating
Substantial

OBJECTIVE 2

Objective
Improve the equity of selected Social Assistance Programs

Rationale
The theory of change for this objective held that, in addition to the interventions described under the first objective, an expansion of the registry of poor households through NISSA, harmonized targeting, and expanded coverage of the poverty-targeted CGP would lead to improved equity of social assistance programs, measured primarily by a larger proportion of households from the poorest two quintiles receiving CGP and PA.

Outputs

The NISSA-Community-Based Targeting (CBT) registry covered 75% of rural community councils by project closure, as planned, and was also rolled out to 50% of urban districts. According to the ICR (p. 28), the United Nations Children's Fund (UNICEF) directly financed the NISSA rollout exercise.

The percentage of new beneficiaries of PA and OVC-B who were selected using harmonized targeting procedures increased from zero in 2016 to 100% for OVC-B in 2021, and remained at zero for PA, not meeting the target of 100%. The project team further explained that the PA has not had funding to expand to new beneficiaries for several years, but that when an existing beneficiary leaves the program, a new one from the NISSA-CBT waiting list is added on; therefore, an unspecified number of new beneficiaries have been selected using NISSA-CBT.

Recertification of existing beneficiaries of OVC-B and PA using harmonized targeting procedures was reported as "in progress" (ICR, p. 61), having started in 2021. This did not reach the target of 100% recertification.

Outcomes

The number of beneficiaries of safety net programs (unconditional cash transfers, including the CGP and OAP programs, calculated as the number of households receiving CGP multiplied by the average number of persons per household, plus the number of pensioners receiving the OAP) increased from 185,000 in 2016 to 380,794 in 2021, exceeding the original target of 200,000 and the revised target of 222,000. The number of female beneficiaries of safety net programs increased from 92,500 in 2016 to 198,240 in 2021, exceeding the original target of 100,000 and the revised target of 111,000.

The number of direct project beneficiaries rose from 100,000 in 2016 to 144,000 in 2021, exceeding the original target of 115,000 and the revised target of 137,000. The project team explained that this indicator counted the number of recipients of the CGP, as that was the core program supported by the project's system strengthening activities, and that there were 100,000 CGP beneficiaries when the project started. The percentage of beneficiaries who are female remained steady at 51%, meeting the target.

The percentage of households receiving CGP that are in the poorest two quintiles of the population was 65% in 2016 and 63.9% in 2017, not achieving the original target of 75% or the revised target of 70% (set in November 2019). The ICR (p. 52) noted that newer household data was not available because of pandemic-related delays in conducting a new round of household surveys (now scheduled for 2022/23). The percentage of households receiving PA that are in the poorest two quintiles of the population was 56% in 2016 and 64% in 2017, essentially achieving the target of 65%. The ICR (p. 53) noted that more recent data is not available.

The ICR (pp. 26-32) provided additional evidence beyond the project's results framework in an attempt to demonstrate project-attributable improvements in equity of social assistance programming. Over 23,000 households were added to the CGP in response to droughts in 2016 and 2019, nearly doubling the program's coverage to over 50,000 households total; 27,000 households received top-up payments in 2017 in response to the 2016 drought; and more than 40,000 households received top-up payments in 2020 in response to the 2019 drought. All new households added to the CGP during the project period were selected using the NISSA targeting tool, and only households classified as "poor" or "ultra-poor" were eligible; according to the ICR, only 22% of households currently receiving CGP were selected before NISSA was put in place and therefore were not subject to rigorous poverty targeting. It is therefore likely that the share of households receiving the expanded CGP who are in the poorest 40% of the population increased between 2017 and 2021.

