



## 1. Project Data

<b>Project ID</b> P117384	<b>Project Name</b> PSMP II	
<b>Country</b> Armenia	<b>Practice Area(Lead)</b> Governance	
<b>L/C/TF Number(s)</b> IBRD-78540	<b>Closing Date (Original)</b> 31-Jul-2015	<b>Total Project Cost (USD)</b> 8,999,790.78
<b>Bank Approval Date</b> 16-Mar-2010	<b>Closing Date (Actual)</b> 31-Jan-2017	
	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>
Original Commitment	9,000,000.00	0.00
Revised Commitment	8,999,790.78	0.00
Actual	8,999,790.78	0.00

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## 2. Project Objectives and Components

### a. Objectives

The project development objective (PDO) as stated in the Loan Agreement (Schedule 1, page 5) and in the Project Appraisal Document (PAD, page 14):

**"To enhance the performance of the public-sector management for better service delivery by: (i) strengthening institutional capacity in policy formulation: (ii) maximizing the efficiency of human capital: and, (iii) developing information systems for internal work flow and external communication."**



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

No

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

No

**d. Components**

This project (PSMP II) was the middle operation of the Bank's programmatic support to public administration reforms. The support included a prior closed Bank-financed project (PSMP I) and an ongoing project (PSMP III), approved during the last year of implementation of this project. There were five components (PAD, pages 14-18).

**1. Strengthening Institutional Capacity in Policy Making and Service Delivery.** Appraisal estimate US\$2.67 million. Actual cost US\$2.10 million. This component aimed at strengthening policy development and performance management in the public sector. Activities in this component included: (i) review of the existing organizational practices, reengineering business practices and piloting activities for determining appropriate business structures; (ii) capacity building activities to the Office of Government for formulating policy actions and to the National Assembly for building public consultation mechanisms; and, (iii) strengthening the organizational capacity for public service delivery.

**2. Maximizing the Efficiency of Human Resources in the Public Sector.** Appraisal estimate US\$1.14 million. Actual cost US\$0.70 million. This component aimed at supporting efficient management of human resources in the public sector, including through strengthening public service ethics and accountability. There were three sub-components: (i) technical assistance for the ethics compliance bodies; (ii) training the staff of those bodies on fostering voluntary adherence to the rules and dealing with violations; and, (iii) support to administering the income and asset declaration law.

**3. Development of Information Systems for Managing Internal Workflow and External Communication.** Appraisal estimate US\$3.89 million. Actual cost US\$5.20 million. This component financed investments in information systems for implementing the reforms described above. There were three sub-components: (i) investments aimed at improving interoperability between government information systems; (ii) investments on e-kiosks and other information systems for public access to information, developing a government web portal for e-government and giving access to the electronic document management system (EDMS), the municipal government Information system, e-procurement, income and asset declarations of public officials and other information systems financed under PSMP I; (iii) technical assistance to the government on managing the evolving e-governance and automation systems for ensuring sustainability of investments.



**4. Just-in-Time Technical Assistance.** Appraisal estimate US\$0.40 million. Actual cost US\$0.02 million. This component aimed at addressing the unforeseen needs of the government and supporting interventions that arose during implementation.

**5. Project Management and Implementation.** Appraisal estimate US\$0.88 million. Actual cost US\$0.93 million. This component aimed at providing administrative support, including for Monitoring and Evaluation (M&E).

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

**Project cost.** The appraisal estimate and actual cost were US\$9.00 million. The actual costs of components three and five were 33% and 6% higher, while the actual costs of components one, two and four were about 21%, 38% and 94% lower than estimated respectively, at appraisal. The reasons for the differences between the actual and the appraisal estimate of the components are described below.

**Project financing.** The project was financed by an IBRD loan of US\$9.00 million. The loan was disbursed in full.

**Borrower contribution.** The appraisal estimate was US\$2.54 million, and the actual contribution was US\$2.19 million.

