IEG
ICR Review
Independent Evaluation Group

1. Project Data:

Country: Tunisia
Is this Review for a Programmatic Series? Yes

Series ID:
First Project ID: P126094

Project Name: Tunisia Governance And Opportunity Dpl
Project Costs (US$M): 500
Appraisal Actual

Loan/Credit (US$M): 500 491.08

Sector Board: Economic Policy
Cofinancing (US$M):

Cofinanciers: Board Approval Date: 06/21/2011
Closing Date: 06/30/2012

Sector(s): Other social services (30%); Law and justice (20%); General public administration sector (20%); Banking (20%); Health (10%)

Theme(s): Other human development (20%); Participation and civic engagement (20%); Improving labor markets (20%); Export development and competitiveness (20%); Other financial and private sector development (20%)


2. Project Objectives and Components:

a. Objectives:

The program objective stated in the Program Document under the sub-heading Project Description under the "Proposed Operation" (p32) is "to help the interim authorities secure the transition ...the operation supports a program of immediate measures that are emblematic of improved governance and opportunity and are within the mandate of the interim government to undertake. The program of measures is focused on four key areas: governance, employment and regional development, financial sector and social policies."

Other formulations are proposed in the PD, including those in:

(i) the summary sheet "main policy areas" section (p1): "The DPL supports a set of core measures envisaged by the interim government in the areas of governance, financial sector, employment and social policies. The measures focus on: (i) improving transparency and accountability in a visible way to respond to the aspirations of the population, and to signal to investors that Tunisia is creating a level playing field for private sector-led growth, and (ii) taking immediate actions to relieve the plight of the unemployed and the poorest and vulnerable families."

(ii) the summary sheet "PDO" section (p1): "The DPL is the core component of the World Bank's strategy to support the interim government in its task to consolidate social and economic change and prepare the ground to complete the transition. The operation focuses on the four priority policy areas suggested by the interim government and supports a program of immediate measures that are emblematic of improved governance and opportunity and are within the mandate of the interim government."

These formulations of objectives in the PDO are not outcome oriented - for example, merely stating that the objectives are to support the interim government during the transition.
IEG opted for the following formulation combining objectives stated in the summary sheets, which are in line with the objectives of the Government Program stated in the Letter of Development Policy.

The DPL supports the interim government in its task to consolidate social and economic change and prepare the ground to complete the transition. The measures focus on (i) improving transparency and accountability in a visible way to respond to the aspirations of the population, and to signal to investors that Tunisia is creating a level playing field for private sector-led growth, and (ii) taking immediate actions to relieve the plight of the unemployed and the poorest and vulnerable families.

b. If this is a single DPL operation (not part of a series), were the project objectives/key associated outcome targets revised during implementation?
No

c. Policy Areas:
The proposed operation supported key policy actions under four broad policy areas

(i) **Governance**: The DPL prioritizes a few pivotal measures to help set a new trajectory to improve participation, transparency and accountability in the future. These include removing legal impediments to the creation of associations (although this was not a formal prior condition), improving access to information by the public, simplifying the procedures for the registration and hosting of internet websites, simplifying procedures and increasing transparency in public procurement, and reducing red-tape and discretion by public officials in the enforcement of business environment regulations.

(ii) **Financial Sector**: The DPL has launched a process to improve the regulatory framework for corporate governance of Tunisian banks and enhance its implementation. The DPL supported the issuance of a Central Bank Circular that sets corporate governance rules for credit institutions based on international best practices and introduces criteria for the selection of senior management and the composition of the board.

(iii) **Employment and Regional Disparities**: The DPL prioritizes a few measures that could be introduced in the short-term to stimulate labor demand, support the unemployed, and improve labor intermediation. Supported reforms aim to improve the governance of the National Fund for Employment and to help the Government design and monitor new programs notably, a comprehensive active labor market program (ALMP) for highly skilled unemployed, a program to support short term employment of low skilled unemployed and to improve the employability of graduates from vocational training programs.

(iv) **Social Policies**: The DPL supported actions: (i) to expand citizen participation and outreach by introducing mechanisms for regular monitoring and evaluation by third parties of selected social programs and public services, and (ii) to expand provision of basic services in underserved regions.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:
The total actual cost of the DPL was US$ 491.08 million, less than at appraisal (US$ 500 million). The operation was approved on June 21, 2011. The operation closed, as anticipated, on June 30, 2012. There were no extensions.

