Report Number: ICRR0024615

1. Project Data

Project ID	Project Name	
P161320	CAUSE	
Country	**Practice Area(Lead)**	
Solomon Islands	Social Sustainability and Inclusion	

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IDA-D2920,TF-B6580	27-May-2022	21,824,340.05
Bank Approval Date	**Closing Date (Actual)**	
02-Apr-2018	31-Oct-2024	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	15,000,000.00	7,300,000.00
Revised Commitment	22,279,369.22	7,280,016.71
Actual	21,824,340.05	7,280,016.71

Prepared by	Reviewed by	ICR Review Coordinator	Group
Katharina Ferl	Vibecke Dixon	Avjeet Singh	IEGSD (Unit 4)

2. Project Objectives and Components

a. Objectives

According to the Project Appraisal Document (PAD) (p. 1) and the Financing Agreement of October 12, 2013, (p. 4) the objective of the project was “to improve basic infrastructure and services for vulnerable urban populations in targeted urban centers of the recipient”.

The objective will be parsed as follows:

1. To improve basic infrastructure for vulnerable urban populations in targeted urban centers of the recipient;
2. To improve services for vulnerable urban populations in targeted urban centers of the recipient.

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

No

c. Will a split evaluation be undertaken?

No

d. Components

The project included four components:

Component 1: Urban Works and Services (appraisal estimate US$6.45 million, AF US$3.0 million, actual US$9.86 million): This component included two subcomponents:

<u>Subcomponent 1a: Community Access Infrastructure:</u> This subcomponent was to finance the construction of community infrastructure to improve community access and connectivity of transport links to basic social and economic services.

<u>Subcomponent 1b: Community-Based Waste Management Services:</u> This subcomponent was to finance the improvement of solid waste management service delivery for urban residents, raising awareness through communications about the importance of proper collection and disposal of waste and providing targeted communities with employment opportunities in the sector.

When the project received Additional Financing in 2021, the scope of this component was increased to further stimulate local economic activity in urban areas impacted by the economic downturn due to the COVID-19 restrictions, through the engagement of community groups and contractors through sub-grants to build basic pedestrian infrastructure and provision of waste management and cleaning services, generating a further total of approximately 115,700 labor days.

Component 2: Road Maintenance and Repair (appraisal estimate US$5.45 million, AF US$3.3 million, actual US$6.71 million): This component included two subcomponents:

<u>Subcomponent 2a: Community-Based Road Maintenance:</u> This subcomponent was to finance repairing and maintaining of short linked roads in Honiara and Guadalcanal urban areas between residential areas and the main paved roads.

<u>Subcomponent 2b: Community-Based Road Improvement and Rehabilitation:</u> This subcomponent was to finance the reinstatement of critical access for vulnerable communities and secondary road sections that had been damaged by severe weather events and that were no longer in maintainable condition. This subcomponent was to provide employment opportunities for contractors and community groups through four spot improvement and climate strengthening contracts, and two larger, road rehabilitation and upgrading contracts.

When the project received AF in 2021, the scope of this component was increased to further scale up road repair and maintenance by engaging with small to medium sized contractors in the implementation of civil works covering road maintenance, and spot improvements, generating a further 17,400 labor days. It was also to include provisions to assist small contractors to bid, and organize their work and provide guidance, on-the-job training and supervision to contractors and staff, engaged in the provision of labor under this component.

Component 3: Infrastructure and Service Delivery Training (ISDT) (appraisal estimate US$1.43 million, AF US$0.7 million, actual US$1.74 million): This component was to finance skills training for 5,300 individuals from targeted urban communities and contractors to strengthen their knowledge of basic life and job-readiness skills as well as to increase their capacity to access benefits linked to labor-based activities funded by the project.

The ISDT was also be used to: i) collect socioeconomic data as part of its registration process: set up bank accounts for beneficiaries; iii) provide counseling and referral services to other social intermediaries as part of its post training support services; and iv) pilot pre-training literacy development for a subset of trainees with support from the Literacy Development Association (LDA).

