Report Number: ICRR0023013

1. Program Information

Country
Sao Tome and Principe

Practice Area (Lead)
Macroeconomics, Trade and Investment

Programmatic DPF

Planned Operations
3

Approved Operations
3

Operation ID
P159010

Operation Name
STP Strength. Growth & Fiscal Policy DPO

L/C/TF Number(s)
IDA-D1500

Closing Date (Original)
31-Dec-2017

Total Financing (USD)
4,839,588.00

Bank Approval Date
30-Nov-2016

Closing Date (Actual)
31-Dec-2017

	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	5,000,000.00	0.00
Revised Commitment	5,000,000.00	0.00
Actual	4,839,588.00	0.00

Country
Sao Tome and Principe

Practice Area (Lead)
Macroeconomics, Trade and Investment

Operation ID
P161707

Operation Name
2nd STP Growth and Fiscal Policy DPF (P161707)

L/C/TF Number(s)	**Closing Date (Original)**	**Total Financing (USD)**
IDA-D1500,IDA-D3050	31-Dec-2018	5934071.89
Bank Approval Date	**Closing Date (Actual)**	
18-May-2018	31-Dec-2018	

	IBRD/IDA (USD)	**Co-financing (USD)**
Original Commitment	6,000,000.00	0.00
Revised Commitment	6,000,000.00	0.00
Actual	5,934,071.89	0.00

Country	**Practice Area (Lead)**
Sao Tome and Principe	Macroeconomics, Trade and Investment
Operation ID	**Operation Name**
P164321	STP 3rd Growth and Fiscal DPO (P164321)

L/C/TF Number(s)	**Closing Date (Original)**	**Total Financing (USD)**
IDA-D3050,IDA-D5450	31-Dec-2020	5157358.60
Bank Approval Date	**Closing Date (Actual)**	
18-Dec-2019	31-Dec-2020	

	IBRD/IDA (USD)	**Co-financing (USD)**
Original Commitment	5,000,000.00	0.00
Revised Commitment	5,000,000.00	0.00
Actual	5,157,358.60	0.00

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2. Program Objectives and Pillars/Policy Areas

a. Objectives

The Sao Tome and Principe (STP) Strengthening Growth and Fiscal Policy Development Policy Financing (DPF) series consisted of three operations (IDA Grants).

The original project development objective (PDO) as described in the Program Document (PD) for DPF-1 (P159010) and replicated in DPFs 2-3 (P161707, P164321) was "*to help the Government introduce growth enabling reforms in the financial sector, business environment, and infrastructure; generate fiscal resources and savings; and improve the quality of expenditures*" (PD p.vi). The Financing Agreement did not describe the PDO. The PDO was not revised. The ICR (p. 13) summarized the achievement of objectives under two pillars, breaking them down into four sub-objectives (financial sector and business environment; infrastructure; fiscal resources and savings; and quality of public expenditures). This ICR Review (ICRR) generally concurs with such summary, with a minor modification, splitting the first objective into two - separating the financial sector from the business environment, with the latter focused on the land registry. For the purposes of this ICRR, the PDOs are as follows:

PDO 1. Reduce financial sector vulnerabilities and expand financial inclusion

PDO 2. Improve the business environment through modernization of the land registry system

PDO 3. Improve public service provision in the electricity sector

PDO 4. Improve domestic resource mobilization[JLK1]

PDO 5. Improve the quality of public expenditures and public spending efficiency

[JLK1]Ideally these should be two distinct objectives, but ok. Rephrase as Improve domestic resource mobilization and public spending efficiency

b. Pillars/Policy Areas

The PDs for DPFs 1-3 describe two pillars/policy areas, which repeated the original PDO, splitting it into two pillars:

(i) Pillar A: Introduce growth enabling reforms in the financial sector, business environment, and infrastructure.

(ii) Pillar B: Generate fiscal resources and savings and improve the quality of expenditures.

The PDs outlined the main reform areas, which related to (i) financial sector performance (low profitability and high share of non-performing loans); (ii) land registration (absence of land information and dispute resolution systems); (iii) infrastructure (costly and unreliable electricity supply); (iv) fiscal revenues and savings (poor tax policy and administration and inadequate surveillance of state-owned enterprises (SOEs)); (v) public investment management (lack of an adequate framework to prioritize investments); and (vi) social protection (inadequate social protection framework). No changes were made in Pillars throughout the series duration.

c. Comments on Program Cost, Financing and Dates

The series included three DPF operations (financed by IDA Grants) totaling US$16 million (as approved - $5 million, $6 million, and $5 million respectively). The actual disbursed amount was US$15.93 million. The ICR notes that there was a delay in preparation and disbursement of the third operation relative to the original schedule (disbursement schedule in the ICR suggests that it was about 4-6 months), related to internal political developments - elections in 2018 that brought in a new government; reshuffle of government positions; and time needed for the new administration to familiarize itself with the economic situation and ongoing reform program.

3. Relevance of Design

a. Relevance of Objectives

The objectives were broadly relevant and reflective of the country's needs. The series supported both themes of the Country Partnership Strategy (CPS) of FY14-FY18 (extended to FY20). The first pillar contributed to the CPS theme of "supporting macroeconomic stability and national competitiveness". The DPF support for financial sector supervision aimed to help reduce the risks of serious banking problems. The support for domestic revenue mobilization targeted a more sustainable budget balance. The second pillar aimed to contribute to the advancement of the second theme of the CPS ("reducing vulnerability and strengthening human capacity") by streamlining social protection programs, expanding the coverage, and improving the targeting of the SP framework. The PD for DPF-1 stressed that the operation supported mainly the first axis of the government's strategy – economic growth and employment generation; with some support to the second axis – social cohesion and external credibility – through the support to the social protection policy.

The original PDO ("*To help the government introduce growth enabling reforms in the financial sector, business environment, and infrastructure; generate fiscal resources and savings; and improve the quality of expenditures*") formulation was overly broad. The DPF series prior actions focused mainly on the financial (banking regulations) sector, increasing fiscal revenues (introducing VAT), and electricity sector efficiency. In some cases, the PDO formulation was much broader than the actual focus of the prior actions. For example, engagement on "*growth enabling reforms in business environment*" was limited to specific technical aspects of land registration.

According to the analysis contained in the CPS and PD documents, one of the main constraints in STP was low capacity in the public sector, especially on public investment management. The PD for DPF-3 notes that "*the country's strategy for reaching its development goals needs to be re-considered, in particular regarding the large infrastructure projects with dubious viability. While important infrastructure gaps remain, the government continues to pursue projects with little prospects of commercial viability, which if carried out would drain resources from much needed investments in more viable enterprises. These projects have little technical backing and risk the investment's financial sustainability*" (p.41). However, rather than a focus on public investment, the PDO opted for a broader formulation to "improve the quality of public expenditures" while the actual scope of the associated prior actions was more limited.

b. Relevance of Prior Actions

Rationale

The program included a total of 26 prior actions (PAs), listed in the table below.

