



1. Project Data

Project ID

P113801

Project Name

SN - Economic Governance Project

Country

Senegal

Practice Area(Lead)

Trade & Competitiveness

L/C/TF Number(s)

IDA-47030

Closing Date (Original)

30-Jun-2015

Total Project Cost (USD)

8,000,000.00

Bank Approval Date

08-Apr-2010

Closing Date (Actual)

30-Jun-2016

IBRD/IDA (USD)
Grants (USD)

Original Commitment

8,000,000.00

0.00

Revised Commitment

8,000,000.00

0.00

Actual

7,372,469.20

0.00

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2. Project Objectives and Components

a. Objectives

According to the Financing Agreement (page 5) of 2010, the project development objective (PDO) of the Economic Governance Project was: "to improve aspects of the functioning of the justice sector relevant to the investment climate".

According to the Amendment to the Financing Agreement (page 4) of 2014, the revised PDO was: "to enhance the investment climate through improvements in economic governance and the efficiency of commercial justice."



The Restructuring Paper (page vii) of 2014 defined "economic governance" to mean "the policy, institutional and behavioral framework that govern the activities of the private sector", and "efficiency of commercial justice" to mean "the speed of decisions of justice and the ease of access to justice for commercial cases".

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

08-Mar-2014

c. Will a split evaluation be undertaken?

Yes

d. Components

Original Project

The original project comprised four components (Financing Agreement, pages 5-6).

1. Improving the Investment Climate (US\$2.2 million estimate at appraisal, US\$1.87 million actual) aimed to improve the investment climate through technical assistance to: (i) support the economic and financial section of the State Attorney's (*procureur*) office; (ii) enhance court specialization; (iii) increase the number of commercial hearings; (iv) improve the hearing process; (v) establish strict timeframes for commercial judges; (vi) foster better case management for faster disposal and enforcement of judicial decisions; (vii) streamline enforcement procedures; (viii) speed up the issuance of court decisions; (ix) foster the monitoring and evaluation of judges; (x) build bridges with alternative dispute resolution mechanisms; and, (xi) enhance internal capacity.

2. Improving Court Performance and "User-Friendliness" (US\$3.1 million estimate at appraisal, US\$2.8 million actual) aimed to: (a) improve court administration and case management through the provision of technical assistance and goods to the Dakar court system, and, (b) strengthen the accessibility and user-friendliness of the courts in Dakar through the provision of goods and the carrying out of studies to improve user guidance and through increased community outreach.

3. Strengthening the Demand Side of Economic Governance (US\$1.5 million estimate at appraisal, US\$1.75 million actual) aimed to: (1) Strengthen the Anti-Money Laundering Unit (CENTIF) through (i) the provision of specialized technical advisory support to advise CENTIF management and provide in-house training to CENTIF analysts and partners on international standards and practices in all operations; (ii) the financing of equipment to support investigations and operations effectively and efficiently; and, (iii) the provision of assistance to CENTIF in designing and implementing an awareness campaign to improve the understanding by the public administration, private firms and the general public of the nature of money laundering and of CENTIF's work; (2) Provide technical assistance, equipment and training to (i)



strengthen the Anti-Corruption Commission's (CNLCC's) internal capacity on anti-corruption and enhance CNLCC's legal authority and institutional arrangements; (ii) support CNLCC in the development and implementation of a communication strategy; and, (iii) finance the dissemination of CNLCC reports; (3) Provide technical assistance, equipment and training to (i) strengthening the new Public Procurement Agency's (ARMP's) internal capacity; and, (ii) support the establishment of an adequate follow up of the results of investigations by the justice system; and, (4) Support business-led actions against corruption through the development and adoption of a No-Bribery Pact for private firms.

4. Strengthening the Project Implementation Unit (CEDAF) and Project Implementation Support

(US\$1.0 million estimate at appraisal, US\$1.58 million actual) aimed to: (1) Strengthen CEDAF's fiduciary and monitoring functions to support the implementation of the Senegal Justice Sector Program (PSJ) and the CEDAF's ISO 9001 certification through technical assistance, provision of goods, and the conduct of a training program; (2) Provide technical project advisory services for project coordination and management, including (i) the preparation of annual work plans including the updating of procurement plans and related budgets; (ii) the financing of expenditures related to monitoring and evaluation, financial audits, training, communication and organization, and participation in local and external workshops; and, the follow-up with the project's beneficiaries to ensure that the approved project activities are implemented in a timely manner; and (3) Establish a digital law library accessible to the Government's administrative departments.

Revised Project

The revised project comprised the same four components, but with some activities dropped and new ones added, and with the cost allocations revised accordingly (Amendment to the Financing Agreement, pages 4-5).

