



## 1. Project Data

**Project ID**  
P129267

**Project Name**  
GA- Investment Promotion and Competitiv

**Country**  
Gabon

**Practice Area(Lead)**  
Finance, Competitiveness and Innovation

**L/C/TF Number(s)**  
IBRD-83410

**Closing Date (Original)**  
31-May-2019

**Total Project Cost (USD)**  
15,035,181.90

**Bank Approval Date**  
11-Mar-2014

**Closing Date (Actual)**  
31-May-2019

	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>
Original Commitment	18,000,000.00	0.00
Revised Commitment	18,000,000.00	0.00
Actual	15,035,181.90	0.00

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## 2. Project Objectives and Components

### a. Objectives

According to the Loan Agreement (page 5), the project development objectives (PDOs) of the Gabon Investment Promotion and Competitiveness Project were "to contribute to the improvement of the investment climate and to foster enterprise development in Gabon."

For purposes of assessing the project's achievements in Section 4, the PDO will be parsed into two objectives, namely:



- (a) To contribute to the improvement of the investment climate in Gabon;
- (b) To foster enterprise development in Gabon.

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

Yes

**Did the Board approve the revised objectives/key associated outcome targets?**

Yes

**Date of Board Approval**

12-Oct-2017

**c. Will a split evaluation be undertaken?**

Yes

**d. Components**

The project had three components.

**Institutional Development to Improve the Business Climate** (US\$9 million estimated at appraisal, US\$8.5 million at restructuring, US\$7.1 million estimated disbursement at closing) supported the: (a) operationalization of the Gabon National Investment Promotion Agency (ANPI-Gabon), created in 2014, as the single coordinating body for private sector development, consolidating three functions --- investment promotion, business registration, and SME enterprise support; (b) development of the country's investment promotion program in targeted sectors and areas, including in special economic zones, covering the design and implementation of investment promotion strategies, actions plans, communications strategies, investor surveys, investor tracking systems, investor visas, and training of economic attaches and ANPI-Gabon staff, in the process integrating into ANPI-Gabon's Investment Promotion Department the previous functions of the Investment and Export Promotion Agency (which will cease to exist), the Enterprise Development Center (which will cease to exist), the Chamber of Commerce, and Gabon Tour in ANPI-Gabon's Investment Promotion Department; and (c) creation of a streamlined business registry, the Register of Companies and Sureties, with a unified database and Internet-enabled platform, under ANPI-Gabon's Business Registration Department, assuming the previous functions of the Enterprise Development Center, but continuing to involve the Center for Industrial Property, the Social Security Corporation, the Commercial Registrar, and Tax Administration in business registration, albeit in a single location.

**Support Enterprise Development** (US\$6.0 million estimated at appraisal, US\$5.3 million at restructuring, US\$4.4 million estimated disbursement at closing) assisted with: (a) the development of the country's strategy to support enterprises, under the leadership of ANPI-Gabon's Enterprise Support Department, covering the design and implementation of actions plans, advisory services, training and networking, communications strategies and information campaigns to support SMEs (including through the preparation of an SME guide), support women entrepreneurs, increase awareness of business practices and opportunities, promote exports (including through the preparation of a guide to exports), and improve access to finance (including through a review of SME financial instruments); (b) the staging of enterprise business plan competitions to assist aspiring entrepreneurs to develop business ideas, launch new businesses, introduce new products and services, acquire technical assistance and business advisory services, obtain seed capital, and tap financing from commercial lenders; and (c) strengthening the



Chamber of Commerce, Agriculture, Industry and Mining to complement the work of ANPI-Gabon in providing business development services to enterprises, representing industry associations, and delivering services related to transitioning from the informal to the formal sector, sub-contracting with large firms, and dispute resolution through mediation and arbitration.

**Project Management and Public-Private Dialogue** (US\$3.0 million estimated at appraisal, US\$4.2 million at restructuring, US\$3.5 million estimated disbursement at closing) supported the creation and operation of: (a) a Project Implementation Unit under the Ministry of Investment Promotion to supervise and coordinate the implementation of this project; (b) the High Council for Investment, a presidential-level body, to advance the Doing Business and Investment Climate reforms supported by this project and by another Bank operation, and to serve as a platform for dialogue between the public and private sectors; and (c) a permanent Secretariat to the Council.

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

Project Cost: The total cost of the project estimated at appraisal was Euro 13.1 million (US\$18 million equivalent), and the actual cost was the same at Euro 13.1 million (US\$15 million equivalent). The lower U.S. dollar equivalent cost was due to the depreciation of the Euro against the U.S. dollar during project implementation.

Financing: The project was financed with an IBRD loan of Euro 13.1 million (US\$18 million). The amount of Euro 13.0 million (US\$15.0 million) was disbursed.

Borrower Contribution: The government made no direct financial contribution to the project.

Dates: The project was approved on March 11, 2014, became effective on March 3, 2015, was restructured on October 12, 2017, and closed as scheduled on May 31, 2019.

