



## 1. Project Data

<b>Project ID</b>	<b>Project Name</b>		
P104041	DRC-Enhancing Governance Capacity (FY08)		
<b>Country</b>	<b>Practice Area(Lead)</b>	<b>Additional Financing</b>	
Congo, Democratic Republic of	Governance	P126115	
<b>L/C/TF Number(s)</b>	<b>Closing Date (Original)</b>	<b>Total Project Cost (USD)</b>	
IDA-H3650,IDA-H7520,TF-16319	28-Feb-2013	50,000,000.00	
<b>Bank Approval Date</b>	<b>Closing Date (Actual)</b>		
22-Apr-2008	28-Feb-2016		
	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>	
Original Commitment	50,000,000.00	3,040,422.00	
Revised Commitment	113,851,639.60	35,997.54	
Actual	107,062,825.90	35,997.54	
<b>Prepared by</b>	<b>Reviewed by</b>	<b>ICR Review Coordinator</b>	<b>Group</b>
Nestor Ntungwanayo	Robert Mark Lacey	Lourdes N. Pagaran	IEGEC (Unit 1)

## 2. Project Objectives and Components

### a. Objectives

The objective of the project is "to improve the quality of governance and support administrative decentralization in the Democratic Republic of Congo by (a) enhancing transparency and efficiency in central and sub-national public finance and human resource management; and (b) establishing and consolidating an equitable resource sharing mechanism between central and sub-national government"(Financing Agreement, p.5).

In April 2013, Additional Financing (AF) in the amount of US\$66.95 million was approved to finance supplementary activities, but involved no change in the project development objectives.



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

No

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

No

**d. Components**

**Component I: Strengthening public financial management and public service management at central government level, including establishing a functioning system of intergovernmental fiscal relations (US\$21.28 million at appraisal and US\$35.16 million of Additional Financing; actual costs of US\$37.33 million).**

This component had three sub-components:

- (a) Designing and implementing the decentralization process: This subcomponent would consist of TA, advisory support and training (i) to provide provinces and local authorities with predictable revenue levels through the implementation of a tailor made transfer formula, both between central and provincial level and between provincial and local level; and (ii) implement a sound and coherent legal basis for the operation of provincial and local governments, including the split of the current 11 into 26 provinces by 2010;
- (b) Implementing public sector wage reforms, including the design of an integrated personnel and payroll management system: This subcomponent would support key elements of the reform including: (i) enhancing transparency of payroll and personnel systems and predictability of wage payments through automation and connection of payment and personnel systems including the upgrading and roll out of the PTS and establishment of an automated personnel database, (ii) establishing a rationalized pay system for the public sector; (iii) rationalized administrative structures in at least six key ministries; (iv) aligning the legal basis for the organization and management of the public service with the decentralization process and assessing capacity building needs, and (v) conducting a comprehensive training needs analysis of the core public service, and the design of a medium term training strategy and program, and
- (c) Strengthening the budget process: This subcomponent would support the enhancement and roll out of existing financial management infrastructure particularly the automated Expenditure Chain (*'Chaîne de la Dépense'*), its connection to the revenue collection agencies and to the systems at the provincial level. It would support project activities aimed to ensure the creation of: (i) a modernized legal and organizational basis for public financial management; (ii) a rationalized and credible budget preparation process at central level, (iii) an enhanced predictability and effectiveness of revenue collection management, (iv) enhanced levels of transparency in public expenditure management, and (v) enhanced capacity in public expenditure management).

The additional financing approved in April 2013 funded the following activities to enhance public financial management (PFM) and deepen public service reform: (a) public financial management: (i) support the procurement reform, (ii) provide training under the Public Financial Management Reform Strategic Action Plan, and most importantly (iii) cover the costs for the deployment of IT systems for PFM and payroll management, and (b) deepening public service reform: a team of international experts was to be hired to follow up the process of biometric staff identification for cross-cutting ministries.



