### 1. Program Information

<table>
<thead>
<tr>
<th>Country</th>
<th>Practice Area (Lead)</th>
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<tr>
<td>Cote d'Ivoire</td>
<td>Macroeconomics, Trade and Investment</td>
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#### Programmatic DPF

<table>
<thead>
<tr>
<th>Planned Operations</th>
<th>Approved Operations</th>
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<table>
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<th>Operation ID</th>
<th>Operation Name</th>
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<tbody>
<tr>
<td>P158463</td>
<td>CI-DPO on Fiscal managment, Educ. &amp; Ener</td>
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<table>
<thead>
<tr>
<th>L/C/TF Number(s)</th>
<th>Closing Date (Original)</th>
<th>Total Financing (USD)</th>
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<td>30-Jun-2019</td>
<td>72,332,575.00</td>
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<th>Closing Date (Actual)</th>
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<td>15-Dec-2016</td>
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| Original Commitment | 75,000,000.00 | 0.00 |
| Revised Commitment  | 75,000,000.00 | 0.00 |
| Actual              | 72,332,575.00 | 0.00 |

### Additional Information

<table>
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<tr>
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<td>Cote d'Ivoire</td>
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<tr>
<th>Operation ID</th>
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<td>Cote d'Ivoire - Second Fiscal Management ( P163284 )</td>
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<th>Operation ID</th>
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<td>CIV DPO3 (P166388)</td>
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2. Program Objectives and Pillars/Policy Areas
a. Objectives

The program development objectives of the Cote d'Ivoire First (DPF1), Second (DPF2), and Third (DPF3) Fiscal Management, Education, Energy and Cocoa Reforms Development Policy Financing (DPF) were to enhance tax revenue collection and public procurement; strengthen efficiency and equity in the education sector; improve the performance of the electricity sector by enabling private participation and diversification; and consolidate transparency in the management of the cocoa sector.

For this ICR Review, the objectives of the programmatic DPF are parsed into:

Objective 1 - To enhance tax revenue collection;
Objective 2 - To enhance public procurement;
Objective 3 - To strengthen efficiency and equity in the education sector;
Objective 4 - To improve the performance of the electricity sector, including by enabling private sector participation and diversification (the term "including" is inserted as private participation and energy diversification were not the only measures selected to improve the performance of the sector); and
Objective 5 - To consolidate transparency in the management of the cocoa sector.

b. Pillars/Policy Areas

**Enhancement of Tax Revenue Collection** supported expansion of the tax base, reduction of revenue losses, and increase in tax collections by including potential taxpayers in the informal sector in Abidjan; offering tax amnesty to individuals and firms; introducing an electronic platform for filing and paying taxes; eliminating certain exemptions to the value-added tax (VAT); introducing a single identification number for firms; and adopting VAT payment deferrals in lieu of VAT exemptions for capital goods imports.

**Enhancement of Public Procurement** supported improving government procurement by establishing procurement units in key agencies; establishing a coordinating unit in the Ministry of Finance to monitor government contracts; renewing the membership in the board of the *Autorité Nationale de Régulation des Marchés Publics* (ANRMP), the regulatory body for public contracts; and introducing an electronic procurement (e-procurement) system with an associated legal framework.

**Strengthening Efficiency and Equity in the Education Sector** supported improving efficiency and equity in primary and secondary schooling by consolidating grade levels into sub-cycles based on "blocs of competencies" in primary schools; conducting and publishing annual standardized assessments of learning outcomes at sub-cycles; revising the system for assigning students to secondary schools based on household income, place of residence, and distance between home and school; improving the teacher-to-student ratio in underserved regions of the country; raising the amount of schooling time to international norms; hiring only bivalent teachers (teachers certified to teach two different but related subjects, e.g. mathematics and natural sciences) in secondary schools; and rationalizing the criteria for granting public subsidies to private schools.

**Improving the Performance of the Electricity Sector, Including by Enabling Private Sector Participation and Diversification** supported improving the operational and financial performance of electricity services by adopting a methodology for setting tariff rates; promoting private sector participation in energy generation and distribution; promoting the development of renewable energy sources; setting procedures for the selection of independent power producers (IPPs); finalizing and implementing agreements for the settlement by the central government, the District of Abidjan, and state-owned enterprises (SOEs) of unpaid electricity bills to the state-
owned electricity distribution concessionaire, *Côte d'Ivoire Énergies* (CI-ENERGIES), and for the timely payment of electricity bills moving forward; and concluding a performance-based contract between the government and CI-ENERGIES.

**Consolidating Transparency in the Management of the Cocoa Sector** supported improving transparency in the cocoa industry by conducting, regularizing, and publishing the results of wide-ranging, independent, and systematic institutional, technical, and financial audits of the forward-sale and producer-price-setting system *Programme de Ventes Anticipées i la Moyenne* (PVAM), the Reserve Fund, held at the *Banque Centrale des États de l'Afrique de l'Ouest* (BCEAO), which protected against price fluctuations and supported the government-guaranteed farmgate price, and the three funds managed by the *Conseil Café Cacao* (CCC) to support agricultural and rural development – the *Fonds d'Investissement en Milieu Rural* (FIMR), the *Fonds d'Investissement Agricole* (FIA), and the *Fonds Sacherie*.

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

**Program Cost:** DPF1 was estimated to cost SDR68.5 million (US$75 million equivalent) at appraisal; DPF2, SDR10.59 million (US$125 million equivalent); and DPF3, SDR86.4 million (US$100 million equivalent). The three operations were financed by IDA development policy credits of the amounts estimated at appraisal. The credits were fully disbursed, with the US$ equivalents -- US$72.3 million for DPF1, US$126.9 million for DPF2, and US$99.1 million for DPF3 -- differing from those at appraisal because of changes in the SDR:US$ exchange rate over 2016 to 2020.

**Dates:** DPF1 was approved on December 15, 2016, became effective on December 22, 2016, and closed as scheduled on June 30, 2019. DPF2 was approved on December 5, 2017, became effective on December 19, 2017, and closed as scheduled on June 30, 2020. Originally planned as a two-operation sequence, this programmatic series was expanded to add a third operation and cover a new policy area, reforms in the management of the cocoa industry. DPF3 was approved on December 11, 2018, became effective on December 20, 2018, and closed as scheduled on June 30, 2020.

