Report Number: ICRR0021683

1. Project Data

Project ID	Project Name	
P106982	DRC-Growth w/ Gov in Mineral Sector	
Country	**Practice Area(Lead)**	
Congo, Democratic Republic of	Energy & Extractives	
L/C/TF Number(s)	**Closing Date (Original)**	**Total Project Cost (USD)**
IDA-H5890,TF-10744	15-Dec-2015	50,798,065.32
Bank Approval Date	**Closing Date (Actual)**	
01-Jul-2010	15-Dec-2018	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	50,000,000.00	39,457,975.08
Revised Commitment	55,326,495.98	7,820,727.90
Actual	50,948,750.02	6,167,979.60

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

The Project Development Objective, as cited on p.5 of the Financing Agreement (FA), was to strengthen the capacity of key institutions to manage the minerals sector, improve conditions for increased investments in and revenues from mining, and help increase the socio-economic benefits from artisanal and industrial mining in Project areas

The PDO was described in the Project Appraisal Document (PAD) in identical terms (p.15).

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

No

c. Will a split evaluation be undertaken?

No

d. Components

The project included the following components which corresponded to the Extractive Industries Transparency Initiative (EITI++) value chain framework:

A. Ensuring Access to Resources (estimated cost at appraisal: US$31.1 million, of which US$17.3 million financed by IDA,; revised at first restructuring to US$22.5 million, and at second restructuring to US$28.1 million. Actual costs: US$28.1 million)

This component aimed to address fundamental impediments to accessing resources and to create an enabling environment for mining development operations in Democratic Republic of Congo (DRC), while leveling the playing field between Government and industry with regard to data access. The component had two sub-components, the first of which supported the policy, legal and regulatory framework through technical assistance (TA) to the Ministry of Mines, and the second of which was to fund completion of the national geodetic coverage.

B. Building Sector Management Capacity (estimated cost at appraisal: US$24.6 million, of which US$13.4 million financed by IDA; revised at first restructuring to US$15.2 million, and at second restructuring to US$11.7 million. Actual costs: US$11.7 million).

This component addressed the most essential link in the EITI++ value chain in regard to DRC, i.e. the strengthening of public mining institutions and the building of capacity at central and provincial levels. Activities included (a) provision of TA to key oversight public institutions, including institutions in charge of environmental protection for the mining sector, (b) support to capacity building for negotiation and portfolio management, and (c) support to human resources development for the mining sector (through strengthening of university courses in geology, mining engineering, environmental sciences, etc.

C. Enhancing Transparency and Accountability (estimated cost at appraisal: US$5.4 million, of which US$3.1 million financed by IDA; revised to US$4.6 million at first restructuring; and to US$5.7 million at second restructuring. Actual costs: US$5.8 million)

This component aimed to assist Government in capturing taxes from the mining sector, by helping to streamline and reinforce government tax administration departments and to strengthen tax collection and revenues. The project complemented efforts under other World Bank and donor projects to strengthen capacities and develop mechanisms for civil society to monitor transparency and accountability in the sector. Activities included (a) transparency and certification mechanisms for mining, (b) the framework for tax and revenues collection from mining, and (c) accountability mechanisms.

D. Building Up Sustainable Development Settings (estimated cost at appraisal: US$ 17.7 million, of which US$9.9 million financed by IDA; revised to US$10.7 million at the first restructuring and then to US$7.8 million at the second. Actual costs: US$7.8 million).

This component supported activities to improve (a) the management of social and environmental impacts of mining, (b) the integration of industrial mining into local and regional development by funding TA for provincial development plans in three pilot provinces (Katanga, North Kivu, and South Kivu), and (c) the management of the artisanal and small-scale mining (ASM) sector, which represented one of the few possible revenue generating activities for millions of Congolese.

E. Project Coordination and Management (estimated cost at appraisal: US$11.2 million, of which US$6.3 million financed by IDA; revised to US$5.18 at first restructuring and US$5.00 million at the second. Actual costs: US$5.0 million).

