## 1. Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Practice Area(Lead)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kyrgyz Republic</td>
<td>Macro Economics &amp; Fiscal Management</td>
</tr>
</tbody>
</table>

**Programmatic DPL**

- Planned Operations: 2
- Approved Operations: 2

**Operation ID**
P126034

**Operation Name**
DPO1

<table>
<thead>
<tr>
<th>L/C/TF Number(s)</th>
<th>Closing Date (Original)</th>
<th>Total Financing (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA-52880, IDA-H8690</td>
<td>30-Sep-2014</td>
<td>25,000,000.00</td>
</tr>
</tbody>
</table>

**Bank Approval Date**
25-Jul-2013

**Closing Date (Actual)**
30-Sep-2014

<table>
<thead>
<tr>
<th>IBRD/IDA (USD)</th>
<th>Co-financing (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Commitment</td>
<td>25,000,000.00</td>
</tr>
<tr>
<td>Revised Commitment</td>
<td>25,000,000.00</td>
</tr>
<tr>
<td>Actual</td>
<td>25,924,248.00</td>
</tr>
</tbody>
</table>

**Prepared by**
Xiaolun Sun

**Reviewed by**
Robert Mark Lacey

**ICR Review Coordinator**
Malathi S. Jayawickrama

**Group**
IEGEC (Unit 1)
2. Program Objectives and Policy Areas

a. Objectives

According to the Program Document of DPO1, the programmatic series of two DPOs would support the Kyrgyz Government with the implementation of reforms and policy priorities highlighted in the National Sustainable Development Strategy (2013-17) and the Medium-Term Development Program of the Kyrgyz Republic for 2012-14. The specific objectives were: (i) strengthening governance and anti-corruption efforts and putting in place enforcement and evaluation and monitoring mechanisms, implementing key priority areas in the judicial sector to promote the rule of law, and improving public sector accountability and efficiency in the management and use of public resources, and (ii) sharpening competitiveness and enhancing the attractiveness for private investment.

The Program Document of DPO2 stated that main Program Development Objective of the operation was to promote sustainable growth through more accountable use of public resources and an improved environment for doing business.

The Financing Agreements did not provide a statement of objectives.

This Review will evaluate the series based on the two specific objectives of strengthening public sector governance and sharpening competitiveness and enhancing the attractiveness for private investment.

b. Pillars/Policy Areas

The PDO series had two pillars:

1. Improving public sector governance. The DPO series focused on addressing accountability and transparency in the use of public resources through anti-corruption programs, improved public financial management (PFM), and energy sector reforms. These actions were expected to improve the quality of public service and generate savings that would strengthen fiscal sustainability and allow re-allocation of spending to priority areas.

2. Enhancing the business environment. The DPO series supported actions to address the constraints to
the development of a more vibrant private sector, including simplified business start-up procedures, an improved business inspections system, a more effective judiciary, and strengthened financial sector stability. These actions were expected to improve governance of the financial sector and business development, and further sharpen competitiveness.

c. Comments on Program Cost, Financing, and Dates
DPO1, in the amount of IDA credit of SDR 9.20 million and IDA grant of SDR 7.60 million ($25 million equivalent), was approved on July 25, 2013, became effective on December 6, 2013, and closed on schedule on September 30, 2014.
DPO2, in the amount of IDA credit of SDR 8.99 million and IDA grant of SDR 7.19 million ($25 million equivalent), was approved on June 10, 2014, became effective on July 11, 2014, and closed on schedule on December 31, 2015.
All credits and grants were fully disbursed.

3. Relevance of Objectives & Design

a. Relevance of Objectives

Weak governance has been one of the key challenges facing the Kyrgyz Republic, and a major cause of the political tumult in 2010. By focusing on improving governance in the various areas of economic development, the objectives of the DPO series were highly relevant to the country context. They were aligned with the objectives of the 2013-17 National Sustainable Development Strategy, which emphasize the rule of law, robust economic development, and social prosperity, as well as with the agenda of the Medium-Term Development Program: securing economic growth through an invigorated private sector, improving governance, and raising the quality of public services.

The objectives were fully consistent with the first two pillars of the World Bank Group's FY12-13 Interim Strategy Note (improving governance, effective public administration, and reducing corruption, and economic stabilization to support recovery, reconstruction and sustained growth). They continue to be aligned with the first two objectives of the FY13-17 Country Partnership Strategy of improving governance along three areas: i) public administration and service delivery; ii) business environment; and iii) management of natural resources and infrastructure.

