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Report Number: ICRR0021935

1. Project Data

Project ID	Project Name	
P130202	RAMP	
Country	**Practice Area(Lead)**	
Romania	Governance	
L/C/TF Number(s)	**Closing Date (Original)**	**Total Project Cost (USD)**
IBRD-82610	31-Mar-2019	19,275,788.78
Bank Approval Date	**Closing Date (Actual)**	
26-Apr-2013	31-Mar-2019	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	91,800,000.00	0.00
Revised Commitment	23,734,071.67	0.00
Actual	19,275,788.78	0.00

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

a. Objectives

The project development objectives (PDOs) were: (i) to increase effectiveness and efficiency in collection of taxes and social contributions; (ii) to increase tax compliance; and (iii) to reduce the burden on taxpayers to comply. The PDOs in the Project Appraisal Document (PAD, p. 7) are the same as in the Loan Agreement (Loan Agreement, 8261-RO, May 8, 2013, p. 5).

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

No

c. Will a split evaluation be undertaken?

No

d. Components

Institutional Development

(Appraised cost: US$M 9.00. Actual cost: US$M 2.77).

The component supported the development of a modern organization and management structure of Romania's Revenue Administration, the National Agency for Fiscal Administration (NAFA), instilled a strategic focus, emphasized the importance of integrity, rationalized the organization's structure to increase NAFA's effectiveness, and strengthened the management of human resources through specific professional training and technical assistance. This component also aimed to improve the analytical capacity required to support the strategic management of NAFA and improve the legal framework and process of appealing, as well as reviewing all business procedures in these areas, and reengineering the operational business processes in order to create a modern revenue administration modeled after best practice in the European Union (EU).

Increasing Operational Effectiveness and Efficiency

(Appraised cost: US$M 75.69. Actual cost: US$M 11.52).

The component aimed to streamline business process and workflows and invest in the modernization of core Information Technology (IT) systems in order to take advantage of automation in NAFA's back-office operations, as well as in the interactions with taxpayers. The component also aimed to strengthen the effectiveness of audit and enforcement functions, including the collection of tax arrears. This was to be achieved by: (i) modernizing the tax audit function, tax intelligence, and preventive functions, (ii) upgrading IT management functions in NAFA to manage all NAFA IT resources, including staff, (iii) implementing electronic document management and archiving, (iv) developing and implementing an Integrated Revenue Management System (RMS), and (v) upgrading NAFA's information and communication technology infrastructure, including developing a centralized data processing center, data warehouse, and a business center capable of sustaining all NAFA operations with no data loss in case of a disaster.

Taxpayer Services and Corporate Communications

(Appraised cost: US$M 3.83. Actual cost: US$M 1.89).

This component financed activities aimed at modernizing taxpayer services, implementing mechanisms for transparency and accountability, such as a adopting consultative technical panel and community surveys to ensure fair community input, modernizing service delivery channels in order to provide advanced services to taxpayers, promoting communities' understanding of revenue laws, procedures, rights and obligations of taxpayers, as well as promoting taxpayer efficiency by simplifying and providing electronic services, and by strengthening external and internal communication.

Project Coordination and Management

(Appraised cost: US$M 3.31. Actual cost: US$M 1.16.

The project aimed for a Project Management Unit (PMU) well integrated into NAFA's headquarters management structure, and responsible for the daily implementation of the project. The PMU included a project administration team responsible for the administrative and fiduciary processes related to project management, procurement, financial management, and project reporting. The PMU also included a change management team to assist management during the process of change, providing substantive guidance and leadership. The team was responsible for supporting the management in the change process necessary for the implementation of each component and its related activities, as well as coordinating institutional change promoted by the project components and sub-components.

