Report Number : ICRR0021292

1. Project Data

Project ID	Project Name	
P120427	AF: ARTF-Public Fin. Mgmt. Reform II	
Country	**Practice Area(Lead)**	**Additional Financing**
Afghanistan	Governance	P150632,P150632

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
TF-10024	31-Dec-2014	107,002,627.42
Bank Approval Date	**Closing Date (Actual)**	
14-Jun-2011	31-Dec-2017	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	114,125,000.00	114,125,000.00
Revised Commitment	114,070,775.00	107,002,627.42
Actual	109,209,939.31	107,002,627.42

Prepared by	Reviewed by	ICR Review Coordinator	Group
Judyth L. Twigg	Robert Mark Lacey	Malathi S. Jayawickrama	IEGEC (Unit 1)

2. Project Objectives and Components

a. Objectives

According to the Grant Agreement (p. 4), the project's objectives were to "strengthen the Recipient's public financial management (PFM) through effective procurement, treasury and audit structures and systems, in line with sound financial management standards of monitoring, reporting and control."

At a 2016 restructuring and Additional Financing (AF) of US$ 41.13 million, the objective was changed to "further strengthen the efficiency and effectiveness of Afghanistan's procurement, treasury, and audit systems" (Project Paper, p. 14). At the time of this restructuring, US$ 68.72 million, or 62.9% of total Bank financing, had been disbursed. This Review treats the original objective, strengthening PFM, as equivalent to

the second part of the revised objective, to strengthen the effectiveness of the procurement, treasury, and audit systems. The revised objectives add efficiency. This Review therefore conducts a split rating, with the original objective as strengthening PFM/strengthening effectiveness, and the revised objectives as strengthening (a) effectiveness and (b) efficiency.

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
27-Jan-2016

c. Will a split evaluation be undertaken?
Yes

d. Components
The project initially contained four components:

1. Procurement reform (appraisal: US$ 21.47 million; additional US$ 11.00 million at the AF; actual: US$ 32.46 million). This component was to support building procurement management capacity throughout government, building institutional capacity in the public sector (and the private sector where practical), and completing the legal and institutional framework for procurement. It contained three subcomponents, on procurement facilitation to assist the Afghanistan Reconstruction and Development Services (ARDS); capacity building for procurement institutions in line ministries and provinces; and institutional development for completing the legal framework.

2. Financial management reform (appraisal, US$ 23.88 million; additional US$ 15.96 million at the AF; actual: US$ 39.84 million). This component was to build staff and institutional PFM capacity throughout government through support for training, systems development, and process renewal (not defined in the Project Paper or ICR, but commonly referring to management of change in practices and procedures). It contained four subcomponents, on treasury operations and systems development, human resources capacity development, development of a professional organization for accountants, and line ministry PFM assessments.

3. Audit reform and performance (appraisal, US$ 24.70 million; additional US$ 9.57 million at the AF; actual: US$ 34.27 million). This component was to improve public sector governance through nine subcomponents grouped under Internal Audit and External Audit.

4. Reform management (appraisal, US$ 2.95 million; additional US$ 0.77 million at the AF; actual: US$ 3.72 million). This component was to support monitoring and management of technical assistance and

human resources in the Ministry of Finance (MOF). Its subcomponents focused on strengthening monitoring and evaluation, strengthening the MOF Human Resources Management department, project executive management, and other institutional strengthening and capacity building.

At the 2016 restructuring, a fifth component was added:

5. Revenue mobilization (US$ 3.85 million at the AF; actual: US$ 3.84 million). This component supported activities related to the maintenance of computerized tax systems, the implementation of risk-based compliance, preparation for a value-added tax, and establishment of new organizational structures. It was added after United Kingdom Department for International Development support for revenue concluded in 2015.

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

Project cost and financing: The project was initially financed by an Afghanistan Reconstruction Trust Fund (ARTF) Grant of US$ 73 million. AF of US$ 41.13 million was approved in 2016 to scale up some existing activities, add the component on revenue mobilization, and act as a bridge to a planned follow-on project, bringing total planned financing to US$ 114.1 million. Actual total cost was US$ 109.21 million. The difference between planned financing and actual disbursements was due to exchange rate fluctuations.

Borrower contribution: No Recipient contribution was anticipated or made.

