



## 1. Project Data

<b>Project ID</b> P125151	<b>Project Name</b> Plan Belgrano WSS Development Project	
<b>Country</b> Argentina	<b>Practice Area(Lead)</b> Water	
<b>L/C/TF Number(s)</b> IBRD-80320,IBRD-87310	<b>Closing Date (Original)</b> 30-Apr-2017	<b>Total Project Cost (USD)</b> 200,312,500.00
<b>Bank Approval Date</b> 05-Apr-2011	<b>Closing Date (Actual)</b> 30-Jun-2023	
	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>
Original Commitment	200,000,000.00	0.00
Revised Commitment	200,312,500.00	0.00
Actual	200,312,500.00	0.00

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## 2. Project Objectives and Components

### a. Objectives

The original project development objective, as in the Loan Agreement, as well as on p.6 of the PAD, was “to increase sustainable access to sanitation and water supply services in the Norte Grande Region of Argentina, by providing investments in infrastructure and supporting institutional development”.



The revised PDO, as per p.5 of the Loan Agreement for the Additional Financing in 2017, was “to increase access to water supply and sanitation services and improve the operational and financial performance of the water supply and sanitation services (WSS) Service Providers in the Project Area”

For purpose of analysis, the objectives will be parsed as follows:

PDO1: "To provide sustainable access to sanitation services in the project area".

PDO2: " To increase access to water supply in the project area"

PDO3: "To improve the operational and financial performance of the water supply and sanitation services (WSS) Service Providers in the Project Area”

**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**

20-Dec-2010

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

No

**d. Components**

**Component 1:** Water Supply and Sanitation Infrastructure (**Estimated cost at appraisal:** US\$209 million, of which US\$169.5 million from IBRD. **Actual cost at closing:** US\$224.6 million, of which IBRD: US\$174.6 million). The component was to finance demand-driven subprojects consisting of the rehabilitation, upgrading and/or reconstruction of (a) wastewater collection, conveyance, treatment and disposal systems; (b) water supply systems, including production and distribution systems considered Category A from an environmental impact assessment perspective.

**Component 2:** Institutional and Operational Development and Technical Assistance (**Estimated cost at appraisal:** US\$15 million, financed by IBRD; **Actual cost at closing:** US\$ 14.7 million). The component was to carry out: (a) tailored institutional and/or operational strengthening programs and provision of technical assistance (TA) to participating WSS providers to improve their institutional organization, investment planning, management capabilities and technical, operational, commercial and financial efficiency; (b) technical studies required to support the preparation and implementation of subprojects, including feasibility studies, engineering designs, economic/financial analysis, environmental and social impact assessments, etc.; (c) communication plans, dissemination and knowledge-sharing activities related to the project, and training and capacity building for the institutional strengthening of UCPyPFE and participating provinces.

**Component 3:** Project Management and Supervision (**Estimated cost at appraisal:** US\$15 million; **Actual cost at closing:** US\$10.2 million). The aim of the component was to support (a) specialized independent



technical, environmental and social supervision of subproject's implementation; and (b) project audits and monitoring and evaluation (M&E) activities; and provision of administrative and operational support.

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

##### Project Cost and Financing

The cost of the project was initially estimated at US\$ 240 million, based on an IBRD loan of US\$200 million and US\$40 million equivalent of Borrower contribution. An additional financing (AF) of US\$125 million was approved during 2017, to help scale up activities under all three components with no change in Project design, and allow WSS providers in the Plan Belgrano provinces to increase their financial and operational sustainability. The name of the Project was changed at this time from "The Second Norte Grande Water Infrastructure Project" to "The Plan Belgrano WSS Services Development Project", so as to align with the Government of Argentina's (GoA's) flagship Plan Belgrano and the objectives of the National Water Sanitation Plan, adopted in February 2016. The AF was however cancelled at the request of GoA as a consequence of a rigorous fiscal consolidation program and budget restrictions that had become necessary, on account of a series of macroeconomic imbalances combined with high external financing. At closing, the project's costs amounted to US\$250 million, including Borrower contribution of US\$50 million.

##### Borrower contribution

A Borrower contribution of US\$40 million equivalent was envisaged at appraisal, as part of the project's financing. This was increased by closing to US\$50 million equivalent.