**Component 2: Building Public Sector and Financial Management Systems at Provincial Level (US\$20.72 million at appraisal and US\$13.43 million of Additional Financing; actual cost of US\$40.41 million).**

Key activities include building capacity at provincial level in three pilot provinces (Bandundu, Katanga and Sud-Kivu) in: (i) budget management systems and capacity at provincial level; (ii) personnel and payroll management systems; (iii) building regional development project management capacity; (iv) building capacity to design and monitor the performance indicators for key services delivered at provincial level; (v) implementation of a small capacity development facility which will finance specific capacity development and demand side activities; and (vi) peer learning. The additional financing enabled the extension of all critical activities described above to a fourth pilot province (Kasai Occidental). Additional funding was also introduced for the pilot provinces to account for biometric staff identification process in decentralized sectors, a re-estimation of activities costs in Sud-Kivu province to factor in the regional conflict effect, and a surge of costs of IT components for the pilot provinces. □□□□

**Component 3: Governance reform implementation capacity (US\$7.98 million at appraisal and Additional Financing of US\$18.36 million; actual actual cost of US\$29.37 million).**

This component would support the following key activities: (i) project implementation capacity, including recruitment of staff and consultants in procurement, financial management, IT and M&E; (ii) monitoring and evaluation: □ to finance capacity building for the Governance Unit in the President's Administration and in the Prime Minister Office, responsible for tracking the implementation of the □ Governance reform agenda and the Governance Compact, and (iii) building demand for governance reforms: including communication capacity on the reform agenda and the enhancement of demand side capacity.

**Table 1: Source and use of IDA project resources by main components**

Components	Original	Additional funding	Total	Actual	Percentage of appraisal
Component 1: Strengthening public financial management and public service management at central government level, including establishing a functioning system of intergovernmental fiscal relations	21.28	35.16	56.44	37.33	66.1
Component 2: Building Public Sector and Financial Management Systems at Provincial Level	20.73	13.43	34.16	40.41	118.3
Component 3: Governance reform implementation capacity	7.99	18.36	26.35	29.37	111.5
Total	50.00	66.95	116.95	107.11	91.6

Source: Table prepared on the basis of Bank documents (PAD& ICR).



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

**Project Cost:** The total project cost at appraisal (initial and additional financing) was estimated at US\$116.95 million. At completion, actual project cost stood at US\$107.11 million, or 91.6 percent of the approved amount.

**Financing.** The project was initially financed through an IDA grant of US\$50.0 million that was fully disbursed. An Additional Financing by IDA in 2013 provided a grant of US\$66.95million, of which US\$59.02 million was disbursed and US\$7.93 million equivalent was cancelled. A Trust Fund in the amount of US\$3.04 million intended to complement the project resources was approved in March 2004, but was cancelled a year later before its full disbursement, because the Government did not determine the appropriate implementing agency. The DRC's governance and decentralization reform was to receive parallel financing support consisting of US\$390 million, US\$120.00 million, US\$53.00 million, and US\$14.00 million from the United Nations agencies, the European Commission, the United Kingdom/DFID, and Belgium respectively. A budget support was also expected from the the IMF (US\$194.7 million) and the African Development Bank (US\$89.00 million). The ICR did not provide the actual amounts of parallel financing disbursed.

**Borrower Contribution.** There was no planned or actual Borrower contribution.

**Dates:** The project closing date was extended once for three years at the time of the Additional Financing in April 2013. It closed according to the revised schedule on February 28, 2016.

### **3. Relevance of Objectives & Design**

**a. Relevance of Objectives**

The project objectives are highly relevant to the Government's program, and the World Bank Group's successive strategies for the DRC. In February 2007, the Government presented a program to Parliament which included a Governance Compact between the Authorities and the DRC people, which outlined much-needed reforms in a broad range of areas, including transparency, decentralization, public financial management reform and public service reform, public administration reform and local government. Based on the Compact, a Common Assistance Framework (CAF) was agreed between the DRC Government and the donor community in 2007 to address strategic priorities in the Government's Program. The CAF served as a framework for the World Bank Group's Country Assistance Strategy (CAS), approved on December 18, 2007, and governance was also one of the central themes of the CAS for the period 2008-2011. The CAS was



specifically focused on fiscal and administrative decentralization, public financial management reform and public sector wage reform. The focus on the key tenets of the Governance Compact remained at the core of the CAS for the period FY13-16, as one of the key pillars was to increase the effectiveness of the State at the center and at decentralized levels and to improve governance.

