Report Number: ICRR0024103

## 1. Program Information

**Country**
Philippines

**Practice Area (Lead)**
Macroeconomics, Trade and Investment

**Programmatic DPF**

**Planned Operations**
0

**Approved Operations**
0

**Operation ID**
P170052

**Operation Name**
PH DPL series

**L/C/TF Number(s)**
IBRD-90220

**Closing Date (Original)**
31-Mar-2021

**Total Financing (USD)**
400,000,000.00

**Bank Approval Date**
17-Dec-2019

**Closing Date (Actual)**
31-Mar-2021

| | IBRD/IDA (USD) | Co-financing (USD) |
|---|---|---|
| Original Commitment | 400,000,000.00 | 0.00 |
| Revised Commitment | 400,000,000.00 | 0.00 |
| Actual | 400,000,000.00 | 0.00 |

**Country**
Philippines

**Practice Area (Lead)**
Macroeconomics, Trade and Investment

**Operation ID**
P170914

**Operation Name**
PH DPL II ( P170914 )

**L/C/TF Number(s)**
IBRD-90220,IBRD-91890

**Closing Date (Original)**
31-Mar-2022

**Total Financing (USD)**
600000000.00

**Bank Approval Date**
16-Dec-2020

**Closing Date (Actual)**
31-Mar-2022

| | IBRD/IDA (USD) | Co-financing (USD) |
|---|---|---|
| Original Commitment | 600,000,000.00 | 0.00 |
| Revised Commitment | 600,000,000.00 | 0.00 |
| Actual | 600,000,000.00 | 0.00 |

**Country**
Philippines

**Practice Area (Lead)**
Macroeconomics, Trade and Investment

**Operation ID**
P176891

**Operation Name**
PH DPL III ( P176891 )

**L/C/TF Number(s)**
IBRD-91890,IBRD-93120

**Closing Date (Original)**
31-Mar-2023

**Total Financing (USD)**
600000000.00

**Bank Approval Date**
10-Dec-2021

**Closing Date (Actual)**
31-Mar-2023

| | IBRD/IDA (USD) | Co-financing (USD) |
|---|---|---|
| Original Commitment | 600,000,000.00 | 0.00 |
| Revised Commitment | 600,000,000.00 | 0.00 |
| Actual | 600,000,000.00 | 0.00 |

| Prepared by | Reviewed by | ICR Review Coordinator | Group |
|---|---|---|---|
| William F. Steel | Jennifer L. Keller | Donna Kaidou Jeffrey | IEGEC |

## 2. Program Objectives and Pillars/Policy Areas

## a. Objectives

The original program development objectives (PDOs) of the Promoting Competitiveness and Enhancing Resilience to Natural Disasters Development Policy Loan (DPL) series were: (i) promoting competitiveness; (ii) enhancing fiscal sustainability; and (iii) strengthening financial resilience to natural disasters and climate change (first program document [PD1, Nov. 2019], p. 2). However, the economic and fiscal stresses from coping with COVID-19 pandemic in 2020 heightened the urgency of focusing on constraints to competitiveness and resilience. Hence for DPL2, "key policy measures under the previous pillar of 'enhancing fiscal sustainability' was merged with the 'enhancing resilience' pillar in this DPL" (PD2, para. 38; ICR, para. 11), and two policy actions (PAs) relating to public financial management (PFM) were dropped.

For the purposes of this ICRR, the operations are referred to as the Competitiveness and Resilience DPL series (CRDPL1, CRDPL2, CRDPL3) and the PDOs are taken as:

- PDO1: Promoting competitiveness.
- PDO2: Enhancing resilience.

## b. Pillars/Policy Areas

The Pillars were identical to the PDOs. For the purposes of this ICRR, the Pillars and Policy Areas are taken as (ICR, para. 12):

- Pillar1: Promoting competitiveness:
  - 1.1 Lowering entry barriers to digital services and telecommunications.
  - 1.2 Operationalizing the Anti-Red Tape Authority (ARTA).
  - 1.3 Shifting to digital transactions for customs processes.
  - 1.4 Operationalizing support to rice farmers and rice liberalization law.
  - 1.5 Attracting investments in retail sector.
- Pillar2: Enhancing resilience:
  - 2.1 Creating fiscal space through excise taxes, and rationalization of tax incentives.
  - 2.2 Implementing the national ID program.
  - 2.3 Operationalizing the National Payment System for digital payments.
  - 2.4 Funding for disaster response and improving management of public assets against natural disaster.

## c. Comments on Program Cost, Financing and Dates

IBRD loans of US$400,000 (CRDPL1), US$600,000 (CRDPL2) and US$600,000 (CRDPL3) financed the series of three Competitiveness and Resilience DPLs. Each loan was disbursed within 1-2 months of the approval dates of 17 December 2019, 16 December 2020, and 10 December 2021, respectively. Total disbursements equaled the planned total amount of US$1.6 million. The operations closed as planned on 31 March of 2021 2022 and 2023, respectively.

## 3. Relevance of Design

### a. Relevance of Objectives

**Country Context**

The CRDPL series was prepared in the context of a sound macroeconomic framework and a decade of strong growth at 6.3 percent per annum over 2010-19 (ICR, para. 2; PD1, para. 2). Poverty incidence had declined from 25.2 percent in 2012 to 16.7 percent in 2018, although income inequality remained among the highest in the region (ICR, para. 3). Cumbersome regulations and a limited digital economy were important constraints on investment and continued growth.

The island nation's location in the Ring of Fire and the path of Pacific typhoons put it at risk of frequent natural disasters and the effects of climate change, making resilience a top priority. Design of the series responded to the Government's desire to complement ongoing structural reforms with micro-level reforms to support sustainable growth (PD1, para. 1).

**Relevance of Objectives**

The objectives of competitiveness and resilience responded directly to this context and the Philippine Development Plan (PDP) 2017 – 2022, which embodied the policy priorities of the Philippines' long-term vision as articulated in *AmBisyon Natin 2040* (PD1, para. 24). These priorities included inequality-reducing transformation; increased growth potential; an enabling and supportive economic environment; and foundations for sustainable development. The objectives and design of the series were directly supported by the 2019 Systematic Country Dialogue (SCD) and the Country Partnership Framework then under preparation, which focused on: "(i) investing in Filipinos; (ii) competitiveness and economic opportunity for job creation; and (iii) addressing core vulnerabilities by building peace and resilience…. [including] the cross-cutting themes of governance and digital transformation" (PD1, para. 5). World Bank involvement was particularly appropriate in these areas, with the need for financing more acute in the context of the COVID-19 crisis, (ICR, para. 13).