Restructuring: The restructuring in October 2017, with US\$6.5 million (45 percent) of the loan disbursed: (a) loosened the target for the first of three outcome indicators, "the number of days to register a business", from 2 days (an unrealistic target) to 40 days; (b) lowered the target for the second outcome indicator, "the number of newly-registered businesses", from 22,000 to 20,000; (c) replaced the original third outcome indicator, "number of total and female beneficiaries of the project", with a new indicator, "number of investors showing an interest in Gabon"; (d) revised estimates of the costs of the three components, without changing the cost of the overall project; and (e) reallocated costs among disbursement categories.

### **3. Relevance of Objectives**

#### **Rationale**

The project objectives were highly relevant to the development priorities of Gabon at project appraisal and closing. Largely dependent on oil (45 percent of GDP, 60 percent of fiscal revenues, and 80 percent of exports in 2010-2014), Gabon aimed to develop its non-oil economy to provide better economic opportunities for its population (unemployment was 30 percent for the under-30 in this country of 1.8 million



in 2012). Adopted in 2009, the "Strategic Plan for an Emerging Gabon" aimed to turn this middle-income non-OPEC oil producer into an "emerging economy" by 2025 with a focus on four strategic pillars: reform and modernization of the state; development of basic infrastructure and regional planning; improvement of the investment climate and private sector development; and development of human capital and fight against vulnerability. The PDOs were relevant to the second of these strategic pillars. Following the steep decline in oil prices in 2014-15, Gabon adopted the "Economic Recovery Plan for 2017-19," aimed at an economic recovery around three strategic axes: (a) achieving the viability and sustainability of public finances; (b) improving economic governance, through an improvement of the business environment, support to strategic sectors, the restructuring of public entities, as well as the improvement of financing instruments for the economy; and (c) realizing productive structural and infrastructural investments aimed at developing the productive capacity of the country. The PDOs were relevant to the second and third of these strategic axes.

The PDOs were highly aligned with the Bank Group strategy in Gabon at project appraisal and closing. The "Country Partnership Strategy (CPS) FY2012-FY2016 for the Gabonese Republic" committed Bank Group support to Gabon's development priorities organized around two strategic themes: increasing Gabon's competitiveness and employment, and addressing vulnerability and resilience. The PDOs were aligned with the first strategic theme, particularly with the outcome of an "improved investment climate and private sector development." The "Country Partnership Framework (CPF) for the Republic of Congo for FY20-FY24" committed Bank Group support to the country's development program in two focus areas: strengthening economic management to create an improved climate for private sector-led growth; and building human capital and enhancing resilience for social inclusion and sustainable growth. Finally, the PDOs were also aligned with the CPF's first focus area, specifically with the objectives to "improve the business environment and foster investment in priority sectors and value chains," "support SMEs in identified value chains and key growth sectors," and "strengthen public-private dialogue to identify and implement critical reforms for private sector development."

## Rating

High

## 4. Achievement of Objectives (Efficacy)

### OBJECTIVE 1

#### Objective

To contribute to the improvement of the investment climate in Gabon --- using original indicators and targets (PAD, pages 25-29).

#### Rationale

Theory of Change: Building the institutions to nurture private investment --- consolidating the government's private sector development function in a single coordinating body, the ANPI-Gabon, which would be responsible for investment promotion, business registration, and SME enterprise support; developing the country's investment promotion program in selected sectors and areas; streamlining the business



registration process under a unified business registry, the Register of Companies and Sureties; and creating a presidential-level High Council of Investment to spearhead public-private sector dialogue and advance doing business reforms --- would help improve the investment climate in Gabon. An improved investment climate would be reflected in easier business registration and other doing business processes, more business formation, and greater domestic and foreign investment.

Outputs: The project achieved only one of five output targets originally defined for this objective at appraisal.

- The number of procedures to register a business remained the same by the project closing date (May 2019) as in the baseline (2014), at seven. The original target set at appraisal was to reduce the number of procedures to five.
- The cost to register a business remained the same as in the baseline, at Central African CFA franc (CFAF) 1,285,000 (US\$2,200). The original target set at appraisal was to reduce the cost by 9.5 percent.
- A policy establishing the ANPI-Gabon was drafted with a detailed action plan and a manual of procedures, meeting the original target set at appraisal. This indicator would be dropped at restructuring. According to the Restructuring Paper (page 6), "this indicator does not track any [thing of] meaningful impact," notwithstanding that the target was actually met.
- There were no data available over the duration of the project to determine the number of domestic and foreign investors tracked in the Investors Tracking System, which aimed to count the number of investors "serviced" by ANPI-Gabon, with "service" defined to mean actions including "initiating business opportunity through targeting, responding to queries, providing with information, facilitating site visits, assisting with formalities, helping to solve issues." The original target set at appraisal was to have 800 investors tracked in the system. This indicator would be dropped at restructuring.
- There were no data available over the duration of the project to determine the number of policy workshops organized. The original target set at appraisal was to organize 10 policy workshops. This indicator would be dropped at restructuring. The number of workshops reportedly organized at the time of restructuring was four.