Dates: The project underwent four restructurings. On September 1, 2014, the closing date was extended from the original December 31, 2014 to December 31, 2015, to allow for completion of activities. On December 19, 2015, the closing date was extended again to June 30, 2017, to prepare and implement activities under the AF. On January 27, 2016, AF was approved in the amount of US$ 41.13 million, and the project's objectives and some outcome targets were revised. In addition some indicators were modified to take into account the replacement of the ARDS with the National Procurement Authority (NPA), to eliminate reference to Public Expenditure and Financial Accountability (PEFA) methodology to focus more on the quality and scope of audit coverage, and to enhance results monitoring to reflect citizen engagement and gender issues. On April 19, 2017, the closing date was extended a final time to December 31, 2017, to accommodate preparation of the follow-on project.

3. Relevance of Objectives

Rationale

After decades of war and civil strife, building effective governance mechanisms that would provide security and services to citizens is key to Afghanistan's reconstruction effort. Despite progress in key areas including

primary education, basic health services, irrigation rehabilitation, and rural development, the country remained extremely fragile at appraisal. Poverty and social indicators were among the lowest in the world. Government capacity was weak, and the implementation of reconstruction programs fell below expectations. In this context, strengthening PFM was seen a key to accelerate aid utilization, provide better and faster services to the Afghan people, and ensure transparency and accountability of public expenditure.

Previous Bank-financed operations, together with those of other donors, had made significant progress in establishing a PFM system under the MOF. The legal framework governing PFM had been put in place, and according to PEFA ratings, public finances were (by and large) being used for their intended purposes as authorized by the budget. A December 2007 PEFA-based PFM performance assessment highlighted the need for improvement focused on PFM capacity outside the MOF, and internal and external audit. Given these previous operations and PEFA findings, this project's original objectives and planned activities, as well as its revised objectives, were appropriately ambitious and focused.

Both the original and revised objectives were highly relevant to country strategy at appraisal, specifically a PFM Roadmap prepared by the government and shared at the Kabul Donor Conference in June 2010. This Roadmap, under the umbrella goal of ensuring efficient, transparent, and accountable use of public resources, outlined a decisive strategy to delegate responsibility for budget making, spending decisions, and procurement to line ministries and provinces. The revised objectives were intended to reflect the specific language of this Roadmap, and to be more specific and measurable than the original objectives. The revised objectives remained highly relevant to country and Bank strategy at closing. The government's strategic plan, prepared by MOF, proposed reforms to enhance efficiency in management of public resources and maintenance of standards for oversight and governance (ICR, p. 11). The World Bank Group's Country Partnership Framework at closing (2017-2020) contained a pillar on building strong and accountable institutions, and a specific objective on improving public financial management and fiscal self-reliance.

Rating
High

4. Achievement of Objectives (Efficacy)

Objective 1

Objective
Strengthen the Recipient's public financial management/Further strengthen the effectiveness of Afghanistan's procurement, treasury, and audit systems (original and first revised objective)

Rationale
The project's theory of change was based on the idea that addressing procurement, treasury, audit, and management of the reform process in a complementary manner would strengthen PFM throughout the

budget cycle within the context of support provided by other donors. Support for a new Procurement Law and procurement procedures, including debarment, appeal and review, domestic and foreign preference policies, and zero corruption tolerance policies, was plausibly connected to the desired outcomes of increased procurement capacity, transparency, decentralization, and oversight. Maintenance and enhancement of financial management information systems in all line ministries and provinces, together with treasury capacity building and development of professional accounting organizations, was logically expected to improve treasury procedures. Institutional development and information technology support for audit systems, including training and professional certification for auditors and examiners, would reasonably lead to improved internal and external audit coverage.

Outputs

A Procurement Facilitation Consultant assisted the ARDS in processing civilian on-budget procurement, completing procurement regulatory and institutional frameworks, and building capacity through knowledge transfer to staff in the line ministries. 7,938 line ministry and mustofiat (tax office) procurement staff completed duty-specific procurement training, exceeding the original/revised target of 7,800. NPA now carries out key managerial functions through civil servants.

The Appeal and Review Committee (ARC) began operation in early September 2015. As of November 2017, it had received and reviewed 650 cases. During this same time frame, 213 debarment cases were received, of which 145 were debarred, 35 rejected, and 33 under debarment processes. Debarment notices are now updated weekly and published in a separate section on the NPA website. According to the project team, a comprehensive section on the ARC was included in the 2017 NPA annual report.