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

The US$ 91.8 million project was approved on April 26, 2013. It became effective on August 9, 2013. The project closed on March 31, 2019. Borrower financing was US$ 220,000. The project was restructured twice. First on November 1, 2016, to change the closing date to March 31, 2021. On request from the Ministry of Public Finance (MoPF), on behalf of NAFA, the project was extended by two years to ensure sufficient time to implement the RMS. On November 19, 2018, the Bank received another official request from the MoPF, on behalf of NAFA, to cancel € 51,902,124 (US$ 68,065,928.33) of the loan amount. As a result, the project was restructured a second time on January 25,2019 to change the closing date back to March 31, 2019, to cancel financing, and to reallocate among disbursement categories. The World Bank financed just over 74 percent of total actual project costs. The rest was financed by the borrower.

3. Relevance of Objectives

Rationale

1. **Alignment with the Bank's country strategy**. The project was closely aligned with the first pillar of the Bank's strategy, on "Creating the 21st Century Government" (Country Partnership Framework for Romania 2019-23, p. 51), to build institutions fit for a prosperous and inclusive Romania, and to support public administration reform.
2. **Country context**. The project's focus on efficiency in the collection of taxes and social contributions remained relevant for country conditions at closing. Before and during the period of accession to the to the EU (2007-2013), Romania's tax collection capacity was weak. In 2013 Romania's revenue envelope had shrunk, dropping to 27.3 percent of GDP from 28.1 percent of GDP in 2007, when Romania became an EU Member State. The government program was part of a broader program of EU support to institutional strengthening in the EU member states, emphasizing more efficient use of public resources as well as reducing multiple institutional weaknesses in tax administration. Romania committed to deepening structural reforms and strengthening public administration in order to reap the benefits of the EU membership. The objectives were broadly outcome-oriented with focus on efficiency, accountability and transparency in the tax administration and they were

appropriate for the country conditions and the status of a new EU member state and its capacity at the time.

However, a major shortcoming was that the objectives and associated targets were too ambitious in light of the political and technical constraints. In 2013 the country was still recovering from the macroeconomic challenges and uncertainties that had slowed down hoped for convergence with other EU countries. While deepening structural reforms including measures to increase revenues were viewed as key to fully benefiting from EU membership, NAFA's capacity constraints were assessed as a high risk at appraisal. A detailed strategy for IT investments was being prepared to address the capacity constraint but was not completed before approval. The strategy eventually concluded that NAFA needed additional technical staff to manage a complex IT procurement, but these were never put in place.

The same types of difficult reforms had limited traction in the past and failed to take off under the previous Revenue Administration Reform Project supported by the Bank. The quality enhancement review for the RAMP had suggested a simpler approach to modernize business processes before investing in an RMS that, in hindsight, would have been more appropriate.

Then, in 2019, the government adopted a new National Reform Program. While by then the macroeconomic situation had improved, there was still the need to improve tax collection through modernization. However, the government now believed that this might be achieved without implementation of an integrated RMS, thus questioning an essential part of the logic underlying the RAMP’s objectives. (PAD p. 20 and Annex 4; ICR p. 1, 11, 21; see also Section 8a below)

Rating

Modest

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

Increased Effectiveness and Efficiency in the Collection of Taxes and Social Contributions

Rationale

The theory of change of the project was not explicit in the PAD. However, implicitly, it could be reconstructed as in the ICR (p. 6-7). Institutional development (restructuring, business process engineering and training), increased operational effectiveness and efficiency enabled by an RMS, and improved taxpayer services and corporate communications would lead to increased effectiveness and efficiency in collection of taxes and social contributions, increased tax compliance, and reduced burden on taxpayers to comply. This would in turn lead to a modernized revenue administration with business processes and workflows befitting an EU member state. In the long run, this would help to improve the business environment and make Romania more attractive for investors.

Efficiency and effectiveness in the collection of taxes and social contribution was to be increased through modernization and improvement of business processes and workflow. This sub-objective was measured in two areas, as follow:

1. **Improving effectiveness in revenue collection**.