1. Improving the Investment Climate (US\$1.87 million estimate at restructuring, US\$1.87 million actual) aimed to: (1) Support legal and institutional reforms geared toward improving the investment climate through the provision of technical assistance to (i) support the economic and financial section of the State Attorney's (*procureur*) office; (ii) enhance court specialization; (iii) establish strict timeframes for commercial judges; (iv) foster better case management for faster disposal and enforcement of judicial decisions and business entity contracts; (v) streamline enforcement procedures; (vi) foster the monitoring and evaluation of judges; (vii) build bridges with alternative dispute resolution mechanisms; and, (viii) enhance internal capacity, including specialized training for commercial judges and magistrates; (2) Support the enhancement of the mediation framework to all commercial cases through (i) organizing seminars concerning the adoption of a new mediation/conciliation framework; (ii) preparing an implementation strategy; (iii) assisting in the drafting of related decrees and/or regulations; (iv) organizing public awareness campaigns; and (v) preparing workshops and practice guides and manuals for practitioners.

2. Improving Court Performance and "User-Friendliness" (US\$2.8 million estimate at restructuring, US\$2.8 million actual) aimed to: (1) Improve court administration and case management through the provision of technical assistance and goods to the Dakar court system, and, (2) Strengthen the accessibility and user-friendliness of the courts in Dakar through the provision of goods and the carrying out of studies to improve user guidance and through increased community outreach.



3. Strengthening the Demand Side of Economic Governance (US\$1.75 million estimate at restructuring, US\$1.75 million actual) aimed to: (1) Strengthen the Anti-Money Laundering Unit (CENTIF) through (i) the provision of specialized technical advisory support to advise CENTIF management and provide in-house training to CENTIF analysts and partners on international standards and practices in all operations; (ii) the financing of equipment to support investigations and operations effectively and efficiently; and, (iii) the provision of assistance to CENTIF in designing and implementing an awareness campaign to improve the understanding by the public administration, private firms and the general public of the nature of money laundering and of CENTIF's work; (2) Provide technical assistance, equipment and training to (i) strengthen the Anti-Corruption Commission's (OFNAC's) internal capacity on anti-corruption and enhance OFNAC's legal authority and institutional arrangements; (ii) support OFNAC in the development and implementation of a communication strategy; and, (iii) finance the dissemination of OFNAC's annual reports; (3) Provide technical assistance, equipment and training to (i) strengthening the new Public Procurement Agency's (ARMP's) internal capacity; and, (ii) support the establishment of an adequate follow up of the results of investigations by the justice system; and, (4) Support business-led actions against corruption through the development and adoption of a No-Bribery Pact for private firms.

4. Strengthening the Project Implementation Unit (CEDAF) and Project Implementation Support (US\$1.58 million estimate at restructuring, US\$1.58 million actual) aimed to: (1) Strengthen CEDAF's fiduciary and monitoring functions to support the implementation of the Senegal Justice Sector Program (PSJ) and the CEDAF's ISO 9001 certification through technical assistance, provision of goods, and the conduct of a training program; (2) Provide technical project advisory services for project coordination and management, including (i) the preparation of annual work plans including the updating of procurement plans and related budgets; (ii) the financing of expenditures related to monitoring and evaluation, financial audits, training, communication and organization, and participation in local and external workshops; and, (iii) the follow-up with the project's beneficiaries to ensure that the approved project activities are implemented in a timely manner; and (3) Establish a digital law library accessible to the Government's administrative departments.

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

Project Cost: The estimated project cost, including contingencies, was US\$8.0 million. The restructuring reallocated the cost across components but kept the total at US\$8.0 million.

Financing: The IDA financed SDR5.2 million (US\$7.37 million equivalent) of the original project cost. The financing instrument was a Specific Investment Loan. A total SDR4.96 million (US\$6.87 million), or 95.38 percent of this credit, was disbursed. The amount of SDR0.24 million (US\$0.33 million equivalent) was cancelled.

Borrower Contribution: The Republic of Senegal was to provide counterpart funding of US\$1.0 million (PAD), but no contribution was made.

Dates: The project was approved in April 8, 2010 and became effective in December 20, 2010. It was restructured, with the approval of the Board, in March 8, 2014, with 51 percent the project funds



disbursed. The original project closing date was June 30, 2015; the actual closing date was June 30, 2016, with the restructuring allowing the extension.

