



Report Number : ICRR0022395

1. Project Data

Country
Central African Republic

Practice Area(Lead)
Governance

Programmatic DPL
Planned Operations: 2

Approved Operations: 2

Operation ID
P160123

Operation Name
State Consolidation Development Program

L/C/TF Number(s)
IDA-D1490,IDA-D4550,IDA-D6630

Closing Date (Original)
31-Dec-2017

Total Financing (USD)
19,290,960.00

Bank Approval Date
01-Dec-2016

Closing Date (Actual)
31-Dec-2017

	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	20,000,000.00	0.00
Revised Commitment	19,928,607.58	0.00
Actual	19,290,960.00	0.00

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IEGEC (Unit 1)

Operation ID
P164442

Operation Name
SCDP2 (P164442)



L/C/TF Number(s)	Closing Date (Original)	Total Financing (USD)
IDA-D1490,IDA-D2970	31-Jul-2019	24,759,005.58
Bank Approval Date	Closing Date (Actual)	
12-Apr-2018	31-Jul-2019	
	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	25,000,000.00	0.00
Revised Commitment	25,000,000.00	0.00
Actual	24,759,005.58	0.00

2. Program Objectives and Policy Areas

a. Objectives

The Program Document (PD1) of the First State Consolidation Development Program's (SCDP) first operation articulated the objectives as follows, "to support the reestablishment of basic fiscal management and transparency as well as economic recovery" (PD1, p 10). There were no revisions to the PDO in the second and final operation of the programmatic series (PD2, p 16).

b. Pillars/Policy Areas

For the purposes of this evaluation, the consolidated pillars of the SCDP are as follows:

1. Reestablishing Basic Fiscal Management and Transparency: Measures under this pillar were categorized under three policy areas: (i) increasing fiscal revenue, (ii) improving wage bill management (including the establishment of payroll controls and reduction of extraordinary non-salary spending), (iii) and improved budget control and transparency. This pillar had five prior actions under the first operation (PD1, pp 13-14) and six under the second (PD2, 18-19).

Increased Fiscal Revenue

- #1a (N.B.: "a" refers to the first operation, "b" to the second)- Preparation of a table of fiscal exemptions by type, amount and month for an eight-month period beginning January 1, 2016, as well as a list of fiscal exemptions conventions, published on the website of the Ministry of Finance.
- #1b - The Recipient has adopted Décret 17-351 establishing the interministerial committee in charge of tax and customs exemptions, and Arrêté 025/PM/17 of décret 17- 351, improving the institutional mechanism to manage, monitor and evaluate fiscal exemptions by the Recipient.
- #2a - Adoption of a Décret revising the methodology for the determination of the prices of petroleum products in its territory to conform with the "Platts" reference price.



- #2b - The Recipient has, through its Ministry of Finance and Budget, adopted the Arrêté 0641/17/MFB/DIRCAB/IGF/C/SF, introducing a risk-based control of the Recipient's main revenue collecting and spending entities, and exercising control on them at least once a year.

Improved Wage Bill Management

- #3a - Adoption of an Arrêté through the Ministry of Finance revising the monthly processing schedule of salaries of civil servants and state agents, both civilian and military, including the transmission of the statement of movements of civil servants and state agents and all supporting documents to the Directorate General of Treasury and Public Accounting including the Central Accounting Agency of the Treasury (CAAT).
- #3b - The Recipient has, through its Ministry of Finance and Budget, issued (i) Lettre – Circulaire 1876/MFB/DIR.CAB//17, informing all heads of ministerial departments and of the Recipient's institutions that the wage will be paid using the Integrated Compensation Management application for State Agents and Officials (GIRAFE), and (ii) Note à la haute attention du Conseil de Ministres 1875 MFB/DIR.CAB//17 on the operationalization of GIRAFE.