Rating
High

b. Relevance of Design
Design of the DPO series was ambitious. Although the program had a simple structure and all the policy actions shared the common objective of improving governance and reducing corruption, they tackled a wide set of issues in 10 policy areas. In some areas, the support was one-off (e.g., business registration only under DPO1, corporate governance and financial sector only under DPO2), and there was no explanation of the rationale for the chosen sequencing. Some of the actions, notably in the energy and financial sectors, proved to be unrealistic for the short program period and necessitated replacements in DPO2. Covering such a broad reform agenda necessarily involved a correspondingly wide range of agencies and stakeholders, increasing the complexity of program implementation. The quality of the results chain varies from one policy area to another. In judicial reforms, the prior actions (creation of a judicial reform council, identification of reform priorities, approval of an action plan, and development of a target program to increase financial independence of the judicial sector) could logically be expected to contribute to the achievement of the intended outcome of an increased budget for the judiciary and better functioning of the system through material, technical, and institutional improvements. By contrast, the results chain was weak in corporate governance - the one and only prior action in DPO2 (submission to Parliament of a draft law) could not be expected on its own to strengthen investor protection substantially.

At the time of appraisal of DPO1, the overall macroeconomic policy framework was considered adequate for the purposes of the operation. Growth was expected to average 5 percent per year driven by gold. Tax reforms and spending rationalization measures were expected to reduce fiscal deficit over the medium term. Monetary policy was effective in countering inflationary pressures arising from domestic and external shocks. The government's external financing strategy was based on concessional borrowing. Based on a positive assessment of the Authorities’ policy stance, the IMF Board approved the disbursement of the third tranche under an Extended Credit Facility (ECF) in early December 2012. This was followed by another ECF in April 2015. Although the fiscal deficit widened and public debt increased in 2016, by December 2016 four disbursements of the new ECF had been approved. In April 2017, the IMF completed the 2017 Article IV and fourth review of the ECF, and noted that “all end-December 2016 quantitative performance criteria and structural benchmarks were met”.

Rating
Modest

4. Achievement of Objectives (Efficacy)

Objective 1
Objective
Improving public sector governance

Rationale
DPO1 supported the government’s anti-corruption programs and efforts to improve PFM. DPO2 adjusted the organization of the program by moving support to judiciary reforms, initially part of the anti-corruption
programs, to Objective 2 and including support to energy sector transparency, governance and accountability, originally part of Objective 2. Overall, there is evidence of progress in some areas, but significant challenges remain.

**Governance and anti-corruption reforms.** Corruption was perceived as the main cause of the failure of previous governments. The series supported the adoption in August 2012 of an anti-corruption program and action plan for 2012-2014 through government resolution and the establishment of a framework for monitoring its implementation (DPO1 prior action), and verification of asset declarations of civil servants in political functions by State Personnel Service (DPO2 prior action) as a key part of the implementation of the action plan. By international indices of governance, Kyrgyz Republic has strengthened its governance between 2011 and 2014/2015: its ranking improved from 9.95 to 11.54 percentile by the Worldwide Governance Indicator for control of corruption, although missing the target of 15 percentile, and improved from the 137th out of 144 countries to the 105th out of 138 countries by the Global Competitive Index (GCI) for institutions. There is, therefore, evidence of progress towards improving governance. However, as noted in the ICR, the relationship between the actions supported by the DPO series and the expected results is tenuous. The initial steps undertaken had to be followed up by more institutional reforms (unspecified in the ICR) over a sustained period to reduce corruption.

