Implementation Status & Results

Africa

Financial Sector Development & Regionalization Project I (FSDRP I) (P121611)

Operation Name: Financial Sector Development & Regionalization Project I (FSDRP I) (P121611)

Project Stage: Implementation

Approval FY: 2011

Seq.No: 5

Country: Africa

Approval Date: 31-Jan-2011

Region: AFRICA

Original Closing Date: 30-Mar-2014

Implementing Agency(ies):

Key Dates

Board Approval Date: 31-Jan-2011

Planned Mid Term Review Date: 30-Nov-2012

Last Archived ISR Date: 05-Jan-2013

Effectiveness Date: 20-Jun-2011

Actual Mid Term Review Date: 22-Oct-2012

Revised Closing Date: 30-Mar-2014

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

To establish the foundation for financial sector integration among EAC Partner States.

Has the Project Development Objective been changed since Board Approval of the Project?

☐ Yes  ☐ No

Component(s)

Component Name | Component Cost
--- | ---
Financial inclusion and strengthening of market participants | 1.23
Harmonization of financial laws and regulations | 2.03
Mutual recognition of supervisory agencies | 2.26
Integration of market infrastructure | 2.19
Development of regional bond market | 0.31
Capacity building | 7.59

Overall Ratings

Previous Rating | Current Rating
--- | ---
Progress towards achievement of PDO | Moderately Satisfactory | Moderately Unsatisfactory
Overall Implementation Progress (IP) | Moderately Unsatisfactory | Moderately Unsatisfactory
Overall Risk Rating | Moderate | Moderate

Implementation Status Overview

The objectives of the mission were:
(a) to support the implementation of the FSDRP including detailed Procurement and Financial Management assessments,
(b) to discuss with the client the preliminary findings from the EAC Financial Sector Assessment (FSAP) mission held between April 29th and May 23rd, and
(c) to initiate the formal restructuring of the Project based on the recommendations from the mid-term review of the Project and also from the recent EAC FSAP.

Due to a last minute family emergency the Procurement Specialist could not join the mission as originally planned. A follow-up detailed procurement assessment will be conducted as soon as possible.

The current ratings reflect the slow pace of project implementation, among other issues. The mission identified the slow disbursement of funds (21%) since project effectiveness in June 2011 as the key challenge. This low rate is associated with low utilization of the last FY 2012/13 budget, only 27.8% out of the approved budget. Low budget utilization is a significant challenge that the project management needs to address urgently, with the added concern that the bulk of these expenditures still relate to staffing and operating costs. There have however been some Technical Assistance (TA) related disbursements since the last mission.

Low disbursement rates are not the sole reason for the slow progress of the achievement towards the PDO. A number of factors on-the-ground have changed subsequent to the design phase of the project. Consultations with various stakeholders that have taken place over the two years since project effectiveness have provided insights into the EAC’s evolving regionalization agenda. The recent EAC Financial Sector Assessment updates the information from the project design phase and suggests quick wins on the regionalization agenda, which the project can support. In light of these developments the mission focused most discussions on the restructuring of the project. This restructuring will refocus the project support on areas that have emerged as priorities for the EAC and also incorporate the lessons learned over the two years of project implementation.

During the mission, in the discussions related to the project restructuring, the following key areas for change were agreed on with the client:

a. Workplan: The EAC Secretariat discussed with the World Bank task team a draft re-vamped workplan for the remaining life of the project, which had been developed in consultation with the FSDRP Steering and Executive Committee.
b. Closing date: To allow sufficient time to implement the revised workplan the EAC Secretariat has requested a 15-month extension of the project closing date from March 31, 2014 to June 30, 2015.
c. Cancellation of Funds: Utilizing the experience over two years of project implementation and the World Bank task team advice to develop a more pragmatic disbursement plan, the draft workplan scales back project activities by approximately USD 4.2 million, requiring a commensurate cancellation of funds.
d. Results Framework: A draft revised framework was developed during the mission to reflect the re-vamped workplan.

The draft Aide Memoire discussed and agreed with the client at the end of the mission and attached here provides additional details. The details on these broad areas of agreement will be finalized in consultation with the client during the course of the preparation of the restructuring paper.

Locations
No Location data has been entered

Results

<table>
<thead>
<tr>
<th>Project Development Objective Indicators</th>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>Current</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of EAC financial sector Bills submitted to the EALA by the Council of Ministers.</td>
<td>☐️</td>
<td>Number</td>
<td>Value</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Date</td>
<td>30-Dec-2010</td>
<td>31-Mar-2013</td>
<td>30-Mar-2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volume of cross border payment transactions</td>
<td>☐️</td>
<td>Amount(USD)</td>
<td>Value</td>
<td>44600000.00</td>
<td>59600000.00</td>
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</table>
### Number of direct project beneficiaries

<table>
<thead>
<tr>
<th>Date</th>
<th>Comments</th>
<th>Number</th>
<th>Value</th>
<th>Date</th>
<th>Comments</th>
<th>Number</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-Dec-2010</td>
<td>NA</td>
<td>80000000.00</td>
<td>86000000.00</td>
<td>30-Dec-2010</td>
<td>NA</td>
<td>80000000.00</td>
<td>86000000.00</td>
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</table>

### Intermediate Results Indicators

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>Current</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comp 1: Number of regional action plans to increase access to finance in the EAC developed and acted upon</td>
<td>Number</td>
<td>Value</td>
<td>0.00</td>
<td>0.00</td>
<td>4.00</td>
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<tr>
<td>Comp 2: Number of bills produced and submitted to the Council of Ministers</td>
<td>Number</td>
<td>Value</td>
<td>0.00</td>
<td>0.00</td>
<td>3.00</td>
</tr>
<tr>
<td>Comp 4: Number of EAC Partner States with inter-operable RTGS</td>
<td>Number</td>
<td>Value</td>
<td>3.00</td>
<td>3.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Comp 5: Total volume of national bonds issued in the regions by the five Partner States</td>
<td>Amount(USD)</td>
<td>Value</td>
<td>7900000.00</td>
<td>11700000.00</td>
<td>10900000.00</td>
</tr>
<tr>
<td>Comp 6: Number of staffs recruited and trained at the DFRP at EAC</td>
<td>Number</td>
<td>Value</td>
<td>0.00</td>
<td>7.00</td>
<td>18.00</td>
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### Data on Financial Performance (as of 12-Jun-2013)

#### Financial Agreement(s) Key Dates

<table>
<thead>
<tr>
<th>Project</th>
<th>Ln/Cr/Tf</th>
<th>Status</th>
<th>Approval Date</th>
<th>Signing Date</th>
<th>Effectiveness Date</th>
<th>Original Closing Date</th>
<th>Revised Closing Date</th>
</tr>
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</table>

#### Disbursements (in Millions)

<table>
<thead>
<tr>
<th>Project</th>
<th>Ln/Cr/Tf</th>
<th>Status</th>
<th>Currency</th>
<th>Original</th>
<th>Revised</th>
<th>Cancelled</th>
<th>Disbursed</th>
<th>Undisbursed</th>
<th>% Disbursed</th>
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<tbody>
<tr>
<td>P121611</td>
<td>IDA-H6410</td>
<td>Effective</td>
<td>XDR</td>
<td>10.50</td>
<td>10.50</td>
<td>0.00</td>
<td>2.25</td>
<td>8.25</td>
<td>21.00</td>
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</table>

**Disbursement Graph**
**Key Decisions Regarding Implementation**
The project will be restructured as per the discussions with the implementing agency during the mission of May 27-31, 2013.

**Restructuring History**
There has been no restructuring to date.

**Related Projects**
There are no related projects.