Report Number : ICRR14171

# IEG ICR Review
Independent Evaluation Group

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| **1. Project Data:** | | **Date Posted :** | 02/01/2013 | |
| **Country:** | Congo Democratic Republic | | | |
| **Project ID :** | P081850 | | **Appraisal** | **Actual** |
| **Project Name :** | Drc Emergency Economic And Social Reunification Support Project | **Project Costs (US$M):** | 214 | 228.6 |
| **L/C Number:** | C3824; CH064 | **Loan/Credit (US$M):** | 214 | 228.6 |
| **Sector Board :** | Urban Development | **Cofinancing (US$M):** | 0 | 0 |
| **Cofinanciers :** | | **Board Approval Date :** | | 09/11/2003 |
| | | **Closing Date :** | 09/30/2008 | 03/31/2011 |
| **Sector(s):** | Central government administration (40%); General transportation sector (30%); Other social services (25%); General education sector (5%) | | | |
| **Theme(s):** | Conflict prevention and post-conflict reconstruction (29% - P); Urban services and housing for the poor (29% - P); Other public sector governance (28% - P); Rural services and infrastructure (14% - S) | | | |

| **Prepared by :** | **Reviewed by :** | **ICR Review Coordinator :** | **Group:** |
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## 2. Project Objectives and Components:

### a. Objectives:

According to the Memorandum and Recommendation of the President (pages 9 and 10), the objective of the project was to assist the Government in the process of economic and social reunification. The sub-objectives were:

(a) to help restore or introduce a sound economic governance system throughout the country;

(b) to complement actions currently underway to address urgent needs in order to alleviate the suffering of the Congolese people and to generate quick "peace dividends" which could contribute to the stabilization of the country, by financing rehabilitation activities in the reunified provinces; and

(c) to prepare for the rapid extension of the Emergency Multi-sector Rehabilitation and Reconstruction Program (EMRRP) to all parts of the country.

According to the Development Financing Agreement, the project development objective was to assist the Borrower in its economic and social reunification efforts thereby stabilizing administration, through:

(a) balance of payment support;

(b) institutional strengthening of entities and governance systems throughout its territory;

(c) infrastructure and urban rehabilitation; and

(d) community empowerment.

The objective from the Development Financing Agreement is used for evaluation in this ICR Review since it is more monitorable

**Revised Objectives**:

The Board Approved an amendment to the Development Financing Agreement on September 23, 2008. According to the Amended Agreement, the objectives of the Project were:

(i) to assist the Borrower in its efforts to economically and socially reunify the Eastern provinces to the rest of the country; and

(ii) to increase access to and use by the local population of basic infrastructure and social services in the provinces of Orientale, Maniema, Nord Kivu, Sud Kivu, Nord Equateur, Nord Katanga, Nord Kasai Oriental.

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

Yes

If yes, did the Board approve the revised objectives /key associated outcome targets?

Yes

Date of Board Approval: 09/23/2008

**c. Components:**

**Original Components**

**Component A: Balance of Payments Support (appraisal cost US$ 50 million; actual cost US$52.7 million).** This component aimed to help the Government face the fiscal shock associated with reunification, in order to allow for the ongoing economic stabilization and reform program to remain on track.

**Component B: Institutional Strengthening (appraisal cost US$ 15 million; actual cost US$14.4 million).** This component aimed at: (i) restoring essential administrative capacity in the reunified provinces; (ii) supporting the preparation of a participatory Poverty Reduction Strategy Paper (PRSP); (iii) assisting in restoring effective institutions in the forestry sector in reunified provinces; (iv) helping meet the twin challenges of institutional reunification and decentralization; (iv) strengthening the forestry management agencies and enhancement of local governance of natural resources, including preparation of a national forest zoning plan and developing the administration's capacity in the provision of forestry services; and (vi) carrying out engineering and other studies to prepare for an extension of the Emergency Multi-Sector Rehabilitation and Recovery Project (EMRRP).

**Component C: Infrastructure Rehabilitation (appraisal cost US$ 90 million; actual cost US$113.3 million).** This component aimed at (i) rehabilitating and maintaining (for a two-year period) of RN2 (750 km, Bukavu-Mbuji Mayi) and RN4 (780 km, Kisangani-Beni), including rehabilitation of bridges and damaged sections; and (ii) rehabilitation of a 10 km section of RN1, including patching, backfilling, cleaning of ditches, and maintenance of shoulders.

**Component D – Urban Rehabilitation (appraisal cost US$ 30 million; actual cost US$32.2 million).** This component aimed to provide micro-grants to finance sub-projects including local infrastructure and service delivery in urban areas located in reunified provinces in (i) the main cities of Bukavu, Goma, Kindu, and Kisangani; and (ii) the small cities of Bumba, Butembo, Isiro, Kalémie, Kalima, Kassongo, Lusambo, and Uvira.