### b. Relevance of Prior Actions

### Rationale

The prior actions (PAs) were highly relevant to the stated objectives, with all but two rated Highly Satisfactory. Five sets of PAs provided a coordinated sequence of steps across all three DPLs to initiate and implement measures to support the objectives in a specific policy area. Only one PA stood alone without clear implementation and follow-up actions.

**Table 1: Objectives and Prior Actions (PAs) for Philippines Competitiveness and Resilience DPL Series**

| **PAs under DPL1** | **PAs under DPL2** | **PAs under DPL3** |
|---|---|---|
| **PDO1: Promoting competitiveness** | | |
| | **PA1**: Through the passage of the DICT Common Tower Policy, and the Joint Memorandum Circular among DICT, ARTA and other government agencies, DICT has defined policies for shared tower infrastructure to encourage investment in cell sites for mobile telecom service. [PA #1] | **PA2**: JMC 1-2021, issued by DICT, DILG, DPWH and other government agencies, the government has introduced non-discriminatory access to poles, broadband infrastructure, and the simplified fixed broadband network rollout process. [PA #1] |
| **PA3**: Through the Ease of Doing Business and Efficient Government Service Delivery Act (RA No. 11032) and the CSC- ARTA-DTI Joint Memorandum Circular No. 2019-001, the government has defined a policy framework to simplify ease of doing business. [PA #2] | **PA4**: Through creation of plantilla positions, approval of organization Chart, and budget allocation, the Anti-Red Tape Authority has been operationalized to implement the Ease of Doing Business and Efficient Government Service Delivery Act (RA No. 11032). [PA #2] | **PA5**: Through JMC 1-2021, issued by BOC, DICT, SEC and other government agencies, the government has streamlined and automated national and local government processes for starting a business. [PA #2] |
| | **PA6**: Through JOA No.1 s. 2020, the Bureau of Customs has streamlined the processing of import and export transactions in Manila through the mandated use of online platforms and payment systems to improve customs management and reduce trade costs. [PA #3] | **PA7**: Through Customs Memorandum Orders 21-2020, 02- 2021, 09-2021, and 26-2021, the Bureau of Customs has strengthened regulatory framework for implementing risk-based controls and enhanced cargo selectivity. [PA #3] |
| **PA8**: Through the Rice Liberalization Act (RA No. 11203) and the DA-NEDA-DBM Joint Memorandum Circular Number 01-2019, the government has liberalized the rice import market by shifting from a quantitative restriction system to a transparent tariff system. [PA #1] | **PA9**: Through Department of Agriculture (DA) resolutions No. 1 to 6, the DA has established clear and transparent eligibility criteria for accessing the Rice Competitiveness Enhancement Fund (RCEF) to implement the Rice Liberalization Act and the Joint Memorandum Circular Number 01-2019. [PA #4] | |
| | | **PA10**: Through (i) the approval by the Bicameral Conference Committee of Senate Bill Number 1840 and House Bill Number 59 amending the Retail |

| | | |
|---|---|---|
| | | Trade Liberalization Act of 2000; and (ii) the commencement of the process of transmitting the said Bill(s) by the Congress to the President, the government has reduced capital requirement for foreign ownership, and relaxed qualification and local inventory requirements for foreign retailers. [PA #4] |
| **PDO2: Enhancing resilience** | | |
| **PA11**: Through RA No. 11346, the government has increased excise taxes on tobacco products, effective January 1, 2020. [PA #6] | **PA12**: Through RA No. 11467, the Department of Finance has increased excise taxes on alcohol and e-cigarette products to finance implementation of Universal Health Care. [PA #5] | |
| | | **PA13**: Through enactment of the CREATE Act, the government has rationalized tax incentives and improved process for monitoring and evaluation. [PA #5] |
| **PA14**: Through the Philippine Identification System Act (RA No. 11055) and Implementing Rules and Regulations, the government has created the legal and regulatory framework for a foundational ID system that aims to improve service delivery and financial inclusion for citizens and resident aliens. [PA #3] | **PA15**: As evidenced by the implementation progress report issued by Philippine Statistics Authority (PSA) on December 27, 2019, the PSA has piloted the registration for Philippine Identification System (PhilSys) for a limited and monitored set of sites and target populations to prepare for the mass registration. [PA #6] | **PA16**: Through a memorandum of agreement between the DSWD and PSA, the government has (i) adopted PhilSys as primary means of social assistance beneficiary identification and verification and (ii) established guidelines for implementation thereof. [PA #6] |
| **PA17**: Through the National Payment System Act (NPSA) (RA No. 11127), the government has established the institutional legal framework with the objective of promoting the safety and efficiency of payment systems and provided the Bangko Sentral ng Pilipinas (BSP) with explicit authority and powers to oversee the payment system. [PA #4] | **PA18**: Through Circular No. 1049 series of 2019 and Circular No. 1089 Series of 2020, the BSP has operationalized the regulatory framework for (i) defining the coverage of payment system operators and (ii) defining the oversight framework and payment systems designations to implement the National Payment System Act (RA No. 11127). [PA #7] | **PA19**: Through issuance of Circulars 1126 and 1127, BSP has strengthened payment system governance framework and risk management. [PA #7] |
| **PA20**: The government has implemented its risk- layering strategy by setting up a combination of financial | **PA21**: As evidenced by General Appropriations Acts 2019 and 2020, and the JMC jointly issued | **PA22**: Through a joint memorandum from DOF and DBM, the government has |

| | | |
|---|---|---|
| instruments to efficiently meet the funding needs of disasters of different frequencies and severities. [PA #9] | by GSIS, DBM and DOF, the government has established the indemnity insurance of public assets, thereby implementing a key pillar of the government disaster risk financing strategy. [PA #8] | adopted claims management procedures for national indemnity insurance program to link pre-arranged financing directly to pre-arranged funding channels for rapid response. [PA #8] |
| **PA23**: Through DBCC resolution No. 2019- 4, the government has established a standing body to formulate and recommend public asset management policies. [PA #7] | **PA24**: Through JMC No. 2020-01, the government has adopted an asset management policy to improve financial risk management derived from natural disasters and climate change. [PA #9] | **PA25**: Through a memorandum from Bureau of the Treasury, the government launched a pilot for the web-based National Asset Registry System. [PA #9] |

*Source*: ICR, Part II.

