Report Number: ICRR0022687

1. Project Data

Project ID P107137	**Project Name** BO PICAR Comm. Investment in Rural Areas	
Country Bolivia	**Practice Area(Lead)** Agriculture and Food	
L/C/TF Number(s) IDA-50040,IDA-57120,IDA-57130	**Closing Date (Original)** 30-Apr-2017	**Total Project Cost (USD)** 95,730,598.46
Bank Approval Date 21-Jul-2011	**Closing Date (Actual)** 31-Dec-2020	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	40,000,000.00	0.00
Revised Commitment	99,759,466.40	0.00
Actual	95,730,598.46	0.00

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

a. Objectives

The project development objective (PDO), as stated in the Financing Agreement (FA, 2011) and the Project Appraisal Document (PAD, 2011), was to: “improve access to sustainable basic infrastructure and services for the most disadvantaged rural Communities selected in some of the poorest municipalities of the Recipient” (or referring to Bolivia).

While the Community Investment in Rural Areas Project (PICAR) had three level-2 restructurings (following the additional financing/AF), the PDO remained the same. There were some adjustments in a few of the outcome and output indicators and targets, with respect to the same PDO and components, as described in section 2 (e). Since the targets were revised upwards, per the ICRR guidelines, there is no need for a split rating.

For purposes of assessing the extent to which the PDO was achieved (in Section 4), this review parses the PDO into two objectives:

Objective 1: to improve access to basic infrastructure and services for the most disadvantaged rural communities selected in some of the poorest municipalities of Bolivia; and

Objective 2: to sustain basic infrastructure and services for the most disadvantaged rural communities selected in some of the poorest municipalities of Bolivia.

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

Yes

Did the Board approve the revised objectives/key associated outcome targets?

No

c. Will a split evaluation be undertaken?

No

d. Components

1 - Community Capacity Building: (Original allocation: US$13.5 million; Actual: 6.99 million). This component aimed at supporting communities to enable them to identify, prepare, implement, operate, and maintain community investment subprojects (under Component 2) through providing to: communities technical assistance (TA), training, institutional strengthening, awareness campaigns for cross-cutting themes; and to participating municipalities/local entities focused TA to support and supervise the planning and implementation of subprojects and to ensure compliance with applicable technical standards.

2 - Community-Driven Development Investment (Original allocation (with AF): US$ 80.1 million; Actual: US$96.55 million). This component aimed to empower local selected communities through financing the provision of community investment grants to participating communities for community investment subprojects identified, prioritized and implemented by communities (under Component 1), based on a CDD approach. Community subprojects included a wide range of activities, including an open menu of social and economic investments, based on a demand-driven approach (e.g., rural infrastructure, basic services, vulnerability-reduction, food security and nutrition enhancement, and management of natural resources). Communities were expected to co-finance a minimum of 10 percent (in kind) of the cost of their subproject.

3 - Coordination, Monitoring and Evaluation (Original allocation: US$13.5 million; Actual: 10.8 million). This component aimed to strengthen the institutional capacity of the Ministry of Rural Development and Land (MRDL) and its decentralized unit EMPODERAR, and a Project Coordination Unit (PCU, central and regional branches), for sound management (including planning, procurement, financial aspects),

coordination, monitoring and evaluation (M&E) system of the Project, through provision of the required TA support, operational funding, studies, audits, and TA support.

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

(i) Project Cost: The total project cost at approval was US$43.0 million (including US$3.0 million as contribution from beneficiary communities). Together with the Additional Financing (AF, of US$64.1 million), the total project costs were US$107.1 million. The actual project cost at closing was US$114.3 million (or about 107% of estimated total project costs). The difference was due to some changes in the costs of components, including increased contributions from participating communities (see ICR, Annex 3).

(ii) Financing: At approval, the IDA credit (IDA-50040) was US$40.0 million, with beneficiary communities contributing a counterpart amount equivalent to US$3.0 million. The AF provided an additional US$60.0 million (through two IDA Credits: IDA-57120 for $55.7 million; IDA-57130 for US$4.3 million). By the closing of the project, total financing (and disbursements) was US$114.3 million (with total IDA of US$95.7 million and community counterpart of US$18.6 million).

(iii) Borrower/Recipient Contribution: At approval, the local participating community counterpart contribution was US$3.0 million; at project closing, the actual community contribution increased to US$18.6 million) (ICR, Annex 3).

(iv) Dates: The project was approved on July 21, 2011, became effective on November 23, 2011. A mid-term review was carried out in September, 2014. The original closing was April 30, 2017, with the actual closing date being December 31, 2020 (i.e., an extension of 44 months).