**Component E: Community Empowerment (appraisal cost US$ 10 million; actual cost US$9.7 million)**.This component would test and activate a mechanism to support community development in those isolated rural areas where security conditions are adequate for development activities to be implemented. It will: (i) support participatory decision-making and the strengthening of social capital; (ii) recapitalize village assets, so as to facilitate local recovery; (iii) improve service delivery in poor rural communities; and (iv) inject liquidity in a cash-deprived rural economy. The component will finance a series of block grants, which will be allocated directly to isolated rural communities in predetermined amounts and will be managed through broad participatory processes. The component aims to focus on five selected pilot areas.

**Component F: Implementation Costs: (appraisal cost US$5.0 million; actual cost US$6.4 million).**

**Revised Components:**

After the amendment of the Development Financing Agreement, the five project components were revised as follows:

(i) the forest sub-component of Component B (strengthening the forestry management agencies) was dropped, due to the difficulty of managing a forestry component which calls for highly participatory arrangements and would, therefore be very time consuming for an emergency operation; and

(ii) the scope of works for Component C (rehabilitation of RN2 Bukavu-Mbuji-Mayi) was reduced due to cost overruns. The road maintenance activities were also dropped due to the fact that higher than anticipated road construction costs reduced the availability of funds.

### d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:

**Project Cost**: The actual project cost was US$228.6 million, somewhat higher than the appraisal estimate of US$214 million largely due to exchange rate fluctuations of the US dollar against SDR.

**Financing**: At appraisal, the project was to be funded through an IDA credit of US$50 million (to finance the balance of payments support component) and an IDA Grant for Post-Conflict of US$164 million (to finance the other four components). At completion, the IDA credit was US$52.7 million and the IDA Grant for Post-Conflict of US$175.9 million. According to the ICR, the differences between appraisal estimates and actual are partly due to exchange rate fluctuations of the US dollar against SDR and partly due to cost overruns and re-allocations.

**Borrower Financing:** None.

**Dates**: The credit closing date was extended twice for a total of two and a half years. The first extension was from September 30, 2008 to September 30, 2010, and the second, to March 31, 2011. Both extensions were granted to complete project activities after implementation delays in infrastructure rehabilitation, urban rehabilitation, and community empowerment components due to logistical challenges faced by contractors and service providers in some of the more isolated areas of the country.

**Restructuring**: The project was restructured by the Board on September 23, 2008. The main reasons for the restructuring were (i) to redefine the development objectives and to have them more aligned with the project's components; (ii) the recognition that an emergency operation could not address the important forestry issues in DRC; (iii) to develop a better results framework more aligned with the PDOs; and (iv) to address the cost overruns associated with road works on RN4 (Kisangani-Beni) and on RN2 (Bukavu-Mbuji-Mayi). Cost overruns were identified later on during the preparation of detailed technical studies after security conditions were restored in the project implementation areas. The number of road kilometers to be rehabilitated was reduced from the initial 1,779 km to 976 km.

According to the project team, the balance of payments component of US$50 million was fully disbursed in December 2003 immediately after project effectiveness as anticipated in the Development Financing Agreement. The disbursement of the non-BOP components from January 2004 to June 2005 was

US$31.6 million compared to the estimated disbursement of US$63.0 million, with an average disbursement rate of about 50 percent. The restructuring was delayed due to implementation issues and lack of a quick decision by the government on cost overruns. Cost overruns were identified (during implementation) with the preparation of detailed technical studies after security conditions were restored. Regarding the cost overruns; it took a long time to convince the government to change the physical characteristic of the roads (changing the width of the right-of-way from 9 meters to 7 meters).

## 3. Relevance of Objectives & Design:

### a. Relevance of Objectives:

**Original objectives: High.**

At the time of appraisal the Democratic Republic of Congo (DRC) was emerging from a decade of political instability and a series of conflicts that occurred during the 1990s. The development objectives were, therefore, highly relevant as they aimed at the economic and social reunification of the country after years of wars which ended in the effective separation of certain DRC territories, particularly the Eastern and Northern Provinces from the rest of the country. The PAD (page 6) defines economic and social reunification as "the reintegration of all provinces into a single and common economic space, under a common and inclusive authority." During the December 2002 Consultative Group meeting, donors called on the Bank to take the lead in preparing for an extension of the priority program of investment for rehabilitation and reconstruction. They also encouraged the Bank to commit resources rapidly which could contribute to stabilizing the economic and social situation in the eastern and northern provinces.

There was no Country Assistance Strategy at the time of appraisal. However, there was a Transitional Support Strategy (2001) which identified the main activities needed to assure the transition to peace and stability. These activities were related to the rehabilitation of key infrastructure, the strengthening of institutions, and increasing capacity in the areas of management and good governance.

**Revised objectives: High**

The objectives remain highly relevant to two out of the three pillars of the 2008-2011 World Bank Group's Country Assistance Strategy (CAS) for the Democratic Republic of Congo (as stated on page iii of the CAS): "Promotion of good governance and consolidation of peace," and "Achievement of sustained and shared economic growth through infrastructure rehabilitation and expansion."