*PA number within each DPL is shown in brackets [PA #].*

**PDO1: Promoting competitiveness.**

**PA1** and **PA2** were directly relevant to the objective of overcoming the Philippines' relatively low penetration of fixed and mobile broadband for "the digital economy to contribute in full force to the economic recovery and allow small and large businesses alike to seamlessly market their products and services and interact with input suppliers and business partners" (PD2, paras. 41-42). The imposition of emergency community quarantine (ECQ) in response to the COVID-19 epidemic in 2020 highlighted the importance of shifting business and government operations online (PD2, para. 32). New legislation and regulations were critical to enable needed investment and sharing of infrastructure and to lower regulatory barriers to entry, as analyzed in the Philippines Digital Economy Report (PD2, Annex 6). **Relevance: PA1**: Highly Satisfactory (HS); **PA2**: Highly Satisfactory (HS).

**PA3; PA4; and PA5** were critical to addressing the restrictive competitiveness environment of the Philippines, as analyzed in the 2018 World Bank (WB) report on Fostering Competition in the Philippines (PD2, Annex 6). Product Market Regulation analysis revealed that the cumbersome (compared to neighboring countries) business licensing and permit process "limits competition by providing protection for incumbent firms, particularly in key services for competitiveness such as telecommunication, transportation and logistics" (PD1, para. 36). The actions were necessary to provide the legal basis for the Anti-Red Tape Authority (ARTA) and operationalize it to oversee streamlining of business registration processes (by reducing or preventing duplicative requirements across different agencies) and ensure that "all existing business-related regulations shall undergo review to ensure that these will not cause undue burden to the public" (PD1, para. 36). Although its role is more oversight than enforcement, as of PD2 (para. 49), ARTA's issuance of guidelines to all national agencies and local government units had led to revision of 1,700 "citizen's charters," acceleration of over 7,000 pending applications, and filing of eight administrative cases against government officials in response to citizen complaints. **Relevance: PA3**: Highly Satisfactory (HS); **PA4**: Highly Satisfactory (HS); **PA5**: Highly Satisfactory (HS).

**PA6** and **PA7** addressed the relative (compared to other ASEAN countries) inefficiencies and resulting high costs of the Philippines' cumbersome customs and clearance procedures, as identified in the 2018 Logistics Performance Index, and made evident in the congestion under the 2020 COVID-19-related ECQ orders (PD2, para. 53). With containers taking more than 2-3 times as long to clear the port than in neighboring countries, congestion during the COVID-19 pandemic highlighted the need to digitalize and streamline customs processing (PD2, paras. 53 and 55). PA7 introduced risk-based controls and enhanced cargo selectivity to help expedite selective shipments (PD3, para. 50). Support for digitalization of customs processing and payments and other actions to facilitate trade was critical to implementing the *Trade Facilitation Agreement and the Customs Modernization and Tariff Act* and followed through on previous trade sector reforms (PD2, para. 54-56). **Relevance: PA6**: Highly Satisfactory (HS); **PA7**: Highly Satisfactory (HS).

**PA8** and **PA9** were critical to address rice shortages and poor incentives to farmers because of state control (and mismanagement) of rice imports (with the intention of protecting domestic rice production) (PD1, paras. 33-34). Market distortions raised domestic prices above imported rice but gave “rice producers… little incentives to be efficient in producing rice or to shift to other higher value crops,” as shown in the Philippines Rice Policy Advisory Services and Analytics (ASA). Recognizing that liberalization of rice imports under PA8 could adversely affect many farmers, the Rice Competitiveness Enhancement Fund (RCEF) under PA9 was intended to support producer groups and rice extension services, develop seeds, and establish a credit facility (PD1, para. 35). These measures were relevant to the objective of promoting increased productivity and competitiveness over time, although PA8 would initially reduce the ability of domestic producers to compete with imports and no actions were included to compensate or help shift them to other crops. **Relevance: PA8**: Highly Satisfactory (HS); **PA9**: Satisfactory (S).

**PA10** was introduced in DPL3 to promote competitiveness by easing restrictions on foreign direct investment (FDI) in the retail sector, which were the most severe in the region (according to the FDI restrictiveness index of the Organisation for Economic Co-operation and Development; PD3, para. 53). The actions to amend the Retail Trade Liberalization Act of 2000 to reduce the capital requirement (from US$2.5 million to US$0.5 million) and liberalize other restrictions (maximum shares held by foreign investors; minimum net worth; minimum number of branches; local content of inventory; etc. PD3, para. 54) were expected to incentivize increased FDI in retail and thereby generate benefits in terms of employment, diversity of products and new technologies, contributing to the objective of increasing competitiveness (PD3, para. 55). The actions to approve amendments and transmit them to the President were relevant first steps toward permitting a more open investment environment in support of the competitiveness objective but needed further actions to ensure effectiveness implementation and transmission of information to potential investors. **Relevance: PA10**: Satisfactory (S).

**PDO2: Enhancing resilience.**

**PA11** and **PA12** to raise excise taxes on ‘sin products’ (alcohol, tobacco and e-cigarettes) were relevant to enhancing resilience by helping to build a fiscal buffer against shocks (as well as offset the fiscal deficit from the COVID-19-related economic slowdown) and to fund the National Health Insurance Program under the 2018 Universal Health Care Act (PD1, paras. 56-57; PD2, paras. 64-65; PD3, para. 58). These excise taxes were originally introduced in 2012 and raised collections from an initial 0.5 percent of GDP in 2012 to 1.2 percent in 2017 (PD1 para. 56). Expectations were that the new increases would raise Php63.9 billion and enable this ratio to rise to 2.4 percent by 2022 (PD2, para. 65). These reforms were based on “a set of policy notes prepared in 2012/2013 as part of World Bank assistance” (PD1, Table 4). **Relevance: PA11**: Highly Satisfactory (HS); **PA12**: Highly Satisfactory (HS).

**PA13** replaced the previous indicative trigger (IT) regarding management of contingent liabilities of Government-Owned and Controlled Corporations (PD1, para. 59) with passage of the 2021 CREATE Act to reform tax incentives. The design was based on a set of six WB policy notes (2014-16) on the various tax regimes to address shortcomings of the "previous tax incentive regime, [which was] not targeted and lacked proper monitoring and evaluation provisions, leading to low tax efficiency….each investment promotion agency had discretion to approve projects and to decide on the eligibility and composition of incentives without performing an ex-ante cost benefit analysis" (PD3, Appendix 4 and para. 59). Besides pulling together the previously fragmented system of tax incentive administration, the CREATE Act sought to reduce arbitrary, unproductive incentives by introducing a cost-benefit framework to make tax incentives "performance based, targeted, time bound, and transparent," thereby increasing "tax efficiency" (PD3, paras. 60-61). Nonetheless, it was not clear what further steps would be needed and taken to ensure implementation. **Relevance: PA13**: Satisfactory (S).