Effectiveness was measured by three indicators:

- ***Tax arrears recovered /stock of tax arrears.*** The indicator was tax arrears collected. The 2013 baseline was 40% on 31-Jan-2012 while the target was 50% by 30-Mar-2018. Actual recovery was 36.7% at the midpoint of the project in 2015, dropping further to 33.2% in 2018. The problem was that in order to improve collection of tax arrears, legislative changes were required which did not occur during project implementation. One example was the absence of clear criteria for the write-off of "irrecoverable" tax arrears. These arrears remained in the accounting records and tax officers were held personally liable for any write-off decisions by the Romanian Court of Accounts. As a result, these arrears continued to accumulate and had a negative impact on the effectiveness of revenue collections. Indicator target; not achieved.
- ***Value-added tax (VAT) productivity,*** VAT productivity is the ratio of VAT revenue collected to expected VAT revenue. The 2013 baseline for VAT productivity was 35.8% and the target was 46.0%. The actual productivity rate in 2018, 34.9%, was below the baseline. Romania registered the lowest VAT productivity among the EU Member States. Indicator target: not achieved.
- ***Corporate income tax (CIT) productivity.*** CIT productivity is the ratio of CIT revenue collected to expected CIT revenue. The 2013 baseline was 11.9% and the target was 21%. The actual outcome, 10.3%, was also below the baseline. This poor outcome resulted in part from legislative changes related to corporate income tax from 2015 to 2018 that significantly reduced the number of firms liable for tax. The ICR finds that without these changes, CIT productivity would have likely improved. Indicator target: not achieved.

2. Improving Efficiency in Revenue Collection.

Efficiency was measured as revenue collected per NAFA staff. Revenue collected per NAFA staff at the baseline of 2013 was Romanian Leu (RON) 6.31 million. With support from the project, NAFA reorganized, streamlined business processes and workflows and achieved high volume processing of revenue collections. As a result, revenue collected per staff increased to RON 9.147 million, exceeding the target for 2018 of RON 8.715 million. The cost of revenue collection is now close to that of peer countries in Central, Eastern, and South-Eastern Europe, but higher than in advanced EU countries (International Monetary Fund (IMF) May 2018. Romania - Selected Issues: 7). Indicator target: exceeded.

The PAD does not contain and the ICR doesn't measure any indicator connected with social contributions. Aside from the specific factors indicated under each of the above targets, the overall factor explaining weaker than expected performance was the lack of RMS implementation. According to the theory of change, it would have a key role in addressing the weaknesses in tax administration, thus improving tax efficiency and narrowing compliance gaps. While the theory of change seems correct, the ambition of the performance targets was too great.

Rating
Modest

OBJECTIVE 2

Objective
Increased Tax Compliance

Rationale
Increased Tax Compliance is measured by: (i) VAT gap, (ii) CIT gap, (iii) Personal income tax (PIT) gap.

Activities intended to increase tax compliance included the modernization and enhancement of business processes and workflows, including an RMS and IT infrastructure, the improvement of the system for internal alerts, installing and using risk compliance and VAT fraud software, establishing a taxpayer assistance center, a monitoring unit and call-centers, delivering educational campaigns and raising tax awareness, implementing electronic garnishment of debtors bank account and electronic communication for all administrative acts of enforcement, and switching from face to face to electronic payments. Results were measured in three areas of tax compliance, as follows:

- **VAT gap**. The VAT gap measures the difference between expected VAT revenues and VAT actually collected. The gap can be caused by tax fraud, evasion and avoidance, along with bankruptcies, financial insolvencies or miscalculations. The 2013 baseline was 36.2% less than expected VAT revenues, and the target was 26.2%, while the actual 2018 gap was 36.0%. Romania had the largest VAT gap in the EU. Romania reduced its standard VAT rate from 24% to 20% in January 2016, yet despite this, the level of VAT non-compliance increased, and the gap widened. Romania was one of the rare EU countries which went through a widening of the tax gap in 2016. This target was **not achieved**
- **CIT gap**. The CIT Gap measures the difference between expected CIT revenues and CIT actually collected. The differences can be caused by unintended errors due to unclear instructions and differences in interpretation, fraud, evasion, and avoidance. The 2013 baseline was 45.5% less than expected CIT revenues, and the target was 40.6%, while the actual 2018 gap was 29.9%. The Bank's project team told IEG that the improvement in the CIT gap was due in part to NAFA making electronic filing mandatory (by the end of the project the electronic filing rate by large- and medium-size RMS was 99%). This was supported by the project, and helped to reduce the compliance burden, encouraging RMS to comply. This target was **exceeded**.
- **PIT gap**, The PIT Gap measures the difference between expected PIT revenues and PIT actually collected, and stems from the same types of reasons causing the CIT gap. The 2013 baseline was 41.5% less than expected PIT revenues, and the target was 36.5%, while the actual 2018 gap increased to 43.4%. One reason why the measures taken didn’t lead to a decrease in the PIT gap is personal tax evasion, characteristic for Romania and East-European countries. This target was **not achieved**.

While the project supported modernization and enhancement of business processes and workflows to support this objective, a key part of the program - implementation of an RMS - did not occur and helps to explain the non-achievement of the targets.

Rating
Modest

OBJECTIVE 3

Objective
Reduced Burden on taxpayers to comply

Rationale
Reduced burden on taxpayers to comply is measured by:

(i) compliance cost, as measured by the average time for preparation of tax returns for corporate taxpayers as well as

(ii) intermediate results indicators: (i)Taxpayers' satisfaction with NAFA's integrity (corporate taxpayers and those who are self-employed), (ii) Taxpayers' satisfaction with NAFA's quality of taxpayers' services (corporate taxpayers and those who are self-employed), (iii) Taxpayer perception of the time required to comply with tax procedures (corporate taxpayers and those who are self-employed) and (iiii) Ratio of NAFA staff in taxpayer services.

The target for measuring this objective was average time for businesses to prepare tax returns. The 2013 baseline was 224 hours, and the target was 176 hours, while the actual was 163 hours. Simplifying the tax system and reducing bureaucracy has taken place gradually. NAFA made the electronic filing of declarations by taxpayers mandatory. By project closing, the electronic filing rate by large- and medium-size RMS was 99%. Taxpayer services were also improved through a multi-channel approach which included face-to-face interaction, post, email, and phone, providing taxpayers with various options to engage and seek assistance. Eight call centers were established at the regional level and a total of 400 taxpayer services staff were trained on improving taxpayer services. In 2018, over 24,000 taxpayers were served using the various platforms for assistance developed under the RAMP.

There was a mainly positive result on achieving intermediate result targets concerning reducing the burden of compliance. The payment compliance rate for VAT and CIT, and the electronic filing rate by large and medium size firms, all exceeded the set targets, while the compliance rate for social contributions met the target. Corporate taxpayers' perception of the time required to comply with tax procedures had decreased from 180 hours in 2014 to 168 in 2016, close to the target of 163 hours. However, there was a small decrease in taxpayer satisfaction as measured by a 2016 survey, rather than the targeted increase, and no surveys were carried out after that year. Aside from this minor shortcoming, the strong achievement of the PDO target and of most intermediate targets are major accomplishments.

Rating
Substantial

OVERALL EFFICACY

Rationale

While some of the planned results were achieved based on staff reorganization, expansion of electronic filing and other improved business processes, achievement on most objectives was held back because RMS was not procured and implemented which prevented a comprehensive reform of NAFA's systems to reduce the compliance burden on taxpayers.

Overall Efficacy Rating	Primary Reason
Modest	Low achievement

5. Efficiency

Administrative efficiency was low due to the long delay in the implementation and disbursements, and the eventual cancellation of the RMS.