This component supported (a) Project coordination and management of procurement, financial management and disbursement; (b) monitoring and evaluation (M&E) of project implementation, including reporting, audits and assessment of safeguard policies.

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

Project Cost: The project went through two restructurings. The first, in May 2015, was necessitated by the withdrawal of funding support by the UK Department for International Development (DFID), on account of the relatively slow progress of project implementation. As a result, the project's cost allocation was reduced to US$58.18 million, from the original estimate of US$90.0 million, with changes to the allocations to individual components. In November 2015 the project went through a second restructuring, following on a request from the Government to extend its duration, and its cost allocation was increased slightly to cover the cost of some critical components, to a total of US$58.37 million. Actual disbursements at project closing amounted to only US$50.95 million.

Financing: The sources of funding for this project at appraisal consisted of IDA resources of US$50.00 million at appraisal, augmented by US$38.9 million of co-financing from DFID (UK), via a trust fund, which was closed in November 2014, when DFID withdrew from the project. Of the nearly US$40 million initially contributed by DFID, only US$6.17 million was disbursed, with an undisbursed balance of GBP 21.2 million (US$31.4 million equivalent) being returned to DFID.

Borrower Contribution: There was no borrower contribution to the project.

Dates: The project was originally envisaged to close on December 15, 2015. However, the closing date was extended by three years after the November 15 restructuring to December 15, 2018. From project approval in July 2010 to project closing in December 2018, the project took 8 years 5 months to complete.

3. Relevance of Objectives

Rationale

Alignment with Strategy:

The relevance of the project's objectives was high at appraisal and remained so during the life of the project. As mentioned in the FY08-11 Country Assistance Strategy (CAS), the mining sector was expected to be the engine of growth in the near future. Pillar 1 of the CAS highlighted (p.9) the importance of implementing an Extractive Industries Transparency Initiative (EITI) action plan, strengthening oversight of the sector and ensuring due process for the award of mineral rights. The subsequent (and most recent) 2013-16 CAS drew attention to the fact that for DRC's exceptional resource endowment to be translated into long-term, sustainable growth and poverty reduction, it was essential to build up the foundations of government's effectiveness (p.9), through implementation of governance and transparency reforms in extractive industries. Towards this end, the first strategic pillar of the CAS was that of improving state effectiveness and governance, including through improving transparency in the management of financial resources from the extractive industries and ensuring that the country received its fair share of revenues from this source, as well as by strengthening governance of the mining sector state-owned enterprises (SOEs).

Though a new CAS for DRC has yet to be prepared, the 2018 Systematic Country Diagnostic (SCD) - which should provide the underpinning for the upcoming Country Strategic Partnership (CSP) - emphasizes that sustained growth will depend upon the government's capacity to turn a share of mining sector revenues into development. According to the SCD (pgs. 57 and 94), the principal challenges facing the sector include implementation of the new Mining Code, the transparency of transactions with respect to the mining sector SOEs, and the formalization of artisanal and small-scale mining (ASM) activity, all of which form a focus of the objectives of the project.

Country Context:

The PDO of strengthening the capacity of key institutions so as to be able to better manage the minerals sector and promote investments was relatively clear and measurable. The focus on the EITI++ value chain was entirely appropriate. For many resource-rich countries, the EITI approach was an important entry point to the sound management of their resource sectors, by incentivizing transparent revenue reporting by government and industry, accompanied by actions along the entire management chain to improve governance and provide for institutional capacity-strengthening.