Improved Budget Control and Transparency

- #4a - Adoption of an Arrêté through the Ministry of Finance, which establishes the nomenclature of supporting documents for public expenditures in conformity with the Organic Finance Law of July 2006 and the procurement code of June 2008.
- #5a - Preparation of the 2015 Trial Balance and the Trial Balance for the 1st semester, ending June 30th 2016, through the Directorate General of the Treasury and Public Accounting of the Ministry of Finance.
- #4b - The Recipient has, through its Ministry of Finance and Budget, adopted Arrêté 0368/2017/MFB/DIR.CAB/DGB, adopting a manual of procedures of public expenditures in conformity with the Loi Organique and the Loi 08.017.
- #5b - The Recipient has, through its Ministry of Finance and Budget, prepared and published on the Ministry's website: (i) the Draft 2018 Finance Law; (ii) the enacted 2017 Finance Law; (iii) a Citizen's Budget on the Enacted 2017 Finance Law; and (iv) the Budget Execution Reports for 2016, the 1st quarter 2017, the 1st semester 2017 and the 3rd quarter 2017, improving transparency of public financial management practices of the Recipient.
- #6b - The Recipient has, through its Ministry in charge of relations with the institutions of the Republic, submitted the 2015 Draft Settlement Law to the Recipient's Parliament by letter 228/MCRIR/DIR.CAB/DGRIR/, improving accountability of the public financial management practices of the Recipient.

2. Supporting Economic Recovery: Measures under this pillar included supporting a pro-poor reform agenda that reinvigorated drivers of economic growth in the critical sectors of transportation, agriculture, forestry, and telecommunications/ICT. These were categorized under two policy areas: (iv) revival of the agricultural and forestry sectors and (v) developing the ICT sector for greater connectivity. This pillar had three prior actions under the first operation (6-8a) and four under the second operation (7-10b).

Revival of the Agricultural and Forestry Sectors



- #6a - Adoption of an Arrêté through the Ministry of Transport, that adopts an Operations Manual for the Road Maintenance Fund (RMF), which: (i) defines maintenance programming; (ii) defines road maintenance work eligible for funding by the RMF; and (iii) formalizes the contractual relationships between the National Equipment Office, the Recipient's Ministry of Roads and Transport, and the RMF.
- #7a - Adoption of two instruments to operationalize the 2015 Seeds Law, namely: (i) a Décret approving the statutes of the National Seeds Office; and (ii) an Arrêté interministeriel creating the body of seeds inspectors and controllers of the National Seeds Office.
- #7b - The Recipient has, (i) completed the Audit of its RMF for the Period 2008-15, including a stocktaking of the debt and, (ii) through RMF, adopted the Settlement Plan of RMF's debt, through note 0044/FER/OP/DG/DAFC, improving the financial management practices of the RMF.
- #8b - The Recipient has, through its Prime Minister, issued Arrêté 0016, establishing temporary modalities on the import and distribution of agriculture inputs.

Forestry was dropped from this policy area in the second operation in response to concern raised Bank management about the potentially adverse environmental impact of an increase in logging.

Promote the Development of the ICT Sector

- #8a - Adoption by the Council of Ministers of the draft law on electronic communication.
- #9b - The Recipient has, through the Ministry in charge of relations with the institutions of the Republic issued letter 038/MCRIB/DIR.CAB/DGRIR, submitting to the Parliament amendments to the electronic communications law (law 18.002 of January 17, 2018) to promote increased competition and a stable business environment.
- #10b - The Recipient has, through its Minister of post and telecommunications issued Arrêté 006/MPT/DIRCAB/UCP-CAB/2018, adopting a strategy for the use of revenues from the Universal Access Level on operators.

c. Comments on Program Cost, Financing, and Dates

The first operation of the programmatic SCDP was reviewed on 28 July 2016, approved on 1 December 2016, and became effective on 16 December 2016 (information in the Bank's Operations Portal is incorrect). Financing provided by the IDA Grant amounted to US\$20 million equivalent. The program funds were disbursed in full upon effectiveness. The actual disbursements amounted to US\$19.29 million. The discrepancy was due to exchange rate movements (the Grant was denominated in Special Drawing Rights). The project closed on 31 December 2017.