There was parallel financing by the ADB (US$ 500 million), the EU (Euro 90 million in 2 tranches, in the form of a grant) and the French Development Agency (Euro 185 million in 2 tranches). All of the parties used the same policy matrix for monitoring progress, but each agency disbursed against its own choice of actions in the matrix. While disbursement decisions were made individually, there was a joint assessment of progress against the actions in the matrix.

3. Relevance of Objectives & Design:
a. **Relevance of Objectives:**
The relevance of objectives of the operation remains **high**. The relevance of objectives is assessed with respect to:

(i) **Country conditions**: Through the DPL, the country team showed its responsiveness to country conditions by adjusting strategic directions after the revolution, and its flexibility in view of the evolving political environment.
The Governance and Opportunity (GO) DPL was rapidly designed just after the revolution (in 2011) to respond to the need for substantial quick disbursing financial resources. The Bank responded swiftly and showed willingness to take risk to provide sustained development assistance in such a volatile moment to help consolidate the transition.

(ii) WB and Government Strategies: The Interim Strategy Note (ISN) which was prepared in 2012 (after the preparation of the GO DPL) was based on broader consultations. The 2011 GO DPL is, together with the 2012 programmatic “Governance, Opportunity and Jobs” (GOJ) DPL, the main tool to achieve the objectives of the ISN (FY13-14). The operation was well aligned with Government objectives, focusing on measures to respond to: (i) aspirations of the population (e.g. access to information, hosting Internet, giving citizens a voice in monitoring public services), and (ii) immediate needs of the population (for the unemployed the AMAL program for both high skilled unemployed and low skilled workers, and a basic package in health and social protection).

(iii) Framing and ambitiousness of objectives: The objectives of the DPL were relevant in response to immediate needs arising during the transition period. They may appear ambitious given the unpredictability of the transition process and the limited time frame of the operation, but they responded to the optimistic ambitions of the immediate post revolution period.

b. Relevance of Design:
Relevance of design is rated substantial.

Relevance of choice of instrument: The Bank Group’s decision to consolidate Bank support into a multi-sector budget support operation was appropriate. This avoided a dilution of Bank support, reinforced coordination across donors, facilitated the prioritization of tasks, and better responded to Government’s needs; while taking into account the fact that the new government was overburdened in the aftermath of the revolution. However, given the nature of the reform program, which included a sequenced set of measures that required changes in the culture and practice of the administration, it would have been even more appropriate to have implemented a programmatic approach rather than initiating support with a single tranche DPL. This would have had the benefit of up front agreement on the pace and timing of reforms. That said, IEG recognizes there were pragmatic reasons underpinning the decision to opt for a single tranche DPL. First, it allowed the Bank to respond very quickly to Government’s request for budget financing. Second, the budget support (adopted in May 2011) was negotiated with the interim government, which was due to be in place for only a few additional months (until October 2011).

Relevance of policy measures: Overall, the operation supported a coherent set of reforms well suited to the post revolution transition. The team was candid in noting that under each policy area, actions supported were often the first steps to set Tunisia on a new medium term trajectory of reforms. The program included the initiation of reforms to foster more transparency and accountability in public services (e.g. speedy procurement process, improving transparency of the National Employment Fund, strengthening bank governance and improving private sector regulation) to promote private sector development for job creation and, at the same time, addressed issues of immediate importance such as: (a) improved delivery of social services, especially in remote areas, and (b) strengthening of the social safety net, including assistance for the unemployed. Cutting across all areas, priority was given to improving governance, in particular by improving the availability of information and enhancing transparency and accountability in the workings of Government.

Quality of the results framework: The results framework had many shortcomings and could have been strengthened by better establishing the links between the objectives of the economic governance reforms and the result indicators, and by disentangling intermediate and final outcomes.

The overall program identified critical reforms but could have been better streamlined. The issue of streamlining is perhaps even more important during the transition period given the limited implementation capacity of Government as it responds to a wide range of pressing, socio-economic challenges. This is especially true for example for the measures linked to the implementation of the new Active Labor Market Programs (ALMPs) (specifically the AMAL program for unemployed graduates) given the well-known limited capacity of the implementation agency ANETI.