Previous Sector Experience:

The World Bank's engagement in the sector in DRC dates back to FY98, in the form of policy dialogue initiated with the Ministry of Mines and sector stakeholders, to discuss future orientations for mining and legal reform for the drafting of a new mining code. It was followed by a Mining Sector Review, completed in 2008, and by support for implementation of the Extractive Industry Transparency Initiative, through a Multi-Donor Trust Fund in 2009. The current project, initiated in 2010 and co-funded by DFID, positioned itself among other interventions from the World Bank and other donors, which could together contribute to the success of mining for sustainable development in DRC. This had the merit of demonstrating coherent and effective coordination among projects and donors, though also creating a degree of interdependence with these interventions, which could create attribution challenges for the project's results.

Rating
High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective
"To strengthen the capacity of key institutions to manage the minerals sector"

Rationale
Theory of Change:

While the PAD does not explicitly discuss the project's theory of change, it does try to place the project into the context of the EITI++ value chain framework, via a diagrammatic flow chart. The value chain ran from access to resources to monitoring of operations, to collection of taxes and royalties, to revenue management allocation to efficient sustainable utilization, and was being supported by a number of different World Bank operations and initiatives, including a Private Sector Development Competitiveness project, a Governance Development Policy Operation (DPO), a Regional and Domestic Power Markets Development project, and a Multi-Modal Transport project. The growth with Governance TA project covered the first link of the value chain, and partially covered the second and fifth links, in conjunction with one or other of these Bank-financed projects. In addition, Annex 1 of the PAD presents the project's Results Framework, which contains year-by-year targets for the intermediate and final outcome indicators. Actions and specific percentages are also delineated; however, the Results Framework does not analyze causality and attribution, which a credible theory of change would require.

The ICR contains a section on the project's theory of change; however, the discussion largely replicates the discussion of the EITI++ value chain presented in the PAD. While most of the projects components are fairly self-explanatory in their intent and relationship to the EITI++ initiative, the ICR does not specifically address the relevance and adequacy of its individual activities to support the desired outcomes. A rigorous theory of change would require an analysis of whether the project's activities were the most appropriate ones (i.e. that other important activities were not neglected) as well as whether they were of an adequate scale and timing, which this analysis does not specifically undertake. In this way, when translated into results indicators, the success of some of the project's interventions was measured in terms of relatively subjective outcomes: for instance, completion of the Ministry of Mines' reforms - without specifying objective achievement benchmarks, or measuring improved conditions for increasing investments in the minerals sector purely in terms of actual levels of private investment attained - without any direct attribution to the project's activities.

Outputs:

Capacity building efforts under the project produced a number of outputs contributing to the reform effort. Based on specific needs assessments for each institution involved, an ambitious training plan was designed and funded, including an On-the-Job Training Plan 2017-18, with nearly 500 participants, for competitive recruitment of trainers and pedagogical training of trainers. In parallel, equipment including information and communications technology (ICT) was purchased for a wide range of agencies. The following examples are relevant:

(a) **Decentralization of the Mining Cadaster** (CAMI): Five provincial offices were set up under the project, to allow easier access to cadastral information and facilitate more rapid treatment of applications and queries. These offices were fully functioning with the online cadaster system.

(b) **Monitoring System for ASM**: A strategy for artisanal and small scale mining and an action plan for the Artisanal and Small Scale Mining ((SAEMAPE) were accomplished and disseminated in 2017, with support from the project. This was followed by design and establishment of a fully-populated database, to help monitor ASM (which involved up to 2 million miners in the DRC). Within the context of the Strategy and Action Plan, programs to create and support cooperatives were implemented.

(c) **Analytical work and capacity building on management of environmental and social impacts**: The project successfully completed: (a) an evaluation of the environmental liability in the mining sector in Katanga and the two Kasai provinces, and (b) a report on the Congolese Environmental Agency on the state of the environment in DRC. However, the objective of developing an environmental computer-based system to monitor environmental impacts was not achieved.

The project made a contribution to the efforts to revise the Mining Code. This contribution was made via studies and legal expertise funded by the project, along with workshops and logistics to promote a consultative process. The first submission to Parliament, made in April 2015, was shelved for two years because of intense lobbying by mining companies and the collapse in commodity prices, combined with intense lobbying by the mining companies, that occurred at the time. Broader efforts by the World Bank and IMF (not directly attributable to the project) helped revive discussions in 2017, and the new Mining Code was eventually approved by Parliament in March 2018.