As the ICR noted (p. 29), overall social assistance transfers reduced the poverty headcount rate by about 6.5%, the poverty gap by 21.9%, and the Gini coefficient by 7.8%. However, it is noteworthy that the CGP and PA programs account for a small fraction of overall poverty reduction; the CGP has a relatively stronger impact on inequality due to its targeting, but its benefit level is insufficient for the poorest households to cross the poverty line, and at 50,000 households, it covers only about one-quarter of all poor households with children (ICR, p. 35). The OAP has the most impact on both poverty and inequality due to its high level of benefit and relatively large coverage (see table below). The ICR (p. 28) argued that the project-supported removal of ineligible OAP pensioners allowed the system to enroll more eligible persons, increasing the equity of the OAP, but no data were presented to demonstrate the extent to which this actually occurred, and the ICR (p. 31) later noted that the OAP does not attempt to screen out the non-poor. The ICR (p. 31) also observed that poor households are more likely to benefit from all social assistance programs (with the exception of OVC-B), but again, it did not demonstrate how project-supported interventions contributed to or improved specific program targeting other than the CGP.

Simulated poverty impact associated with social protection programs, percent (World Bank, Lesotho Social Protection Programs and Systems Review, Table 14, p. 38); data from 2016/17 household survey

Program	Reduction in poverty (percentage points)	Reduction in inequality (percentage points)

OAP	3.5	4.4
School feeding	1.9	1.8
Seasonal employment	0.5	0.5
CGP	0.2	0.5
PA	0.1	0.1
OVC-B	0.1	0.1
Tertiary bursaries	0.1	0.1

The ICR (Table 5, p. 30) also presented data indicating that the CGP, PA, and OAP programs had relatively larger impact effectiveness (the ratio between the inequality or poverty reduction that the program achieves compared with the inequality or poverty reduction it could achieve if all its budget were distributed in the most progressive possible way) and spending effectiveness (how much less could be spent to attain a given inequality or poverty measure with perfect distribution of program benefits) than other social assistance programs, but no information was provided on how project-supported interventions contributed to these results.

Achievement of this objective is rated Modest. The ICR demonstrated that the project's support contributed to improved beneficiary selection and targeting of the CGP, but the percentage of households receiving CGP who are in the poorest two quintiles receded from the baseline to 2017/18, no information was provided on the project's specific impact on other programs, and the magnitude of the impact of selection of new PA beneficiaries using NISSA-CBT is not known.

Rating
Modest

OBJECTIVE 3

Objective
The original project did not contain a third objective.

Rationale
The original project did not contain a third objective.

Rating
Not Rated/Not Applicable

OBJECTIVE 3 REVISION 1

Revised Objective

Improve the shock responsive function of selected Social Assistance Programs and, in the event of an Eligible Crisis or Emergency, provide immediate and effective response to said Eligible Crisis or Emergency

Revised Rationale

The theory of change for this objective held that emergency top-ups to the CGP and expansion of NISSA, together with other resilience activities, would improve the country's shock responsiveness.

The project's third component was not activated, as the other project components were sufficiently robust to address the drought emergency and pandemic conditions that arose during the project's lifetime. This in itself is a marker of the project's substantial level of achievement.

At the time of the ICR, a report had been finalized on standard operating procedures (SOPs) to guide vertical and horizontal scale-ups of the CGP program in response to shocks. The report was awaiting a consultation workshop and government adoption. This partially met the target of SOPs having been put in place.

The January 2020 restructuring reallocated US$7.4 million to provide direct cash transfers to households through the CGP in response to the 2019 drought, with beneficiaries identified through NISSA. The number of beneficiaries receiving emergency top-ups to the CGP increased from 23,000 in 2016 to 67,000 in 2021, exceeding the target of 50,000. Horizontal expansion of the CGP in 2020/2021 in response to COVID-19 used NISSA to identify additional households in need of support. According to the ICR (p. 32), non-governmental organizations and other humanitarian actors are also using NISSA to identify beneficiaries for their pandemic response and support programs.

Revised Rating

Substantial

OVERALL EFFICACY

Rationale

The PAD noted that the European Union (EU) and UNICEF had been active in the social protection sector since the late 2000s, including support for expanding the registry of poor households through NISSA, testing and evaluating harmonized procedures for service delivery, and expanding coverage of the CGP. It stated (p. 7) that "the World Bank team and EU/UNICEF have been working closely to ensure complementarity and coherence in their respective support programs." The ICR (p. 43) confirmed that UNICEF contributions were "especially fundamental for the development and rollout of NISSA, the development of shock-responsive procedures for the CGP, and the harmonization of program management in NISSA." The ICR did not provide detail to differentiate which achievements were attributable specifically to the project, or how the project's interventions combined with those of other partners to produce observed outcomes.