**PA14; PA15 and PA16** constituted an essential sequence of steps to authorize, establish and implement the national identification (ID) system (PhilSys) necessary to advance the digital economy and expand access to public services to rectify an "identity ecosystem [that] is inefficient, fragmented, and potentially exclusionary, especially to the poor," as noted in the Identification for Development Diagnostic (PD1, para. 40 and Table 4; ICR, para. 17). The COVID-19 pandemic highlighted the importance of well-functioning ID and digital payments systems for quick response to shocks. A foundational (as distinct from purpose-driven) identification system was also expected to ease business transactions and thereby foster competitiveness (PD1, para. 39). **Relevance: PA14**: Highly Satisfactory (HS); **PA15**: Highly Satisfactory (HS); **PA16**: Highly Satisfactory (HS).

**PA17; PA18 and PA19** provided a complementary sequence of actions to authorize, operationalize and govern a digital payments system, in response to the findings of the WB Financial Market Infrastructure technical note and the non-inclusive nature of the Philippines financial system, which constrained competitiveness as well as resilience (PD1, Table 4, para. 44). Digital payments were especially important for resilience to shocks through ready provisions of social assistance. **Relevance: PA17**: Highly Satisfactory (HS); **PA18**: Highly Satisfactory (HS); **PA19**: Highly Satisfactory (HS).

**PA20; PA21 and PA22** were designed to establish a cost-efficient risk layering strategy for insuring and financing asset recovery in the context of highly probable recurrent losses from natural disasters, drawing on lessons from the WB 2014 review of global experience on disaster risk financing, *Financial Protection Against Natural Disasters: An Operational Framework for Disaster Risk Financing and Insurance* (PD1, Table 4 and para. 66). Natural disasters (including cyclones, sea level rise, storm surges, floods, and droughts) cause "substantial losses of public and private assets," estimated on the order of 1 percent of GDP per annum (PD3, para. 72). To build a layered approach according to risk and level (national, subnational, individual, the actions were designed to "increase the number of financing instruments prearranged to respond to natural disasters, including use of market-based instruments such as catastrophe bonds and indemnity insurance" (PD3, para. 72). For public assets, the measures moved "away from ad hoc resource mobilization for reconstruction toward prearrangement of required funding for rehabilitation of assets and restoration of services through risk transfers to international insurance markets" and institutionalized a claims management process (PD3, paras. 73-74). These actions were expected to reduce the cost and response time of asset recovery after natural disasters and thus were highly relevant to the resilience objective, and supported implementation of the Disaster Risk Financing Strategy of the Government of the Philippines (2014-2018). **Relevance: PA20**: Highly Satisfactory (HS); **PA21**: Highly Satisfactory (HS); **PA22**: Highly Satisfactory (HS).

**PA23; PA24 and PA25** provided a series of steps to coordinate (across agencies) and develop a strategy for public asset management, including establishment of a web-based National Asset Registry system. These measures addressed the constrained asset accounting system and lack of a single lead agency, as set forth in the reports on *Improving Public Assets and Insurance Data for Disaster Risk Financing and Insurance*

*Solutions* (2017) and *Developing a Public Asset Registry for the Philippines* (2018) (PD1, para. 60 and Table 4). They complemented PAs 20-22 in supporting the objective of enhancing resilience through improved management of public assets. **Relevance: PA23**: Highly Satisfactory (HS); **PA24**: Highly Satisfactory (HS); **PA25:** Highly Satisfactory (HS).

### Rating

Highly Satisfactory

## 4. Relevance of Results Indicators

### Rationale

The 15 RIs were generally satisfactory indicators of and attributable to implementation of the associated PAs and relevant to achievement of the expected results. Five of the RIs related to a set of three closely-related PAs across the three DPLs. Two RIs had limited attributability to the PAs due to the importance of other factors.

**Table 2: Results indicators by Objective and PAs; baseline and target values; status and achievement**

| Results indicator (RI) | Asso-ciated PAs | RI Rele-vance | Baseline (2019) | Target (2022) | Actual (2022) | Actual as % of targeted change | RI Achievement rating |
|---|---|---|---|---|---|---|---|
| **PDO1: Promoting competitiveness** | | | | | | | |
| **RI1**: Share of population with unique subscription to mobile internet | 1-2 | S | 45.5% | >57% | 56.3% | 94% | Substantial |
| **RI2:** Fixed broadband subscriptions (per 100 people) | 1-2 | S | 5.4 | > 6 | 7.9 | 417% | High |
| **RI3:** Investment in telecommunication | 1-2 | MU | US$ 2.1 bn p.a. | >US$ 3 bn | US 1.78 bn | -37% | Negligible |
| **Alternative RI3:** Number of installed telecommunications towers [ICR additional evidence] | | S | 17,859 (2020) | [long term: 70,000] | 31,027 | [+74%] [25%] | Modest |
| **RI4:** Share of business registrations in the Securities and Exchange Commission | 3-5 | MS | 43.5% | >80% | 75% (2021)* | 155% | [High] |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| taking 3 days or less | | | | | 100% (2022) | | |
| **RI5:** Sex- disaggregated data on new business registration for one person corporations regularly collected by the Securities and Exchange Commission and made publicly available. | n.a. | MU | No<br><br>(2018) | Yes | Yes<br><br>1,247 females<br><br>1,967 males<br><br>registered | 100% | Substantial<br><br>[efficacy downgraded due to MU relevance] |
| **RI6:** Container average clearance time | 6-7 | HS | 10 days 19 hrs, 18 min. | <8 days | 9 days,<br><br>14 hrs,<br><br>30 min. | 56% | Modest |
| **RI7:** Gap between domestic and international price of rice calculated as domestic price less international price as percent of international price | 8-9 | MS | 68%<br><br>(2018) | <50% | 39% | 161% | [High] |
| **RI8:** Average rice yield in the target areas of RCEF (metric tons/ha) | 8-9 | S | 4.04 tons/ha | 4.18 tons/ha | 4.11 tons/ha | 50% | Modest |
| **RI9:** Net equity capital of foreign direct investment in retail and wholesale as share of GDP | 10 | S | 0.021%<br><br>(2020) | 0.025% | 0.023% | 50% | Modest |
| **PDO2: Enhancing resilience** | | | | | | | |
| **RI10:** Excise tax revenue as share of GDP<br><br>Nominal baseline<br><br>Appropriate baseline | 11-12 | S | 2.1% (2018)<br><br>2.3% (2019) | >2,4% | 2.3% (2022) | 67%<br><br>0% | Negligible |
| **RI11:** Share of Investment Promotion Agencies, which have adopted the new Cost Benefit Analysis framework | 13 | S | 0 | >50% | 79% | 158% | High |
| **RI12:** Use of foundational ID in key public and private transactions | 14-16 | S | 0 | Used for bank accounts, social assistance, pensions | PhilID used as valid proof of identity for public & private | 100% | High |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| [Number of registrations (ICR, para.35)] | | | | [92 mil.] | transactions<br><br>[81 mil.] | [88%] | |
| **RI13:** Volume of InstaPay transactions per year | 17-19 | S | 2.5 mil. | >300 mil. | 548.7 mil. | 184% | High |
| **RI14:** Number of types of pre-arranged or improved financial mechanisms for disaster response | 20-22 | HS | 2 | ≥7 | 9 | 140% | High |
| **RI15:** Share of public assets included in asset registry for five key agencies | 23-25 | HS | 0 | >60% | 81% | 135% | High |