Outcomes: The project achieved only one of three outcome targets originally defined for this objective at appraisal.

- The number of days to register a business was reduced from 50 days in the baseline to 31 days by mid-2018. This missed the original target set at appraisal of 2 days. The target was revised to 40 days at restructuring. According to the Restructuring Paper (page 6), the original target of 2 days was "impossible to achieve and would have been even so at program inception."
- The increase in the number of newly registered corporations reached 22,503 by the project closing date. This exceeded the original target set at appraisal of an increase of 22,000 businesses. The target was revised downward to 20,000 businesses at restructuring.
- There were no data available over the duration of the project to assess the original outcome indicator "number of direct project beneficiaries" and "female beneficiaries (percentage)" by the project closing date. The original target set at appraisal was for 25,500 direct project beneficiaries, of which women were to be 50 percent. This outcome indicator was dropped at restructuring. The data available at the time of restructuring was 15 beneficiaries, of which 3 percent were women. According to the Restructuring Paper (page 6), there was "no clear understanding as to which beneficiaries should be counted."



The efficacy with which Objective 1 was achieved before restructuring was assessed as modest

### Rating

Modest

## OBJECTIVE 1 REVISION 1

### Revised Objective

To contribute to the improvement of the investment climate in Gabon --- with new indicators and targets (Restructuring Paper, pages 10-14).

### Revised Rationale

Theory of Change: Building the institutions to nurture private investment --- consolidating the government's private sector development function in a single coordinating body, the ANPI-Gabon, which would be responsible for investment promotion, business registration, and SME enterprise support; developing the country's investment promotion program in selected sectors and areas; streamlining the business registration process under a unified business registry, the Register of Companies and Sureties; and creating a presidential-level High Council of Investment to spearhead public-private sector dialogue and advance doing business reforms --- would help improve the investment climate in Gabon. An improved investment climate would be reflected in easier business registration and other doing business processes, more business formation, and greater domestic and foreign investment.

Outputs: After the achievement of only one output indicator before restructuring (a policy establishing the ANPI-Gabon with a detailed action plan and manual of procedures), the project achieved three of five output targets defined to achieve this objective at restructuring.

- The number of procedures to register a business remained the same by the project closing date (May 2019) as in the baseline (2014), at seven. The target, revised at restructuring, was to reduce the number of procedures to six.
- The cost to register a business remained the same as in the baseline, at Central African CFA franc (CFAF) 1,285,000 (US\$2,200). The target, revised at restructuring, was to reduce the cost to CFAF 785,000 (US\$1,335).
- The number of investors actualizing investments reached eleven, exceeding the target of seven. This indicator was added at restructuring. The Restructuring Paper (page 18) defined "actualizing" to mean that investors had either: (a) publicly announced their intention to invest in Gabon in the media, or (b) registered their business with ANPI-Gabon, or (c) finalized their application for a bank loan or a public-private partnership (PPP) agreement. Related to investments, ANPI-Gabon selected the gas industry for value chain analysis by Bank cluster development and international value chain experts, additionally dispatching five officials for a half-year training in Denmark for value chain analysis in an effort to upgrade the domestic capacity for directing investment promotion at target sectors. ANPI-Gabon also established a Public-Private Partnership Support Unit, which partnered with the United Nations Commission for Europe's International PPP Center for Excellence to review the legal and regulatory framework for PPPs in Gabon.
- The number of public-private dialogue reached 26, exceeding the target of 10. This indicator was added at restructuring. The first dialogue, conducted in May 2017, was chaired by the President and



adopted the investment climate reform agenda and implementation plan. A secretariat was created, with support from the project, to assist with the work of the High Council for Investment. Subsequent sessions, presided by the Prime Minister, discussed individual doing business reform measures, with the goal of improving the country's rankings in the Bank's Doing Business indicators.

- The number of reforms implemented --- Doing Business reforms and Investment Climate reforms --- reached 27, exceeding the target of four. This indicator was added at restructuring. According to the Restructuring Paper (page 7), implementation of the reforms would reflect the efficacy of the public-private dialogue. The ICR does not list these 27 reforms, but the Bank's *Doing Business 2018* (pages 26, 35, and 130) cites two reform measures, the *Doing Business 2019* (pages 17 and 139), seven reform measures, and *Doing Business 2020* (pages 3 and 100), four reform measures. According to the ICR (page 16), adoption of these reforms was supported by this project (using the project supervision budget) and by a Bank technical assistance operation, the Business Environment Reform Support Project, which aimed "to support the delivery of short-, medium-, and long-term reform recommendations to improve the business environment in Cameroon and Gabon and to help with their implementation."

Outcomes: After achieving only one outcome indicator (an increase in the number of newly registered corporations to 22,503 compared with a target of 22,000) before restructuring, the project achieved all three outcome targets defined for this objective at restructuring.

