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Report Number : ICRR0020617

1. Project Data

Project ID	Project Name
P122326	TG-Priv Sec Development Support
Country	**Practice Area(Lead)**
Togo	Trade & Competitiveness

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IDA-H6580	15-Dec-2016	13,000,000.00
Bank Approval Date	**Closing Date (Actual)**	
29-Mar-2011	30-Jun-2016	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	13,000,000.00	0.00
Revised Commitment	6,000,000.00	0.00
Actual	4,697,943.32	0.00

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

a. Objectives

Project Portal Project Development Objective
The proposed Project Development Objective (PDO) is to contribute to an improved investment climate in Togo, including in a New Free Zone, and to an improved performance of targeted micro and small businesses.
On May 11, 2016, the project was restructured but the Project Development Objective was not changed
Financial Agreement Development Objective
To contribute to an improved investment climate in Togo, including in a New Free Zone, and to an improved performance of targeted micro and small businesses

The two formulations are virtually identical. IEG adopts the PDO statement as formulated by the Financial Agreement.

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

Did the Board approve the revised objectives/key associated outcome targets?
No

c. Will a split evaluation be undertaken?
No

d. Components

1- Support to investment climate reforms Appraised: US$3 million: actual $1 million. This Component aimed to improve critical aspects of the Togolese investment climate. It consisted of 4 sub-components, involving (I) the implementation and operation of a one-stop shop to register a company (CFE); (ii) the establishment of a Licensed Management Center (CGA) to help small enterprises with their accounting; (iii) supporting the Land Registry to simplify and accelerate the issuance and transfer of land titles; and (iv) support for public sector - private sector dialogue and a communication strategy on investment climate reforms.
2- Support to the development of entrepreneurial capacities: Appraised $4 million: actual $0.9 million. This component targeted micro and small enterprises (MSEs) by providing business training, matching grants and mentoring to informal business. It consisted of 3 sub-components; (I) training and mentoring for 2000 informal micro-businesses; (ii) providing 1000 formal MSEs with sophisticated training; (iii) providing matching grants to both formal and informal companies,to finance the purchase of additional training, accounting, consulting services, participation in trade fairs, quality certification, or other Business Development Services (BDS).
3- Support to the development of a new Free Zone: Appraised $3 million; actual $0.7 million. This involved providing a range of goods and services through a public private partnership to develop a new free zone by defining the new zone's vision and design, and performing feasibility studies and to fund public-private sector dialogue (PPD) activities to develop support for and investor interest in the zone.
Following the January 2014 mid-term review that identified the lack of progress of the project, and a follow up restructuring mission in November 2015, the closing date of the project was brought forward from December 15, 2016 to June 30, 2016. The project was formally restructured on May 11, 2016 and approximately US$7 was cancelled although there was no change to the PDO. In the restructuring, Component 2 was cancelled and Components 1 and 3 were scaled down as follows. (ICR p. 3)
Component 1 (Reduced to US$1.5 million): the revised sub-component 1 focused on developing software for the CFE to interconnect it with other agencies, designing its Web site and modernizing a Credit Registry by providing the infrastructure to computerize and harmonize the Commercial and Credit Registry across all 17 Organization For The Harmonization of Business Law in Africa (OHADA) member countries. Sub-component 2 involved funding the operation costs of the CGA and launching an advertising campaign to advertise its services. Sub-component 3 replaced the activity to support the Land Registry by creating a

single window for the issuing of construction permits. Sub-component 4 was revised to include a workshop and learning event to follow up on a 2015 study tour to neighboring countries by private sector representatives, and tolaunch a communications campaign.
Component 2 was dropped.
Component 3 (US$.80 million) was revised to include only Phase 1 (preparatory phase) and Phase 2 (formulation and validation) for the new Free Zone and presentation of recommendations for operationalization of the Free Zone (business model, institutional set-up, and action plan).

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

Project Cost: The original project was estimated to cost $13 million, of which $8.27 million was cancelled. The revised project amount became $4.73 million. The total disbursed amount was US$4 million of which US$1.4 million was used for the Project Coordinating Unit and US$3.33 million was used for project activities.
Financing: An IDA grant
Borrower Contribution: The borrower did not contribute
The project was approved on and scheduled to close on December 31, 2016. The actual closing date was June 30, 2016.
On May 11, 2016, the project was restructured and the closing date was brought forward to June 30, 2016.

