1. Project Data

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<td>Country</td>
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Prepared by
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Reviewed by
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Christopher David Nelson

Group
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2. Project Objectives and Components

a. Objectives

As per the Financing Agreement (FA) on page 5, the Project Development Objective (PDO) was "to help improve Djibouti's business environment". The PDO in the Project Appraisal Document (PAD) on page 8 was identical.

In November 2016, the approval of an additional financing (AF) coincided with the revision of the PDO, which was restated on page 4 of the FA as follows: "To improve the efficiency of business regulation and establish
an automated National Payment System*. The revised PDO in the restructuring paper on page 1 was identical.

The original and the revised PDOs are significantly different, because they were underpinned by (i) a few similar activities, and several different activities, and (ii) they had two different result frameworks and theories of change. Therefore this review differs from the ICR approach, and will undertake a split assessment of outcomes based on the following objectives:

- Original PDO: To improve the efficiency of business regulation
- Revised PDO: To improve the efficiency of business regulation and establish an automated National Payment System

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

Did the Board approve the revised objectives/key associated outcome targets? Yes

Date of Board Approval
28-Dec-2016

c. Will a split evaluation be undertaken? Yes

d. Components

Original project

Component 1: Investment Climate Reform (cost at appraisal US$1.4 million; AF US$2 million for a total amount of US$3.4 million; actual cost of US$ 3.4 million).

Subcomponent 1. Commercial and Civil Justice. This subcomponent focused on improving the settlement of commercial disputes by providing technical and institutional support to the Commercial Chamber of civil courts. Activities included revising the main functions of the Commercial Chambers from organizational structure to operational processes, improving the digitalization of the Ministry of Justice, training judges and court staff, modernizing key commercial justice documents, improving access to legal information, modernizing the Registre du Commerce et des Sociétés, and improving access to relevant information for business transactions for the public.

Subcomponent 2. Establishment of the One-Stop-Shop and Technical Assistance for Investment Climate Reforms through the One-Stop-Shop. This subcomponent focused first on the rehabilitation and equipment of the building allocated by the Government for the One-Stop-Shop and setting up the relevant services it will host. It also provided technical assistance to improve the process for delivering construction permits and revamping procedures for property transfer.

Component 2. Project Management (appraisal US$0.6 million, actual cost of US$1.1 million)
Subcomponent 1. Support to the Steering Committee Meetings. This subcomponent financed the project steering committee meetings.

Subcomponent 2. Support to the National Agency for the Promotion of Investments (Agence Nationale pour la Promotion des Investissements, ANPI) for Project Implementation. This subcomponent supported training and operating costs for the project implementing agency for project management, implementation, monitoring, and evaluation.

Revised project

(i) Revised component 1: Investment Climate Reform (Cost at appraisal of US$0.6 million, actual cost of US$3.4 million).

This component was to provide advisory/consultancy services, organizing for reforms, and communication, including associated equipment and systems for beneficiary agencies.

(ii) Revised component 2: Establishment of an Automated National Payment System (Cost at appraisal of US$2.6 million, actual cost of US$2.6 million)

This new component intended to support the establishment of a modern automated national payment system in Djibouti, to replace the manual processing of checks and create the foundation for the development of an interbank market. The first subcomponent was to develop the Core Payments System Infrastructure while the second subcomponent was to create Data Centers, Systems Integration Services, and provide Capacity Building of the Central Bank of Djibouti (CBD).

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

- **Cost:** Actual project cost amounted to US$7.2 million, or about 79 percent of committed IDA resources
- **Financing:** The project was financed by two tranches of IDA resources totaling US$9.0 million: A first tranche at approval in the amount of US$2.0 million, and (ii) an additional financing in the amount of US$7.0 million at the 2018 restructuring.
- **Borrower Contribution:** A borrower contribution in the amount of US$1.2 million was budgeted, but there was no disbursement.
- **Dates:** The project was approved on June 23, 2014, and made effective on March 12, 2015. The project was closed on the revised closing date, 18 months after the original closing date.
- **Restructurings:** The project was restructured three times as follows:
  - The first restructuring in November 2016 aimed to undertake key changes related to the provision of an additional financing, the revision of project's PDO and the results framework
  - The second restructuring on December 28, 2018 aimed to revise the results framework and the disbursement estimates
  - The third restructuring on December 10, 2020 intended to extend the project closing date to allow fulfilment of some indicators that might not be achieved by the current closing date, and provide additional room for implementation as the COVID-19 pandemic was still ongoing.
3. Relevance of Objectives

Rationale

The assessment of the relevance of objectives draws from the material presented on pages 11-12 of the ICR.