Overall, relevance of design is rated as substantial. This rating would have been “high” except for the inadequacy of the monitoring and evaluation framework and the weaknesses in the design of the active labor market policies.

4. Achievement of Objectives (Efficacy):
Several reforms were initiated under the four policy areas - Governance/employment/financial sector /social
Improving transparency and accountability in a visible way to respond to the aspirations of the population, and to signal to investors that Tunisia is creating a level playing field for private sector-led growth - Modest Achievement

(I) Governance

The Interim Government revised the law on Freedom of Association which led to a vibrant civil society with a blossoming of diverse associations involved in debate on the constitution, economic and social policies. The Bank provided guidance to Government to remove the key restrictive and discretionary provisions of the law that impeded the establishment and operation of associations. The ICR noted that almost 1700 new NGOs were registered between April 2011 and March 2012.

The ICT sector which used to be censored is now being opened. The procedures for registration and hosting of internet websites were simplified (prior action #2). Tunisia has now a more lively internet space (including significant social media activity) for consultation and debate involving civil society and the private sector. Yet the growth of the "tn" domain was very limited (17900 as of Jan 2013) compared to the initial target of 80000 (that was based on an international benchmark) as Tunisia web-hosting services are less competitive that the ".com" websites and obstacles remain in the registry process. There is also some lack of confidence vis a vis ATI (the Tunisia Internet Agency). But overall, these regulatory reforms led to a freer and uncensored internet.

Access to administrative information from public bodies has improved though at a lower pace than initially scheduled. The Interim Government signed a decree on public access to administrative documents of public bodies including economic and social statistics (prior action #1), and its application was further detailed in a 2012 circular (prior action #8 of the 2012 GOJ DPL). The National Statistical Institute has started to publish information on its website, including the two latest household surveys (1995, 2005), labor force surveys (2007, 2008, 2009, 2010) and national accounts. The Government has published all documents related to the preparation of the 2013 budget, launched a website to publish performance based budgeting documents of pilot ministries and is preparing a citizen budget and an online budget platform to provide a simplified version of budgetary information to better inform citizens. Tunisia has now qualified to the intergovernmental Open Government Partnership. Additional sources such as Marsoum 41 or http://www.marsad.tn help assess the impact on transparency. Yet, two years after the adoption of the decree proactive diffusion of information by Ministries has been relatively limited and Government is not yet monitoring statistics on the number of information requests by the public and the associated rate of response. The government is now preparing a draft organic law on access to information, calling for the establishment of an independent information authority that will monitor the implementation of the right to access information. Overall, Tunisians have substantially improved access to information. While there have been delays, there has been a quantum leap in the information released compared to the secretive Ben Ali regime. The right to Access to Information has now been included in the Constitution and it is part of the administration’s procedures. The assertion of this right has resulted in increased fiscal transparency and monitoring of the National Assembly (ANC).

The revision of procurement rules led to some improvement, notably in transparency. Government published a decree in 2011 (prior condition #3), strengthened in 2012 by another decree, to adopt a number of immediate measures to simplify rules for urgent projects and give more responsibility to public procurement entities (through an increase in shopping ceilings, and the establishment of a procurement commission in each procuring entity). The percentage of contracts not subject to one stage bidding process was reduced by 106% (against a target of 75%). Most of the bidding and contract awards are now published on the website of the Observatoire National des Marches Publics. There was also some improvement in reducing the duration of the contract award process (which decreased by 54% against a targeted decrease of 50%). Yet, the volatility of the transition period has created uncertainties and fears among civil and public servants, many of whom are reluctant to accept greater personal and/or professional responsibility by taking advantage of simplified measures. The Bank is now providing support to Government to implement an action plan to overhaul the procurement framework (based on the self-evaluation done using the OECD/DAC methodology to benchmark against international standards).

The regulatory simplification exercise is proceeding but has experienced significant delays. The objective was to strengthen ministries’ accountability by limiting discretion and arbitrariness in the administration of rules and ultimately improve efficiency in key regulatory services/transactions. The process started two years ago within the Minister of Finance for selected procedures in customs and taxes (the review of tourism was postponed to the GOJ DPL) (prior action #4) and was further expanded to 8 ministries (prior
Eight of the nine ministries have now completed the inventory and self-assessment of 1,597 procedures (of which 801 have been recommended for simplification and 98 for elimination) but there has been no implementation to date. It has been decided to delay the process until the political situation improves. Hence, the targeted indicators of the GO DPL which were to reduce by 20 percent compliance costs and compliance time with selected procedures in customs, taxes and tourism are still not met.