**Dates.** The project, approved in March 2010, became effective July 2010. The project closed 18 months later than planned, on January 31, 2017.

**Other Changes.** These changes were made through a level 1 restructuring on August 11, 2012: (1) An activity, identified as a top priority by the government - development of a nationwide electronic health care service delivery system- was added; (2) some activities identified as less critical by the government such as, procurement of information technology (IT) equipment for the central public administration and upgrading the Electronic Data Management System, were cancelled. Some activities that were within the scope of this project such as, development of an electronic portal, information management system for public relations departments, analyses and feasibility studies for public pay and establishment of an Ethics Commission of High Ranking Public Officials, were cancelled, as these activities were completed with funding from other sources: The added activity was funded through a combination of factors including utilizing funds from the "just-in-time technical assistance" (component four activity) and from reallocation of funds from cancelled activities.

In addition, the three key outcome indicators were revised (Section 10), following the recommendations of the mid-term review through the first level 2 restructuring on September 19, 2013, when 54% of the loan had been disbursed. The second level 2 restructuring on October 8, 2014, extended the closing date from



July 31, 2015 to January 31, 2017, to complete ongoing activities associated with civil service and e-health activities, which had been subject to delays during implementation. The former activity was delayed due to the difficulty in reaching a final agreement between the Civil Service Council and the government on key policy considerations and the latter activity, due to issues associated with completing feasibility studies.

### 3. Relevance of Objectives & Design

#### a. Relevance of Objectives

At appraisal, the PDO was relevant to the Republic of Armenia's *Government program* for the 2008-2012 period. The program identified public administration reforms as top priorities and included measures to support anti-corruption efforts, decentralization and capacity building at the regional and local levels. The program focused on developing a culture of strategic programming, clear accountability, managing public officials' conflicts of interest and expanding e-government services. The global economic crisis of 2009 necessitated some changes in the government's mid-term priorities and the most urgent public administration reforms were reconfirmed through the *Armenia public administration reform strategy* adopted by government decree (number 37) on September 10, 2009. Armenia's *Government Program* for the 2014-2017 period emphasized the importance of civil service reforms, fight against corruption, exclusion of conflict of interest in the state sector, simplifying regulations, improving effectiveness through applying the information technology (IT) systems and enhancing human resources management. A pillar of the government's long-term strategy, *Armenia Development Strategy for the 2014-2025* period, highlighted the need for modernizing public administration through increasing state efficiency and improving public service delivery.

The PDO was well-aligned with the Bank's country partnership strategy (CPS) for the 2009-2012 period. The CPS highlighted the need for strengthening governance and raising public sector efficiency, by supporting improvements in cross-cutting systems for strategic policy making, human resource management and management information systems. The Bank's CPS for the 2014-2017 period (the latest available strategy document), highlighted the need for "improving governance and anti-corruption measures in public services."

The PDO was however general, broadly formulated and lacked specificity. The relevance of objective is hence assessed as Substantial.

#### Rating

Substantial



## b. Relevance of Design

An investment loan was used as the lending instrument, combining capacity building activities with investments in public sector management information systems. Capacity building activities aimed at strengthening the institutional capacity for formulating policies. Activities such as, establishing ethics compliance bodies, training the staff of those bodies and supporting administration of the income asset and declaration law that was part of the government's program for managing conflicts of interest, aimed at improving management of human resources in the public sector. Investments aimed at improving interoperability between government information systems together with investments on e-kiosks and other information systems such as a government web portal for public access to information, aimed at better management of work flow and external communication. The design was flexible and included arrangements for supporting interventions, if opportunities arose during implementation. This aided in providing financing for developing the e-health system, identified by the government as a top priority.

The results framework had drawbacks. Although the causal links between activities, outputs and outcomes were clear, the desired outcomes were unfocused. The design envisioned monitoring performance through the Bank's country policy and institutional assessment (CPIA) methodology, although the peer reviewers of the quality enhancement review conducted during preparation raised attribution problems, in relation to use of CPIA indicators for measuring performance.

