

**Georgia: Social Investment Fund**

**Ex post evaluation**

<b>OECD sector</b>	16020/Employment policy and administrative management	
<b>BMZ project ID</b>	2002 66 007 (real investment.) 2003 280 (training measure)	
<b>Project executing agency</b>	Municipal Development Fund of Georgia	
<b>Consultant</b>	GOPA	
<b>Year of ex-post evaluation report</b>	2010 (sample 2009)	
	<b>Project appraisal (planned)</b>	<b>Ex-post evaluation (actual)</b>
<b>Start of implementation</b>	Q 3 2003	Q 2 2004
<b>Period of implementation</b>	36 months	39 months
<b>Investment costs</b>	EUR 9.0 million (without World Bank contribution)	EUR 8.9 million (without World Bank contribution)
<b>Counterpart contribution</b>	EUR 1.5 million	EUR 1.4 million
<b>Financing, of which Financial Cooperation (FC) funds</b>	EUR 7.5 million (real investment) EUR 0.6 million (training measure)	EUR 7.5 million (real investment) EUR 0.6 million (training measure)
<b>Other institutions/donors involved</b>	World Bank	World Bank
<b>Performance rating</b>	2	
• <b>Relevance</b>	2	
• <b>Effectiveness</b>	2	
• <b>Efficiency</b>	3	
• <b>Overarching developmental impacts</b>	2	
• <b>Sustainability</b>	3	

**Brief description, overall objective and programme objectives with indicators**

The programme was conceived as a continuation of the Work Creation Programme in the area surrounding Borjomi-Kharagauli National Park (GSIF I, BMZ ID 1999 65 989). It aimed at a) the sustainable use of social and economic infrastructure facilities extended and improved by the population in the target region as part of the programme and b) enhancing the status and scope of influence of the municipal authorities and the beneficiaries in the whole project cycle (programme objectives). This was intended to make a contribution to improving the conditions of life of the poor population and to the decentralisation efforts of the Georgian Government (overall objective). The target group of the programme were poor sections of the population without access to adequate social and economic infrastructure facilities in the six districts around the National Park (about 235,000 inhabitants) as well as the local self-governing authorities. The open-ended programme comprised 65 micro projects (MPs), including

rehabilitation and construction of schools, hospitals, gas and water supply systems, as well as the repair of a 22 km long stretch of road. In a training measure, the programme executing agency and the local authorities were to receive support in assessing, selecting and implementing the planned measures and enabled through training and advice to carry out sustainable operation and project monitoring.

### **Programme Design/Major Deviations from Original Programme Planning and Main Causes**

At appraisal, it was planned for the programme to provide finance for 90 MPs in economic and social infrastructure in the six districts around Borjomi National Park. Added to this, three stretches of roadway were to be rehabilitated and municipalities strengthened by training measures and supported in preparing municipal development plans. Actually, altogether 65 MPs were financed instead of 90. These comprised investments in schools including furnishings, health stations, community centres and drinking water supply systems, road and bridge construction, irrigation facilities and decentralised energy supply. Schools and water supply systems were the project type most frequently chosen, making up some 70% of implemented MPs.

Maximum financial contributions per MP had to be raised in the course of the programme due to higher unit costs in the building sector (from EUR 50,000 to EUR 75,000 for MPs in social infrastructure and from EUR 75,000 to EUR 150,000 for MPs in economic infrastructure), which was formalised in a supplementary provision to the special agreements.

Under the Georgian Social Investment Fund (GSIF) II, central priority was attached to the rehabilitation of economically important rural roads. EUR 2.5 million was therefore earmarked for the rehabilitation of three roads with a length of approx. 70 km in the programme region. In the course of the programme, it was, however, decided to conduct more extensive rehabilitation than provided for at appraisal (including asphalt instead of gravel), so that only one of the three stretches of roadway was rehabilitated (22 km between Aralin and Abastumani). The confinement to only one stretch of road was also due to the significant cost increases mentioned above. The choice of the stretch of road that was actually rehabilitated was based on the findings of a feasibility study carried out in 2004. When identifying the road for rehabilitation, the criteria applied included the anticipated socio-economic effects, the number of the beneficiary inhabitants and municipalities and the expected volume of traffic.

Under GSIF II, the districts and/or the local self-governing divisions were closely involved in project implementation. They were to select, plan and carry out MPs largely independently. The programme executing agency and the participants of local self governments were therefore to receive support in a training measure for assessing, selecting and implementing the planned measures and be trained in the sustainable operation and monitoring of the microprojects. All 88 municipalities in the 6 supported districts were trained during a three-month mobilisation phase by non-governmental organisations in techniques of local development planning and the basics of municipal self-governance and they drafted municipal development plans. In the 65 municipalities where finally one MP each was financed, the non-governmental organisations have also subsequently carried out a number of additional training courses on the whole GSIF project cycle. The training measures were reportedly assessed as useful. The local self governments supported as part of the project no longer exist as lowest-tier administrative divisions. A number of local politicians are, however, reportedly still engaged in local self-governance even after territorial reform. Moreover, the former representatives at municipal level can be expected to continue to partially apply what they have learned as normal members of the municipality.