**Budget discipline and transparency in the use of budget resources.** To strengthen PFM, the DPOs supported: a protocol of cooperation between the Ministry of Finance (MOF) and the National Bank of the Kyrgyz Republic (NBKR) to clarify the roles and responsibilities of the treasury, banking and accounting functions, and the oversight of payments/settlements; approval by MOF of a Unified Chart of Accounts; submission to Parliament of a revised, strengthened draft budget code; a request by the Prime Minister of an amendment to the proposed budget code mandating prior Parliamentary approval of the issuance of sovereign guarantees (DPO1 prior actions), and approval of a regulation to establish an Internal Audit Council, adoption of a regulation on Financial Management and Control in Budget Organizations, and adoption of ethical standards for internal auditors in public agencies (DPO2 prior actions). These measures were expected to improve transparency in budget planning and execution. The ICR reports that, although the budget outturn has been close to original budget estimates, the composition of spending has diverged substantially from budget estimates, leading to a slippage of PEFA PI-2 (composition of expenditure outturns compared to original approved budget) from C to D+ (against a target of B) between 2009 and 2014. By contrast, internal audit reforms have been successful. The ICR reports that an internal audit council ensuring the independence and quality of internal audits, the coverage has been widened, and the reports are used in the regular work of the ministers. This progress is recognized by an improvement of PEFA PI-21 (effectiveness of internal audit) score from D to C in 2009-2014, meeting the target.

**Transparency in procurement.** The government initiated public procurement reform in 1994 and has sought Bank assistance to improve the system. The DPO series supported the publication of a Public Procurement Report on the use of the 2011 allocated budget; adoption of a Public Procurement Development Strategy for 2012-2014 in line with international best practice (DPO1 prior actions); submission of a new Public Procurement Law to Parliament; and update of the institutional framework of the public procurement regulator within MOF (DPO2 prior actions). These actions were expected to reduce corruption and improve efficiency of public procurement through proper reporting on the use of public funds. The ICR reports that all public procurement now takes place through a portal managed by the MOF, and information
on current and past procurements is publicly available through annual reports prepared by the MOF. The ICR notes, however, an attempt to exempt certain procurements from the portal-based requirement, which represents a risk of backsliding.

**Energy sector transparency, governance and accountability.** Despite huge growth and export potential, the energy sector is a large contingent liability to the budget due to inadequate governance arrangements and regulatory environment. The series supported the adoption of a comprehensive action plan to enhance transparency, accountability and governance of the energy sector (DPO1 prior action), and measures to increase the transparency of the sector by requiring energy companies to regularly publish a variety of operational, technical, and financial information on its websites (DPO2 prior action). The ICR reports that although the transparency enhancing plan was adopted through a government resolution in 2012 and a ministerial order in 2013, only some of the actions have been undertaken. Transparent and competitive procurement of fuel resources is taking place, and escrow accounts for power export revenues are being maintained. However, annual audits of financial statements of energy companies are not regularly published; the performance information disclosed on the websites of the Ministry of Energy, the Energy Regulatory Department, and energy companies was often outdated and incomplete; monthly balances of the special accounts of the power companies and the generator are published with unjustified lags and the transit accounts of the distribution companies are not always published monthly; the quarterly operational and technical performance data are not published regularly and the coverage of data is sparse; and annual financial statements are published but without audit reports. Moreover, the general directors and executive bodies of the energy companies are not elected based on transparent and competitive procedures.

**Rating**

Modest

---

**Objective 2**

**Objective**

Enhancing the business environment

**Rationale**

The series supported reforms to improve the business environment, ranging from the judiciary, to business regulations, corporate governance, and financial sector stability. There is evidence of progress except in the area of corporate governance.

**Judicial reforms.** A poorly-functioning judiciary system was a cause of inadequate property rights protection and an obstacle to doing business. The DPO series supported the establishment of a Judicial Reform Council and approval of a Strategic Action Plan on reforming the judicial system (DPO1 prior action), and submission to Parliament a program to increase the financial independence of the judicial sector (DPO2 prior action). It was expected that an independent judicial budget would improve the functioning of the system. The ICR reports that between 2014 and 2016, the budget of the judicial system nearly doubled (against the target of a 10 percent increase during 2014-2015). The increased budget allowed for material improvement
in courts at all levels, and institutional improvement in the working of the court department, court procedures, operations of the supreme and appellant courts, and trial efficiency through new technology. The Judicial Reform Council is now drafting the third reform strategy and action plan for 2017-2022.