**Rating**  
Modest

## 4. Achievement of Objectives (Efficacy)

### **Objective 1**

#### **Objective**

To enhance the performance of the public-sector management for better service delivery by strengthening institutional capacity in policy formulation.

#### **Rationale**

**Outputs.** (ICR, pages 14- 16 and pages 32).

- The Center of Strategic Initiatives, in charge of key high-level strategies and reforms, was created on January 2017, through public-private partnership, as targeted.



- Requirements for public services (such as, traffic police, passports and e-health) were publicly accessible, at project closure. Requirements for services associated with traffic police and passports were available on selected ministerial/ government websites and requirements for e-Health services were available on the website of the E-government Infrastructure Implementation Office of Armenia.
- The government established the National Center for Legislative Reforms to implement a regulatory guillotine process and to pilot regulatory impact assessments across the administration. The regulatory guillotine is a tool for governments to update their regulatory policies and simplify laws and regulations to reduce business costs. According to the clarifications provided by the task team, the center had the mandate to simplify regulatory laws.
- Capacity building activities by way of training were provided to the ministerial staff to apply the new tools for planning and monitoring and evaluation, as targeted.

### **Outcomes**

New regulations for policy formulation, work planning and performance management were introduced throughout the civil service following business process reengineering. A new strategic planning framework was piloted in 6 ministries. According to the clarifications provided by the task team, the Center for Strategic Initiatives played an active role in coordinating strategies, reforms and updating the national development strategy. However, with the change in government in 2018, the center was perceived as a legacy of the previous regime and was closed. As the new framework was launched in December 2016, it was not possible to assess the extent to which the new regulations and framework contributed to the PDO.

**Rating**  
Modest

### **Objective 2**

#### **Objective**

To enhance the performance of public sector management for better service delivery by maximizing the efficiency of human capital.

#### **Rationale**

**Outputs** (ICR pages 16 and pages 32-34).

- Following the adoption of the civil service reform strategy in 2015, the principle of mobility of public servants was introduced, through changes in the Law on Civil Service.



- The government rolled out an automated performance evaluation system for public sector employees, based on their annual workplans and real time assessments.
- The government developed an online training module on ethics and integrity on key themes (service delivery, performance management, human resource management and ethics). This module posted in the fall of 2016, was available for civil servants. By April 2017, according to the Civil Service Commission, about 1,100 civil servants (representing 70 percent of civil servants) had accessed and completed the courses. The ICR (page 16) notes that with the limited funding for civil service training, developing on-line courses allowed the Civil Service Commission to economize on costs, pertaining to travel. The ICR however provides no details on the extent of cost savings.
- An e-government solution was developed for online filing and publication of income and asset declarations of high-level public officials. This system uses a risk-based verification system to identify possible conflicts of interest of public officials.
- The Ethics Commission for High-Ranking Officials was established in January 2012. The commission staff were trained for proactively flagging conflicts of interest in the government decision-making process.

#### **Outcomes.**

- The electronic income and asset declaration system was developed before project closure. The Ethics Commission for High-Ranking Officials, established in January 2012, was in charge of managing the system. The Commission uses a risk-based verification system for identifying public officials' conflicts of interest. From 2012-2015, the commission received and analyzed 5230 required income and asset declarations of high-ranking officials, with 98 percent submitted through the online system. This exceeded the compliance rate target of 50 percent. According to the clarifications provided by the team, information from the system is now being used regularly for investigating civil service officials.
- According to the Global Competitiveness Indicators of the World Economic Reform, Armenia's ratings for "favoritism in decisions of government policymaking" improved from 2.9 in 2009 to 3.2 (on a scale of 1 to 7) in 2016. This exceeded the target of at least a 10% increase relative to the baseline. The global competitiveness report ranks the world's nations according to the global competitiveness index. This index is made up of 110 variables organized in twelve pillars, with each pillar representing an area considered as important for competitiveness. The first pillar of the index is "institutions" and "favoritism in decisions of government policymaking" is one of the variables for measuring the institution pillar.