### b. Relevance of Design:

**Relevance of design to the original objectives: Modest.**

Neither the Memorandum and Recommendation of the President, nor its Technical Annex, included a results framework. By directly financing activities aimed at the rehabilitation of the main infrastructures and the water systems, and by addressing physical isolation and the lack of access to infrastructure and basic services, the project aimed to support economic and social reunification. There was, however, no clear causal chain between these activities, their expected outputs and the attainment of the development objectives as written.

**Relevance of design to the revised objectives: Substantial.**

At restructuring, a results framework was prepared. It included outputs and intermediate outcomes that were expected from the Bank financed activities. The causal chain between these activities and the project's development objectives was much clearer after the latter were more precisely specified in terms of economic and social reunification of the Eastern provinces and increased access to, and use of, infrastructure services by the inhabitants of those provinces. Access to the provinces due to improved security conditions also facilitated greater precision both in terms of the physical quantity of infrastructure (for example, the number of road kilometers) that needed rehabilitation and of the costing of these works.

### 4. Achievement of Objectives (Efficacy):

The degree of achievement of the project's original development objective - ***to assist the Borrower in its economic and social reunification efforts thereby stabilizing countrywide administration*** – is rated **substantial**.

Outputs

- The US$52.7 million balance of payment support provided within the project assisted in the importation of essential items to support the recovery of the economy. The volume of essential imports grew by 16% during 2004. The support covered the cost of items such as petroleum and fuel products (US$43.5 million), and food (especially livestock and animal products) (US$9.2 million).
- 976 kilometers of roads were rehabilitated, including 750 kilometers of National Routes 4 and 2 which connect the Eastern and northern provinces to the rest of the country. This met the target set at restructuring (the original pre-restructuring target of 1,779 kilometers was not based on technical studies with detailed plans and costs because of security-related lack of access to the areas involved). Technical audits in 2005 and 2006 reported that the quality of the works was good.
- The project supported improvements in the management of public resources in the reunified provinces, and assisted in the technical and financial audits of the Tax and Customs services there.
- Partly based on the results of these audits, the project provided capacity building, equipment, material, and technical assistance, to the provincial branches of: (a) Congo Central Bank in Bukavu and Kisangani; (b) the Tax Directorate offices in Nord Kivu, Sud Kivu, Maniema, Katanga, Kisaï Oriental, Province Orientale, and Equateur; and (c) the Customs services in Nord Kivu, Sud Kivu, Province Orientale, and Kalémie.
- The project also supported the process of national reunification through strengthening a number of institutions and activities at the central government level, including (i) reform of the procurement system through the preparation and approval of the Public Procurement Code (April 2010); (ii) the computerization of the public debt management agency; and (iii) the preparation of the second Poverty Reduction Strategy Paper (PRSP) through financing a survey for the establishment of poverty benchmarks.

Outcomes

- The rehabilitation of the sections of the national roads Bukavu-Mbuji Mayi and Kisangani-Beni, connected the Eastern provinces to the rest of the country, thereby contributing to physical reunification. The ICR (page 13) reports that an estimated 8.8 million people are now using the rehabilitated roads compared to the target of 6 million. The cost of transportation of goods and persons via the rehabilitated roads reportedly fell by 60%; and the re-opening of RN4 provided an alternative to air transportation between Kisangani and Beni. The average travel speed on RN4 (Kisangani-Beni road) is about 70 km/hour (no comparative pre-project figure is provided, but the ICR reports (page ix) that only bicycles and light motorcycles were able to circulate on this road prior to the rehabilitation works). According to the project team, average traffic flows and speed were measured by surveys carried out by the Project Coordination Unit and the supervising firm for the road rehabilitation works.
- Fiscal revenues collected in the reunified provinces increased from US$41.7 million in 2004 to US$94.8 million in 2011. According to the ICR (page vii), this is an indication that key national services (such as revenue collection) are functioning once again thanks to the support of the project in providing equipment and training to local fiscal and monetary entities, as well as through re-establishment of the transport network.
- The extent to which community empowerment was achieved is not discussed in the ICR.

The degree of achievement of the project's revised development objectives – ***to (i) assist the Borrower in the economic and social reunification of the Eastern provinces with the rest of the country; and (ii) increase access to and use by the local population of basic infrastructure and social services in the provinces –*** is rated **substantial**.

***(i) Assist the Borrower in the economic and social reunification of the Eastern provinces with the rest of the country*** .

The outputs and outcomes for this sub-objective are the same as for the original development objective.

***(ii) Increase access to and use by the local population of basic infrastructure and social services in the provinces*** .