3. **Relevance of Design**

a. **Relevance of Objectives**

**Relevance to Country Development Constraints.** This programmatic series aimed to address constraints to economic growth and development in five key areas. According to the *Côte d'Ivoire Country Systematic Diagnostic 2015: From Crisis to Sustained Growth - Priorities for Ending Poverty and Boosting Shared Prosperity*:

- Problems with public procurement raised questions about the efficiency and integrity of public spending. These problems also elicited concerns from the private sector, which found the government's procurement processes and practices difficult for business.
- Limited access to, and low quality of, education was a key constraint to human capital development and poverty reduction (more than half the population in households with an uneducated head was
poor). There were wide disparities in access to primary schooling (years 1-6) and, crucially, secondary schooling (years 7-12) across regions, income groups, and gender. For rural residents, the poor, and girls, access to secondary education was most dismal. Improving access would require resource reallocations and interventions on both the supply side – constructing schools at a reasonable distance to homes – and on the demand side – promoting affordable schooling for all, particularly girls. Overall, the greatest impact would be by improving girls' access to education. The quality of education was also of primary concern, with exceedingly low levels of achievement in mathematics and the French language in primary schools, a mismatch between skills acquired in secondary and tertiary schools and the demands of the labor market, and poor correlation between resources and personnel devoted to education and education results, reflecting ineffectiveness and inefficiency.

- Electricity supply was a top constraint to the development of industry, manufacturing, and agro-business. While Cote d'Ivoire was a regional power exporter (exporting electricity to neighboring Benin, Burkina Faso, Ghana, Mali, and Togo), and supply was reliable in the main industrial and urban centers, it was inadequate and unreliable outside the capital Abidjan (70 percent access in urban areas versus 30 percent in rural areas), with adverse implications for the broad-based development of small and medium enterprises across the country. A plan to double power production capacity to 4,000 megawatts was essential but difficult. There were no natural gas discoveries in recent years (the bulk of power generation capacity was in gas-fueled thermal plants); hydro resources were unexploited, and the construction of a new hydro power plant would take at least 6-7 years; and renewable energy, including solar and biomass, could not be developed on a scale large enough to close the supply gap in the near term. Apart from generation, transmission and distribution also needed upgrading considering the lack of investment in rural electrification over the past 15 years. A plan to connect 500 villages annually over five years to the grid under a ten-year subsidized connection scheme appeared ambitious. Other problems included financial shortfalls at generators and distributors because of the underpricing of power, and a lack of private sector participation in the industry.

- As the world's top cocoa bean producer and exporter (accounting for 40 percent of global supply), Côte d'Ivoire was highly reliant on cocoa; cocoa was the main source of income and employment for 20 percent of the population, accounted for 30 percent of exports, and contributed 12 percent of fiscal revenues. The government taxed cocoa at 22 percent of cost, insurance, and freight (CIF) value, corresponding to 40 percent of the farmgate price and an even larger proportion of net profits. The fiscal revenue from cocoa was vital to the economic development program, funding the construction of the nation's physical infrastructure. But cocoa was also critical to the rural population. While the net revenue from a hectare planted to cocoa was CFA franc (CFAF) 250,000 in 2012-13, it could increase 22 percent to CFAF 305,000 per hectare if the export tax were reduced 10 percent, improving the living conditions of about four million people. Clearly, a balance between the tax out-take and the flow-through of the international price to producers was wanting. Associated problems included low productivity in cocoa farming, volatility in international prices (sharp price drops being a primary determinant of poverty rates, and poor governance of the sector.

Relevance to Country Priorities. The development objectives of the programmatic series were aligned with the government's medium-term priorities. The Plan National de Developpement 2016-2020 (PND) advanced a development strategy organized around "five pillars": enhancing the quality of governance and institutions; accelerating the development of human capital and social welfare; accelerating the structural transformation of the economy through industrialization; developing infrastructure while protecting the environment; and strengthening regional integration and international cooperation. The objective of this programmatic series (a) to enhance tax revenue collection was aligned with the first PND pillar; (b) to enhance public procurement, with the first PND pillar; (c) to strengthen efficiency and equity in the
education sector, with the second PND pillar; (d) to improve the performance of the electricity sector, with the fourth PND pillar; and (e) to consolidate transparency in the management of the cocoa sector, with the third PND pillar.

**Relevance to World Bank Group Strategy.** The program objectives were consistent with the World Bank Group strategy in Cote d'Ivoire. The *Country Partnership Framework for the Republic of Cote d'Ivoire for the Period FY16-FY19* (CPF) committed Bank Group support to the government in "three focus areas": accelerating sustainable private sector-led growth, building human capital for economic development and social cohesion, and strengthening public financial management and accountability. The objective of this programmatic series (a) to enhance tax revenue collection was aligned with the CPF objective "to increase domestic revenues and maintain debt sustainability" (under the third focus area); (b) to enhance public procurement, with the CPF objective "to improve allocative efficiency and quality of expenditures" (third focus area); (c) to strengthen efficiency and equity in the education sector, with the CPF objective "to improve education service delivery and youth employability" (second focus area); (d) to improve the performance of the electricity sector including by enabling private sector participation and diversification, with the CPF objective "to strengthen the economic infrastructure" (first focus area); and (e) to consolidate transparency in the management of the cocoa sector, with the CPF objective "to improve productivity in agriculture and agribusiness value chains" (first focus area).

### b. Relevance of Prior Actions

**Rationale**

The five pillars contained 25 prior actions (PAs), six under DPF1, ten under DPF2, and nine under DPF3. Six of the PAs supported the first objective, three PAs supported the second objective, seven PAs supported the third objective, five PAs supported the fourth objective, and four PAs supported the fifth objective.