Table 1. Prior Actions for the Program

PDO 1. Reduce financial sector vulnerabilities and expand financial inclusion		
DPF-1	DPF-2	DPF-3
PA 1.1 The Recipient has approved a banking resolution law that provides the Central Bank with the power and authority necessary to deal effectively with distressed financial institutions by facilitating early intervention and providing additional policy instruments to address vulnerabilities.	PA 1.2. In order to strengthen the bank resolution framework, the Recipient, through its BCSTP, has adopted regulations implementing the Recipient's financial institutions resolution law, which set out: (i) the measures to be applied by the BCSTP in the resolution of distressed financial institutions; and (ii) the requirements for the elaboration and adoption of recovery and resolution plans.	PA1.3. The Recipient, through BCSTP, has approved the Report for the STP Banking System Asset Quality Review, as part of its efforts to improve financial soundness of commercial banks.
PA 1.4. The Recipient, through its Central Bank, has created, operationalized, and staffed a new directorate to consolidate in the same unit all responsibilities related to oversight, policy formulation and development of the national payment system.	PA 1.5. In order to expand the outreach of the banking system and support financial inclusion through the usage of mobile financial services, the Recipient, through its Council of Ministers, has approved and submitted to the Parliament the proposed National Payment Systems Law, which sets forth the statutory level principles for regulation on modern payment methods, such as agent banking, mobile money, and electronic payments.	PA 1.6. The Recipient, through: (i) its National Assembly, has passed the legal framework for payment services providers and payment system operators, which outlines the oversight framework, and duties and powers of BCSTP; and (ii) BCSTP, has passed the key implementing regulations under the National Payments System Law, which provide for the legal protection of the electronic transfer of funds and the licensing and supervision of payment institutions and payment system operators.
	PA 1.7. In order to develop the microfinance sector and promote the offer of microfinance services, the Recipient, through its Council of Ministers, has approved and submitted to Recipient's Parliament a draft law on microfinance.	PA 1.8. The Recipient, through BCSTP, has passed key regulations which establish the minimum entry, operation requirements, risk management minimum requirements, and supervisory and reporting procedures for microfinance institutions.
PDO 2. Improve the business environment through modernization of the land registry system		
DPF-1	DPF-2	DPF-3
PA 2.1. The Recipient, through its Council of Ministers, has reduced legal fees (i.e., taxes and registry fees) associated with the registry of mortgages.	PA 2.2. In order to reduce costs and simplify procedures to register property, therefore improving its ability to serve as loan collateral and foster access to finance, the Recipient, through the	PA 2.3. The Recipient, through its Council of Ministers, has approved the institutional structure for enabling interoperability between the land property register and the cadaster.

	Council of Ministers, has approved and submitted to the recipient's Parliament (i) the proposed Property Registration Code; and (ii) the proposed Public Notary Code.	
PDO 3. Improve public service provision in the electricity sector		
DPF-1	DPF-2	DPF-3
PA 3.1. The Recipient, through EMAE (Empresa de Agua e Electricidade, Water and Electricity Company), has introduced a revised system of pre-paid energy services that will allow for accurate consumption metering and invoicing, as well as eliminating the risk of non-payment.	PA 3.2. In order to promote transparency and incentivize timely payments, the Recipient, through EMAE, has published its policy to improve billing collection and launched a public awareness campaign through public TV and radio.	
		PA 3.3. The Recipient, through the Presidency of the Republic, has instituted an energy demand management program, which includes the exchange of low efficient bulbs with higher efficient ones.
	PA 3.4. In order to structurally reduce the cost of energy, increase the share of renewable sources, and promote long-term private investment, the Recipient, through its Council of Ministers, has ruled that any capacity expansion of the power sector will have to follow the prescriptions of the integrated Least-Cost Power Development Plan, and that any exception would need to obtain the approval of the Recipient's Minister of Infrastructure, who shall have to provide the rationale for such exemption and publish said decision.	PA 3.5. The Recipient, through its Council of Ministers, has approved: (a) a Least-Cost Power Sector Development Plan, which provides the basis for a competitive process for all power generation activities; and (b) a Management Improvement Plan for EMAE, which aims to improve EMAE's operational performance.
PA 3.6. The Recipient, through AGER, has mandated EMAE to: (i) establish a comprehensive customer complaint redress system, for the mediation of conflicts between citizens and EMAE, as well as representing the interests of the public,	PA 3.7. In order to improve the reliability of energy supply, the Recipient, through AGER, has published the minimum quality criteria for the provision of services in the electricity sector.	PA 3.8. The Recipient, through AGER, has signed a concession contract with EMAE, which stipulates the obligations of the Recipient and the licensee, including rules on tariffs and sanctions.

receiving feedback, complaints, information requests and suggestions for improvement of service; and (ii) send to AGER monthly reports of complaints received from customers.		
PDO 4. Improve domestic resource mobilization		
DPF-1	DPF-2	DPF-3
PA 4.1. The Recipient, through its Council of Ministries, has simplified the tax structure and updated the threshold values of tax brackets for presumptive income taxation		
	PA 4.2. In order to generate the tax and accounting information needed to implement the VAT, the Recipient, through its Council of Ministers, has adopted the legal framework for fiscal invoices and similar documentation, whereby it legally mandated companies to issue fiscal invoices, set out said invoice's minimum content and time requirements for storing them.	PA 4.3. The Recipient, through the National Assembly, has passed the Value Added Tax Code, which sets forth provisions aimed at broadening the tax base and generating more own-source revenues.
PDO 5. Improve the quality of public expenditures and public spending efficiency		
DPF-1	DPF-2	DPF-3
	PA 5.1. In order to improve the efficiency and Value for Money of public investment, the Recipient's Parliament has enacted a National Planning System Law that harmonizes planning and budget tools and lays the foundation for the appraisal and selection of public investment projects.	
	PA 5.2. In order to coordinate and harmonize social protection and poverty reduction policies, the Recipient has registered in the Recipient's social registry all the beneficiaries of the three core social protection programs defined by the Recipient's Social Protection Policy and Strategy.	PA 5.3. The Recipient, through the Ministry of Finance, has instituted a financial system-based (non-cash) payment mechanism to allow for the tracking and reconciliation of funds allocated to social protection payments.
	PA 5.4. In order to improve SOE's financial and non-financial performance, the Recipient, through its	

	Council of Ministers, has approved an SOE reform plan that established a performance monitoring system with financial and non-financial targets for all SOEs and incentives to ensure compliance.	