3. Relevance of Objectives & Design

a. Relevance of Objectives

Original Project

The objective of the original project --- to improve aspects of the functioning of the justice sector relevant to the investment climate --- was relevant to economic conditions and development priorities of Senegal at the time of project appraisal. According to the Investment Climate Assessment for Senegal, conducted in 2009 and 2008, the country's investment climate remained relatively poor despite then recent improvements, with enterprises expressing concern about poor electricity supply, limited access to finance, stifling regulations, and most particularly, corruption, which was considered a major obstacle to doing business and for which the justice system clearly needed improving. Efforts to improve the investment climate needed to focus on: contract enforcement (44 procedures and 780 days were needed to enforce a contract through the court system, costing 26.5 percent of the value of the contract); business closure (it took three years to close a business, using 7 percent of the value of an estate in a bankruptcy procedure, and leaving creditors only 30 percent of the value of their claims if a business failed); and, investor protection (the country had the worst director liability index in the world at 1, ranked 165th among 183 countries in disclosure with a disclosure index of 6, and recorded a strength of investor protection index of only 3). Moreover, efforts were needed to: increase the efficiency of the administration of justice (through better training of judges, improved tracking procedures, and a greater number of courts to eradicate bottlenecks); reduce corruption, including money laundering (by tightening regulations and procedures); and, build the capacity of business enterprises to fight corruption.

The objective continues to be relevant to economic conditions and development priorities in Senegal at the time of project closing. Senegal's National Strategy for Economic and Social Development (SNDES) for 2013-2017 aims to propel the country toward an accelerated recovery path that will lead to a higher, more stable, and more widely shared growth over the medium- and long-term. The strategy is focused on three pillars: (a) Growth, Productivity and Wealth Creation aims to create a sound macroeconomic framework with a larger contribution to growth from agriculture, a restructured electricity sector, a more dynamic export sector, and a more favorable investment climate; (b) Human Capital and Sustainable Development aims to widen people's access to basic services, improve the quality of services, strengthen the social protection of vulnerable groups, improve governance, and deepen public and private partnerships; and, (c) Governance, Institutions, Peace and Security aims to address issues related to corruption, public financial management, transparency, peace and resilience, justice and accountability, human rights, and gender equality. The objective "to enhance the investment climate" reflects priorities of the first SNDES pillar; "to improve governance", the second and third pillars; and, "to improve the efficiency of commercial justice", the third pillar.



Similarly, the objective of the original project remains well aligned at project closing with the strategic objectives of the Bank Group's Country Partnership Strategy (CPS) for Senegal for FY2013-17. The CPS supports Senegal's efforts to stimulate a recovery toward a path of higher growth and shared prosperity over the medium- and long-term. The Bank program focuses on one foundation and two pillars: (a) the foundation, Strengthening the Governance Framework and Building Resilience, supports CPS interventions that strengthen governance systems and processes and enhance the predictability, credibility and accountability of the Government; (b) the first pillar, Accelerating Inclusive Growth and Creating Employment, focuses on activities to help reduce government spending by further involving the private sector in economic activity, which, together with efforts to improve the overall business environment, will lead to an improved macroeconomic and fiscal framework; and, (c) the second pillar, Improving Service Delivery, focuses on improving governance, access, and equity in the social sectors. The objective "to enhance the investment climate" reflects priorities of the first CPS pillar, and "to improve governance and the efficiency of commercial justice", the second pillar.

Revised Project

Reworded at restructuring, the objective of the revised project --- to enhance the investment climate through improvements in economic governance and the efficiency of commercial justice --- continues to be relevant to economic conditions and development priorities in Senegal at the time of project closing. The inclusion of "improvements in economic governance" in the PDO statement makes explicit the objective of enhancing the investment climate through improvements in other than the justice system alone. "Improvements in economic governance" can be gleaned from the inclusion in both the original and revised operation of the third component of the project, by which the institutional capacity and operational activities of three economic governance organizations are to be supported --- the Anti-Money Laundering Unit (CENTIF), the new Anti-Corruption Commission (OFNAC), and the Public Procurement Agency (ARMP). The reworded statement highlights this aspect of the objective, which is reflected in the project components but not emphasized explicitly enough in the original PDO statement.

As revised, the objective remains highly relevant to current economic conditions and development priorities in Senegal for the same reasons cited in the relevance of the original project objective. Similarly, for the same reasons cited previously, the revised objective remains well aligned with the strategic objectives of the Bank Group CPS for Senegal for FY2013-17.

Rating
High

Revised Rating
High

b. Relevance of Design

Original Project

The wording of the original project objective lacked clarity, as the term "aspects of the functioning", in relation to the justice sector, appeared vague. An alternative formulation --- to improve the justice system to make commercial law more effective and improve the investment climate --- would have been more specific.



Nonetheless, a coherent link existed between the project component activities (improving the investment climate, improving court performance, strengthening the demand side of economic governance, and strengthening the project implementation unit), the key expected project outcomes (improved investment climate, enhanced effectiveness of justice, and strengthened project implementation unit) (PAD, page 5, paragraph 13), and the project objective (to improve aspects of the functioning of the justice sector relevant to the investment). In this sense, the causal chain of the Results Framework was logical. If the project activities were achieved, the administration of commercial justice would have been improved and this would have enhanced the investment climate.