**Rating**  
Substantial



### **Objective 3**

#### **Objective**

To enhance the performance of the public-sector management for better service delivery by developing information systems for internal work flow and external communication.

#### **Rationale**

#### **Outputs.**

- An electronic vehicle registration system was developed for Armenia's police for providing additional services (registration, numbered plates and registration document). A documentary film on the functionality of the e-police was developed.
- The e-visa system was upgraded to improve functionality and a consular registration module was designed to improve internal work flow in awarding visas.
- The e-health platform was developed. This platform provided comprehensive and real-time exchange of information in the areas of medical, administrative and financial/insurance to patients, healthcare providers, the government and insurance companies. At closure, the system was developed and piloted in 480 medical institutions receiving state insurance funding. The ICR however does not provide information on the total number of medical institutions. Although the causal links between activities, outputs and outcomes were clear, the desired outcomes were unfocused. As of May 2017, the database included information on more than 32,000 personnel, including 22,000 doctors and nurses. 600 operators and the staff of the Ministry of Health were trained for using the new system.
- All available electronic services could be accessed via internet (listed on the e-government website).

#### **Outcomes.**

- According to the data provided by the Electronic Document Management System, documents communicated electronically by the citizens increased to 43.25 percent at closure, as compared to 20 percent in 2009. This exceeded the target of at least a 15 percent increase relative to the baseline.
- The average time required to register a vehicle, decreased to 30 minutes at project closure as compared to 24 hours at the baseline. This was a better result than the target of 12 hours.

#### **Rating**

Substantial



## 5. Efficiency

An economic analysis was not conducted either at appraisal or at project closure. The economic impact of the project was assumed to come from: (1) increase in competition, due to stronger oversight and pressure of the society on conflict of interest practices, and (2) reduction in transaction costs, due to increase in labor productivity of public entities and quicker communication through the electronic government systems.

According to the ICR (page 18), cost savings of more than US\$1.08 million were realized, due to the efficient procurement process (effective tendering and cost supervision) of the project management group and the Ministry of Finance’s Foreign Finance Project Management Center. These savings were utilized for funding additional activities (purchase of additional IT equipment). The ICR (page 17) notes that the e-Health system, the largest IT system developed under the project, was procured at US\$925,000, less than half the cost of comparable systems in terms of functionality, developed for Kosovo (over US\$2 million) and about two-thirds the cost of a system in Moldova (US\$1.4 million). This translated into a unit cost per facility of US\$1,927 for Armenia versus US\$200,000 for Kosovo.

**Administrative and Operational issues.** Project implementation was subject to delays due to the government's identification of new priorities mid-stream. Although the project became effective in July 2010, the decision to proceed with the e-health activities was only taken 25 months after effectiveness in August 2012. The implementation of this activity was delayed, due to policy delays associated with completing a feasibility study and its translation into procurement activities. According to the ICR (page 10) when the project closed, the Ministry of Health had begun pilot testing the system with 480 health providers and according to the information received subsequently from the team, a nationwide rollout of the e-health system is complete to date, along with arrangements for maintenance, which is outsourced to a national operator responsible for supporting and training the users, continuous software updates, and technical support. Overall efficiency is rated as Modest, given that there was no economic analysis, and a limited amount of data.