The project also promoted transparency via its support for traceability of minerals mechanisms by financing the extension of transparency and certification systems in four mining provinces (Katanga, South Kivu, North Kivu and Maniema). The number of mines covered by the traceability systems increased from none in 2010 to 588 by the end of 2018 (against a target of 600 mines).

Outcomes:

The project was substantially successful in strengthening the capacity and performance of key institutions in the sector. This was the result of a sequence of intermediate activities funded by the operation, beginning with a Strategic Plan for the Development of the Mining Sector (2016) and an Institutional Assessment undertaken by PricewaterhouseCoopers, proposing a series of measures for short-term and medium-term action. Though not much progress took place between 2012 and 2016, there was a dramatic improvement after the second restructuring, at the end of 2015, manifested in a stronger commitment from the Ministry of Mines. A new Framework and Organic Structures of the General Secretariat of Mines, which - among other things - created a General Inspection of Mines, was approved by the Government in April 2018. A similar process took place with the Coordination and Planning Technical Committee (CTCPM), with the approval of an Ordinance in August 2018. In addition, other key sector institutions underwent reform, including the Mining Cadaster (CAMI) via a Decree in April 2017. As these reforms were implemented during the closing three years of the project, it is however still a little early to evaluate their full impact in the enforcement of the legal and regulatory framework.

The project also contributed to improving the status of transparency and accountability mechanisms in particular through the establishment of the EITI National Committee and the launch of the initiative in DRC, and by contributing to other dialogue mechanisms, such as the "Platform for the Follow-up of the Participative Dialogue" (PSDP), and the meetings of the so-called Thematic Groups (mines-oil-energy), which have been the main coordination mechanism for donors and partners involved in extractive projects.

Based on the above, efficacy of this objective is rated Substantial.

Rating
Substantial

OBJECTIVE 2

Objective
“To improve conditions for increased investments in, and revenues from, mining”

Rationale
Theory of Change:

The ICR does not contain an effective discussion of the theory of change. See comments on this at the beginning of the preceding Section (Objective 1).

Outputs:

The following intermediate outcomes were achieved:

- 41 new private investments of more than US$10 million each: This compared favorably to the original target of 30 and the formally revised target of 15 such investments.The project outputs are likely to facilitate additional investments over the medium to long term.

- An improvement in the availability and quality of geological information. The project financed a high-quality topographic base map in 10 designated areas (against only 6 planned), and geological information for 6 designated areas including airborne geophysical survey and field geological mapping.

- Fiscal revenues from the mining sector increased significantly over the life of the project. The formally revised target of US$1,300 million was surpassed in 2018, as actual revenues reached US$1560 million.

Outcomes:

The project was substantially successful in improving conditions for increasing investments into, and revenues from, mining in DRC. On the basis of output targets set, the project appeared to more than achieve this outcome. However, some attribution issues remained.

(a) The project's activities were aimed at improving knowledge and enhancing information access so as to facilitate better sector governance - which would no doubt have contributed to an improved climate for investments into the mining sector. However, other, exogenous, factors- including the trend in commodity prices (which were quite volatile at the time) - would also have played a role in actual investment decisions.

(b) While the improvement in the national geological infrastructure, resulting from project support, could facilitate additional investments, these would take place only over the medium to long term, and be subject to other influences also. The main contribution of a better access to data would be through greater transparency in the sector and its impact on the Government's ability to negotiate fair deals, since both investors and authorities would have access to the same quality data on prospectivity of individual zones.

(c) The improvement in fiscal revenues was helped by the additional mining production that came on stream. It was also helped by the revised royalty and tax regulations that were enacted in the 2018 Mining Code, as well as by improvements that took place in the administration and collection of mining sector revenues, and the impact of EITI on broad transparency and accountability in the sector. Not all of these were the result of the projects activities.