The National Procurement Committee (NPC) held 125 sessions during the project period, reviewing over 2,800 cases worth AFN 440 billion. Of these reviewed cases, 2,435 (worth AFN 399.6 billion) were approved. According to the ICR (p. 29), AFN 18.3 billion was saved and more than AFN 50 billion was safeguarded that could have been wasted. A database was prepared for the NPC and made public on its website, allowing NPC decisions to be reported within one day after its meetings. The NPA has completed design of an on-line mechanism for tracking cases submitted to the NPC, with user accounts for public entities, NPC members, and donor agencies to track submitted cases and share comments and information.

A financial management consultant provided support to develop treasury functions, strengthen internal controls, and provide counterpart training. 14 line ministry PFM assessments were conducted, achieving the target. Version 7.0 of the Afghanistan Financial Management Information System (AFMIS) web-based system is being implemented in all budgetary units in Kabul and in provincial tax offices. First-stage activities as specified in the contract with the vendor were "almost complete" as of March 31, 2017 (ICR, p. 37). According to the project team, system instabilities encountered after the upgrade to version 7.0 have been resolved, and the system is now fully functional. A Disaster Recovery Plan was prepared and is in place.

Support was provided to develop job-specific certifiable finance and general skills of treasury and finance staff of MOF and the line ministries. 997 internal audit staff were trained and accredited, exceeding the original/revised target of 546. A law governing development of the accounting profession was drafted and approved by the Lower House of Parliament and was, at the time of the ICR, awaiting approval by the Upper House, but regulations were still in draft form at the time of the ICR. According to the project team, the drafting of regulations is now complete, and approval is pending. Local variants of tax and company law were under development. CPA Afghanistan (the only professional accountancy organization in the country) offered 1,054 Association of Chartered Certified Accountants scholarships in 2017 to develop the auditing and accountancy profession in the country, with 171 (17%) of the recipients female. Treasury has transitioned some key functions from advisors to civil servants, and no external firms have been contracted for treasury operations since 2014, though many positions continue to require special pay arrangements, and consultants continue to advise on key functions. The Supreme Audit Office (SAO) developed a mechanism for citizen participation in audit processes in 2016, with an annual plan for implementation specified in 2017.

Support was provided for capacity building and carrying out of independent reviews of on-budget donor-funded operations, including all operations under the budget of nine line ministries.

A clear strategy and roadmap were adopted for revenue mobilization and administration. A Standard Integrated Government Tax Administration System (SIGTAS) was implemented in all major tax offices in Kabul and the provinces, helping to increase transaction volume through automation of core functions. A fast-track filing system was completed to facilitate large payments. An awareness and education campaign was conducted for taxpayers. Return filing requirements were simplified (a reduction from five steps to three), a functional appeals department was created, and some policy reforms were undertaken by the Afghanistan Revenue Department (ARD, an increase in the business receipts tax from 2% to 4%, and the introduction of a 10% telecommunication fee).

1,809 human resource management staff completed duty-specific training in their areas of specialty, exceeding the original/revised target of 750. These trainings took place in Kabul and in the provinces.

Outcomes

The average number of days taken by the NPC to dispose of cases declined from 10 in 2015 to 7 in 2017, meeting the target of 7 days.

The annual number of internal audits done to acceptable standards increased from four in 2011 to 138 (115 in the fiscal year ending in December 2016, and 23 in the first quarter of the fiscal year ending in December 2017), exceeding the original/revised target of 38. SAO audited all World Bank ARTF projects for FY 2015 and submitted the reports to the Bank and the MOF. The annual audited financial statement for the fiscal year ending December 2016 was submitted to the President and Parliament, as legally required. The audit team was, at the time of the ICR, in the process of auditing the consolidated budget financial statements for the fiscal year ending December 2017. The ICR (p. 40) noted that there was an improvement over time in

the quality of the audits, and that SAO was submitting the auditing financial statements within six months of the close of each fiscal year. With the assistance of a contractor, SAO completed nine audits in line ministries over the project period, achieving the target of nine audits. Coverage of internal audit increased from 49% in 2011 to 56% coverage of expenditure and 42% coverage of revenue in 2017, achieving the overall internal audit target coverage of 50%. Coverage of external audit increased from 49% in 2011 to 71.03% in the fiscal year ending in December 2016, almost achieving the target of 75%. Of this coverage, 47.62% was by the central budgetary audit directorate, and 23.41% was by local budgetary audit directorates. The audit results for the fiscal year ending in December 2017 were due to be submitted to the legislature by June 21, 2018. The project team confirmed that this took place, and that the results are now publicly available on SAO's website.