The principal shortcoming of the project design was that the scope of the project was too comprehensive and the size too large, necessitating the cancellation of project activities that would take far longer than the project to complete. Moreover, the insolvency resolution activity planned for the project was not well aligned with the regional Organization for the Harmonization of Business Law in Africa (OHADA) system, leading to dropping an outcome that was targeted by the project but lay outside its span of control.

Revised Project

The project was restructured for two principal reasons (Restructuring Paper (RP), page v): (a) to improve the slow progress in project implementation and disbursement, and (b) to ensure that the project would fulfill its objectives and improve its targets. The restructuring (RP, page vii): (a) reworded the PDO; (b) adjusted the project components --- dropped some non-performing activities, and added others; (c) revised the Results Framework to drop and add results indicators accordingly; (d) reallocated the budget; and, (e) extended the project closing date by a year.

The restructuring of the project produced a PDO statement that was more cogently specified than the original, with the focus appropriately placed on the ultimate outcome of the operation --- "an enhanced investment climate for Senegal", and the other channel for achieving this objective explicitly included in the statement --- "the improvement of the economic governance system".

As the restructuring basically just dropped the non-performing activities of the original project, the relationship between the surviving project activities, the expected project outputs and outcomes, and the PDO remained intact. Hence, as with the original project, the causal chain in the Results Framework of the revised project remained logical: improvements in the economic governance system (i.e., the policy, institutional and behavioral framework that govern the activities of the private sector) and improvements in the efficiency of the justice sector (i.e., the speed of decisions of the judicial system and the ease of access to justice for commercial cases) would constitute the means or the channels by which the final outcome of the project would be achieved --- an enhanced investment climate for Senegal

Revisions in the results indicators --- adjustments to five of the six output indicators and two of the three outcome indicators --- served to improve the M&E design of the project (see Section 10.a) and to refine the means by which the project outputs and outcome articulated in the Results Framework would be better measured.



Rating
Modest

Revised Rating
Substantial

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

To improve aspects of the functioning of the justice sector relevant to the investment climate

Rationale

Outputs

- Improving the Investment Climate: Shareholder protection was enhanced, but not to the extent planned. Senegal's strength of investor protection index (0-10) rose from 3.5 in 2010 to 4.2 in 2016. The original target was to raise the index from 3.5 in 2010 to 7.0 in 2014 and 2015.
- Improving Court Performance: The judiciary did not collate, evaluate and act upon accurate and timely statistical information related to case disposal and user satisfaction in the Special Regional Court of Dakar ("Tribunal Regional Hors Classe de Dakar" or TRHCD). The original target was for the annual publication of the performance of the Dakar Regional Court of First Instance ("Tribunal Regional de Premiere Instance de Dakar") to show a reduction of the number of pending cases from 1,054 cases in 2010 to 735 cases in 2015. A reform of the judicial system restructured the courts of first instance and replaced them with special regional ("hors classe") courts, rendering this output indicator inapplicable (this output indicator was dropped at restructuring).
- A total 400 judges and staff in the justice sector were trained, exceeding the target. There is no data, however, of how many of these were female. The original target was to train 100 judges and staff by 2015, of which 45 were female (this gender-disaggregated output indicator was dropped at restructuring).
- Strengthening the Demand Side of Economic Governance: The Anti Money Laundering Unit (CENTIF) was able to carry out its mandate. The number of cases properly pursued by the CENTIF rose from 12 in 2010 to 164 in 2016. The original target was to double the number of cases from 12 in 2010 to 24 in 2015.
- The capacity of the Public Procurement Agency (ARMP) Investigation Unit was reinforced, but not to the extent planned. The percentage of receivable cases investigated by the Investigation Unit rose from zero percent in 2010 to 64 percent in 2016. The original target was to increase the percentage to 85 percent in 2015.
- The acceptability of corrupt practices in doing business was reduced, but not to the extent planned. Seventy seven business firms adopted the "No Bribery Pact" in 2016. The original target was for 100 firms to adopt the Pact in 2015. A consensual document entered into between private businesses, the Pact identified the modalities by which the signatories committed to fight corruption.



- The ethical business certification had not been developed or adopted by any firm. The original target was to have 50 firms adopt the certification by 2015 (this output indicator was dropped at restructuring).
- There is no data to determine the number of staff, including female staff, in the companies adopting the "No Bribery Pact" or obtaining an ethical business certification. The original target was to have at least 400 staff in these companies by 2015, of which 150 were female (these output indicators were dropped at restructuring).
- Strengthening the Project Implementation Unit: The Project Implementation Unit (CEDAF), the unit under the Ministry of Justice responsible for the implementation of the Senegal Justice Sector Program (PSJ) and of the project, had not become a "center of excellence" as defined under the terms of the project. The CEDAF was not ISO 9001-certified by 2016, contrary to the original target was to have the CEDAF certified ISO 9001 by 2015 (this output indicator was dropped at restructuring).