(v) Restructurings and Significant Changes During Implementation: The project had three level-2 restructurings (especially following the mid-term review, and the subsequent AF). While the PDO and 3 components were not revised, several PDO indicators and their targets were revised and increased as part of the AF (e.g., original PDO indicator was replaced by 3 intermediate result indicators; revision and disaggregation of no. of direct project beneficiaries; introduction of improved access to infrastructure and services). The main revisions and their rationale of the restructurings/changes were as follows (ICR, paras. 22-30):

(a) <u>Restructuring #1</u> (June 2019): The significantly reduced implementation period of the AF left insufficient time to provide adequate technical support during the initial operational and maintenance phases of investments in accordance with the agricultural production calendar. The objective of this restructuring was to strengthen the technical assistance and support provided to community beneficiaries to better ensure post-project sustainability of investments and to extend the closing date by 5 months. The extension and the reallocation of proceeds allowed the Project to better respond to expectations and demands generated during the community participatory planning (CPP) and to reach an additional 45 eligible communities;

(b) <u>Restructuring #2</u> (April 2020): Socio-political turbulence related to the contested results of the late 2019 general elections required a second extension of the closing date by 3 months. The transition to a new administration had repercussions on project implementation, including the delay by Ministry of Economy and Finance (MEF) in transferring project financial resources to the accounts of the corresponding beneficiary communities. As a result, implementation of the last group of 131 subprojects was delayed and their completion was at risk. The extension of the closing date also allowed the Project to meet the demand-driven investments of 87 additional communities, equivalent to 2,721 families, by fully completing their subprojects; and

(c) Restructuring #3 (July 2020): Mobility restrictions and health risks derived from the COVID-19 pandemic compromised the delivery of supplies and the provision of technical assistance (TA) according to the established implementation schedule, requiring a third and final extension of the project closing date by five months. This allowed the Project to adapt to the new circumstances by providing close follow-up and TA, with improved measures and protective equipment to guard against COVID-19.

Rationale for Restructurings: The ICR provides sound explanations for the above cited restructurings and corresponding changes (ICR, paras. 25-29); the changes did not modify the project's PDO, and underlying theory of change (which was reconstructed in the ICR, Figure 1). The main reasons for the AF and resulting restructurings included: (i) scaling-up project activities; (ii) addition of Pando Department, due to its high level of vulnerability to food insecurity and its numerous indigenous population; (iii) difficulty in measuring a "social capital index", which was eventually replaced by 3 relevant separate indicators, thereby enhancing clarity; (iv) addition of relevant performance indicators to emphasize subproject completion and sustainability. All of the indicators involved increased targets.

3. Relevance of Objectives

Rationale

The project objectives were substantially relevant to addressing the country's key developmental challenges and to contributing to the achievement of the country's developmental strategies (e.g., National Development Plans (2006-2010, and 2010-2015); National Agricultural Strategy for Agriculture and Rural Development; Government's Decentralization Policy, especially to reduce extreme poverty and inclusion of marginalized groups, especially indigenous). The project also was and remained during implementation strongly aligned with and addressed key elements and pillars of the Bank's analytical and strategy work and investment projects, including: Interim Strategy (2010 and 2011); Poverty Reduction Strategy; Country Partnership Framework (CPF, for 2016-2020, especially pillars 1 and 2); Agricultural Public Expenditure Review (2010); Rural Productivity Study (2011); lessons from relevant projects in the rural and social sectors, including (prior to and during project period): Rural Communities Project; Indigenous Peoples Development Project; Rural Alliances Project; Second Participatory Rural Investment Project; Land for Agricultural Development Project; Innovation and Agricultural Services Project.

More specifically, the design of this project (PICAR) emphasized the following unique aspects to complement and reinforce the relevance of its objective to the Government's and Bank's poverty reduction agenda in Bolivia (ICR, paras. 1-8, 31-37): (i) targeting some of the poorest and most vulnerable rural communities not reached by other projects, including targeting of indigenous population and low income geographical areas; (ii) addressing the needs of the extreme poor and marginalized rural communities (rather than producer organizations or municipalities), at a much more granular implementation scale, including being the first Bank project working with an indigenous local/municipality government; and (iii) working in synergy within the broader development activities pursued by municipalities. Most importantly, the ICR noted that this Project was designed to be the first operation in Bolivia to operate through direct transfer of investment funds to and for self-management by rural communities.

While the project's objectives were highly relevant to the development strategies of both the government and the World Bank, the aim to only "improve access to sustainable infrastructure and services" for the most disadvantaged rural communities reflected a low level of ambition. This review concluded therefore that the relevance of the project's objective was at best "substantially" relevant to the needs of the target beneficiaries.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To improve access to basic infrastructure and services for the most disadvantaged rural communities selected in some of the poorest municipalities of Bolivia.

Rationale

While the project's original design included a results framework in the Project Appraisal Document (PAD), it did not include a theory of change (ToC) because it was not required at the time the PAD was written. The ICR reconstructed a ToC for the project, which was consistent with its overall PDO, core outcomes and components (ICR, Figure 1). The ICR highlights the rationale for addressing the main constraints (ICR, paras. 2 - 8) to providing improved access to basic infrastructure and services for marginalized and indigenous rural population.

Theory of Change: The ToC emphasizes the strategies and associated activities/inputs and outputs toward generating the main PDO outcome of improved access to basic infrastructure and services for the most disadvantaged rural communities selected in some of the poorest municipalities (see ICR, para. 9 and Figure 1). The prioritized inputs included: (a) carrying out various activities involving community capacity building, including: gender-sensitive participatory planning/consultations to identify and agree on priority needs in targeted areas; provision of gender-sensitive training activities to strengthen communities' capacities to manage their entire subproject cycle; and (b) community investment grants to finance community prioritized needs with respect to the menu of infrastructure/service options; providing design TA, providing O&M training; and conducting accountability mechanisms. These inputs generated the outputs, such as completed community participatory plans and subprojects. Resulting outcomes were improved access to basic infrastructure and services. Expected longer-term outcomes were contributing to reduction of extreme poverty and inclusion of marginalized groups.