The time required for dissemination of in-year budget execution reports decreased from 30 days from month's end in 2011 to 15 days in 2017, almost meeting the target of 14 days. The ICR (p. 37) reported that 15 days is a median figure, with reports actually posted ranging from 12 to 18 days from month's end.

Revenues as a percentage of gross domestic product (GDP) increased from 8.7% in 2014 to over 11% in 2016 (no target was set).

According to data from the Aid Management Directorate, the percentage of development assistance that was on-budget increased from zero in 2011 to 65% in 2017, exceeding both the original target of 60% and the revised target of 20%.

Rating
Substantial

Objective 2
Objective
Further strengthen the efficiency of Afghanistan's procurement, treasury, and audit systems (second revised objective)

Rationale
The AF and revision of objectives did not have significant implications for the project's theory of change. The project's planned activities, including the added component on revenue mobilization, were plausibly linked to improved efficiency and effectiveness of procurement, treasury, and audit systems.

The ICR highlighted some additional outcomes related to strengthened *efficiency*:

Procurement: Bringing procurement functions under a single regulatory body (the NPA), and having the NPA serve as the Secretariat of the NPC, have created structural efficiencies. According to the ICR (p. 16), NPC oversight and NPA follow-up activities have produced more responsibility and accountability within procurement entities and the line ministries, and overall there is more confidence in national procurement systems. Bid evaluations, an open-ended process that generally took more than two years prior to the project, are now governed by service standards of 30 days with the possibility for a one-time extension. As noted above, the number of days taken by the NPC to dispose of cases has declined from 10 in 2015 to 7 in 2017. Transparency International has called the NPA "one bright spot" in the government's anti-corruption reforms, citing cost savings of US$ 200 million through 2016 (ICR, p. 47), with a further savings of US$ 160.8 million in FY 2017.

Treasury: According to the ICR (p. 17), the upgraded AFMIS allows for increased efficiency, as real-time access to financial data (with no delays) allows organizations to keep track of their budgets and financial transactions. The outcomes cited above under the original objective, including the use of on-budget donor support, underpin this assertion. The ICR (p. 48) estimated cost savings of US$ 2 million annually in international contracted staff costs and expenses through AFMIS, but the details underlying this estimate were not provided.

Audit: Due to reported adoption of common good practices in internal audit across audit professionals at the line ministries and independent directorates, 175 internal audits were performed in 2017 per standards (against a target of 34); out of US$ 11.2 million of collectable revenue, US$ 0.9 million had been recovered at the time of the ICR and deposited into the government's account; and 52 civil servants were terminated for fraudulent activities. The ICR (p. 48) estimated cost savings of US$ 0.5 million annually due to ARTF audits, but the details underlying this estimate were not provided.

Rating
Substantial

Rationale
Overall Efficacy is rated Substantial under both the original and revised objectives. Convincing evidence, plausibly attributed to project interventions, is provided for strengthening of Afghanistan's public procurement, treasury, and audit systems.

Overall Efficacy Rating
Substantial

5. Efficiency

The Project Paper did not carry out an economic analysis, arguing that such analysis was not appropriate for a technical assistance project (p. 8). It made the qualitative case that the project would yield "high benefits" because line ministries would be able to execute budget and deliver services more efficiently, that fast-track capacity building of civil service to operate PFM systems would contribute to sustainability of PFM, and that a strengthened internal and external audit function and operation would contribute to good governance.

The ICR (p. 15) argued that credible economic benefit calculation is challenging with broad-based PFM reforms, as it is difficult to claim attribution for all downstream benefits. Nevertheless, the ICR (pp. 47-49) calculated a Net Present Value for the project of US$ 1,022 million at a 5% discount rate and US$ 832 million at a 12% discount rate, and an economic internal rate of return of 236.5%. The main benefits included efficiencies gained from shifting ODA on-budget and savings from public procurement efficiency gains: US$ 142 million from procurement reform (derived by comparing the estimated price against the average price of all awarded projects, though the ICR stated that "the methodology of this calculation was not reviewed"); US$ 2 million from financial management reform (based on previous annual costs for the external consultants engaged to operate the AFMIS system, which is now operated directly by civil servants); and US$ 0.5 million from audit reform and performance (based on previous annual costs for engaging a private firm to complete tasks that are now completed by government) (ICR, p. 48). The ICR did not provide details on these calculations, and its assumptions on attribution of gains to the project's interventions may have been generous.