- The number of days to register a business was reduced from 50 days in the baseline to 31 days by mid-2018, exceeding the target, revised at restructuring, of 40 days. The gains were extended with a further reduction to 10 days after the project closed in 2018. Moreover, entrepreneurs could register a company in a day, beating the original two-day target, by paying an additional fee of CFAF 300,000 (US\$510) for limited liability companies and CFAF 500,000 (US\$850) for anonymous shell companies. ANPI-Gabon fast-tracked the creation of the Register of Companies and Sureties in the second half of 2018, starting the operations of the one-stop shop for business registration in the capital city, Libreville, in November 2018. Documents were processed manually and records remained in print, but plans were made to electronically process documents and to digitize records once the operation of the registry was rolled out nationwide.
- The number of businesses registered after the reforms reached 22,503 by the project closing date, exceeding the target, revised at restructuring, of 20,000 businesses.
- The number of investors showing an interest in Gabon reached 87 by the project closing date, exceeding the target of 60 investors. This indicator was introduced at restructuring. Although the target was achieved, the indicator itself was not well-defined, according to the ICR (page 25), although the Restructuring Paper (page 7) roughly referred to these as consisting of FDI investors who would have either visited Gabon, or corresponded with ANPI-Gabon on how to register a business, obtain licenses, and apply for incentives, or started to search for financing for a project. In fact, it would appear that "the number of investors actualizing investments" in Gabon, which was defined as an output indicator, would be more suitable as an outcome indicator for this objective. Meanwhile, this outcome indicator, the "number of investors showing an interest in Gabon", would be more suitable as an output indicator.

Based on the achievement of these three outcomes, the efficacy with which Objective 1 was achieved after restructuring is substantial.



## Revised Rating

Substantial

## OBJECTIVE 2

### Objective

To foster enterprise development in Gabon --- using original indicators and targets (PAD, pages 25-29).

### Rationale

Theory of Change: Upgrading ANPI-Gabon's enterprise support capability, supporting the Chamber of Commerce's effort to expand its services to SMEs through a sub-contracting exchange and a mediation and arbitration center, and fostering start-ups through business plan competitions would help foster enterprise development in Gabon.

Outputs: The project did not achieve the sole output target defined for this objective at appraisal.

- There were no data available over the duration of the project to assess the number of investors formally advised, or mentored, or granted start-up capital, or provided after-care support through the business plan competition. The original target set at appraisal was 150 investors. This indicator pertaining to the business plan competition was dropped at restructuring (and would be "unpacked" or replaced by a set of six indicators also pertaining to the business plan competition). At the time of restructuring, there were 30 investors formally advised, or mentored, or granted start-up capital, or provided after-care support through the business plan competition.

Outcomes: There were no outcome indicators and targets defined for this objective at appraisal. The lack of outcome indicators is understandable, however, because outcomes associated with the capacity building exercises at the Chamber of Commerce, the completion of a feasibility study for the Women's Center, the construction of infrastructure for the Chamber of Commerce's new service facilities, or even the start of operations of the movable collateral registry, had they been established before the closing date, it would have taken a considerable period of time beyond the closing date to realize an outcome.

Based on the lack of any outputs, the efficacy of the project's achievement of Objective 2 before restructuring was rated negligible.

## Rating

Negligible

## OBJECTIVE 2 REVISION 1

### Revised Objective

To foster enterprise development in Gabon --- --- with new indicators and targets (Restructuring Paper, pages 10-14).

### Revised Rationale



Theory of Change: Upgrading ANPI-Gabon's enterprise support capability, supporting the Chamber of Commerce's effort to expand its services to SMEs through a sub-contracting exchange and a mediation and arbitration center, and fostering start-ups through business plan competitions would help foster enterprise development in Gabon.

Outputs: The project achieved 9 of 10 output targets defined for this objective at restructuring. All six output targets associated with the business plan competition, which was devised to foster enterprise development by helping aspiring entrepreneurs develop business ideas, launch new businesses, and introduce new products were achieved.

- The number of people trained through the business plan competition was 280, exceeding the target of 130. Participants in the business plan competitions were selected competitively and were provided with bank accounts, grants for start-up capital, and technical assistance and mentoring. In addition, partnerships were developed with commercial banks, leasing companies, and micro-finance institutions, for example, with Orabank, a commercial bank operating in 12 West and Central African countries, to provide access to finance to the competition participants. Two rounds of the competition were completed, the first in 2014 and the second in 2017.
- The number of women trained through the business plan competition reached 67, exceeding the target of 25.
- The number of winning business plans reached 62, exceeding the target of 30.
- The number of companies created through the business plan competition was 54, exceeding the target of 20.
- The number of direct jobs created as a result of the business plan competition reached 149, exceeding the target of 40. According to the ICR (page 25), this number was however difficult to verify.
- The amount of financing made available to SMEs through the business plan competition was CFAF 892,986,508, achieving the target of CFAF 848,692,900.

Of the four other output targets, only one was not achieved by the project closing date.

