Report Number: ICRR14894

IEG **ICR Review**
Independent Evaluation Group

1. Project Data:		**Date Posted:**	04/05/2016	
Country:	Sierra Leone			
Project ID:	P108069		**Appraisal**	**Actual**
Project Name:	Integrated Public Financial Management Reform	**Project Costs (US$M):**	20.9	20.66
L/C Number:		**Loan/Credit (US$M):**	4.00	4.16
Sector Board:	Financial Management	**Cofinancing (US$M):**	14.9	16.49
Cofinanciers:	DFID, EU	**Board Approval Date:**		06/04/2009
		Closing Date:	07/31/2013	07/31/2014
Sector(s):	Public administration- Financial Sector (80%); Central government administration (20%)			
Theme(s):	Public expenditure; financial management and procurement (76%); Administrative and civil service reform (20%); Municipal finance (4%)			

Prepared by:	**Reviewed by:**	**ICR Review Coordinator:**	**Group:**
Clay Wescott	Lourdes N. Pagaran	Lourdes N. Pagaran	IEGPS2

2. Project Objectives and Components:

a. Objectives:

According to the Multi-donor Trust Fund (MDTF) Grant Agreement (p.6) and Financing Agreement (FA, p. 5): the objective of the project is to assist the Recipient in sustainably improving the credibility, control and transparency of fiscal and budget management. The Project Appraisal Document (PAD, p. 6) states a similar wording: “to support GoSL in sustainably improving the credibility, control and transparency of fiscal and budget management.

This Review will use the FA as basis for validation.

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

No

c. Components:

The technical assistance project in the area of Public Financial Management (PFM) reforms consisted of 5 components and 16 sub-components:

1. Strengthening Macro-fiscal Coordination and Budget Management (Appraisal: US$ 2.1 million; Actual: US$3.3 million):
1.1 Macro-fiscal Management and Budget Formulation; 1.2 Budget Execution, Establishment of a predictable budget execution process; 1.3 Debt Management.

2. Reinforcing the Control System for Improved Service Delivery (Appraisal: US$ 3.0 million; Actual : US$ 4.0 million):
2.1 Legal Framework; 2.2 Public Procurement; 2.3 Accounting, Recording and Reporting; 2.4 Payroll Strengthening;

2.5 Other Aspects of Internal Control; 2.6 Reinforcement of Parliamentary Oversight.

3. Strengthening Central Finance Functions (Appraisal: US$ 12.2 million; Actual: US$ 8.6 million):
3.1 Financial Management Information Systems; 3.2 Information and Communication Technology; 3.3 PFM Capacity Building; 3.4 Salary Support for Ministry of Finance and Economic Development (MOFED) Civil Service Staff; 3.5 Salary Support for MOFED Consultants. Provision of interim funding for salaries of selected PFM consultants in MOFED.

4. Assisting Non State Actors' Oversight (**Appraisal US$ 1.0 million**; **Actual US$ 1.1 million**) :
4.1 Support for the engagement on PFM reforms; 4.2 Demand-Driven Sub-projects.

5. Project Management (Appraisal US$ 1.9 million; Actual US$ 1.9 million): coordination, administration, procurement, financial management, monitoring and evaluation.

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

Total project cost was estimated at (US$ 20.9 million equivalent) at appraisal. The International Development Association (IDA) grant amounting to Special Drawing Rights (XDR)2.7m (US$4 million equivalent) was to be pooled with United Kingdom Department for International Development (DFID) and European Commission (EC) grant resources of GBP 5 million (US$6.6 million) and Euro 8 million (US$8.3 million, respectively and with Government of Sierra Leone (GoSL) counterpart funds US$2.0 million into an IDA-administered co-financing trust fund to finance project activities (financing plan in PAD). Actual cost of the project was estimated at US$18.74 million at closing. (ICR, Table 1, p. 5).

There were 4 restructurings:

(1) December 21, 2010 to allow for the retroactive financing of expenditures incurred during the predecessor project supporting development of the Integrated Financial Management Information Systems (IFMIS);

(2) June 2011 to accommodate "additional" EC resources (EUR 2.0 million and reflect the reallocation of these additional funds across various expenditure categories. Note that these EC resources were not additional to those committed at Appraisal and the total EC resources over the project life amounted to US$ 8 million as indicated in the PAD.