##### Dates

The project was approved on April 5, 2011, becoming effective on February 07, 2012. A Mid-Term Review was held on May 29, 2015. The original closing date of April 30, 2017 was extended on account of the AF (which was subsequently cancelled), initially to April 30, 2020, then again to June 30, 2022, to allow for completion of critical water supply works (Wichi II), and finally to June 30, 2023.

### **3. Relevance of Objectives**

#### **Rationale**

##### Country and Sector Context

Between 2002 and 2008, Argentina's economy was growing at a rate of 8.5 percent per annum, accompanied by a marked reduction in the country's debt-to-GDP ratio, from 66.4 percent in 2002 to 47.1 percent in 2010. With the onset of the global financial crisis in 2008, GoA prioritized investments in infrastructure as a key element of a counter-cyclical economic recovery plan. Infrastructure investment, which had reached 4.67 percent of GDP in 2008, continued to grow strongly despite the economic slowdown, and became a key element in the Government's strategy to overcome potential bottlenecks to competitiveness.



The Norte Grande region (NGR) epitomized the marginalization and underdevelopment of the northern parts of the country. The region, which covered one-third of the national territory and comprised some 7.5 million people (or over a fifth of the population), produced only 10 percent of the country's GDP and 8 percent of its total exports. In contrast to declining national poverty levels, poverty in the NGR stood at 48 percent of the population, half of whom were living in extreme poverty.

As regards the water and sanitation services (WSS) sector, at appraisal, with only 80 percent piped water supply, 48 piped sewerage coverage and 10 percent of collected wastewater receiving treatment, Argentina lagged other upper middle-income countries. Sector policies had changed repeatedly over the prior two decades, with a freeze on water tariffs – imposed in 2001 – affecting the financial sustainability of utilities. Many of the water concessions of the 1990s were ultimately terminated, resulting in financial and operational difficulties for some of the companies and a weakening of sector institutions. The NGR suffered particularly acute problems in the WSS sector, being affected by low coverage rates, poor service levels, contamination of water sources, limited funding for investments, and governance and institutional challenges. Service provision models for the sector were wide-ranging: seven out of nine provinces having had concession contracts with private operators, all of whom were negatively affected by the economic and social crisis. Nearly 15 percent of the population (over 1 million people) lacked piped water supply and 61 percent (over 4.5 million people) lacked piped sewerage services. Four of the nine provinces in the NGR ranked the lowest in the nation, and only two provinces were above the national average.

In 2004, GoA initiated a Norte Grande Development & Integration Program, as part of a national strategy for the historical redress of the region. The program included planned investments in energy, transport, WSS and productive sector competitiveness. The current Project was the second of two operations for the water sector, initially conceived as a single US\$400 million operation. The two operations were approved by the Board within four months of each other; hence, implementation was practically in parallel, and carried out by the same Project Implementation Unit (PIU). The first project was focused on water supply and urban drainage, and the second on sanitation infrastructure, which called for somewhat more complex technical, economics and safeguards solutions.

### Alignment with Country Strategies

The Project's development objectives were consistent with those of the World Bank Group (WBG)'s Country Partnership Framework (CPF) for Argentina, FY19-22, and the PLR which extended the CPF by two years. Objective 5 of Focus Area 2 focused on Improving Service Delivery through enhanced inter-jurisdictional coordination, which specifically included 'Improved Water Services in Northern Regions' as an objective. For the WSS sector, the CPF program would support operationalization in 10 provinces of the Management and Results Plan (MRP) introduced under the 2017 National Water and Sanitation Plan to improve the provision of WSS in terms of quantity and quality. In addition, Focus Area 3 was broadened in the PLR to align with the "green, resilient and inclusive development" approach by helping reduce local pollution and better managing natural resources and building a more sustainable economy. A Water Security Report for Argentina prepared by the World Bank in 2021 indicated that the country's GDP could be 2.7 percent higher by 2030 in a water security active scenario (including investments in WSS). The PLR, in its Objective 9: 'Supporting a Resilient Economy' sought to build resilience by increasing access to WSS, and incorporating resilient infrastructure to adapt to climate events specific to the northwestern region.