### 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 (%)
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Appraisal	0	0 <input type="checkbox"/> Not Applicable
ICR Estimate	0	0 <input type="checkbox"/> Not Applicable

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

## 6. Outcome

Relevance of the PDO to the government strategy and the Bank strategy is Substantial. Relevance of design is rated as Modest, in view of the shortcomings in the results framework and inappropriateness of the original indicators for monitoring project performance. Efficacy of the objective - to enhance the performance of the public-sector management for better service delivery, is rated as Modest, as it was not possible to assess the extent to which the new regulations and framework contributed to the PDO. Efficacy of the objective - to improve the efficiency in management of human resources in the public sector (defined and measured in terms of the implementation of the income and asset declaration system) is rated as Substantial, given that the targeted outcomes were largely realized. Efficacy of the objective - to develop information systems for internal work flow and external communication - is rated as Substantial. Efficiency is Modest, as there was no economic analysis of the project, and limited data with which to assess efficiency. Taking these ratings into account, the overall outcome is Moderately Satisfactory.

### a. Outcome Rating

Moderately Satisfactory

## 7. Rationale for Risk to Development Outcome Rating

**Financial risk.** The government’s commitment to public sector modernization remains strong, as demonstrated by the government designating e-governance reforms as a priority, in Armenia’s development strategy for 2014-2025. There is however moderate risk that, maintenance and upgrading of the system could be undermined due to budgetary constraints (ICR, page 20).

**Technical risk.** The human resource management system, including an automated performance evaluation system, was aimed at moving towards results orientation in the public sector. This, together with strategic planning methodology, will help in contributing to evidence-based, results-oriented policy processes (ICR, page 19). The capacity building activities provided under the project, will help in ensuring the sustainability of results. There is however moderate risk that budget limitations would make it difficult for the Government to maintain and upgrade the information and Information Technology systems developed under the project.



**a. Risk to Development Outcome Rating**

Modest

**8. Assessment of Bank Performance**

**a. Quality-at-Entry**

This project was prepared based on the experience of PSMP I and other public-sector reform projects financed by the United Kingdom Department for International Development and the European Union. Lessons incorporated at design included: incorporating activities that corresponded to the strategic priorities of the country (public administration reforms) and recognizing that capacity building investments in the public sector require policy reforms, linking the project activities to an ongoing development policy operation aimed at supporting the government in promoting performance-based pay in the public sector. The project incorporated two recommendations of the Independent Evaluation Group's (IEG's) 2008 report: *Public Sector Reforms: What Works and Why*. First, the project included provisions for "just-in time technical assistance" for financing interventions, if opportunities arose during implementation. Second, the public administration reforms supported by the project complemented investments in technology with capacity building activities, aimed at organizational change. The project preparation benefitted from continuity of leadership, as the project was prepared by the team that executed the prior Bank project. Several risks were identified at appraisal including substantial risk, associated with systematic corruption. Mitigation measures incorporated at design included: independent audits of the project's financial statements and regular supervision during implementation. Appropriate arrangements were made at appraisal for fiduciary compliance (discussed in section 11).

Although the quality enhancement review had raised concerns with the original PDO indicators based on the CPIA methodology at preparation, these indicators were only revised, through a level 2 restructuring on September 2013, after the mid-term review. The original indicators were replaced with new indicators better linked to project support.

There were drawbacks in the results framework, as indicated in section 3b. There were other shortcomings in M&E design, as discussed in section 10.

**Quality-at-Entry Rating**

Moderately Satisfactory

**b. Quality of supervision**



Twelve implementation status results reports were filed over a seven-year period. There was continuity of leadership and locally-based co-Task Team Leader, helped in responding in real time to requests from the borrower and addressing implementation issues. The supervision team was flexible in responding to government needs. For instance, the team added the e-health system activity, regarded by the government as a priority, using cost savings from other components. The team during implementation was able to attract trust fund grants to complement project support on strategic planning and these activities helped in developing a strategic planning methodology, piloted in selected ministries and agencies at project closure. According to the Borrower's Implementation Completion Report (ICR, page 48), the supervision team provided timely support to project stakeholders during implementation. The supervision team also drew on appropriate Bank expertise by adding an electronic health expert to the team, and this aided in addressing the technical and communication issues that arose between the vendor of the e-health system and the borrower (ICR, page 21).