(3) April 19, 2013 to delete sub-component 3.4: Salary Support for MOFED Civil Service Staff and revise the allocation of grant proceeds accordingly; and

(4) March 21, 2014 to reallocate IDA and MDTF Grant proceeds and revise the total grant amount.

These 4 restructurings were approved at the level of the Country Director (level II) and did not involve a change in the project development outcomes.

The closing date was extended twice for a total of one year:

(1) From July 31, 2013 to March 31, 2014 (8 months) and

(2) From March 31, 2014 to July 31, 2014 (4 months).

3. Relevance of Objectives & Design:

a. Relevance of Objectives:

High
The project objectives were relevant at the time of appraisal and were still relevant at closing. The project aimed to strengthen fiscal and budget management both at the central and local level in 3 core dimensions: credibility, control, and transparency. It built on progress achieved in PFM at the time of appraisal including on the achievements of a predecessor (P078613: Institutional Reform & Capacity Building (IRCBP)) which supported the GoSL decentralization policy in particular fiscal decentralization that was seen as core to the peace process in the country's post conflict context. The project objectives were aligned with the GoSL's Integrated Public Financial Reform Program, a priority of its governance program as spelled out in 2008-12 Poverty Reduction and Strategy Paper (PRSP) II and supported by the World Bank Country Assistance Strategy FY10-13 (Priority 1: Governance, Decentralization and Public Financial Management). Strengthening PFM was critical to ensure

appropriate use of Multi Donor Support proceeds.

b. Relevance of Design:

Substantial
There is a clear statement of objectives logically linked with intermediate outcomes and project development objectives. The results framework was explicitly aligned with Public Expenditure and Financial Accountability (PEFA).

The project was focused on the core PFM reform priorities of the GoSL's Integrated Financial Management Reform Program relating to budget management, accounting and transparency. This program was developed by the government under the leadership of the MoFED's Public financial management Reform Unit and with technical assistance from DfID and EU. The project adopted an integrated approach in which development partners provided joint support to the MOFED and other PFM actors in the implementation of the GoSL's integrated reform program.

Strategic priorities for core PFM reforms were identified drawing on 2007 PEFA and 2008 International Monetary Fund (IMF) Fiscal Affairs Department review: (i) restore budget credibility and supplier confidence; (ii) improve cash management; (iii) increase adherence to the legal framework (with amendments as needed); and (iv) build PFM capacity in ministries, departments, and agencies (MDAs).

In addition, the project was designed to complete and consolidate ongoing PFM reforms supported by the IRCBP including the roll out of the IFMIS to remaining MDAs, the verification of government payrolls, improving public procurement, the extension and deepening of internal audit, and the strengthening of local government financial management, and legal and regulatory frameworks. However, the complex design would prove difficult to implement in a low capacity environment, despite technical assistance support.

4. Achievement of Objectives (Efficacy):

In the absence of changes in the project development objectives and considering that the changes to the indicators were not substantial, IEG has reviewed efficacy drawing on the initial project results framework and M&E indicators as presented in the PAD where possible, and also on the revised outcome and intermediate outcome indicators adopted in March 2013 and implemented in 2014.

Credibility: Three of the six project development objective (PDO) indicators measure credibility.

The original target (variance in expenditure for the 20 largest budget heads) was refined to measure the variance between total actual primary expenditures and budgeted expenditures. This was achieved, with 7.9% variance reported as of March, 2014 against a target of 10%. The related PEFA indicator (PEFA-1: Aggregate expenditure outturn compared to original approved budget) cannot be used for comparison because the definition was revised in the latest 2014 assessment.

The original target to Increase the share of actual to budgeted spending on pro-poor spending priorities compared to the ratio of actual to budget expenditures for all other discretionary primary expenditures was not changed, and was not achieved. The share of actual to budgeted spending on pro-poor spending priorities compared to the ratio of actual to budget expenditures for all other discretionary primary expenditures was 114.1% (poverty actual budget) and 130.0% (other actual budget).