The PDOs were consistent with the country's priorities. The PDOs were highly relevant to the Government’s overarching Vision 2035 developed in 2014 and is still highly relevant to the new National Development Plan (NDP), Djibouti Institutions-Connectivity-Inclusion (ICI) for 2020–24. The PDOs were particularly relevant for two out of the three strategic pillars of the NDP: a) Pillar 1: Inclusion’ aiming to: (i) rethink and operationalize the inclusive sustainable development model, with an increased role for private initiatives as an essential lever for the diversification of production and trade and (ii) ensure a better distribution of the fruits of growth; and b) ’Pillar 3: Institution’ aiming to strengthen the country’s human and institutional capacities to: (i) guarantee the realization of rights and freedoms; (ii) provide Djibouti with democratic, stable, transparent, and effective institutions; and (iii) strengthen social cohesion.

The PDOs were in line with the Bank’s planned interventions in Djibouti at the project's close. The PDO remains highly relevant to the current FY22–26 World Bank Country Partnership Framework (CPF) for the Republic of Djibouti. The CPF’s overarching objective is to support Djibouti’s goal of reducing poverty through broad-based and inclusive private sector-led growth. The PDO supports the CPF’s two focus areas: (a) promoting inclusive private sector-led growth job creation and human capital and (b) strengthening the role and capacity of the state. Moreover, it builds on the foundation of the CPF’s three cross-cutting themes: fostering digital transformation, strengthening transparency to support good governance, and promoting gender parity. It leverages the WBG’s ongoing engagement in human capital development, governance, and institution building while expanding support to productivity and job creation.

Based on the close alignment between the PDOs and the Borrower's development priorities and the Bank’s partnership strategy, overall the relevance of both PDOs is rated high.

Rating

High

4. Achievement of Objectives (Efficacy)
OBJECTIVE 1
Objective
To help improve Djibouti's business environment.

Rationale

- Theory of change
  - The ICR recreated a theory of change, based on the content of the original PAD, and the associated assumptions. The theory of change toward the PDO was built on the logic that activities aimed at improving Djibouti's business environment would lead notably to (i) a reduction of the average number of days to create a business, (ii) a reduction of the average number of days to register a property, (iii) a decrease in the average number of days to settle a commercial dispute, and (vi) a number of direct project beneficiaries, including a certain percentage level of female population. The above achievements were expected to generate (i) an improved environment for private sector development, (ii) a reduction of unemployment and poverty, and (iii) a diversified and competitive economy. The key assumptions for this theory of change to hold were (i) the promotion of country's governance and business environment, and (ii) an improved capacity, efficiency, and transparency of key agencies so as to increase confidence in the public institutions.

- Outputs
  - Four magistrates specialized in commercial disputes were all trained, reaching the target of 100 percent;
  - The totality of property titles has reached the first level of digitalization, meaning scanned and electronically managed with the possibility to search by title, identification number, or owner information, exceeding the target of 80 percent;
  - The number of formally registered companies was 2,005, greatly exceeding the target of 1,200, including exceeding the 20% target for women-owned/led companies (308 registered versus 140 planned);
  - The Commercial Chamber's decisions were not published on the website due to the counterparts' reticence emerging from data privacy concerns. The statistics of judgments rendered are available on the website until the year 2018;
  - At completion, 10 laws and regulatory texts from the report have been adopted as targeted, including: (i) an amendment of the Commercial code to strengthen the legal framework for secured transactions, protection of minority investors, and resolving insolvency; (ii) a law for the Office of Intellectual and Commercial Property to reduce the cost of registering a business; (iii) a new Civil Code; (iv) a new code of civil procedures strengthening contract enforcement and protection of minority investors; (v) a law amending the tax code to reduce costs to create a business and register a property; and (vi) a law amending the land management code in order to improve the quality of land administration;
  - The country strengthened minority investor's protections by requiring greater disclosure of transactions to interested parties, strengthening remedies against interested directors, extending access to corporate information before trial, increasing shareholders’ rights and role in major corporate decisions, clarifying ownership and control structures, and requiring greater corporate transparency;
  - The reformed business environment facilitated contract enforcement thanks to the newly established dedicated division within the specialized court to resolve commercial cases and the newly adopted Code of Civil Procedure that regulates voluntary conciliation and mediation proceedings, as well as time standards for key court events. Finally, resolving insolvency was
made easier by making insolvency proceedings more accessible for creditors and increasing their participation.