### **Quality of Supervision Rating**

Satisfactory

### **Overall Bank Performance Rating**

Moderately Satisfactory

## **9. Assessment of Borrower Performance**

### **a. Government Performance**

The focus on public administration reform at appraisal was articulated in the government program and the sustainable development program of 2008. The government followed this through by approving the public administration reform strategy through government decree in September 2009. The government commitment was further demonstrated by policy actions on civil service reform and e-government implementation in the first development policy loan series. E-governance reforms are further identified as a priority in the *Armenia Development Strategy for 2014-2025*.

There were shortcomings in government performance. Despite the government's commitment, implementation was hindered by the government identifying new priorities mid-stream and disagreements between project stakeholders (ICR, page 22). For instance, the e-health system was still being rolled out after project completion, due both to the late start, and coordination and communication difficulties between the e-Government Infrastructure Implementation Office of Armenia, the Ministry of Health, and the e-health vendor. The difficulty in reaching a final agreement between the Civil Service Council and the government on key policy considerations led to further delays. Finally, the constitutional amendment, which initiated a reorganization of the public sector was adopted only in 2015. This delayed the implementation of the policy formulation and monitoring activities.

The implementation of this project was also undermined by the numerous changes in key government officials (ICR, page 12). Presidential and parliamentary elections, a constitutional referendum and three



changes in the Prime Minister and Chief of Staff occurred during implementation. These factors affected the implementation of those activities that required senior government attention such as, strategic planning and policy reform (component one activity) and civil service reforms (component two activity). These factors contributed to the partial realization of some activities at project closure.

**Government Performance Rating**  
Moderately Unsatisfactory

**b. Implementing Agency Performance**

The PMG located in the Government Office and the Ministry of Finance's Foreign Finance Project Management Center (FFPMC) worked well together in implementing the project. The Project Manager, who had served in the same position for the prior closed Bank-financed project (PSMP I) had good working relationships with the staff in the Government Office and other ministries and this aided in coordination and effective mediation among project beneficiaries to resolve conflicts, such as those with the Civil Service Commission or the e-Government Infrastructure Implementation Office of the Ministry of Armenia (ICR, page 22). The PMG staff also worked closely with the Bank team to identify and resolve implementation issues. The PMG and the FFPMC were able to save costs due to effective tendering and contract supervision and these savings were used to fund additional activities such as purchase of additional Information. The PMG office ensured fiduciary compliance (discussed in section 11b).

**Implementing Agency Performance Rating**  
Satisfactory

**Overall Borrower Performance Rating**  
Moderately Satisfactory

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

**a. M&E Design**

The key PDO indicators were to be measured through using the Bank's country policy and institutional assessment (CPIA) ratings and beneficiary surveys (PAD, page 25). The CPIA consists of 16 criteria in four equally weighted clusters: economic management, structural policies, policies for social inclusion and public-sector management and institutions. For each of the 16 criteria, countries are rated on a scale of one (low) to six (high). The design called for assessments using a participatory process drawing on experts from civil society and business, using the CPIA methodology on personnel (criterion 15a), policy/regulatory management (criterion 15b), and transparency (criterion 16b). The target was a 15 percent improvement in these criteria, presumably meaning an increase of one step on each scale, say from 2 to 3 (PAD, p. 21, 36-7). These criteria were too broad to capture the more focused institutional changes affected by the project (ICR, page 12).



As indicated in section 3b, the results framework had shortcomings, given that the peer review conducted during preparation had raised attribution problems, in relation to use of CPIA indicators/methodology. The M&E shortcomings at design were rectified after the Mid Term Review (discussed below).

The Public-Sector Reform Commission and the PMG were responsible for monitoring project performance.