- There were 9 performance indicators for governance, of which 4 were achieved, 4 were not achieved, and 1 was partially achieved.

(ii) Financial Sector

- Reforms in the financial sector are proceeding at a slower pace than initially planned. The Government issued a circular in 2011 to set clear rules for the appointment of board members and the independence of the internal audit committee (prior action 7). The ICR notes that the majority of Banks have adapted their internal structure accordingly. By end 2012, 17 out of 18 banks had 2 independent board members (against a target of 100% compliance). But the level of "professionalism" of the boards in state owned banks (SOB) is insufficient. 16 out of 18 banks have an audit committee chaired by an independent administrator (against a target of 100% compliance) but by February 2013, the central bank was not able to provide quantitative data to report on the functioning of these audit committees.

- Overall, the governance of SOBs remains very weak and would need to be radically changed before recapitalization. However, the GO DPL established a basis for further progress. The Bank has followed up with support in the 2012 programmatic DPL to strengthen the financial sector through the issuance by the CB of a circular to introduce stricter prudential regulations (prior action GOJ1 DPL). The Central Bank is performing its supervision function regularly and an initial assessment of the adoption of the new solvency ratios was expected by end-September 2013. The results of the strategic and financial audits of the 3 public banks (prior action GOJ 1 DPL) are expected in the first quarter 2014 (after a delay of more than one year).

- There were 3 performance indicators for this sector which were all partially achieved.

Taking immediate actions to relieve the plight of the unemployed and the poorest and vulnerable families

- Modest Achievement

(i) Employment Reforms

(a) The authorities have transferred the management of the Employment Fund to the Ministry of Employment to improve its governance. Implementation of ALMPs suffered from weaknesses in design and institutional capacity. It is too early to assess the impact of follow-up measures (supported by the GOJ DPL) to further consolidate ALMPs.

- The loose eligibility criteria, and resulting large number of program beneficiaries, turned the AMAL program *de facto* into an unconditional allowance program for unemployed University graduates with little benefit in terms of acquisition of relevant skills or jobs after the completion of the program. Indeed, the coaching and training components, as well as the paid internships of the program were not implemented as initially programmed because of the large number of beneficiaries and limited capacity of ANETI.

- The number of beneficiaries who received the 3 day training program surpassed the targeted value (22350 against a target of 10000) but the number of beneficiaries enrolled into a paid internship only reached 7765 against a target of 50000.

- The impact evaluation of the AMAL program (conducted with World Bank TA) contributed to the suspension/reform of the AMAL program. It was replaced, in 2012, by the "Employment Support Program", which tightens eligibility criteria to target the most vulnerable unemployed thereby making the program more manageable. This program was expected to run until December 2013.

(b) The bulk of the unemployed who were unskilled, and likely more in need of financial assistance, were left out of these schemes. The safety net program for low skilled long term unemployed individuals, which was to promote NGO participation in public work programs, was postponed. Hence, by June 2012, no public work beneficiaries received training (against a target of 1000) and no projects were implemented through partnership with NGOs (against a target of 100). IEG notes that the implementation of a Japan Social Development Fund grant started in late 2012 to finance labor intensive public works (emergency income and short term employment) for rural youth in Jendouba. Work is under way (32 projects have been selected and contracts with
NGOs signed) but it is too early to assess its impact.

There were 5 performance indicators related to employment reforms, of which 3 were not achieved, and 2 were partially achieved.

(ii) Social Policies

(a) Monitoring performance of public services by civil society, citizens and service providers notably for the social sectors

Initially, the government had planned to institutionalize participatory assessment and monitoring at the local level. Instead, it opted for a centralized approach. In April-May 2012, the first nationwide online survey of the general quality of 10 public services was conducted. A second, rapid household survey (800 households in various regions) followed in June 2012 concerning the services/benefits from the National Health Insurance Fund. The Bank supported through technical assistance a local-level participatory assessment of specific social services conducted by three NGOs in four governorates in the hinterlands. The Bank has followed-up with the Government to consolidate this reform and ensure the institutionalization of participatory processes for monitoring at the local level as initially envisaged (proposed prior action GOJ 2 DPL).