## **Rating**

High

### **b. Relevance of Design**

The project objectives were clearly stated and specific. The results framework was of good quality, as illustrated by the coherence among the objectives, and the link between project activities, outputs and expected outcomes. With a view to enhancing transparency and efficiency in public finance and human resource management, the project funded the needed information technology (IT) infrastructure at central and provincial levels to advance the computerization of management systems in order to collect public finance and HR information over a large territory, process it, and post it on Government websites. The establishment of a functioning system of intergovernmental fiscal relations was expected to contribute towards an equitable resource sharing mechanism. To underpin the new administrative set up (new laws and administration relationships), and strengthen technical capacity at the central and provincial levels, the project funded activities leading to the creation of new institutions (procurement and provincial administration institutions) and regulations. Additional financing enabled the replication of critical elements of PFM and public sector management (PSM) systems to another province (Kasai Occidental) other than the pilot provinces, and expanded the scope of project activities in public financial management and procurement reform.

## **Rating**

Substantial

## **4. Achievement of Objectives (Efficacy)**

### **Objective 1**

#### **Objective**

Enhancing transparency and efficiency in central and sub-national public finance and human resource management.

#### **Rationale**

Efficacy toward this objective is discussed under the headings of public financial management, procurement



and human resources management.

### **Public finance management**

#### **Outputs:**

Technical assistance provided by the project helped to achieve the following outputs: (i) studies were completed on the development of decentralization laws and decrees, on budgetary and territorial decentralization, on pay reform, on the interconnection of government's websites, and several laws and decrees were adopted, (ii) institutional audits for the establishment of standard directions in the ministries and other public institutions, (iii), acquisition of furniture, software and hardware for the MEF, Ministry of Decentralization, MOB, and the Technical Support Unit for Decentralization, and rehabilitation of buildings; (iv) development of the National Strategic Development Plan 2017– 2021, (v) assistance for the implementation of the computerization of public finance; (vi) provision of IT support to improve the computerized system of execution of public expenditure, and (vii) installation of a "chain of expenditures" (*'chaîne de la dépense'*) in four pilot provinces.

Trainings provided included (i) experience sharing and training of 20 staff of the Ministry of Decentralization, (ii) training provided on participatory budgeting, and technical assistance provided for the preparation of local development plans, and (iii) 100 IT professionals were trained in systems development, and finally (iv) at least 600 agents trained for the use of "*chaîne de la dépense*"

#### **Outcomes:**

(i) Starting 2015, integrated and more comprehensive budget execution reports at central level are published on the Ministry of Budget (MOB) and the Ministry of Finance websites on a regular basis. No information is provided in the ICR regarding public usage of these websites. The Performance of Expenditure Framework and Accountability (PEFA) rating for Performance Indicator 10 (PI-10)-public access to key fiscal information-, increased from a 'D' in 2008 to a 'C' in 2012, reflecting efforts to provide key fiscal information to the public. More recent information is not available in the ICR.

(ii) In 2015, budget execution reports for each province were published regularly on the MOB website, with a view to enhancing transparency of public finance at the subnational level. Since 2012 there have been regular citizen participation in the provincial budget process through public meetings and this reportedly increased transparency in the use of public resources. The meetings included the provincial government, decentralized localities, civil society, and the private sector. While the differences between budgeted and executed expenditures were reduced in pilot provinces, the target of 10 percent was largely missed (it was still at 63 percent at project closure).

(iii) Efficiency improved in expenditure management, as the implementation of the expenditure framework (*chaîne de la dépense*) at the central level contributed to the decrease of the percentage of expenditures handled outside normal procedures from 26 percent in 2009 to 7 percent in 2015. The 2012 PEFA changed the rating of the PI-20, -effectiveness of internal controls for non-salary expenditures-, from a 'D' in 2008 to a 'C' in 2012.

(iv) No measurement was undertaken to determine whether perceived transparency had been enhanced, and there were no surveys of user satisfaction. □

### **Procurement**

#### **Outputs:**

Key outputs included: (i) the creation and operationalization of the General Directorate for Public Procurement and the Regulatory Agency of the Public Procurement (ARMP) in 2010, (ii) about 1,000 workers were trained in procurement; (iii) furniture and IT equipment acquisition for ARMP; (iv) the audit of public procurement (FY2011), and (v) the adoption of the Law on Procurement.