Key Outputs (ICR, Annex 1: original and revised targets during restructuring(s) are noted below):

- No. of community participatory plans: original target: NA; actual: 996;
- No. of community subprojects: target: 1,000; actual: 2,197; Percent of Target: 219%;

- No. of completed subprojects: revised target (2015): 1,758; actual: 2,197; Percent of Target: 125%; (ICR shows the disaggregation by the various types of completed subprojects/No. of beneficiaries);
  - 488 irrigation subprojects, for 73,638 beneficiaries;
  - 129 road improvement subprojects for 29,866 beneficiaries;
  - 1,303 agricultural productive investments for 206,970 beneficiaries;
  - 199 water and sanitation subprojects for 40,500 beneficiaries;
  - 29 rural electrification with solar panels subprojects for 3,709 beneficiaries;
  - 49 other types of investments for 7,936 beneficiaries.

Key Outcomes (ICR/Annex 1: original and revised targets during restructuring(s) are noted below):

- Beneficiary community improvement in Social Capital Index (as %, comprised of 4 sub-indicators): original target: 75% (in years 2-5); this indicator was dropped as part of project restructuring (2015), too complex to track and compute, and replaced by three other performance indicators, covering both objectives; see below marked with *);
- No. of direct beneficiaries: original target: 150,000; revised target (2015): 350,000; actual: 362,619; Percent of Revised Target: 103.6%;
- Percentage of female beneficiaries: original target: 45%; actual: 49.7%; Percent of Target: 110%;
- Percentage of indigenous beneficiaries: original target: 85%; actual: 92%; Percent of Target: 108%;
- Percentage of female heads of household: original target: 20%; actual: 49.7%; Percent of Target: 110%;
- No. of beneficiary communities categorized as “Type A” classification (communities located in the poorest municipalities of Bolivia, based on indicators of “poverty and vulnerability”, ICR, para. 13): total: 3,058 communities; actual: 1,284 communities: Percent of total: 42%;
- Improved access to basic infrastructure and services in targeted communities (as follows):
  - No. of Months/mths per year/yr. of additional road access: target (2015): 3 mths/yr; actual: 3 mths/yr; Percent of Target: 100%;
  - No. of hectares of new/improved irrigated area: target (2015): 1,400 ha.; actual: 2,611 ha.; Percent of Target: 187%;
  - Km. of fences constructed: target: 480 km. (2015); actual: 2,809 km.; Percent of Target: 585%;
  - Cubic meters of additional safe potable water per day: target (2015): 400 cubic meters per day; actual: 523 cubic meters per day; Percent of Target: 130%;
- Percent of subprojects satisfactorily completed implementation* (including accounting/audits): target (2015): 80%; actual: 100%; Percent of Target: 125%;
- Percent of completed subprojects whose technical and fiduciary audits have no substantial remarks*: target (2015): target (2015): 90; actual: 98; Percent of Target: 109%;
- Percent of community members satisfied with subproject outputs: target: 75%; actual: 94%; Percent of Target: 125%;
- Percent of women satisfied with subproject outputs: target: 75%; actual: 96%; Percentage of Target: 128%;

The efficacy with which Objective 1 was achieved is rated **Substantial**, because the targets for providing access to basic infrastructure to the most disadvantaged rural communities in some of the poorest municipalities, and marginalized members within beneficiary communities were reached, and in most cases, exceeded.

Rating
Substantial

OBJECTIVE 2

Objective
To sustain basic infrastructure and services for the most disadvantaged rural communities selected in some of the poorest municipalities of Bolivia.

Rationale
Similar to Objective 1, the rationale for Objective 2 is reflected in the project's original design and in the Theory of Change/ToC reconstructed in the ICR (paras. 9-13, and Figure 1), with respect to the various types of project-funded activities/inputs which contributed to generating sustainable outputs and resulting in sustainable outcomes (see key indicators below). The project's restructurings also contributed to achieving sustained outputs and outcomes, thereby contributing to the longer-term objectives of reduced extreme poverty and enhanced inclusion of marginalized groups.

Key Outputs (ICR, Annex 1):

- No. of beneficiaries trained in project management: target (2015): 14,000; actual: 23,282; Percent of Target: 166%;
- Percentage of women trained in project management: target: 40%; actual: 53%; Percent of Target: 132%;
- No. of beneficiaries engaged in Subproject Implementation Committees: target: 7,800; actual: 8,966; Percent of Target: 115 %;
- Percentage of female beneficiaries engaged in Subproject Implementation Committees: target: 50; actual: 66%; Percent of Target: 132 %;
- No. of Rounds Completed of Beneficiary Satisfaction Survey: target: 3; actual: 3; Percent of Target: 100%;
- No. of Evaluations for Mid-Term Reviews/MTRs: target: 2; actual: 2; Percent of Target: 100%;
- No. of Final Project Evaluation: target: 1; actual 1; Percent of Target: 100%;
- No. of Gender and Social Final Evaluations: target: 1; actual 1; Percent of Target: 100%;

Key Outcomes (ICR, Annex 1):

- No. and Percentage of subprojects completed and operational for 12 months or more at the time of project closure (as a strong proxy indicator of adequate O&M and likely subproject sustainability): No.: 1,960 subprojects; Percentage of total subprojects financed by project: 89.2% (out of 2,197 subprojects)
- Percentage of subprojects fully functional (12 months after completion but before closing date, as indicator of sustainability of infrastructure and services subprojects): Original target: 70%; revised target (2015): 75%; Actual: 99.7%; Percent of Revised Target: 132%;
- Percentage of completed subprojects whose technical and fiduciary audits included no "substantial remarks", implying that subprojects showed adequate O&M and were sustainable* (ICR,

Annex 1): target (2015): 90%; actual: 98%; Percent of Target: 109%; (based on final financial and operational audit, conducted in 2020); and
- Percentage of beneficiaries which perceived “very good” and “good” O&M of subprojects executed by the communities (based on final beneficiary satisfaction survey/2020: 90% (ICR, Annex 7, Table 2).