Economic and financial analysis focused on compliance costs reduction for corporations in order to:

(i) simplify filing and payment of taxes and social contribution; and

(ii) decrease the number of tax inspections and reduce the time spent dealing with tax officials.

The economic and financial analysis looks at 2 aspects. First, as measured by compliance cost for corporate customers, the estimated annual economic effect of reduced compliance cost, due to electronic filing and other measures adopted, was € 137m, which was greater than the expected € 95m. Second, looking at increases in tax revenues as a result of measures supported by the project, the ratio of tax revenues to GDP was expected to increase from 29.0% of GDP in 2013 to 29.8% in 2017, leading to an expected IRR of 90%. In fact, the ratio of tax revenues to GDP declined to 26.7% in 2018. The ICR does not estimate an IRR for the actual result (PAD p. 80-1; ICR Annex 4).

Efficiency Rating

Modest

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

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	90.00	0 ☑ Not Applicable

ICR Estimate	0	0 ☐ Not Applicable

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

6. Outcome

The objectives were modestly relevant. While aligned to the Bank-supported strategy and government policy at appraisal, the alignment was weaker at project completion. Objectives were broadly relevant to the country context, but targets were too ambitious in light of the political and technical constraints. These constraints made it difficult for Romania to achieve their targets due to global financial crisis, lack of unity in the government when it came to decisions which needed to be adopted, as well as the institutional capacity. The theory of change was that effectiveness, efficiency, and compliance in revenue administration would be enhanced by changes in business processes enabled by adoption of an RMS, while reducing the burden on taxpayers to comply. The theory of change is plausible, but in this case many of the targets were too ambitious to be achieved in the time period during a politically volatile period as it is discussed in PAD (page 2). IEG rated achievement of the objectives on revenue effectiveness, efficiency and compliance as modest, while achievement of the objective on reducing taxpayer burden is rated substantial. Efficiency is rated modest due to implementation delays and lack of evidence of financial and economic benefits.

a. Outcome Rating

Unsatisfactory

7. Risk to Development Outcome

Key project activities and associated achievements are at risk of not having a lasting impact. Implementation of intermediate targets deteriorated significantly and by the end of the project only 5 of the 18 targets were met, indicating serious capacity weaknesses still needing to be addressed, such as the large number of revenue offices in the country that enhance the risk of corruption. Structural reforms, such as streamlining of processes, reorganizing key functions and establishing a performance framework for NAFA have resulted in significant improvements; however, more work is needed. The training provided under the project strengthened the capacities of some key personnel, but their skills needed to be continuously updated to keep pace with new technologies and changed business processes. Serious capacity constraints remained in IT and change management (ICR, page 32).

The state's own budget financing continues, and the RMS could be completed by the government and with support of EU funds that Romania, as a member state, now has at its disposal but didn't before. A computerized system for payments and checking taxpayer's obligations in order to improve fiscal administration services and combat tax evasion is being developed, as well as the virtual private space, an IT system that facilitates communication with taxpayers and helps to simplify procedures.

8. Assessment of Bank Performance

a. Quality-at-Entry

On the positive side, the project included a clear statement of objectives targeting economic efficiency of taxation and reducing the compliance burden. The project was strategically relevant to Bank and government strategies at design as it supported the efforts of increasing effectiveness and efficiency in the collection of taxes and social contributions, increasing tax compliance and reducing the burden on taxpayers to comply. The Bank had extensive experience in Europe and in Romania with tax administration reforms and activities. It also gained considerable diagnostic knowledge during the previous cooperation with the Romanian government that underpinned the preparation and design of the project. The project built on extensive diagnostic work by the Bank, the EU and the IMF. For example, a 2011 IMF tax policy diagnostic found that ongoing cuts to taxes and social security contributions were making the tax structure more supportive of economic growth (ICR, p. 5). Reform efforts were also intended to be supported by continuing technical assistance from the IMF and EU on institutional developments in NAFA, and from complementary operations supporting revenue administration reforms, including the precautionary financial assistance agreements with the IMF and EU and the Deferred Draw-down Option Development Policy from the Bank. Unlike the case with past efforts to reform revenue administration, this time there was broad based support from different political parties. (PAD, pp. 1, 2, 66) The project was of high importance as it was needed to accelerate Romania's convergence with other EU member states.