- Outcomes
  - The average number of days to create a business was significantly reduced reaching the target of 3 days. This result was confirmed during IEG’s meeting with the Bank project team as being consistent with revisions to the Bank’s Doing Business report published in 2023.
  - The target for the average number of days to register a property was partially achieved, as it decreased from 39 days to 24 days instead of the 10-day target.
  - The outcome indicators target related to the decrease in the average number of days to settle a commercial dispute was not assessed.

The project helped Djibouti make a start to improving the efficiency of business regulations. The extent to which improvements in the business environment were achieved was, however, rated modest.

Rating
Modest

OBJECTIVE 1 REVISION 1
Revised Objective
To improve the efficiency of business regulation and establish an automated National Payment System

Revised Rationale
Theory of change

- The ICR recreated a different theory of change, based on the content of the restructuring paper, and the associated assumptions. The theory of change of the revised PDO posited that activities aimed at improving the efficiency of business regulation and establish an automated National Payment System would lead notably to (i) a reduction of the average number of days to create a business, (ii) a reduction of the average number of days to register a property, and (iii) a decrease in the average number of days to settle a commercial dispute, (iv) a number of direct project beneficiaries, including a certain percentage level of female population, and (v) the establishment of an automated transfer system. The above achievements were expected to generate (i) an improved and more efficient business environment, (ii) a modernized and efficient business infrastructure, (iii) an increased FDI, and private sector development, and (iv) an economic and MFD toward the twin goals. The key assumptions for this theory of change to hold were (i) the promotion of country’s governance and business environment, and (ii) an improved capacity, efficiency, and transparency of key agencies so as to increase confidence in the public institutions.

Outputs

- At completion, 10 laws and regulatory texts from the report have been adopted as targeted, including: (i) amendment of the Commercial code to strengthen the legal framework for secured transactions, protection of minority investors, and resolving insolvency; (ii) a law for the Office of Intellectual and Commercial Property to reduce the cost of registering a business; (iii) a new Civil Code; (iv) a new
code of civil procedures strengthening contract enforcement and protection of minority investors; (v) a law amending the tax code to reduce costs to create a business and register a property; and (vi) a law amending the land management code in order to improve the quality of land administration;

- All property titles have achieved a first level of digitization against 80 percent planned;
- The number of Enterprises registered per year reached 2,005.00, against a target of 700, of which 305 are led by women, against a target of 140, largely exceeding the target;
- The Commercial Chamber's decisions were still not published on the website due to the counterparts' reticence emerging from data privacy concerns. The statistics of judgments rendered are available on the website back to the year 2018;
- All magistrates identified for training were trained, exceeding the target of 50%;
- The national Automated Transfer System (ATS) is fully operational and as of the November 2021 (six months after the project's close) 100 percent of the transactions were supported by the system, exceeding the target of 10 percent;
- The primary data center for the national payment system was successfully set up for the NPS. The CBD has signed a contract of US$50,000 with Djibouti Telecom to host the disaster recovery back-up site; and
- The number of financial institutions connected to the ATS was exceeded, with all banks connected and interfaced either directly or manually with the ATS+, against a target of 8 percent.

Outcomes

- The target for the average number of days to register a property was partially achieved, as it decreased from 39 days to 24 days instead of the 10-day target
- Achieved results for the average number of days to create a business reached the target of 3 days
- The national payment system is operational and the average settling time for credit transfer successfully reached half a day as targeted
- According to the CBD and the ATS+ system records, all banks are connected and linked to the system, and all transactions are processed through the system with the average settlement time for credit transfers being half a day as planned, and the average settlement time for checks being a day, improving on the initial target of two days
- A survey conducted of users of the One-Stop Shop in 2019 showed a 90 percent user satisfaction, exceeding the 60 percent target
- The outcome indicator target related to the decrease in the average number of days to settle a commercial dispute was not assessed.