In addition to the above performance indicators, the project supported various activities which contributed to sub-project sustainability and broader community development in target communities, (ICR, para. 45 and 46, and findings of the various project evaluations/beneficiary assessments, summarized in the ICR, Annex 7):

- Asset sustainability, since the project supported community-level training and “communities were sufficiently empowered and organized to assume responsibility for subproject O&M, particularly for productive infrastructure and micro-irrigation subprojects” (ICR, para. 45);
- Fiscal and environmental sustainability, through delegating O&M responsibilities to beneficiary communities, and supporting various types of training in project management, including O&M of community subprojects;
- Strengthening some of the productive organization/producer associations in some of the beneficiary communities, including training for the sustainability of the subprojects (ICR, para. 45);

Provision of technical assistance/TA to “boost the sustainability of project investments” and to provide “post-investment TA”, which enhanced the prospects for strong subproject sustainability (ICR, para. 45).

In summary, the efficacy with which objective 2 was achieved is rated “Substantial”, as reflected in meeting or exceeding all of the above expected outputs and outcomes, in addition to the additional project-supported interventions to enhance strong subproject O&M and sustainability, and the supporting evidence, as cited in the ICR.

Rating
Substantial

OVERALL EFFICACY
Rationale
The overall efficacy of the extent to which the original objectives (which remained the same), and their original and revised targets arising from the 4 restructurings (and mainly following the MTR, in 2015) were achieved is rated **Substantial**. The targets for the main outputs and outcomes for both objectives were exceeded in almost all cases (21 out of 26 performance indicators, while meeting the other 5 targets), and included an increase in the level of ambition arising from the AF. In addition, the project contributed to enhanced capacities of various community-based groups, which are likely to have contributed to subproject sustainability, and supported by the various sources of evidence cited above.

Overall Efficacy Rating

Substantial

5. Efficiency

Overall, the project's performance and results demonstrated an efficiency rating of Substantial, based on various evidenced-based tools and analyses applied and presented in the ICR (ICR, paras. 51 – 59, and Annex 4 presents further details). The methodology used to assess efficiency involved applying financial and economic analyses to 64 "representative" subprojects (out of a total of 2,197 subprojects financed by the project, randomly chosen), involving 5 main types of subprojects, and drawing on results of mid-term evaluation and beneficiary satisfaction surveys. The comparative results of the quantitative analyses are summarized in Table 1:

Table 1: Summary of Average Efficiency Measures for 64 Randomly Chosen CDD Sub-projects

Efficiency Measure	PAD	AF	ICR
1) Financial Rate of Return/FRR (20 yrs)			15.7 % *
2) Economic Rate of Return/ERR (20 yrs.)	13%	13.9%	18.8 % *
3) Financial Rate of Return/FRR (20 yrs)			17.7% **
4) Economic Rate of Return/ERR (20 yrs.)			21.0 **
5) Financial Rate of Return (based on increased beneficiary benefits of 20%)			19.9%
6) Net Present Value (financial) US$ M			$11.3 million
7) Net Present Value (economic)			$24.5 million
8) Benefit Cost Ratio (financial)			1.17
9) Benefit Cost Ratio (economic)			1.33

* Includes direct and indirect project costs, including TA;

** Excludes project management/TA costs.

The ICR conducted a disaggregated analyses of various enterprises, which showed favorable results, including: (a) Communal and women's subprojects showed positive returns; (b) Investments for road infrastructure improvement, micro-irrigation systems and productive infrastructure showed positive returns, given their direct relation to improved agricultural productivity and access to markets; (c) Sanitation and electrification subprojects did not have positive returns on investment in economic and financial terms given they have no direct connection to agricultural activities in rural areas, and have their own benefits and costs. The profitable investments were found in all geographical areas/departments, except for Oruro, where economic and financial indicators were below the cost of capital and social discount rate, and where fewer micro-irrigation subprojects were financed. See Annex 4 of the ICR for further details.

Cost-effectiveness.Indicators of cost-effectiveness generated by the ICR show that the Project had positive results compared with similar projects implemented by governmental institutions (see ICR, Annex 4, Table 9). Differences in unit costs in this project for infrastructure ranged from: (a) 18 percent less for micro-irrigation (incremental hectares); (b) to 31 percent less for sanitation (connection to the sanitation system); and (c) 69 percent less for electrification (grid connection). The ICR also highlights design aspects which contributed to the project's efficiency and cost-effectiveness, given Government requirements for: limiting the percentage of operational costs of public projects (not to exceed 10% of project costs); requiring local government budgets to include O&M funds for infrastructure; and requiring O&M responsibilities to be borne by beneficiary communities. The ICR provides positive evidence of the project's implementation and O&M efficiencies and mechanisms with respect to involving the beneficiary communities (ICR, paras. 57-59).