When the project received AF in 2021, the scope of this component was increased to scale up the Infrastructure and Service Delivery Training, and was to include two subcomponents:

Subcomponent 3a: Infrastructure and Service Delivery Training: This subcomponent was to provide life and job skills training for a further 3,100 individuals from targeted urban communities.

Subcomponent 3b: Literacy (and Numeracy) Development and Post-Training Support Services (PTSS): This subcomponent was to finance the consolidation and expansion of literacy and numeracy skills development training for a total of 850 beneficiaries by the end of the project.

Component 4: Project Management (appraisal estimate US$1.66 million, AF US$0.3 million, actual US$2.5 million):

This component was to finance project management support, including safeguards oversight, monitoring and evaluation (M&E) audits, communications, and media support (for the project overall, and specifically around the waste management services to increase awareness), short-term technical help, training, financial management, procurement, and provision of goods and operating costs.

When the project received AF in 2021, this component was to finance some of the administrative costs of scaling up the project, especially relating to financial and accounting support.

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

Project Cost: The project was estimated to cost US$22.3 million. The actual cost was US$21.82 million.

Financing: The project was financed by an IDA grant in the amount of US$15.0 million (of which US$14.54 million was disbursed) and a Multi-Donor-Trust Fund (MDTF) in the amount of US$7.3 million (of which US$7.28 million was disbursed).

Borrower Contribution: It was not planned for the Borrower to make any contribution.

Dates: The project was approved on April 2, 2018, and became effective on July 17, 2018. The Mid-Term Review was conducted on October 27, 2020.

On August 31, 2021, the project received Additional Financing (AF) in the amount of US$7.3 million to scale up and adapt successful components. As part of the AF the project was restructured to: i) extend the project's closing date by 23 months from May 27, 2022, to April 30, 2024, to allow for the scale-up expansion of CAUSE activities under the AF; ii) adapt the Results Framework to reflect the increase in scope; and iii) modify activities under components 2 and 3.

On April 29, 2024, the project was restructured to: i) extend the closing date by 6 months from April 30, 2024, to October 31, 2024, to support the preparation of activities of the next phase of the project to ensure readiness of CAUSE II; ii) partial reallocation of financing to component 4 to finance eligible incremental operating costs.

The project's original closing date was May 27, 2022. The actual closing date was October 31, 2024 (29 months later).

3. Relevance of Objectives

Rationale

Country/region and sector context. According to the PAD (para. 1), at the time of appraisal Solomon Islands was among the least developed countries in the world, ranking 156 out of 188 countries based on the 2014 United Nations Human Development Index. 12.7 percent of Solomon Islanders lived below the national poverty line. Providing access to basic services was extremely challenging given the small and dispersed nature of the population. Also, Solomon Islands was one of the most exposed and vulnerable countries affected by natural hazards (ranked sixth out of 171 countries in the World Risk Index).

Climate change and geophysical hazards related to tropical cyclones, and collection of urban areas in coastal areas, exposed the country to numerous risks. Furthermore, Salomon Island had limited capacity to cope, and adapt to natural disasters such as earthquakes, floods, cyclones, droughts, and sea level rise. Limited socio-economic opportunities, youth employment for the urban poor and gender disparities in the labor market were three key challenges that remained critical for the country as urbanization increased.

According to the PAD (para. 8), at the time of appraisal, urban areas experienced key infrastructure and service delivery challenges, especially transport infrastructure and maintenance. Improved connectivity between the main transport networks and residential areas was essential for communities to participate in the local economy, and to provide safe and timely access to socio-economic services and markets, especially during times of floods and other hazardous weather conditions. Women, especially, were highly active in small-scale income generation and agriculture, but their economic participation and control of productive resources were constrained by lack of education, sociocultural discrimination, widespread sexual harassment, and lack of access to key resources such as transport and market infrastructure. Waste management, market facilities and tourism were also critical areas that needed to be addressed.