The second operation of the programmatic SCDP was reviewed on 17 July 2017, approved on 12 April 2018, and became effective on 22 May 2018. Financing provided by the IDA Grant amounted to US\$25 million equivalent. The actual disbursements amounted to US\$24.76 million. The discrepancy was due to exchange rate movements (the Grant was denominated in Special Drawing Rights). The project closed on 31 July 2019.



3. Relevance of Objectives & Design

a. Relevance of Objectives

The objectives were clearly stated. The theory of change is coherent and notes that reforms proposed are a mixture of upstream and downstream interventions. The operation's design was simple and the two pillars have clear complementarities: improved domestic resource mobilization and expenditure management should allow for greater spending to support key sectors driving economic growth, while economic development will allow for increased domestic resource mobilization and thus improve fiscal health.

There was no World Bank Country Strategy and Program in effect during the series due to political instability and inter-communal violence following the unconstitutional change of power in March 2013. However, the objectives were fully aligned with the World Bank Country Economic Note (CEN) for 2016-2016 (Report No. 96209-CF), which focused on the need to support the country's stabilization by restoring core public institutions, providing basic support to livelihoods, and supporting basic social service delivery. The DPO directly addresses the first two by creating larger fiscal space through increased revenue mobilization and more controlled expenditure, the DPO indirectly addressed the third objective as well.

Objectives were relevant to country conditions given CAR's: (i) negative primary balance, a result of insufficient domestic revenue and high wage-related expenditure, and (ii) stagnant economy, a residue from the country's 2012-2013 political crisis and resulting economic disruption: the program was designed to address the fiscal gap and stimulate economic growth in order to create greater fiscal space for needed spending in priority sectors. Given the country's ongoing fragility, these objectives are also essential for the maintenance of political stability and consolidation of the peace process.

Objectives were fully aligned with CAR's Recovery and Peace Building Assessment (RPBA)—which was led by the Government with joint assistance from the Bank, European Union, and United Nations—namely Priority Objective 2 “Renewing the social compact between the state and the population” and Priority Objective 3 “Ensuring economic recovery and boosting productive sectors,” which aligned respectively with Pillars 1 and 2 of the program. Given the post-transition nature of the Government at the time of program approval, the policy priorities of the Government were best encompassed by the RPBA, although the program was also aligned with the critical priorities of the Government's General Policy Statement of 7 June 2016.

Objectives were also fully aligned with the Government's National Plan for Recovery and Peace Consolidation for 2017-2021 (*Plan National de Relèvement et de Consolidation de la Paix*, RCPCA), adopted shortly before approval of the first operation. The series responds to two of the RCPCA's three pillars: (i) renewing the social compact between the State and the Population and (ii) ensuring economic recovery and boosting productive sectors.

Rating
Substantial



b. Relevance of Design

Relevance of Results Indicators

Indicators are a mix of inputs/outputs (“tons of fertilizer imported,” which was included in the second operation to replace the original indicator, “hectares of cotton planted”) and outcomes (“domestic revenues as a percent of GDP”).

Policy Area 1. Increased Revenues

Results Indicator #1 is linked to prior actions #1a, #1b, #2a, and #2b.

Domestic revenues as a percent of GDP.

This is a strong measure of progress towards achievement of the objective. The indicator is regularly measured, and information easily obtained. It should be noted, however, that this indicator is not only affected by the prior actions, but by other variables outside the scope of the prior actions.

Policy Area 2. Improved Wage Bill Management

Results Indicator #2 is linked to prior actions #3a and #3b.

Share of wage-bill reviewed and verified by the Central Accounting Agent of the Treasury.

Review and verification of the monthly wage bill by the Treasury will help CAR improve the integrity of its payroll and systematically ensure that public servants who do not deserve to be receiving a salary are removed from payroll on a timely basis. This indicator, however, does not say anything about the accuracy of the wage bill vis-à-vis human resource data (it remains unclear within the ICR whether or not wage bill and HR data have been integrated), which is supported by other prior actions under this policy area.

