Ex post evaluation – Palestinian Territories

Sector: Urban development and administration (CRS code 4303000)
Project Municipal Development Lending Fund II and III (MDP I)
BMZ-Nr.: 2009 66 424 and 2011 65 778
Project Executing Agency: Municipal Development and Lending Fund (MDLF)

Ex post evaluation report: 2015

		MDP I (Planned)	MDP I (Actual)
Investment costs (total)	USD million	79.27	75.47
Counterpart contribution	USD million	6.56	3.36
Funding*	USD million	79.27	75.47
of which BMZ budget funds	EUR million	16.50	16.50

* Including funds by World Bank, AfD, German TC, Sweden, Denmark, Belgium

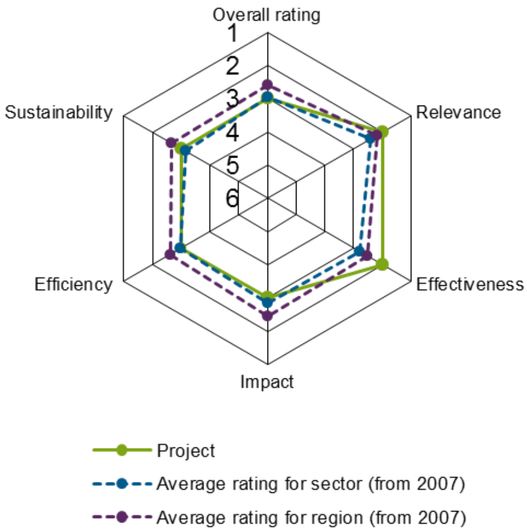
Description: The Municipal Development Project I is designed to create incentives for municipalities to improve service delivery to the municipalities' residents in the West Bank and Gaza. The population is supposed to benefit from improved municipal management practices and from direct investments in infrastructure. For this purpose, the Palestinian Authority (PA) in cooperation with the World Bank, the German Development Cooperation through KfW and GIZ, France, Sweden, Denmark, and Belgium developed the Municipal Development Project I in 2009 which was implemented between 2010 and 2012 through the implementing agency of the Municipal Development and Lending Fund (MDLF) in two budget cycles of MDP I, cycle I (or MDLF II, BMZ-Nr.: 2009 66 424), and MDP I, Cycle II (or MDLF III, BMZ-Nr.: 2011 65 778).

Objectives: The overall objective of the MDP was to improve the quality and coverage of municipal service delivery. The project development objective of MDP I as formulated by the MDLF was to improve municipal management practices for better transparency, the Financial Cooperation (FC) project documentation highlighted accountability rather than transparency in its project goal. From today's perspective, a focus on transparency or accountability is too narrow and needs to be reframed.

Target group: The main beneficiaries were the populations of the municipalities in the West Bank and Gaza, which benefited from improved municipal management practices and from investments in sub-projects. The municipal administrations benefited from training, technical assistance, and equipment. The personnel of the MDLF benefitted from capacity building to improve program implementation.

Overall rating: 3

Rationale: Having successfully linked capacity building and infrastructure financing in a performance-based system able to respond to local needs, the MDP is ranked high on relevance and effectiveness. While donor coordination was efficient, the focus of municipalities on investing in local roads reduces the allocation efficiency. At the impact level, citizen satisfaction improved only modestly. Sustainability of the achievements depends on further support for decentralisation and further donor funding.



Highlights: The MDP I successfully established a funding allocation mechanism that created equal opportunities for all 136 municipalities in the West Bank and Gaza to receive funding, irrespective of their political affiliation. The MDLF acts as national institution and maintains cooperation between the politically divided Palestinian administrations in Gaza and in the West Bank.

Furthermore, the MDP I provides a successful example of donor coordination during inception, implementation and evaluation. World Bank, AfD and KfW closely cooperated for this evaluation in a joint evaluation mission.

Rating according to DAC criteria

Overall rating: 3

Overall context - The joint evaluation mission

KfW, the World Bank, and the Agence Française de Développement (AfD) closely cooperated during the conception and implementation of the first Municipal Development Project (MDP I), implemented through the Municipal Development and Lending Fund (MDLF). In 2014, the operational department of KfW proposed a joint ex post evaluation to continue the cooperation between the development banks and in order to jointly learn from the MDP I experience. The evaluation departments of the World Bank, KfW and AfD responded to this request and scheduled a joint evaluation mission. They closely cooperated on evaluation questions and findings. KfW contributed an econometric analysis of the project impact, AfD commissioned municipality case studies, the World Bank added site visits to Gaza. Each institution wrote a report using institution-specific criteria. Draft versions were circulated among the three institutions, and assessments of the evaluators of the other parties involved were taken into account for the final assessment of the MDP I.