<table>
<thead>
<tr>
<th>DPF1</th>
<th>DPF2</th>
<th>DPF3</th>
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<tr>
<td><strong>Objective 1 - Enhance Tax Revenue Collection</strong></td>
<td><strong>Objective 2 - Strengthen Public Procurement</strong></td>
<td><strong>Objective 3 - Strengthen Efficiency and Equity in the Education Sector</strong></td>
</tr>
<tr>
<td>PA1 - With the objective of broadening the tax base, the Tax Administration has incorporated in its tax database the results of its 2016 survey of potential taxpayers in the two sizeable municipalities of Abidjan (Yopougon and Cocody).</td>
<td>PA3 - The Recipient's Ministry in charge of Budget has implemented a new electronic platform facilitating the filing and payment of taxes.</td>
<td>PA5 - To strengthen tax administration, the Recipient has implemented an electronic single taxpayer identification system for enterprises.</td>
</tr>
<tr>
<td>PA2 - The Ministry in Charge of Budget has launched a tax amnesty program for all firms and individuals who voluntarily register to the Tax Administration before 30 April 2016 pursuant to Loi N. 2015-</td>
<td>PA4 - In line with the West African Economic and Monetary Union (WAEMU) Regulation n.2/2009/CM/UEMOA, the Recipient has submitted to Parliament for adoption the draft 2018 Budget Law that eliminates VAT exemptions on: (a) equipment and materials necessary for</td>
<td>PA6 - The Recipient has adopted a new Investment Code on August 1, 2018 by replacing VAT exemptions on imports of equipment goods and materials with a VAT deferred payment system as detailed in</td>
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<tr>
<td>Objective 2 - Enhance Public Procurement</td>
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<tr>
<td><strong>PA7</strong> - The Government has operationalized: (i) public procurement units in four high-spending sectoral ministries pursuant to Arrete N. 325 dated May 23, 2014 and Arrete N. 275 dated April 22, 2015; and (ii) the coordinating unit within the Ministry of Finance to monitor public procurement contracts pursuant to Arrete N. 465 dated June 23, 2015 from the Ministry of Finance.</td>
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<tr>
<td><strong>PA8</strong> - In application of the WAEMU Directive N. 04/2005/CM/UEMOA on procedures, execution, and regulation of procurement and public service delegation contracts, the Recipient has released a communication by its Council of Ministers and a detailed roll-out report that implements an electronic procurement system that has been piloted in five ministries.</td>
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<tr>
<td><strong>PA9</strong> - To strengthen the public procurement system, the Recipient has: (i) renewed the members of the board of the ANRMP; (ii) adopted an Arrete that gives legal force to the contracts awarded by the electronic system; and (iii) extended the electronic system to at least ten (10) ministries.</td>
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<tr>
<th align="left">Objective 3 - Strengthen Efficiency and Equity in the Education Sector</th>
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<tr>
<td align="left"><strong>PA10</strong> - The Ministry of National Education has introduced transitional measures through Circulaire N. 3387 dated August 12, 2016 to reduce repetition in primary education by: (i) creating sub-cycles in primary education; and (ii) defining conditions of transition between the sub-cycles.</td>
</tr>
<tr>
<td align="left"><strong>PA11</strong> - The Recipient's Ministry of National Education has set up an annual national standardized evaluation of learning outcomes at the end of each sub-cycle of primary education and published the first set of national standardized evaluations.</td>
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<tr>
<td align="left"><strong>PA12</strong> - To improve equity in primary education remediation activities, the Recipient's Minister of National Education has adopted a ministerial order that incorporates Wednesday morning in the official calendar of primary schools and reorganizes the remediation activities provided during the week.</td>
</tr>
<tr>
<td align="left"><strong>PA13</strong> - To improve teacher-to-student ratios in underserved regions, the Recipient's Ministry of National Education has established new criteria for the assignment and redeployment of teachers through Arrete N. 0074/MENET-FP-DRH dated September 28, 2017.</td>
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</table>
PA14 - The Ministry of National Education has established criteria through Arrete N. 143 dated October 11, 2016 for school assignment of students in the secondary lower cycle that takes into consideration: (i) socio-economic conditions of the household, including income; (ii) distance to school; and (iii) location of residence (urban/rural).

PA15 - To increase efficiency and equity of the education system, the Recipient's Ministry of National Education has passed an Arrete requiring that all new teachers recruited in lower secondary schools must be bivalent teachers.

PA16 - To improve the performance of private secondary schools and fiscal transparency in secondary education, the Recipient has adopted and implemented a ministerial decree that: (i) establishes the criteria, including success rates in national examinations, repetition rates, and dropout rates, used by the Ministry of National Education to identify secondary schools eligible for government subsidies; and (ii) establishes the annual publication of the performance of each college as measured by their success rate in national examinations and the repetition and dropout rates.

**Objective 4 - Improve the Performance of the Electricity Sector, Including by Enabling Private Sector Participation and Diversification**

PA17 - The Government has issued a set of decrees which: (i) adopts a methodology for the determination of tariff rates that enables recovery of costs of efficient service provision through Decret N. 2016-783 dated October 12, 2016; and (ii) promotes private sector participation and the use of renewable sources of energy through Decret N. 2016-786 dated October 12, 2016.

PA18 - The Recipient's Ministry of Energy and Development of Renewable Energy, Ministry of Economy and Finance, and Ministry in charge of Budget have adopted an inter-ministerial Arrete N. 476/MPEDER/MEF/SEPMBPE dated October 10, 2017 defining modalities and procedures for the selection of IPPs and determining the price of electricity produced by IPPs, including through a competitive selection process, for projects with installed capacities greater

PA20 - The Recipient: (i) has paid in full the unpaid validated electricity bills accumulated by the central administration as of December 2017 and paid on time all the current validated electricity bills of the central administration; (ii) has paid in full through securitization the unpaid validated electricity bills accumulated by the District of Abidjan covering the period until December 2017 and paid
than 1 MW and renewable energy projects.

on time all its electricity bills related to public lighting; and (iii) has reduced the level of SOE arrears.

PA19 - In accordance with (a) the protocol for the clearance of the arrears in electricity between CI-ENERGIES, Cote d'Ivoire Energy (CIE), Radiodiffusion-Television Ivoirienne (RTI), Centre National de Recherche Agronomique (CNRA), and the District of Abidjan dated October 9, 2017, (b) the communication by the Council of Ministers dated October 10, 2017, (c) the engagement letter to the Association by the Minister of Oil, Energy and Development of Renewable Energy, the Minister of Economy and Finance and the State Secretary in charge of the Budget dated October 14, 2017, and (d) the Memorandum between CI-ENERGIES, CIE, and the State Secretary in charge of the Budget dated October 24, 2017, the Recipient has taken the following actions aimed at reducing the amount of unpaid electricity bills: (i) committed to eliminate all unpaid electricity bills accumulated by the central administration up to December 2016 by the end of April 2018; (ii) paid all the validated electricity bills of the central administration from January to June 2017 and committed to pay all its future validated bills in full and on time from July 2017 onwards; (iii) agreed (a) with the District of Abidjan, for its unpaid electricity bills covering the period until December 2017, to clear the arrears through securitization and committed to the payment of all its electricity bills related to public lighting from 2018 onwards; (b) with CNRA for its respective unpaid electricity bills covering the period until December 2016, to clear the arrears through securitization; and (c) with RTI to pay 920,893,208 CFAF regarding its arrears.

PA21 - The Recipient and CI-ENERGIES have signed a performance-based contract with the objective to improve the financial and commercial performance as well as the transparency of the sector.
up to December 2016 through securitization; and (iv) ensured that *Societe des Palaces de Cocody* (SPDC), RTI and the Abidjan Transport Company (SOTRA) sign respective agreements with CIE in which these SOEs commit to pay their unpaid electricity bills accumulated up to June 2017 and commit to the payment of their future bills in full and on time.