PDO 1. Reduce financial sector vulnerabilities and expand financial inclusion. The PAs sought to address three problem areas in the financial sector.

(i) Growth of non-performing loans (NPLs) and reduced bank profitability following banking deregulation and rapid growth in banking assets from 26 percent of GDP in 2001 to 77 percent of GDP in 2015 in an environment of inadequate legal and regulatory framework to assess borrowers' creditworthiness, pledge collateral, and secure payments on NPLs. To address these legal and regulatory challenges, PA 1.1 supported adopting a new law that gave the Central Bank authority to assist distressed financial institutions and a framework for effective bank resolution. PA1.2 supported revising of all lower-level regulations on bank resolution to adapt them to the new law. The regulations specified the detailed processes of resolution of failing financial institutions, requiring banks to prepare and adopt recovery plans. PA1.3 required the approval by the Central Bank of a report on asset quality, to improve risk ratings and provisioning of commercial banks, thus contributing to improving their financial soundness. Overall, the actions taken in this area would facilitate meaningful progress along a credible results chain toward more effective banking regulation and supervision. The PAs in this area (PAs 1.1-1.3) followed clear logic and were relevant to the achievement of the PDO, and the relevance of each PA is rated Satisfactory.

(ii) Second problem was limited financial inclusion due to outdated payment systems, inaccessible banks, and economic informality. A 2018 study by Alliance for Financial Inclusion showed that only 39 percent of the population had access to a bank, and only 15percent of women and 18 percent of micro, small and medium enterprises had access to an account. Financial literacy was also an issue for both consumers and business owners, and according to the survey 82 percent preferred storing their business revenues at home (ICR, pp17-18). To address these weaknesses, PA1.4 supported streamlining all responsibilities related to banking oversight, policy formulation, and national payment system development in a Directorate within the Central Bank. The Directorate would prioritize the tasks and provide a counterpart for better engaging with Banks and payment system companies, thus enabling a more widely used and effective payment system. PA1.5 and PA1.6 supported approval of a National Payment Systems Law. According to the ICR, before this, there was no adequate legal safeguard for electronic transactions and digital financial services in STP. The new legal framework would strengthen the security of the payment system and transactions. PAs 1.4-1.6 followed a clear logical path and were relevant to the achievement of the PDO, the relevance of each PA is rated Satisfactory.

(iii) PA 1.7 and PA 1.8 supported drafting a law and passing regulations to establish microfinance institutions. Before this, lower-cost alternatives to traditional banking that would boost access to finance either did not exist or were not well regulated. The draft law would incentivize the expansion of microfinance and consumer finance organizations and put them under Central Bank surveillance, increasing consumer protection. PAs 1.7-1.8 were relevant to the achievement of the PDO, but the overall chain was limited to drafting the law on microfinance and did not stipulate its operationalization and the regulations. PA 1.7 is rated MS and PA 1.8 is rated MS.

Overall relevance of PAs for this PDO is rated Satisfactory.

PDO 2. Improve the business environment through modernization of the land registry system. The absence of a functioning land information system in STP was a major constraint for the emergence of functioning land markets, which hampered private investment. The property registries and cadasters were outdated, with no unique identification number for land parcels, which was necessary for an interoperable information system. The 3 PAs in this area aimed to facilitate land and real estate transactions to improve the overall business environment, and included such measures as reducing excessively high (according to the PD and ICR) legal fees for mortgage registration (PA 2.1); developing and submitting to parliament legal acts on property registration and public notary (PA 2.2); and approving the institutional structure for enabling interoperability between the land property register and the cadaster (PA 2.3). These new codes aimed to lay the foundation for upgrading land registration systems, such as digital registries, improving the interoperability of databases, and allowing joint titling (which enabled a higher participation of women in land ownership). The PAs in this area aimed to reduce costs and simplify procedures for land registration and its use as collateral, as well as improve the cross-agency cooperation in this area. They were clear and followed a logical pathway, relevant for achieving the set objective – through first reduction of fees, then development and approval of a new codes for property registration, and finally establishment of an institutional structure for enabling interoperability between the land property register and the cadaster. The relevance of each of the PAs 2.1-2.3 is rated Satisfactory.

PDO 3. Improve public service provision in the electricity sector. Electricity in STP was costly, unreliable, unavailable to half the population, mainly produced by non-renewable energy, and a critical constraint to economic growth. The average retail tariff was one of the highest in the region. Renewable energy sources were restricted to a single functioning hydroelectric power plant, with most of the energy produced by low-efficiency thermal generators, leading to high fuel consumption. Years of underinvestment left generation assets and the distribution grid in poor condition and highly vulnerable to failure. As a result, outages were frequent, especially during periods of peak demand. The energy and water utility, EMAE, also faced challenges related to management and commercial viability. Despite high tariffs EMAE was not able to recover energy costs with its revenues. Regulatory and planning capacity was weak, as the regulatory agency, the regulator responsible for the energy sector (Autoridade Geral de Regulação, AGER), had little capacity and there was no effective monitoring of service quality or auditing EMAE’s accounts to assess revenue requirements and set tariffs. This area had 8 PAs that included measures aimed to enable reforms and address constraints for development and sustainability in the electricity sector in four results areas.

(i) First area (improvement of consumer payment and transparency of payments) included PAs 3.1 and 3.2. PA 3.1 introduced a revised system of pre-paid services to allow for more accurate metering and invoicing and reducing the risk of non-payment. The relevance of the PA 3.1 is rated Satisfactory as it supported a necessary first step to resolve the issue of inconsistent payments. PA 3.2 aimed at raising public awareness to improve bill collection through publications, TV, and radio The relevance of PA 3.2 is rated Moderately Satisfactory as it supported relatively soft measures with unclear outreach (in the context of STP) and there was no evidence to suggest poor tax collection was the result of inadequate public information. Some important triggers were dropped due to procurement delays (introduction of remote metering systems, financed by EIB) or replaced (measures to reduce arrears, e.g., conditioning budget transfers on timely payments) by much softer measures such as awareness campaigns.

(ii) Second area (energy efficiency) was aided by PA 3.3 that aimed to promote energy efficiency through bulb exchange program. The relevance of this **PA is rated Moderately Satisfactory**. While replacing incandescent bulbs would contribute to greater energy efficiency, it is unclear how such improvements linked to the overall objective of improving public service provision.

(iii) PAs 3.4 and 3.5 helped introduce and implement the Least-Cost Power Sector Development Plan to structurally reduce the cost of energy, increase the share of renewable sources, promote long-term private investment; establish a basis for a competitive process for all power generation activities; and improve performance of the operator (EMAE). The relevance of PA 3.4 is rated Satisfactory. The relevance of PA 3.5 is rated Moderately Satisfactory, as it is partially repetitive(related to the Least-Cost Power Development Plan) of the previous PA.