In this way, while the project did support the increase in revenues from the sector, this support was to some extent indirect - as for instance through its support to the revision in the Mining Code, in the form of legal expertise and logistics to improve consultations and dialogue, or through technical assistance on mining tax-related issues and through a tele-declaration system for mining production, which was expected to contribute to greater transparency in tax collection.

Rating
Substantial

OBJECTIVE 3

Objective
“To help increase the socio-economic benefits from artisanal and industrial mining in Project areas”

Rationale
Theory of Change:

The ICR does not contain an effective discussion of the theory of change. See comments on this at the beginning of the section assessing Objective 1.

Outputs:

- The project helped identify three viable areas for artisanal exploitation. The provision of areas where mining cooperatives can viably and legally extract minerals could contribute to improved working and living conditions for artisanal miners.
- The creation of the National Network of Women in Mining in DRC (RENAFEM) in 2018, with legal support and training in strategic and program management financed by the project
- A national Strategy for fighting the presence of children in mines (in both artisanal and industrial sectors)
- Provision of small grants to 10 women's mining cooperatives in Katanga to improve their business opportunities outside of mining and working equipment
- Organization of two National Conferences on Women in Mines in DRC in 2015 and 2017. A pilot project to

separate women from the mines, through development of alternative livelihoods, was implemented for 500 women working under dangerous conditions in mines in South Kivu.
- Implementation of the Kolwezi pilot, in partnership with World Vision, where the project was able to remove 1,200 children from the mines and take them back to school.

Outcomes:

The project made a substantive contribution to improve working and living conditions for artisanal and industrial mining communities in project areas through the financing of the several ASM pilots mentioned above. The project helped set into place information management tools in government institutions to monitor these conditions. The project's capacity building efforts included efforts to improve the organization and functioning of the Artisanal and Small-Scale mining Service (SAEMAPE). The database that was created in 2016 remains operational and includes information on mining sites, productions and cooperatives. The project had initially included a focus on improving health and safety in the artisanal mining sector, though this was subsequently addressed through the these pilots and activities, intended to help remove women from mining activity, and provide them with alternative employment or entrepreneurial opportunity, and place children in schools.

Based on the above the efficacy of this objective is rated Substantial.

Rating
Substantial

Rationale
Overall Efficacy

The main outcomes of the project were the achievements in strengthening the capacity of key institutions in the sector and improving the status of transparency and accountability mechanisms. This had the indirect effect of improving private investment flows into the sector, resulting from an improvement in sector governance which was a key objective of the EITI initiative - and hence in the enabling environment for mining. The project also made a contribution towards improving working and living conditions for artisanal and industrial mining communities. Based on this the project is rated Substantial for overall efficacy.

Overall Efficacy Rating

Substantial

5. Efficiency

Administrative and Operational Efficiency:

The project's efficiency was impacted negatively by delays in implementation, which resulted in a key co-financier (DFID) withdrawing its support and financing, and in the need for a three-year extension of its implementation period. By the time of the Mid-Term Review in 2014, the project's disbursement rate had reached only 12 percent. Though the disbursement rate picked up subsequently, by project closing only US$44.78 of the US$50 million committed by IDA had been disbursed. Also, only US$6.17 million equivalent of DFIDs initial contribution of nearly US$40 million equivalent was disbursed, on account of DFIDs withdrawal, which resulted in a budget cut for the project of nearly 60 percent. Project efficiency was also negatively affected by poor management of its resources. Prior to its second restructuring, the project incurred US$685,000 of ineligible expenses; of which US$204,000 remained to be reimbursed by closing.