The PDO was also aligned with the World Bank's 2018 Systematic Country Diagnostic (SCD) for Argentina, which included access to WSS as an essential element to the convergence of living standards and access



to economic opportunities of the population (especially the indigenous population, which lagged in terms of access to basic services). Both the SCD and CPF (plus PLR) emphasized the need for more effective water management as part of adaptation policies in key sectors. The Argentina Water Security Report highlighted the cost of existing water security gaps on the country's economy, and proposed a series of investments and water governance reforms, with which the Project development objectives are aligned.

Based on the above, Relevance is rated High.

## Rating

High

## 4. Achievement of Objectives (Efficacy)

### OBJECTIVE 1

#### Objective

"To provide sustainable access to sanitation services in the project area"

#### Rationale

#### Rationale

#### Theory of Change (TOC)

The operation was designed as a framework project, comprising several WSS subprojects drawn from a pipeline of potential investments. The project was expected to provide technical assistance (TA) to support pipeline development and subproject preparation and strengthen the capacity of the participating utilities. At appraisal the project was structured around two objectives, leading to two possible long-term outcomes, with a third objective being introduced at restructuring for the proposed additional financing.

Causal linkages between the project's activities and planned outcomes were fairly direct. Activities supported by the project included among other things the construction and/or rehabilitation of wastewater collection, construction of wastewater treatment plants and disposal systems and upgrading of water supply systems, combined with TA, training and operational strengthening programs and technical studies, plus independent technical, environmental and social supervision of subproject implementation. These in turn were expected to lead to the main outcomes of improved sustainable access to sanitation and water supply services, and (introduced at the time of the AF) to improved operational and financial performance of the WSS providers in the project area.

Indicators used to measure the achievement of objectives were fairly straightforward. Achievement of project outcomes was measured by indicators measuring numbers of people provided with access improved sanitation and water services under the project, plus a core indicator measuring the number of direct project beneficiaries. Sustainability of water utilities was measured by the number of service providers achieving a 90 percent O&M cost recovery rate. The project however found it difficult to identify sufficient eligible



subprojects; hence, consistent with the framework nature of the operation, targets and indicators had to be tweaked and adjusted through restructuring in 2015, after the Mid-Term Review (MTR). In 2017 however an additional financing (AF) was introduced, leading to further upward adjustment of targets and indicators. After the AF was cancelled soon thereafter, subsequent restructurings (2019 and 2022) led to many of the targets being adjusted downwards once again.

## Outputs

The project faced some problems in identifying subprojects that could meet the eligibility criteria set out at appraisal. Two subprojects were finally selected, both in Chaco Province, one for a sanitation system for Metropolitan Resistencia, consisting of the construction of main sewage collectors and the Wastewater Treatment Plant (WWTP), using an upflow anaerobic sludge blanket digestion); the other for constructing the second stage of the Wichii water supply system (Wichii II), built under the parallel project, expanding to more beneficiaries. As such, key outputs under the objective of providing sanitation services in the project area were:

1. A Wastewater Treatment Plant (WWTP) constructed in Resistencia. It should be mentioned that although the expected inflow quantity was reached the volume of BOD eliminated by the treatment plant was of the order of only 600 metric tons a year, well short of the target of 2,500 mt. (According to the ICR, p.35, it is expected that given sufficient time for operation with this inflow, the target would be achieved).
2. 27 km of sewage network was constructed in Resistencia, along with drainage work in Yerba Buena, consisting of 3 temporary retention areas. However, because minor works were not completed on schedule to connect the existing sewerage network with the new sewerage collectors, only one-third of the beneficiaries were connected to the WWTP, which was operating at reduced flow. The ICR reports (p.18) that these minor works were finally completed after project closing, just prior to completion of the ICR itself, enabling the WWTP to operate at near-full capacity (and BOD elimination to reach the target level).