<u>Outputs</u>

- 1,747 micro sub-projects were financed in six districts of the eastern provinces. Of these, 898 were in agriculture, 211 in education, 187 in tools, 183 in improved water supply, 103 in health, and the rest spread between small processing activities, transport equipment, rural road rehabilitation, and other (unspecified) activities.
- 1,467 communities were reported to be "successfully implementing sub-projects in isolated rural areas," compared to a target of 500. (ICR, page viii).
- The four main cities of Bukavu, Goma, Kindu and Kisangani, located in the affected Eastern provinces, benefitted from what the ICR (page 24) describes as "projects of major importance," including paving of exit links to national roads, water supply facilities, rehabilitation of power plants and electricity distribution systems, and of hospitals, health centers and schools.
- Investments in health, education and water supply facilities also took place in eight smaller cities of the Eastern provinces.
- Altogether, in the major urban areas, 8 hospitals or health centers were rehabilitated: 3 in Bukavu, 3 in Kindu, and 2 in Kisangani. In rural areas, 89 health centers were rehabilitated or constructed in Isiro and Buta (Province Orientale), Gemena (Equateur), Kikombo (Maniena), and Masisi (Nord Kivu).
- In total, 38 kilometers of new or rehabilitated water supply network were constructed with project funds compared to a target of 41 kilometers. In addition, a considerable number of additional water supply connections were constructed or rehabilitated – for example, 7,000 piped water connections were established in Bukavu, 20 standpipes in Kindu; and 34 standpipes in Goma.
- In rural areas, 321 water points were rehabilitated in Buta, Isiro, and Kikombo.

<u>Outcomes</u>

Note: According to the ICR, the sources of data for the outcomes discussed below are the Governments Completion Report *( Rapport Provisoire d'Achèvement, 2011)* , the Final Report of the Community Empowerment Management Firm *(Maître d' Ouvrage Délégué aux Actions Communautaires, 2009)* , the General Tax Directorate and the Customs and Excise Office.

*Water*

- The ICR reports that the percentage of population with access to water increased from 39% to 48% (compared to the revised target of 60%). It is not clear if this refers to the urban or rural or entire population.
- The project provided 187,000 urban inhabitants with access to water. This estimate is based on the following calculation: one standpipe per 1,000 inhabitants; one water source per 500 inhabitants; one connection to the water supply network per 14 inhabitants.
- The National Company for Water Distribution reduced water leakage by 20% through the replacement of parts of drinking water pipes in Goma, Kindu, and Bukavu.

*Health*

- 70,300 inhabitants are reported to have benefited from the construction and rehabilitation of hospitals and health centers in urban and rural areas of the Eastern provinces.
- The percentage of people using the health centers in the urban centers rose from 50% in 2003 to 70% at the closing date (achieving the outcome target).

- The attendance at health centers more than doubled in Kindu (from 17,000 to 37,000) and doubled in Bukavu (from 90,000 to 180,000).
- The occupancy rate in hospitals in Kisangani and Bukavu rose respectively from 56% to 89% and from zero to 70%.
- The ICR estimates that 1,025,000 people have access to a basic package of health, nutrition and population services thanks to the project (there is no target or baseline figure).
- There are indications that the activities in the water sector may have led to improvements in health. Rehabilitated health center statistics show a significant reduction in diseases related to water quality in all areas, with an average reduction from 78% to 40% in Buta and Lodja. For example in Isiro, the number of water borne cases decreased from 8,633 to 1,665.

*Education*

- The percentage of school days lost because of the weather was reduced from 30% to zero (achieving the target) in rehabilitated schools.
- In the nine schools rehabilitated in Goma, Bukavu, Kindu, and Kisangani, the number of students increased by 23%.
- Overall, 700,000 students are benefiting from enhanced access to improved school and classroom facilities (ICR, page viii).

*Other*

- The share of the rural population of the Eastern provinces with access to an all-season road rose from 15% to 22% (the latter figure comprised an estimated 8.8 million people).
- 86% of the rehabilitated urban infrastructure projects are operational in 12 urban centers compared to a target of 80%.

### 5. Efficiency:

No ex-ante economic and financial analysis was carried out and no other indicators of efficiency were provided in the Memorandum and Recommendation of the President or its Technical Annex. The ICR does not provide any ex-post Economic Rate of Return, and only contains a few unit cost comparisons from which it is difficult to draw firm conclusions about comparability. The rehabilitation of the RN4 was completed with a unit cost of US$92,000/km. In Mali, unit costs for comparable works was US$80,000/km. The unit cost of construction of classrooms in Goma was about US$8,500, compared to the average of US$16,000 for all Democratic Republic of Congo.

Project implementation took 2.5 years longer than foreseen, mostly due to procurement related delays. Infrastructure rehabilitation costs were underestimated at appraisal due to (i) unreliable data, (ii) absence of technical studies, (iii) poor or non-existent access to the affected areas; (iv) the failure to appreciate the full extent of the logistical challenges; (v) the weak local market for procurement of civil works and goods; and (vi) weak supervisory capacity in managing big contracts awarded only one year after the end of fifteen years of war. The fact that, despite these considerations, the cost overrun was only 7% for civil works, is explained by the significant reductions in the project scope (especially road rehabilitation) after restructuring. The failure to prepare an Environmental Assessment and Indigenous Peoples Plan within the stipulated time frame, and the referral of complaints to the Inspection Panel (see Sections 8b and 11a below) are indicative of inefficiencies in project implementation.

Overall efficiency is rated **modest**.