3. Relevance of Objectives & Design

a. Relevance of Objectives

The World Bank Interim Strategy Note for Togo for FY12-FY13 notes the many constraints to private sector development in Togo that were major barriers to investment, employment and entrepreneurship. From that perspective, the PDO goal of improving the investment climate was relevant to both the World Bank and to the Government strategies.
However, the Objective is unclear regarding whether it aimed at an improvement in the existing FTZ, or establishing a new FTZ. The rationale for including either the existing or a new Free Trade Zone (FTZ) in the Project Development Objective is weak because FTZs are a possible instrument or means to achieve an improvement in the Investment Climate, but they are not a development objective in themselves. Furthermore, the rationale for FTZs in Togo was not strong, since exporting firms outside the FTZ had been identified as being more productive (ICR p1.), and value added by firms in the FTZ had declined by 27% between 2001 and 2008.
Therefore, while the objective of improving the investment climate was consistent with both the Bank's and the Country's strategies, including the establishment of an FTZ was not necessarily consistent with the Bank strategy. For this reason, the relevance of objectives rating is revised downward from high to substantial.

However, the project objective of improving the investment climate in Togo *including in a New Free TradeZone*, and to an improved performance of targeted micro and small businesses lacked clarity, making it appear that the business environment in the FTZ might not have been improved without this explicit statement. At the same time, one of the components of the project was the establishment of a New Free Trade Zone.
The revised Project Development objectives were not changed, even though the objective of establishing a FTZ was limited to a feasibility study and strategy development

Rating	**Revised Rating**
High	Substantial

b. Relevance of Design

Original Design (ICR p.4)
The original design was a complex combination of activities and objectives at different levels, ranging from inputs to intermediate outcomes (e.g. reducing the time to register a business, improving the land registration process, providing technical assistance to both informal and formal businesses and the creation of a new Free Trade Zone. Not all parts of the first component can be characterized strictly as improving the investment climate because it included an accounting training input. Furthermore, while land registration is an important aspect of the business environment, the issues and procedures involved are extremely complex even in countries where institutions are strong. Including this sub-component in Togo, where institutions and capabilities were weak was questionable. Component 2, the promotion of entrepreneurship, amounts to training businesses to develop skills and operate in diverse business environments. Component 3 relates to the establishment of a Free Trade Zone, the rationale for which was ambiguous and did not necessarily involve improving the business environment.
Regarding Component 1, sub-component 2 involved the establishment of the first Licensed Management Center (CGA) in Togo which aimed at helping small enterprises with their accounting. While this was a requirement of the West African Economic and Monetary Union (WAEMU), it is much more aligned with Component 2, and should have been included there.
Regarding Component 2, the goals were extremely ambitious in terms of the number of businesses to be assisted against a background of weak institutional capacity and limited skills.
Regarding Component 3, the ICR noted that the Country Economic Memorandum had concluded that the productivity of exporting firms outside the Free Trade Zone was higher than those in the Free Trade Zone. In addition, the average value added in the Free Trade Zone had fallen from 51% in 2001 to 36% in 2007-2008 and that linkages with the local economy had weakened. It further concluded that the strategy of the Free Trade Zone, which focused on the regional market was not sustainable because of weak enforcement of trade rules by the Economic Community of West African States. The rationale for establishing a Free Trade Zone was therefore questionable.
Revised Design (ICR p. 5)
The revised design involved dropping the second component and substantially changing the design of components 1 and 3. The Task Team Leader reported that there was extensive consultation with the Government and the private sector regarding the changed design and that there was substantial commitment to the goals of the new components. The revised component 1 focused on developing software to connect the

CFE with other agencies and upgrading the credit registry software to harmonize it with other OHADA countries. Sub-component 2 was reduced to funding the CGA and advertising its activities. Sub-component 3 dropped the Land Registry component and substituted a window for issuing construction permits and sub-component 4 was reduced to holding a workshop and an event and a publicity campaign.
Component 3 was reduced to helping the existing Free Trade Zone in the form of a feasibility study and strategy development.
The redesign of the project therefore moved it away from the objective of improving the business environment and did not increase the number of businesses receiving assistance.

Rating	Revised Rating
Modest	Modest

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

The proposed project development objective is to contribute to an improved investment climate in Togo.