(iv) PAs 3.6, 3.7, and 3.8 aimed at improving quality of energy services provided to customers. With no agency monitoring service quality in the energy sector, PA 3.6 established and operationalized a comprehensive customer complaint redress system which would send monthly reports to AGER, including the number of cases solved (relevance of PA3.6 is Satisfactory). PA 3.7 set minimum quality criteria for provision of energy services and clarified the obligations of both clients and energy companies and established deadlines and compensation to clients for poor service. While the publication of such criteria is an important first step for improving service provision, the link of this PA to the earlier PA 3.6. is not clear and cannot be credibly linked to improved service provision (relevance of PA 3.7 is Moderately Unsatisfactory). The relevance of PA 3.8 (clarifying the rules on tariffs and sanctions through a concession contract with the EMAE) is rated Moderately Satisfactory – while it was important to clarify rules and obligations of the main parties, its link to the achievement of the related PDO was not clear.

Overall, most PAs for this PDO supported measures that appear to be relevant for the overall goal of introducing growth-enabling reforms in the electricity sector, albeit to a varying degree. Changes in some important triggers weakened the overall relevance of PAs for this PDO, and eventually affected the efficacy. Essential indicators such as arrears and cost of production were dropped. Several PAs were relatively soft (publication of quality standards, public awareness campaigns, etc.).

PDO 4. Improve domestic resource mobilization. STP long suffered from unbalanced budgets and a long-standing high risk of debt distress. The causes included low domestic revenue mobilization, a result of poor tax policy and administration, and inadequate surveillance of SOEs. Tax revenues come mainly from custom duties (STP did not have a VAT). Low level of revenues collected imposed a tight limit on expenditures financed by own sources, requiring that much of the central budget be funded externally. Short-term fiscal challenges were being addressed by the IMF-supported program, while the DPF series focused more on structural measures. There were 4 PAs to support this PDO. They were generally relevant for helping to achieve the objective, with some weak areas. They included PAs in three areas:

(i) PA 4.1 stipulated simplification of the tax structure and updated the threshold values of tax brackets for presumptive income taxation. Prior to PA 4.1, the tax structure was complicated and outdated. Importantly, small tax-payers (both corporate taxpayers and individuals) below a threshold value of income paid a fixed tax amount, set by progressive structure with six brackets. However, the threshold income values had not changed in almost two decades and had not been adjusted for inflation. The PA would broaden the tax base and improve compliance by adjusting and differentiating the threshold income values for corporations and individuals and by reducing the tax brackets. The relevance of this PA is rated Satisfactory.

(ii) PAs 4.2-4.3 promoted measures to adopt the legal framework for introducing and implementing the VAT. The relevance of both PAs is rated Satisfactory. They followed clear logic, and were broadly relevant to the goal of improving generation of fiscal resources,

The overall relevance of PAs for this PDO is rated Satisfactory.

PDO 5. Improve the quality of public expenditures and public spending efficiency. This PDO included three PAs, covering two areas/results chains - on PIM and social protection.

(i) PIM - STP lacked an adequate framework to prioritize public investment. The main problem with PIM was the lack of a structured process and objective criteria to select the projects to be implemented. There were no specific provisions for special PIM procedures in the public finance legislation. The criteria for project selection were unclear, and many decisions were made without a sound and objective technical analysis. Cost and time overruns were common. PA 5.1 aimed at enacting a law that harmonized planning and budget tools and lays the foundation for the appraisal and selection of public investment projects with proper technical analysis and application of objective selection criteria. DPF-3 dropped the trigger on PIM, which would have established a National Portfolio Database and the application of a project prioritization and investment programming tool, allowing all public investment projects to be ranked by priority. The ICR noted that (a) PIM work is supported by a Korean TF and another Bank project; and (b) submitting and passing a new law would take more time than afforded by series (ICR, p. 48). However, while PA 5.1 set the legal framework for improved PIM, the follow up technical support to effectively implement the law was no longer included. As a result, the relevance of the PA is rated Unsatisfactory.

(ii) On social protection, PAs 5.2 and 5.3 aimed at registering beneficiaries of the three core social protection programs, and instituting a financial system-based (non-cash) payment mechanism for tracking and reconciliation of funds allocated to social protection payments. The incorporation of the three major social protection programs into a social registry was relevant to improve public expenditure management because these expenditures could be better tracked and reconciled. Both PAs followed a clear path of achieving a relevant objective. The relevance of PAs 5.2 and 5.3 is rated Satisfactory.

(iii) PA 5.4 aimed to improve SOE oversight and compliance with financial targets. However, triggers for implementing SOE compliance through audits in DPF-3 were dropped, as they were deemed too ambitious. As a result, while PA 4.4 set standards for improved efficiency and performance, the key mechanism for ensuring accountability and incentivizing the achievement of those standards was removed. Therefore, the relevance of this PA is rated Moderately Unsatisfactory

Overall, the relevance of PAs for this PDO is rated Moderately Unsatisfactory.

Rating

Moderately Satisfactory

4. Relevance of Results Indicators

Rationale

PDO 1. Reduce financial sector vulnerabilities and expand financial inclusion. There were 2 RIs in this area, related to PAs on banking resolution and access to services (1.1-3). There were no RIs to measure the impact toward achievements of objective on microfinance (1.7-8). The RIs were overall relevant, but incomplete (RI 2).

- *RI 1. Number of banks below the Central Bank's minimum Capital Adequacy Ratio (12 percent)*. This RI was relevant for measuring the impact of PAs 1.1-3 and progress toward achievement of the PDO, as it measured compliance of banks with the existing regulations and improvement of the overall soundness of the banking system.. RI relevance rating Satisfactory.
- *RI 2. Share of the population with access to formal financial services (e.g., bank accounts).* This indicator was only indirectly linked to PAs under this PDO (1.4-1.8) that aimed to regulate microfinance institutions.. The RI measurement was through surveys. However, after a baseline survey, there was no follow up survey . RI relevance rating Unsatisfactory.

.PDO 2. Improve the business environment through modernization of the land registry system. There was one RI in this area – "*Share of real estate properties and mortgages registered and digitized in the Public Notary Registry" (RI 3)*. The RI was revised to measure "share" instead of "number" of registered properties and mortgages, a quality improvement. In addition, the target value was revised downwards from 90% under DPF-2 to 70%. The indicator was relevant for measuring improved coverage of the land registry. It was well-linked to PAs 2.1-3. RI relevance rating Satisfactory.

PDO 3. Improve public service provision in the electricity sector. There were 2 RIs in this area, related to EMAE performance and public satisfaction with services delivered by the EMAE. Overall, the remaining RIs were insufficient to measure the achievement of the objective (especially in its original formulation - "growth enabling reforms") and their links to the 8 PAs in this area were inconsistent. In addition, some aspects (energy efficiency, sector governance, etc.) were not measured by RIs.