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	✓	13.90	0 ☑ Not Applicable
ICR Estimate	✓	18.80	100.00 ☐ Not Applicable

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

6. Outcome

The overall outcome rating is based on the assessment of the 3 dimensions as summarized above, namely:

(1) **Substantial rating for Relevance of Objectives**: Based on the project initial and continued (throughout implementation) strong alignment with: Government's national, regional and agricultural policies, strategies and targets; and the Bank's country partnership strategy (CPSs), analytical reports for the agricultural and social sectors, poverty reduction and project portfolio involving the relevant sector (as cited above) the rating of the relevance of the project's objective would have been high. However, the project's level of ambition was low, especially in the light of the magnitude of social and economic requirements of the beneficiary communities. Therefore, the relevance of the objective has been rated substantial;

(2) **Substantial rating for Efficacy**. which reflected: the results of the project's 4 restructurings (especially following the AF in 2015); an increase in the level of ambition of various performance indicator targets; and meeting and exceeding most of the performance targets for the two complementary objectives, also supported by supplemental evidence presented in the ICR, and cited above (especially ICR, paras. 43 – 45);

(3) **Substantial rating for Efficiency**, as reflected by the ex-post financial and economic quantitative analyses of a sample of representative subprojects, complemented by a favorable cost-effectiveness of investments, and qualitative/comparative assessments.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

Overall, there is "**Moderate**" risk to sustaining the project's outcomes, especially because the four main risks highlighted are, according to the ICR, likely to occur but are outside the direct control of the Project (ICR, para. 97). Moreover, while the project design and implementation aimed to address some of the underlying risk factors, the ICR was not specific, nor is there an explicit follow-up program/project to address the risks and consolidate the gains made with the project's support.

a. "Substantial" Risk of Unsustained Appropriate Government Policies and Programs: The social capital and capacity of communities for enhanced local governance fostered by PICAR could fade if Government policy and supporting programs were to move away from sustaining community driven development and decentralization policies and programs; addressing this factor also can help reduce the other risks;
b. Moderate risk of the effect of the aging of the population and migration trends: During the next decade the proportion of working age population in beneficiary rural communities will fall. This will be exacerbated by increased rural to urban migration, with the possibility that the project's infrastructure can no longer be adequately operated and maintained; the project's proposed mitigation measures may not be sufficient;
c. "Moderate" risks in market trends: The risks associated with likely changes/fluctuations in prices, production quality, and timing of delivery for honoring contracts hamper the communities' ability to maintain and sustain the expanded infrastructure and services;

"Moderate" risks of environment/climate change: It is likely that climate change trends in Bolivia will threaten the ease of ensuring adequate O&M, and hence ensuring sustainability of the project's infrastructure and services.

8. Assessment of Bank Performance

a. Quality-at-Entry

The quality-at-entry of PICAR is rated **Satisfactory** with minor shortcomings, based on the following evidence (ICR, para. 94):

(i) Project design and operational methodology benefited from applying and customizing relevant design lessons (e.g., CDD participatory approach; empowerment processes/mechanisms of communities), arising from two decades of World Bank-supported community-driven operations throughout Latin America and beyond, and from the Bank's previous successful engagement with the client through its operational arm (i.e., EMPODERAR);

(ii) The Project's PDO and Results Indicators reflected a modest level of ambition, since PICAR focused on improving access to sustainable infrastructure and services, rather than also including more specific objectives and result indicators on achieving improved well-being/quality of life of the target population;

(iii) Design and inclusion of an Impact Evaluation Study was unrealistic and overly ambitious, and did not address the Government's reluctance for the inclusion of the IE, although subsequently, the project included beneficiary surveys;

(iv) Sound poverty, gender, and social development aspects were incorporated in the project design, with the Bank's team playing a proactive role to incorporate relevant lessons and to include as part of the risk assessment, while recognizing the risk mitigation measures were relatively weak;

(v) Environmental risks were properly assessed as part of project preparation, and all the relevant environmental safeguards were triggered;

(vi) Project implementation arrangements were well assessed and designed, based on a deep understanding of the context and a solid operational proposal;

(vii) The project design addressed the most relevant project design and implementation risks, including: relevant preparation studies; assessment of the political and social context at various levels; direct transfer of funds to beneficiary communities to minimize bureaucratic hurdles; measures to shield project from "political interference" and "elite capture"; measures to enhance community human capital capacities.

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

The quality of supervision was **Satisfactory**, based on the candid evidence provided in the ICR (para. 95) and the other project documentation, especially the Implementation Support Reports/ISRs, MTR report and the supporting two project evaluation studies, which reflected a constructive Bank role.:

Three aspects of the Bank's supervision were noteworthy:

(i) The World Bank's Project Team/members' focus was solid: proactive, timely, supportive, collaborative and results oriented (including timely/regular missions, with adequate skills mix, continuity of TTLs, and responsiveness to project needs, including 4 project restructurings and 3 closing date extensions to enable completion of subprojects, and inclusion of technical support from FAO experts with respect to agricultural productivity and an innovative M&E system);

(ii) Bank Team's supervision reporting closely tracked performance targets to ensure strong links with results and to reflect candid project performance assessments and identification of challenges. The ICR highlighted the design shortcomings, namely the lack of clear and measurable project benefit indicators, the design flaws of the proposed IE study, and the Bank's role in re-adjusting the project's Results

Framework, introduction and use of several project evaluations to help guide implementation and ensure strong results and technical inputs to help ensure a comprehensive and useful M&E system;

(iii) Bank team's supervision of fiduciary (financial management and procurement) and environmental and social safeguards aspects were well managed by experienced World Bank specialists posted in country, and working effectively with HQ colleagues and Government counterparts.