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

| | Rate Available? | Point Value | Coverage/Scope* |
|---|---|---|---|
| Appraisal | No | | |
| ICR estimate | No | | |

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

**6. Outcome:**

**<u>Project outcome under the original objectives</u>** (based on 80.3% of project funds): **Moderately Satisfactory**. The relevance of the original objectives is rated high, while that of the original design is assessed as modest. Efficacy is assessed as substantial. Progress was achieved achieved in physically reunifying the country through project supported rehabilitation of sections of the national road network linking the affected provinces to the rest of the country. The balance of payment support provided within the project assisted in the importation of essential items to support the recovery of the economy. The project also assisted economic and social reunification as defined in the PAD (see Section 3a above) through reinforcing the provincial offices of monetary and tax authorities, and, at a national level, through balance of payment support and institutional strengthening.

**<u>Project outcome under the revised objectives</u>** (based on 14% of project funds): **Moderately Satisfactory**. Relevance of the revised objectives is rated High, while that of the revised design is rated Substantial. Efficacy is assessed as substantial, since there is evidence of increased access to, and use of, infrastructure and social services by the inhabitants of the affected provinces, as well as of their reintegration under a national economic authority.

Efficiency for both the original and revised objectives is rated modest due principally to lack of evidence, implementation delays, and weak contract management.

Since the outcome rating both before and after restructuring is Moderately Satisfactory, overall outcome is assessed as **Moderately Satisfactory**.

**a. Outcome Rating :** Moderately Satisfactory

**7. Rationale for Risk to Development Outcome Rating:**

Most infrastructure rehabilitated under the project is operational and was transferred to sector ministries or decentralized administration. However, the institutional and community capacity is still very weak. Also, the risk of inadequate maintenance funding is high.
Most of the schools and health facilities rehabilitated by the project have committees to ensure regular maintenance. However, the ICR notes that the contributions from these committees will only cover 50% of the total needs of hospitals and health centers.

Road maintenance is under-funded on a national level.

The areas benefiting from the project are still suffering from conflict.

**a. Risk to Development Outcome Rating :** High

**8. Assessment of Bank Performance:**

**a. Quality at entry:**

- The project was prepared quickly (in six months) as an emergency operation. The Bank attempted to deliver a strong and multifaceted response to the country's urgent rehabilitation and reconstruction needs.

- The original project objectives were not clearly defined. No limit was placed on the geographic scope of the reunification objective, though a perusal of the project documents makes it clear that the Eastern, and to a lesser extent the Northern, provinces were the areas targeted. The sub-objectives (section 2a above) as stated in items (a)-(d) of the Development Financing Agreement were essentially project components while the three "specific objectives" in the Memorandum and Recommendation of the President were intermediate outcomes.

- Design was based on some of the lessons learned from previous post-conflict projects and early interventions in DRC. By directly financing activities aimed at the rehabilitation of the main infrastructures and the water and energy systems, and by addressing physical isolation and the lack of access to infrastructure and basic services, the project aimed to support economic and social reunification.
- The multi-sectoral project design was ambitious and complex in terms of implementation arrangements, especially considering the post conflict environment characterized by extremely weak capacity.
- Some activities such as the forestry sub-component, were more appropriate to a longer term exercise since they required more time to implement. M& E design was weak (See Section 10 below).
- Not all the major risks were fully evaluated, and the cost of infrastructure rehabilitation was underestimated. This was in large part due to the poor security conditions on the ground which precluded the preparation team from visiting the respective locations.
- The design did not adequately factor in the lack of breadth and depth in the local market for civil works, goods and services, or the logistical challenges and the high risk premium associated with working in DRC in general and in these remote areas of the country in particular.

**Quality-at-Entry Rating :** Moderately Unsatisfactory

**b. Quality of supervision:**

The Bank Team supervised the project with an average of three missions per year. However, as a consequence of managerial changes (including that of Task Team Leader in 2006) some of the institutional memory was lost. With the Task Team Leader based in the region from 2006 onwards, supervision improved and provided continuous support to the client in the very difficult post-conflict environment.

The Bank demonstrated flexibility in its willingness to work with the Government to find solutions and responses to the requests made for project restructuring, extensions, and reallocation during implementation. The Bank organized training sessions to strengthen the Project Coordination Unit's capacity in disbursement procedures, procurement, monitoring and evaluation, and environmental and social safeguards policies.

However, prior to 2005, neither an Environmental Assessment nor an Indigenous Peoples Action Plan was prepared. As discussed in Section 11 below, a complaint was lodged with the Bank's Inspection Panel (in December 2005), claiming that the Project failed to comply with Bank policies regarding indigenous people, environmental assessment, and forestry related safeguards. The Inspection Panel launched an investigation and as a result an Action Plan was defined and implemented by the Task Team.

According to the Project Team, the fact that the Environmental Assessments and other documents scheduled to be produced, cleared by the Bank, and disclosed in country by August 2004, were not produced until the beginning of 2006 was due to the country's post-conflict situation and the consequent unwillingness of firms to work there. It therefore took considerable time to recruit the firm in charge of preparing the safeguards documents. In order to mitigate the consequences of the delay, the team requested the Borrower to instruct all actors involved in implementation to follow the guidelines and recommendations of earlier safeguards documents (Environmental Assessments, Environmental and Social Management Framework, and Resettlement Policy Framework) prepared for the Emergency Multi-Sector Rehabilitation and Reconstruction Program, a project that was financing similar types of activities.