The joint evaluation mission visited the West Bank and Gaza between January 25 and February 6, followed by a joint wrap-up session in Frankfurt on February 10. A second field mission by AfD consultants is scheduled for March.

Relevance

At the time of project inception, the Palestinian Reform and Development Plan 2008-2010 set the frame for Palestinian nation building and development. While local governance did not play a central role in this plan, it was mentioned as a "major contributor to improvements in governance". The National Development Plan 2014-2016 sets the broad framework for development at the national and municipal level. The NDP provides guidelines on decentralization stating that "this strategic approach ensures public participation and a decentralized approach to decision-making and public accountability processes."

Limited capacity and budget make it very difficult for municipalities to fulfil their role as a key local service provider. The Israeli politics with settlements, settlement-related infrastructure, and separation barriers limits free movement of Palestinian people and goods and makes the provision of transparent and equitable services by the municipalities of paramount importance for local residents.

Improving local service delivery in view of these national strategies, however, proved difficult: Several donors had stopped funding projects in the West Bank and Gaza because Hamas won elections in both Gaza and in some municipalities in the West Bank. The Palestinian government created the MDLF with support of international donors as a nationwide instrument, separated from the Ministry of Local Government (MoLG. The MDLF allowed donors to channel funds directly to all municipalities in the West Bank and Gaza, irrespective of the political affiliation of the mayor or the council, treating all municipalities in the same way[1]. Even though being a newly created, parallel system, and heavily donor dependent at the same time, this evaluation perceived the MDLF as an adequate mechanism to support municipalities.

The MDP is a successful example of donor coordination using parallel of several donors, partly through a World Bank trust fund. The Palestinian Territories depend heavily on donor funding, making donor coordination an important issue, especially in the light of the Paris and Accra declarations. A total of seven donors supported MDP I, among them the German Development Cooperation through KfW and GIZ, the World Bank, France, Sweden, Denmark, and Belgium.

There are limits to the relevance of the project, however. Despite the national strategies, the current political support to decentralisation is limited. There is no visible strategy of the Palestinian government on decentralisation. In particular, (a) there is little fiscal decentralisation, meaning that project funds are being

[1] The local administrative level in the Palestinian territories is made up of today 136 municipalities, which include all major town and cities in the Gaza Strip and in the West Bank Area A (full Palestinian control). There are further approx. 210 Village Councils.

directly disbursed to contractors and not via the municipalities' accounts; (b) counterpart funding for the MDP through MoLG is not done in a timely manner; and (c) the foundational law for the MDLF has never been issued; the MDLF is still based on a presidential decree. The fact that MDP did not actually transfer funds to the municipal budgets but simply paid their bills clearly limits fiscal decentralisation and financial learning opportunities at the local level. However, in view of the difficult political conditions and fiduciary risks, this approach was understandable.

In all other aspects, the project design, the first of its kind in the Palestinian territories, is rated high. It pooled funds from seven multilateral and bilateral donors and channelled funding through the MDLF to sub-projects in all municipalities according to an agreed upon formula. The formula allocated 60 percent of funds according to the municipalities' population and 40 percent according the municipalities' performance (incentive-based mechanism), with municipalities being ranked according to key performance indicators.[2] Thus better performing municipalities received more funding. The MDP is in principle open to finance infrastructure in all sectors that fall in the municipalities' responsibility. Therefore, it is able to respond to a variety of local needs. The MDP links capacity building at the local level with access to financial support, a consistent approach to contribute to better local service delivery. Emergency funding is important for Palestinian municipalities, particularly in Gaza. With the exception of Gaza, the design of MDP I had limited flexibility to address emergency needs.

The MDLF-MDP system is not alone in striving to improve local services. USAID is a further important player, directly working with MoLG and the municipalities, providing local infrastructure. Bigger local infrastructure, such as landfills or treatment plants are separated as stand-alone projects and implemented through line ministries. In part, these different approaches complement each other, such as in financing local development plans. Yet, their parallel implementation limits the power of the MDP incentive based mechanism. The MDP being a decentralisation project, this evaluation values its uniqueness in terms of its nationwide implementation, its donor harmonisation and its combination of governance-related technical assistance with infrastructure sub-projects.