There were 4 performance indicators related to this area, of which 1 was achieved, 1 was not achieved, and 2 were partially achieved.

(b) Expanding outreach services to underserved regions

The program supported the creation (in May 2011) of national outreach services in underserved regions based on a participatory approach, comprising the provision of a basic package of health, education and social protection services. With this measure, the government aims to create a national outreach services policy to expand free access to care in underserved governorates through services provided outside of traditional fixed facilities, and in local community areas. Additional personnel (100 in total by June 2012) were recruited for outreach services in 23 regions. However, institutional constraints and a lack of leadership have hindered the expansion of services and access to health care in underserved areas.

There was one indicator relevant to expanding outreach to underserved regions, which was partially achieved.

Maintaining macro stability

The Bank made a useful contribution to macroeconomic stabilization. By making available substantial financial resources for budget support just after the revolution, and by leveraging additional funding to fill the financing gap, it allowed the government to adjust to adverse external and internal shocks. However, going forward, in view of the widening fiscal and current account deficits, the space for flexibility in fiscal and monetary policies is increasingly constrained. Inflationary pressures will limit the scope for monetary expansion. Public sector wages and subsidies now account for almost 70 percent of total expenditures, making fiscal consolidation even more challenging. The level of foreign exchange reserves fell to 3.1 months of goods and non-factor services (GNFS) imports by the end August 2013. Implementation of IMF programs and the Bank’s continued engagement in the context of the DPLs ensure regular monitoring of macro-economic developments.

5. Efficiency (not applicable to DPLs):

6. Outcome:

The overall agenda supported by the DPL was relevant and well suited to the post revolution aspirations of the population. The country team rightly chose to consolidate the lending pipeline into the quick-disbursing Governance and Opportunity (GO) DPL designed to: (i) rapidly address the interim authorities’ resource constraints; and (ii) support reform priorities, including measures to promote governance, transparency and accountability, and alleviate the social impact of the economic downturn.

However, there were significant shortcomings in the achievement of targeted objectives. Beyond the implementation of the nine prior actions supported by the GO DPL, and some follow-up actions supported by the prior actions of the 2102 GOJ DPL, limited progress was made in implementing the reform agenda.

Overall, there were 22 performance indicators of which 5 were achieved, 8 were not achieved, and 9 were partly
achieved. Thus, limited results have been achieved to date (over one year and a half after project completion) in meeting most targeted outcomes. Initial emblematic post-revolutionary reforms have contributed to improved governance through greater transparency and participation (freedom for the press and for NGOs) but the overall decision making process remains highly centralized. The pace and quality of the economic reform program has been lower than anticipated with significant shortfalls in: (i) creating the conditions to facilitate competition and private sector initiative (e.g. the administrative simplification agenda), (ii) improving corporate governance of public banks, and (iii) improving employment services.

a. Outcome Rating: Moderately Unsatisfactory

7. Rationale for Risk to Development Outcome Rating:

Potential risks were correctly identified and several risks materialized over time, notably political instability, economic uncertainty and slowness of the administration to adapt to the proposed reform.

Internal Risk:

Political uncertainty and security issues remain a concern, especially that further political gridlock might hamper implementation of the reform agenda in 2014. The Government has still to demonstrate its commitment to pursue governance reforms initiated through this DPL to strengthen the competitiveness of the private sector, the efficiency of the labor market and the regulation of the banking sector while fostering social inclusion. Ownership of this sensitive reform agenda and its implementation is not evident in this volatile context, as evidenced by developments since the closure of this operation. There is indeed a risk that only marginal changes will be proposed in the amended legislation risking achievement of targeted outcomes. This risk was ultimately realized in the context of most initial draft legislation or decrees proposed by government (procurement, competition, investment code) that were supported by follow-up DPL. This led the country team to recently review the design of the GOJ DPL to modulate its support in face of the lack of progress made in 2013 under a difficult political climate.

In addition, the institutional capacity to prepare, implement and oversee reforms remains weak. Ongoing TA to support government capacity will take some time to generate some positive effects.

External Risk: The economy remains vulnerable to the uncertainties in the global economic environment given its high dependence, notably for its tourism industry, on the European market. The external environment may also affect aid and foreign investment in the economy and thus impact development outcome.