Alignment with the Government strategy. The objective of the project supported the governments National Development Strategy (2016-2035), particularly objective 1 which aims to increase sustained and inclusive economic growth, and objective 2 which aims to alleviate poverty across the Solomon Islands addressing basic needs, improving food security, and distributing development benefits more equitable. Furthermore, the project contributed to the government's National Transport Plan by improving urban transport network connectivity.

Alignment with the World Bank strategy. The objective of the project was in line with the World Bank's most recent Country Partnership Framework (FY18-FY24), particularly focus area 3 which aimed to manage uneven development by improving access to service delivery in underserved communities. Currently, a new Country Partnership Framework for the period FY25-FY30 is under preparation and is expected to aim to increase jobs and income generating activities as well as improve access to critical services.

The PDO was relevant to the World Bank and Government strategy. However, the PDO was formulated at a lower level than the intermediate results in the Theory of Change. The expected intermediate outcome level results were at higher levels of the results chain than the PDO itself. Also, while the project's COVID-19 related activities, outputs and outcomes were included in the theory of change, they were not reflected in the project's objective or Results Framework. The relevance of the objective is rated Substantial.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To improve basic infrastructure for vulnerable urban populations in targeted urban centers of the recipient

Rationale

Theory of change: The project's theory of change stated that project activities/inputs such as building community infrastructure, improving solid waste management service delivery for urban residents, and repairing and maintaining of short-linked roads were to result in several outputs such as constructed community infrastructure, solid waste management service delivery being implemented, and short linked roads being repaired and maintained. These outputs were to result in the outcome of basic infrastructure for vulnerable urban populations in targeted urban centers being improved.

However, the theory of change was not sound, and had logical gaps given that some intermediate outcomes in the project's theory of change were at a higher level (e.g. "year around accessibility of main road network improved") than this objective.

Outputs:

- 213 community access infrastructures were constructed, exceeding the original target of 136 and the revised target of 212 infrastructure. The subprojects included the construction of footpaths, footbridges, improvements in existing jetties, shelters, market stalls and water source improvements.
- 99.57 kilometers of roads were restored and maintained annually, exceeding the original and revised target of 83 kilometers.
- 17.88 kilometers of roads were improved to climate resilient standards, exceeding the original target of 8.66 kilometers and the revised target of 14.10 kilometers.
- A cumulative US$2.11 million was spent on spot improvement works, not achieving the target of US$2.2 million. This indicator was more in the nature of an input.
- US$2.87 million was spent on road restoration and maintenance, not achieving the target of US$3.20 million. Similar to the indicator above, this indicator was more in the nature of an input indicator

Outcomes:

- 18,100 households benefitted from improved access to infrastructure, services or markets, exceeding the original target of 15,000 beneficiaries and the revised target of 18,000 beneficiaries.
- 93.4 percent of individuals from project areas reported improved access to infrastructure, services or markets, exceeding the target of 75 percent.
    - 93.3 percent of youth (aged between 16 and 29 years) from project areas reported improved access to infrastructure, services or markets, exceeding the original and revised target of 50 percent.
    - 93.8 percent of women from project areas reported improved access to infrastructure, services or markets, exceeding the original and revised target of 50 percent.
- 95.4 percent of beneficiaries reported that infrastructure improved pedestrian safety, exceeding the original and revised target of 80 percent.
- 96.6 percent of beneficiaries reported that project investments reflected their needs, exceeding the original and revised target of 70 percent.
- Under the 2023 Impact Infrastructure Survey, 90 percent of surveyed sellers at markets in Munda and 47 percent in Noro stated that improvements to nearby jetties made it easier to sell goods. Around 60 percent of sellers in both markets indicated that they came more often to markets and felt safer with 61 percent spending more time there, and around 41 percent selling more goods as compared to before market improvements.

The project was able to improve access to infrastructure, services and markets and exceeded all of the outcome targets. Overall, the objective is rated High.