Policy Area 3. Budget Control and Transparency

Results Indicator #3 is linked to prior actions #4a and #4b.

Share of expenditures executed using exceptional spending procedures.

This indicator is an easy-to-obtain proxy for the proper functioning of the expenditure chain. Decreasing the share of public expenditures executed utilizing exceptional spending procedures improves the efficiency of public expenditure and allows for improved budget control.

Results Indicator #4 is linked to prior actions #5a and #5b.

Number of budget documents published on an annual basis.

This indicator is the definition of budget transparency; the PD notes the nature of the seven documents (draft finance law, enacted finance law, citizens’ budget, and quarterly budget execution reports). The indicator does not capture the quality of the documents, the ease of access, or the timeliness of publication.

Results Indicator #5 is linked to prior actions #6b.

Number of Loi de règlement (Settlement Law of the Finance Law) submitted to Parliament.

This indicator is clear and is adequate to measure the impact of the respective prior action on progress toward achievement of the targeted outcome. The ICR notes that this Law has not been published; however, the indicator makes no mention of publication.

Policy Area 4. Revival of the Agriculture (and Forestry) Sectors



Results Indicator #6 is linked to prior actions #6a.

Road Maintenance Fund (RMF) maintenance program 2017 and 2018 adopted and implemented in line with new manual.

This indicator is clearly defined. However, full achievement of the indicator is not entirely encompassed by the prior actions. Achievement of this objective requires (i) adoption of the maintenance program and (ii) implementation, whereas the prior action defines maintenance programming (including work eligible for funding) and “formalizes the contractual relationships” between relevant bodies and the RMF. However, the ICR points out (p 18) that it's hard to measure the extent to which implementation is aligned with the manual of procedure, and how much it deviates from the road maintenance plan.

Results Indicator #7 is linked to prior actions #6a #7b.

Road Maintenance Fund Budget execution rate (initially approved- compared to executed).

This indicator is clear and easily measurable. However, the indicator does not directly measure the impact of one of the prior actions associated with it: more than an audit of the Fund is needed to increase its execution rate.

Results Indicator #8 (revised) is linked to prior actions #7a and #8b.

Tons of Fertilizers imported.

This indicator replaced the indicator in PD1: increase in hectares of cotton planted. The ICR states (p 6) the rationale is that fertilizer imports are more directly linked to the PAs of clarifying management of seeds and facilitating import and distribution of agricultural inputs. The revised indicator incorrectly puts the baseline at 0, whereas the ICR notes that the baseline was 2,760.

Policy Area 5. Promote the Development of the ICT Sector

Results Indicator #9a – is linked to prior actions #8a, #9b, and #10b.

CAR Ranking on the ICT Development Index (International Telecommunication Union-ITU).

This indicator replaced the original indicator (penetration rate of mobile telephones). While it should be easily measurable, (i) there is incomplete baseline data on CAR and (ii) it measures far more than the prior actions supported by the series: the index looks at ICT access, use, and skills. More credible would have been a sub-indicator taken from this composite index (such as 2: “mobile-cellular telephone subscriptions per 100 inhabitants”); however, data from this sub-indicator is not available for CAR in 2016 or earlier. Please note that, in general, rankings are very poor results indicators, as they are influenced by the actions of other parties; more appropriate would have been the score received in the index.

Results Indicator #9b is linked to prior actions #8a, #9b, and #10b.

2G Network Coverage.

It is unclear how this indicator is measured, particularly since the final rating was noted as a range (“60-70%”). The ICR notes that, according to coverage reporting from local operators, at least 60% of the population is covered. Apart from the lack of clarity on measurement, the indicator only partially measures the impact of the prior actions associated with this indicator. Prior actions sought to induce price reductions of up to 50 percent as a way of increasing access to mobile telephony (PD2, p 28). It is unclear if the 50 percent price reduction was achieved; what is clear is that network coverage was increased. However, the ambition of the target was questionable, as the baseline for 2015 was 59 percent.