The risk at the time of the evaluation that development outcome will not be realized is high.

a. Risk to Development Outcome Rating: High

8. Assessment of Bank Performance:

a. Quality at entry:

The operation was consistent with the government’s post revolution priorities, focusing on measures to promote private sector development for job creation and, at the same time, dealing with issues of immediate importance such as: improved delivery of social services, especially in remote areas; and strengthening of the social safety net, including assistance for the unemployed. Priority was given to improving governance (which affected performance in all areas), in particular by improving the availability of information and enhancing transparency and accountability in the workings of the government.

The Bank Group has capitalized on a sound analytical program (carried out in the pre-revolution period) complemented by timely, targeted missions (most notably on governance issues) to help the government identify critical bottlenecks and prioritize the reform program in the transition period. The Bank selected prior actions: (i) that were relevant in response to immediate needs arising during the transition period; and (ii) that could be implemented relatively quickly given the short time horizon of the interim government.

The Bank succeeded in fully engaging other key development partners and leveraged additional resources to support the core package of policy reforms in the immediate post-revolution period. The joint preparation of DPLs consolidated policy dialogue with the government. Though support was provided in the form of
parallel financing, all financing partners participated in the design of the operation and the elaboration of a common policy matrix.

Though the operation supported a reform agenda that would need to be sustained over several years, the operation was designed as a stand-alone operation given the need to provide quick disbursing loans after the January 2011 revolution and given the fact that the interim government, which negotiated the loan was due to be in place for only a few additional months.

However, with hindsight, the team overestimated the commitment of the government and, in particular, its ownership concerning "how to implement" the reform agenda. Overall, the design of the operation was challenging and as noted in the ICR could have been "further streamlined". This is particularly true given the difficult economic and socio-political situation that prevailed after the revolution.

As noted in the ICR's lessons, the tradeoff between the risks of not fully implementing the reforms within the program period and the need to lay out an ambitious reform program to respond to exceptional circumstances should have been recognized and made more explicit at the design stage.

**Quality-at-Entry Rating:** Moderately Satisfactory

### b. Quality of supervision:

All co-financiers participated in joint supervision missions to assess implementation progress of the common policy matrix. Operational aide memoire and follow-up notes were sent to the authorities to emphasize the pending actions, bottlenecks and required next steps. Supervision missions were appropriately staffed and scheduled. The Bank organized technical assistance as needed, and formulated specific operations to support related reform initiatives and foster implementation of the reform program.

The Bank has followed-up on the reform agenda supported by the 2011 GO DPL through the 2012 programmatic GOJ DPL as well as related TA. For example, the 2012 GOJ1 DPL selected prior actions to follow up on implementation of measures related to (i) effective access to information, and (ii) the re-design of the AMAL Program that was not effectively implemented under the 2011 GO DPL. By contrast, in other cases, instead of ensuring the realization of expected results, the Bank sometimes expanded a pilot approach in the absence of credible evidence to support generalization, or moved to other policy issues. For example, two years later, the process of simplifying administrative procedure (initially piloted in tax and customs in the GO DPL) has been launched in all ministries with, as yet, no demonstrable results on the ground.

The Bank Group mobilized global expertise and significantly scaled up technical assistance to support the new reform program, particularly in the areas of access to information, procurement, financial sector and for short-term employment programs.

**Quality of Supervision Rating:** Satisfactory

**Overall Bank Performance Rating:** Moderately Satisfactory

### 9. Assessment of Borrower Performance:

#### a. Government Performance:

Despite the recurrent political tensions, the government has pursued the reform agenda that had been initiated in 2011 by the Interim Government. The new government after the October 2011 elections pursued reforms in many of the same policy areas through the new programmatic DPL (2012 GOJ) but its commitment appears to have been limited. Further, the challenging political climate over the past year has limited the ambition of Government as to the depth and scope of the economic reforms, as the search for political consensus has become ever more important.
Finally, as noted in the ICR, the government had only a limited focus on implementation (albeit while facing many challenges) despite donors' repeated efforts to bring these challenges to the government's attention.

**Government Performance Rating:** Moderately Unsatisfactory

**b. Implementing Agency Performance:**

Limited progress in the DPL reforms agenda can be in part attributed to the lack of governing/management ability by the new team and the difficult transition environment that absorbed much of the government's attention. Also, the ICR notes "a lack of centralized coordination and monitoring mechanism" and "institutional changes that exacerbated the lack of clear responsibility for coordinating the program" both factors which impaired the achievement of the targeted objectives.