Reduced payment arrears (excluding interest and donor-financed project expenditure) was achieved. Domestic expenditure arrears (total from all years) as a percentage of total expenditure for the year (excluding interest and donor-financed project expenditures was 0.47%. This improvement is corroborated by the related draft PEFA indicator (PEFA-4: Stock and monitoring of expenditure payment arrears) increasing from D+ to B+ in the draft 2014 PEFA assessment, which needs to be finalized. The ICR points out that this improvement was facilitated by development of a medium term debt strategy supported by the project, though higher than expected government revenue also contributed.

Two related intermediate outcome targets were fully achieved: deviation in own source revenue, and new/additional payment arrears. In the first case the related draft PEFA indicator: PEFA-3: Aggregate revenue out-turn compared to original approved budget, cannot be used to confirm achievement because the definition was revised in the latest 2014 assessment.

The IMF finds that budget credibility and predictability has improved due to use of the medium-term expenditure framework, wider rollout of the IFMIS, introduction of pay reform, and amendments to the Government Budgeting and Accountability Act (2013 Article IV Consultation). These reforms were all supported by the project.

Rating: substantial

Control: One PDO indicator measures control: Production and timely submission of Public Accounts to the Auditor General and submission of audited Public Accounts to the Parliament, which was fully achieved. Performance on the original PDO in this area, accounts with no material qualifications concerning basic control system failures, is unknown.

Out of ten intermediate outcome targets, three were achieved: three MDAs rolled out civil service management modules, 17 MDAs provided quarterly internal audit reports to the Director of Internal Audit, and all expenditures from the Consolidated Fund other than projects are executed online through IFMIS. Six intermediate outcome targets were partially achieved, concerning setting up audit committees, appropriations backed by quarterly allocations, allocations backed by approved commitments, and commitments backed up by payments. One target was not achieved that local councils would provide half yearly audit reports.

Rating: Substantial

Transparency:

There were two PDO targets:

The target of increasing the percentage of MDA contracts in compliance with the GoSL's procurement legislation and regulations was partially achieved. In value terms, the percentage of contracts signed using competitive bidding method for 2013 was 89% against the target of 95%. In addition, the ICR points out that the project supported revision and Cabinet approval of the National Public Procurement Act 2004. The target of Increasing the number of financial and procurement documents listed in PEFA-10 published through the Sierra Leone Gazette and the MOFED's website was also partially achieved. 4 out of 6 documents were published (year-end financial statements, the budget documents, audited financial report and in year budget execution reports. PEFA-10 "Public access to key fiscal information did not improve over the project life but is high at B.

Six out of eight intermediate outcome targets were achieved in analysis and reporting by non-state actors, submission of new budget act and regulations to Cabinet, use of standard template for strategic plans by MDAs, and including subvented agencies' expenditure in public accounts. This progress on the demand side, which was not forefront in the project, may in the poor governance context of Sierra Leone be a good entry point to promote better public finance management in the long run. Two intermediate outcome targets were partially achieved, in submitting local government financial regulations to Cabinet, and in disclosing three out of six financial and procurement documents.

Rating: Modest

5. Efficiency:

The ICR states that an Economic Rate of Return was not calculated for the project because it is not relevant for a capacity building/technical assistance project. However the ICR provides some quantified estimates of direct and indirect benefits arising from the project. Besides the measurement and attribution issues, this approach does not address the efficiency question of whether the cost involved in achieving project objectives were reasonable compared with both the benefits and with recognized norms.

On the one hand efficiency of the project was supported through: (i) the use of least cost approach in procurement of goods and services and (ii) alignment of fees for training activities on national and international standards as appropriate. On the other hand, efficiency was negatively affected by: (i) the delays related to the unplanned retroactive financing of Freebalance contract (cost incurred under the IRCBP); (ii) the delays caused by the suspension of Freebalance contract which affected MOFED's ability to get appropriate technical support and additional software licenses and delayed the rollout of the IFMIS and (ii) the recurrent delays in implementing decisions and lags in formalizing revisions. On balance, 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:

The project objectives were highly relevant to the Bank, and the design was substantially relevant focusing on core PFM priorities building on earlier reforms. There was substantial achievement of budget credibility and control, although much more work remains to be done. There was also progress on budget transparency, and interventions targeting non-governmental stakeholders, the Parliament and the Non-State Actors, have improved their capacity to oversee public finance. Project implementation suffered from protracted delays and lags in implementing decisions leading to modest efficiency.