**PDO1: Promoting competitiveness.**

**RI1** and **RI2** were relevant to capturing the results of actions to expand internet access, although attributability was limited in the context of other initiatives to promote internet access and usage, as well as the impetus of expanding smartphone penetration (ICR, paras. 19-20). While they did not directly measure the actual impact on business activity over the internet, PD2 (para. 41) clearly set out the results chain from expansion of internet usage and the digital economy to the ability of both small and large businesses to interact with suppliers, market their products, and develop business process outsourcing (a potential export service). The indicators were clearly defined and measurable. **Relevance: RI1**: Satisfactory (S); **RI2**: Satisfactory (S).

**RI3** represented the expected impact of lowering entry barriers on investment in telecommunications, as a step toward expanding internet access (captured by RIs 1 and 2), thereby facilitating the objective of competitiveness (PD2, para. 46). However, the ICR (para. 20) pointed out that attribution was questionable due to the many other determinants of such investment, and it proposed that the number of cell towers installed would have been a more suitable indicator of implementation progress. While annual investment was measurable, a cumulative measure might have been more relevant and less subject to year-to-year fluctuations. **Relevance: RI3:** Moderately Unsatisfactory (MU).

**RI4** focused on the first step (among at least seven) toward registering a business: registration as a corporation with the Securities and Exchange Commission (SEC). This represented a preliminary but at best partial indicator of implementation of the various actions under PAs 3-5 to reduce red tape to ease the barriers to business establishment and competitiveness (ICR, para.22). While relevant, it was insufficient without complementary indicators of progress toward the sub-objective of operationalizing the ARTA and the result of increased business registrations. (The number of days to fully register a company would have been more relevant, but might have required surveys to obtain the data, and the Doing Business indicator originally suggested in PD1, Annex 1 would not have been suitable. PD3, para. 47 noted that SEC registration has historically taken the longest of the seven steps for company registration.) **Relevance: RI4:** Moderately Satisfactory (MS).

**RI5** was not mentioned in PD1 or PD2 and was unrelated to any specific action, and hence cannot be attributed to the DPL (ICR, para. 24). PD3 (para. 44) made the reasonable case that increased participation of women (especially with “high educational attainment and entrepreneurial savviness”) would help promote competitiveness, but that analysis and promotion were hampered “because corporate registration data are not sex disaggregated.” PD2 (para. 45) stated that the action was expected, but it did not indicate why this was not added as an action or sub-action, nor did it articulate a results chain from collecting and publishing the data to results in terms of increased women’s participation in business. **Relevance rating: RI5:** Moderately Unsatisfactory (MU).

**RI6** was directly relevant and attributable to actions under PA6 and PA7 to streamline customs processing, including use of on-line platforms. Reduction in time per se constituted a result in terms of decreased costs and hence increased competitiveness in imports and exports. The Bureau of Customs captured the data (down to the minute) through regular Time Release Studies (ICR, para. 25). **Relevance: RI6**: Highly Satisfactory (HS).

**RI7 and RI8: RI7** was a reasonable indicator of the success of PA8 in reducing price distortions in the rice market, although the domestic/international price gap could also be affected by shipping costs (ICR, footnote 12). However, a reduced-price gap actually meant that imported rice was reducing the competitiveness of domestic rice. This was considered a necessary step toward a better incentive framework (as well as to address overall rice supply problems), with **RI8** providing an important complementary indicator of the extent to which promotional efforts under the RCEF (PA9) had achieved the desired result of increased productivity, and hence competitiveness. While appropriate as an indicator, attribution to the actions of the RCEF was inevitably limited by the susceptibility of productivity to other determinants, including weather. Complementary indicators for utilization of the RCEF and the extent to which low-productivity rice farmers shifted to other crops would have been desirable. Data were available. **Relevance: RI7**: Moderately Satisfactory (MS); **RI8**: Satisfactory (S).

**RI9** directly captured the impact of PA10 to ease restrictions on FDI in the retail sector. The ICR (para. 31) clearly articulated the results chain from foreign investment in retail to increased diversity of products and technologies, as well as employment, thus contributing to the objective of competitiveness. Since FDI is determined by other factors in addition to regulatory barriers, an increase above trend lines might have been technically more appropriate, but the RI as stated was straightforward, clear, and measurable. **Relevance: RI9**: Satisfactory (S).

**PDO2: Enhancing resilience.**

**RI10** was attributable to increases in excise taxes under PAs 11-12 and relevant to creating fiscal space for greater resilience to shocks, although revenue collections are also affected by economic fluctuations. Data were readily available. **Relevance: RI10**: Satisfactory (S).

**RI11** directly indicated the extent to which rationalization of tax incentives under PA13 was being implemented by the relevant agencies. PD3 (para. 60) explained the expected results chain from harmonizing and improving the process of awarding tax incentives to a more cost-effective implementation of incentives and, eventually, increased revenues, consistent with fiscal resilience. Measurement was straightforward but did not include the intended results of improved selectivity and tax efficiency. **Relevance: RI11**: Satisfactory (S).

**RI12** tracked implementation of PAs 14-16 in terms of whether various government and private entities were using the foundational ID system. PD1 (para. 39) articulated how use of the ID would streamline processes would help improve provision of public social and welfare benefits and reduce business transaction costs and delivery times, thus enhancing competitiveness as well as facilitating responsiveness to shocks. The number of PhilSys registrations would have been a useful complementary, quantitative indicator of take-up of the national ID system. **Relevance: RI12**: Satisfactory (S).