Adequacy of Macroeconomic Framework

The macroeconomic framework was adequate at time of appraisal. In spite of several shocks over the previous decade, CARs membership in the Central African Economic and Monetary Community helps to provide stabilization, and the regional central bank also works to keep inflation low (PD1, p. 9).

The rating for Objective 1 was Satisfactory. The rating for Objective 2 was Moderately Satisfactory. The overall rating for relevance of design was Substantial.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

To strengthen basic fiscal management and transparency

Rationale

Given the institutional collapse following the civil war and the fall of the Bozize regime, Pillar I was designed to support three, mutually reinforcing public financial management policy areas to restore fiscal management and transparency. Outcome indicators relevant to this objective covered (i) increased revenues, (ii) improvements to wage bill management, and (iii) improvements to budget control and transparency

Policy Area 1. Increased Revenues

In terms of domestic resource mobilization, prior actions sought to introduce greater transparency around fiscal exemptions and limit the issuance of exemptions. Better controlling these exemptions, which were estimated to represent two percent of GDP, would free up fiscal space. The Government implemented a framework to rationalize fiscal exemptions, which led to a decrease in exemptions from CAF 2 billion to 700 million between 2016 and 2018; however, these savings were offset by the increase in customs exemptions during that same period, from CAF 1.6 billion to 3.1 billion, according to the ICR. More successful has been the General Inspection of Finance's adoption of a risk-based approach to controlling revenue agencies on an annual basis. Additionally, with parallel support from the IMF, authorities have revised fiscal legislation and adopted a multi-year plan to reduce exemptions.

The first operation also sought to contribute to increased revenue mobilization by revising the methodology for the determination of the prices of petroleum products to conform with the "Platts" reference price. This would decrease the distortion of fuel prices and lead to significant cost savings. The respective prior action was achieved but the engagement around petroleum product taxation was not included in the second operation.



The Results indicator relevant to this portion of the objective, *Annual domestic revenues as a percent of GDP*, was noted as achieved (ICR, p ix), increasing from the baseline of 7.1 percent of GDP to 8.4, exceeding the target of 8.1. However, according to the latest Economic Update (2020, p 15), actual tax revenue collected in 2018 was revised down from 8.4 percent to 8.0, just shy of the 8.1 target. Furthermore, the estimated tax-to-GDP ratio declined further in 2019, to 7.8.

Substantial

Policy Area 2. Improved Wage Bill Management

In terms of wage bill management, prior actions sought to tighten the processing schedule of salaries of civil servants and state agents and submission of corresponding documents, as well as the informing of all heads of ministerial departments and all institutions that wages will be paid using GIRAFE, the integrated HR and wage management system. Better control of the wage bill would yield cost savings and increase CAR's fiscal space.

The Results indicator relevant to this portion of the objective, *Share of wage-bill reviewed and verified by the Central Accounting Agent of the Treasury (CAAT)*, was achieved: the share went from a baseline of 0 in 2015 to 100 percent in 2018. The CAAT now verifies and approves 100 percent of the wage bill of government entities, significantly greater than the 50 percent target.

High

Policy Area 3. Improved Budget Control and Transparency

In terms of budget control and transparency, prior actions sought to rationalize public expenditure documentation, restore the expenditure chain, and improve budget transparency. Limiting extraordinary spending and increasing budget transparency should improve the credibility of the budget and increase fiscal space.

The Results indicators relevant to this portion of the objective were all achieved:

- *Share of expenditures executed using exceptional spending procedures* was 13 percent by 2018 (baseline was 80 percent in 2015), better than the target of 20 percent.
- *Number of budget documents published on an annual basis* was achieved: published on the MoF's website for FY18 was 1 promulgated budget, 1 citizen's budget, 4 budget execution reports, and 1 draft financial law. The target of 7 for 2018 was achieved (up from a baseline of 1 in 2015). There is no indication of the quality of the documents or the timeliness of their publication.
- *Number of Settlement Law [sic] of the Finance Law submitted to Parliament* was noted by the ICR as achieved (1 in 2018, with the baseline of 0 for 2015). However, the 2015 Settlement Law of the Finance Law, which was adopted by Parliament in 2018, was not published at time of ICR finalization (although this is outside the scope of the indicator); the 2016 Settlement Law, which likewise had been finalized, was not yet presented to the Parliament at time of ICR finalization.