- *RI 4. EMAE operational profit/loss (millions local currency units, STD)*. Revised from "EMAE non-technical losses, %" in DPF 1. This RI measured the performance of EMAE on collecting fees for services provided (PAs 3.1-2). RI relevance rating Moderately Satisfactory.
- *RI 5. Number of complaints received by EMAE.* This RI measured the level of overall public satisfaction with services provided by EMAE. The link of the RI (that measured introduction of the new customer complaint redress system) to the achievement of the PDO (better electricity services) was unclear. RI relevance rating Unsatisfactory.

PDO 4: Improve domestic resource mobilization . The RI was supposed to measure the impact of tax reform (simplification) and introduction of VAT (RI 6, PAs 4.1-3)

- *RI 6. Tax revenues except custom duties on oil (millions STD).* Revised from "Tax revenues as a share of GDP", in DPFs 1-2. This RI was revised to measure tax revenues in local currency. The ICR does not specify the share of VAT (the primary measure to increase the fiscal revenue promoted by the DPF series) in the overall revenue. RI relevance rating Unsatisfactory.

PDO 5: Improve the quality of public expenditures and public spending efficiency. There were 2 RIs under this PDO to track reforms in PIM and the social protection system and one RI to measure improvement in SOE management (RI 9, PA 5.4). The RIs were broadly relevant and well-linked to the PAs.

- *RI 7. Share of ongoing and finalized projects with basic information included in the National Investment Portfolio Database*. Revised from (DPF 1) 'Estimate of multiyear borrowing plan included in the budget".

This RI corresponded to the PA 5.1 (passing a law to lay the foundations for better PIM). However, it was unclear what exactly was being measured in relation to the achievement of the relevant PDO. RI relevance rating Moderately Unsatisfactory.

- *RI 8. Number of beneficiaries enrolled in the three core social protection programs and receiving regular payments as set in law.* The RI was well aligned with the PAs 5.2-3. The PD and ICR do not specify the overall size of the beneficiary pool. Relevance rating Moderately Satisfactory.
- *RI 9. Number of SOEs' performance monitoring systems in place.* This RI was to measure the achievement of progress in SOE management. However, it measured only the placement of performance monitoring systems which was only an initial step and hence not a proper RI to account for achievement of the PDO. At the same time, the RI was relevant for PA 5.4 (approval of SOE reform plan, including establishing a performance monitoring system). RI relevance rating Moderately Satisfactory

Table 3. Results Indicators

PDO 1. Reduce financial sector vulnerabilities and expand financial inclusion. There were 2 RIs in this area, related to PAs on banking resolution and access to services (1.1-3). There were no RIs to measure the impact toward achievements of objective on microfinance (1.7-8). The RIs were overall relevant, but incomplete (RI 2).

- *RI 1. Number of banks below the Central Bank's minimum Capital Adequacy Ratio (12 percent)*. This RI was relevant for measuring the impact of PAs 1.1-3 and progress toward achievement of the PDO, as it measured compliance of banks with the existing regulations and improvement of the overall soundness of the banking system.. RI relevance rating Satisfactory.
- *RI 2. Share of the population with access to formal financial services (e.g., bank accounts).* This indicator was only indirectly linked to PAs under this PDO (1.4-1.8) that aimed to regulate microfinance institutions.. The RI measurement was through surveys. However, after a baseline survey, there was no follow up survey . RI relevance rating Unsatisfactory.

PDO 2. Improve the business environment through modernization of the land registry system. There was one RI in this area – "*Share of real estate properties and mortgages registered and digitized in the Public Notary Registry" (RI 3)*. The RI was revised to measure "share" instead of "number" of registered properties and mortgages, a quality improvement. In addition, the target value was revised downwards from 90% under DPF-2 to 70%. The indicator was relevant for measuring improved coverage of the land registry. It was well-linked to PAs 2.1-3. RI relevance rating Satisfactory.

PDO 3. Improve public service provision in the electricity sector. There were 2 RIs in this area, related to EMAE performance and public satisfaction with services delivered by the EMAE. Overall, the remaining RIs were insufficient to measure the achievement of the objective (especially in its original formulation - "growth enabling reforms") and their links to the 8 PAs in this area were inconsistent. In addition, some aspects (energy efficiency, sector governance, etc.) were not measured by RIs.

- *RI 4. EMAE operational profit/loss (millions local currency units, STD)*. Revised from "EMAE non-technical losses, %" in DPF 1. This RI measured the performance of EMAE on collecting fees for services provided (PAs 3.1-2). RI relevance rating Moderately Satisfactory.
- *RI 5. Number of complaints received by EMAE.* This RI measured the level of overall public satisfaction with services provided by EMAE. The link of the RI (that measured introduction of the new customer complaint redress system) to the achievement of the PDO (better electricity services) was unclear. RI relevance rating Unsatisfactory.

PDO 4: Improve domestic resource mobilization . The RI was supposed to measure the impact of tax reform (simplification) and introduction of VAT (RI 6, PAs 4.1-3)

- *RI 6. Tax revenues except custom duties on oil (millions STD).* Revised from “Tax revenues as a share of GDP”, in DPFs 1-2. This RI was revised to measure tax revenues in local currency. The ICR does not specify the share of VAT (the primary measure to increase the fiscal revenue promoted by the DPF series) in the overall revenue. RI relevance rating Unsatisfactory.

PDO 5: Improve the quality of public expenditures and public spending efficiency. There were 2 RIs under this PDO to track reforms in PIM and the social protection system and one RI to measure improvement in SOE management (RI 9, PA 5.4). The RIs were broadly relevant and well-linked to the PAs.

- *RI 7. Share of ongoing and finalized projects with basic information included in the National Investment Portfolio Database*. Revised from (DPF 1) 'Estimate of multiyear borrowing plan included in the budget". This RI corresponded to the PA 5.1 (passing a law to lay the foundations for better PIM). However, it was unclear what exactly was being measured in relation to the achievement of the relevant PDO. RI relevance rating Moderately Unsatisfactory.
- *RI 8. Number of beneficiaries enrolled in the three core social protection programs and receiving regular payments as set in law.* The RI was well aligned with the PAs 5.2-3. The PD and ICR do not specify the overall size of the beneficiary pool. Relevance rating Moderately Satisfactory.

RI 9. Number of SOEs’ performance monitoring systems in place. This RI was to measure the achievement of progress in SOE management. However, it measured only the placement of performance monitoring systems which was only an initial step and hence not a proper RI to account for achievement of the PDO. At the same time, the RI was relevant for PA 5.4 (approval of SOE reform plan, including establishing a performance monitoring system). RI relevance rating Moderately Satisfactory.