- Three capacity building exercises for the Chamber of Commerce were delivered as planned, meeting the target. This indicator was added at restructuring. The three exercises were conducted in Burkina Faso, Senegal, and France.
- The feasibility study for a Women's Business Center was completed, meeting the target. This indicator was added at restructuring. The original plan at project appraisal was to establish and make operational the Women's Business Center, to provide support services to women entrepreneurs. At the project restructuring in 2017, the target was downgraded to completing a feasibility study for the facility.
- Construction of an annex at the Chamber of Commerce was completed in March 2019, meeting the target. This indicator was added at restructuring. The purpose of the building was to improve the physical infrastructure at the Chamber to help the Chamber expand its services to SMEs. The annex would house four service facilities for SMEs: (a) the Sub-Contracting Exchange, to help link SMEs with established large firms; (b) the Approved Management Center, to train SMEs and encourage them to graduate from the informal to the formal sector; (c) the Mediation and Arbitration Center, to offer alternative mechanisms for dispute resolution, which would otherwise face long delays in the court system; and (d) the planned Women's Business Center.



- The movable property collateral registry was not established as planned. This indicator was added at restructuring. Movable assets (machinery, equipment, inventories, receivables, livestock, crops), rather than fixed assets (land, buildings), are the main type of collateral that SMEs, especially those in developing countries, are able to pledge to obtain bank financing. Collateral registries, in addition to secured-transaction laws, enable banks to lend to SMEs which only have movable assets as security. According to the ICR (page 17), the Ministry of Justice continued to work with the Bank to develop an electronic movable securities registry that would be operated online. Continuing support for the establishment of the registry would be provided through another Bank operation, the Secured Transactions and Collateral Registry Project, to be implemented by the National Credit Council and the Central Bank of Gabon.

Outcomes: There were no outcome indicators and targets defined for this objective at restructuring. As noted already, the lack of outcome indicators is understandable because outcomes associated with the capacity building exercises at the Chamber of Commerce, the completion of a feasibility study for the Women's Center, and the construction of infrastructure for the Chamber of Commerce's new service facilities, or even the start of operations of the movable collateral registry (had it been established before the closing date), would take a considerable time to realize an outcome.

Nevertheless, on the basis of the achievement of nine out of ten output targets, the efficacy with which Objective 2 was achieved after restructuring is assessed as substantial.

**Revised Rating**  
Substantial

## OVERALL EFFICACY

### Rationale

The efficacy of the project against the original indicators and targets is rated as modest (45 percent weight according to the project's disbursements), with the degree of achievement of the first objective assessed as modest (one of five output indicators achieved, one of three outcome indicators achieved) and the degree of achievement of the second objective assessed as negligible (zero of one output indicator achieved).

**Overall Efficacy Rating**  
Modest

**Primary Reason**  
Low achievement

## OVERALL EFFICACY REVISION 1

### Overall Efficacy Revision 1 Rationale

The efficacy against the revised indicators and targets is assessed as substantial (55 percent weight according to the project's disbursements), with the degree of achievement of the first objective assessed as



substantial (three of five output targets achieved, all three outcome targets achieved) and the degree of achievement of the second objective assessed as substantial (nine of 10 output targets achieved).

**Overall Efficacy Revision 1 Rating**

Substantial

**5. Efficiency**

Economic Efficiency: Only the business plan competition, a sub-component that comprised under 20 percent of the total project cost, was subject to a formal cost-benefit analysis. The Project Appraisal Document (page 20) computed the economic rate of return (ERR) of the business plan competition at 19 percent. The net present value (NPV) was US\$1.34 million at a discount rate of 5 percent, and US\$0.65 million at a discount rate of 10 percent. The ICR (page 19) updated the cost-benefit analysis at project closing, drawing data from some 16 (out of 62) business plan competition winners, and derived an ERR of negative 26 percent. The NPV was negative US\$2.17 million at a discount rate of 5 percent, and negative US\$1.97 million at a discount rate of 10 percent.

Operational Efficiency: The project was completed by its planned closing date. On the other hand, the cost of "Project Management and Public-Private Dialogue" absorbed 23.5 percent of the total project cost, and was also 40 percent higher than estimated at appraisal. According to the Restructuring Paper (page 5), the original budget was considered insufficient for the High Council on Investment to carry out the public-private sector dialogue.

**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	✓	19.00	19.40 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	-26.00	17.60 <input type="checkbox"/> Not Applicable

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

**6. Outcome**



The project was highly relevant to the development priorities of Gabon and highly aligned to the Bank Group partnership strategy and framework in Gabon at appraisal and closing. The overall efficacy of the project is rated as substantial, based on a split rating, since the efficacy against the original indicators and targets is rated as modest, with a 45 percent weight, and the efficacy against the revised indicators and targets is rated as substantial, with a 55 percent weight. The efficiency of the project is rated as modest. Overall, the outcome of the project is rated as moderately satisfactory.