**Business start-up and inspections.** A heavy regulatory burden and corruption were directly linked to high levels of informality. Although the government had made progress in streamlining business registration, demand for informal documents and payments was still common, while inspection procedures continued to be seen as arbitrary and conducted with rent-seeking purposes. For business start-up, DPO1 supported the issuance of a ministerial order containing a checklist for clarifying on what basis a request to register a business could be rejected and instructions to applicants on what additional information would be required (prior action); DPO2 did not provide further support in this area. The ICR reports that the number of days to register a business fell from 20 in 2011 to six in 2016 (against a target of 10 by an unspecific year). These numbers are different from those in the Doing Business (DB) report, which show a decline from 14 to 10 days for starting a business during this period. Nonetheless, there is evidence of reduced time for registering a business, and thus reducing the scope for corruption. With regard to business inspections, the DPO series supported the introduction of transparent, risk-based criteria (assessing the business risk of active and potential damage mechanisms to assess and rank failure probability and consequences) and a coordination module within the Ministry of Economy (MOE) (DPO1 prior action), and the operationalization of a single automated database for business inspections in the MOE and six inspectorates in the capital city, Bishkek (DPO2 prior action). The ICR reports that inspection reforms have enjoyed strong support within the government and businesses, and that the single automated database is now used for conducting inspections in a risk-based manner country-wide.

**Corporate governance.** DPO2 supported improvements in the legislation, through amendments to the Joint Stock Company (JSC) Law (prior action), to strengthen the responsibilities of the management bodies. As presented in the Program Document of DPO1, this action was for improving access to finance; but by DPO2 the main outcome sought was increased transparency in the management of JSCs and strengthened rights of shareholders. The ICR reports that Parliament decided not to legislate this reform, and the DB indicator for investor protection index did not improve. Kyrgyz’s GCI for efficacy of corporate boards did not change between 2013-2014 and 2016-2017 (from 128th out of 148 countries to 118th out of 138 countries), while that for protection of minority shareholder’s interest declined (from 121st out of 148 countries to 128th out of 138 countries).

**Financial sector stability.** Noting significant weaknesses in the legal, regulatory, and supervisory frameworks for the banking sector, the DPO series foresaw support, all under DPO2, for revised regulations on the Prompt and Remedial Action Framework to address actual or imminent financial distress in banks and amendments to the Deposit Protection Law to strengthen governance, coordination and operations of the deposit protection scheme. The first action proved to be impossible due to the complexity of the revisions involved. Instead, the series supported the strengthening of bank reporting through the newly established credit registry, and increased depositor protection as originally planned (DPO2 prior actions). The ICR reports that the expected outcome of parallel loans (a parallel loan involves two parent companies taking loans from their respective national financial institutions and then lending the resulting funds to the other company’s subsidiary) being tracked has been achieved, albeit with some delay (by 2017 instead of 2014), and that all banks comply with the requirement to provide information about borrowers to the NBKR’s
Periodic Bank Reporting system. In addition, although the strengthening of the Prompt and Remedial Action Framework (PRAF) to enhance the NBKR’s risk-based supervision was dropped from the DPO series, the Bank’s financial sector development project is providing the relevant support and a strengthened PRAF is expected to be in place over the medium term. A financial stability council chaired by the prime minister (an FSAP recommendation) has also been established to facilitate cross-institutional coordination and information sharing. Finally, the amendments to the Deposit Protection Law went into effect in 2016, which clarified the powers and competencies of the deposit protection agency and reportedly bolstered depositor confidence (no evidence of this is provided). However, the ICR judges that this action could not have contributed to the increase in the deposit to GDP ratio between November 2013 and December 2014 (from 16 to 25 percent of GDP, against a target of 20 percent) because the indicator is influenced by powerful factors other than the state of the deposit insurance scheme.

**Rating**

| Substantial |

---

**5. Outcome**

The objectives were highly relevant to the country context, and well aligned with the government’s medium term development program and the World Bank Group’s successive strategies. Program design was simple, but modestly relevant for delivering the expected outcomes as the two-year program attempted to address a wide reform agenda and many difficult issues simultaneously. Efficacy was substantial in improving the business environment, with good progress achieved in the areas of judicial efficiency, business inspections, and credit registry. Overall efficacy was modest in improving public sector governance despite progress in areas such as internal audit and public procurement. Energy sector reforms to improve transparency, governance, and accountability proved to be difficult, as were those to improve corporate governance. Overall, these are considered moderate shortcomings, and outcome is assessed as moderately satisfactory.