Rating
High

OBJECTIVE 2

Objective

To improve services for vulnerable urban populations in targeted urban centers of the recipient

Rationale

Theory of change: The project's theory of change stated that project activities/inputs such as providing employment support services, skills training, literacy training of targeted vulnerable population, supporting the activating and/or reopening of bank accounts, and colleting waste were to result in several outputs. These outputs were to include capacity among targeted vulnerable population being built, waste being collected and bank accounts being opened. These outputs were to result in the outcome of services for vulnerable populations in targeted urban centers being improved, households in project areas benefitting from increased income, and cleanliness of urban environment enhanced.

The theory of change was not sound and had logical gaps given that some intermediate outcomes in the project's theory of change were at a higher level (e.g. "year around accessibility of main road network improved", "households in project areas benefit from increased income" and "cleanliness of urban environment enhanced") than this objective.

Outputs:

- 369,062 labor days were generated, exceeding the original target of 209,000 labor days and almost achieving the revised target of 370,000 labor days.
    - 48 percent of labor days were generated by youth, not achieving the original and revised target of 50 percent.
    - 46 percent of labor days were generated by women, not achieving the original and revised target of 50 percent.
- 8,412 individuals were trained under the Infrastructure and Service Delivery Training, exceeding the original target of 5,300 individuals and the revised target of 8,400 individuals. The seven day course trained beneficiaries in CV writing, marketing and business as well as providing them with skills to implement quality infrastructure works.
    - Of those individuals trained, 54.74 percent were youth and 54.54 were female, achieving the original and revised target for each of 50 percent.
- 93 percent of trainees were assessed as having successfully completed the training, exceeding the original and revised target of 80 percent.
- 8,412 persons benefited from job-focused interventions, achieving the original target of 5,300 beneficiaries and the revised target of 8,400 persons. Of those beneficiaries, 4,291 were female, exceeding the original target of 2,650 female and the revised target of 4,200 being female.
- 4,303 youth engaged in works or training activities, achieving the target of 4,200 youth.
- 60 percent of beneficiaries were from poor communities ranked as "highest priority" in the vulnerability index, achieving the original target of 60 percent and the revised target of 50 percent.
- 1,571 new bank accounts were opened or reactivated as a result of the project, not achieving the original or revised target of 2,700 bank accounts. According to the ICR (p. 30) the project experienced issues with the banking provider being unable to respond in a timely manner to the high demand. Despite steps taken to establish a uniform process for participants to register or reactive the Bank account, the project was not able to achieve its target.
    - 43.41 percent of new bank accounts were opened or reactivated as a result of the project by women, not achieving the target of 50 percent.

- 6,074 trainees accessed post training support services, exceeding the original and revised target of 2,500 trainees. This support included job coaching employment support services, skills training, counselling and gender based violence referral services.
    - Of those trainees, 840 acquired level-I literacy skills, close to achieving the target of 850 trainees.
    - 82.1 percent of those acquiring level-I literacy skills were female, exceeding the target of 50 percent.
    - 760 trainees acquired level-II literacy skills. This output did not include a target.
- 66,522 cubic meters of waste were collected, exceeding the original target of 19,400 cubic meters and not achieving the revised target of 78,000 cubic meters.

Outcome:

- 97 percent of trainees expressed satisfaction with knowledge and skills received from the Infrastructure and Service Delivery Training, exceeding the original and revised target of 80 percent.

An output that applied to both objectives: 100 percent of grievances were resolved within three months, achieving the target of 100 percent.

- A 2023 Follow-up survey showed that 98 percent of community members stated that the project had a positive impact (through the provision of more work opportunities, improved community cohesion, and safer and cleaner environment) on their community.
- The same survey also showed that employment outcomes were sustained over three years. Also, salaries for formal employment increased from 2.2 percent at baseline (2018) to 6.6 percent in 2020 and to 12.1 percent in 2023.

There were some shortcomings in the achievement of the output targets. Moreover, some of the aspects reflected in the theory of change were not measured as noted above. The achievement of this objective was Substantial.