**a. Outcome Rating**  
Moderately Satisfactory

## 7. Risk to Development Outcome

The sustainability of the development outcomes of the project are at risk from the following factors:

Political risk. The ICR (page28) reports that the project lost its political "champions" or advocates during implementation. A new government was installed in January 2019, following an attempted coup in the same month, and the new government was reorganized twice in the same year. The ICR concludes that the frequent shuffling of ministerial positions derailed policy and administrative coordination among government agencies and eroded political support for the project, potentially affecting the maintenance of Doing Business reforms and support for the activities of ANPI-Gabon, the Register for Companies and Sureties, and the Chamber of Commerce.

Macroeconomic risk. Gabon recovered from an anemic 0.8 percent economic growth in 2018 to 3.4 percent in 2019. The fiscal account posted a surplus of 1.9 percent of GDP, but the current account remained in deficit at -0.8 percent of GDP. According to the IMF Report on the Gabon 2019 Article IV Consultation, released in December 2019, prudent macroeconomic policies in 2018 and 2019 had helped with the economic recovery. But challenges remain: deep-rooted institutional and structural weaknesses continue to constrain growth and poverty reduction; almost one-third of the population still lives below the poverty line; and fiscal and external balances are still precarious. Failure to address these medium- to long-term challenges would harm the macroeconomic framework supporting investment climate and doing business reforms.

COVID-19 Pandemic Risk. The outbreak of the COVID-19 pandemic in 2020, the downturn in global economic activity and oil demand, and the collapse in international oil prices (from US\$77 per barrel in October 2018 to US\$21 per barrel in April 2020) is expected to have a severe impact on Gabon's economy. According to the Bank's "Africa's Pulse" report, issued in April 2020, the pandemic will cost the Sub-Saharan Africa region between \$37 billion and \$79 billion in output losses for 2020, and growth in the region is forecast to fall sharply from 2.4 percent in 2019 to -2.1 to -5.1 percent in 2020, the first recession in the region in over 25 years. Disruptions will arise from: the direct impact of the pandemic on health outcomes and health systems, containment measures to address the spread of the virus and the public response, disruptions to agriculture and food supply, reductions in industrial production and commodity and value-chain exports, and declines in foreign financing flows from tourism, foreign direct investment, foreign aid, and remittances, combined with capital flight. Separately, the IMF projected an economic contraction of 1.2 percent for Gabon in 2020, a fiscal deficit of 2.7 percent of GDP, and a current account deficit of 8.4 percent of GDP. Gabon secured SDR 108 million (US\$147 million) in financing from the IMF's Rapid



Financing Instrument in April 2020 to help "meet the urgent balance of payments needs stemming from the COVID-19 pandemic and the terms of trade shocks." The IMF, however, conceded that the size and impact of the shocks was subject to a considerable margin of uncertainty, and that further financial support may be needed. A deterioration of economic conditions could have negative impacts on the sustainability of this project's outcomes.

## 8. Assessment of Bank Performance

### a. Quality-at-Entry

Project design was strong relative to the following:

- The project objectives were highly relevant to the development priorities in Gabon. The fifth largest oil producer in Africa had posted strong economic growth over the preceding decade, driven by the production and export of oil and manganese, but a decline in oil reserves made it imperative for the government to act to diversify its economy. The country's business climate was poor, however, and a major barrier to economic diversification, with Gabon ranking 169th of 190 countries in the Bank's *Doing Business 2018* annual (see Section 3).
- The project components were modeled after good practices elsewhere in the region, according to the ICR (page 23), with several south-south exchange trips made during project preparation.
- The project was related to, and gained from synergies with, other Bank lending operations and advisory service engagements in Gabon, including: the Gabon Second Fiscal Consolidation and Inclusive Growth Development Policy Financing (DPF), which aims, among others, to improve competitiveness; the Gabon Secured Transactions and Collateral Registry Project, which supports the design of the legal framework for secured transactions and a web-based system for a centralized collateral registry for movable securities; the Gabon DPF New Series, which aims, among others, to enhance competitiveness by improving the business climate; and the Africa Improved Investment Climate within the Organization for the Harmonization of Business Laws in Africa (OHADA) Project which aims to help OHADA strengthen selected aspects of investment climate reforms in member countries.
- Project design benefited from a project preparation advance of US\$3 million to the National Commission for the Promotion of Entrepreneurship and Employment for the institutional design of ANPI-Gabon and the High Council for Investment, the recruitment of consultants for the Project Implementation Unit, the training of Project Implementation Unit staff, and the preparation of terms of reference for activities in the first 18 months of the project, including the preparation of the project operations manual.

But, the project suffered from major shortcomings at entry:

- One target was completely unrealistic. The first outcome target (of three outcome targets) aimed to reduce the number of days to register a business from 50 days in the baseline to 2 days by the project closing date. The target was revised at restructuring to 40 days (see Section 2.E and Section 4 - Objective 1).
- The institutional arrangements to implement the project were confusing. According to the ICR (page 23), the Project Implementation Unit at the Ministry of Investment Promotion had fiduciary



responsibilities over the project, but it lacked authority. The chief executive officer of ANPI-Gabon was also designated as "technical project coordinator." Responsibilities at the Ministry of Investment Promotion over procurement were not clear, resulting in delays with procurement during implementation.