Project implementation was hampered on a regular basis by administrative barriers, which made it difficult for international firms and consultants to obtain visas or work authorizations. The initial delays in implementation were quickly compounded by the fact that key studies needed to start major planned activities were not completed on time, which led to delays in defining and implementing major activities, such as the institutional reforms of the Ministry of Mines (which were reliant on the institutional audit), the geological works (reliant on the geodata mapping) and the ASM reforms for SAESSCAM (reliant on the strategy development and institutional audit).

As regards operational costs, these were of the order of US$5.55 million (ICR, page 27), which represented a relatively high proportion (10.9 percent) of total costs of US$50.95 million. Though the Project Coordination and Management component was intended to cover several activities, including the costs of management of procurement financial implementation and disbursement by the PIU, monitoring and evaluation, and assessment of safeguards policies, it is not clear that these activities were of exceptional complexity, warranting such a high operational cost ratio.

<u>Economic and Financial Efficiency</u>:

As this was a technical assistance operation, estimation of quantitative economic returns would be difficult to make. The PAD essayed a limited analysis of fiscal receipts from the project, estimated through modeling. It concluded that the operation would contribute towards reducing the tax gap associated with inefficient and ineffective collection, by producing an additional US$164 million of revenue in government fiscal receipts during the period 2010-14, and additional US$862 million during the period 2015-20 (based on the assumption that production would reach around 800,000 tons in 2014 and up to 1.2 million tons by 2020. These targets were not verified by similar ex-post analysis in the ICR. However, the ICR did give examples of an evaluation of selected activities financed by the project, such as the Geology Program, which managed to save funds and finance more cells than had originally been planned. It also referred to the institutional reform supported by the project, which was achieved in a short space of time and (though like-for-like comparisons are difficult to make) at a cost relatively lower than other World Bank projects.

Overall, however, taking account of the considerable delays experienced by the project after effectiveness, resulting in withdrawal of a key co-financier and a consequential reduction in budget, the projects 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		0	0 ☐ Not Applicable

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

6. Outcome

The relevance of objectives of the project to the strategies of the Government, as well as of the Bank, is rated as High, and continues to be so. The achievement of all three PDOs is rated Substantial, based on the project's success in strengthening capacity and performance of key institutions, for helping to improve conditions for increased investments in the sector, and for helping to improve working and living conditions for artisanal and industrial miners. The overall efficacy rating is Substantial. Efficiency is however rated Modest on account of shortfalls in administrative and operational efficiency. Taking all of this into account, the overall project outcome rating is Moderately Satisfactory.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

The most prominent risks to development outcome stem from the fact that DRC is a fragile country, with post-conflict and ongoing conflict areas. In addition, it should be noted that the risk of some of the institutional reforms initiated by the project being overturned is not insignificant. For instance,

- The full establishment of the National Geological Survey could easily be postponed due to a lack of funding.
- There is some speculation that some of the major mining companies might push to overturn some parts of the new mining code, which they are unhappy with.
- Within the Government there are conflicts regarding the application of the code, such as the attribution of some proceeds to specific public entities and who should oversee the future generations fund.

- The benefits expected from the geology program could be diminished somewhat if the related information and knowledge are not adequately disseminated and promoted.

8. Assessment of Bank Performance

a. Quality-at-Entry

The ICR does not provide any details on the preparation of the project; however, the design of the project was relatively straightforward and, on the face of it, appropriate to the country's needs. At the time of appraisal, it was recognized that the mining sector was critical to the development of the country's economy and a potential engine for growth that had been stifled by a decade of civil war and internal strife. The project's approach of supporting the Government's efforts to improve governance of the sector, consistent with the EITI++ approach, seemed to be broadly appropriate. However, as pointed out earlier, in the absence of a rigorous analysis of the causal chain, it was not entirely clear whether all of the various activities selected for funding were necessarily the most appropriate ones. This was reflected in the design of the Results Framework and the choice of results indicators, which did not fully differentiate between Output and Outcome indicators, and which allowed for a degree of subjectivity in the measurement of outcomes, together with weaknesses in attribution of some of the results.