At the time of appraisal, the MDP I was in accordance with the German BMZ strategy for the West Bank and Gaza which stipulates support to municipalities (in the West Bank only in Areas A, full Palestinian control). Recently, these strategies have changed to include also villages in the West Bank, Area C (full Israeli administrative control). The MDP focussed on municipalities, thereby on Area A. A municipal project therefore supports the stronger urbanisation trend in these small areas and neglects the larger, mostly rural, areas C, which play an important role for the integrity of the Palestinian territories. Other donor project target Area C. The project design of the MDP in general follows the BMZ concepts on good governance, but the project design is rather weak on actual fiscal decentralisation.

Relevance rating: 2

Effectiveness

From today's perspective, at the outcome level, decentralisation projects aim at a dual objective of (1) improving sustainably local infrastructure and (2) strengthening local governance in the political and administrative bodies, particularly concerning the improvement of governance capacities, citizen participation and accountability. This capacity strengthening is important given the continuous conflict situation between the West Bank and Gaza on the one hand and Israel on the other.

The project's performance measurement system for municipalities is a key source of information for assessing the local governance dimension at the outcome level. To assess the infrastructure dimension, several sources of information are taken into account: site visits, technical audits and operation and maintenance plans. The achievement of the revised project goal can be summarised as follows:

---

[2] The performance indicators are the following: (1) Surplus in operational and enterprise budgets; (2) (Unqualified) external audit; (3) Integrated Financial Management System in place; (4) Fixed assets register in place; (5) Operation and maintenance plan in place; (6) Strategic Development and Investment Plans (SDIP) in place; (7) Financial accounting procedures manual; (8) Capital budget approved, executed and properly submitted to MoLG; (9) Recurrent budget approved, executed and properly submitted to the MOLG; (10) Budgetary info exists.

Indicator	Project Appraisal	Ex post evaluation
(1) Percentage of municipalities that improve on the performance category compared to 2009 by the end of phase 1 in 2012. Target: 30 %.	0 %	Achieved. 130 (96 %) municipalities graduated up by at least one step. 95 (70 %) municipalities moved up by one step, 35 (26 %) of municipalities by two steps. No change: 4 (3 %), backwards: 1 (1 %).
(2) 60 % of municipalities apply at least two public disclosure methods (publicly available Strategic Development and Investment Plans (SDIPs)), Annual External Audits, project related data, municipal budgets and performance rankings) by the end of phase 1 in 2012.	0 %	Achieved. 68 %. (SDIP: 89 %, External Audit: 64 %, Municipal Budgets: 56 %, Ranking: 66 %)
Indicator added ex-post: At least 80 % of infrastructure subprojects are of adequate quality, are adequately used, and are being maintained three years after the end of works.	-/-	Most likely achieved. Only minor deficiencies could be observed in terms of quality during the evaluation. Usage of infrastructure varies, not in all individual cases (e.g. roads) entirely convincing. Maintenance usually not yet applicable. Operation and maintenance manuals only piloted in 10 municipalities. According to 2012 technical audit and usability assessments, 97 % of sample infrastructure visited is operational and in adequate condition. Certain shortcomings identified in terms of project design, supervision, operation and maintenance.

Indicator (1) set a modest target of 30 % given that 95 % of municipalities received capacity building measures, which we perceive as being closely related to moving up in the performance ranking. On average, each municipality received 1.5 training packages and moved up 1.4 units in the performance ranking. The magnitude of training received was however limited. An average of approximately 7.000 USD was spent on capacity building measures per municipality per year. The initially earmarked amount for capacity building for municipalities and for the MDLF at appraisal has been cut by half. In some instances. the project was not able to implement planned activities at the local level, due to logistical reasons. Less than initially planned activities targeted the MDLF itself. The training packages were mostly appreciated by the municipalities visited. Bigger municipalities, however, requested more flexible and more tailored support to their already advanced level of expertise. Smaller municipalities did not question the entire concept and appreciated the support received.

Indicator (2) set a rather modest target of only 60 %, given that public disclosure usually does not require a major effort by municipalities. The achievement of indicators (1) and (2) should therefore not be overestimated. More demanding performance indicators relating to revenue generation and maintenance expenditure were included later in MDP II.