Rating
Substantial

OVERALL EFFICACY
Rationale
Overall, the achievement of the objectives is rated as Substantial.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic efficiency:

The PAD (para. 35) included a cost-benefit analysis. The economic benefits were identified as improved infrastructure, increased short-term employment, improved beneficiary and contractor capacity and potential spillovers from reduced poverty and improved social cohesion. Taking the expected costs of components 1 and 2 into account and applying a discount rate of 7.7 percent resulted in an Internal Rate of Return (IRR) of 8.6 percent and a cost-benefit ratio of 1.06.

When the project received AF in 2022, an economic analysis with updated data and a discount rate of 6 percent was conducted. The analysis calculated an IRR of 30.5 percent and a cost-benefit ratio of 2.87. According to the project paper (para. 46) the IRR was substantially higher at AF than at appraisal due to a higher number of beneficiaries, an increased scale of transport investments under component 2, and removal of an arbitrary reduction factor in the original analysis on the lengths of roads treated which, on review, had no justification.

The ICR (para. 42) conducted a cost-benefit analysis with the actual project data. The analysis calculated a Net Present Value (NPV) of US$14.4 million, an IRR of 45.8 percent and a benefit-cost ratio of 2.8 over a 20 year timeline. According to the ICR (para. 42) the IRR increased throughout the implementation period due to the use of more robust project data.

All the analyses indicate that the project was a worthwhile investment.

Operational efficiency:

The project was implemented efficiently. When the project closed, 98 percent of the financing was disbursed. According to the ICR (para. 43) under component 2, road restoration and maintenance costs were reduced by 30 percent compared to market prices. While the project maintained 16.6 kilometers more road, the cost was US$300,000 lower than originally planned (25 percent cost savings). Also, the project was able to improve 17.9 kilometers of roads to climate-resilient standards, at a US$100,000 lower cost than planned (25 percent cost savings).

The project experienced delays in the submission of audited financial statements with only two of the last six audited financial statements from 2018 to 2023 were submitted on time (see section 10b for more details). Also, in total, the project was extended by 23 months during the AF stage and another six months subsequently.

Overall, the project's efficiency was High

Efficiency Rating

High

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	✓	8.60	0 ☐ Not Applicable
ICR Estimate	✓	45.80	0 ☐ Not Applicable

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

6. Outcome

Relevance of the objective and Efficacy was Substantial. Efficiency was High. The overall outcome rating was Satisfactory.

a. Outcome Rating
Satisfactory

7. Risk to Development Outcome

The project's risks to development outcome can be classified as follows:

Government commitment: The government remains committed to the project's objective as demonstrated by its continues engagement with the World Bank through the CAUSE II project (2024-2030). The risk to government commitment is thus low.

Financial: According to the ICR (para. 73), the project fostered community engagement, established maintenance committees and provided technical assistance to town councils on asset management to optimize the lifespan of small infrastructure. However, given the government's tight fiscal space and limited capacity, there is a risk that quality delivery of waste management services will not be sustained.

Technical: While the project was able to build capacity through providing training and technical assistance, continuous engagement will be necessary to sustain the capacity built.

8. Assessment of Bank Performance

a. Quality-at-Entry
According to the ICR (para. 4) the project was built on lessons learned from the Worl Bank's Rapid Employment project. These lessons included: i) the importance of

ensuring smooth inter-agency coordination by establishing a joint project office; ii) mainstreaming and aligning project activities with implementing partner priorities to maximize development impact and sustainability; iii) applying informed, targeted, inclusive, and transparent mechanisms for the engagement of young men and women in the project; and iv) ensuring early and rapid output delivery.

According to the PAD (para. 30), the World Bank team identified relevant risks to project implementation including: i) institutional capacity risk: building institutional and technical capacity at the subnational level to support implementation and ensure sustainability) and iii) implementation risk:
managing variance or disparity in target groups needs for urban services across different provinces.

The risks stated in the PAD were not rated individually, the PAD only provided an overall risk rating of Moderate.