All of this was coupled with weaknesses in the initial implementation arrangements, which did not adequately mitigate fiduciary risks. Despite written warnings, additional training and increased project supervision, the PIU was repeatedly found in violation of the Banks fiduciary rules, which led to ineligible expenses and necessitated a series of remedial actions.

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

The ICR does not provide any details of the number of supervision missions conducted from project effectiveness until the first restructuring in May 2015, though it does mention that the Bank's supervision efforts during this period were rated Moderately Unsatisfactory. The restructuring led to a more proactive and intensive supervision plan being put into place during the second phase of implementation, as a consequence of which the number of missions increased significantly to 12 (or an average of 3 per year) between May 2015 and closing in December 2018. This was followed up with a large number of video conferences, averaging 2 per month in the closing months of 2015, and in 2016 and 2017, plus another 18 in 2018. In addition, quality control consultancies were required for most activities, for which the Bank provided support for implementing terms of reference for all the activities and procurement processes. Two highly specialized task team leaders (TTLs), with expertise in geology and in ASM/gender respectively, were appointed to the project, in addition to a senior consultant hired by the Bank to support the process of institutional reform.

Quality of Supervision Rating
Moderately Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design
The design of the M&E framework revealed two significant shortcomings: First, as mentioned earlier, the results indicators themselves were somewhat subjective, and open to interpretation. The incorporation of normative values for targets and measurement would have been useful. The loose definition of some of the intermediate indicators reflected the vague definition of some activities. Second, the gathering of M&E data and the reporting system was too complex. For it to have worked well, the project would have needed to have offices in the mining provinces. This proved to be too ambitious in practice, and did not happen. Some of these shortcomings were however addressed during the Mid-Term Review (MTR), which resulted in some changes to the Results Framework.

b. M&E Implementation
The Results Framework provided the basis for reporting by the PIU, as evidenced by the project's annual reports. During the MTR, the Ministry decided to replace the M&E specialist. The focus of the new staff hired was to improve the capture of data from each project activity, and to improve information management in the Kinshasa office, while working in cooperation with the World Bank team. Especially after 2016, status of the Results Framework was reflected in Aide Memoires and Implementation Status and Results Reports (ISRs) - which contributed to a noticeable improvement in M&E implementation.

c. M&E Utilization
Utilization of M&E data was largely supervision-oriented, contributing to the monitoring of implementation progress and completion of supervision reports. The usefulness of M&E data extended beyond the project, to report on the DRC Economic Governance Matrix, where several outcomes were supported by the project, as well as to respond to queries by external stakeholders on specific issues.

M&E Quality Rating
Modest

10. Other Issues

a. Safeguards

Environmental and Social Compliance:

This technical assistance (TA) project was classified as environmental Category B under the Bank's Environmental Assessment policy. As a TA operation, it was expected that the project's activities would have no physical footprint, no direct adverse environmental impacts, and would not result in the relocation of people or the displacement of livelihoods. Nevertheless, to address potential indirect impacts, the safeguard policies on Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04), Physical Cultural Resources (OP/BP 4.11) and Indigenous Peoples (OP/BP 4.10) were triggered. To enhance the project's potential sustainability outcomes, preparation of a Strategic Environmental and Social Assessment (SESA) was included as a key component (and project covenant). The SESA was intended to help develop measures to mitigate adverse economic and social impacts associated with mining activities, particularly on poor and vulnerable groups.