a. Outcome Rating: Moderately Satisfactory

7. Rationale for Risk to Development Outcome Rating:

The review concurs with the risks identified in the ICR: (i) vested interests may oppose measures to tighten financial controls, introduce international competitive bidding, and strengthen transparency in all areas of PFM and procurement; (ii) low paid, under-facilitated and inadequately managed civil servants, especially those in the PFM functions, may seek better opportunities elsewhere and erode the human resource capacity to sustain reform implementation; (iii) there is continued potential risk associated with delays and poor procurement management; (iv) "temporary suspension" of FreeBalance (the proprietary owner of the IFMIS applications software) poses an attendant risk that progress in the GoSL's IFMIS implementation may be further undermined; and (v) an ongoing review of the central finance functions in the MoFED could impair the design and quality of the PFM Reform program coordination and leadership arrangements.

A related risk is that all the benefits of the training provided under the project may be lost because the skills acquired may not be used and the institutional context of those who benefited from the training may not be adequate to use those new acquired skills.

There are two PFM project successors that may help in sustaining achievements of the project: the Public financial Management Improvement and Consolidation Project (P133424), and the Pay and Performance Project (P128208). In addition, the Government's Public Financial Management Reform Strategy for 2014-17 focuses on budget planning, comprehensiveness and credibility (including at the local level), financial accountability, service delivery and oversight, enhanced revenue mobilization and effective investment spending controls (IMF 2013 Article IV Consultation). Implementation of these reforms, supported by the two ongoing operations, will also help to mitigate risk. However, the fragile environment needs to be carefully managed to avoid reversal of achievements to date.

a. Risk to Development Outcome Rating : Significant

8. Assessment of Bank Performance:

a. Quality at entry:

IEG concurs with the ICR's positive assessment of Quality at Entry: (i) the project design applied a number of lessons drawn from experience in PFM and public sector management reforms in other countries and the PFM reforms undertaken in Sierra Leone; (ii) the task team was composed of the right skills mix during preparation; (iii) preparation was well coordinated with development partners; (iv) Bank support focused on the GoSL's agenda and priorities; (v) the Bank team correctly identified the need for appropriate institutional arrangements for managing the reform process to ensure reforms are institutionalized and linked to a clear strategic framework developed by GoSL with only limited input from the development community; (vi) the results framework at entry was relatively sound.

However, the design overestimated government institutional capacity and political willingness in managing such a complex project and overcoming the possible shortcomings rightly identified in the PAD. Two major lessons from the predecessor project were not given attention at entry ("strategies for sustainability must be considered from the very beginning"; "Coordination of and learning from monitoring and evaluation must be designed at the outset") and this project repeated the same shortcomings.

The project design sought to apply a number of lessons from experience with PFM and public sector management reforms in other countries and in Sierra Leone including findings of the 2008 IEG evaluation of the World Bank experience in Public Sector Reforms: (i) an incremental approach starting from the basics; (ii) ensuring strong government ownership; (iii) promoting sustainable country human resources capacity; (iv) appropriate linkages with civil service reforms that are critical for the long-term success of PFM reforms; (v) stimulating demand for better management of public resources; and (iv) joint development partner support.

Quality-at-Entry Rating: Moderately Satisfactory

b. Quality of supervision:

The ICR states and the borrower ICR confirms that the supervision team was responsive to the requests of the project team and timely in providing quality feedback and implementation support. However, and as reflected in the ICR, the supervision approach seems to have focused more on the form rather than development impact. Possibly due to ineffective M&E arrangements, performance reporting (ISR) underestimated the lack of progress towards development outcomes. Early feedback was not provided and corrective measures could not be taken.

Shortcomings of the results framework and M&E were not addressed in a timely manner. The revisions further aggravated weaknesses. As noted above and in DFID comments, there was room for improving the consistency between the results framework indicators and activity financed. For example areas such as debt management and Parliament oversight of public finance were dropped from the revised results framework. Also, as pointed in DFID comments, there was scope for a strengthened partnership between GoSL and development partners. Implementation was hampered by significant misunderstanding between the supervision team and the project coordination team (for example on the funds available, the mainstreaming of donor-funded PFM consultants in the civil service, the management of the impact of the indefinite suspension of Freelance Inc. by the World Bank).