The Project Team also stated that the recommendations of the Inspection Panel were fully complied with. The project was classified as a Corporate Risk Project and was closely monitored by Senior Management which received regular reports on the implementation of the Inspection Panel recommendations. In addition, three Inspection Panel reports were sent to the Board. According to the project team, "at no time did we receive any observation stating that the recommendations have not been fully complied with".

According to subsequent information from the project team, “One of the key Bank achievements was the support provided to the government to help solve the numerous problems encountered in the rehabilitation of the Kisangani Beni road (750 kms) in deep equatorial forest. This support comprised: (i) a technical assistance to help protect the Okapi National Park, a world patrimony protected by UNESCO; (ii) provision of technical solutions to the government in order to minimize costs overrun recorded in carrying out the works; technical advice in the management of the companies contracts which greatly facilitated the completion of the works, allowing to a population of 8,8 million people secluded for many years to have access to the rest of the country.”

The project team also stated: "...despite a very difficult implementation start where no compliance with Bank safeguards directives was recorded, the project ended with a satisfactory safeguards rating and the inspection panel recommendations were fully implemented. Further, it should be underlined that no harm resulted from the initial lack of preparation of safeguards instruments."

**Quality of Supervision Rating :** Moderately Satisfactory

**Overall Bank Performance Rating :** Moderately Satisfactory

## 9. Assessment of Borrower Performance:

### a. Government Performance:

During preparation and implementation the Government performed its role of coordination and support of project activities through the creation of an Inter-Ministerial Committee and a Technical Committee of Coordination of Experts. It also gave the Project Coordination Unit autonomy in the financial management and administrative capacities necessary for the proper implementation of the project. This was a significant departure from previous practices in the country.
However, there were some shortcomings: (i) many Ministries did not have sufficient capacity to make well-developed requests for project activities and the expected Coordination Committee support to overcome these shortcomings was inadequate; (ii) there were delays in the adoption of the Public Procurement Code; and (iii) there were issues with the indirect tax exemptions for supplies and contracts, which would allow temporary importation of supplies linked to external funding contracts. As noted in Section 11 below, no Environmental Assessment nor Resettlement Action Plan had been prepared within the stipulated interval following effectiveness, and the Government, as well as the Implementing Agencies, bears some of the responsibility for this.

Furthermore, the Bank had asked the government to reimburse US$3.2 million that was paid in advance to a company whose contract was terminated, and while the government had paid

US$500000, the rest of the amount was still pending at the time of this ICR Review (see Section 11).

**Government Performance Rating** Moderately Unsatisfactory

**b. Implementing Agency Performance:**

The project was implemented through the following agencies:

(i) **Project Coordination Unit**, an agency reporting to the Ministry of Planning was in charge of the overall oversight of the project. The Unit was involved in managing the implementation of most of the project activities. The ICR reports that slow decision-making by the Unit about contract awards sometimes led to conflict situations with the firms. For example, there was a problem with recovery of an advance payment of US$3.2 million made on the contract for the rehabilitation of the Mbuji-Mayi–Kasongo road contract. The contract was terminated.

The main shortcoming of the Coordination Unit was that prior to 2005, no Environmental Assessment and Indigenous Peoples Action Plan had been prepared (see section 11 below). These documents were not ready within the first six months of project effectiveness, a deadline that had been established in the Integrated Safeguards Data Sheet.

Other shortcomings included: weak supervisory capacity in managing big contracts as the first ones were awarded in 2002-2003, one year after the end of fifteen years of war; and cost overruns due to the lack of detailed technical studies as a result of the poor security conditions prevailing in the eastern part of the country during project preparation.

The project team subsequently reported that the Project Coordination Unit demonstrated strengthened knowledge and capacity over the life of the project. Its low operation ration (2.8%) "also testifies to [its] professionalism, especially given the challenges to effectively manage procurement and contracts in a country which had no history of respect of contractual obligations and very weak capacity of contractors to respect deadlines."

(ii) The **Inter-Ministerial Committee** was responsible for the coordination between sector ministries. The ICR reports that the Committee meetings did not take place regularly. However, when they did take place, they were useful in steering the project.

(iii) The **Bureau Central de Coordination** acted as a procurement agent for all contracts to be awarded by the Government. The long delays recorded for procurement negatively affected the performance of the Bureau.

(iv) The **Urban Rehabilitation Management Firm**, a consulting firm appointed by the government to implement the urban rehabilitation component, took almost a year (40% of the contractual period) for a contract to be awarded, and this contract was for only 3.5% of the total amount of the rehabilitation program. Following this poor performance, the Management Firm's contract was not renewed, and responsibility for the activities was assumed by the United Nations Office for Project Services. According to the ICR (page 20), the United Nations Office for Project Services's performance was satisfactory, and it "did credible work in supporting the community organizations and institutions in the selection of activities."

iv) A **Community Empowerment Management Firm** was responsible for the implementation of the community empowerment sub-component. The ICR states (page 20) that the Management Firm provided a completion report detailing the performance of the outcomes with specific indicators for measuring impacts. However, it provides no evidence on how the impacts were measured.