The extent to which Objective 1: Revision 1 was achieved is rated as substantial.

Revised Rating
Substantial

OVERALL EFFICACY
Rationale

(i) Toward the original PDO, key achievements were limited to the following: (i) the target for the average number of days to create a business was fully achieved; (ii) the target for the average number of days to register a property was partially achieved, as it decreased from 39 days to 24 days instead of the 10-day target; and (iii) the time to settle a commercial dispute was not assessed.

(ii) Toward the revised PDO, achieved results were as follows: (i) the average number of days to register a property decreased, (ii) the target for the average number of days to create a business was fully achieved (iii) the national payment system is operational and the average settling time for credit transfers and settlement times for checks were substantially reduced, and (iv) a survey conducted of users of the One-Stop Shop in 2019 showed a high level of user satisfaction. However, achieved results for the average number of days to create a business is uncertain, and the average time to settle a commercial dispute were not assessed.

Overall efficacy is rated substantial, because there was satisfactory progress toward efficiency in the business environment, through improved business regulation and the establishment of an automated National Payment System.

Overall Efficacy Rating
Substantial

5. Efficiency

The project supported principally technical assistance activities for which achieved outcome and benefits with which to calculate an NPV or IRR are elusive. Therefore, a qualitative analysis was conducted for each subcomponent and presented in Annex 4 of the ICR, as was done at project appraisal. The qualitative analysis mirrored the results discussed under the efficacy section corroborating the efficiency achieved from the reforms supported by this project.

The total amount of US$7.1 million in project funds and US$1.2 million in client counterpart funds were disbursed to finance a number of structural reforms creating a conducive investment climate in Djibouti and establishing a national payment system. The benefits of the project were positive and far-reaching. The cost-effectiveness of the operation was relatively stronger than expected at appraisal, primarily due to the expanded scope of the project, and the additional financing triggered by the Government's increased momentum to move ahead toward improving the business environment. Consequently, far-reaching reforms were completed and more beneficiaries than-targeted were served, with expenditures per beneficiary remaining low. Finally, the project benefitted from exchange rate gains arising from an appreciation of the SDR against the dollar, in comparison to the exchange rate used at the effective date.

The project design was simple and well-defined with several inter-connected subcomponents, and implemented in six years, 18 months after the original closing date. Overall, operational and administrative efficiency was high, despite some setbacks due to disruptions caused by the COVID-19 pandemic. The NPS implementation
suffered the longest delay as it required physical travel of international experts to Djibouti and physical acquisition and installation of systems, all delayed by the pandemic.

**Efficiency Rating**

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

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* Refers to percent of total project cost for which ERR/FRR was calculated.

### 6. Outcome

Relevance of objectives was high while efficiency was substantial throughout the period of project implementation. Efficacy was Modest before restructuring and Substantial after restructuring. As detailed in the table below, the overall weighted outcome is rated **Satisfactory** as derived in the following table.

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</table>
a. **Outcome Rating**  
Satisfactory

### 7. Risk to Development Outcome

The major risk identified by the ICR on page 28 that could endanger the sustainability of the good results achieved by the project is the lack of technical capacity of Borrower institutions that will continue to manage, sustain and spearhead the achieved outcome, particularly as regards to the One-stop-Shop, the NPS and the structural reforms.

The risk mitigation approach identified in the ICR focused on the recent engagement by the Government to launch discussions around the need to pursue more private sector development reforms and provide additional support to MSMEs. Moreover, the World Bank is also working with the European Union to mobilize resources to build on these achievements and support Djibouti by providing Business Development Services for MSMEs. In particular, the World Bank portfolio supporting the private sector was boosted by the adoption of the following projects: (i) Support for Women and Youth Entrepreneurship, P165558; (ii) Djibouti MSMEs Business Development Services, P176690; (iii) Djibouti Affordable Housing Finance Project, P176772, (iv) De-risking, inclusion and value enhancement of pastoral economies in the Horn of Africa, P176517.