Table 2. Results Indicators

	Associated PAs (Table 1)	RI relevance	Baseline	Target	Actual value as of target date	Actual change in RI relative to targeted change	Most recent value available	RI achievement rating
Objective 1: Reduce financial sector vulnerabilities and expand financial inclusion								
RI 1. Number of banks below the Central Bank’s minimum Capital Adequacy Ratio (12 percent)	1.1-3	S	3 banks (2015)	0 (2020)	0	100%	0 92021)	High

RI 2. Share of the population with access to formal financial services (e.g., bank accounts)	1.4-6	U	39% of the population (2017) Revised from 53% (DPF-1, 2015)	45% of the population (2020) Revised from 65% (DPF-1)	Unknown	-	-	Not Verified
Objective 2: Improve the business environment through modernization of the land registry system								
RI 3. Share of real estate properties and mortgages registered and digitized in the Public Notary Registry. Revised from "Number of real estate properties and mortgages registered in the Public Notary Registry" DPF-1	2.1-3	S	0 % (2015)	70 % (2020) Revised from 90% (DPF-2)	54 % (2021)	77% of targeted change	-	Substantial
Objective 3: Improve public service provision in the electricity sector								
RI 4. EMAE (Water and Electricity Company) operational profit/loss (millions local currency units, STD).	3.1-3	MS	-224.9 million STD (2015)	-194.7 million STD (2020)	-442.7 million STD (2021)	Over 100% deterioration	-	Negligible

Revised from "EMAE non-technical losses, %" DPF 1								
RI 5. Number of complaints received by EMAE	3.6-8	MS	6,542 (2015)	3,000 (2020)	3,203 (2021)	Over 90% of targeted change	-	Substantial
Objective 4: Improve domestic resource mobilization and public spending efficiency								
RI 6. Tax revenues except for customs duties on oil (millions STD) Revised from "Tax revenues as a share of GDP", DPF 1-2	4.1-3	MU	831.1 million STD (2016)	1,050.0 million STD (2020)	1,117.2 million STD (2021)	Over 100% of targeted change-	-	Modest (considering attribution issues)
Objective 5. Improve the quality of public expenditures								
RI 7. Share of ongoing and finalized projects with basic information included in the National Investment Portfolio Database. Revised from (DPF 1) 'Estimate of multiyear borrowing plan included in the budget" Yes/No	5.1	MU	0% (2015)	95% (2020) Revised from 100% (DPF-2)	0% (2021)	No change	0	Negligible

RI 8. Number of beneficiaries enrolled in the three core social protection programs and receiving regular payments as set in law.	5.2-3	MS	0 (2015)	4,000 (of which 50 percent received payments through the formal financial system) (2020)	5,500 HHs in the VFP, (of which 2,500-45.5%-received payments through the formal financial system). (2021)	Over 100% of the total number, over 90% of the share of those received through the formal financial system	-	High
RI 9. Number of SOEs' performance monitoring systems in place.	5.4	MU	0 (2015)	2 (2020)	0 (2020)	No change	0	Negligible

Rating

Moderately Satisfactory

5. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

PDO 1. Reduce financial sector vulnerabilities and expand financial inclusion

Rationale

The program envisaged achieving progress on two fronts – bank soundness (to be achieved through passing relevant laws and regulations), and financial inclusion (introducing a new national payment system, and promoting microfinance services by passing laws and regulations and new staffing arrangements). The initial design included RI 1 for banking and RI 2 for financial inclusion (. The RI 2 on financial inclusion did not measure achievement on microfinance development, which was part of the PDO. The RI 1 on banking was fully achieved (all three banks met the minimum CAR of the Central Bank, achievement level - High), while the RI 2 on financial inclusion (share of population with access to financial services) was not verified, as the follow up survey was not conducted (achievement level – Negligible). The ICR provided additional information on achievements on bank soundness that could be attributed to the DPF series. At the same time, additional information (ICR, p. 18) on financial inclusion (payments system, microfinance), does not indicate tangible progress in this area, and RI did not capture any progress as well. Although (according to the ICR) the DPF helped strengthen the legal framework for microfinance by passing legislation, there is no evidence of improved access to finance. The overall achievement level for this PDO is rated Moderately Unsatisfactory.

Rating

Moderately Unsatisfactory

OBJECTIVE 2

Objective

PDO 2. Improve the business environment through modernization of the land registry system.

Rationale

Despite a broad initial formulation (business environment), the prior actions for this objective were narrowly focused on a better functioning property (land) registration system and public notary. DPF 3 supported the country's land information system's interoperability by creating a cadaster and a registry technical committee. The expected benefit was improved collaboration around land transactions and improvement in the effectiveness of property registration. The RI 3 was "the share of real estate properties and mortgages registered and digitized in the new public notary registry," with a baseline of 0, a target of 70 percent, and an actual achievement of 54 percent. The achievement is rated Substantial, considering that this represents over 2/3 of the targeted change in RI. The ICR also provides additional information on work done in cataloging and digitizing disorganized paper records. At the same time, the claim that digitization of real estate properties (while a positive development by itself) contributed substantially to the improved business environment is not supported by concrete evidence (enterprise surveys, cost of doing business, etc.). The overall efficacy rating for this objective is Satisfactory.

Rating

Satisfactory

OBJECTIVE 3

Objective

PDO 3. Improve public service provision in the electricity sector

Rationale

The program aimed to improve the financial condition of the water and electricity utility (EMAE) through support for metering, improved billing policy, and demand management. ICR (p. 19) confirms that the series did not achieve the intended results in this area. The main challenges included underpricing, inefficient billing and collection (lower than the Sub-Saharan Africa average), significant payment arrears from clients, over-staffing, and widespread electricity and diesel theft. There were 2 RIs in this area, measuring: (i) fiscal performance of the EMAE, RI 4 and (ii) public satisfaction with services delivered by the EMAE, RI 5. Another two indicators, measuring public sector arrears to EMAE and energy cost of production, were dropped – although they would have been helpful to show a better picture of the sector performance. The achievement of the RI 4 (operational profit/loss of EMAE) was negligible – in fact, performance deteriorated, and losses increased by over 100%. The RI 5 on public satisfaction showed an overall decrease in the number of complaints received by the EMAE (slightly over 90% of targeted achievement – achievement level Substantial). At the same time, this target was not well-linked to the overall objective of introducing growth-enabling reforms in the electricity sector. In addition, it was not clear whether this could be attributed to the overall customer satisfaction (somewhat unlikely give the overall poor performance of EMAE and the failure to implement a concession contract between the government and EMAE to improve the quality of electricity service), or other factors, such as the introduction of the new customer complaint system. Therefore, the overall efficacy rating is Moderately Unsatisfactory.