The ICR's qualitative discussion of efficiency focused primarily on sectoral efficiencies attributable to the project's interventions rather than the efficiency of the project itself. In terms of project efficiency, implementation arrangements were carried over from previous Bank-financed operations, including a project coordination unit (Reform Implementation and Management Unit, RIMU) in MOF supported by a technical assistance team funded by the project, and implementation support from firms and local contract staff in all implementing units. The project had two task team leaders, both of whom were based in Kabul, facilitating project implementation. However, there were significant shortcomings in implementation efficiency. The ICR (pp. 23-24) noted delays in procurement of goods and consultancy packages because the government was not able to prepare a timely and comprehensive procurement plan, arguing that "had these packages been combined, the benefit from the economy of scale could have been realized." NPA staff faced implementation challenges because of non-familiarity with the Bank's procurement policies and procedures (ICR, p. 23), though this improved over time as the staff gained experience. The revenue mobilization component added at the AF experienced implementation delays because of inadequate coordination between MOF and ARD, staff turnover, and low staff capacity. Finally, because of the country's volatile security environment, field visits outside Kabul were "difficult or impossible" (ICR, p. 23), and foreign contractors were reluctant to bid, requiring the Bank to adjust procurement methodology to align "to the market realities."

Based on evidence of significant shortcomings in implementation efficiency, Efficiency is rated Modest.

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		0	0 ☐Not Applicable
ICR Estimate	✓	236.50	100.00 ☐Not Applicable

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

6. Outcome

Relevance is rated High due to alignment with country conditions, government strategy, and Bank strategy. Efficacy is rated Substantial under both the original and revised objectives due to convincing evidence, plausibly attributable to project interventions, of strengthening of Afghanistan's public procurement, treasury, and audit functions. Efficiency is rated Modest due to evidence of significant shortcomings in implementation efficiency. Because Efficacy was rated identically under both the original and revised objectives, is it not necessary to go through the mechanics of the split rating. Taken together, these ratings indicate moderate shortcomings in the project's preparation and implementation, leading to an Outcome rating of Moderately Satisfactory.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

The institutional strengthening achieved under the project, covering the NPA (including through the establishment of the National Procurement Institute), the upgrading and extension of the AFMIS, the expansion of professional development opportunities for treasury employees and related curriculum development at Kabul University, approval of the Accounting Law, institutional development for internal and external audit, and implementation of SIGTAS in all major tax offices, appears likely to be sustained. There is concern, however, that some systems developed under the project (most importantly, AFMIS) require annual license payments; the project team added that these license payments are US$ 293,000 annually, with additional vendor support needed to roll out the software to additional sites. Furthermore, a major focus of the project was its partial transition from external provision to civil service delivery of key functions. While reliance on external consultants has been reduced, the transition is fragile and incomplete. Many staff performing higher-skilled work are paid significant salary top-ups, and without measures to sustain these payments and therefore retain technical staff, the project's gains are at

risk. The follow-on Fiscal Performance Improvement Support Project (US$ 100 million, 2018-2022) with objectives to improve domestic revenue mobilization and public expenditure management, and to reinforce a performance-oriented management culture in the Ministry of Finance, may address these issues through its support for human resources.

8. Assessment of Bank Performance

a. Quality-at-Entry

The project's objectives were straightforward and monitorable. The project built on a series of previous Bank-financed operations and bilateral donor technical assistance aimed at assisting the country with establishment of a legal framework for PFM and building capacity at the central government level to operate PFM systems and processes for budget planning, execution, and monitoring, treasury operations, public procurement, and internal and external audit. Key lessons learned from these previous projects included the need to address sustainability of human resources for PFM; the importance of monitoring government commitment to the legal framework governing PFM to ensure durability; the key role of automation of PFM processes; the high risk of corruption in the country operating environment; the crucial role of both internal and external audit functions; and the need for development of accounting capacity and a sustainable structure of regulation and oversight of the accounting profession (Project Paper, pp. 10-11). The Project Paper (p. 12) envisioned that supervision would be relatively unencumbered by security issues impacting the provinces, as project operations were to be concentrated in Kabul. Overall risk, however, was rated High based on challenges related to capacity, coordination, and a history of delays in procurement and misprocurement. To mitigate these risks, the project's extensive risk assessment framework (Project Paper, pp. 39-54) structured supervision to include long lead times and engagement of specialist support for procurement, as well as specific support for capacity issues in accounting and auditing. According to the ICR (p. 25), the task team was "experienced and committed." M&E design and arrangements were satisfactory.