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating
Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design
Overall, the M&E system was well designed to track project activities and performance indicators and targets involving technical, fiduciary, safeguards and administrative processes and systems, based on the following evidence presented in the ICR, with the aim of enabling informed and timely decisions and institutional learning (paras. 80-81), including:

(i) generating a database in parallel with the subproject cycle; (ii) using a milestone logic to enable close subproject follow up; (iii) geo-referencing the location of subprojects; (iv) identifying existing community infrastructure; (v) generating necessary information according to different tiers of analysis; (vi) generating implementation tools for the technical staff; and (vii) following-up on consulting contracts executed by communities.

At the same time, the ICR is candid in highlighting four M&E design shortfalls, including: (i) "unambitious" PDO, with weak indicators which were not aligned with the PDO, given that the project focused on access, rather than enhanced outcomes arising from expanded access; (ii) some targets lacking ambition, as reflected by significant overachievement of some targets; (iii) overly complex core indicator (social capital index), which was replaced by three separate outcome indicators; and (iv) overly complex design of the IE study, which had to be replaced by smaller evaluation studies and beneficiary assessments (which proved to be useful).

b. M&E Implementation
Implementation of all planned and adjusted (especially IE) M&E activities was satisfactory, and the Geo-referenced Management Information System (GMIS) worked effectively, based on evidence presented in the ICR (paras. 82-84):

(i) Information on all result indicators was collected consistently and was of sound quality, including entry profiles at the community level, notwithstanding the inadequate baseline information; (ii) all Project information was managed through the GMIS, enabling the Project to effectively monitor activities and add to a repository of large volumes of administrative, financial, and technical data across projects managed by EMPODERAR. As a result, a rich database of information on social, administrative, and financial aspects was created; and (iii) both MTRs were informed by a sound project evaluation, conducted by an independent third party.

As stated above, the IE was not implemented prior to the AF due to technical factors, and was dropped thereafter. There were 3 main reasons: complexity; inadequacy of data gathering; and Government resistance to allocate adequate resources (which also reflected technical and financial problems arising in another IE of a previous project).

Accordingly, the Bank team took an active role in working out and agreeing with Government comprehensive alternative arrangements/tools to the IE by designing and implementing: (i) a comprehensive evaluation by a third party in two phases, supported by a sound evaluation methodology, tools and beneficiary surveys, with respect to achieving the objectives and key targets; (ii) two mid-term evaluations of project performance; (iii) an in-depth economic analyses of subprojects for the AF; and (iv) a final evaluation of gender and social dimensions.

c. M&E Utilization

The ICR presents positive evidence on the effective utilization of the results of the project's M&E system, including (ICR, para. 85):

(i) Commissioned evaluations and data collected by the PIU Central and Regional Offices were used for preparing the project progress reports, which were submitted to the line ministries and to the World Bank;

(ii) The progress reports provided important inputs for the World Bank's participatory implementation support missions;

(iii) Project management used the M&E data, which was integrated the GMIS, for monitoring implementation progress, FM, procurement, disbursements, making course corrections, tracking results indicators and outcomes, and for updating the economic and financial analysis;

(iv) The Project was an early adopter of geo-referencing M&E data in rural development in Bolivia. Over its lifetime, a major geo-referenced database of communities, beneficiary households, infrastructure and other assets was assembled as part of M&E operations. This dataset is the most extensive and in-depth of its kind in Bolivia.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project was classified as an environmental category B project (partial assessment), and triggered the following Bank safeguard policies (ICR, paras. 87 – 91):

(i) OP/BP 4.01 for Environmental Assessment: Component 2, had potential short-term negative environmental impacts. EMPODERAR prepared an Environmental and Social Management Framework (ESMF) and an Integrated Pest Management Manual. Both were consulted locally and publicly disclosed in May 2015;

(ii) OP/BP 4.04 for Natural Habitats: Most subprojects were implemented in areas under agricultural production already. Eighteen subprojects were implemented in buffer zones of National Protected Areas. The PCU ensured compatibility of habitat use, based on an agreement with the National Service for Protected Areas;

(iii) OP/BP 4.09 for Pest Management: The project carried out specific and appropriate actions to promote adoption of environmental management practices to avoid and/or minimize the risk of pesticide use and improve waste management;

(iv) OP/BP 4.11 on Physical Cultural Resources: The Project did not finance any subproject with known potential negative impacts on physical cultural resources, sacred and/or religious sites; also, the ESMF included measures to avoid works on cultural sites;

(v) OP/BP 4.36 on Forests: The project screening mechanism had the capacity to identify subprojects with significant potential negative impacts on forests;

(vi) OP 4.37 on Safety of Dams: It was triggered as a precautionary measure even though no construction or rehabilitation of any dam was financed;

(vii) OP/BP 4.10 on Social Safeguards: The Project was designed based on OP 4.10 principles given that Indigenous Peoples (IP) were most of the direct project beneficiaries, and included an indigenous Peoples Plan (IPP) and consultations with the relevant population groups and community participation guidelines in the subproject cycle;

(viii) OP/BP 4.12 on Involuntary Resettlement: No significant involuntary resettlement or land acquisition took place;

PICAR developed a participatory gender strategy and action plan, and ensured women's participation in sub-project prioritization by having women-only consultations, which effectively channeled their priorities in sub-project decision making.