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<tr>
<th>Objective 5 - Consolidate Transparency in the Management of the Cocoa Sector</th>
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<tr>
<td><strong>PA22</strong> - In conformity with Decret N. 2012-765 of August 1, 2012, related to the Reserve Fund for the Coffee-Cacao sub-sector, the Recipient has launched an independent institutional, technical, and financial audit of the PVAM and of the Reserve Fund.</td>
</tr>
<tr>
<td><strong>PA23</strong> - The Recipient's Ministry of Agriculture, Ministry of Economy and Finance, and Ministry in charge of Budget have adopted an inter-ministerial Arrete N. 475/MEF/MINADER/SEPMBPE dated October 9, 2017 to institute a systematic independent audit, six months after the end of the harvest season, in September. The auditor will be chosen by the Minister of Finance, following an independent and competitive tender for three years, renewable once. The audits will focus on: (a) marketing; (b) stabilization accounts, which harmonize the guaranteed export prices; (c) the technical reserve fund held at the BCEAO; and (d) other funds in the coffee-cocoa sector managed by CCC. The PVAM and the Reserve Fund will be subject to an annual audit. The other elements will be audited at least twice over the three-year period, with the first audit carried out in 2018.</td>
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<tr>
<td><strong>PA24</strong> - The Recipient has implemented all main recommendations from the independent 2017 audit of the PVAM and of the Reserve Fund.</td>
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<tr>
<td><strong>PA25</strong> - The Recipient has published the commercially non-sensitive results of the independent 2017 audit of the PVAM and of the Reserve Fund and launched a new series of audits covering marketing, stabilization accounts, technical reserve fund held at BCEAO, and other funds managed by CCC, in line with Arrete N. 475/MEF/MINADER/SEPMBPE.</td>
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**Objective 1 - Enhance Tax Revenue Collection**
• PA1 through PA6 aimed to enhance tax revenues, which had remained historically low. Tax revenues averaged 15.1 percent of GDP over the fifteen-year period from 2000 to 2015, and tax performance tracked below the target 20 percent of GDP set by the eight member states of the WAEMU as a “second-order convergence criterion” under the Regional Macroeconomic Surveillance Framework, which guided member states’ drive for regional economic integration.

• PA1 aimed to enhance tax revenue collection by including the list of potential taxpayers in the municipalities of Yopougon and Cocody in Abidjan in the national tax database, thereby expanding the tax base. The tax base had been narrow because of, among other causes, large informality. This prior action would enhance tax revenue collection: (a) two recent surveys of the informal sector in the two highly-populated municipalities of Abidjan identified many potential taxpayers; and (b) since the two municipalities accounted for 25 percent of revenue in the capital, the inclusion of these potential taxpayers in the informal sector would expand the tax base. The relevance of PA1 is rated moderately satisfactory. This prior action lacked a concurrent measure to encourage formalization, without which informal enterprises would remain outside the tax net.

• PA2 aimed to enhance tax revenue collection by granting a tax amnesty to individuals and firms that registered with the Tax Administration by April 2016. This prior action would provide an incentive for firms to register and pay taxes: (a) while tax amnesties elsewhere globally had not always led to higher revenues, their results were often enhanced when combined with other measures to improve tax administration; (b) hence, when linked with the creation of the tax offices in Abidjan of the Mid-Size Enterprise Center, the reorganization of the tax office of the Directorate of Large Enterprise, the strengthening of tax audits under the Directorate of Tax Monitoring, and the linkage of the Directorate General of Taxes and the Directorate General of Customs, this prior action was expected to encourage tax compliance; (c) however, while a tax amnesty may yield additional revenue in the short term, its ability to strengthen tax compliance and increase the tax base and tax revenue in the medium term depended on the root causes of weak tax compliance other than weak administration: a weak legal system (enforcement of the law) and inadequate tax policy for example, would undermine the impact of improvements in administration. The relevance of PA2 is rated moderately satisfactory.

• PA3 aimed to enhance revenue collection by establishing a new electronic platform for the filing and payment of taxes: (a) the transaction cost for paying taxes was high; and (b) the available tax filing and payment methods did not take advantage of the internet or mobile platforms and devices. This prior action would contribute to the objective to enhance revenue collection: (a) the electronic platform would facilitate tax filing and payments; (b) it would reduce the transaction costs of taxpayers; and (c) it would encourage greater tax compliance over time. The relevance of PA3 is rated moderately satisfactory. While electronic filing and payment would begin to modernize the tax payment system, it was not made clear how much this prior action would contribute to raising tax revenues.

• PA4 aimed to eliminate certain exemptions to the VAT: (a) collection of the VAT, which accounted for a third of domestic revenue, was especially weak – 2.5 percent of GDP in 2015, compared to 5.5 percent in Togo, 5.6 percent in Burkina Faso, and 5.9 percent in Senegal, among the WAEMU countries, according to IMF data; and (b) tax exemptions were a significant source of VAT revenue losses. This prior action would contribute to the objective to enhance revenue collection: if several exemptions to the VAT were eliminated following WAEMU Regulation N.2/2009, an additional VAT revenue of CFAF18 billion would be collected for 2018, an increase of 0.5 percent of total tax revenue. This prior action, together with five other measures – new excise taxes on cosmetic products and luxury vehicles, higher excise taxes on beverages and tobacco, tax and customs administration improvements, recovery of overdue tax payments, and other measures – comprised the "new fiscal
“revenue measures” amounting to 0.45 percent of GDP to help raise total fiscal revenues by 9 percent in real terms in 2018, according to the Second Review of the arrangement under the IMF Extended Credit Facility and the extended arrangement under the IMF Extended Fund Facility dated December 2017. The relevance of PA4 is rated satisfactory.

- **PA5** aimed to implement a single, electronic-type taxpayer identification system for firms: (a) one of the administrative problems enabling tax evasion was the existence of duplicate taxpayer identification data across different public agencies; and (b) in some cases, the data was collected but left unusable at some agencies. This prior action would contribute to: (a) a unique taxpayer identification system for firms would replace five different registration numbers obtained by firms from the Commercial Register, the Tax Administration, the Social Security, and the Register of Foreign Trade Operators; (b) for firms, this single taxpayer identification system, together with the electronic filing and payment of taxes (PA3), would reduce the transaction costs for paying taxes and discourage tax evasion; and (c) for the government, this single taxpayer identification system, together with the planned electronic filing of financial statements, would improve tax administration and strengthen tax audits. The relevance of PA5 is rated satisfactory.

- **PA6** aimed to enhance tax revenue collection by adopting a new Investment Code replacing VAT exemptions on capital imports with VAT deferred payments; tax exemptions were a major source of VAT revenue losses. This prior action would contribute to the objective to enhance tax revenue collection: (a) the taxation of capital imports would take these items onto the VAT value chain and hence broaden the tax base; (b) the deferred payment system would remain supportive of private investment; and (c) the deferred tax payment system would be readily tracked by tax and customs authorities. The relevance of PA6 is rated satisfactory.

### Objective 2 - Enhance Public Procurement

- **PA7 through PA9** aimed to enhance public procurement, which had been hampered by efficiency problems and weighed by questions about integrity. Although some reforms had been implemented in recent years to improve the efficiency and transparency of public procurement, challenges remained at the end of 2014: 59 percent of public contracts were awarded with several irregularities, and 15 percent were approved without the requisite documentation. Institutional, organizational, and administrative weaknesses hobbled the effective implementation of the new Public Procurement Code adopted with Decret N. 2014-306.