**Implementing Agency Performance Rating :** Moderately Unsatisfactory

**Overall Borrower Performance Rating :** Moderately Unsatisfactory

### 10. M&E Design, Implementation, & Utilization:

**a. M&E Design:**

The M&E framework under the original project design was weak. The project development objectives were not linked to the indicators. The Framework lacked a methodology to measure the macro-economic results of Component A. Thanks to the difficulties of the post-conflict environment, there was a severe lack of baseline data and other reliable information. The Project Coordinating Unit was responsible for M&E management.

**b. M&E Implementation:**

During the September 2008 project restructuring, the Key Performance Indicators were redefined to reflect the reduced scope of the project. The new indicators were more specific, measurable, and attributable. A particular focus was given to providing a baseline and targeted value for most indicators in the revised results framework. These were based on technical studies carried out in the project implementation areas after security conditions had improved. A consultant was hired to help strengthen the M&E functions. Surveys were carried out and M&E data collected was used by the Project Coordination Unit to assess implementation progress and the extent of achievement of targets.

**c. M&E Utilization:**

There is no mention in the ICR that the project's M&E system was used to inform policy or strategic decisions.

**M&E Quality Rating :** Modest

### 11. Other Issues

**a. Safeguards:**

According to the Memorandum and Recommendation of the President, the Project was assigned Category B for Environmental Assessment because it would not fund activities expected to have a significant negative environmental or social impact. It was noted that work would focus on rehabilitation of existing infrastructure (no new construction). Three World Bank safeguard policies were expected to be triggered and the pertinent mitigation measures were identified during project preparation: Environmental Assessment (OP 4.01), Forestry (OP 4.36), and Involuntary Resettlement (OP 4.12). A further three -- Natural Habitats (OP 4.04), Cultural Property (OP 4.11) and Indigenous People (OP 4.20) -- were subsequently added as a result of the Environmental Impact Assessment for Component C (Infrastructure Rehabilitation) carried out in 2006.

According to OP 8.50 for Emergency Recovery Assistance, a full environmental assessment should be completed within one year of effectiveness (by December 5, 2004).

**Inspection Panel**. In December 2005, a complaint was lodged with the Bank's Inspection Panel claiming that the project failed to comply with Bank policies regarding indigenous people, environmental assessment, and forestry safeguards. The requesters were concerned with the implementation of a new commercial forest concession system and the preparation of a forest zoning plan for the forests of the Equateur and Orientale Provinces, claiming that harm would be caused if the projects were implemented without consulting the indigenous peoples and considering their interests.

In investigating these claims, the Inspection Panel identified some major risks associated with the project, including (i) indigenous populations living along the planned rehabilitated roads, (ii) lack of environmental assessment (despite the December 5, 2004 deadline having expired), and (iii) potential impacts on the Okapi Wildlife Reserve. In response, Bank management stated in its report and recommendations that it agreed that an Environmental Assessment should have been prepared, and proposed an Action Plan to carry this out, and to better monitor and manage environmental and social risks.

The ICR reports that the Environmental Assessment and other safeguards documents were disclosed at national and local levels. Copies were disseminated to non-governmental organizations, academics, Pygmy associations, and news agencies. Regarding the indigenous people, an information sharing session with all concerned parties took place and additional measures were taken to better guard protected areas and pygmy territories from logging and poaching.

The Action Plan identified four main actions which were carried out: (i) improving and scaling up work in the Africa Region on safeguards; (ii) scaling up the work on indigenous people in the Democratic Republic of Congo; (iii) supporting the forest policy reform agenda in the Democratic Republic of Congo; and (iv) improving outreach and communication.

Regular reports were prepared and presented to the Board to detail progress made in implementing the Action Plan. The first report was submitted in March, 2009, and the last in March, 2011. According to the ICR (page 8), the environmental and social aspects of project implementation greatly improved following the implementation of the Action Plan, and national capacity to manage safeguard issues was increased. The ICR reports (page 9) that "overall safeguard compliance is rated satisfactory."

A new “Environment Law” was promulgated by the President of the Republic in 2011. This law establishes the National Environment Agency in charge of evaluating environmental impact assessments of investments projects in the country. Capacity building efforts for the Agency are planned under ongoing and future World Bank operations.

**Resettlement**. There was no involuntary resettlement or asset losses due to project activities. However, risks to pedestrians still remain at the entrances and exits of Bukavu and Kamituga where the existing right-of-ways have not been enlarged enough. To correct these situations, the Borrower prepared an Ex-Post Resettlement Action Plan. The Plan was completed, reviewed, and cleared on August 3, 2010, and is being implemented under the subsequent Emergency Living Conditions Improvement Support Project (managed by the same implementing unit and the same Bank team that supervised the project under review). According to the project team, the Resettlement Action Plan has been properly implemented and affected people were consulted. The Bank did not receive any complaints from the affected people, who are well aware of the World Bank complaints processes. Also, the Resettlement Action Plan for the Bukavu-Kamituga road and the ex post Plan are the same. A report on the implementation of the Plan is expected from the Government.