Efficacy under the original objectives is rated Substantial, but with important shortcomings related to a lack of information on the project's contribution to improved equity apart from the CGP.

Overall Efficacy Rating

Substantial

OVERALL EFFICACY REVISION 1

Overall Efficacy Revision 1 Rationale

Efficacy under the revised objectives is rated Substantial, with the above caveats still relevant to the equity objective, but with NISSA having contributed to achievement of the added third objective to improve the system's shock responsiveness.

Overall Efficacy Revision 1 Rating

Substantial

5. Efficiency

The PAD's economic analysis (pp. 69-75) suggested that the project would result in increased annual fiscal savings throughout implementation, starting with 0.25% and eventually reaching 0.5% of GDP per year in the last two years. These estimates focused on net savings resulting from the biggest improvements in the two results areas, including the clean-up of databases, the adoption of harmonized administrative procedures, and the adoption of objective targeting methods for OVC and PA, as well as increased expenditure resulting from the expansion of the registry of poor households by NISSA and expanded coverage of the CGP. A prior impact evaluation of the CGP found multiple social and economic benefits, including school retention and reduced extreme food shortages at the household level; the PAD speculated that extending access to the CGP would lead to similar results for new beneficiaries. The economic analysis was updated at the time of the AF with no major changes; even with increased coverage of the CGP, the project was expected to remain fiscally positive, yielding savings ranging from 0.15% to 0.3% of GDP annually.

The ICR's analysis found that the largest savings were produced by the cleanup of the OAP beneficiary roster, with additional savings generated by consolidation and list cleaning of bursary programs as well as administrative efficiencies in targeting and payment systems overall. The ICR (p. 35) estimated the actual overall savings due to project interventions at 0.4% to 0.5% of GDP, with the significant majority of those savings accruing from removal of ghost beneficiaries (amounting to 20-25% of total beneficiaries) from the OAP.

Implementation arrangements were efficient. The MoSD, as overall coordinator of the project, had already led development of the government's NSPS and was overseeing its implementation as well as the NISSA. A dedicated PIU handled additional work specific to the project, including fiduciary management. There were minor delays in establishing the PIU at the outset of the project, but it was fully staffed by early 2017. Administrative costs compared reasonably to international and regional standards, at about 4.1% of project costs (including operating costs, non-consulting services, and trainings). Other than some glitches at start-up, implementation proceeded at a reasonable pace, with acceleration after the mid-term review in late 2018, and the mechanism for verification of DLIs and reimbursements worked smoothly. Extensions of the closing date responded to the AF and the need to address unforeseen crises (drought events). According to the ICR (p. 41), project activities were relatively protected from COVID-19-related delays, as social assistance cash transfers continued to be provided during the period of lockdown and closures, though there was a pause in work on the urban rollout of NISSA and some payment systems. The project had caught up with all pandemic-related delays by June 2021, and remaining work was completed in time for project closing.

There were some moderate sources of implementation inefficiency, including a one-year gap between World Bank decision review and Board of Executive Directors approval due to "country specifics and the political situation" (ICR, p. 35); delays in the recruitment and retention of PIU staff early in the project implementation period; turnover in senior MoSD leadership positions (Government's ICR, p. 79); unclear definition of roles and responsibilities of government stakeholders (ICR, p. 49); and duplication or delays in activities due to inadequate coordination of development partners (ICR, p. 49).

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 ☐ Not Applicable
ICR Estimate		0	0 ☐ Not Applicable

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

6. Outcome

The project's original and revised objectives were highly relevant to country context, Bank strategy, and government strategy. The project contributed to the modernization and strengthening of a number of delivery systems for social assistance programs, making these programs more shock responsive and effectively managed and coordinated. There was insufficient evidence to assess the project's contribution to increased equity of social assistance programs. On balance, efficacy was substantial under both the original and revised objectives, and therefore a formal split rating calculation is not necessary here. Efficiency was substantial. Overall, there were minor shortcomings in the project's preparation, implementation, and achievement, producing an Outcome rating of Satisfactory.