Moreover, implementation of the project seems to have been isolated from other related projects such as the Pay for Performance project where closer coordination may have helped.

Quality of Supervision Rating: Moderately Unsatisfactory

Overall Bank Performance Rating: Moderately Satisfactory

9. Assessment of Borrower Performance:

a. Government Performance:

The two ministers of Finance and Economic Development during the project life provided adequate leadership and demonstrated the overall government commitment in strengthening PFM across MDAs and Local Councils in ensuring effective and efficient delivery of services (see for example the successful introduction of Citizen's Budget in 2012 and the strong government support to strengthening non-government actor's public finance scrutiny capacity).

However recurring delays in revising the enabling institutional policies hampered progress towards project outcome objectives. None of the project supported revisions of the Budgeting and Accountability Act, Financial Management Regulations, Public Procurement Act, and the Local Council Financial Administration Regulations have been enacted and in use. Also critical was the protracted delays in commissioning the IFMIS audit by an independent reviewer and the resulting lack of an IFMIS strategy and action plan to implement it inclusive of an information and communication technology security policy (first call for bids on an IFMIS audit and strategy was launched mid-September 2011 but an information and communication technology strategy was developed only recently; there is no indication that the strategy has been adopted and/or is being implemented).

The government appointed appropriate project staff, maintained adequate implementation arrangements and provided for adequate funding for the most part of the project life. However, the April 2011 Government proposal to transition to an Integrated Projects Administration Unit raised concerns with the World Bank that were finally addressed in August 2011 agreement to pilot the integration of project management fiduciary systems into civil service. The ICR does not report specific difficulties with the implementation of this new project management arrangements other than 2011 delays in implementation pending a decision. However, the protracted project procurement delays that hampered project implementation may be related to these new arrangements. Moreover, the government could have been more forceful on improving public procurement performance. Despite training and other capacity building activities supported by the project have taken place, procurement outcomes are falling well below expectations. As noted in DFID comments and in the 2014 Auditor General annual report, procurement practices remain a problem and have a track record of hindering overall progress of PFM reforms including PFM project implementation including the project under review (see the eight month project procurement delays in 2012/2013).

Finally, although the sub-component 3.4 “Salary support for MoFED Civil Service Staff was eventually transferred to another Public Sector Pay and Performance Project, implementation of this component could have contributed to more immediate results in terms of institutionalization and professionalization of PFM functions.

Government Performance Rating	Moderately Satisfactory

b. Implementing Agency Performance:

According to the ICR, the project management team led by the Director of PFM Reform was appropriately staffed to implement the project and able to use effectively technical assistance when needed. It was able to implement agreed work plans and provide timely progress reports. Fiduciary requirements were met including maintenance of financial records, submission of financial statements and commissioning of external audits.

Extended delays in the finalization of the 2012-2013 procurement plan (The transfer of the already trained Senior Procurement Officer to another MDA in May 2013 and replacement with another Senior Procurement Officer with very limited previous knowledge of Bank's procurement and financial rules, hindered the speed of executing procurement-related activities including the development of timely procurement plans) resulted in undue delays in the processing of urgent procurement activities toward the end of the project and a sizable undisbursed amount (US$0.947 million). In addition, the ICR notes that component managers were not fully familiar with the procurement plans associated with their components and this led to additional undue delays in procurement and implementation.

DFID comments points to a slowdown in the project performance partly explained by the lack of capacity to cope with both the implementation of the PFMRP and the design of next phase of PFM reforms (Sierra Leone PFM Reform Strategy 2014-2017) and the follow-up PFM project. Shifting priorities and incentives also diverted attention away from the operation being reviewed.

Implementing Agency Performance Rating :	Moderately Satisfactory
Overall Borrower Performance Rating :	Moderately Satisfactory

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

a. M&E Design:

The M&E project design benefitted from a Quality at Entry review (July 2008) and according to the ICR most recommendations were taken into account. Despite the elaboration on the relationships between project platforms and project components and subcomponents and the emphasis put on the platform approach, the results framework was centered on the project components and sub-components which covers most of PEFA areas in a similar order. Thus it does not cover explicitly and systematically link activities and outputs to the 3 high-level outcomes listed in the objective statement (“credibility, control and transparency of fiscal and budget management) in a unidirectional way.