Outcomes

- The average time to enforce a commercial contract was reduced, but not to the extent planned --- from 780 days in 2010 to 500 days in 2016. The original target was to reduce the average time to 365 days in 2015.
- There was no progress made with the outcome to reduce the average time to close a business (i.e., to resolve an insolvency) from 36 months in 2010 to 18 months in 2015. Progress with this outcome was dependent on the adoption of insolvency reforms under a regional initiative, the Organization for the Harmonization of Business Law in Africa (OHADA), the legal framework created in 1993 and adopted by 17 West and Central African countries to enact Uniform Acts (simplified recovery procedures and measures to execute and organize collective proceedings for clearing debt) that supersede contradictory national laws. Insolvency rules applicable to Senegal would have to be established at the regional OHADA level, an action not under the control of the project (this PDO-level outcome indicator was dropped at restructuring).
- There was no progress made with the outcome to reduce delays in the processing of cases by the Regional Court of First Instance ("Tribunal Regional de Premiere Instance") by 30 percent from 200 days in 2010 to 140 days in 2015. The courts of first instance were replaced by special courts, rendering this indicator inapplicable (this PDO-level outcome indicator was dropped at restructuring).
- There was no progress made with the outcome to reduce the backlog in the processing of cases by the Dakar Regional Court of First Instance ("Tribunal Regional de Premiere Instance de Dakar") by 30 percent from 1,054 cases in 2010 to 735 cases in 2015. The courts of first instance were replaced by special courts, rendering this indicator inapplicable (this PDO-level outcome indicator was dropped at restructuring).

Rating
Modest



Objective 1 Revision 1

Revised Objective

To enhance the investment climate through improvements in economic governance and the efficiency of commercial justice

Revised Rationale

Outputs

- Improving the Investment Climate: Senegal's strength of investor protection index (0-10) rose from 3.5 in 2010 to 4.2 in 2016, effectively meeting the target. The revised target was to raise the index from 3.5 in 2010 to 4.3 in 2016.
- Improving Court Performance: There was no data to judge the output target to reduce the average time to enforce contracts through mediation, for half the judicial actions subject to court-annexed mediation, from 770 days for all cases to 90 days for half of all cases. The mediation framework had become operational, but not enough time had passed since to yield any meaningful data.
- The number of judges and staff trained reached 400, exceeding the target. The revised target was to increase the number of judges and staff trained from zero in 2010 to 125 in 2016.
- Improving the Demand Side of Economic Governance: The number of receivable cases investigated by the Public Procurement Office (ARMP) Investigation Unit rose to 64 percent in 2016. The revised target was to increase the percentage to 80 percent by 2016.
- The number of business firms adopting the "No Bribery Integrity Pact" was 77 by 2016, exceeding the revised target. The revised target was to have 50 firms adopt the Pact by 2016. A consensual document entered into between private businesses, the Pact identified the modalities by which the signatories committed to fight corruption.
- Strengthening the Project Implementation Unit: The number of Project Implementation Unit (CEDAF) staff trained reached 36, exceeding the target. The target was to train 20 of the CEDAF staff, the unit under the Ministry of Justice responsible for the implementation of the Senegal Justice Sector Program (PSJ) and of the project. The gender target (percentage of the staff trained of which were female) was not met.

Outcomes

- Improved Investment Climate: The average time to close a commercial contract was reduced to 500 days, exceeding the target. The revised target was to reduce the average time from 780 days in 2010 to 529 days in 2016.
- Improved Economic Governance: The number of cases pursued by the Anti Money Laundering Unit (CENTIF) rose to 164 cases, exceeding the target. The revised target was to double the number of cases pursued by CENTIF from 12 cases to 24 cases in 2016.
- Improved Efficiency of Commercial Justice: The number of decisions taken per year by the Special Regional Court of Dakar ("Tribunal Regional Hors Classe de Dakar" or TRHCD) rose to 1,371 cases,



exceeding the target. The target was to increase the number of TRHCD decisions from 947 cases in 2010 to 1,020 cases in 2016.

Revised Rating

Substantial

5. Efficiency

Lacking an economic efficiency measure, and given operational cost and time inefficiencies, the efficiency of the project is assessed as Modest.

Economic Efficiency

The project was a capacity building initiative, for which the PAD (pages 21-22) listed three main economic benefits: (a) an improved investment climate would foster private investment and competitiveness, which would in turn lead to higher economic growth and to job creation; (b) enhancing the performance of the justice system would facilitate investments and economic growth, as there is a positive correlation between judicial efficiency and inflows of external finance; and, (c) addressing corruption, on both the demand and supply side, would attract more private investment, as corruption negatively affects economic performance principally through the investment channel. The PAD, however, did not attempt a full and formal economic and financial analysis of the project.