To illustrate the capacity building measures, which were supported through the German Technical Cooperation (GIZ) as part of the MDP I, 90 municipalities have prepared their SDIPs (partly financed through USAID), 52 have updated these plans. 96 municipalities have benefitted from a financial capacity building package. 32 have benefitted from the fixed assets registration and valuation package. In only 10 municipalities, operation and maintenance plans have been piloted. Citizen participation was in general below expectation. It remains unclear, how much additional learning was required by municipalities to graduate up in the performance ranking.

Setting up one-stop-shops for citizens, in bigger municipalities was an activity that was particularly well-perceived by beneficiaries as well as by the evaluation team. Their successful operation required restructuring municipal working procedures. The one-stop-shops visited, such as in Gaza City, were very busy.

The funds were not transferred to the accounts of the municipalities, but were channelled directly to contractors. This approach was attractive to donors, since direct transfers to Hamas-led municipalities might have been politically impossible. However, in order to sustainably build up capacity, MDLF should transfer funds to municipalities - a system that has already been tested by MDLF for four municipalities and should be introduced into the MDLF system for future MDP phases.

Indicator (3) has been added ex-post to accommodate "sustainable infrastructure" as part of the project goal. Roads (72 % of project funds) were the most prominent investment sector, followed by parks and recreation areas (14 %). The assessments on the infrastructure were so far mostly positive. The evaluation mission visited mostly road projects. Some roads were not convincing in terms of their effectiveness, e.g. when they served new rich residential areas with low traffic. Other roads were highly frequented, e.g. connecting roads between urban and industrial areas. The quality of the works was generally acceptable. Detailed technical audits revealed weaknesses in the design of some projects. Through additional financing, MDP I was able to cover recurrent costs (e.g. fuel) in Gaza municipalities, which was important in the conflict aftermath.

Based on municipal infrastructure surveys, MDLF calculated that during the years 2009-2012, the MDP I accounted for 14.7 % of the total of financed infrastructure in the West Bank and for 34.7 % of local infrastructure in Gaza. Divided by sectors, the MDP I's contribution was highest for the roads sector, with 28.1 % for West Bank and Gaza.

Effectiveness rating: 2

Efficiency

The project's production efficiency can be rated as good. The average unit cost per km for all road projects in MDP I (which accounted for 72 percent of the infrastructure constructed under MDP I) was 50,000 EUR. This is however only an average figure for a diverse set of sub-projects. This figure resulted from the econometric analysis which provides the following unit cost estimate: On average, for every 1,000 EUR spent by MDP I on roads, the length of paved roads in municipalities increased by 0.0196 kilometers. Other road projects funded by other donor had higher unit costs.

Price increases have been relatively modest in recent years. According to the Palestinian Central Bureau of Statistics (PCBS), the Road Cost Index in the West Bank has increased from 100 in December 2008 to 117 in 2013. The overall Construction Cost Index has increased from 100 in December 2007 to 113 in 2013.

The project only suffered from modest deviations from the initial time schedule. Some projects in the Gaza Strip were affected by Israeli restrictions of importing building material.

MDLF received a project administration fee of 7 % for project disbursements. In comparison to similar project designs, this fee is rather low. MDLF staff seems to work professionally and efficiently. MDLF can be considered as an efficient mechanism to implement sub-projects in the Palestinian territories.

The co-financing of several donors reduced transaction costs for the Palestinian authorities. Donor procedures were harmonised as far as possible. Minor differences in procedures (such as procurement) remained. Financing was partly joint (through a World Bank trust fund), partly parallel (FC and AfD). The efficiency gains were appreciated by the partner institutions. More alignment to municipal budgeting cycles was requested by MDLF, in order to increase the predictability of donor funding and to make planning at the local level more efficient.

In theory, MDP I was able to address municipal needs in an efficient way. Municipalities were able to finance any of the 27 public services under their responsibility.[3] Under MDP I, each municipality was required to base its infrastructure projects on its SDIP. Despite the great variety of possible sub-projects, most municipalities chose to finance local roads through MDP I. Apart from the need for roads, this sectoral bias originates in the limited amount of funds available per municipality and the timeline of the MDP I, requiring municipalities to implement a project within one MDP cycle, lasting 18 months, and generally making co-financing of other projects difficult. The structure of the MDP I therefore influence the type of projects proposed by the municipalities. This negatively influences the allocation efficiency at the local level.

Many, but not all projects were well-used at the time of the ex post evaluation. The traffic density on the local roads visited varied widely. MDP I required basic ex ante cost-benefit analyses. MDLF checked basic economic assessments of the proposed sub-projects by municipalities, which is considered to be an important selection criterion. At the time of project completion, the project updated the basic cost-benefit estimates, coming to positive results.