**RI13** was a reasonable indicator of the impact of measures under PAs 14-16 to establish the regulatory framework for digital payments. The ability to transfer funds digitally was relevant to the objective of increasing resilience, especially in the context of shocks and with respect to government programs (which were expected to be mandated to use digital payments under the Digital Payments Act, supported under the First Digital Transformation DPL; ICR, para. 36). While digital transactions would presumably have grown in any case, public confidence and hence the pace of adoption could reasonably be attributed to establishment of a sound regulatory framework. **Relevance: RI13**: Satisfactory (S).

**RI14** was fully attributable to the actions under PAs 20-22 to establish a combination of pre-arranged financial instruments to respond to various types of disasters. PD3 (para. 75) set forth how these measures would reduce cost and response time, thereby "limiting economic damage from disasters, protecting affected populations in a timely manner, and minimizing fiscal risk from disasters," consistent with the resilience objective. **Relevance: RI14**: Highly Satisfactory (HS).

**RI15** was entirely attributable to the actions under PAs 23-25 to implement a public asset management policy with online access to facilitate greater resilience with respect to public assets (including schools, hospitals, transport facilities, welfare centers, and irrigation), especially those vulnerable to disasters (ICR, para. 40). **Relevance: RI15**: Highly Satisfactory (HS).

### Rating

Satisfactory

## 5. Achievement of Objectives (Efficacy)

### OBJECTIVE 1

### Objective

Promoting competitiveness.

### Rationale

**RI1**: The target for increased share of the population with mobile internet subscriptions was substantially (94%) achieved. This was enabled in part by the rapid growth of mobile phones and internet access promotion under COVID-19, as well as by the actions (PA1 and PA2) for shared infrastructure and reduced barriers to entry. Entry of a third mobile operator "brought competition and greater innovation," and the fiber-optic network continued to expand (ICR, para. 19). **Achievement Rating: Substantial.**

**RI2:** The growth of broadband subscriptions exceeded the target, likely boosted by government provision of free internet "to help households cope with the COVID-19 pandemic" as well as by the enabling actions (ICR, para. 19). Continued growth in internet use is expected to contribute to expanding financial inclusion and improving government service delivery, and the Philippines First Digital Transformation Development Policy Loan (approved in September 2023) a new project under preparation will focus on improving rural broadband coverage (ICR, para. 21). **Achievement Rating: High.**

**RI3:** Annual investment in telecommunications actually fell rather than rising substantially, as targeted. Additional information confirmed that the shortfall was partly due to overambitious targeting based on extrapolation of past trends, and partly due to overambitious targeting based on extrapolation of past trends, and partly due to the impact of COVID-19. However, the Negligible achievement of the indicator does not reflect progress in the form of entry of a third mobile operator and new dedicated tower operators, facilitated by the actions to reduce barriers to entry (ICR, paras. 19-20). The ICR (para. 20) noted that the number of towers (RI3a) – which is a more satisfactory measure of the desired output and the impact of deregulation - actually increased by 74 percent (a quarter of the increase needed to reach the long-term goal of 70,000 towers). Indeed, licenses were granted to some 20 tower companies. On the basis of this additional evidence, the achievement rating is upgraded from Negligible to Modest. **Achievement Rating: Modest.**

**RI4:** Measures undertaken by the SEC to streamline registration as a corporation succeeded in getting all applications processed in 3 days or less by 2022, exceeding the target and reflecting implementation of one aspect of the reforms supported by PAs 3-5. Whether the other agencies involved in the business registration process likewise improved their efficiency remains to be seen, but significant improvement at the initial stage can be taken as a positive measure of progress toward the objective of increasing competitiveness by easing business registration. The High achievement rating is downgraded to Substantial due to the MS relevance rating for RI4. **Achievement Rating: Substantial.**

**RI5:** The SEC did begin collecting and publishing business registration data by gender, as targeted. While useful for analyzing gendered aspects of business formation and developing policy, the indicator did not track implementation of any specific PA nor the desired outcome of increasing women's participation in business. The MU relevance rating mandates a downgrade to Modest achievement. **Achievement Rating: Modest.**

**RI6:** The time taken in two of the three stages of customs clearance fell substantially, as targeted: Customs Time and Post-customs Time (ICR, Table 2). Had Pre-customs clearance time remained at pre-COVID levels, the overall targeted decrease in clearance time would have been exceeded. However, a substantial increase in Pre-customs Time, resulting from bottlenecks due to COVID-19 and limited port infrastructure, meant that only 56 percent of the targeted reduction in time was achieved. The WB is providing continued support to the Bureau of Customs to modernize and integrate its systems through the Philippines Customs Modernization

Project, and the Sustainable Recovery DPL, approved in June 2023, includes support for port infrastructure and modernization (ICR, para. 26). **Achievement Rating: Modest.**

**RI7:** Liberalization of rice imports reduced the gap between domestic and international prices of rice to 39 percent, substantially lower than the target of 50 percent. Reduction of market distortions was an important regulatory reform as part of a strategy to stabilize and improve the rice sector. While the initial impact was to lower the competitiveness of domestic rice producers, this was intended to induce farmers either to become more efficient or to shift to higher-value crops, thereby raising productivity over time (ICR, para. 27). The High achievement rating is lowered to Substantial due to the MS relevance rating of RI7. **Achievement Rating: Substantial.**

**RI8:** The average yield in areas targeted for support from the RCEF rose only half as much as targeted. The ICR (para. 28) attributed this shortfall in part to the impact of COVID-19 and extreme climate events (illustrating the limited attributability of the indicator to the actions taken). The ICR (para. 29) also noted that RCEF disbursements fell short of appropriations, although improved from prior levels. **Achievement Rating: Modest.**

**RI9:** Net FDI in the retail sector recovered in 2022 to above the baseline, though only half as much as targeted. The ICR (para. 31) noted that the time frame was limited to the year after amendment of the Retail Trade Liberalization Act in December 2021, and that the negative net FDI in the sector in 2018-19 had been reversed. Additional preliminary data indicates a slight decline in 2023, though still above the baseline. **Achievement Rating: Modest**

### Rating

Moderately Satisfactory

## OBJECTIVE 2

### Objective

Enhancing resilience.