Similarly, the ICR (page 21) argues that the nature of the project as a capacity building and technical assistance operation did not permit the project's benefits to be captured in a quantitative cost-benefit analysis.

Operational Efficiency

The operational efficiency of the project is assessed as Modest.

The project was completed a year behind the original schedule, following a restructuring in 2014 that extended the project closing date.

Although the total cost of the project was less than the estimate at appraisal and at restructuring, the cost of implementation support (the fourth component, "Support to the CEDAF and to Project Implementation") was higher than the estimate at restructuring (five percent higher) and at appraisal (67 percent higher). Moreover, compared to costs for implementation support for projects implemented in Senegal at approximately the same period and for projects implemented elsewhere in Africa, the implementation support cost overrun for this project was on the high side, according to the ICR (page 21).



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

Original Project

The relevance of objectives is rated as High. The relevance of design is rated as Modest. The efficacy of the project is rated as Modest. The efficiency of the project is rated as Modest. The outcome of the original project is assessed as Moderately Unsatisfactory.

Revised Project

The relevance of objectives is rated as High. The relevance of design is rated as Substantial. The efficacy of the project is rated Substantial. The efficiency of the project is rated Modest. The outcome of the revised project is assessed as Moderately Satisfactory.

Split Rating

Based on a split rating, where the outcome of the original project is rated as Moderately Unsatisfactory (51 percent weight, based on the disbursement of 51 percent of the project funds at restructuring) and the outcome of the revised project is rated as Moderately Satisfactory (49 percent weight), the outcome of the project is rated as Moderately Satisfactory.

The weights being US\$3.76 million/ US\$7.37 million = 51 percent for the original objective and 49 percent for the revised objective: **$0.51 \times (\text{Moderately Unsatisfactory} = 3) + 0.49 \times (\text{Moderately Satisfactory} = 4) = 1.5 + 2.0 = 3.5$** .

Rounding off 3.5 to 4.0 takes us to an Overall Outcome = Moderately Satisfactory.

a. Outcome Rating

Moderately Satisfactory



7. Rationale for Risk to Development Outcome Rating

The risk to the sustainability to the development outcome is assessed as Modest.

The risk that political decisions, events, or conditions might reverse or weaken the legal reforms, regulatory changes, and institutional capacity building outcomes delivered by the project is assessed as Low. The policy and institutional reforms remain highly relevant to country conditions and to development priorities in Senegal. The reforms also have the support of the Government and the public agencies.

The risk that the institutions assisted under this project may fail to achieve their objectives, missions and mandates is assessed as Moderate. The Ministry of Justice is a well-established institution with a clear mandate. It has also received substantial capacity building support under this project and under the Senegal Justice Sector Program (PSJ). For the Anti-Money Laundering Unit (CENTIF) and the Public Procurement Agency (ARMP) Investigation Unit, the principal challenge will be staff retention, as any disruptive staff turnover may likely erode the base of skills built up under the training and capacity building initiatives supported by the project.

The risk that the public and private coalitions against corruption that were encouraged by the project may not remain sustainable is assessed as Substantial. The chamber of commerce and private donors have not committed to continue supporting the Private Sector Coalition Against Corruption, the small institution that received considerable assistance from the project. The Ministry of Finance (MOF) Customs Administration and the MOF Tax Administration have yet to signal their participation in the No Bribery Pact activities.

a. Risk to Development Outcome Rating

Modest

8. Assessment of Bank Performance

a. Quality-at-Entry

The Bank organized a strong appraisal team of well-qualified experts --- private sector development specialists including from the IFC, a legal reform specialist, a governance specialist, and a procurement expert --- to prepare the project. The team analyzed the binding constraints to a private sector led growth in Senegal comprehensively, focusing on key issues besetting the investment climate, the economic governance system, and the justice sector.

In selecting the project interventions, the project preparation team took into account the lessons drawn from an ongoing Bank operation, the Senegal Private Investment Promotion Project, which focused on capacity building at the Ministry of Justice and at the Public Procurement Agency (ARMP). The Bank also conducted extensive consultations with other development agencies and partners operating in Senegal.



The construction of the project's Results Framework, however, was less rigorous than it should have been. The original PDO statement was vague. The output and outcome targets were overly ambitious and unrealistic given the under-five-year duration of the project. The reliance on indicators drawn from the Bank's and the IFC's Doing Business (DB) Report was ill-advised, considering that improvements in a country's business climate take considerable time to get reflected in the DB indicators. There were also attribution issues with the results of project activities related with the regional Organization for the Harmonization of Business Law in Africa (OHADA).

Moreover, the Bank did not conduct a political economy analysis (PEA) of the project at preparation. A PEA might have helped uncover resistance by some stakeholders to certain reform initiatives --- by magistrates, to their submission to performance evaluation, and by the Ministry of Finance (MOF) Customs Administration and the MOF Tax Administration, to signing the No Bribery Pacts.