### **Outcomes:**

The 2012 PEFA exercise registered only a moderate improvement in the relevant indicator - PI-19 - competition value for money and controls in procurement-, from a 'D' in 2008 to a 'B' in 2012. However, in 2015, 80 percent of contracts over US\$200,000 followed a competitive process, compared to 67percent in 2013. Procurement information is published periodically on the Procurement Authority website, thereby making it available to the public. □□

### **Human Resource Management**

#### **Outputs:**

Main outputs included: (i) the production of legal texts and application decrees on public service reform; (ii) the temporary civil servant payroll system was implemented; (iii) the acquisition of HRM payroll software; (iv) the development of a database of the decentralized sector's civil servants, (v) a census of provincial staff and creation of a database for provincial, and (vi) a biometric staff identification was conducted in 2012.

#### **Outcomes:**

(i) Recruitment of civil service personnel now follows a more transparent process with recruitment tests open to the public and results published in the media. The elaboration and adoption of standardized organization charts supported by the project helped streamline the structures of the ministries and institutions, reportedly leading to more transparency in the appointment of officials, compared to previous non-transparent hiring practices.

(ii) The computerization of the Human Resource Management (HRM) and the payroll systems, and the use of electronic transfers for payroll resulted in more control over the list of civil servants receiving salaries. The acquisition of a large capacity server and the access to the unique base of census of Public Service in 2011 has allowed the Payroll Department (MOB) to accelerate the integration of new services into the computerized system. As a consequence, control of staff and payroll improved, resulting in the 2012 PEFA score for PI-8 -Performance information for service delivery- to increase from a 'D' in 2008 to a 'C+' in 2012. No later information is available.

(iii) The centralization of the payroll files combined with the development of computer applications and security devices enhanced the payroll database. In 2015, 97.74 percent of the agents and civil servants were paid through the reformed computerized system. □However, sustainability requires that the Government implement the integrated management software for payroll and Human Resources (HR), and make the Integrated Financial Management Information System (IFMIS) for pay and personnel rolls operational, and neither of these had been completed at closure.

(iv) Four pilot provinces were provided with personnel databases following the 2012 biometric census, which enabled the pilot provinces to have a list of civil servants working in the provinces, thus increasing controls over ghost employees. However, □the databases need to be updated, because the number of civil servants and agents at the subnational level is still unknown. A law on the General Statute of Decentralized Public Service could not be completed before project closure, and recruitment criteria and promotion of local agents still lacked transparency.

(v) 100 percent of the civil servants in the pilot provinces are paid through the reformed and computerized system, but decentralized staff of the Federal Government continue to be paid by the Central Government with provincial resources, in lieu of federal resources as planned in the decentralization scheme.



**Rating**  
Substantial

## **Objective 2**

### **Objective**

Establishing and consolidating an equitable resource sharing mechanism between central and sub-national government

### **Rationale**

#### **Outputs:**

Main outputs to strengthen revenue mobilization included the following: (i) rehabilitation of buildings for the provincial revenues authorities, (ii) studies on provincial revenue collection system; (iii) elaboration of a directory of taxpayers (iv) support for tax reform (value added tax and several laws), (iv) at least 750 agents recruited and trained in revenue mobilization techniques, and (v) establishment of minimum standards of PFM in the provinces. Other outputs include : (i) the review of legal and organizational framework in provinces and preparation of legal texts, (ii) the office rehabilitation of the provincial assemblies; and (iii) the provision of furniture, equipment, and supplies and capacity building sessions.

#### **Outcomes:**

(i) Tax collection at the central level increased from Congolese Francs (CDF) 1,427,534 million in 2009 to CDF3,894,202 million in 2015, with a large increase from 2009 to 2012 and a levelling from 2012 to 2015. Due to the leveling, the average annual increase in tax collection was 6% from 2009 to 2015, lower than the target of 10%. However, tax budgeting became more accurate, as the difference between projected and actual taxes diminished from 123 percent in 2009 to 106 percent in 2015. Tax collection at the subnational level rose more markedly, especially in the four pilot provinces. The increase in those provinces in 2010 was 249 percent compared to the previous year, as the project helped to set up new tax collection administrations. The improvement appears to have continued through 2015, although data at the individual province level are patchy. For all four pilot provinces, tax collection in 2015 was 39 percent higher than the previous year. In the province of Sud-Kivu, tax collection increased from CDF4,027 million in 2010 (already a considerable improvement over 2009) to CDF5,821 million in 2015 (44.5 percent, or 7.6 percent annual average).