High



Rating

High

Objective 2

Objective

To support economic recovery

Rationale

Given the severe impact of the civil war on economic activity, as well as the lingering impact of the 2008 global recession, Pillar II was designed to reinvigorate key drivers of economic growth: the transport, agriculture, forestry, and telecommunications/ICT sectors. Outcome indicators relevant to this objective covered the policy areas: (iv) revival of the forestry and agriculture industries (although forestry was dropped during the second operation) and (v) promoting the development of the ICT sector.

Policy Area 4. Revival of the Agriculture and Forestry Sectors

In terms of forestry and agriculture, prior actions focused on restoring the movement of goods and population, a prerequisite for economic growth, by improving governance of the RMF and increasing access to quality seeds. These actions should improve the business environment, ameliorate intra-regional disparities, and foster economic development.

Support to the forestry sector (and the related Results Indicator, *Number of Active Forestry Concessions*) was dropped, according to the ICR (p 8), over concerns of the complexity of its design, as well as concerns over potential environment and social impacts following increased deforestation resulting from the reactivation of dormant concessions.

Two of the three Results indicators relevant to this portion of the objective were partially achieved, while the third one was not:

- *Road Maintenance Fund (RMF) maintenance program 2017 and 2018 adopted and implemented in line with new manual* was not achieved (ICR notes that it was: Yes in 2018, from the baseline of No in 2015). While the program was adopted annually from 2017 onward, implementation according to the manual has been challenging: the ICR notes that work outside of the maintenance plan (estimated to represented 15 percent of total maintenance work undertaken) is still being requested for funding, even when it might not fit into the agreed framework.
- *RMF budget execution rate (initially approved-compared to executed)* was technically achieved, reaching 90 percent in 2018 (target was 50 percent; baseline was 30 in 2015). The ICR notes the problematic continuation of RMF debts, complicated by the introduction of the TSA, but the executed budget deviates from the initially planned program.
- *Tons of Fertilizers imported* was not achieved (1,364 in 2018, with a target of 20,000; baseline was 0 in 2015). Achievement of this indicator, which replaced *Hectares of cotton planted (in selected regions)* to be more in line with the program's interventions, was undermined by the limited capacity of the new National Seeds Agency. The amount of fertilizer imported actually declined over the period of the series.



Modest

Policy Area 5. Promote the Development of the ICT Sector

In terms of promoting the development of the ICT sector, prior actions included the adoption by the Council of Ministers of the draft law on electronic communication (and amendments submitted to Parliament) and adopting of a strategy for the use of revenues from the Universal Access Level on operators. These actions should help increase the access of mobile phone services by helping reduce the cost of mobile telephony. The two Results objectives relevant to this portion of the objective were achieved:

- *2G Network coverage* was achieved: estimated coverage was 60-70 percent (target: 60 percent in 2018; baseline was 59 percent in 2015), as reported by local operators. However, the 2015 baseline was 59 percent, calling into the question the level of ambition of this indicator target, as mentioned in section 3b.
- *Ranking on the International Telecommunication Union (ITU) ICT Development Index* was achieved in 2017, with CAR's ranking moving from a baseline of 176 (in 2015) to 175 (target: 175) in 2018. However, such a small change in ranking may not be significant, as discussed in Section 3b. Moreover rankings are poor indicators of performance as noted above. The Index's sub-indicator, Mobile-cellular telephone subscriptions per 100 inhabitants, was 25.5 per 100,000 in 2017, but declined to 25.2 in 2018.