**a. Outcome Rating**

| Moderately Satisfactory |

---

**6. Rationale for Risk to Development Outcome Rating**

The DPO series was designed and implemented in a high-risk environment. The Program Document of DPO1 identified political instability, weak governance and wide-spread corruption, external economic environment, and capacity constraints as the main risks, and proposed mitigation measures for all except the political risks.
The Program Document of DPO2 added fiduciary risks and stakeholder risks, including potential delays in legislative approvals by parliament. All of these risks remain at program closure, and threaten to slow down reform process and reverse program outcomes. The Bank is preparing a new DPO to deepen governance and competitiveness reforms, which should help maintain momentum in these areas.

a. Risk to Development Outcome Rating
High

7. Assessment of Bank Performance

a. Quality-at-Entry
In designing the DPO program, the Bank team took stock of Bank-wide knowledge on assisting countries in post-conflict situations (e.g., WBR 2011 on Conflict, Security and Development) and experience with development policy operations (e.g., DPL Retrospective by OPCS), as well as lessons from previous DPOs in the Kyrgyz Republic (e.g., avoid pushing for unrealistic and ambitious reforms, concentrate on high priority areas, deepen reforms initiated in previous operations, and complement the DPO with other instruments). Choice of supported actions benefited from analytical work by the Bank and other partners (detailed mapping in Tables 5 and 6 of Program Document of DPO1). In addition to close collaboration with the IMF on macro fiscal issues, the Bank worked with other bilateral and multilateral donors in the areas of PFM, procurement, energy, judicial reforms, etc. (summarized on p. 16 of Program Document of DPO1).

Nevertheless, program design suffered from a number of shortcomings. While the reforms pursued were generally first steps in each policy area, they were ambitious in terms of the coverage of the agenda and of the reform timetable in some areas. Some of the actions might not have been a high priority for the government (e.g., corporate governance with the objective of increasing access to finance), or did not enjoy sufficient consensus among stakeholders (e.g., energy sector) to follow through. The results chain was clear in some policy areas, but weak in others. Some outcome indicators, while a good measure of country performance (e.g, GCIs, DB indicators, deposit/GDP ratios), might be too removed from the incremental actions supported under the series to be a meaningful measure of program achievement.
Risk analysis identified the major risks facing the country in general, not those that would threaten achievement of the program objectives in particular. Many of the risks related directly to governance and corruption, and would be mitigated within the DPO series. Implementation arrangements followed the standard process for DPOs, with the MOF playing the coordinating role. The ICR notes, however, that the MOF lacks the full capacity to take the a strategic approach to reform design, nor sufficient weight to hold line ministries and agencies accountable to agreed reforms.

Quality-at-Entry Rating
Moderately Unsatisfactory

b. Quality of supervision
One Implementation Status Report was prepared for DPO1 in November 2013, before the program became effective. It reported that progress with implementation of DPO1 had been satisfactory and that the policy
dialogue on the reform program to be supported by DPO2 had advanced. The ICR reports that supervision was facilitated by a strong presence of Bank staff in the regional office and the resident mission, and a near-continuous dialogue with the counterparts. Supervision of other projects (e.g., trust fund operations in PFM), preparation of new Bank lending (e.g., financial sector project), and knowledge-related engagements (e.g., a public expenditure review) also supported supervision of the DPO series. The ICR does not mention donor-supported parallel programs, but they should have helped maintain reform momentums and monitor reform progress in related areas. The adjustments in DPO2, which sharpened the statement of program objectives, strengthened the program structure (e.g., moving energy to pillar 1 as the issue related more to contingent fiscal liability than business environment), and identified new risks (e.g., implementation, fiduciary, and stakeholder risks), reflected active program management.

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

8. Assessment of Borrower Performance

a. Government Performance
The ICR reports that the government has demonstrated commitment in pushing forward judicial and procurement reforms, in pursuing investment climate reforms to streamline business registration and inspections. In the financial sector, progress has been slow, but is being made. In comparison, the efforts to reform the energy sector, enforce expenditure discipline, and improve corporate governance have been too weak to yield tangible results, although it should be recognized that some of these reforms are inherently difficult, going beyond policy changes and having to address entrenched interests. In a context where corruption is deep-rooted, the government is young (formed in 2012 following political tumult), and institutional capacity is limited, it is to be expected that governance reforms would take time to show measurable results. Several global governance indicators have shown improvement in Kyrgyz Republic’s institutions, which suggests overall progress from the government’s efforts.