(ii) A formula for resource sharing between the central and provincial governments was established and its implementation has allowed the transfer of tax resources from the Central Government to the Provincial Governments (the sharing scheme indicates that 40% of the revenue generated by the regions will be allocated to them), thus reducing the political tension between the two levels of the Government. In the 2012 PEFA report, the rating for PI-8, -transparency of intergovernmental fiscal relations-, noted some improvements (including the transfer of tax resources from the Central Government to the provinces) and increased the rating from a 'D' in 2008 to a 'D+' in 2012. Actual domestic revenue transferred regularly to sub-national government reached 46 percent against a target of 35 percent, the amount including transfers directly to the provinces, as well as the salary payments to provincial civil servants and the provincial capital investments.

(iii) Regular payment of provincial level civil servant salaries via reformed and computerized payroll system reached 100 percent, against a target of 60 percent,





(iv) The execution of transfers for operating expenditures at the subnational level improved as illustrated by the increase in execution of expenditures from 82 percent in 2011 to 90 percent in 2015. The trend is even more pronounced in the four pilot provinces which went from 76 percent in 2011 to 90 percent in 2015, and; (v) With the implementation of the "*chaîne de la dépense*" at the subnational level, where none existed before, transparency in the use of expenditures improved automatically, particularly so with the Government brought closer to the citizens through their involvement in participatory budgeting as indicated above.

**Overarching objective:** Progress towards the overarching objective (improved governance and administrative decentralization) was made as indicated by the following achievements: (i) increased transparency through computerization, participation and disclosure of PFM operations and outcomes, (ii) strengthening of the procurement and HR institutions and disclosure of procedures and results of procurement and public hiring operations, (iii) completion of the setting up of provincial administrative institutions, including those in charge of public expenditures and tax collection, and (iv) improvements in resource mobilization and budget execution both at the central and provincial levels. However, it is noted that there were other initiatives that supported the Governance Compact (including those funded by UN agencies, the EU and other external partners).

□□□□

**Rating**  
Substantial

## 5. Efficiency

This was a technical assistance project, for which the economic and financial impact can be difficult to quantify. While there was no ex-ante economic and financial analysis at appraisal, the ICR prepared one. However, the methodology used is not fully explained; it appears to assume that the future streams of Government revenues are linked exclusively to the reforms supported by this operation, which would not be reasonable. No other attempt is made to quantify the value for money from the project (for example, through comparative cost analysis).

Additional information from the ICR suggests administrative and implementation inefficiencies. The project experienced implementation delays due to political instability that resulted in frequent changes in government counterparts. Frequent changes in key implementing ministries and in provincial governments slowed down implementation of some activities, as new officials frequently reversed decisions made by their predecessors (ICR p.48). The project also experienced a steep learning curve since this was one of the first World Bank projects to be fully implemented by an existing government structure, and not by a parallel Project Implementation Unit. Project implementation costs increased by more than 100 percent from appraisal. The procurement and delivery of the integrated financial management information system (IFMIS) and human



resource (HR) resource system was not completed by the end of the project.

- ☐
- ☐

## 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 <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 objectives and design is rated high. Efficacy is rated substantial for both specific objectives. With regard to the first objective, intended outcomes in public financial management and procurement were largely achieved, though in human resource management, integration of the payroll and personnel registers at the provincial level needs to be completed, and transparency in human resource management further enhanced. Concerning the second objective, the resource sharing mechanism between central and sub-national governments has become operational. Tax collection at both national, and more impressively local, levels increased; provincial level civil service salaries were regularly paid; and the "*chaîne de la dépense*" enhanced the transparency of public expenditures. Efficiency is rated modest.

### a. Outcome Rating

Moderately Satisfactory

## 7. Rationale for Risk to Development Outcome Rating



The risk to development outcomes is considered substantial, although agencies supported under the project have now been operational for some years, creating visible results and are fully embedded in government procedures. The improvements in HRM at the central and provincial level still need to be completed. Moreover, it is uncertain that the Government will live up to its commitments of pursuing the reform agenda, given on-going political instability. The major source of risk of the project's achieved outcomes is the current uncertainty surrounding the power transfer through elections. Should this lead to confrontation or instability, the risks to achieved outcomes would be serious, and reversal of reforms cannot be excluded.