- **PA7** aimed to make operational public procurement units in four ministries and the coordinating unit at the Ministry of Finance to monitor public procurement contracts. This prior action would enhance public procurement: (a) the organization and operationalization of public procurement units in four key ministries would help strengthen procurement functions at the central levels; (b) the decentralized ministerial units, each with operating budgets of CFAF 20 million, would oversee the execution of contracts and agreements, oversee quality control of the works and services procured, maintain a database of all contracts, and relate to the National Public Procurement Regulatory Authority that audited awards and contracts; and (c) the organization and operationalization of a monitoring and evaluation unit at the Ministry of Economy and Finance would provide another layer of supervision at a central level to guard against irregularities. The relevance of PA7 is rated satisfactory.

- **PA8** aimed to pilot an e-procurement system in five ministries: (a) although the average delay in completing a public procurement had been reduced from 159 days in 2014 to 129 days by June 2016, there remained room to further improve the operational efficiency of the procurement process; and (b) an e-procurement system would offer efficiency gains. This prior action would enhance procurement: (a) a pilot in five ministries would test the viability of an electronic system for public procurement; and (b) if implemented well, an e-procurement system could introduce efficiencies with the aid of
automated process controls and monitors and hence further reduce delays in the procurement process. The relevance of PA8 is rated satisfactory.

- **PA9** aimed to extend the e-procurement system to ten ministries. Drawing from lessons learned in the pilot effort (PA8), this prior action would enhance procurement: (a) the e-procurement system would be extended to the ten ministries that made up the majority of public purchases of goods and services; (b) contracts awarded and processed electronically would be given legal cover; and (c) the appointment of the members of the Board of the National Procurement Regulatory Authority would be renewed. The relevance of PA9 is rated satisfactory.

**Objective 3 - Strengthen Efficiency and Equity in the Education Sector**

- **PA10 through PA13** aimed to address efficiency and equity issues in primary education, where schooling time was shorter than the international norm, grade repetition rates were high, school completion rates were low (69 percent versus 73 percent for the region), and teachers were lacking in poor and rural areas. **PA14 through PA16** focused on secondary education, where learning outcomes were poor, school completion rates were equally low (42 percent versus 49 percent for the region), and equity problems were magnified by the failure of the student assignment, teacher recruitment, and private school subsidy systems to consider the needs of poorer students and disadvantaged areas.

- **PA10** aimed to address the problem of high repetition rates in primary schools. Repetition failed to improve the performance of students (who repeated a grade), and high repetition rates were closely associated with high dropout rates. This prior action would help reduce the repetition rates: (a) the government would reorganize primary schooling into three "sub-cycles" of two years each (Grades 1 and 2, Grades 3 and 4, and Grades 5 and 6); (b) the government would also introduce "blocs of competencies" to improve instruction; and (c) students would be evaluated for their proficiency on these blocs of competencies at the end of each sub-cycle, rather than at the end of each grade, to determine their promotion to the next sub-cycle. The relevance of PA10 is rated satisfactory.

- **PA11** aimed to complement the creation of sub-cycles in primary schools (PA10) to ensure that the sub-cycles were not an administrative contrivance but an effective means to reduce high repetition rates. Annual standardized student learning assessments, developed by the Ministry of Education and tested in 2017, would strengthen efficiency in primary schooling: (a) the assessments would evaluate the extent to which students acquired competencies before they graduated to the next sub-cycle; (b) the assessments would identify problems faced by students and help design appropriate remediation measures; and (c) the results of the assessments would be disseminated through workshops to help enrich teacher training (journées pédagogiques). The relevance of PA12 is rated satisfactory.

- **PA12** would raise the amount of schooling time in primary schools to international norms: (a) mandatory schooling time in primary schools was 792 hours per year, lower than the global standard of 900-1000 hours per year; and (b) studies indicated that learning outcomes were correlated with teaching time, implying that the shortfall had affected education results. By including Wednesday mornings in the new schedule: (a) the government would add 123 hours per year to the mandatory schooling time; (b) the new hours could be spent for in-school remediation activities, benefiting poor families who were unable to hire private tutors; and (c) the extension would allow teachers to better organize their teaching time. The relevance of PA14 is rated satisfactory.

- **PA13** aimed to address regional disparities in the distribution of educational resources: (a) because teachers’ pay depended on years of experience, the rural and remote areas, which could only attract less experienced staff, received a lower budget allocation; and (b) with salary accounting for the
largest share of spending, allocations for capital items were even more meager for these areas. A revision of the criteria for teacher assignments would mean that: (a) teachers could be redeployed to underserved regions; (b) the redeployment would not alter the overall wage bill; and (c) the redeployment would be complemented by other Bank projects that aimed to raise enrollment rates in poor areas. Discussions with Bank staff indicate that teachers were consulted about these measures. The relevance of PA13 is rated **satisfactory**

- **PA14** was directed at equity issues associated with the assignment of students to lower secondary schools: (a) assignment to public and private schools focused on scores and did not consider the socioeconomic status of students; and (b) the per-student subsidy for enrollment in private schools did not cover the total cost of schooling, placing a burden on poor families and discouraging enrollment by poor students. This prior action would help improve equity in the school system: (a) assignments in secondary education would be based on family revenue, area of residence, and distance to school; and (b) the new system would increase the chances of poor students being assigned to less costly public schools. The relevance of PA14 is rated **satisfactory**.

- **PA15** aimed to raise efficiency in secondary schools by requiring the hiring of bivalent teachers: (a) smaller schools, particularly in rural areas, were unable to hire the full complement of monovalent teachers (teachers certified in only one subject); and (b) where the complement was full, monovalent teachers did not have sufficient workload because of the smaller student population. The prior action would: (a) reduce the deficit of teachers in underserved areas; (b) lead to a more versatile teaching staff, with the bivalent teachers hired after a 2-3 year training period; (c) foster equity in collèges de proximité, which were located closer to students' homes and served rural and poor families; and (d) have positive gender effects – collèges de proximité were attended by girls whose parents would not otherwise send their daughters to regular schools in more distant locations because of security risks. The relevance of PA15 is rated **satisfactory**.

- **PA16** aimed to rationalize the allocation of subsidies to private schools: (a) because of limited space in public lower secondary schools, the government sent students to private schools; (b) to enable students from poor families to attend private schools, the government provided subsidies to the private schools; (c) however, the system lacked accountability and transparency; and (d) in particular, private schools were subsidized on the basis of headcount, regardless of student performance. The prior action would: (a) introduce eligibility criteria for the subsidies – the school's repetition rate, dropout rate, and importantly, success rate in national examinations; (b) have the Ministry of National Education publish the school records annually; (c) allow parents and students to make informed choices when selecting a private school; and (d) encourage the private schools to upgrade their quality of education. The relevance of PA16 is rated **satisfactory**.