The ICR reports (page 33) that the project complied with its environmental and social safeguards obligation. It also completed its covenant requirement of the preparation of a SESA in March 2010. Also, an Indigenous Peoples Plan (IPP) was disclosed in April 2010. It should be mentioned that the World Bank appointed two safeguards specialists at the Kinshasa office in 2016, with the role of ensuring project compliance with the Bank's safeguards policies. This role became increasingly critical as the pace of the project's implementation accelerated.

b. Fiduciary Compliance

Financial Management. The PAD noted (page 36) that weaknesses were identified in the Ministry of Mines, with regard to financial management (FM) capacity and risks rising thereof. Even after mitigation measures, the FM risk was deemed to be substantial, on account of these capacity weaknesses. As such, it was intended that the financial management team would be headed by a qualified, experienced Finance Manager (hired on consultant basis), supported by two accountants at the central level and by one accountant in every province in which the project had a provincial office. The internal audit function of the project was to be under the responsibility of an internal auditor (consultant), to be recruited on a competitive basis prior to project effectiveness.

In practice, fiduciary compliance turned out to be by far the biggest challenge faced by the project until the first restructuring. The PIU had to be strengthened through staff changes, and the World Bank had to intensify TA and project supervision to improve fiduciary functions and reach compliance. As regards financial management, the main challenges revolved around ineligible expenditures. The 2015 restructuring led to the hiring of a new FM team in the PIU and quarterly financial reviews by the World Bank. Financial management was rated Moderately Unsatisfactory until early 2017, though it was upgraded to Moderately Satisfactory later that year.

Procurement. Key challenges revolved around irregularities with evaluation committees, misplaced obligations placed on firms (e.g. hiring of Congolese nationals) and non-compliance in national bids for goods. To address these issues and try to improve performance, the Government put into place several actions in consultation with the Bank. Procurement was rated Moderately Unsatisfactory through mid-2015, but was upgraded to Moderately Satisfactory by close of project.

c. Unintended impacts (Positive or Negative)

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d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Satisfactory	Moderately Satisfactory	Quality at Entry and Quality of Supervision both rated Moderately Satisfactory, as did the ICR. Hence, overall Bank performance rated Moderately Satisfactory. (ICR rating of Satisfactory in aggregate is inconsistent with its disaggregated ratings).
Quality of M&E	Modest	Modest	
Quality of ICR	---	Modest	

12. Lessons

IEG derives the following lessons, drawn from the ICR:

- **To pursue sector reforms in the mining sector, a clear understanding of the political economy is needed.** The project demonstrated that in DRC, the activities around the reform of the Mining Code, in particular, proved very sensitive. After submission to Parliament in 2015, the draft code was not discussed for two years, mainly because of intense lobbying by mining companies. Discussions were initiated in 2017, in part through the projects efforts, in the form of a Note on the Mining Code prepared by the World Bank on 2016, and analytical work conducted by the IMF.

- **International organizations can help adjust the mining sector reform debate when it becomes politically charged and unbalanced through intensive lobbying**. The project illustrates the important role that institutions like the World Bank and IMF can play in supporting sector reform through institutional strengthening, by helping to defuse some of its more politically charged elements. Building up enforcement capacity is critical, and any legal revision needs to be accompanied by strong capacity-building efforts, both at regulatory and administrative levels, especially for countries with poor governance, always taking into account that the enforcement of reforms takes time usually more than planned.

- **Technical assistance projects in fragile country environments/sectors require intense supervision and long-term engagement.** The experience of the project demonstrates the critical role of supervision in ensuring satisfactory project performance. During the post-restructuring phase, intensive supervision combined multiple missions with frequent follow-up video conferences. The costs of such implementation support need to be factored in from the outset.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is clearly written, concise and generally consistent with guidelines. It provides a good description of the projects activities and achievements, including some of the implementation challenges faced. The analysis of project design and implementation issues is generally evidence-based and candid. However, there are some weaknesses. The ICR does not provide a good accounting of the project's costs: Annex 3 on the projects costs by component for instance provides no details of actual amounts at Approval. Costs of individual components are cited in Section 1A, but these do not reconcile with the project cost totals, as cited in the ICRs Project Data Sheet (page 2). Secondly, the ICR's discussion of the project's Theory of Change is not adequate, as it does not specifically address the relevance and adequacy of its individual activities to support the desired outcomes.

a. Quality of ICR Rating

Modest