Yet despite these positive factors, the reforms were too ambitious, as pointed out in Section 3. At the Quality Enhancement Review, the team was advised to adopt a simpler, more focused operation but they didn't follow the advice. In addition, the decision to support a customized off the shelf (COTS) RMS rather than bespoke system could have been better handled as the option to implement an in-house solution lingered in the background and was raised periodically during implementation and even just before the project was cancelled. The PAD (p. 41) outlines a sound justification for adopting COTS, Yet, the ICR (p. 18) points out that the preparation phase should have been longer to better monitor the fast-changing political economy, and to build acceptance by key stakeholders for the type of IT system that would be pursued.

Quality-at-Entry Rating

Moderately Unsatisfactory

b. Quality of supervision

The implementation support plan called for two formal supervision and implementation support missions per year, and there was a total of 11 supervision missions carried out over six years which is close to the plan. However, the quality of supervision weakened over time because the implementation support missions became infrequent resulting in missed opportunities to address the encountered difficulties in a timely manner and there were constant changes in task team leadership (4 TTLs in five years). The frequent changes in task team leaders (four TTLs over the project term) didn't help, although IEG was informed that there was a good handover process between the third and fourth TTL

The Bank's performance deteriorated as the project progressed, resulting in a lack of dialogue with NAFA and other key stakeholders during which several issues and problems related to implementation were not adequately addressed. Problems with the client's lack of acceptance of the COTS continued to fester. There was fear of scrutiny of a large COTS procurement by the Romanian Court of Accounts with its rigorous audits and prosecutorial approach. In addition, complex IT procurement requires sufficient technical staff to ensure technical readiness. While the Bank kept urging government to take on a highly skilled team to do this work, the government didn't appoint the team, even though local organizations like Serviciul de Telecommunicatii Speciale had vast experience in the area. Another problem raised by NAFA was the cost of adapting the IT system under procurement to changes in tax legislation, even though Bank staff pointed out that in other countries such as Russia, RMS managers adapted to several changes each year. The Bank was never able to persuade NAFA that COTS was the best solution, and the lack of ownership by the client helped to derail the procurement.

The long list of issues that eventually led to the canceling of the RMS may have been due to vested interests that opposed enhanced transparency and accountability and the reduced individual discretion that would come from a well-functioning tax administration enabled by a world class RMS. This was not flagged as a risk in the PAD (Annex 6).

A related issue was the task of reducing the number of revenue offices throughout the country to improve efficiency and reduce opportunities for corruption. Reducing the number of offices was also needed to adopt the enhanced business process that would underpin the RMS. Initially, the government agreed and closed offices, reducing the total from 400 to 205. However, a new government that came to power was less committed. The Bank team continued to reiterate the importance of reducing the number of offices to 50. as the previous government had agreed, but the new government did not do so (ICR, p.57).

Additionally, the mid-term review occurred in March 2016 before major problems related to procurement and implementation of the RMS were visible, which meant that a needed restructuring of the project was not proposed at that time. This was important as the project needed to move from the analytical phase into the implementation phase. The Bank could have done more to push for political support by trying to activate the private sector, for example through the proposed consultative technical panel. The ICR does not indicate whether the panel was established, and if so, how effective it was in sharing views and building coalitions supporting the reforms.