The 22 proposed intermediate outcome indicators were generally well aligned with sub-components objectives but their number was inversely proportional to the share of sub-component amount in total project cost at appraisal. Components 1 and 2 accounting for respectively 11 and 15 percent of the total project cost are covered by respectively 8 and 9 intermediate outcome indicators but component 3 which accounting for 60 percent of the total project cost is covered by only 3 intermediate outcome indicators. More importantly, some critical activities/interventions such as the phasing out of MOFED consultants were not monitored at all (20 percent of total project cost).

The proposal was to track project implementation through 6 related outcome indicators and 22 intermediate outcome indicators more or less aligned with the project components and sub-components. As recommended by the 2008 Quality at Entry Review, the M&E design was aligned with PEFA indicators whenever possible. An independent PEFA assessment was expected every 2 years. Baseline data were taken from the 2007 PEFA. For other mostly action/process indicators, the baseline data were not available in the PAD and were apparently retroactively set as of May 2009 (the ICR does not provide the date when the original baseline data were collected and target were set). The project management was responsible for M&E.

Arguably the 2012 Mid-term Review found that Public Expenditure Tracking Survey (PETS) or PEFA indicators proved difficult to monitor and revised the framework for better alignment of the intermediate indicators with the PDO indicators and so that the indicators are more focused on measurable outcomes. The six original PDO indicators remained the same and were reordered differently around the 3 objectives. The 22 intermediate outcome indicators were replaced by 20 of which 15 remained mostly the same. These intermediate outcome indicators were also reorganized around the 3 objectives. The connection with the project components and sub-component or project activities and outputs was blurred.

b. M&E Implementation:

The results framework was assessed as part of the June 2012 mid-term review and proposed revisions were formally adopted and implemented with considerable delay. According to the ICR and the related April 2013 restructuring memorandum, the changes to the results framework were made to allow adding and modifying outcome indicators that had been proven difficult to monitor such as PETS or PEFA indicators. This memorandum and the ICR consider that the proposed refinement in indicators were supporting the same project objectives and targets. The ICR following the March 2013 revised M&E framework attempts to stick to this 3 high-level outcomes but in doing this mechanically, lose track of the purpose of the project as defined in the PAD through the 3 platform outcomes: (1) more credible and transparent budget; (2) improved allocation of all available resources; and (3) greater efficiency and probity in resources use. Despite a number of good features, the project design was complex for the low capacity environment of Sierra Leone. This may explain why the platform design was not used to guide project implementation. The PAD M&E framework was used for most part of the project life and the revised M&E framework discussed at June 2012 mid-term review for about 6 months in 2014. A focal person at the project administration unit was appointed to collect, compile and analyze data provided by project component managers. M&E data were part of the project quarterly progress reports submitted to the World Bank. The ICR does not indicate to what extent these progress reports were shared and discussed with other donors including those not part of the MDTF but engaged in PFM and Public sector reforms and other country stakeholders beyond the project team. Moreover the results framework was not adjusted to reflect the cancellation of component 3.4 and related component 3.5 which accounted for USD 4 million or about 20 percent of the original project cost.

c. M&E Utilization:

There is little evidence that M&E data were used on a regular basis to inform project and PRM reforms management other than for donors' review. It is also unclear that the M&E framework which has been developed mostly for project reporting will be maintained. The ICR indicates that the annual PETS (originally a project intermediary outcome indicator), were instrumental in identifying areas for action and improvement in social services, in particular in health and education. Unfortunately, the latest annual PETS was conducted in 2011. In its 2014-2017 PFM Reform strategy, the GoSL is aware of the usefulness of PETS and proposes to mainstream them in a broader public expenditure management system so as to track service delivery on a continuous and systematic way. But there are no concrete indication that this proposal will be adopted and implemented in the near future.