Rating

Moderately Unsatisfactory

OBJECTIVE 4

Objective

PDO 4. Improve domestic resource mobilization

Rationale

In this area, the DPF series supported measures to (i) simplify the tax code; and (ii) broaden the tax base, measured by 2 RIs. The primary measure supported by the program to broaden the tax base and increase long-term revenue the government was adopting a VAT (law submitted to Parliament and the VAT Code passed, DPF-3). In addition, DPF-1 supported simplifying the income tax structure from six outdated thresholds to one (ICR p. 20). The program also included adopting fiscal invoicing regulations and supporting taxpayers' accounting and tax information. The RI 6 measured an increase in tax revenues (except for customs duties on oil). The RI 6 target of STN 1,050 million (from a baseline of STN 831.1 million) was exceeded (STN 1,117.2 million). However, as emphasized in the ICR (p. 20), this achievement cannot be attributed to the VAT reform supported by the program because the VAT was not implemented. The ICR acknowledges that although the improvement in tax revenue could be at least partially attributed to updated tax thresholds under DPF-1, it is not clear to what extent. The ICR mentioned several factors as contributing to the delay in implementing the VAT: (i) the need to complete legal framework prior to VAT implementation; (ii) the delays in implementing the IT system for the VAT; and (iii) the COVID-19 pandemic, which made it impossible to contract the consulting services. The overall achievement level is rated Unsatisfactory.

Rating

Unsatisfactory

OBJECTIVE 5

Objective

PDO 5. Improve the quality of public expenditures and public spending efficiency

Rationale

This PDO included three specific areas: (i) PIM; (ii) social protection (SP); and (iii) SOE management, oversight, and performance. On PIM, the program supported creating and operationalizing a National Investment Portfolio Database (database) to promote transparency, public consultation, monitoring, and evaluation and connect planning and budgeting through a medium-term expenditure framework. The database was supposed to include projects in the pre-investment phase, domestically funded and donor-financed programs, concluded projects, and other information. The RI 8 measured the "share of ongoing and finalized projects with basic information included in the database," with zero baseline, a target of 95 percent, and zero achievement - as the database is not yet operational (achievement level Negligible).The ICR claims that the government made progress by approving the National Planning System Law with further steps toward creating the database but also notes that delays and weak government capacity have hampered the overall impact of these efforts. Although the Council of Ministers has passed the law, the authorities haven't prepared the necessary implementing regulations, nor have they set up the database.

On SP, the program supported the development of a more coherent and efficient system through registering beneficiaries of the three core social protection programs and instituting a financial system-based (non-cash) payment mechanism for tracking and reconciling funds allocated to social protection payments. The RI 9 measured the number of enrolled beneficiaries receiving payments from the three core SP programs, from a baseline of zero, a target of 4,000 beneficiaries, and an actual result of 5,500 beneficiaries - exceeding the target (High level of achievement). The government has been able to register all beneficiaries in a single registry and, with additional WBG support, establish a social registry and develop an operational manual with a targeting methodology and eligibility criteria. The ICR attributes the success of the registration of beneficiaries in the social protection programs to (i) a high-quality, proactive TA; (ii) few errors of inclusion and exclusion; and (iii) the larger scale of the activity because of its national coverage.

On SOE reform, the program focused on the approval and operationalization of the SOE reform plan by establishing a monitoring system to strengthen SOE accountability, improve the SOEs' internal controls and enhance the quality of financial reporting and transparency. The RI 9 was designed to measure achievement in this area by looking at the "number of SOEs' performance monitoring systems in place," with a baseline of 0 and a target of 2. At the time of the ICR, no performance monitoring systems had been implemented, with Negligible achievement. The ICR informs that the COVID-19 pandemic caused the delay in implementing the monitoring systems. Regarding additional information, the ICR notes improved financial reporting by SOEs, with reports published on the Ministry of Finance website (albeit lacking a final assessment from the auditor due to missing data). A more relevant RI on the percentage of performance targets achieved was dropped. The objective was not achieved, despite some minor incremental improvements (simplifying tax thresholds, passing tax legislation, and publishing SOE reports on the web).

Overall, the efficacy rating for this PDO is rated Moderately Unsatisfactory.

Rating

Moderately Unsatisfactory

Overall Achievement of Objectives (Efficacy)

Rationale

The overall achievement of objectives for this DPL series is rated Moderately Unsatisfactory. Out of five PDOs achievement of three objectives is rated Moderately Unsatisfactory, and one is rated Unsatisfactory, reflecting on most targets not achieved, with a few exceptions. The area of relative achievement was land registration (PDO2). In the financial sector, there was a relative success on the banking soundness target but negligible results on access to finance; on infrastructure, the efforts to reform EMAE did not bear any results in performance improvement. On the contrary, its fiscal position deteriorated. The authorities didn't introduce the VAT as planned and were unsuccessful in SOE reform efforts. While authorities made progress in registering beneficiaries in the social protection programs, the efforts to improve PIM did not materialize.

Table 3: Efficacy Ratings by Objective

PDO	Rating
1. Reduce financial sector vulnerabilities and expand financial inclusion	**Moderately Unsatisfactory**
2. Improve the business environment through modernization of the land registry system.	**Satisfactory**
3. Improve public service provision in the electricity sector	**Moderately Unsatisfactory**
4. Improve domestic resource mobilization and public spending efficiency	**Unsatisfactory**
5. Improve the quality of public expenditures	**Moderately Unsatisfactory**
Overall Series Efficacy Rating	**Moderately Unsatisfactory**

Overall Efficacy Rating

Moderately Unsatisfactory

6. Outcome

Rationale

Most of the PAs for these series were generally relevant for achieving the intended outcomes, followed a logical sequence, and were relatively consistent. At the same time, some PAs did not demonstrate meaningful movement along the results chain (for example – the PA on publication of quality standards for electricity supply, aiming at improved services) or the results chain was incomplete – the PAs did not include follow up steps that would be needed to ensure impact (for example, the PA on SOE performance that established the reform Plan (PA 5.4) needed to be complemented by a PA linked to the Plan implementation. (,, and many relevant and sensible PAs and associated RIs were dropped . Overall, the series recorded some (limited) success in specific subareas such as the financial sector (bank soundness), land registry, and social protection (registration of beneficiaries). However, in the most critical sectors with the highest number of PAs – electricity, tax reform, the financial sector (payments system and microfinance), PIM - the series was less successful in designing relevant actions and monitoring and achieving results.

a. Rating

Moderately Unsatisfactory

7. Risk to Development Outcome

The ICR is candid in assessing multiple risks to the sustainability of development outcomes, including political, governance, macroeconomic, fiduciary, and risks related to the country's institutional capacity for implementation and sustainability. Some of the achievements under this DPF are related to the passage of legislation and regulations (financial resolution, credit registry), which, considering weak implementation capacity, are at high risk of not being sustained. Areas such as SOE management and PIM did not record visible achievements. The ICR couldn't measure improvements in financial inclusion during the series. Still, the introduction of mobile money and the expansion of digital financial services can be measured in the future (ICR, para 45). The electricity sector also remains precarious, as emphasized in the ICR – especially considering that the EMAE financial standing (one of the series targets) has deteriorated. On VAT introduction, additional measures (IT systems, regulations, staff hired) can potentially mitigate the risks of slow implementation and low capacity. In addition, the Bank's Institutional Capacity Building Project addresses some of the critical bottlenecks in that area. The ICR notes that during the project's life, the risk assessment was elevated from Substantial to High. IEG concurs with previous assessment and considers the risk to development outcomes as high, especially given the history of poor implementation of passed legislation and overall weak counterpart capacity.