## Outcomes

A key measure of the success of this objective was an increase in the number of people in urban areas (within the NGR) having access to sewerage and wastewater treatment services as a result of the infrastructure built by the project (this was modified slightly to “improved sanitation facilities” and then to “improved sanitation services” under the project, as a result of the restructuring in 2015 and with the additional financing in 2017). As the project was designed as a framework project, it was expected that activities would be defined during implementation, depending on eligible subprojects identified and finalized. Accordingly, the original target of 418,000 beneficiaries, set at appraisal, had to be modified at restructuring (2015), as the Santiago del Estero Sanitation & Wastewater System, tentatively identified at appraisal, was not selected in the final list of subprojects. The target for this indicator was modified to 210,000 beneficiaries (including 10,000 rural), with eventual achievement reaching an estimated 248,500 beneficiaries by the time of the ICR (November, 2023), well in excess of the target.

A related measure of the number of new household sewerage connections arising benefiting from rehabilitation works built under the project was dropped at restructuring in 2015, as the project did not build domiciliary connections. Another indicator to be dropped related to the number of service providers supported under the project – this being in order to harmonize with those under the Norte Grande Water Infrastructure project.



The overall achievement here, under the project, was the building of a new, modern sanitation system with increased access to sewerage services, and improved sanitation services and wastewater treatment. Based on the revised indicators, targets were fully achieved. However, taking into account the fact that the initial target was set at an ambitious level (albeit based on tentative assumptions of subproject selection), achievement of this objective is rated Substantial.

**Rating**  
Substantial

## **OBJECTIVE 2**

### **Objective**

“To increase access to water supply in the project area”

### **Rationale**

There was no assigned PDO indicator introduced at appraisal to measure the performance of the project in meeting the objective of increasing access to water supply in the project areas. It was only at restructuring for the AF in 2017 that indicators were added to measure the number of people provided with access to improved water services under the project, as well as the number of direct project beneficiaries. After cancellation of the AF, the indicators were adjusted in 2019 to reflect the only water supply subproject that was actually funded, namely Wichii II.

### **Outputs**

- Some 31.1 km of water supply pipes had been built under Wichii Stage I. The second stage, under the project, added 49.5 km, to a grand total of 80.6 km by September 2022, thereby attaining the target of 80 km.
- One amphibious dredger was acquired to remedy the inefficient water intake on the Bermejo River.
- 1000 rainwater harvesting systems were constructed in remote areas, in addition to 272 piped water supply connections in El Sauzal, 80 in Wichii and 1,243 in Fuerte Esperanza (completed after project closing), all in Chaco.

### **Outcomes**

The project brought an increase in access to improved water to 11,646 beneficiaries. The original target set at the time of the additional financing, to reflect a planned scaling-up of activities, was 250,000 beneficiaries (this was subsequently reduced substantially when the AF was cancelled – reflecting the fact that investments planned under the AF would not be undertaken)

Direct project beneficiaries resulting from the project similarly had a target set at AF of 450,000 beneficiaries (similarly scaled back to 223,200 beneficiaries with the cancellation of the AF). Based on the number of rainwater harvesting systems and piped water supply connections installed, an estimated 260,170 people benefited from the project – or about 58 percent of the target.



Based on the above, taking account of the fact that the target was initially set at an ambitious level (albeit based on tentative assumptions), efficacy for this objective - for the period between 2017 and 2019 restructurings - is rated Modest.

**Rating**  
Modest

## **OBJECTIVE 2 REVISION 1**

### **Revised Objective**

“To increase access to water supply in the project area”

### **Revised Rationale**

There was no assigned PDO indicator introduced at appraisal to measure the performance of the project in meeting the objective of increasing access to water supply in the project areas. It was only at restructuring for the AF in 2017 that indicators were added to measure the number of people provided with access to improved water services under the project, as well as the number of direct project beneficiaries. After cancellation of the AF, the indicators were adjusted in 2019 to reflect the only water supply subproject that was actually funded, namely Wichii II.

### **Outputs**

- Some 31.1 km of water supply pipes had been built under Wichii Stage I. The second stage, under the project, added 49.5 km, to a grand total of 80.6 km by September 2022, thereby attaining the target of 80 km.
- One amphibious dredger was acquired to remedy the inefficient water intake on the Bermejo River.
- 1000 rainwater harvesting systems were constructed in remote areas, in addition to 272 piped water supply connections in El Sauzal, 80 in Wichii and 1,243 in Fuerte Esperanza (completed after project closing), all in Chaco.