### Rationale

**RI10:** tracked the impact of excise tax increases (beginning Jan. 1, 2020) on fiscal space for resilience, in terms of excise revenues collected relative to GDP. Although the 2022 figure of 2.3% of GDP represented two-thirds of the targeted increase from 2018 as a baseline, ICR Table 4 showed that it was the same as in 2019, the year before taxes were raised (and the baseline year for most other indicators). Additional information obtained during the preparation of this review revealed that 2018 had been used as a baseline because the operation was approved before the end of 2019. Furthermore, it was a decrease from 2.5% the previous year, in part due to a shift toward smuggled goods (ICR, para. 32) – which may have been in part a response to the increased excise taxes. Hence, despite a nominal increase relative to the selected 2018 baseline, actual progress toward the objective (using the more appropriate 2019 baseline) was Negligible. **Achievement Rating: Negligible.**

**RI11** indicated that 11 out of 14 Investment Promotion Agencies were implementing the new procedures emanating from the CREATE Act and publishing consolidated data, exceeding the targeted share. Furthermore, the objective of containing taxes foregone due to tax incentives (as well as improving their efficiency and consistency) was being met in that "tax expenditures" due to incentives fell from an estimated 2.5% of GDP in 2020 to 1.9% in 2021-22 (ICR, para. 34). **Achievement Rating: High.**

**RI12:** was a qualitative indicator of whether the foundational ID system established under PAs 14-16 was being implemented. The ICR (para. 35) stated that the ID was being used for verification by a wide range of both government agencies and private services, fully meeting the target. It also noted that 81 million individuals had registered for PhilSys as of October 2023 – 88% of the government's target of 92 million (which would warrant a Substantial rating if it were an indicator). Further deployment of the system is being supported by the WB Philippines' First Digital Transformation DPL, especially with respect to financial services. **Achievement Rating: High.**

**RI13:** Growth of digital InstaPay transactions greatly exceeded the target for implementation of actions to establish and operationalize the national payments system. The implied improvement in the efficiency of the payments system was consistent with the objective of improving resilience, with increasing use by government social programs supported by PA16 and the First Digital Transformation DPL (ICR, para. 36). **Achievement Rating: High.**

**RI14:** The increase from two to seven prearranged financial mechanisms for disaster response exceeded the target. The variety of funds and financial instruments (as detailed in ICR, para. 37) provided a range of response capabilities to different situations, thus minimizing fiscal risk from disasters and promoting the resilience objective. **Achievement Rating: High.**

**RI15:** The estimated 81% share of the number of public assets entered into the National Asset Registry System exceeded the target of at least 60%. This figure represented 40 agencies, well beyond the "five key agencies" specified in PD3 (para. 79) and RI 15. The ICR (para. 40) stated that the 359,689 assets listed had a declared value of over PHP2 trillion, but no estimate was given for the total value of all public assets (since the remainder were yet to be inventoried). **Achievement Rating: High.**

### Rating

Moderately Satisfactory

## Overall Achievement of Objectives (Efficacy)

### Rationale

With five out of nine RIs rated Modest, PDO1 is rated Moderately Satisfactory; and PDO2 is rated Moderately Satisfactory on the basis of one Negligible rating – yielding Moderately Satisfactory overall.

### Overall Efficacy Rating

Moderately Satisfactory

## 6. Outcome

### Rationale

With PA relevance rated Highly Satisfactory and Efficacy as Moderately Satisfactory, the overall Outcome is Moderately Satisfactory.

### a. Rating

Moderately Satisfactory

## 7. Risk to Development Outcome

**Institutional capacity remains a critical challenge for implementation. "**Limited implementation capacity has often led to poor delivery of public services in the country," as witnessed by delivery problems during the COVID-19 pandemic (ICR, para. 52). Implementation of some actions requires dealing with "complex inter-government relations and sometimes overlapping mandates across public agencies" (PD1, para. 99), especially regarding business registration and regulation, disaster response and management of public assets. Institutional capacity risk is being mitigated through complementary investment operations and technical assistance (such as the Philippines Customs Modernization Project, Sustainable Recovery DPL, and First Digital Transformation DPL).

**Macroeconomic risks remain substantial, despite improvements in the medium-term outlook**. The "main downside risks…are decelerating global growth, the war in Ukraine, the policy tightening in advanced economies and elevated inflation" (ICR, para. 51). Excise tax collection, and hence funding for disaster response, social assistance and support to farmers, are particularly vulnerable to an economic downturn. The CRDPL series has supported mitigation through fiscal policy and other reforms to improve resilience, and strong domestic demand growth and an accommodative monetary policy have supported economic recovery (PD3, para. 51).

**Political and governance risks may hamper the momentum of reforms**. Inability to build consensus "delayed passage of the 2019 national budget, which derailed reform initiatives" (PD3, para. 98). In particular, measures to follow through on rice market reforms to achieve the intended crop diversification and increased productivity were dropped as a PA "due to slow regulation drafting" (ICR, para. 53), indicating a lack of political will. The improvements to fiscal incentives through better oversight and transparency in tax incentives are at risk due to amendments to the CREATE Act under consideration that could empower the President to grant investment incentives that could undermine the achievement of increased tax efficiency. Further consultations with and technical assistance (TA) to government and implementing agencies could help mitigate these risks.

**As an island nation situated in the typhoon belt and the Ring of Fire, the Philippines is particularly vulnerable to the risks of climate change and natural disasters**. PD1 (para. 4) cited the Philippines as "third most vulnerable country in the world to weather-related extreme events and sea level," and PD3 (para. 23) stated that "at least 74 percent of Filipinos are vulnerable to multiple hazards, including typhoons, earthquakes, floods, storm surges, tsunamis, volcanic eruptions, and landslides. PD3 (para. 72) specifically cited mitigating the impact of natural disasters and climate change as motivating factors for policy actions to improve management of financial risks and public assets. The actions taken under this DPL series build resilience by addressing many of the institutional inefficiencies and put in place appropriate mechanisms of support (e.g., RCEF, social assistance through digital payments) and mitigation (e.g., insurance on public assets). But PD3 (para. 72) also stated that the Philippines spent an annual average of "0.6 percent of GDP on disaster-related response, recovery, and reconstruction activities." The gains from efficiency improvements could be overwhelmed by increases in the costs of coping with worsening disasters affected by climate change.

## 8. Assessment of Bank Performance

### a. Bank Performance – Design

### Rationale

**Analytical underpinnings and lessons from prior experience**

The design of the CRDPL series explicitly drew on "the key lessons from the previous DPL series. First, the importance of a programmatic multi-year format … to support reforms and institutional development. Second, the close coordination between World Bank teams and government partners…. Third, the importance of complementary knowledge and TA" (PD1, para. 29). Lessons learned also came from *Philippines: Lessons Learned from Yolanda* (2017) and evaluation of the Philippines Parametric Insurance Program (2020) (PD1, footnote 16; PD3, Annex 4). A range of advisory services and analytics (ASA) provided context and guidance, including: Game Changers ASA 2016-2020; Philippines Country Private Sector Diagnostics (2019); Competitiveness Programmatic ASA; Philippines Rice Policy ASA; and Disaster Risk Finance ASA (2019-2020); along with reports on the digital economy and improving public assets (PD3, Annex 4).