- The M&E framework was weak. Some results indicators were mixed up. For example, the "number of investors actualizing investments" was considered an output. The "number of investors showing an interest [in investing] in Gabon" was considered an outcome. "Showing an interest" should have been an output, and "actualizing an investment" should have been the outcome (see Section 4 - Objective 1).
- The second part of the PDO lacked outcome targets. But at least three output targets could have been considered as outcomes: "the number of companies created through the business plan competition"; "the number of direct jobs created as a result of the business plan competition," and "the amount of financing made available to SMEs through the business plan competition" (see Section 4 - Objective 2).

### **Quality-at-Entry Rating**

Unsatisfactory

#### **b. Quality of supervision**

Bank supervision was satisfactory:

- Although few supervision missions were dispatched early in project implementation, one in March 2015 and a second in April 2017, the Bank fielded more regular missions after the mid-term review. The Bank eventually filed 11 Implementation Status and Results Reports (ISRs) over the five-year life of the project, about the average two per year for most Bank operations.
- In addition, the Bank filed useful Aide Memoires, which according to the ICR (page 28) were candid.
- The Bank also conducted a constructive mid-term review of the project. According to the Restructuring Paper (page 6), some indicators and targets were considered unrealistic during the mid-term review.
- The Restructuring Paper (page 4) recognized that the target to reduce the number of days to register a business from 50 days to 2 days was "unrealistic", and revised the target to 40 days.
- After project restructuring in October 2017, the Bank appointed a co-task team leader who was based in Gabon, which, according to the ICR (page 28), was helpful in maintaining close contact with the government.

### **Quality of Supervision Rating**

Satisfactory

### **Overall Bank Performance Rating**

Moderately Satisfactory



## 9. M&E Design, Implementation, & Utilization

### a. M&E Design

The M&E plan called for the monitoring of 18 results indicators.

There were major shortcomings with the M&E design:

- According to the ICR (page 25), it was difficult to map the project activities to the PDOs and to assign results indicators to the PDOs. The Project Appraisal Document and the Restructuring Paper did not define any outcome indicator for the second PDO.
- Several indicators were poorly defined and rough criteria offered in the Restructuring Paper raised many questions: (a) what does "showing an interest in Gabon" mean?; (b) how does visiting Gabon qualify as a project outcome?; (c) what does "actualizing an investment" mean?; and (d) why is finalizing an application for a bank loan considered an output, but starting to search for financing is treated as an outcome?
- Some indicators lacked baseline values. The project aimed to register 20,000 businesses, but does not cite how many businesses were registered in the baseline in 2014.
- Some of the results targets set at appraisal were unrealistic, notably the target to reduce the number of days to register a business from 50 to 2 days, and to reach 25,500 project beneficiaries, and had to be revised at restructuring.
- There was an attribution problem with at least one target --- to "implement four policy reforms", which was supported by this project and by another Bank operation.

### b. M&E Implementation

The Project Implementation Unit at the Ministry of Investment Promotion was tasked with M&E implementation. The M&E was implemented according to plan. The Project Implementation Unit and the Bank were able to verify and report on the levels of achievement of the 15 output and three outcome targets.

The ICR (page 25) comments that the Project Implementation Unit and the Bank could have extended the scope of the M&E to gather additional information, including: the number of women entrepreneurs applying to join the business plan competition, and the number of business registrations per year before and after the implementation of the unified business registry system.

### c. M&E Utilization

According to the ICR (page 26), the M&E data gathered for the original set of results indicators defined in the Project Appraisal Document (pages 28-29) were useful for the restructuring of the project, including for changing some of the results indicators and revising the results targets.

The ICR does not discuss how the government might use the M&E data after project closing, although it is not difficult to anticipate that several time-series data will be useful for future efforts to improve the project outcomes, including: the number of steps to register a business, the cost to register a business, the number of days to register a business, the number of business registrations, the number of investors



inquiring with ANPI-Gabon about investment in the country, and the number of investors actually investing in Gabon.

## **M&E Quality Rating**

Modest

## **10. Other Issues**

### **a. Safeguards**

Environmental Safeguards: The project was classified as an Environmental Assessment category "B" project (partial assessment) at appraisal and triggered OP/BP 4.01 - Environmental Assessment. According to the Project Appraisal Document (page 23), the Bank prepared an Environmental and Social Management Framework to provide a method to addressing potential negative environmental impacts associated with the project's business plan competition and with infrastructure work for the Chamber of Commerce. According to the ICR (page 25), business plan competition sub-projects did not fully comply with Bank safeguards policies. The sub-projects were finally screened in April 2019 and Environmental and Social Management Plans were prepared for 11 sub-projects. Agreements were reached for corrective measures. An environmental and social specialist hired for the project served for seven months, while another expert associated with the Skills Development and Employment Project, another Bank operation, provided support. The project's performance on environmental safeguards was rated unsatisfactory at project closing.