**Indigenous Peoples**. The Third Inspection Panel Progress Report states that a “DRC Strategic Framework for the Preparation of a Pygmy Development Plan” was developed by the Bank with the Government and development partners, following consultation with key stakeholders. The Framework was disclosed and disseminated in English and French in December 2009. Its aims are to analyze factors which threaten the cultural identity of Pygmy populations and contribute to their impoverishment, and develop a set of proposed mitigation actions.

**Forestry**. The Government has continued to pursue the reform agenda defined in the 2007 “Forests in Post-Conflict Democratic Republic of Congo: Analysis of a Priority Agenda,” moving towards a more modern approach to forest management supporting a mosaic of different uses. It has completed a legal review of concessions which has resulted in a dramatic reduction in the area of forest under concession management, from 22.4 million ha in 2005 to 12.2 million ha in 2011. The moratorium on the issuing of new forest concessions declared by the Government in 2005 has been maintained, and will be lifted only when conditions are fulfilled.

The project team subsequently stated: "...despite a very difficult implementation start where no compliance with Bank safeguards directives was recorded, the project ended with a satisfactory safeguards rating and the inspection panel recommendations were fully implemented. Further, it should be underlined that no harm resulted from the initial lack of preparation of safeguards instruments."

**b. Fiduciary Compliance:**

The ICR reports (p. 10) that financial management was satisfactory. Audit reports and Interim Financial Reports were submitted to the Bank on time. These were reviewed by the Bank and comments provided to the Government. The ICR does not mention whether external audits were carried out or whether they were qualified.

The main financial management issue raised was the status of an advance payment of US$3.2 million to the company with a cancelled contract on RN2 (Mbuji-Mayi–Kasongo road contract). The contract was terminated on August 15, 2007, but was reported in the ICR as pending arbitration at the International Chamber of Commerce in Paris between the company and Democratic Republic of Congo. The Bank had asked the government to reimburse the advance and according to the project team the Government had committed itself to pay within a period of 3 months, starting from September, 2012 (memo dated 09/25/2012). At the time of this ICR Review, the project team indicated that US$500000 have been paid and that the issue is being closely monitored by the CMU and is also part of the Bank dialogue with the Borrower.

The ICR reports (p. 10) that procurement was satisfactory, although there were delays. There were no cases of misprocurement.

**c. Unintended Impacts (positive or negative):**

None.

**d. Other:**

None.

| 12. Ratings: | ICR | IEG Review | Reason for Disagreement /Comments |
|---|---|---|---|
| Outcome: | Satisfactory | Moderately Satisfactory | Efficiency for both the original and revised objectives is rated modest due principally to weak comparative evidence on costs, implementation delays, and weak contract management. |
| Risk to Development Outcome: | High | High | |
| Bank Performance : | Moderately Satisfactory | Moderately Satisfactory | |
| Borrower Performance : | Moderately Satisfactory | Moderately Unsatisfactory | There were a number of significant weaknesses in government performance such as capacity constraints not sufficiently |

| | | | |
|---|---|---|---|
| | | | addressed and delays in the adoption of the public procurement code (see Section 9a). Regarding implementing agencies, decision making about contract awards was slow, meetings of the Inter-Ministerial Steering Committee were irregular, and there was poor performance by the Urban Rehabilitation Management Firm (see Section 9b). |
| **Quality of ICR :** | | Satisfactory | |

NOTES:
- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

### 13. Lessons:

The following lessons were taken from the ICR with some adaptation of language.

- The need for a solid M&E framework is often overlooked in emergency projects which are more focused on physical reconstruction efforts than on monitoring impacts. The project preparation team was confronted with the difficult exercise of developing an M&E framework in a post-conflict environment. Restructuring can help address design weaknesses and set up a stronger M&E framework.
- Attention should be paid, even in emergency operations, to ensuring compliance with Bank safeguards policies during project implementation. Sufficient resources should be mobilized to build the Borrower's capacity to implement all relevant safeguards.
- In post-conflict countries, the capacity of governments is often weak largely due to long periods of inactivity. Therefore, it is important upon the reinitiating of activities to have strong World Bank teams led by seasoned staff well aware of Bank procedures to manage these operations.

### 14. Assessment Recommended?

● Yes ○ No

**Why?** To verify the ratings, assess safeguard and fiduciary issues, and document lessons learned .

### 15. Comments on Quality of ICR:

The ICR is concise (just over 20 text pages) and clearly written. It contains most of the elements necessary to evaluate the project. The quality of evidence and the analysis based on it are adequate. The lessons drawn are appropriate and based on project experience. The discussion is results-oriented and not a mere narrative of implementation.

There are, however, a few shortcomings: (i) the ICR does not follow the OPCS guidelines for the evaluation of outcome rating; (ii) the ICR provides limited evidence on project efficiency; (iii) it does not discuss community empowerment, (iv) the ICR does not report adequately on safeguards; and (v) the ICR does not mention whether external audits were carried out or whether they were qualified.

**a.Quality of ICR Rating :** Satisfactory