Quality-at-Entry Rating Moderately Unsatisfactory

b. Quality of supervision

The Bank conducted an adequate supervision of the project. There were six implementation support missions over the under-six-year life of the project. The three Task Team Leaders (TTLs) who headed the supervision effort skillfully provided continuity with the supervision task. Beginning in January 2012, the TTL was based in Dakar.

The Mid-Term Review (MTR) was conducted in June 2013, a year behind the original schedule. Nonetheless, the MTR and the subsequent Level I restructuring of the project in January 2014 removed the non-performing activities and the unrealistic expectations, thus introducing realism to the operation. The faster implementation of the project activities and the accelerated disbursement rates particularly for the first and second components of the project after the restructuring can be attributed to the strong effort to boost the institutional capacity of the Project Implementation Unit (CEDAF).

The supervision of the fiduciary aspects of the project was also strong. Procurement reviews and financial reviews were routinely carried out. The findings of the missions were adequately reflected in the Implementation Status and Results Reports (ISRs), of which thirteen were prepared over the under-six-year duration of the project. Aide Memoires pro-actively identified weaknesses in project implementation

Quality of Supervision Rating Moderately Satisfactory

Overall Bank Performance Rating Moderately Satisfactory

9. Assessment of Borrower Performance



a. Government Performance

The project was implemented at a politically challenging time in Senegal. Presidential elections were held in February 2012, roughly two years after the effectiveness of the project. There was controversy over the constitutional validity of a third term for the incumbent President (the incumbent eventually lost in a runoff).

There was also instability at the position of Minister of Justice. The Steering Committee, which was responsible for overseeing both the multi-donor supported Senegal Justice Sector Program (PSJ) and the project, did not meet at all in 2012. There was also instability at the position of Coordinator of the Project Implementation Unit (CEDAF). By August 2012, a year and a half after project effectiveness, the Government had appointed the fourth person to head the office.

Government commitment to the project appeared to have been firmer in 2013 than in 2012. Nonetheless, in the project restructuring in 2014, some critical activities of the project were dropped due to limited interest by the Government in these activities. The Government also failed to provide effective leadership in getting the Ministry of Finance (MOF) Customs Administration and the MOF Tax Administration to sign the No Bribery Pact.

Government Performance Rating

Moderately Unsatisfactory

b. Implementing Agency Performance

The Project Implementation Unit (CEDAF), the technical unit of the Ministry of Justice responsible for the implementation of the Senegal Justice Sector Program (PSJ), was also the implementing agency for this project.

The CEDAF benefitted from capacity building initiatives delivered by both the PSJ and this project. The CEDAF staff acted professionally and performed their duties with dedication.

Implementing Agency Performance Rating

Satisfactory

Overall Borrower Performance Rating

Moderately Satisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design

Original Project



The M&E plan for the original project called for measuring the results of the operation with three PDO-level outcome indicators and ten component-level output (intermediate outcome) indicators. The indicators had baseline values and end-project targets.

There were shortcomings with the results indicators, however. The outcome indicator for resolving insolvency -- that the average time to close a business is reduced from 36 to 18 months by 2014 --- was not under the control of the project at all. Rather, it depended on actions taken at the regional-level by the Organization for the Harmonization of Business Law in Africa (OHADA), the legal framework organized by 17 African countries to enact Uniform Acts related to general commercial law (and supersede any contradictory national law). The insolvency laws applicable to Senegal would have been established at the OHADA level, an action outside the bounds of the project.

Moreover, some targets, including those for the PDO-level outcome indicators, turned out to be overly optimistic and based on unrealistic assumptions of a "linear" pattern of improvements over the duration of the project.

Revised Project

The M&E plan for the revised project adhered to the design of the revised Results Framework, which itself represented a significant improvement over the original framework. Two of the three original PDO-level indicators were replaced with new ones, and three original output indicators were dropped, resulting in an M&E design of three PDO-level outcome indicators and six component-level output indicators to measure the results of the project.

The revisions, however, resulted in the M&E having only one gender-disaggregated person-level indicator, rather than the original three.

b. M&E Implementation

Original Project

M&E implementation for the original project involved regular data collection and bi-annual progress reporting by the Project Implementation Unit (CEDAF). The planned M&E was complemented by an evaluation of the impact of the justice sector reforms on the speed of delivering justice in Senegal, an activity undertaken in conjunction with the Bank's Development Impact Evaluation (DIME). Conducted by the Bank's Development Research Group, DIME evaluates the impact of select Bank projects in an effort to help projects and policies deliver better outcomes.