Quality of Supervision Rating

Moderately Unsatisfactory

Overall Bank Performance Rating

Moderately Unsatisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The initial M&E design had the shortcoming that some indicators were qualitative and lacked baselines. Many of the PDO level indicators were influenced by factors outside the scope of the project and their achievement, or lack thereof, cannot be solely attributed to the RAMP. For example, recovery of tax arrears required legislative changes that were not adopted during the project.

b. M&E Implementation

Surveys were carried out of taxpayer satisfaction, but these were discontinued after 2017. The PAD (p. 16) stated that surveys would assess NAFA's taxpayer services and provide gender-disaggregated data where feasible. However, the ICR (p. 20) states that NAFA postponed such surveys in anticipation of the implementation of the RMS.

c. M&E Utilization

In March 2016 changes were made to M&E and indicators updated. However, M&E implementation was limited to reporting on the progress, or lack thereof, towards achieving targets. M&E data were reported regularly to the Project Steering Committee and the Bank, but there is no evidence that there was a feedback loop activated using this data to inform project implementation, policy or stakeholder outreach.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

The Project triggered no environmental or social safeguards policies. The project did not comprise activities that could cause social risk or negatively affect the population and cause any physical or economic displacement. Project activities were gender neutral. If the project achieved its development objective, in the long term, it could contribute to sustainable income growth, but project activities did not have any overt social development ramifications or effects on poverty (Project Appraisal Document, p.25).

b. Fiduciary Compliance

Based on the ICR there are no obvious fiduciary issues. There were some issues with overly detailed specifications related to the bidding process. There were also delays in bidding on several contracts, resulting in re-bidding (ICR, p.23). Despite these minor shortcomings the operation was consistent with the Bank's fiduciary requirements. Procurement and fiduciary arrangements were adequate.

The Bank team provided support and training as required to strengthen implementation capacity. The Bank procurement were noted as an important factor of successful implementation.

c. Unintended impacts (Positive or Negative)

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d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Unsatisfactory	Unsatisfactory	
Bank Performance	Moderately Unsatisfactory	Moderately Unsatisfactory	
Quality of M&E	Modest	Modest	
Quality of ICR	---	High	

12. Lessons

Lessons in the ICR are deemed appropriate. IEG adds these additional, closely related lessons:

a. A risk-based approach to supervision is needed when there are difficulties in sustaining the dialogue in a changing macroeconomic and political context. In this case, the team should have increased the quality of supervision to maintain more continuous dialogue with government counterparts and keep better abreast of a dynamic situation.
b. Complex IT procurement requires sufficient technical staff to ensure technical readiness, full understanding on trade-offs of basic design parameters such as COTS vs bespoke, and agreement on the reasons for selecting one or the other before project effectiveness. In this case, the project was rushed to approval before improved business processes were in place, and before there was full agreement on technical staff requirements. The Bank kept urging government during implementation to add to the IT department's capacity in order to support this work, but NAFA didn't appoint the needed specialists. In addition, NAFA's IT department never supported the justification for COTS.

Task teams should fully articulate key political economy issues in the risks section of the PAD and/or in a standalone annex. In this case, such an assessment might have flagged the frequent changes in government and pointed towards a longer and more cautious approach to design, with less ambitious targets. It might also have found that vested interests were worried about the disruption to legacy rents caused by IT systems and would take actions to slow down or halt reforms. This could only be addressed by decisive action by the country's leadership in favor of reform.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is clearly written and concise. It is candid and critical. It provides sufficient and convincing evidence, based on the county visit, which was welcome and necessary for a project of this complexity. The ICR also provides a balanced narrative of the positive and negative sides of preparation as well as implementation, intervening factors, and context. The ICR uses project specific as well as other evidence as relevant to support conclusions. The ICR points out that some of the pitfalls that RAMP encountered were highlighted as risks in the PAD, yet when these risks materialized, they were not adequately addressed. ICR also points out progress on the doing business insolvency indicators; this is a strength of the ICR, that it goes beyond indicators that were formally monitored. The only area where more detail would have been preferable was on fiduciary matters, but it is clear from the write up that this was not an area of concern in this project.

a. **Quality of ICR Rating**
   High