**Implementing Agency Performance Rating:** Moderately Unsatisfactory

**Overall Borrower Performance Rating:** Moderately Unsatisfactory

**10. M&E Design, Implementation, & Utilization:**

**a. M&E Design:**

The indicators didn't reflect adequately the objectives, and targeted values were not realistic given the uncertainties linked to the transition process and limited time frame. The program document was not very specific on how the M&E framework would be implemented, including the collection of relevant data.

**b. M&E Implementation:**

There were too many indicators, including some that were of little relevance. The large number of indicators made it very difficult to regularly monitor them. Some indicators were not well-defined or measurable, and when indicators were meaningful and measurable, baseline values were not always available. As noted in the ICR, the Bank failed to collect information on the indicators to help build up the M&E system (except for the employment and regulatory reforms for which the Bank was providing technical assistance).

**c. M&E Utilization:**

Overall, the results framework proved inadequate to monitor the impact of the operation.

**M&E Quality Rating:** Modest

**11. Other Issues**

**a. Safeguards:**

The operation triggered none of the Bank's safeguard policies.

**b. Fiduciary Compliance:**

The operation was carried out in compliance with the Bank's fiduciary standards. Since the operation was implemented, the IMF undertook a first-time safeguards assessment of the Central Bank in 2012 in the context of the preparation of the Stand By Arrangement and found an adequate control environment for day-to-day operations. However, oversight, autonomy, and transparency all need strengthening.

**c. Unintended Impacts (positive or negative):**
### 12. Ratings:

<table>
<thead>
<tr>
<th>Risk to Development Outcome:</th>
<th>Outcome:</th>
<th>ICR</th>
<th>IEG Review</th>
<th>Reason for Disagreement / Comments</th>
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<tbody>
<tr>
<td>Significant</td>
<td>Moderately Satisfactory</td>
<td>Moderately Unsatisfactory</td>
<td>Significant shortcomings in the achievement of program objectives. The pace and quality of program implementation is lower than expected one year and a half after project closure.</td>
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<tr>
<td>High</td>
<td>Satisfactory</td>
<td>Moderately Satisfactory</td>
<td>The fragile political and security environment continues to pose high risk to the transition process. Government commitment and ownership on how to implement the reform agenda is lacking.</td>
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**Bank Performance:**
- **Satisfactory**
- **Moderately Satisfactory**

**Borrower Performance:**
- **Moderately Satisfactory**
- **Moderately Unsatisfactory**

**Quality of ICR:**
- **Satisfactory**

**NOTES:**
- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The “Reason for Disagreement/Comments” column could cross-reference other sections of the ICR Review, as appropriate.

### 13. Lessons:

IEG supports lessons discussed in the ICR. There are several important lessons drawn by the country team:
1. The adequacy of multi sector multi donor DPLs to consolidate the policy dialogue which is especially valuable in a transition environment, but the unsuitability of single tranche DPL operations for ambitious institutional reforms.
2. The necessity of having an efficient government coordination mechanism with strong leadership and clear responsibility to monitor and sustain the implementation of an ambitious reforms program.
3. The importance of technical assistance in policy areas where the government doesn’t have expertise/experience and where an innovative approach is required to change administrative practices.
4. The need for a quality M&E framework to effectively assess the progress and outcomes of reforms, and
5. The benefit of locating the TTL and most of the team in the field, particularly for a complex operation involving other co-financiers based in the field, to efficiently and continuously interact with the authorities and donors.

IEG adds another lesson, namely, the importance at the design stage to selectively and carefully sequence first-order policy reforms based on:
1. Specific political economy analysis of reforms in critical sectors,
2. An assessment of capacity constraints and other constraints inherent in the transition period.

### 14. Assessment Recommended?

- **Yes**  
- **No**
15. Comments on Quality of ICR:

The ICR report is a well written document which provides adequate analysis of the context and implementation of the reform program, including candor in acknowledging deficiencies in the M&E process. However, in terms of presentation, the ICR might have looked more closely at the program development objectives as proposed in section 2 of this review. Organizing the discussion of efficacy along these lines, rather than the implementation of inputs/outputs of the four pillars, might have facilitated the presentation. Finally, the lessons are based on the analysis.

a. Quality of ICR Rating: Satisfactory