To mitigate those risks the World Bank team planned several measures including implementing a participation agreement, which was to allow the implementing agencies to provide financial management and procurement support to the provinces, ensuring sufficient resources were to be allocated for a well-functioning Technical Coordination Committee to smooth coordination between Honiara and the provinces, implementing services and subprojects through local community groups and contractors, as well as undertaking vulnerability and screening assessments to clarify target group demands for urban services. The mitigation measures were adequate, and the project did not encounter any major implementation challenges. However, the World Bank team did not identify the risk of the banking provider being unable to respond in a timely manner to the high demand for opening and reactivating bank accounts resulting in the target not being achieved.

According to the ICR (para. 69), the World Bank team conducted fiduciary, safeguards, and relevant technical assessments (such as a market assessment of local contractors) as well as an analysis of available poverty data to develop a vulnerability index for targeting vulnerable project beneficiaries.

The project’s Results Framework had several shortcomings such as the objective being pitched at the intermediate results level and not including indicators for outcomes included in the project’s theory of change. That limited the project’s possibility to measure and report on results at higher levels (outcome) than the PDO (see section 9a for more details).

Overall, quality at entry is rated Satisfactory.

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

The World Bank conducted 13 supervision missions throughout its six-year and three months implementation period. According to the ICR (para. 70), the World Bank team had the appropriate skills to support the implementation of the project. Also, with only one change in Task Team Leader (TTL), the team ensured continuity throughout implementation.

According to the ICR (para. 70) the Aide Memoires and Implementation Status Reports were detailed and candid and the World Bank team adjusted project implementation when challenges occurred. During the COVID-19 pandemic, the World Bank team was able to secure AF to increase the project scope and support the government in its COVID-19 response and recovery.

When the project experienced implementation delays due to the 2024 national elections and to ensure a smooth transition to the follow-on project, the World Bank team extended the project's closing date by 23 months. Throughout project implementation, the World Bank team provided training and technical assistance on the Management Information System, M&E, engineering, skills development, as well as in fiduciary areas.

Quality of Supervision Rating

Highly Satisfactory

Overall Bank Performance Rating

Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

While the objective of the project was clearly specified, it was pitched at an intermediate results especially compared to the theory of change. Also, the Results Framework did not include indicators to reflect all outputs and intermediate outcomes stated in the project's theory of change .While most of the indicators included in the Results Framework were specific, measurable, appropriate, relevant and time-bound (SMART), some indicators were relatively input oriented such as "cumulative expenditure on spot improvement works" or the "financial progress of road restoration and maintenance" which are more relevant for implementation plan rather than results framework.

b. M&E Implementation

According to the ICR (para. 60), during the early phase of implementation, the project's survey firm experienced issues with storing and analyzing data due to its limited capacity. The PMU addressed this issue by including necessary tools within the Management Information System (MIS) and collecting baseline data at the Infrastructure and Service Delivery Training entry. The MIS was also implemented at the provincial PIUs. This required implementing independent PIU databases and conducting a consolidation process on a weekly basis due to inadequate internet services.

While it was planned that Follow-Up Surveys were to be conducted on an annual basis, the ICR (para. 61) stated that only two surveys ended up being conducted (mid-term survey in 2020 and end-term survey in 2023) due to high costs. At mid-term and when the project received AF an additional set of surveys to monitor the impact of infrastructure investments through point-of-use surveys was introduced to verify the assumptions of the project's economic and financial analysis and to obtain additional information about the second half of project implementation.

When the project received AF, the Results Framework was adapted to reflect the increase in scope.

c. M&E Utilization

According to the ICR (para. 62) the project used the M&E data to inform decision making and to adapt project implementation such as changes in the training curricula and methods as well as the selection of subprojects.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project was classified as category B and triggered the World Bank's safeguard policies OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.10 (Indigenous People), and OP/BP 4.12 (Involuntary Resettlement). According to the ICR (para. 64) the project prepared an Environmental and Social Management Plan (ESMP), a Resettlement Policy Framework, and a Social Assessment Report. The project conduced community consultations and multiple trainings on safeguard requirements and compliance monitoring. The ICR (para. 64) stated that a risk assessment and mitigation measures were adequate. Also, the project was appropriately staffed with an environmental and social safeguards officer at the national level, liaison officers at the community level, and works coordinators at the province level.