### 8. Assessment of Bank Performance

a. **Quality-at-Entry**

The ICR discussed quality at entry issues on page 26-27 which are summarized below.

(i) **The operation was underpinned by a strong analytical base.** The design of the operation was underpinned by studies including (a) the 2012 World Bank study “A New Growth Model for Djibouti” highlighting constraints facing the private sector and economic growth; (b) the Bank’s Financial Sector Assessment Program (FSAP) in 2008; and (c) an FSAP module on financial access in 2010, which identified important deficiencies in the country’s financial infrastructure. More specifically, to support business creation and facilitate private investment, the FSAP recommended simplification of business registration procedures.

(ii) **Implementation readiness was insufficient at approval.** While the project was approved in June 2014, the Borrower took a long time to fulfill the effectiveness conditions, namely to recruit fiduciary specialists, and approve the final draft of the Operations Manual. But by the proposed date of effectiveness in September 2014, there was very little progress in drafting the operations manual and subsidiary agreements and hiring the specialists. It was not until March 12, 2015 that the project became effective and implementation could start.

(iii) **The original PDO statement was unclear and partly justified the 2016 project restructuring.** The design suffered from the absence of a clearly defined PDO, supported by a
corresponding theory of change. The 2016 restructuring included the revision of the PDO and the results framework. The restructuring operation provided additional financing, and added activities aimed at developing the country’s financial infrastructure with an automated NPS.

The ICR did not discuss key quality-at-entry themes including the strategic relevance of the project, the implementation and M&E arrangements, or the risk assessment. Nevertheless, the project was consistent with the country’s priorities and the Bank’s plans of intervention as argued in Section 3 of this review. However, implementation, M&E arrangements, and risk assessment were generally weak, as illustrated by several restructurings and implementation delays.

Quality-at-Entry Rating
Moderately Satisfactory

b. Quality of supervision
The quality of supervision aspects are discussed on page 27-28 of the ICR, and covered the themes summarized below.

Quality of supervision improved considerably overtime. According to the ICR during the early years after effectiveness, implementation was slow mainly due to the National Agency for the Promotion of Investments’ (ANPI’s) insufficient capacity, weak coordination of the institutions involved in implementation, and several delays in procurement and financial management. This was exacerbated by staff turnover when the original financial management (FM) specialist left the PIU in December 2015. However, as a result of sustained implementation support by the Bank team, coordination of activities across agencies, and the strengthening of client technical capacity, good progress was made which led to the approval of the 2016 restructuring.

Disbursement rates improved significantly following the 2016 restructuring and a closer monitoring and support from the World Bank team. By the closing date, 100 percent of the committed funds were disbursed. According to the ICR reinforcement of the implementation capacity was the key ingredient of the AF, which promoted smoother coordination, better FM, and more effective implementation across the various project agencies/beneficiaries. WBG sustained implementation support helped accelerate project progress, including the technical support from the WBG global payments specialists in the implementation of the NPS. The Bank team support helped to establish a new M&E system and a monitoring plan, and to hire a new procurement specialist and a project manager to support the project coordinator and help manage the day-to-day activities of the project.

The Bank team exerted flexibility in sustaining project supervision under the difficult conditions of the COVID-19 pandemic. The pandemic severely impeded the import of hardware for the automated payment system and the physical presence of international experts supporting the establishment of the NPS. The Bank team organized remote supervision missions and close implementation support for the Government during this time. The WB was flexible during the COVID-19 pandemic and processed a six-month extension of the project closing date to give authorities additional time to implement project activities. Partial lifting of global health measures finally made travel and equipment delivery possible in 2021 and the NPS was implemented successfully.
The close supervision of the Bank team allowed the identification of concrete next steps toward Djibouti’s development goals based on lessons learned from this project. Even though most of the results related to the business climate improvement component were achieved before the extension of the project closing date, going forward, a continued emphasis on implementation capacity is required to ensure sustainability of reforms. The close supervision of the World Bank team has allowed to identify concrete next steps in supporting Djibouti’s development goals with lessons learned from this project. The Bank team, the CBD and other project agencies discussed these during the project closing mission to make recommendations for the project’s post-closure period including: (i) the continuation of digitization efforts undertaken under this project to maintain the strong momentum, and (ii) the strengthening of the institutional capacities of the CBD to ensure the sustainability of the NPS.