Social Safeguards: The Project Appraisal Document (page 23) stated that the project would work with stakeholders, including women, to promote social inclusion and enhance social accountability. The project would conduct training on how to better engage community groups, address gender bias, and provide more direct and indirect employment opportunities for women. The ICR did not discuss social safeguards.

### **b. Fiduciary Compliance**

Procurement: The Project Appraisal Document (pages 50-58) stated that the project would follow Bank procurement rules set under "Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" (January 2011) and "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credit and Grants by World Bank Borrowers" (January 2011) as well as the provisions of the Loan Agreement on the procurement of goods, services, and consultant and non-consultant services. Moreover, the Ministry of Investment Promotion would submit a procurement plan to the Bank, prepare a project operations manual with a section on procurement, hire a procurement specialist to work in the Project Implementation Unit, train staff at the Project Implementation Unit on procurement rules and guidelines, and develop a procurement record system. The ICR (pages 13, 23) reports that there were delays with the procurement of construction services for the Chamber of Commerce building, owing in part to complex institutional relations between the Project Implementation Unit and ANPI-Gabon. Procurement, rated moderately unsatisfactory before restructuring, was rated satisfactory at project closing.



Financial Management: According to the Project Appraisal Document (page 65), financial management would be supervised on a risk-based approach, focusing on the status of the financial management system to verify that it operated well and provided support where needed. Financial management was rated moderately satisfactory during most of project implementation but downgraded to moderately unsatisfactory in April 2019. According to the ICR (page 27), audit reports for 2018 accounts, due since June 2019, were finally received in November 2019. Interim financial reports for the second quarter of 2019 were due August 2019. Audit reports needed for closing the accounts were due end-November 2019. There were questions about the recording and justification of funds advanced to the business plan competition beneficiaries, and more clarification was expected from the audit.

**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	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Quality of M&E	Modest	Modest	
Quality of ICR	---	Substantial	

**12. Lessons**

Three lessons are drawn from the ICR (pages 29-30), with some adaptation, and will be relevant to similar projects.

**Business plan competitions, despite their headline value, may not be an economically efficient method to promote enterprise development, or even highly effective without an enabling business environment.** In this project, two business plan competition episodes delivered all project targets for business formation, job creation, and SME financing. However, the business plan competition also posted a negative economic rate of return and negative net present values at various discount rates. Moreover, the job creation numbers were difficult to verify, according to the ICR. The ICR also cites evidence elsewhere that: judges of contestants in business plan competitions do poorly at "picking winners"; there is generally a "valley of death" in early-stage financing (i.e., difficulty of covering the negative cash flow in the early stages of a startup, before new products or services draw revenue from real customers); and SMEs created at competitions will not likely grow without more conducive business ecosystems. Less emphasis on start-ups and



greater support to operating businesses, including through access to finance interventions, would be a better alternative.

**It is efficient for governments to give project implementation units the powers necessary for them to fulfill their responsibilities.** In this project, the Project Implementation Unit at the Ministry of Investment Promotion had supervisory and fiduciary responsibilities over the project. But, the Project Implementation Unit lacked decision-making authority, according to the ICR. Rather, authority rested with ANPI-Gabon, which was created under this project to coordinate the government's investment promotion, business registration, and SME support activities.

**Private sector development requires more strategic interventions than simplifying business registration and rationalizing the government's investment promotion apparatus.** In this project, the creation of the ANPI-Gabon as the single body for investment promotion, business registration, and SME support was a good start. But in Gabon, as in other developing countries, there are many more critical areas for improving the investment climate and fostering enterprise development: governance reforms at SOEs, provision of investor protections, assurances of contract enforcement, easing the burden of government regulation, ensuring the efficiency of the legal framework in settling disputes, setting the norms of shareholder governance, and fostering an entrepreneurial culture.

### 13. Assessment Recommended?

No

### 14. Comments on Quality of ICR

The ICR was strong in the following areas:

- The ICR (pages 8 and 13 and Table 3, page 14) provides an explicit theory of change for the project
- The assessment of the efficacy of the project (pages 15-18) is candid, offering nuanced information about the project outcomes and outputs. For example, the business registry started operations in November 2018, meeting the target, but confined to the capital city, Libreville, and has not been rolled out nationwide. The movable collateral registry was not established, failing to meet the target, but work on the registry will continue after project closing under another Bank operation.
- The ICR (pages 29-30) suggests several thoughtful lessons learned from the project, several of which focus on deficiencies at design and at implementation, which impaired the effective and efficient delivery of some of the project outputs and outcomes.

There was, however, a moderate deficiency with the ICR:

- The ICR provided no reason for the substantial increase in project management and public-private dialogue costs made at restructuring, by 40 percent above the appraisal estimate, although the



Restructuring Paper had indicated that the original budget was considered insufficient for the High Council on Investment to carry out the public-private sector dialogue.

**a. Quality of ICR Rating**  
Substantial