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

According to the ICR (p. 25), the task team responded to government requests in a timely manner. Supervision missions, which took place on average every six months, were appropriately staffed. The Bank's technical and fiduciary teams provided regular support with a continued focus on maximizing development impact. High-value sector expertise and guidance were provided across multiple areas, including AFMIS procurement, accounting entry details, and business process analysis. Implementation Status Reports and aides-memoire were detailed and candid.

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating
Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design
Results were to be monitored by MOF through a ministry-wide technical assistance monitoring process under RIMU, and through a monitoring program under the National Priority Program for Finance and Economic Reform under the Deputy Minister for Policy. Donor groups also were monitoring progress on government commitments on PFM. Expected outcomes were clearly specified in the Project Paper, with indicators that were effective measures of achievement of the objective, and well-defined baselines, annual benchmarks, and outcome targets. However, the indicators did not adequately measure the outcomes of support for treasury operations, and no indicators were added to measure outcomes of the activities added at the AF on revenue mobilization (nor target for revenue as a percentage of GDP).

b. M&E Implementation
M&E specialists at RIMU carried out activities according to plan, with a further focus on institutionalization of the M&E system and creation of a permanent M&E Unit within MOF. RIMU regularly reported to the MOF's top management, to the project's Steering Committee, and to the Bank. From the Bank's side, progress was monitored during eleven implementation support missions and regular engagement with the country-based team. The task team collected detailed data, updated progress against baselines, and highlighted issues requiring further attention.

c. M&E Utilization
The project was restructured, with indicators and target values adjusted, in response to analyzed M&E data. According to the ICR (p. 24), data were also used to analyze reasons for implementation delays and determine appropriate corrective measures.

M&E Quality Rating
Substantial

10. Other Issues

a. Safeguards

According to the 2011 Project Paper (p. i), the project was category A for environmental assessment purposes. The project did not trigger any safeguard policies, and the Project Paper did not discuss safeguards outside the notation of the category A rating. The Project Paper for the 2016 restructuring (p. 6) and ICR (p. 1) corrected the error, noting the environmental assessment category as C. The ICR (p. 24) confirmed that no civil works or activity that could have negative environmental implications were undertaken.

b. Fiduciary Compliance

The ICR (p. 25) reported that the project complied with all fiduciary covenants during implementation. Internal control arrangements were in place, and adequate financial management, procurement, and disbursement systems were maintained. Financial management performance was rated "Satisfactory," and auditors expressed unqualified opinions on all recent-year financial statements. While there were no reported cases of misprocurement, there were significant procurement-related delays (see Section 5).

c. Unintended impacts (Positive or Negative)

None reported.

d. Other

---

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	---
Bank Performance	Satisfactory	Satisfactory	---
Quality of M&E	Substantial	Substantial	---
Quality of ICR		Substantial	---

12. Lessons

The ICR (pp. 26-27) offered several useful and insightful lessons, including:

Reducing aid dependency requires a long-term transition plan. In this case, transition of consultants to the civil service is threatened by the government's inability to afford the higher rates of pay required for technical staff. Human resources issues are a major focus of the follow-on project.

Building a sound public financial management system is one of the first priorities of a recovering, fragile state. In this case, building government capacity in procurement, treasury, and audit has contributed to increased confidence in the use of on-budget systems, including among donors previously reluctant to use government systems.

Especially in low-capacity environments, flexibility is needed in the Bank's response to emerging circumstances and priorities. In this case, the Bank team needed to be willing to go beyond its usual supervision responsibilities and provide regular mentoring and training in procurement and other areas.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provided a clear, concise description and analysis of the project's context, activities, and outcomes. It was internally consistent. Its lessons and recommendations were insightful and should prove broadly applicable to projects in fragile and aid-dependent contexts. However, its discussion of the project's relevance to country and Bank strategy was cursory, as was its account of the factors underlying the project's restructuring, revision of objectives, and Additional Financing.

a. Quality of ICR Rating

Substantial