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design
The ICR discussed some aspects of the M&E design of the project on page 24 as summarized below.

The original PDO was not clearly stated, and was restated during the 2016 restructuring with a revised result framework. The PDO was not clearly stated at appraisal, as discussed under Section II. Following a request from the Borrower triggered by the reform momentum, the Bank approved an additional financing, which became an opportunity for the revision of the original PDO. Hence the project ended up with two different PDOs, and two different results framework, justifying a split assessment of the project’s overall outcome in this review.

The ICR recreated two theories of change, corresponding respectively to the two PDOs and results frameworks. The PAD did not have a theory of change, and very little emphasis was given to developing an M&E system, further exacerbated by the limited capacity at the ANPI to implement the project. These shortcomings weakened the project's capacity to successfully track results of reforms which by principle are hard to measure. While the initial project design included a basic results framework to guide the project implementation, the ICR recreated two theories of change, based of the two DPOs and their respective results framework. While this case called for a split assessment, the ICR assessed only the revised PDO and its result framework.

While there was a congruence between each PDO and its corresponding RF, the project M&E system and arrangements remained generally confusing. The existence of two different PDOs, two different results frameworks, and two different theories of change was a source of confusion regarding the M&E design and implementation arrangements. The expansion of the project did not improve clarity in terms of M&E design.
While indicators were specific, measurable and achievable, there was room to have more streamlined results frameworks. While the original M&E system had limited indicators, the revised M&E expanded unduly the results indicators on account of an expanded project.

b. M&E Implementation

The ICR discussed M&E implementation on pages 24-25, and key messages are summarized below.

The M&E system was revamped and strengthened during the 2016 restructuring. The M&E system was redrafted at restructuring, based on a revised PDO and results framework. In addition, the original component on Project Management and Coordination was scaled up to implement the fiduciary procedures applicable to the expanded project. The revised PDO better reflected project activities, and the revised results framework was designed to better align the key and intermediate indicators with the revised PDO. However, six new indicators were added to reflect the new project component and activities and one indicator to track citizen engagement/user satisfaction for the One-Stop Shop developed under the parent project to strengthen results reporting. In addition, the language for five of the existing indicators was revised to better reflect project activities, and a redundant indicator on “direct project beneficiaries” was removed.

The ICR states that ISRs were prepared on a regular basis and reported on the progress toward expected outcomes. Based on the newly designed M&E system, a strengthened capacity of the PIU, and an increased attention from local authorities, the PIU systematically tracked and reported on the progress toward identified outcomes. The indicators discussed above were tracked consistently on a semi-annual basis by the executing agencies. The indicators were closely tied to the outputs of the project, and therefore provided information to the CBD and to the World Bank on project implementation and were the basis for project follow-up and mission discussions. Progress arose from overall project management improvement including improvements in coordination amongst members of the PIU and between beneficiary agencies.

The PIU was in charge of coordination in the collection and sharing of M&E data and information. According to the ICR the PIU was not well equipped to adequately monitor and update the Results Framework and a dedicated staff was deployed to lead project results supervision and reporting. The Bank project team continues to stress the need to adequately update the Results Framework regularly. Both the Bank’s project team and the CMU staff based in country supported the project’s Steering Committee and the PIU through close coordination, capacity building and training, and strengthening of the client team to ensure progress on development objectives. Training was provided to PIU members and heads of agencies within the framework of the project institutional capacity building activities.

c. M&E Utilization
M&E data and information underpinned project management decision making. Throughout project implementation, the Bank team stressed that continued effective M&E is necessary to facilitate coordination, monitoring, and follow-up of reforms implemented. The Results Framework was used to inform project decision making as well as encouraging longer-term sustainability of the program’s results.