**Objective 4 - Improve the Performance of the Electricity Sector, Including by Enabling Private Sector Participation and Diversification**

- **PA17 through PA21** aimed to improve the performance of the electricity sector, focusing on critical issues: tariffs did not cover operating costs, private investment was crucial to increase electricity supply, energy diversification remained uncertain (raising the contribution from renewable energy from 1 percent of the mix in 2015 to 16 percent by 2030 lacked a clear roadmap), arrears to IPPs and gas suppliers were high (reaching US$326 million in mid-2018 or 0.6 percent of GDP), and systems losses exacerbated financial difficulties (CI-ENERGIES financial deficits reached CFAF 40 billion in 2015, funded by transfers from the central government).

- The first part of **PA17** – a decree on tariff rate methodologies – would guide the adjustment of electricity tariffs closer to operating costs: (a) a recent plan to raise tariffs over 18 months starting in July 2016 was rejected by customers; (b) the rebuff forced the government to cap tariff rate increases...
at 10 percent for 2016, and instead target an average tariff of CFAF 74 per kilowatt-hour by 2020. This prior action would improve the performance of the electricity sector: (a) CFAF 74 per kilowatt-hour would cover operating costs at IPPs and asset renewals in the grid (costing CFAF 1.6 trillion over 2016-20); (b) the plan would be feasible with the replacement of the Vridi and Aggreko turbines with the AZITO-4 and CIPREL-5 combined-cycles to reduce production costs; (c) the tariff structure would be revised annually by decree to reach the target rate by 2020; (d) however, with the tariff issue being politically charged, the plan would only be acceptable to consumers if the quality of electricity services also improved, putting emphasis on the reform plan in the Electricity Bill of 2014. The relevance of the first part of PA17 is rated satisfactory.

- The second part of PA17 – a decree promoting private participation and use of renewable energy – would draw the private sector into electricity production and encourage the diversification of energy sources focusing on renewable energy. This prior action would contribute to the objective to improve the performance of the electricity sector: (a) the decree would provide fair rules for private participation in electricity generation; and (b) the use of power purchase agreements (PPAs), or long-term contracts under which a business agreed to purchase electricity directly from an energy generator, would remove stumbling blocks to building new facilities. The relevance of PA17 is rated satisfactory.

- Together with the second part of PA17, PA18 – defining the rules for the selection of IPPs and the determination of IPP electricity prices – would strengthen private participation in electricity generation: (a) the adoption of rules and regulations for IPPs would clarify the role of the private sector in the electricity market; (b) as they were private non-utility entities (not owned by the national electricity company), IPPs needed rules governing their ownership and operation of facilities that generated electric power for sale to utilities and end-users in the unbundled electricity market; (c) the IPPs also needed rules governing the pricing of electricity sales; (d) considering that there were 94 IPP projects in the pipeline in 2015 (which implied contingent liabilities of US$25 million or 75 percent of GDP), it was necessary to ensure the competitive selection of IPPs. The relevance of PA18 is rated satisfactory.

- The combination of PA19 and PA20 would address the long-running problem of the public sector's arrears on its electricity bills: (a) the public sector's arrears on its electricity bills had topped CFAF 80 billion (US$129 million) by end-2016, with CFAF 23.4 billion owed by the central government, CFAF 17.1 billion by SOEs, and CFAF 39.5 billion by the Abidjan District; (b) the arrears reflected poor collection efforts by CI-ENERGIES (the collection rate slid to 85 percent in 2017 from 90 percent in 2015); (c) moreover, CI-ENERGIES had not collected CFAF 40 billion (US$69 million) on electricity exports to Ghana and Mali; and (d) CI-ENERGIES in turn owed IPPs and gas suppliers US$326 million by mid-2018. PA19 called for the issuance of securities by the debtors CNRA and RTI, and letters of commitment (to pay the unpaid bills) by SPDC and SOTRA. PA20 involved the payment by the central government and the Abidjan District of all arrears accumulated until end-2017, and of current electricity bills, and the reduction of arrears by the SOEs. The relevance of PA19 is rated satisfactory since it presented a credible plan for the clearance of arrears. The relevance of PA20 is rated moderately satisfactory as the plan was less specific.

- PA21 aimed to address inefficiencies in the operational performance of CI-ENERGIES: (a) technical and commercial losses amounted to 22 percent in 2015; (b) a program was underway to upgrade the utility's transmission and generation networks, financed by US$1.5 billion in loans; (c) over the long term, the goal was to reduce power losses to 14 percent by 2030; and (d) in addition, a masterplan would shift to lower-cost generation options, like combined-cycle gas-fired power plants, to replace the more expensive thermal generation from liquid fossil fuels. This prior action would support continuous operational and financial improvements in the electricity sector: (a) performance-based contracts between the government and CI-ENERGIES would set firm targets for technical loss
reductions, commercial loss reductions, and efficiency improvements; (b) the results would be measured using key performance indicators; and (c) the results would be published quarterly. The relevance of PA21 is rated satisfactory.

**Objective 5 - Consolidate Transparency in the Management of the Cocoa Sector**

- **PA22 through PA25** were a sequence of four inter-related actions directed at transparency issues in the management of the cocoa industry. After creating the CCC to regulate the industry in 2011, the government introduced the PVAM for the competitive forward sale of cocoa export rights and the market determination of producer prices, set the minimum farmgate price at 60 percent of the CIF price, created the Reserve Fund to compensate farmers for revenue losses, and set the cocoa tax system to cap taxes at a maximum 22 percent of the CIF price. These arrangements were tested when international cocoa prices dropped 40 percent in 2016, forcing the government to cut the farmgate price from CFAF 1,100 per to CFAF 700 per kilo, reduce the single export duty, and suspend the export registration fee (at a cost to the government of CFAF 45 billion in foregone revenue or 0.5 percent of GDP). The price shock exposed other problems: the PVAM was marked by irregularities with forward sales not matched by fixed-price counterpart purchase contracts with international buyers, while the management funds of collected by the CCC amounting to CFAF 30 billion (US$50 million) annually remained opaque. Transparency with the management of these institutional arrangements would be indispensable to restoring their viability.

- **PA22**, involving the audit of the PVAM and the Reserve Fund (with a balance of CFAF 170 billion in 2017, held at the BCEAO), would contribute to the transparency objective: (a) the audit would consist of an institutional, technical, and financial audit; (b) it would identify weaknesses in the framework of the PVAM and the Reserve Fund, clarify the existing marketing and pricing systems, and shed light on the management of the FIMR, the FIA, and the Fonds Sacherie; (c) it was expected that the implementation of the audit recommendations – with the execution of PA23 and PA24 – would improve efficiency, reduce risks, and optimize the pass-through of international prices to local producers. The relevance of PA22 is rated satisfactory

- **PA23** would institutionalize the first audit (PA22) with a system of regular (annual or bi-annual), systematic, and independent audits that would: (a) examine the implementation of marketing and pricing arrangements; (b) assess the management of funds collected by the CCC to implement activities of the FIMR, FIA, and the Fonds Sacherie; (c) strengthen controls to reduce the number of defaulted contracts between exporters and buyers; and (d) assure the market that the regulator would severely penalize speculators. The relevance of PA23 is rated satisfactory.