#### **a. Risk to Development Outcome Rating**

Substantial

### **8. Assessment of Bank Performance**

#### **a. Quality-at-Entry**

The project design drew on extensive analytical work, and on several lessons and good practices acquired during the period of the Bank's reengagement with the DRC. The Bank team prepared the project in a post-conflict environment, and built flexibility into its design to accommodate for limitations in local capacity, and uncertainties in the Government's reform priorities. The Bank team opted to focus the design on small steps in the right direction in governance reforms, instead of grand designs in a context of fragility. This approach paid off, and results paved the way for scaling up the project resources and scope of the reform. The project focused also on implementation practicalities at the provincial level, which was the missing piece between the central government and the community levels. Finally, the Bank team identified implementing arrangements that were effective and well-coordinated. M&E design was generally adequate (see Section 10 a below). There was good collaboration with other external partners.

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

Satisfactory

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

Because of the fragile country context, the Bank team supervised the project closely, and conducted 14 formal supervisory missions with corresponding Aide Memoires. These missions covered the review of the technical aspects of the reform agenda as well as issues related to procurement, financial management, and social and environmental safeguards as necessary. Day-to-day support by the field-based team addressed implementation bottlenecks in a timely manner, and facilitated effective implementation and disbursement.

There were two midterm reviews (MTR) in November 2010 and in March 2015. The first MTR took place after a Level 2 restructuring in October 2010, and recommended additional financing to scale up the project.



Assessment of progress and agreement on new activities took time, and additional financing was approved only in 2013 with the inclusion of the fourth province to ensure coverage of all provinces by development partners and the scaling up of PFM activities. The second MTR highlighted procurement deficiencies and enabled the team to take corrective measures especially related to the purchase of the integrated HR system.

During project implementation, the Bank team provided hands-on assistance focused on resolving threats to the achievement of the PDO. The supervision missions included specialized technical experts and promoted the sharing of good practices and initiatives. The supervision missions conducted with the support of experts influenced positively the DRC's civil servants through interaction, and enhanced their capacity to implement best practices and to promote good governance (ICR p. 47). The Bank team and experts worked directly with clients and provided hands-on support in difficult conditions and remote locations. However, in order to better monitor progress toward outcome achievement, the Bank team could have used supervision missions to adjust performance indicators.

□

### **Quality of Supervision Rating**

Satisfactory

### **Overall Bank Performance Rating**

Satisfactory

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

### **a. Government Performance**

The Government displayed a high level of commitment to the objectives of the project throughout its implementation period. Security remained tense particularly in the eastern part of the country and the political context was volatile throughout project implementation. The project also coincided with a politically charged period in the DRC. Despite this, most participating institutions improved over time, and most of the project's planned outputs were achieved. There were, nonetheless some moderate shortcomings. During the closing stages, there was insufficient coordination among government entities to allow the testing of the integrated HR system and the acquisition of the IFMIS. The cancellation of a parallel grant was triggered by inter-institutional rivalries that could not be resolved. As noted in Section 5 above, frequent changes in key implementing ministries and in provincial governments negatively affected implementation of some activities, as new officials sometimes reversed previous decisions. The ICR (para. 29) states that the project was unable to execute its planned strategy for newly created provinces.

### **Government Performance Rating**

Moderately Satisfactory



## **b. Implementing Agency Performance**

The ICR provides limited information on the functioning and performance of the implementing agency, the "*Cellule pour la Décentralisation*", which was an inter-ministerial structure under the Minister of State of the Interior and Decentralization. The ICR refers to "coordinating units," which operated at both the central and sub-national levels (p. 23). It states that the performance of the units was effective. The central coordinating unit collaborated effectively with beneficiary entities for the implementation of activities and performed its fiduciary role satisfactorily. The practice in the DRC of the coordinating unit of Bank projects to hire qualified staff from the civil service reportedly served the project well. The ICR also reports that the coordinating units at the provincial level advised the governors in the four pilot provinces, a mark of their effectiveness. The ICR does not attribute responsibility for any of the issues and delays discussed in Section 9a above to the coordinating units.