### **Outcomes**

The project brought an increase in access to improved water to 11,646 beneficiaries. The original target of 250,000 beneficiaries, set at the time of the additional financing, was reduced at restructuring in 2019 (when the AF was cancelled) to 11,700 beneficiaries, which it more or less achieved.

Direct project beneficiaries resulting from the project similarly had a scaled-back target in 2019 of 223,000 beneficiaries, once the AF was cancelled. Based on the number of rainwater harvesting systems and piped water supply connections installed, an estimated 260,170 people benefited from the project – well in excess of the target.

Based on the above, taking account that the targets were revised downwards to levels that were then fully attained, efficacy for this objective – is rated High.





## Revised Rating

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### **OBJECTIVE 3**

#### **Objective**

“To improve the operational and financial performance of the water supply and sanitation services (WSS) Service Providers in the Project Area”

#### **Rationale**

The project was expected to support WSS providers in participant provinces to improve their institutional organization, investment planning and management. The outcome of this objective was to be measured by a PDO indicator relating to O&M cost recovery on the part of the service providers, as well as some intermediate results indicators.

#### **Outputs**

The decision-making processes on service delivery in a federal state like Argentina depended on coordination between various jurisdictional levels (national, provincial and municipal). A key reform for inter-jurisdictional coordination lay in holding provinces accountable for results they achieved with resources transferred to them. In the WSS sector, this was done using the Management & Results Plans (MRPs), established as part of the 2017 National Water & Sanitation Plan (NWSP), to improve the provision of WSS services. As such:

- The share of billed connections that were metered and read (measured over the total number of connections billed by user type – residential and non-residential), which had been 41 percent in 2016 rose to 50.1 percent by June 2023, against a target of 50 percent, adjusted in 2019 from a target of 60 percent set at the time of the AF.
- Six new operators obtained new lab equipment for water quality control (target was 6). All the operators (5 utilities in the provinces of Chaco, Catamarca, Formosa, Salta and Tucumán, plus the water regulatory entity of Corrientes province) had already received small, portable water quality testing kits and the bulk of the lab equipment. Earlier, all water quality analysis had to be carried out by external laboratories, lengthening the response time of the utilities. The new arrangements meant that these WSS operators were no longer dependent on external laboratories, reducing analysis times (from 2 weeks to immediate results), and increasing sampling frequencies.
- Seven operators incorporated new vacuum trucks (target was 6). The beneficiary provinces were Jujuy, Catamarca, Formosa, Salta, Chaco, La Rioja and Tucumán. These trucks were used for safe and efficient waste collection and disposal, thereby providing a complement to the sanitation service.

#### **Outcomes**

The efficacy of this objective was measured primarily by the number of service providers achieving a 90 percent O&M cost recovery ratio. This would be measured as collected revenue from WSS bills over O&M costs. All the main utilities of the participating provinces were supported through the project (via MRPs, expert visits, purchase of equipment, technical workshops and south-south exchanges). There were also efforts to increase tariffs. Notwithstanding this, in terms of results, all supported utilities did not succeed in



covering their O&M costs. Four WSS operators reached the 90 percent level in 2020 (target was 4), but only 3 of them remained at or above this O&M cost recovery level by the close of project (hence: 75 percent achievement rate).

Based on the above, the efficacy of this objective is rated Substantial.

**Rating**  
Substantial

## **OVERALL EFFICACY**

### **Rationale**

The project contributed substantially to the achievement of the development objectives by increasing access to sanitation services in the project area (PDO1), as well as towards improving the operational and financial performance of the WSS providers in the same area (PDO3). Since this was designed as a framework project, the project's outcomes, indicators and targets – especially for PDO1 - were expected to be modified through the implementation period in response to emerging needs. The project's achievement of objectives for PDO2, indicators for which were introduced only with the introduction of the AF, is rated Modest under the indicators originally set at restructuring in 2017, and High once the indicators were significantly revised at restructuring in 2019. Based on this, overall efficacy is rated Substantial.