Rationale

Outcome Indicator 1 for the PDO
The number of days required to start a business was reduced to two by year five, as compared with a target of five procedures from a baseline of seventy-five.
The Intermediate Results Indicators were:

- The number of procedures to start a business declined to four by year 5. By the time of the restructuring, the number of procedures had been reduced to five. The restructured target value was six, and the actual number achieved at completion was three.
- The number of land titles issued was to increase to 4000 annually by year 5 compared with a baseline of 1041. The original target was 0% achieved. The land titling component and intermediate results indicator were dropped in the restructuring.
- The number of procedures to register a property was to be reduced from a baseline of 295 to 100 by year 5. The target was 0% achieved and this component and indicator were dropped at the restructuring.
- The CGA was to provide services to 250 micro and small businesses, compared with a baseline of zero. Prior to the restructuring, twenty businesses received services (8% of the target). The restructuring did not revise the target and the actual number at completion was 53 (21% of the target).
- The second and third intermediate results indicators are related to improving the business environment but are not related to the first outcome indicator. It is unclear why CGA services were included as part of Objective 1, since it is more closely related to training services under Objective 2.

While the first overall objective was not formally revised, the establishment of a single window for the issuance of construction permits was added as an intermediate outcome indicator in the restructuring. Presumably, this was added in order to contribute to improving the investment climate. A single window for the issuance of construction permits had been achieved by the time of the restructuring.
Although some achievements were made at the intermediate and overall levels, others were only partly or not at all achieved and their linkage to overall outcome was not always clear. Moreover, the decline in the overall indicator (days required to start a business) did not necessarily indicate the number of businesses actually registered. Therefore, IEG rates the efficacy of this sub-objective as Modest.

Rating
Modest

Objective 2

Objective
Outcome Indicator 2 for the PDO

An improved performance of targeted micro and small businesses compared with firms in the control group, as measured by turnover.

Rationale
The Intermediate Results Indicators were:

- Three thousand micro and small entrepreneurs were to have benefitted from training compared to a baseline of 0. Of these, 450 were to be women. The target was dropped in the restructuring. By the time the project was closed, 991 had been trained.
- The organization of production was to be improved by 10% as shown by the control of stocks and the keeping of financial accounts of MSEs trained, compared with firms in the control group. There were no baseline data and the indicator was not monitored. The target was 0% achieved and dropped in the restructuring.
- The profitability of MSEs that received matching grants was to be improved by 10% compared to the firms in the control group. There were no baseline data and the indicator was not monitored. The target was 0% achieved and dropped in the restructuring.
- There were to be 3000 direct project beneficiaries. By the time of the restructuring, there were 1000 beneficiaries. The target was reduced to 2000 in the restructuring and 2,991 had benefitted by the time of the project closing.
- There would be 450 female beneficiaries of the project compared with a baseline of 0. By the time of the restructuring, there were no female beneficiaries. The restructured target was 20 female beneficiaries, and the final number of female beneficiaries by closing was 530.

Beneficiaries were defined as those who had received training. There was no follow up of the performance of those trained, even though the intermediate indicators required that performance be tracked. The efficacy of achievement of this sub-objective is rated Negligible.

Rating
Negligible

Objective 3
Objective
A New Free Trade Zone.

Rationale
Outcome Indicator 3 for the PDO
A Public Private Partnership (PPP) legal, regulatory and institutional framework applicable to the Free Zone and to Special Economic Zones was established.
The original target was fully achieved by 100% in 2012 which was before the Restructuring and cancelled during the Restructuring in 2016.
Intermediate Outcome Indicators
The Free Zone Management Company (SAZOF) was restructured and the management of the Free Zone was separated from its regulation. This was not achieved by the restructuring and was dropped as an indicator. However, it was achieved by the end of the project. The team cites the completion of a feasibility study and a master plan for the SAZOF, supported by the project. Nonetheless, the contribution of the management and regulation of the FTZ as a plausible element in the results chain is doubtful. The efficacy of achievement of this sub-objective is rated Modest.

Rating
Modest

5. Efficiency

The ICR noted (p24) that the team could find no quantitative nor qualitative analysis for the project nor for any of the components of the project with which it could compare the assumptions at appraisal. Further review of the project documents confirmed the absence of analysis.
The project did not fully disburse the funds allocated and was restructured with a significant portion (over 50%) of the original funds cancelled; components were either dropped or changed, and the operation closed