The Palestinian local administrative level is highly fragmented with 136 municipalities and more than 200 additional village councils. From an efficiency point of view, municipalities should join their service provision in many cases; this is supported by MoLG and MDLF. Joint service delivery could be organised through joint service councils, or regional utilities. Full amalgamation of municipalities proved politically very difficult due to resistance at the local level and was achieved for only four municipalities. The experience of joint service councils is mixed. The fragmentation of the West Bank makes cooperation between municipalities even more difficult, but still leaves some room for efficiency improvements at the local level.

Efficiency rating: 3

Impact

The overall objective of the MDP was to improve the quality and coverage of municipal service delivery. The FC financing for the MDP further highlighted a contribution of the MDP to the achievement of the NDP. From today's perspective, the overall development goal should also be a contribution to stabilization and conflict-reduction. To measure impact, two waves of citizen satisfaction surveys were carried out in 2009 and in 2012, subject to an econometric analysis for this evaluation.

The overall level of citizens' satisfaction with local services remained constant in most sectors, satisfaction with roads and recreational services (parks/entertainment) even deteriorated. However, in some sectors, “treated” households (i.e. households that benefitted from MDP I) did not experience such a decline while the decline was even more pronounced for “untreated” households. On a scale from one (not satisfied at all) to four (very satisfied), being treated on average increased reported satisfaction levels by very modest 0.06 points for overall satisfaction with municipal services. While this effect seems rather small, effects are considerably larger for satisfaction with road infrastructure (0.59 points and statistically significant).

The impact of the project with respect to stabilizing the political situation within the Palestinian territories and to reducing potential conflicts cannot be measured by an indicator. However, based on collected information and interviews, we perceive the project to have a stabilizing and equalizing effect on municipalities. In particular, MDP I successfully established a fund allocation mechanism that creates equal opportunities for all municipalities in the West Bank and Gaza to receive funding, irrespective of their political affiliation. This was achieved by treating them all according to simple and objective criteria. The allocation mechanism is a tool to foster equal opportunities among municipalities. Local service provision, and also job creation through local contracting for works, are important measures to reduce conflict potential. MDLF calculated that about 250,000 person days of employment were created through the MDP I works.

The capacity building measures are likely to have had a more pronounced impact in smaller municipalities where the general level of expertise of the municipality staff is lower. A total of 89 of the 136 participating municipalities, or 65 % percent, had less than 15,000 inhabitants in 2013.

---

[3] According to the law on local governments, municipalities are responsible for 27 services, among them local roads, electricity, water, sewerage, solid waste, public parks, etc.

The achievement of the overall project goal can be summarised as follows, based on the results of the citizen satisfaction surveys:

[scale from 0 to 100, 0 = not satisfied at all, 100 = very satisfied]		
Indicator	**Status Project Appraisal (data from 2009)**	**Ex post evaluation (data from 2012)**
At the end of each program phase [i.e. end of MDP I in 2012], municipalities are rated satisfactory on the quality and coverage of service delivery by citizens through citizen satisfaction services.	Total 50.0 - Electricity 65.1 - Water 42.7 - Sewage 57.8 - Solid Waste 52.3 - Roads 53.9 - Parks/entertainment 51.8 ---- Municipality: Interaction 68.8 Municipality: Awareness 18.6 Municipality: Participation 16.4 Municipality: Transparency 34.8	Partly achieved. Total 57.1 - Electricity 58.1 - Water 54.8 - Sewage 68.4 - Solid Waste 50.8 - Roads 47.5 - Parks/entertainment 32.3 ---- Municipality: Interaction 72.5 Municipality: Awareness 33.4 Municipality: Participation 23.2 Municipality: Transparency 36.6

The overall satisfaction score has slightly improved, but this should not be overestimated in the project context: The positive change is driven by positive changes in the water and sewage sectors, to which this project did not contribute significantly. As a decentralization project, the changes in the perception of the work of the municipality are equally important. Here, the changes are positive, but remain at low levels. As stated above under "efficiency", the benefits of some sub-projects were not obvious. Descriptive statistics show that for most indicators, the satisfaction levels in Gaza were lower than in the West Bank. Among these indicators, there are numerous where the improvement of citizen satisfaction in Gaza is higher than the improvement of citizen satisfaction in the West Bank.