- **PA24** would implement the recommendations of the 2017 audit of the PVAM and the Reserve Fund (PA22). This prior action would contribute to the transparency objective: (a) the award of export licenses by the CCC would be made more transparent; (b) the monitoring of the finances of exporters would be strengthened with the use of financial soundness indicators; and (c) accountability mechanisms for international buyers would be made more stringent, with buyers required to submit financial information to the CCC before their contracts were validated and barred from trading with the country for ten years should they fail to fulfill their obligations. The relevance of PA24 is rated satisfactory.

- **PA25** would publish the commercially non-sensitive findings of the 2017 audit of the PVAM and the Reserve Fund (PA22) and finally launch the planned regular audits (PA23). This prior action would further advance the transparency objective to cover: (a) the cocoa export marketing system; (b) the industry stabilization accounts; (c) the Reserve Fund held at the BCEAO; and (d) the other funds managed by the CCC. The relevance of PA25 is rated satisfactory.
**Rating**

Satisfactory

### 4. Relevance of Results Indicators

<table>
<thead>
<tr>
<th>Results Indicator</th>
<th>Associated Prior Action</th>
<th>Relevance Rating</th>
<th>Baseline</th>
<th>Target</th>
<th>Actual Value</th>
<th>Actual Change in RI Relative to Targeted Change</th>
<th>Achievement Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective 1 - Enhance Tax Revenue Collection</strong></td>
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<tr>
<td>RI1 - Percentage of new firms provided with a unique electronic identification number.</td>
<td>PA5</td>
<td>Moderately Unsatisfactory</td>
<td>0 percent (2015)</td>
<td>90 percent (2019)</td>
<td>100 percent (2019)</td>
<td>111 percent of targeted change</td>
<td>Modest</td>
</tr>
<tr>
<td>RI2 - Percentage of enterprises (with turnover greater than CFAF 200 million) using the electronic platform to declare and pay their taxes</td>
<td>PA3</td>
<td>Moderately Unsatisfactory</td>
<td>0 percent (2015)</td>
<td>75 percent (2019)</td>
<td>72.8 percent (2019)</td>
<td>97 percent of targeted change</td>
<td>Modest</td>
</tr>
<tr>
<td>RI3 - Decline in revenue losses associated with exemptions</td>
<td>PA4</td>
<td>Highly Satisfactory</td>
<td>1.6 percent of GDP (2015)</td>
<td>1.4 percent of GDP (2019)</td>
<td>1.5 percent of GDP (2019)</td>
<td>50 percent of targeted change</td>
<td>Negligible</td>
</tr>
<tr>
<td><strong>Objective 2 - Enhance Public Procurement</strong></td>
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<tr>
<td>RI4 - Number of days on average to complete a public procurement from the preparation of tenders to approval</td>
<td>PA7</td>
<td>Moderately Unsatisfactory</td>
<td>159 (2015)</td>
<td>Less than 100 (2019)</td>
<td>95.4 (2019)</td>
<td>94.7 (2020)</td>
<td>100 percent of targeted change</td>
</tr>
</tbody>
</table>
### Objective 3 - Strengthen Efficiency and Equity in the Education Sector

<table>
<thead>
<tr>
<th>RI5 - Reduction in the repetition rate in primary school</th>
<th>PA10</th>
<th>PA12</th>
<th>PA14</th>
<th>Satisfactory</th>
<th>15.6 percent (2015)</th>
<th>Less than 10.5 percent (2019)</th>
<th>9.5 percent (2020)</th>
<th>100 percent of targeted change, but publication of outcomes took place for only one year</th>
<th>Modest</th>
</tr>
</thead>
</table>

### Objective 4 - Improve the Performance of the Electricity Sector, Including by Enabling Private Sector Participation and Diversification

| RI8 - Reduced commercial and technical losses on an annual basis | PA21 | Satisfactory | 22 percent (2015) | Less than 20 percent (2019) | 16.92 percent (2019) | 100 percent of targeted change | High |
| RI9 - Improvement in the collection rate of electricity bills paid by domestic customers | PA19 | PA20 | Satisfactory | 85 percent (2015) | 95 percent (2019) | 97 percent (2019) | 120 percent of targeted change | High |
| RI10 - Reduction of all arrears accumulated by the | PA19 | PA20 | Satisfactory | CFAF 80 billion (2016) | CFAF 20 billion or less (2019) | CFAF 9.9 billion (2019) | 117 percent of targeted change | High |
public sector on its electricity bills

<table>
<thead>
<tr>
<th>Objective 5 - Consolidate Transparency in the Management of the Cocoa Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>RI11 - Reduction in the proportion of defaulted contracts by buyers/exporters in total production.</td>
</tr>
</tbody>
</table>

**Objective 1 - Enhance Tax Revenue Collection**

- **RI1** only partly measured the impact of the new single electronic-type identification system for firms on achieving the objective to enhance revenue collection. The ability of this indicator to reflect improvements in tax revenue collection involves strong assumptions, including that the new identification system leads to greater tax compliance by firms and greater and more effective tax enforcement by the authorities. The percentage of firms provided with the new single electronic-type identification system that filed tax returns would have made for a stronger results indicator. The relevance of RI1 is rated *moderately unsatisfactory*.

- **RI2** only partly measured the impact of the new electronic tax filing and payment platform on achieving the objective to enhance revenue collection. As with RI1, the ability of this indicator to reflect improvements in tax revenue collection involves strong assumptions, including that the new electronic system resulted in greater tax compliance by large firms and greater and more effective tax enforcement by the authorities. The essential question of whether proportionately more firms filed their tax returns following the introduction of the new electronic system compared to when only the old nonautomated system was available is not answered by this indicator. The relevance of RI2 is rated *moderately unsatisfactory*.

- **RI3** was fully adequate to measure the impact of the elimination of four VAT exemptions and the adoption of a VAT deferred payment scheme for capital goods imports (to replace the exemptions) on achieving the objective to enhance revenue collection. The reduction in the revenue losses associated with the exemptions would adequately measure the degree of enhancement of tax revenue collection as a result of the reform. The relevance of RI3 is rated *highly satisfactory*.