Grievance Redress Mechanism (GRM): Satisfactory subproject grievance redress mechanisms (GRM) were developed and implemented in line with the Project's provisions for grievance redress. Three complaints were received from beneficiary communities and all of them were effectively resolved (ICR, para. 91).

Overall, the Project was in full compliance with the World Bank's environmental and social safeguard policies and with the ESMF (ICR, para. 87).

b. Fiduciary Compliance

(i) Financial Management: There was good progress, based on following evidence (ICR, para. 92):

(a) FM reviews conducted during regular supervision missions verified that an adequate FM system was in place to provide reliable, accurate and timely information that the World Bank credit proceeds were being used for their intended purposes;

(b) The project FM rating was consistently Satisfactory, with the exception of ISR sequences 20 and 21 given the socio-political disturbances related to the contested 2019 general elections and the ensuing transition to a new administration, including the delay by the Ministry of Economy and Public Finance MEFP in transferring the financial resources to the accounts of the corresponding beneficiary communities;

(c) The FM reviews also recognized the adequacy of FM staffing, accounting, and internal control systems, maintenance of supporting documents on the Project and implementation of auditor recommendations for the annual audit;

(d) Quarterly financial reports with acceptable quality were submitted on time;

(e) Annual audited financial reports were submitted to the World Bank with unqualified (clean) audit opinions. The project accounting systems were observed to be in order and payments were well-controlled. The independent performance audit was a good practice which provided another layer of control in addition to the checks on outputs performed by the Project and the supervising consultants.

(ii) Procurement Aspects: There was good overall progress, based on following evidence (ICR, para. 93):

(a) Procurement activities were carried out in accordance with Bank guidelines;

(b) Procurement Guidelines and Project Operational Manual (POM) were publicly available;

(c) Core procurement principles of economy and efficiency were considered in the POM;

(d) The procurement regulatory system as defined on paper was applied consistently in practice;

(e) EMPODERAR had a clear system of accountability included in the POM, defining responsibilities and delegation of authority regarding procurement decisions;

(f) EMPODERAR, with confirmed capacity, was responsible for the procurement activities and the contracting processes, while also providing support to beneficiary communities;

(g) Realistic procurement plans were aligned with budgeting and prepared routinely, formally approved and followed-up on during implementation.

(h) Turnover of procurement staff was minimal;

(i) EMPODERAR oversaw defining technical specifications and terms of reference, also participated in committees evaluating bids and proposals and managing each signed contract. The procurement plan on the Systemic Tracking of Exchanges in Procurement system (STEP) was up to date regarding contract execution with only sporadic pieces of documentation yet to be uploaded;

(j) There were no cases of mis-procurement and the final procurement audit did not identify any procurement issues; and

(h) During implementation, Procurement Post Reviews were conducted, no ineligible contracts or serious issues were found that would be considered fraud or corruption.

c. Unintended impacts (Positive or Negative)

Not Applicable

d. Other

The ICR highlighted 3 other positive aspects contributed by the project: gender, poverty reduction and scaling-up of CDD approach. While recognizing some attribution challenges with respect to the precise role and contributions of this project to poverty reduction, and their linkages to various aspects of Component 2/Subprojects, the nature/scope of these “other” benefits are summarized below, based on evidence presented in the ICR (paras. 61-64).

(i) Gender (para. 61): PICAR is an exemplary story of encouraging rural women to take the lead in their communities and organizations and lift themselves and their families out of poverty (ICR has a reference/link to specific WB blog with details as a case study). The Project created dedicated spaces for the active participation of indigenous women throughout the Community Participatory Planning (CPP) cycle. These spaces enabled women to assume new responsibilities and roles, exercising important positions in the different committees and their subprojects with equal conditions in comparison to their male counterparts (e.g., active roles in the vital subproject social control and administrative committees; 45% of project-financed subprojects are managed by women).

(ii) Poverty Reduction and Shared Prosperity (para. 62): Based on the project’s participatory approach and processes and evidence to designing, implementing and financing subprojects, the project met some of the international guiding criteria and good practices and processes for achieving poverty reduction. Project evidence shows that PICAR “ignited local interaction necessary to build capable, responsive, and responsible communities, in line with the dimensions pointed out by the literature on Social Capital”. Beneficiaries surveyed as part of the evaluation studies confirm that PICAR has been a highly participatory Project which has resulted in better integration of the community, while promoting solidarity and cooperation. Participating communities built on/intensified the traditional *ayni* in the highlands and the *minká* in the valleys, an old tradition of practicing solidarity and reciprocity for the common good (*te ayudo, me ayudas*). Notwithstanding these positive process-related benefits, the ICR did not provide specific evidence on the changes of household incomes and resulting poverty reduction.

(iii) Scaling-Up and Benefits of CDD Approach (paras. 63-64): PICAR established the viability of the CDD approach in Bolivia, going from the Initiation stage to the Scale Up stage. Moreover, the ICR highlights another related benefit, which enhances the prospects for sustainability of the subprojects, namely: the implementation mechanism of community participatory planning (CPP) strengthened rural communities’ capacity for joint decision making and self-management. The Project-funded CPP activities provided the tools and the training (e.g., learning by doing) for communities to become agents of their own development by: supporting participatory (and gender sensitive) decision-making to identify, prioritize, implement and operate and maintain subprojects; strengthening local capacities; fostering transparent control and management of transferred resources and accountability. As noted already, all these project-supported attributes and actions contributed to the project's sustainability.