### **Overall Efficacy Rating**

Substantial

## **5. Efficiency**

### Economic Efficiency

Since no specific intervention was evaluated at appraisal, given that subprojects were identified during implementation, economic evaluation at the time of the ICR was conducted on two subprojects, selected under the eligibility criteria set out in the Operations Manual (which provided that projected economic returns should be higher than a threshold rate of 10 percent). The two subprojects were both located in Chaco Province: (a) the water supply system for Wichii II, extending the aqueduct to Fuerte Esperanza, and (b) sewerage collectors and WWTP construction in the metropolitan area of Resistencia. Taken together, the two subprojects accounted for about US\$189 million. On this basis, the ex-ante economic rate of return (ERR) was estimated at 14.9 percent, against an ERR at project closing estimated at only 10.5 percent.

### Operational/Administrative Efficiency



Notwithstanding the cancellation of the AF, the overall timeline of the project was 12 years, with three extensions of closing date – constituting an implementation delay of over 6 years. While the framework nature of the project at preparation did contribute to slowing down its implementation to some extent, other factors also played a role, including: (a) a lack of counterpart funding due to the lack of national budget, which resulted in work stoppage during 2019 and 2020; (b) institution changes following the change in government in 2015, resulting in PIU understaffing, staff turnover, and confusion in roles and responsibilities, which led to significant procurement delays; (c) the impact of the Covid-19 emergency from March, 2020 onwards, affecting work plans and completion dates; (d) foreign currency restrictions arising from Argentina’s significant depreciation of the peso vis-à-vis the US dollar, resulting in delays in purchase of imported equipment; and (e) delays caused by severe weather, combined with the absence of paved roads. All of this had a negative impact on the project’s administrative and operational efficiency.

Taking account of the sub-par performance of both economic and operational & administrative efficiency, the project’s overall efficiency is rated Modest.

### Efficiency Rating

Modest

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

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	14.90	0 <input checked="" type="checkbox"/> Not Applicable
ICR Estimate	✓	10.50	0 <input checked="" type="checkbox"/> Not Applicable

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

### 6. Outcome

The project’s development objective was highly relevant to the World Bank’s Country Partnership Framework FY19-22 (extended 2024 by the PLR), as well as to the World Bank’s Water Security Report for Argentina (2021) and was aligned with the Government’s Norte Grande Development & Integration Program. The project was substantially effective, overall, in its objectives of increasing access to sanitation services and water supply, as well as improving the operational and financial performance of WSS service providers, in the project area. Project Efficiency was however rated Modest. Since there was a substantial change in indicator targets for PDO2, resulting from the introduction and then subsequent cancellation of the AF, application of a split rating may be appropriate. This is presented in the following table:

#### Application of Split Rating



	<u>Objectives and Targets prior to restructuring in 2017 (AF)</u>	<u>Objectives and Targets post-restructuring in 2019 (Cancellation of AF)</u>
<u>Relevance of PDO</u>	High	
<u>Efficacy of PDO</u>		
<u>PDO1</u>	Substantial	Substantial
<u>PDO2</u>		Modest            High
<u>PDO3</u>	Substantial	Substantial
<u>Efficiency</u>	Modest	
<u>Outcome Rating</u>	Moderately Satisfactory	Moderately Satisfactory
<u>Numerical Value of Outcome Rating*</u>	4	4
<u>Disbursement (\$USm.)</u>	116.75	38.45            44.8
<u>(Share)</u>	59%	19%            22%
<u>Weighted value of outcome rating (Numerical value x Disbursement %)</u>	2.36	0.76            0.88
<u>Aggregate Outcome Rating</u>	2.36 + 0.76 + 0.88 = 4 (Moderately Satisfactory)	

\* On a six-point scale (where: 1 = Highly Unsatisfactory ... 6 = Highly Satisfactory)

Based on the above, the project's Overall Outcome is rated **Moderately Satisfactory**.

- a. **Outcome Rating**  
Moderately Satisfactory

## 7. Risk to Development Outcome

The overall risk of the project was rated Substantial in the ICR. Uncertainties existed regarding institutional capacity and sustainability in the long run. By project closing, some minor activities were still pending completion in line with commitments to the Indigenous Peoples Plan (IPP), though counterpart funds were available for the ongoing contract to execute pending works, and milestones had been reached. According to the ICR (pgs. 30-31), the largest risk to sustaining the achievements of the project's development objectives related to the continued improvement of SAMEEP (the provincial WSS provider in Chaco), which had the mandate and responsibility for operating almost all infrastructure financed by the project, and was increasingly taking charge of large WSS systems built in the province.