Revised Project

Similarly, M&E implementation for the revised project proceeded as planned, with the CEDAF collecting M&E data and reporting on the progress of the operation on a regular schedule.



c. M&E Utilization

Original Project

Data gathered in the M&E implementation of the original project helped with the decision to restructure the project in 2014.

Revised Project

M&E data for the revised project helped the implementing agency identify bottlenecks and improve project implementation. The M&E data also allowed for a better measurement of the results of the project.

M&E Quality Rating

Substantial

11. Other Issues

a. Safeguards

Environmental Safeguards: The project was classified as an Environmental Category 'C' at appraisal, under OP/BP 4.01 Environmental Assessment. As the project was essentially a technical assistance operation supporting policy reforms and institutional capacity building activities for which there were no direct or indirect physical investment, no environmental safeguard policies were triggered.

Social Safeguards: There were no social safeguard issues.

b. Fiduciary Compliance

Procurement: Compliance with procurement guidelines was consistently assessed as "Satisfactory" throughout project implementation (ICR, page 13, paragraph 40).

Financial Management: The financial management performance of the project was rated as "Satisfactory" throughout project implementation (ICR, page 12, paragraph 39). The financial management function at the Project Implementation Unit (CEDAF) was adequately staffed. Interim Financial Reports and audit reports were submitted in time (none were overdue). The project generally received unqualified audit reports .

c. Unintended impacts (Positive or Negative)



d. Other

No other issues were raised by the ICR.

12. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	---
Risk to Development Outcome	Modest	Modest	---
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	---
Borrower Performance	Moderately Satisfactory	Moderately Satisfactory	---
Quality of ICR		Substantial	---

Note

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.

The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

13. Lessons

Three lessons are drawn from the ICR, with some adaptation (ICR, pages 27-28).

1. A poorly designed Results Framework diminishes a government's ability to measure, report, and evaluate the results of a project. The Senegal Economic Governance Project had a vague PDO statement that failed to articulate the ultimate outcome of the operation. The Results Framework listed results indicators that tried to encompass all variety of project outputs. Consequently, the M&E plan could not correctly offer evidence of the results of the project.

2. A political economy analysis (PEA) of a project helps a government to better understand the risks involved with efforts to advance policy and institutional reforms in politically difficult sectors and areas. Anti-money laundering, anti-corruption, and public procurement reform are politically difficult causes anywhere. The Government could not get the Ministry of Finance customs and tax offices to sign off on anti-bribery pledges with the private sector. The chamber of commerce and private donors have not signified a willingness to continue funding a private anti-corruption organization. The judiciary was not amenable to performance evaluation. Certain governance initiatives were dropped at restructuring for lack of interest on the



part of the Government. A rigorous PEA could have identified these risks and shaped the scope of the project and help design risk mitigation measures.

3. Caution should be observed when using Doing Business (DB) Report indicators to measure the results of medium- to long-term investment climate and other private sector development interventions.

Regulatory reforms take considerable time to work through the governance system and the larger economy before their effects and impact can be reflected in many of these DB indicators. In some cases, the formulation and the methodology for measuring readings off these indicators change. In 2016 and 2017, the DB Report redefined the minority investor protection index to include the "extent of ownership and control" and exclude "strength of the governance structure" --- Senegal's ranking to dropped to 155th following the revision in 2016 from 122nd the year before.

14. Assessment Recommended?

No

15. Comments on Quality of ICR

The ICR is results-oriented. It organizes its assessment of the efficacy of the revised project around the three outcomes of the operation --- an improved investment climate, an improved economic governance, and an improved efficiency of commercial justice (pages 18-21). Because it closely examines the results of the outcome and output indicators relative to the targets, as well as the baseline values, the discussion is also strictly evidence-based.

The ICR presents a comprehensive analysis of the performance of the project. Because the objective of the project was formally revised (and therefore the project outcome needs to be assessed both against the original and the revised objectives), the ICR carefully lays out a detailed comparative analysis of the original and revised project, covering --- the PDO (pages 3-4), the components (pages 4-6), the Results Framework (pages 8, 10-11), the M&E plan and implementation (pages 11-12), and the efficacy of the operation (pages 15-21). In all cases, the analysis is candid.

The ICR is concise, covering all aspects of the project as required by the OPCS guidelines in a main text of under 30 pages. Annex 2 (Outputs by Component) is especially useful, providing a tally of the key activities and outputs of the project, organized by component and sub-component.

The principal weakness of the ICR lies in its analysis of the efficacy of the original project. The ICR (pages 15-16) claims that the PDO of the original operation --- to improve aspects of the functioning of the justice sector relevant to the investment climate --- was "mainly" achieved by the second component of the project --- improving court performance. With this premise, and using "more suitable indicators" (i.e., those introduced with the restructuring), the ICR rates the efficacy of the original project as Substantial. The ICR does not follow OPCS guidelines in making this assessment.



a. Quality of ICR Rating
Substantial