8. Assessment of Bank Performance

a. Bank Performance – Design

Rationale

The ICR notes that the design of the program was underpinned by considerable analytical work and technical assistance (conducted by the Bank and other partners) in relevant sectors, and benefited from knowledge accumulated through ongoing and past sector investment and capacity building projects of the WBG and development partners.). With this in mind, the project design should have anticipated the capacity issue early on and incorporated it accordingly. Other ongoing projects in sectors could have provided better guidance on how much of the intended reforms could carry on and how to provide necessary capacity supplementation to achieve the rest. In particular, the design could have focused on the capacity to implement the new laws and regulations supported by PAs.

The program was overburdened with multiple components and sectors, undermining its eventual efficacy – especially in the electricity sector, where the counterpart's inability of timely implementation and poor capacity were well-known. This review however notes that these steps did not seem to be sufficient and timely to improve achievement of results. Some of the dropped triggers and RIs appeared quite relevant and could have complemented the existing results framework in a positive way. Timeliness was another issue – possibly indicating that the original estimates of passing laws and regulations and their implementation were excessively optimistic, and in some cases did not take into account local political developments (scheduled elections that led to change in government and delays in implementation - according to the ICR). Rating: Moderately unsatisfactory.

Rating

Moderately Unsatisfactory

b. Bank Performance – Implementation

Rationale

On the implementation side, the ICR notes significant challenges for monitoring and evaluation faced by the program, and in particular delays in setting up an M&E system until DPF 3, necessitating an ISR. WBG supervision appeared to be regular, thus enabling changes in the program. The ISR and associated supervision, helped make informed decisions about program adjustments and streamlining. Most RIs were measurable by the time of this ICR, with some important exceptions - the financial inclusion survey was not conducted and could not be measured, and several energy indicators could not be replicated. Program implementation was boosted by concurrent activities, including investment projects, technical assistance and capacity building and cooperation with the development partners. Most triggers were incorporated into PAs as planned. Rating: Moderately Satisfactory.

Rating

Moderately Satisfactory

c. Overall Bank Performance

Rationale

Overall Bank Performance is rated Moderately Unsatisfactory, with Moderately Unsatisfactory rating for design, reflecting the excessively complex design of the series given the extremely low capacity environment; and

Moderately Satisfactory for implementation, as the Bank played an important role in helping the Government to promote important reforms in close cooperation with development partners.

Overall Bank Performance Rating

Moderately Satisfactory

9. Other Impacts

a. Social and Poverty

The program contained some measures with a possible direct impact on poverty and welfare, both positive (such as improving social protection management, targeting, better energy services, and access to finance) and negative (introduction of VAT). The ICR does not discuss their impact on poverty, and there was no relevant information available at the time of the ICRR.

b. Environmental

None identified.

c. Gender

None identified.

d. Other

N/A

10. Quality of ICR

Rationale

The ICR is good quality, thorough and candid in its program assessment. It provides a detailed description of the country's context, which affected the design and implementation of the program. The report describes the main challenges the program was supposed to help mitigate. Description of program pillars and areas provides enough details. The ICR reflects on the changes made (dropped triggers and RIs) but could have discussed in more detail the reasons for dropping them and the potential benefits of retaining some RIs. The section on the relevance of PAs contains enough detail, is well-argued, and notes a few weaknesses. Similarly, the efficacy section notes most shortcomings in relevance, measurability, and appropriateness of RIs. The efficacy analysis is candid and notes a lack of achievement and contribution of the program to results, even in cases when the overall country outcomes improved. The ICR provides information on other expected outcomes and impacts (poverty, environment), except for gender – which the ICR could have mentioned, mainly in social protection but provides no information on actual impact. Some of the intended land reforms (registry) could potentially lead to more sustainable land use. Energy demand management programs, including replacing incandescent light bulbs with higher efficiency ones, would contribute to less pollution and greenhouse gas emissions. So far, no savings in fossil fuel consumption and improvements in pollution seem to have materialized. In the sections on design and Bank performance, the ICR could have discussed in more detail the seeming complexity of the program in the context of weak capacity for implementation and did not link it with an overall below-the-line level of efficacy. However, the first lesson reflects this. The ICR includes seven broadly relevant lessons organized by sectors/engagement areas. Overall, the quality of the ICR is rated as Substantial.

a. Rating

Substantial

11. Ratings

Ratings	ICR	IEG	Reason for Disagreement/Comments
Outcome	Moderately Unsatisfactory	Moderately Unsatisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Relevance of Results Indicators	---	Moderately Satisfactory	
Quality of ICR	---	Substantial	

12. Lessons

This review broadly concurs with the lessons from ICR and offers additional suggestions for some of them:

More focused reform agenda. Excessively spreading sectoral coverage of a DPF in a low-capacity environment like STP is fraught with risks to efficacy, sustainability, and the credibility of reforms in the long term.

Capacity strengthening. Designing a DPF series in STP required more emphasis on capacity analytics, including better guidance from ongoing sector investment and TA projects on the capacity needed to implement the new laws and regulations supported by prior actions. Bank teams need to be realistic in estimating the technical needs to implement politically sensitive and technical systems such as new VAT in a low-capacity context such as STP, where it was relatively easy to pass laws to meet PAs. Still, additional measures were needed to ensure implementation.

Results measurement. Results indicators and targets should reflect the existing country systems and limited government capacity for implementing new systems. Several indicators did not adequately consider these challenges.

Advantages of DPF series. Success in STP (land registry) shows the advantages of a series of DPFs in support of seemingly straightforward reforms. It makes adjustments based on lessons learned and changing country circumstances which is more difficult for one-off reform measures, even when supported by abundant TA and analytics.

Ownership and implementation: Performance in the electricity sector shows the importance of a realistic ex-ante assessment of counterpart capacity, ownership, and commitment to implementation. The electric utility in STP faced significant issues, and the attempt to resolve them all at once failed.

13. Project Performance Assessment Report (PPAR) Recommended?

No