## 8. Assessment of Bank Performance



### **a. Quality-at-Entry**

In preparing the project, the World Bank team collaborated with the client to identify and design the operation in keeping with the objectives of the Government's Norte Grande Development Program. The task team, which included technical, fiduciary and safeguards specialists, structured the operation as a framework project, with several subprojects aimed at benefiting low-income populations. Since operational risk was considered relatively high at appraisal, various mitigation measures were proposed. While the overall design of the project is considered appropriate and aligned with the assessed risks (ICR, p.30), its scope was too ambitious, as seen from subsequently-reduced indicator targets – though to some extent this reflected the goals and aspirations of the project framework. That said, results indicators showed some shortcoming: for instance, the initial lack of a direct indicator to monitor water access, rectified only at the time of the AF, was puzzling. In addition, several indicators underwent considerable tweaking and adjustment throughout the implementation period, making it more difficult to accurately gauge the project's performance.

On the basis of the above, the project's quality at entry is rated Moderately Satisfactory.

#### **Quality-at-Entry Rating**

Moderately Satisfactory

### **b. Quality of supervision**

According to the ICR (pg. 30), the Bank team made significant efforts to ensure that implementation stayed on track and that developmental results were achieved. Some 26 supervision missions were carried out over the 12-year implementation period, with technical experts being mobilized to assist on project activities via site visits, multi-disciplinary reviews and technical assessments. The project had a number of task team leaders (TTLs) over its implementation period, which was not unusual given the length of the period. However, the presence of field-based staff helped ensure that continuity was maintained and that project performance was monitored and managed proactively, as evidenced by the several restructurings (including introduction of AF and subsequently its cancellation) that were undertaken during the period.

Based on this, quality of supervision is rated Moderately Satisfactory.

#### **Quality of Supervision Rating**

Moderately Satisfactory

#### **Overall Bank Performance Rating**

Moderately Satisfactory

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



### **a. M&E Design**

The Monitoring and Evaluation (M&E) plan for tracking the achievement of outcome and intermediate indicators was largely in keeping with standard World Bank practice. Indicators were generally clear and in keeping with standard World Bank practice. However, although the results framework – as designed at appraisal – was aligned with the project’s objectives and well-designed, there were shortcomings (ICR, para 86). These included the absence of PDO indicators to monitor water access, and of intermediate indicators to report on construction completion.

### **b. M&E Implementation**

M&E arrangements were adequate and satisfactorily implemented. Indicators and targets were adjusted (and readjusted) during the four restructurings that were implemented to try and improve their relevance to the PDO. M&E data collection, analysis and reporting were made more systematic and effective in reporting on the progress of the operation (ICR, para 87). Reports were submitted on a timely basis, allowing the project’s progress to be monitored and emerging issues to be addressed. However, the multiple changes that the project underwent during its implementation increased the difficulty in monitoring the operation as a whole towards achieving its developmental objectives.

### **c. M&E Utilization**

According to the ICR (para 88), project-generated data were used to support implementation, dissemination of progress and results, and to derive lessons. The project’s implementation monitoring was also done via the information provided by the PIU.

## **M&E Quality Rating**

Substantial

## **10. Other Issues**

### **a. Safeguards**

The project was classified as Category A, due to potentially significant environmental and social impacts arising from the operation of urban sewage collection, wastewater treatment and disposal into the Parana river. The following safeguards were triggered under the Bank’s Safeguards Policy: OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP 4.09 (Pest Control), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.37 (Dam Safety), OP/BP 4.36 (Forests) and OP/BP 7.50 (Projects on International Waterways). Although no details were provided in the ICR itself, the team subsequently clarified that all safeguards policies were complied with. As such, an Environmental and Social Management Framework (ESMF) was prepared, providing a baseline and platform for the environmental control monitoring of the sanitation system, so as to assess and manage the potential environmental and social risk. Strict protocols were adhered to regarding the separation and disposal of toxic waste. An Indigenous and People’s Planning Framework (IPPF) and a Resettlement and Land Acquisition Policy Framework were both also prepared during design. To promote the inclusion of indigenous peoples, the project also committed at the policy level to include them as direct beneficiaries as one of the eligibility



criteria for subprojects, and at the subproject level through the IPPF, which guided the preparation of a specific Indigenous People's Plan (IPP) and was applied during implementation.