Government Performance Rating
Moderately Satisfactory

b. Implementing Agency Performance
NA

Implementing Agency Performance Rating
Not Rated

Overall Borrower Performance Rating
Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design
   The ICR reports that M&E design and arrangements followed earlier budget support operations, with the results framework jointly developed with the counterparts and used for internal review by the relevant ministries and agencies. Most of the indicators were appropriate for measuring progress of the DPO series, although some appeared to be remote from the actions supported under the series (e.g., increased deposit to GDP ratio between 2013 and 2014, and amendments to deposit protection law that went into effect in 2016). Data collection relied on existing government agencies. Program Document of DPO2, however, noted that the limited capacity of institutions to monitor policy outcomes was the reason behind the heavy reliance on external indicators (e.g., GCIs, DBs).

b. M&E Implementation
   The ICR reports that monitoring has been carried out by the relevant agencies, which publish updates at different frequencies and of different standards. It notes the absence of an institutionalized, unified M&E framework in the MOF, which would have better supported program implementation.

c. M&E Utilization
   The ICR reports that M&E data is used by individual ministries and agencies to redesign policies periodically without overall coordination by the MOF. Close program monitoring allowed the team to recognize initial design deficiencies in the program, and make adjustments in DPO2.

M&E Quality Rating
Substantial

10. Other Issues

a. Environmental and Social Effects
   The DPO program was not expected to have negative effects on environment and natural resources. Efficiency improvement in energy could reduce dependence on coal or wood for heating. Aimed at reducing misuse of public resources and encouraging private investment to create jobs, the DPO program could contribute to increasing the fiscal space for social programs, easing social tensions, and reducing poverty.
b. Fiduciary Compliance

The Program Document of DPO1 noted serious deficiencies in accounting, recording, and reporting of public expenditures, as well as other aspects of the fiduciary system. The Bank, UNDP and USAID were providing capacity building to the Chamber of Accounts. The DPO program had components to strengthen internal audit, public procurement, and budget management. Noting weaknesses across the entire range of PFM, Program Document of DPO2 added fiduciary risks to its risk assessment but judged the fiduciary arrangements adequate for the operation.

c. Unintended impacts (Positive or Negative)

NA

d. Other

NA

11. Ratings

<table>
<thead>
<tr>
<th>Ratings</th>
<th>ICR</th>
<th>IEG</th>
<th>Reason for Disagreements/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome</td>
<td>Moderately Satisfactory</td>
<td>Moderately Satisfactory</td>
<td>---</td>
</tr>
<tr>
<td>Risk to Development Outcome</td>
<td>High</td>
<td>High</td>
<td>---</td>
</tr>
<tr>
<td>Bank Performance</td>
<td>Moderately Satisfactory</td>
<td>Moderately Satisfactory</td>
<td>---</td>
</tr>
<tr>
<td>Borrower Performance</td>
<td>Moderately Unsatisfactory</td>
<td>Moderately Satisfactory</td>
<td>While it is a fact that the government failed to implement all the agreed reforms, it is not entirely clear what was behind the disappointing results. The ICR points to lack commitment on the part of the government, but such issues may also have been reflected in program design and implementation arrangement.</td>
</tr>
<tr>
<td>Quality of ICR</td>
<td>High</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>
Note
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.

12. Lessons

The ICR distilled seven lessons: (i) the number of prior actions and areas covered by DPOs should be parsimonious; (ii) the programmatic nature of the operations should be reinforced; (iii) the critical foundation of success is a viable fiscal position; (iv) implementation of reforms can be strengthened through a unified and robust M&E framework; (v) prior actions should focus on reform themes with demonstrated commitment of the authorities; (vi) design of prior actions should focus on critical actions rather than only the first steps; and (vii) a candid assessment of commitment and capacity risks should be undertaken together with mitigation proposals.

IEG concurs with these lessons, and underscores the importance of maintaining a realistic scope when tackling difficult institutional reforms in a challenging environment. Although the issue of government commitment and ownership was among the lessons from past DPOs that influenced the design of this series, it was, nonetheless, a cause for the slower than expected progress in some policy areas covered by the series, and remains a lesson for future DPOs. The challenge appears to lie in recognizing genuine commitment from lip service, different levels of commitment across government agencies, and the distinction between commitment and implementation capacity.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is concise, candid, and balanced, proving a good analysis of the achievement and lessons from the DPO series. It goes beyond the indicators and focuses on the outcomes for results assessment. By acknowledging the mistakes in the design and implementation of the program, it offers many insights that should be useful in designing future budget support operations.

a. Quality of ICR Rating

High