early.
The ICR indicated that component 1 had a significant impact on the investment climate because of the improvement in the Doing Business Indicator (DBI) ranking and the reduction in costs of starting a business. However, there is no record of whether this increased the number of businesses formalized, nor whether it led to increased investment and employment.
The project was hampered by long delays (over a year) in hiring trainers (p12), which led to a large shortfall in businesses trained and no matching grants being disbursed. The efficiency of the project was, according to the ICR (p.8) further hampered by the IFC introducing a new project focusing on the same objective as the project being reviewed (P122326), which led to confusion in the Project Coordination Unit (PCU) as to who was doing what.
There was a large shortfall in the disbursement of funds compared with the original project amount, with US$7 million being cancelled at the restructuring.
Of the Funds that were disbursed, US$1.5 million was used to fund the PCU. The ICR states for every dollar spent on activities, it cost 50 cents on administration (p24). While this calculation is incorrect it should have indicated that for every dollar spent, 33 cents were spent on administration (see section 2d above), it reinforces the conclusion that the use of project resources was highly inefficient.

Efficiency Rating
Negligible

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 objective of the project was an improved investment climate, including in a new Free Zone, and the improved performance of 3000 micro and small enterprises. The project also aimed to improve dialogue between the public and private sectors, engage in public private partnerships, and reduce inequality and generate employment. The objective of the restructured project was not changed. The relevance of the project development objective is rated substantial, in part because of the poorly defined and substantiated objective related to the Free Zone .
However, the relevance of the design of both the original project and the restructured project was weak, not based on significant analytical work, overly complex and not fully prepared at signing. The rationale for

component 3, the establishment of a new Free Trade Zone was weak and never fully developed. Furthermore, it lacked commitment from the Government. Relevance of design is rated Modest.
The three project sub-objectives were not achieved, apart from improved rankings in the DBIs.

- Under sub-objective 1, some targets were met and others were not, but there was no evidence that the investment climate had improved. The rating is Unsatisfactory.
- Under sub-objective 2, there was the same mixed picture but no evidence that the performance of SMEs had improved. The rating is Highly Unsatisfactory.
- Under sub-objective 3, FTZ support was scaled back but the significance of reforms was unclear. The rating is Unsatisfactory.

Following the restructuring, the only PDO indicator that remained was the reduction in the number of days to register a business, which had been achieved before the restructuring.
Overall, the project fell far short of its targeted outcomes, a large percentage of the funds were cancelled, and neither the land registration component, nor the SEZ components were realized and the rating of Outcome is Unsatisfactory.

a. Outcome Rating

Unsatisfactory

7. Rationale for Risk to Development Outcome Rating

While the ICR indicates that the government of Togo remains committed to improving the investment climate, (ICR p.16), since the outcomes of the project were judged to be negligible, it is difficult to ascertain what the future benefits of the project might be. Furthermore, in the light of government commitment ebbing during the project (ICR p.7), the lack of a Director of the API-ZF (National Agency for the Promotion of Investment and the Free Zone) at the time of the ICR, it is difficult to be optimistic regarding future development outcomes. The risk rating is therefore High.

a. Risk to Development Outcome Rating

High

8. Assessment of Bank Performance

a. Quality-at-Entry

The design of the project was unfeasible, overly complex and high risk. The three components of the project were only loosely related. Including a land registration reform component in an institutionally weak environment greatly increased the complexity of the project. The rationale for the establishment of the FTZ was insufficient. Given the fact that productivity outside the existing FTZ was stated to be higher, it is difficult to justify it even being included as a component of the project.

Quality-at-Entry Rating
Unsatisfactory

b. Quality of supervision

Supervision was weak at many levels. Delays in implementation were not dealt with on a timely basis and demonstrated a significant lack of knowledge of developments on the ground, including the fact that the IFC was engaged in a similar exercise. The restructuring of the project introduced new components, but did not change the PDO. Relative to the objective of improving the business environment, the revised objectives were minimal in their potential impact.
There was a lack of coordination with the IFC (ICR p.8), which introduced a new project focusing on the same objectives as that of the Bank project. During the project, there were three team leaders. While in a strong institutional environment, this might not have been overly disruptive, the changes are likely to have led to discontinuities and contributed to the lack of progress, especially given the changes in ministries and ministers, as outlined below in Section 9b. The evidence is not consistent with the ICR conclusion that the changes were only mildly disruptive (ICR p.16).
The ICR (p.ix.) notes that project ratings provided in the Implementation and Status Reports were satisfactory for the first 3 reviews of the project and moderately satisfactory for the subsequent 3 reviews, indicating that the problems that occurred almost from the commencement of the project were not identified in a timely fashion. These problems included:

- A delay of almost nine months to meet the effectiveness conditions for the project to be met, and further delays while the staff of the PCU were trained (ICR p.8);
- A serious lack of coordination among key institutions and lack of government ownership;
- The complexity of the impact evaluation and the delays this caused in hiring training firms for component 2
- Changes in Government laws and lack of readiness, in particular a failure to prepare project outputs early in the process.
- Delays in finalizing the restructuring, which was first proposed in January 2014 following the Mid-term review, but took 2 years and 5 months to be approved. The ICR (p.9) notes the uncertainty this created and itsnegative impact on implementation. A significant part of the delay arose because the restructuring coincided with the reorganization of the World Bank, so that the project came under the overall responsibility of the Trade and Competitiveness Global Practice, which decided to review in detail all projects in the portfolio.
- While the project team cannot be entirely blamed for some of the shortcomings (e.g. the delays and poor-to-absent coordination), "quality of supervision" refers to all Bank officers and management with a manageable interest in the project (see IEG *Evaluator's Manual*, 2014, p.43). This would include Country Manager, Country Director, and Regional VP and pertinent staff.

In this light, IEG rates Quality of Supervision Highly Unsatisfactory.

Quality of Supervision Rating

Highly Unsatisfactory

Overall Bank Performance Rating

Highly Unsatisfactory

9. Assessment of Borrower Performance

a. Government Performance

The project was designed and implemented following the emergence of Togo from an extended period of political and economic instability and a poor investment climate (ICR p.1). The Government of Togo indicated its commitment to improving the business environment, which was strongly reiterated by the Prime Minister at the official project launch. Initial actions related to procedures and time for starting a business were consistent with the commitment. However, the ICR notes (p.7) that the depth of the commitment was superficial and overall enthusiasm for the planned reforms waned as time went by.
The introduction of a Nationa Directorate for Procurement in 2012 had a major negative impact on project implementation, since it introduced a set of procurement processes that were not easily reconciled with those of the Bank. The Government made no effort to assist in reconciling the procedures. Furthermore, it did not consult with the Project Team when it introduced a parallel program for land registration.
Government performance was hampered by changes in responsible ministries and changes in ministers (ICR p.17), which caused significant delays as the new ministers and agency personnel had to be briefed again on the project.
The ICR describes further issues related to the introduction of a new investment code, which created a new agency and the cumbersome procurement rules that it required (p.17).

Government Performance Rating

Highly Unsatisfactory

b. Implementing Agency Performance

Coordination between the Project Coordination Unit and the various ministries and agencies was an ongoing problem (ICR p.17). Serious delays in the appointment of the Director of the Licensed Management Center (CGA) compounded the issues by the end of the project, the Director had still not been appointed. The design of the impact evaluation process hampered the implementation of the training of micro and small entrepreneurs. The parallel procurement systems described in Section 9(a) further contributed to delays.
Despite expressions of commitment to the project from senior government officials, no high-level interventions were made to resolve problems in the project.

Implementing Agency Performance Rating

Highly Unsatisfactory

Overall Borrower Performance Rating

Highly Unsatisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design

The M&E design was weak. The indicators chosen either failed to reflect the impact of reforms, or were of limited value and were in many cases outputs, not outcomes. For example, improving the DBI ranking does provide an indication of the progress of the reform, but does not indicate the outcome of the reform in terms of improved investment, employment and entrepreneurship. The chosen indicator for the success of the training was increased turnover of businesses trained. This raises several problems; sales data are difficult to monitor and verify. Changes in sales could be due to exogenous factors, such as the level of economic activity in Togo. (The observation in the ICR that changes in sales could be due to imperfect competition (ICR p.10) is dubious, given the number of small firms). The intermediate outcome indicators for the success of the training would have required continuous monitoring of the performance of the MSEs. For example, Indicator 6 (ICR p.viii) required the improvement in the organization of production, as evidenced by control of stocks and the keeping of organized accounts. This would have required tracking of each of the firms that had been trained, something that was clearly unrealistic.

The poor nature of the original M&E design is confirmed by 2 out of 3 Project Development Objectives being dropped in the restructuring, along with 5 of the intermediate results indicators.