a. **Outcome Rating**
Satisfactory

7. Risk to Development Outcome

The ICR (p. 46) cited substantial risk to achieved outcomes, observing that "historically the government's financial commitment to core social protection spending has not been fully met over the years," and that government commitment to efficiency goals, especially on OAP, "has been largely on paper." The COVID-19 pandemic has greatly increased the population's vulnerability, with border closures, reduced internal movement, and declining remittances having impacted incomes and livelihoods. As a result, a larger number of households has become eligible for social assistance, with stark cost implications. Even with budgetary and other assistance from development partners, it will be difficult to meet need at these increased levels, and declining revenue and the urgency of other priorities may constrain ongoing efforts to further enhance the national social protection system. In addition, the political environment is complex and unpredictable. The technical capacity developed under the project is significant, but staff and capacity constraints would be exacerbated if funding for the sector were to decline. According to the ICR (p. 42), discussions are ongoing between the Bank and the government regarding a possible new social protection operation in FY22 that would extend the work begun under the project.

8. Assessment of Bank Performance

a. Quality-at-Entry

Technical preparation of the project was based on extensive analytic work, including an in-depth review of the social safety nets sector in Lesotho (World Bank, 2013), a functional review of NISSA (World Bank, 2013), an in-depth review of NISSA's targeting methodology and data collection capacity (Oxford Policy Management, 2014), an in-depth review of the PA and OVC-B programs (World Bank, 2014-15), a rapid diagnostic of the OAP (World Bank, 2015), the collection and analysis of social protection data in the Continuous Multipurpose Survey (CMS) (Poverty and Social Impact Analysis Trust Fund, 2013-14), an impact evaluation of the CGP (Oxford Policy Management, 2014), and the World Bank's 2015 Systematic Country Diagnostic.

According to the PAD (pp. 22-23), project design incorporated lessons from prior successful social assistance interventions worldwide, including the importance of strong administrative, delivery, and information management systems for effective implementation of cash transfer programs to the poor and vulnerable. The Bank team also drew from the experience of two prior EU-supported programs in Lesotho, noting the importance of including activities aimed at strengthening the capacity of government at both central and district levels, the potential for a unified targeting approach and database during crises, and the potential positive impact of including community-based approaches in the poverty targeting methodology. The Bank, UNICEF, and EU facilitated South-South exchanges and study visits for government officials to learn from the experiences of social assistance reforms in Brazil, Zambia, Kenya, and Ethiopia; in particular, these visits helped with the conceptualization and design of NISSA as the founding pillar of management of social assistance.

The PAD's risk analysis (pp. 24-26) identified numerous substantial risks, including government stability (recent general elections had led to a coalition government containing seven political parties), the fiscal situation (a probable reduction in Southern African Customs Union revenue due to a proposed revision of the formula), sectoral policies and strategies (potential political and/or social resistance to reform), the technical design of the project (the innovative nature of the instrument), and institutional capacity (the inexperience and workload of the small MoSD staff). Mitigation strategies included strengthening of MoSD capacity, technical assistance, creation of the PIU with dedicated staff to track results, a communications campaign to disseminate the rationale for the reform and likely consequences for non-eligible beneficiaries, realistic selection of indicators and targets for disbursement, clear definition of responsibilities for delivering results, and clearly specified and feasible protocols for verification of results.

The project's objectives were clear and monitorable. The results framework was adequate for measuring achievement of the efficiency objective, but there were insufficient outcome indicators and DLIs to measure improvements in equity. The ICR (p. 45) also noted that the DLI matrix was complex, and that the investment part of the project would have benefited from specific financing for activities supporting the work needed to achieve the DLIs. The Government's ICR (p. 79) noted that there was insufficient consultation on project design, resulting in "overambitious targets and over-specified DLIs."

Quality-at-Entry Rating
Moderately Satisfactory

b. Quality of supervision
The ICR (pp. 40-41) noted that implementation support was proactive and results-focused, particularly during preparation of the AF. Missions with site visits were conducted regularly, and aides-memoire were comprehensive and candid. The mid-term review, conducted on schedule at the end of 2018, produced recommendations for restructuring that were acted upon promptly. The ICR (p. 46) speculated that planning and implementation over the last 18 months of the project might have benefited from an earlier request for extension of the closing date.