According to the ICR (para. 65), the project used its Information Management System to monitor civil work progress and, when needed, assist community contractors with safeguard compliance.

Throughout implementation, the project complied with all World Bank safeguard policies and safeguard performance was rated Satisfactory.

b. Fiduciary Compliance

Financial Management:

According to the ICR (para. 66) the project was adequately staffed with fiduciary staff at the national and provincial levels. Also, the World Bank Financial Management consultant was based in the country and ensured that the project complied with the financial covenants. Also, the consultant was able to provide continuous Financial Management support to the Project Management Unit (PMU). The project's Financial Management performance was mostly Moderately Satisfactory but was downgraded three times throughout its implementation to Moderately Unsatisfactory due to persistent delays in the submission of the audited financial statements and unaudited interim financial reports (IFRs). Only two of the last six audited financial statements from 2018 to 2023 were submitted on time. These delays were a result of the financial officer's heavy work load due to the surge in transaction volume from the project's rapid expansion and the backlog in the Office of the Auditor General's procurement of auditing services.

According to the World Bank team (August 7, 2025), the project improved its Financial Management performance (as demonstrated by improved timeliness in submissions) through the recruitment of additional technical resources to support improved fiduciary oversight and reporting. Also, maintaining the contracts register and cash/advances register (and their inclusion in the quarterly IFRs) as well as raising the designated account ceiling to SBD 10 million in February 2021 to improve cashflow requirements to meet the project's expanded scope positively impacted the project's Financial Management performance.

According to the ICR (para. 66) there were no significant audit findings. However, the auditors recommended to ensure that the project complied with tax regulations in regard to the international consultants' contracts and adequate records of fixed assets.

When the project closed, Financial Management was rated Moderately Satisfactory.

Procurement:

According to the ICR (para. 67) the project complied with the World Bank's procurement guidelines and procedures. The World Bank's Systematic Tracking of Exchanges in Procurement (STEP) was updated and monitored on a regular basis. However, the project faced challenges related to low-value contracts in the provinces due to limited market competition and high mobilization costs. The project addressed these issues by flexibly using community contracting arrangements in the provinces. The project's procurement performance was consistently rated Satisfactory.

c. Unintended impacts (Positive or Negative)

NA

d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Highly Satisfactory	Satisfactory	Efficacy was rated Substantial due to minor shortcomings.
Bank Performance	Highly Satisfactory	Satisfactory	Minor shortcomings in Quality at Entry
Quality of M&E	Substantial	Substantial	

Quality of ICR	---	Substantial

12. Lessons

The ICR (para. 75-79) provided lessons learned, which were adapted and slightly revised by IEG:

- **Actively engaging with partners and establishing mechanisms for cost sharing of investments and in-kind support can promote efficiencies and synergies for enhanced impact.** This project was able to partner with many different entities. For example, together with the New Zealand government and UN women, the project financed two market facilities a jetty, and an ablution block at Munda market.
- **Empowering communities in all project phases and equipping them to engage in constructing community infrastructure can impact beneficiary satisfaction and result in sustained outcomes.** In this project, communities were involved from project design to delivery resulting in a strong sense of ownership.
- **Supporting forward-looking institutional improvements can create the basis of sustainable urban management and delivery.** This project provided assistance in critical areas such as local revenue collection, building capacity, and strengthening key systems such as land administration and geospatial information management.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provided an adequate overview of project preparation and implementation. Also, the ICR included an appropriate economic analysis, was internally consistent and sufficiently outcome driven. The ICR would have benefitted from assessing the theory of change and responding output and intermediate outcome indicators (or the lack of such). Overall, the quality of the ICR was Substantial.

a. Quality of ICR Rating

Substantial