Improved performance in ranking in the Doing Business Indicators was an outcome indicator in the PDO. In the 2013/14 Doing Business Indicators, Togo was identified as one of 10 countries as having the most improved performance in the World (ICR p.13). However, the irrelevance of this indicator is shown in the World Bank Systematic Country Diagnostic (September 2016), which finds that the rate of new entry of formal firms in Togo is low relative to that of Sub-Saharan Africa and other comparator countries and states that "Togo's enterprises are overwhelmingly smaller and less formal than is typically required for a dynamic economy with increasing productivity" (p.19). The ICR fails to note this finding.

b. M&E Implementation

M&E implementation was ineffective, because monitoring data were not collected, apart from DBI reports and surveys. The ICR (p.10) notes that the indicators that were dropped were not realistic and ill-conceived.

c. M&E Utilization

The ICR (p.11) notes that the project M&E system, including utilization, was weak throughout the project.

M&E Quality Rating

Negligible

11. Other Issues

a. Safeguards

The project did not trigger environmental or involuntary resettlement safeguards. While environmental issues were outside the scope of the project, concerns were raised regarding potential involuntary resettlements in the creation of the Free Trade Zone. Most components that would have given rise to these concerns were cancelled during the restructuring of the project, with only the feasibility study remaining in Component 3. However, the Task Team Leader reported that as part of the restructuring, safeguard issues came to the fore and contributed to delays in finalizing the restructured project components.

b. Fiduciary Compliance

Financial management capacity of the government was initially weak, but subsequently strengthened through the hiring of new staff, in particular a financial management specialist (ICR p.11) and there were no overdue audit reports and non were qualified. (ICR p.17).
National procurement regulations, which were instituted in 2012, became a major obstacle to the implementation of the project. This created the obligation to comply with both national and Bank procurement approval processes. Documentation had to be approved by the national body before it could be submitted to the Bank and the processes were extremely bureaucratic, requiring even minor changes in tenders to be resubmitted for approval, necessitating the process to be recommenced from the beginning. Despite the complicated processes, there were instances of conflict between the Bank team's procurement specialist and the project coordinator, where the latter indicated pressure to accept higher than market prices for certain goods and services (ICR p.11). The ICR states that these issues were never resolved to the coordinator's satisfaction.

c. Unintended impacts (Positive or Negative)

N/A

d. Other

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12. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Unsatisfactory	Unsatisfactory	---
Risk to Development	Modest	High	At the completion of the

Outcome			project many of the objectives had not been realized. There is no indication of how the shortcomings will be addressed in the future
Bank Performance	Unsatisfactory	Highly Unsatisfactory	Project design was poor because it was overly complex and had unrealistic or poorly defined outcome indicators. Excesssive delays and poor coordination contributed to highly unsatisfactory supervision quality, for which Bank managers with a manageable interest bear some responsibility.
Borrower Performance	Unsatisfactory	Highly Unsatisfactory	The government committment was weak. There was a failure to address problems as they emerged. Communication from the Government was poor and a parallel project was commenced without informing the TTL or the PCU.
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 (p. 18) notes several lessons.

- The outcomes highlight the need for simplicity and flexibility with respect to design in an environment such as that which existed in Togo. Almost every aspect of the design of this project was either unsuited for the situation that existed, or overly complex. Several parts of the project were not ready when it commenced and key contractors necessary for implementation had not been identified.
- Not having all parts of the implementation unit in place at an early stage hampered the effectiveness of the project. This is an important feature of successful implementation.
- The cumbersome and lengthy restructuring process resulted in a failure to salvage the project, even though the mid-term review had identified serious problems. Restructuring needs to be pro-active.
- Procurement processes need to be addressed prior to effectiveness.

- The very short time between the approval of restructuring and the closing of the project, which raises questions as to the efficacy of the redesign and why it was not extended to meet more of the original objectives.

14. Assessment Recommended?

No

15. Comments on Quality of ICR

The ICR provides a sound analysis of the project, the difficulties that it encountered and its shortcomings. Its analysis is candid and internally consistent. It describes well, the evolution of the shortcomings at the design stage, and the problems that developed during the startup of the project, the restructuring and the closure. The ICR could have commented and provided additional information on several issues:

- The need for Team Leader continuity in the post-conflict environment, where understanding the local circumstances and having a close working relationship with country counterparts is key to effective implementation. Once a TTL who was present in Togo, communication improved significantly, including reconciling the World Bank and IFC projects.
- The disconnect between establishing a Free Trade Zone as part of the Project Objective, when productivity of firms outside the FTZ was said to be higher and the performance of firms within the existing Free Trade Zone appeared to be deteriorating.
- How the restructuring was designed, was the restructuring timely and was the redesign appropriate.

a. Quality of ICR Rating
Substantial