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The project's objectives were clearly stated and monitorable. The results framework included five outcome indicators, eleven intermediate indicators, and 20 DLIs, with clearly specified baselines, targets, and institutional responsibility for data collection. The MoSD, through the PIU, had responsibility for monitoring and reporting. The project itself aimed to strengthen results monitoring, including through the adoption of an integrated management information system, process monitoring and financial audits of OAP, and regular cross database checks for eligibility verification. The Bank was to support two additional rounds of Social Protection and Shocks modules, to be added to two rounds of the CMS in 2017 and 2019, to measure the evolution of the proportion of social assistance funds of selected programs going to the poor.

The ICR (p. 42) observed that there were some shortcomings with the outcome indicators, but that the DLIs provided an "alternative, de facto monitoring system." However, as noted in Section 4, neither the project's outcome indicator nor its DLIs provided a comprehensive measure of the project's contribution to improving the equity of social assistance programs.

b. M&E Implementation

The M&E system provided regular information on progress toward most indicator targets. Planned household surveys were not completed due to COVID-19. According to the ICR (p. 43), the DLI framework was used extensively, including as the basis for disbursement of funds and as incentive for completion of milestones and targets. The ICR also noted, however, that the MoSD, Ministry of Finance, and Ministry of Home Affairs data systems were not always "fully able to provide up-to-date information."

c. M&E Utilization

The ICR (p. 43) noted that the DLI framework was used for decision making throughout the course of the project, including decisions on project financing needs, extensions, and measures needed to respond to the drought emergencies and the COVID-19 crisis.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

As project activities did not have a physical footprint, the project was classified as Environmental Assessment category "C" and did not trigger any of the Bank's safeguard policies.

b. Fiduciary Compliance

As the MoSD had no previous experience in implementing Bank-financed projects, a PIU was created under the MoSD's Department of Planning and Information to handle the additional and specialized fiduciary management work generated by the project's second component. Fiduciary management of the second component relied on Lesotho's public financial management system. Financial management was rated Satisfactory across the project's lifetime. There were no overdue statements of expenditure or financial reports at closing. The ICR did not provide information on audits.

Procurement functions were also the responsibility of the PIU. A procurement assessment at appraisal found that the PIU had limited human resource availability and capacity to assure adherence to the Bank's procurement guidelines, leading the MoSD to hire a procurement consultant. Procurement was rated Moderately Satisfactory or better across the project period, and there were no major issues during implementation.

c. Unintended impacts (Positive or Negative)

None reported.

d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Moderately Satisfactory	There were moderate shortcomings in M&E design, as outcome indicators and DLIs were insufficient to measure achievement of the equity objective. There was also inadequate support embedded in project design for implementing the DLIs.
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

The ICR (pp. 47-49) contained several insightful lessons emerging from the project's experience, including:

- **While decisions to scale up social protection programs can be taken in direct response to specific events, it is more effective and efficient to front-load procedures and processes prior to an actual emergency.** The Additional Financing for this project capitalized on ongoing project interventions to respond to the 2016 and 2019 drought emergencies. To make the program more responsive, the Ministry of Social Development is developing standard operating procedures for expanding and contracting the Child Grant Program during future droughts and other potential shocks.
- **Achievement of disbursement-linked indicators may require associated operational funding**. In this case, other than expansion and capacity building of NISSA, the project did not earmark investment project financing to help implement the DLIs apart from the actual disbursement incentive; this meant that supplementary budget from the government or other donors was required to complete the activities that were to produce the DLI results, and sometimes that funding was difficult to obtain.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR constructed a credible theory of change underpinning the project, including key critical assumptions. Its Executive Summary usefully and concisely captured the project's overall storyline and results. It effectively used data from both the formal results framework and DLIs to assess the project's achievement. However, there were some shortcomings. The ICR was lengthy at 49 pages of main text and somewhat repetitive. Its efficiency discussion conflated sectoral efficiency with project efficiency (the rating is dependent on the latter, not the former). Its lessons contained observations that went beyond information provided in the main text of the document.

a. Quality of ICR Rating
Substantial