Provision of TA (often through ASA or complementary operations) substantially strengthened the design. The WB provided TA to the Department of Information Technology on implementing a common tower policy and streamlining permits; Department of Agriculture on increasing competitiveness and diversification; ARTA on simplifying business registration; Department of Finance on investment screening and implementation of the CREATE Act; Bureau of Customs on trade facilitation; and the Philippines Statistical Authority and other agencies on the national identification system (ICR, para. 49). TA also facilitated institutional capacity-building in the Insurance Commission, Bureau of the Treasury, Department of Management and Budget, and the Government Service Insurance System.

**Results chain and indicators**

Neither the ICR nor the PDs provided an explicit results chain or theory of change. PD1 stated the expected results of each action, though without many specifics on the steps and further actions needed to achieve those outcomes; PD3 provided more detail on results and steps toward achieving them.

PD1 (para. 95) asserted that the RIs were "prepared taking into consideration the country's statistical system, administrative data collection, and government monitoring system," though the PDs provided no discussion of the selection and measurement of the RIs apart from presenting them in the Policy and Results Matrix.

**Identification and mitigation of risks**

The series explicitly focused on building resilience to mitigate risks of natural disasters, climate change and other shocks (especially after COVID-19 interrupted preparation of DPL2 and DPL3), including actions to expand fiscal space, better manage public assets, and operationalize national ID and digital payments systems. PD1 (para. 97 and Table 5) identified political/governance and institutional risks as sufficiently high to warrant an overall risk rating of Substantial, with only Moderate macroeconomic and other risks. TA and close collaboration with government were intended to help moderate both governance and institutional risks.

PD2 (para. 114) and PD3 (para. 105) added "uncertainty regarding the duration and depth of the COVID-19 pandemic" as an important risk, and some adjustments were made to the design. The ICR (para. 55) noted that the COVID-19 disruptions were not so severe as to derail the program.

**Consultation with stakeholders and development partners**

In preparation for this DPL series, the government held consultations in Washington, DC, in 2019 in which the "private sector, academe, think tanks, civil society, other governments, foreign investors, and multilateral agencies discussed the country's development priorities and challenges, and exchanged reform experiences" (PD1, para. 75). The WB team held several consultations in the field with business groups, academics, and non-governmental organizations (PD1, para. 76). TA enabled substantial collaboration with implementing agencies.

Additional information obtained during this review confirmed that All UN Agencies, ADB, WBG, and major bilateral donors are present in the Philippines and that the IMF conducts regular Article IV consultations, although the Philippines did not have an active IMF program (PD1, para. 23). The ICR (para. 49) and PD1 (section 4.4) provided little evidence of collaboration with other development partners specific to this DPL series. Australia provided trust funding for TA and partly supported the Game Changers ASA (PD1, para. 73).

## Rating

Satisfactory

## b. Bank Performance – Implementation

## Rationale

**Monitoring**

The series of three DPLs provided a sound basis for regularly monitoring progress and setbacks and adjusting the program accordingly. No problems with obtaining data were evident.

**Adaptation**

The WB team and government responded to the COVID-19 disruptions by combining two of the original three PDOs to focus more fully on resilience (ICR, para. 11; PD3, para. 92). PD2 adjusted the policy matrix "to prioritize structural reforms to achieve long term inclusive growth under the new normal "(PD2, para. 37). "Some planned PAs of the DPF program were updated, according to changing priorities, to support more directly the economic recovery and the new areas of reform focus" **(I**CR, para. 50).

### Rating

Satisfactory

### c. Overall Bank Performance

### Rationale

Both design and implementation performance were satisfactory.

### Overall Bank Performance Rating

Satisfactory

## 9. Other Impacts

### a. Social and Poverty

It is too early for evidence to be available on possible social and poverty impacts.

### b. Environmental

It is too early for evidence to be available on improvements in resilience to climate change and other external shocks.

### c. Gender

Only one gender-specific indicator was included (unrelated to any PA), and it is too early to tell whether collection of gender-disaggregated business registration data had any impact on policies or participation of women in business.

### d. Other

n.a.

## 10. Quality of ICR

### Rationale

The ICR provided a coherent narrative of the context, design, adaptation, and performance of the CRDPL series. It fully analyzed achievement of objectives, providing useful additional evidence when available. It discussed attribution problems of some indicators and suggested some more appropriate RIs. Lessons learned were relevant and rooted in evidence from the series.

Provision of an explicit results chain/theory of change would have been helpful (even though not articulated in the PDs). It noted (footnote 33) the lack of information in the PDs on collaboration with other development partners (apart from the Australian trust fund); further investigation would have been helpful.

### a. Rating

Substantial

## 11. Ratings

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

## 12. Lessons

This DPL series illustrates the value of a programmatic series to enable a sequence of reforms that maintains momentum, and the importance of TA to help maintain that momentum.

**A complete sequence of actions helps to ensure that reforms are implemented**. Reforms typically involve several stages: legislation; establishment or strengthening of an institution; issuance of regulations; and application of regulations. Articulation of all these stages in the design phase is important to chart the path toward implementation to achieve results, especially when the initial step is simply legislation or establishing a new institution. In a context of fragility, weak political will, limited institutional capacity, and/or vested interests, a well-defined sequence of actions supported by DPLs can be essential to actual achievement of the intended objectives. All five policy areas with three sequential PAs across the three DPLs had High achievement.

**A programmatic DPL series catalyzes successful implementation by enabling sequenced actions and setting milestones**. CRDPL1 typically initiated foundational legislation for reform; CRDPL2 supported regulations for implementation; and CRDPL3 in some cases addressed obstacles to implementation (ICR, para. 56). Establishing indicative triggers for CRDPL2 and CRDPL3 created a "sense of urgency to move forward…often helping to overcome resistance by special interests" (ICR, para. 55).

**Technical assistance throughout is critical for the design and implementation of complex reforms**. Mobilizing a large trust fund with Australian support was key to making substantial TA available to work with various implementing agencies at all stages, building institutional capacity as well as enhancing consultation for better understanding of local conditions and solving problems (ICR, para. 54). Ongoing TA helped to build institutional capacity and ensure continuity of reforms (see section 8.a).

## 13. Project Performance Assessment Report (PPAR) Recommended?

No