M&E Quality Rating: Modest

11. Other Issues

a. Safeguards:

The environment and social category of the project at appraisal was “C”. There was no safeguard policy triggered.

b. Fiduciary Compliance:

The ICR reports that project audits were carried out as stipulated and interim financial reports were prepared in a timely manner but with some qualifications (“for the most part”; “relatively timely manner”) without further details. Overall financial management performance was rated satisfactory throughout the project life.
Procurement was often delayed by the lack of capacity of the project unit, especially when the MOFED proposed an Integrated Project Administration Unit, but procurement management complied with related operational policies. No disbursement issue was mentioned.

c. Unintended Impacts (positive or negative):

There was no unintended impact mentioned in the ICR. The ICR notes in this section two unanticipated developments that had a negative impact on project implementation but these are not unintended impact of the project itself.

d. Other:

12. Ratings:	ICR	IEG Review	Reason for Disagreement /Comments
Outcome:	Moderately Satisfactory	Moderately Satisfactory	
Risk to Development Outcome:	Moderate	Significant	Achievements could be reversed due to many factors in the fragile context.
Bank Performance:	Moderately Satisfactory	Moderately Satisfactory	
Borrower Performance:	Moderately Satisfactory	Moderately Satisfactory	
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:

Lessons in the ICR are supported. In addition, IEG adds the following:

1. <u>Strategies for sustainability can be part of the project design from the very beginning</u>. Strategies for mainstreaming PFM consultants into the permanent civil service are best designed and agreed upon from the very beginning. Extensive use of capacity substitution and supplementation as in Sierra Leon to short-circuit capacity constraints while providing an opportunity to move forward on the reform agenda, poses clear challenges to longer-term sustainability.

2. Monitoring and evaluation arrangements are most helpful when designed from the outset so as to ensure usefulness not only for reporting on project performance but also for learning and adjusting implementation as needed across all project stakeholders.

In addition:

3. Achieving long-term sustainable institutional capacity building outcomes such as the one pursued by PFM reforms and in a post-conflict context of low capacity requires a programmatic, step-by-step approach built in a long-term vision but focused on a reasonable number of building block priorities at a time and aligned with actual capacity. Simplicity, prioritization and sequencing should be given much more attention from the very beginning and during implementation.

4. Capacity building requires much more than training and equipment. Capacity building project design, especially in the political sensitive area of PFM and in a post-conflict context, needs to be carefully coordinated with related cross-cutting institutional reforms such as civil service and other governance reforms from the onset. A successful PFM capacity building project can't be implemented in isolation from the broader country political economy and institutional context and requires high level buy-in at senior political and technical levels across government.

A right balance of supply and demand side interventions in PFM capacity building projects may help in achieving sustainable results as there may be more appetite for PFM reforms outside of the executive; an opportunity to build a coalition for reform. The project found good traction with measures targeted to non-governmental stakeholders and the Parliament, which have improved their capacity to oversee public finance.

14. Assessment Recommended? ○ Yes ● No

15. Comments on Quality of ICR:

The ICR provides a lot of useful information and data on project implementation and performance. It provides extensive lessons that are quite reasonable. The ICR could have been improved by more reference to the parallel budget support operations, and the possible synergies between the PFM capacity building project and the budget support series. Opportunities for getting traction on PFM reforms implementation through budget support operation triggers seems to have been missed.

There are also some data issues in the ICR: i) 2014 PEFA scores are included in the ICR without clarifying that these are taken from a draft assessment that has not been finalized. ii) Appraisal cost of component 3 is listed as US$12.2 million, and of total appraisal cost of US$20.3 (table 1, p. 5) as in the PAD, but US$15.3 million and 23.4 million respectively in Annex 1, p. 33. iii) The ICR is inconsistent regarding actual cost of the project. On one hand the total project actual disbursements at closing amounted to XDR4.16m (US$ 21.661 million equivalent) (IDA: US$4.162 million, MDTF: US$16.499 million and Government US$1.000 million) but actual cost of the project was estimated at US$18.74 million (table 1, page 5). The difference between the various sets of estimates is explained in a footnote to ICR, Annex 1 as due to different exchange rates being used, but this doesn't explain the fact that all the appraised component costs are exactly the same except for one.

On balance, the ICR is at the low end of Satisfactory.

a.Quality of ICR Rating : Satisfactory