11. Ratings

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

12. Lessons

The ICR presents eight lessons arising from this project (ICR, paras. 98 – 105), including project-specific aspects and aspects applicable to other countries. This ICRR focuses on consolidating key elements of the eight lessons into **four strategic lessons arising from this project**, which focus on aspects which are potentially relevant for other similar CDD-type of projects.

(a) Lesson 1: "Leveraging" the enhanced roles and capacities of key actors to Scale-Up and Sustain CDD approaches and Sustainable Results: A lesson from this project is the importance devoting substantial financial and technical resources to strengthening the complementary roles of relevant key actors (in this case, three actors) in the design, implementation and O&M of the project/subprojects (ICR, paras. 98, 102 and 101):

(i) EMPODERAR (the Government project coordination/management entity), with respect to ensuring: proper application of the subproject criteria and fostering strong CDD approaches by the target beneficiary communities; adequate autonomy and accountability; technical soundness and stability of management and staff; accordingly, such an entity can play a vital role in scaling-up the CDD approach at national level, while fostering strong coordination and collaboration with other relevant actors;

(ii) participating targeted communities, which were empowered in specific ways to design, implement and sustain the subprojects, including subproject cycle management of resources and fiduciary responsibility, based on community participating planning (CPP) strategies and processes, and therefore, demonstrate the viability of scaling-up sustainable CDD approaches to development;

(ii) gender/women, guided by a gender strategy especially in their roles to prioritize community needs and sound implementation and O&M of project-financed subprojects, taking a CDD approach;

accordingly, ensuring an active role of women in each participating community will enhance the prospects of successful scaling-up the CDD approach and investments for poverty reduction.

(b) Lesson 2: Strategic Role of Geo-Referenced Management Information System/MIS (ICR, para. 99): The lesson in this project is this type of MIS system provided a useful tool for enabling project management to ensure: effective project implementation and M&E; the generation of a major geo-referenced database of communities, beneficiary households, infrastructure and other assets, which was assembled as part of an effective M&E system, and thereby providing a useful tool for enhanced project management decision-making and a useful data base for enhancing project management.

(c) Lesson 3: Operationalizing Various Complementary Dimensions to "Sustainability" of CDD Projects (ICR, para. 103): The project highlighted the lesson of the importance and relevance of operationalizing various complementary dimensions to achieving sustainability, especially for CDD-type of projects, including assigning an active role of women in the CPP cycle. These elements, which comprise positive lessons for similar projects, include:

(i) The project promoted social sustainability by building on existing local-level institutions and forms of government, laying the ground for decentralized conflict resolution. Social sustainability is the bedrock on which other forms of sustainability rest;

(ii) PICAR delivered asset sustainability (infrastructure and services) because communities were sufficiently empowered and organized, including assigning an active role of women in the beneficiary community organizations/committees, to assume full responsibility for O&M, particularly for productive infrastructure and micro-irrigation subprojects;

(iii) the project demonstrated the importance of and practical approaches to promoting fiscal and environmental sustainability, which involve additional transfer of responsibilities to beneficiary communities to reinforce long-term management of resources, including O&M and assigning an active role of women in the local community committees, within a decentralized approach and policy framework to sustainable development.

(d) Lesson 4: Importance of Working Out/Agreeing Early Appropriate Evaluation Approach/Tool (ICR, paras. 104 & 105): Given the strategic importance of a sound evaluation system/tools to assess the results of the project on targeted beneficiaries and public policy (e.g., retention of population in rural areas), and therefore the potential role and rationale of scaling up the project's investments to other parts of the country, the project demonstrated the project lesson of the importance of working out and agreeing early (preferably during design phase and year 1) on the most appropriate evaluation tools and approach to the project.

13. Assessment Recommended?

Yes

Please Explain

This was $114 million project in which the sustainability of commnunity subprjects of various kinds was an important objective. While short term sustainability was arguably confirmed for the majoriy of subprojects before the project's closing date, long term sustainability in the poor target communities will, despite its importance, be a considerable challenge. It is for this reason that an assessment of the long term sustainability of the subprojects financed by this CDD operation is recommended.

14. Comments on Quality of ICR

Overall, the quality of the ICR is **Substantial.** The ICR is well written, consistent with the ICR guidelines, analytical and results-focused (including the Theory of Change/ToC, Economic and Financial Analyses/EFA, albeit with a small subproject sample size), candid, concise, and generally supported by adequate evidence to justify the various assessments, proposed ratings and project lessons arising from project experience.

The following three aspects of the ICR would have further enhanced its clarity and strong prospects for robust/sustainable results:

(a) the section on the **project's contribution to poverty reduction** was quite general, and did not include empirical evidence arising from the various evaluation studies and beneficiary assessments;

(b) the section on **project risks** (ICR, para. 97) highlights relevant risks, but provides limited specificity on the most relevant risk-mitigation measures which the project and Bank can support; and

(c) while the project's CDD approach promoted the **sustainability of the project-financed subprojects and the need and potential for scaling-up the project's subprojects**, the ICR was not explicit about the Bank's specific intentions to provide a follow up Phase 2 project.

a. Quality of ICR Rating

Substantial