The M&E system of the project set the stage for strengthening the M&E of the National Payment System (NPS). There is a critical need to strengthen the institutional capacities of the CBD to ensure the sustainability of the NPS. The ICR noted that because skills required for oversight differ from those required for implementation of the payment system, a specific department with appropriate capacity needed to be established within the CBD. Technical assistance was provided to the CBD from the WBG payments group to create and manage the oversight function. To sustain the business climate reforms under the program, the World Bank advised the government to mobilize additional resources to contribute to the digitization of all the process indicators (building permits, transfer of ownership, connection to electricity, payment of taxes, cross-border trade, and so on) to make significant progress.

On balance this review rates M&E quality as substantial, but only marginally so.

M&E Quality Rating
Substantial

10. Other Issues

a. Safeguards
The project was classified as a Category C operation at the time of project screening. The project was focused mainly on technical assistance and did not trigger any safeguard policies.

b. Fiduciary Compliance

Procurement. According to the ICR a procurement specialist, with adequate training and experience on WB procedures and requirements had worked with the project since effectiveness. The Bank team and consultants provided constant support to mitigate capacity constraints with the client counterparts. During implementation, the ANPI has succeeded in establishing a system of accountability with clearly defined responsibilities and delegation of authority on procurement decisions. Procurement reviews rated the project implementation to be Moderately Satisfactory throughout due to the same implementing agency capacity issues.

Financial Management (FM). Financial management recorded delays in submission of the FM deliverables including periodical Interim Financial Reports (IFRs) and the annual budget, because of the weak capacity of the ANPI. The PIU staff was reinforced to include a coordinator, an FM specialist, a procurement specialist, a manager, and an assistant, and the project FM improved after the
implementation agency was strengthened. Audit reports and management letters were regularly submitted and found to be acceptable by the Bank. FM performance during project implementation was continuously rated as Moderately Satisfactory, reflecting delays in transmission of financial reports, in disbursements, and in initial installation of the accounting software.

c. Unintended impacts (Positive or Negative)
   The ICR reported on page 21 that an important unintended outcome of the project was the reform of the credit information system through the implementation of a collateral registry and an upgrade of the credit registry.

d. Other
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11. Ratings

<table>
<thead>
<tr>
<th>Ratings</th>
<th>ICR</th>
<th>IEG</th>
<th>Reason for Disagreements/Comment</th>
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<tr>
<td>Outcome</td>
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<td>Bank Performance</td>
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<td>Moderately satisfactory rating of Quality at Entry.</td>
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<td>Quality of M&amp;E</td>
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<tr>
<td>Quality of ICR</td>
<td>---</td>
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</table>

12. Lessons

The ICR listed eight findings, lessons and recommendations, from which this review selected two lessons of particular importance to project implementation as rephrased to some extent below.

i) **A project implementation unit (PIU) needs competent leadership and staffing.** As for most World Bank operations in this project a PIU was to be used to implement this project. The establishment of the PIU and its staffing was a condition of effectiveness. A PIU was chosen and staffed but its performance fell short of expectations because of lack of appropriate skills and motivation. After restructuring, with the leadership of the Ministry of Finance and close technical assistance of WB experts, the project team was able to reorganize, improve staffing and deliver the reform action plan through sectoral and technical work groups. The lesson is that PIU selection needs to be underpinned by a sound and thorough review of the required capacities to run a specific project, and then allocate the required human, financial, and technical resources to support a project's activities throughout all phases. Without attention to such details project implementation will almost inevitably be hampered.
(ii) Strong Bank management and local staffing are key to successful implementation as they provide proximity support to the client and mitigate crisis situations. When the COVID-19 pandemic hit with the associated travel restrictions, the presence of a dedicated expert in the Bank’s field office was crucial for the project’s successful implementation. Moreover, the Bank staff played a key role in supporting project implementation in difficult contexts. The Bank also worked with the Government, the National Agency for the Promotion of Investments (ANPI), and the PIU to find practical solutions for the various project management challenges in order to ensure on-time delivery.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is structured according to the guidelines, evidence-based, clearly written and internally consistent. It provides a detailed storyline of the operation’s context, implementation and the results achieved. The results orientation and the quality of analysis were of good quality, and well illustrated by detailed graphs, and annexes. The eight lessons proposed in the ICR were cogent and based on experiences in the project. Thus, the quality of the ICR is rated Substantial.

a. Quality of ICR Rating

Substantial