Substantial

Rating

Substantial

5. Outcome

The relevance of objectives and design were both rated Substantial. The overall achievement of objectives was rated Substantial. While the first objective, strengthening basic fiscal management and transparency, led to significant results (particularly in terms of wage bill management and budget control and transparency), the second, supporting economic recovery, led to more modest results. Results indicators were a mix of outputs and outcomes, and overall gave mostly credible evidence of achievement of objectives.

a. Outcome Rating

Moderately Satisfactory

6. Rationale for Risk to Development Outcome Rating



While the security situation has improved significantly, development outcomes remain exposed to high risks from continued political instability, continued difficulties in implementing the Political Accord for Peace and Reconciliation, and the upcoming December 2020 elections. Heightened political instability, as well as the potential resumption of fighting—can provide opportunities for policy reversals, particularly around fiscal and expenditure reforms. Weak capacity can prevent expenditure management reforms from being sustained and deepened. Tax revenue collection declined following the end of the project, lower than the Bank's 2018 estimates, due to a variety of reasons including delays in the transfer of parafiscal taxes to the TSA and the impact of derogatory tax exemptions. However, spending on wages and salaries appear to be under control, helping allow for a boost in spending on goods and services. The continuation of the Public Expenditure and Investment Management Reform Project (P161730) enables ongoing Bank support in the areas of: (i) boosting the transparency of budget management and treasury reporting, (ii) strengthening the transparency of payroll management, and (iii) expenditure management reforms.

COVID-19-related economic shocks run the risk of reversing the work done around reinvigorating the economy, with the country's economic growth expected to be -1.2 percent in 2020. Even before the pandemic, critical structural challenges persist in the agricultural sector, which contributed to a sharp contraction of CAR's cotton and coffee production in 2019.

a. Risk to Development Outcome Rating

High

7. Assessment of Bank Performance

a. Quality-at-Entry

The program's efforts to reestablish fiscal management and support an economic recovery were intended to jointly address the state's lack of resources to be able to provide public services to the public by (i) increasing the efficiency and effectiveness of public expenditure so as to pay civil servants, fund public services, and increase public investments; and (ii) invigorate the economy so as to increase the quantum of domestic resources that the government can mobilize. The operation's objectives were relevant to the country's conditions and its prior actions were grounded in analytical work. CAR's macroeconomic policy framework provided an adequate basis for the operations. It remains unclear the extent to which prior actions were designed to complement and reinforce ongoing and planned work by other development partners, with the exception of the IMF Extended Credit Facility (which was prepared in parallel) and Rapid Credit Facility, with which there were substantial complementarities with Pillar I. The task team also informed IEG that USAID's funding of payroll arrears to soldiers also complemented the Bank's support.

In line with the CAR's Turnaround Regime, the series addressed some of the country's drivers of fragility (developed in the 2016 Fragility Analysis and the 2018 Risk and Resilience Assessment), particularly, tackling the limited legitimacy of the state. Rooted in and exacerbated by the country's kleptocratic mode of governance, this illegitimacy is, in large part, a result of the state's inability to provide basic services and security.



The operation reflected lessons learned from prior experience, including focusing on identified priorities likely to improve the living conditions of the populace, promote private sector development, reduce the number of delivery mechanisms, and simplify monitoring and evaluation. The operation's PD notes that other development partners are supporting the target areas through parallel interventions (i.e., EDF in the creation of local growth poles with a focus on agriculture, AfDB in governance institutional support, AFD and EU in enforcement of the regulatory framework for the allocation and operation of forest concessions); however, the PD does not note how the program's policy actions will align with this ongoing work (the donor mapping in Annex 5 is high level). Given the plethora of difficulties facing the country, coupled with the poor capacity of the client, complementarities with ongoing work should be leveraged to ensure sustainability and impact. Indeed, the Lessons Learned annex notes that, "lesson drawn from previous experience from fragile states suggests that close donor coordination and alignment to Government development objectives is extremely important for the success of reforms, as cohesion among donors helps to maintain focus on implementation of key reforms" (PD1, p 65-66).

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

It should be noted that only 4 of 76 total staff weeks were charged during the Supervision stage of the project cycle (ICR, p 30). However, the task team informed IEG that they charged supervision time for DPO1 to design charge codes for DPO2 and supervision of the Public Expenditure and Investment Management Reform Project, providing for extensive, concurrent supervision of the DPO series.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Satisfactory

8. Assessment of Borrower Performance

a. Government Performance

The Government satisfactorily carried out the program's reform programs. It should be noted that this was the Government's first DPO following the crisis.