At project closure, a Post Closure Action Plan (PCAP) was developed to ensure that compliance with the WBG's environmental and social policy would be maintained for the remaining work linked to the IPP (including completion of 180 rainwater harvesting systems).

## **b. Fiduciary Compliance**

### **Financial Management**

According to the ICR (page 30), financial reports and audits were received, reviewed and found acceptable, and that no accountability issues had arisen throughout project life. The financial management (FM) of the project closed with a Satisfactory rating. The ICR does not however provide any details on the nature of financial management arrangements, the timeliness of financial reports (IFRs) and audits, whether all financial covenants had been met, or on whether all audit opinions were unqualified.

### **Procurement**

The project's procurement performance was assessed by the ICR (p.30) as Satisfactory. However, it is noted (ICR, p. 28) that there were significant delays in procurement processes and contract management, which arose as a result of the sudden transfer of fiduciary, procurement and safeguard responsibilities from the PIU to the Directorate-General for Sectoral and Special Programs and Projects during implementation – creating confusion regarding roles and responsibilities. Notwithstanding this, all bidding processes complied with World Bank norms and no mis-procurement was declared during implementation.

## **c. Unintended impacts (Positive or Negative)**

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## **d. Other**

**Strengthening of Local Organizations:** A partnership with local non-governmental organizations (NGOs) was established to improve citizen engagement with project beneficiaries. As part of the IPP, it became possible to expand benefits beyond water access. Activities implemented as part of the socio-environmental management plan and the IPP included strengthening of local organizations to help take care of reforested areas (e.g. through tree-planting), capacity-building on agricultural practices, and valorization of certain seeds into flour. Similarly, local organizations were strengthened, making it possible for women to organize cooperatives focused on handcraft making.

## **11. Ratings**



Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Quality of M&E	Modest	Substantial	While the M&E system did have some shortcomings, these were not significant enough to affect the project's ability to sufficiently measure and report on project performance
Quality of ICR	---	Modest	

## 12. Lessons

**1. Successful implementation of a framework project calls for long-term planning:** As demonstrated by the project, framework project implementation can be risky and lengthy. The experience of the project was that start-up and preparatory activities took relatively long, with works starting only two and a half years after project approval. A key lesson is that contingency scenarios are needed in order to mitigate against the risk of political, economic and management changes taking place during implementation.

**2. Providing widespread access to water to rural indigenous populations calls for creative and low-cost solutions that go beyond large-scale infrastructure projects:** The project demonstrates that the use of small-scale solutions, such as rainwater harvesting, can play an important role, especially in remote areas with dispersed populations. Use of such low-cost and simple design solutions not only helped address the problem of water scarcity but also empowered local communities to become more self-sufficient and resilient in accessing clean water. The involvement of local organizations and NGOs with local expertise not only facilitated the implementation of the project but meant that solutions were more likely to meet their needs and be sustained over time.

**3. Improving the sustainability of WSS services can be a long process that calls for a more conducive environment for efficient resource allocation and service delivery:** The project showed that it was essential to take a comprehensive approach that included both a focus on service providers' improvements and efforts to enhance the enabling environment. This called for addressing coordination mechanisms at the national, federal and local levels, and investing in building capacity and governance of WSS providers.

## 13. Assessment Recommended?

No





## 14. Comments on Quality of ICR

The ICR is generally well written, concise and internally consistent. The theory of change is appropriate and a fair amount of detail is provided on the issues affecting the preparation and implementation of the project. The achievement of objectives is adequately analyzed, given the several restructurings that the project underwent, leading to various changes in the results framework. However, the analysis of the M&E framework lacks sufficient detail, especially in light of the Modest rating assigned. The same is true of the sections on risks to development outcomes, as well as the Bank's supervision performance and fiduciary compliance, especially in supervising safeguard compliance and in monitoring compliance with financial covenants, audit recommendations and timeliness of financial reporting.

### a. Quality of ICR Rating

Modest