## **Key results of impact analysis and performance rating**

**Relevance:** The results chain logic was plausible. It stated that through promoting microprojects, rehabilitating roads and involving the population in municipal planning to improve the condition of municipal infrastructure will contribute to improve the conditions of life and strengthen the decentralisation efforts of the Georgian Government - despite the territorial reform and the attendant transfer of responsibility to the new local self governments at district level. The rehabilitation of municipal infrastructure was and still is a major component of the Georgian poverty reduction and economic development strategy. The programme was embedded in the priority area of democracy, civil society and public administration in German-Georgian development cooperation. Cooperation with Georgia forms part of the European Neighbourhood Policy and the BMZ Caucasus Initiative from 2005. The sectoral priorities of this initiative are sustainable economic development, environmental protection and the promotion of decentralisation. Donor coordination in decentralisation and municipal infrastructure has not been carried out so far by the Georgian Government through formal channels. Responsibility for donor coordination will be taken over by the Ministry for Regional Development and Infrastructure established at the beginning of 2009. We assess the relevance of the programme overall as good (Rating 2).

**Effectiveness:** By improving the quality of and access to public infrastructure facilities and establishing participatory mechanisms, the programme made positive contributions to the physical and political dimension of the Georgian decentralisation process. All 20 MPs inspected are currently in operation. Added to this, 16 of 20 projects visited, i.e. 80% of the inspected sample, are being used as intended at project planning. Particularly successful has been the extension of the schools. According to the State Road Department, thanks to its rehabilitation the road is increasingly used for economic (tourism) and social (recreation) activities. Travelling time on the 22 km long road has been reduced by approximately an hour. At all inspected MPs, all the members of the municipality had actively participated in the selection of projects and the implementation of the measures. Most municipal councils were also closely involved in building supervision. There was less involvement in the other phases of the MPs, in award procedures, for example. We assess the effectiveness of the programme overall as good (Rating: 2).

**Efficiency:** Although programme start was delayed by 9 months, it was implemented within the scheduled time frame of 40 months. Unit costs increased during implementation, but were in keeping with national averages. Building quality was no longer up to standard in three of the 20 inspected projects. Deficits in building supervision were offset in some cases by the municipal development component. The construction costs for the road were considerably lower than national unit costs, at a good building quality standard. When planning the MPs, alternatives were adequately examined (e.g. new building vs. rehabilitation). Where major structural defects did not preclude further use, existing buildings were rehabilitated. This was always the more economical option, even if the layout of some of the rehabilitated schools appears well oversized. The numbers of pupils have continuously declined in recent years due to the exodus from rural areas. As in the Georgian school system teaching classes are still divided into cohorts with two or three pupils, the rooms were put to full use even in the oversized schools. We assess the efficiency of the programme as satisfactory (Rating: 3).

**Overarching developmental impacts:** The findings from interviews indicate that the programme has made a contribution to improving the economic performance of the six districts. The financed road has laid a major foundation for the touristic use of the recreational facilities in Abastumani and the bridge has evidently improved access to local markets. The projects also contributed to temporary income generation during

building works. The rehabilitation of the schools also contributed to a safer and healthier learning environment. Children who previously went to school in neighbouring villages due to the adverse learning conditions now save up to three hours in travelling time per day. Studies by the World Bank confirm this and representative surveys also ascertained an increase in school enrolment rates and pupil attendance. Representatives of the local municipal authorities stated that the village communities have been motivated by the direct visible success of their efforts. We may assume that the programme has instilled a general and transferable awareness of participation opportunities and scope for action at local level and, with that, also made a contribution to the political dimension of decentralisation. Altogether, we gauge the overarching developmental impacts of the programme as good (Rating: 2).

Sustainability: At the inspected MPs, there was already an ascertainable need for maintenance work (e.g. broken door handles and inadequate guttering). In the course of programme implementation, it had been agreed that the Georgian Finance Ministry would provide altogether 5% of investment costs for maintenance measures in three annual tranches within the first three years after completion of a MP. None of the municipalities visited has received the third tranche, although it is long overdue. A problem for all project types is that user fees are not traditionally levied for municipal services in Georgia. At present, maintenance would appear to be a problem primarily for the rehabilitated schools. These receive financial support from the Ministry of Education, but the funds are almost exclusively allocated for teachers' salaries and teaching and learning material. Since the budget for the Georgian road sector increased from approx. EUR 25 million in 2007/2008 to EUR 300 million in 2008/2009, we currently see a low risk only for the maintenance of the rehabilitated road. Some of the members of the municipality are evidently keenly motivated for the sustainable implementation of additional projects. Many projects identified as second or third priority in the selection process have now been implemented with support from other donors or are in the planning phase. We thus assess the sustainability of the programme as satisfactory (Rating: 3).

Weighing up these aspects, altogether, we attest the programme good developmental efficacy (Rating: 2).

### **General conclusions**

In programmes where responsibility is assigned to the municipal level for selecting, planning and implementing infrastructure measures, attention should be paid to providing adequate training on competencies for operation and maintenance. In this connection, it must also be ascertained whether the financial resources of the municipalities/districts are sufficient to ensure the sustainable maintenance of public infrastructure facilities.

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

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

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

A rating of 1 to 3 is a positive assessment and indicates a successful project while a rating of 4 to 6 is a negative assessment and indicates a project which has no sufficiently positive results.

### **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 an improvement is very unlikely. 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. A rating of 1 to 3 indicates a “successful” project while a rating of 4 to 6 indicates an “unsuccessful” project. In using (with a project-specific weighting) the five key factors to form an overall rating, it should be noted that a project can generally only be considered developmentally “successful” if the achievement of the project objective (“effectiveness”), the impact on the overall objective (“overarching developmental impact”) and the sustainability are considered at least “satisfactory” (rating 3).