### **Implementing Agency Performance Rating**

Satisfactory

### **Overall Borrower Performance Rating**

Moderately Satisfactory

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

### **a. M&E Design**

There was a clear link between the objectives, and the outputs and outcomes expected from of each component and subcomponent as discussed in Section 3b. To compensate for the weak capacity context, the PCU supported the strengthening of an M&E system of project activities and results. Important investments were made in building an M&E system across different levels of the Government (through intensive training and provision of IT and other equipment), resulting in evaluation reports of acceptable quality. All target indicators chosen by the team had baselines, and were suitable to capture the progress made towards the PDO. However, there were aspects of the PDO that were not adequately tracked by the results framework. There were no direct outcome indicators to measure transparency in human resource management at the central and subnational level. An indicator was originally set for measuring citizens' satisfaction with public services in the pilot provinces, but it was later dropped (the ICR does not say why).

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

Most indicators were updated on a regular basis, except those related to the implementation of the PFM/HRM integrated system. The evaluation reports were validated by the beneficiaries to enhance their ownership and ensure accuracy of data. The ICR also reported that there were several discrepancies in the different results frameworks, for instance the results framework in the additional financing set a target of 60 percent of



provincial-level civil servants salaries paid regularly in the pilot province, while subsequent Implementation Status and Results Report (ISRs) indicated a 95 percent target. Finally, the team could have been more careful in revising the results framework to facilitate the monitoring of results.

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

The ICR does not provide any information related to M&E utilization.

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

Substantial

## **11. Other Issues**

### **a. Safeguards**

The PAD (page 22) states that the project was classified as Category “C” for environmental assessment purposes, and that no safeguards policies were triggered. This is confirmed on page 10 of the ICR.

### **b. Fiduciary Compliance**

**Financial Management.** The ICR (pages 10-11) states that the project was well managed with audit and financial reports of acceptable quality produced on time. The last external audit was unqualified.

**Procurement.** The ICR (page 11) reports that significant progress was made by the project team to address initial shortcomings related to the procurement management system, when more procurement responsibility was transferred to the provincial level. At closure, the contract management system was functioning well, with contract deadlines being broadly met. The only pending issue was that related to the delays experienced in the procurement and delivery of the integrated PFM and PSM systems. 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	Satisfactory	Moderately Satisfactory	Although efficacy of both specific objectives is rated substantial, efficiency is assessed as modest.
Risk to Development Outcome	Substantial	Substantial	---
Bank Performance	Satisfactory	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 ICR identified appropriate lessons from the implementation of this project, the most prominent of them highlighting the following aspects: (i) the key role of analytical work to inform project design and implementation, (ii) the importance of consensus building capacity and strong relationships with all levels of Government to undertake a governance reform, (iii) the need to design flexible and adaptable projects in order for the project to remain relevant in a context of ever-changing Government officials and priorities, (iv) the contribution of a national communication campaign to build awareness when transformational strategies are implemented, and (v) inter-institutional collaboration and civil society participation are key for the successful implementation of governance reform programs.

IEG draws the following two additional lessons: (i) in a fragile and post-conflict environment, project performance depends to a high degree on the Bank's commitment to providing close supervision, including a strong and experienced resident team and (ii) the gradual, step-by-step approach paid off, and seems to be an effective modus operandi for the Bank in similar contexts.

## 14. Assessment Recommended?

No

## 15. Comments on Quality of ICR



The ICR provides a fair account of the project design, implementation, and the progress toward expected outcome. However, the reporting on efficacy was not consistent with the project's objectives as written. Whereas the Financing Agreement identified an overarching objective, and two specific objectives, the ICR assessed efficacy against nine objectives, which were in fact a decomposition of the two specific objectives into sub-objectives and activities. While the discussion was thorough and detailed, efficacy would have been more appropriately assessed against the objectives as written. Other shortcomings included a weak assessment of efficiency, an uninformative treatment of M&E utilization, an incorrect statement of the disbursed amount, and the use of different denominations (CFAF and Congolese Francs) for the national currency (the DRC does not use the CFAF).

**a. Quality of ICR Rating**  
Substantial