## **b. M&E Implementation**

While the Mid-Term Review found that two of the three indicators based on CPIA criteria (15a and 15b) had been met, it determined that these indicators had to be changed moving forward, because they were not adequate for monitoring activities, supported by the project. The revised indicators were based on internal project data (use of new policy guidelines, increased use of electronic data management system and deployment of civil service performance appraisal system) and external assessment (an indicator from the World Economic Forum's Global Competitiveness Report). While the project proceeded from this point to develop the e-health system, there was no indicator specifically aimed at tracking the contribution of the system to achieving the PDO.

The beneficiary surveys planned at design were not implemented due to cost considerations and technical limitations. The data was collected by the PMG and submitted to the Public-Sector Reform Commission and the Bank in a timely fashion during implementation (ICR, page 13).

## **c. M&E Utilization**

The ICR does not provide information on whether the M&E data was utilized for any purpose, other than monitoring project performance.

### **M&E Quality Rating**

Modest

## **11. Other Issues**

### **a. Safeguards**

The project was classified as a Category C project and environmental assessment was not required (PAD, page 26). No safeguard policies were triggered during implementation (ICR, page 13).



**b. Fiduciary Compliance**

The FFPMC was responsible for fiduciary management. FFPMC had implemented PSMP I and other small, stand-alone grants (PAD, page 29).

**Financial Management (FM).** A financial management assessment conducted at appraisal, concluded that financial management arrangements were Satisfactory and the financial risks were rated, as Moderate (PAD, page 24). The ICR (page 13) notes that the financial management was Highly Satisfactory throughout the life of the project. According to the information subsequently provided by the team, unqualified external audits were submitted in a timely fashion.

**Procurement.** An assessment of the FFPMC's capacity to address procurement issues conducted at appraisal, concluded that the procurement risk, was Moderate (PAD, page 71). The PMG and FFPMC were able to save costs due to effective tendering and contract supervision. The ICR (Page 13) notes that there were no procurement issues and procurement management was satisfactory during implementation. There were no reported instances of mis-procurement.

**c. Unintended impacts (Positive or Negative)**

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**d. Other**

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**12. Ratings**

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	---
Risk to Development Outcome	Negligible	Modest	There is moderate risk that budget limitations would make it difficult for the Government to maintain and/or upgrade the information and Information Technology systems.
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	---



Borrower Performance	Moderately Satisfactory	Moderately Satisfactory	---
Quality of ICR		Substantial	---

**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.

**13. Lessons**

The four most important lessons drawn by the ICR are the following (with some modification of language) (ICR pages 23-34).

- (1) Overlap with follow up projects can help in ensuring continuity in a programmatic series of operations.** The PSMP II was prepared and became effective while PSMP I was still being implemented. The two projects were implemented by the same Bank and government teams. This helped in ensuring that the two projects focused on the key constraints on public sector reforms.
- (2) The experience of this special investment loan showed that such public-sector reform projects are likely to be successful when they are complemented by pillars in development policy loans.** While the pillar areas in the latter supported policy reforms, technical assistance and capacity building activities provided in this project, helped in ensuring implementation of key policy reforms.
- (3) The project design should use indicators that measure attributes, that can be attributed to project support.** The CPIA indicators envisioned at design, proved to be unworkable in practice, as the indicators were not sufficiently granular to capture project level impact data.
- (4) Built-in flexibility can be useful for responding to opportunities for public sector reforms.** The project design allocated funding for activities aimed at addressing the unforeseen needs of the government and supporting interventions, if opportunities arose during implementation. This helped the project management to support the government's priority in the e-health system.

**14. Assessment Recommended?**

No

**15. Comments on Quality of ICR**



The ICR is well-written. It candidly discusses the issues associated with the CPIA indicators and acknowledges that while the attribution issues associated with these indicators were raised by the peer reviewers of the quality enhancement review before the decision meeting in January 2010, the original indicators were revised only on September 2013, after the mid-term review. Reasonably good lessons are drawn from the experience of preparing and implementing this project. The ratings are consistent with the guidelines.

**a. Quality of ICR Rating**  
Substantial