One concern with the incentive-based allocation mechanism was that richer municipalities may become richer while poor municipalities fall behind. This concern was unfounded. According to an econometric analysis, there is no statistically significant association between initial poverty levels and initial performance of municipalities. Furthermore, there is no evidence that the initial poverty status of municipalities influenced the relative change in performance rankings throughout MDP I. Thus, poor municipalities do not seem to fall behind in terms of service provision. The opportunities for poor municipalities equal those of rich municipalities to receive additional financing based on performance.

Many municipalities complain about the allocation mechanism and contest their ranking and allocation because they compete with each other. They present arguments for why they deserve a bigger part of the pie. No municipality, however, refused to cooperate with the MDLF. To make the allocation mechanism work in the future, it is important to have more funds available for the MDLF so as to be able to continue rewarding municipalities that perform better.

In sum, some positive chances in citizens' satisfaction can be attributed to the project. Yet, the changes are modest and not without shortcomings, e.g. concerning municipalities' participation and transparency. Important factors for the overall satisfaction are not linked to the project.

Impact rating: 3

Sustainability

With the MDLF, an institutional structure has been created which has the potential to continue being an implementing structure in the Palestinian decentralisation context. With the ongoing MDP II and III projects, the sustainability of this structure is further supported.

At the local level, infrastructure constructed with the financial support of MDLF will most likely continue to be operated and used. With an increasing population and a continuing upward trend in residential and commercial construction, roads, the infrastructure being chose most often by municiapalities, will continue to be important. In Gaza, the sustainability depends on the intensity and frequency of military confrontation between Israel and the Hamas; as in recent history, for example, major clashes occurred about every three years.

The capacity building efforts at the municipal level can be sustainable if the municipalities continue applying the expertise gained through MDP I. Access to funding based on performance rankings can serve as an incentive to maintain the newly acquired capacity, such as annually updating operation and maintenance (O&M) plans and SDIPs. Therefore, a continuation of the MDP is important for the sustainability of MDP I. It would not affect the improvements negatively, if municipalities also applied expertise for other projects and from other donors, as long as they follow similar procedures as for the MDP.

Infrastructure maintenance was part of the ranking system. However, during MDP I, operation and maintenance plans and manuals were piloted in only 10 of the 136 municipalities. This was due to the fact that municipalities had to first complete the asset registration and valuation procedure, before moving on to developing a maintenance plan. Only 10 municipalities were rated B and thus had completed the asset registration and valuation process and actually moved on to developing the maintenance plan. Larger municipalities complained about the step by step process and would have liked to proceed more quickly. In general, however, the asset registration and valuation process under MDP I was appreciated as a prerequisite for better O&M planning. Taken altogether, in MDP I, O&M and sustainability received relatively little attention. Under the ongoing MDP II program, the O&M-related indicator changed, requiring municipalities to not only develop a maintenance plan, but also indicate the amount budgeted and actually spent on infrastructure maintenance.

The financial situation of the municipalities remains fragile. Own-source revenues are low. Fiscal decentralisation does not seem to gain momentum with the Palestinian Authority. MoLG supports the MDLF structure in principle, but financially MDLF is completely dependent on continuing donor support. Also the overall financial situation of the Palestinian Authority is closely linked to donor support and also depends on the Israeli authorities, e.g. for the transfer of tax revenues, from time to time suspended for political reasons. Donor support therefore is crucial for the sustainability of institutional development as well as for sustainable infrastructure. This external support is likely to continue for political reasons.

Sustainability rating: 3

Notes on the methods used to evaluate project success (project rating)

Projects (and programmes) are evaluated on a six-point scale, the criteria being **relevance, effective-ness, efficiency** and **overarching developmental impact**. The ratings are also used to arrive at a **final assessment** of a project's overall developmental efficacy. The scale is as follows:

Level 1	Very good result that clearly exceeds expectations
Level 2	Good result, fully in line with expectations and without any significant shortcomings
Level 3	Satisfactory result – project falls short of expectations but the positive results dominate
Level 4	Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results
Level 5	Clearly inadequate result – despite some positive partial results, the negative results clearly dominate
Level 6	The project has no impact or the situation has actually deteriorated

Rating levels 1-3 denote a positive assessment or successful project while rating levels 4-6 denote a negative assessment.

Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability): The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The **overall rating** on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Rating levels 1-3 of the overall rating denote a "successful" project while rating levels 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effectiveness"), the impact on the overall objective ("overarching developmental impact") and the sustainability are rated at least "satisfactory" (level 3).