ICR provides limited, albeit positive information on borrow performance.

Government Performance Rating

Satisfactory



b. Implementing Agency Performance

While most prior actions were achieved, government commitment--particularly in agriculture and infrastructure--was limited.

ICR notes that indicator data was only provided on a by-request basis.

Implementing Agency Performance Rating

Moderately Unsatisfactory

Overall Borrower Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

As mentioned above, the Bank opted to create relevant indicators based on existing data so as not to burden the client with the need to generate or collect data specifically for the program's results framework. The PDs note that this was based on findings from the most recent OPCS (not IEG) Retrospective of World Bank DPOs.

While simplifying the generation and or collection of data is noteworthy, several indicators were not adequate for the purpose of monitoring the program's objectives.

The indicator on penetration rate of mobile telephony was replaced by one on change in ranking of the ICT Development Index (IDI), nominally to reflect the broader evolution of the sector. This amended indicator was achieved, although the target was arguably not ambitious, and the use of a ranking was uninformative. Furthermore, the composite index measures several indicators, most of which are not supported by the program's reforms, such as access to ICT, usage of ICT, and skills and competencies.

b. M&E Implementation

The ICR notes that, while data was compiled for the purposes of program evaluation, it is not readily available and only data from four of the ten indicators are publicly available. It is unclear what monitoring took place during the implementation of the two operations.

c. M&E Utilization

Two indicators were amended between the first and second operations.

The indicator on hectares of cotton planted was replaced with one on tons of fertilizer imported once it became clear that the original indicator was too far removed causally from the DPO intervention to be affected by the operation; the new indicator, however, was overly ambitious and not achieved. The indicator



was also a poor proxy for the program's interventions, around implementing fiscal measures and an institutional framework to foster the improved importation of seeds and fertilizers, given its dependency on an established and functioning National Seeds Agency, which was only established in practice in 2019 (due to budgetary constraints), after the end of the program.

It is unclear whether the M&E data was ever shared with development partners or the public.

ICR notes but does not elaborate that the program helped restore capacity for coordinating inter-sectoral dialogue on policy reforms (p 16).

M&E Quality Rating

Modest

10. Other Issues

a. Environmental and Social Effects

The ICR did not report any effects of the operation on poverty or the environment.

b. Fiduciary Compliance

The ICR did not report on fiduciary compliance.

c. Unintended impacts (Positive or Negative)

None reported.

d. Other

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	---



Risk to Development Outcome	High	High	---
Bank Performance	Satisfactory	Satisfactory	---
Borrower Performance	Moderately Satisfactory	Moderately Satisfactory	---
Quality of ICR		Substantial	---

Note

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

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

12. Lessons

The ICR offers several lessons. IEG particularly agrees with one (even though the ample coordination among development partners was not sufficiently noted in the ICR):

- In a fragility context, with limited institutional capacity, and competing priorities, focusing on a set of core reforms and coordinating interventions across donors and within the Bank's portfolio, bring better results. Several areas of the program were complementary with both IMF program and World Bank investment project interventions supporting the implementation of the reforms so that the government can focus its limited capacity on a manageable set of reforms. This requires that coordination be strengthened between donors, and within the Bank ensure that reforms supported by development operations be complemented with investment project support. While short term technical assistance can ensure that measures are achieved, longer term support and investment is necessary to ensure that measures adopted are followed with their actual implementation. This can also mitigate for uneven stakeholder engagement.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR was comprehensive and well written. However, it was unclear in its description and evaluation of Results indicators and Bank performance. It reports an incorrect Effectiveness date for DPO1. Several of the Lessons Learned are vague or commonsense (for instance, noting that support for reforms must go beyond mere adoption of policy measures and have a longer-term outlook towards implementation).



a. Quality of ICR Rating
Substantial