**Objective 2 - Enhance Public Procurement**

- **RI4** only partly measured the impact of organizational, operational, and oversight changes to the public procurement process and only partly reflected the degree to which public procurement would have been enhanced as a result. A reduction in the number of days to complete a government procurement would indicate the extent to which procurement process had become more efficient. However, an overriding problem to public procurement was the large proportion of contracts awarded with irregularities and without proper documentation. A second indicator and target measuring the reduction in the incidence and gravity of procurement irregularities would have been of primary relevance to the objective to enhance the integrity, and not just the efficiency, of public procurement. The relevance of RI4 is rated *moderately unsatisfactory*. 
Objective 3 - Strengthen Efficiency and Equity in the Education Sector

- **RI5** was adequate to measure the impact of the creation of sub-cycles, the adoption of national standardized evaluation of learning outcomes at the end of each sub-cycle, the increase in schooling time, and the reorganization of remediation activities on achieving the objective to strengthen efficiency in primary education. A reduction in the repetition rate in primary schools would indicate the extent to which the problem of repetition rates would have been addressed with the new sub-cycle system, enhancing efficiency in primary education. The relevance of RI5 is rated *satisfactory*.

- **RI6** was mostly adequate to measure the impact of changes to the criteria governing the assignment and redeployment of teachers on achieving the objective to strengthen efficiency in primary education. The number of new teachers recruited in those primary schools with a higher-than-average student-teacher ratio would indicate the degree to which the problem of high student-teacher ratios in predominantly poor regions would have been addressed with the new recruitment drive, strengthening equity in primary education. The relevance of RI6 is rated *moderately satisfactory*. The indicator does not show whether, and to what extent, the high student-teacher ratios in these schools in poor regions were reduced, namely, whether student-teacher ratios in poor areas were finally at par with the national average.

- **RI7** was adequate to measure the impact of the reassignment of students to secondary schools, the requirement for bivalent teachers, and the linkage of subsidies to the performance of private secondary schools on achieving the objective of strengthening efficiency and equity of secondary education. An increase in the completion rate in secondary schools would indicate the extent to which the problem of low completion rates would have been addressed with the reforms, strengthening efficiency in secondary education. The targets are disaggregated by gender, giving due importance to girls' education. The relevance of RI7 is rated *satisfactory*.

Objective 4 - Improve the Performance of the Electricity Sector, Including by Enabling Private Sector Participation and Diversification

- **RI8** was fully adequate to measure the improvement in the operational performance of the electricity sector. Technical losses are losses from energy dissipated in the components of an electricity system: the losses that occur within the distribution network due to the overhead lines, transformers and other substation equipment, and cables used to transfer electricity. Technical losses depend directly on both network characteristics (installation of distribution transformers away from load centers, inadequate size of conductors, lengthy distribution lines) and the mode of operation. Meanwhile, commercial (non-technical) losses are caused by actions external to the power system and consist primarily of electricity theft, meter tampering, collusion with utility staff, and errors in accounting and record-keeping. To minimize technical losses, the system must be well designed, constructed, and maintained. To minimize commercial losses, the system must be well run. The relevance of RI8 is rated *highly satisfactory*.

- **RI9** was adequate to measure improvement in the financial performance of the electricity sector. Poor collection by CI-ENERGIES of both domestic and foreign customer accounts had led to the accumulation of private and public sector arrears at the CI-ENERGIES and, in turn, rising debt by CI-ENERGIES to IPPs and gas suppliers. This RI would reflect the impact of measures to improve the collection of electricity bills and, hence, improve the finances of the public utility and of energy suppliers and stave off arrears accumulation in the sector moving forward. The relevance of RI9 is rated *satisfactory*.

- **RI10** was adequate to measure improvement in the financial performance of the electricity sector. In addition to heading off future arrears, the central government, the Abidjan District, and a group of SOEs needed to clear their accumulated arrears with CI-ENERGIES to help improve the finances of the public
utility. This programmatic series offered a credible plan to clear the arrears, and this RI would reflect the outcome of the plan and serve to measure the degree of improvement in the financial standing of the sector. The relevance of RI10 is rated **satisfactory**.

**Objective 5 - Consolidate Transparency in the Management of the Cocoa Sector**

- **RI11** only partly measured the impact of the wide-ranging institutional, technical, and financial audits of the PVAM system, the Reserve Fund, and the CCC-managed funds. Greater transparency in the management of the cocoa industry, achieved through the conduct, regularization, implementation, and publication of the audits, would improve the integrity of the marketing and pricing systems and the quality of market participants such that defaulted contracts would be minimized. However, a decline in defaulted contracts would be only one of many impacts of the audits. The others could include the enhanced viability of the PVAM system, adequacy of the Reserve Fund, and integrity of the CCC-managed funds. These are not measured by RI11. The relevance of RI11 is rated **moderately unsatisfactory**.

**Rating**

**Moderately Satisfactory**

**5. Achievement of Objectives (Efficacy)**

**OBJECTIVE 1**

**Objective**

To enhance revenue tax collection.

**Rationale**

- **RI1**: The percentage of new firms provided with a unique electronic identification number rose from 0 percent in 2015 to 100 percent in 2020 (all 16,786 new firms), exceeding the target of 90 percent. Because of the weakness in the indicator, the achievement is rated **modest**.
- **RI2**: The percentage of enterprises (with turnover greater than CFAF 200 million) using the electronic platform to declare and pay their taxes rose from 0 percent in 2015 to 72.8 percent in 2020, achieving at least two-thirds of the target of 75 percent. The ICR (page 21) added the following data: (a) 78.5 percent of all large firms (59,853 of 76,213) (with turnover greater than CFAF 200 million) used the electronic platform to pay their taxes; and (b) 81.8 percent of all medium-sized firms (116,006 of 141,809) (with turnover greater than CFAF 200 million) used the electronic platform to pay their taxes. Because of the weakness in the indicator, the achievement is rated **modest**.
- **RI3**: The decline in revenue losses associated with tax exemptions was 1 percentage point of GDP, or revenue losses of 1.5 percent of GDP in 2019, compared to 1.6 percent of GDP in 2015, failing to achieve the target for a larger decline by 2 percentage points of GDP. According to the ICR (pages 21 and 29), the elimination of exemptions to the VAT (PA2) was **reversed**, ostensibly on strong opposition from the private sector. The reversal of the VAT reform formed part of the rescission of the "new fiscal revenue measures" initially adopted with the 2018 budget. The "higher quality tax policy package" was rescinded, according to the IMF, which conducted the Third Review of the arrangement
for Cote d'Ivoire under the IMF Extended Credit Facility and the extended arrangement under the IMF Extended Fund Facility in June 2018, "to accommodate private sector concerns and preserve social cohesion." The original commitments were replaced by a different package consisting of a new export tax on cashew nuts, optimization of tax and customs procedures, and some VAT and excise rate hikes, amounting to a lower 0.3 percent of GDP. The achievement is rated negligible. Discussions with Bank staff indicate that consultations on the original revenue measures were conducted with stakeholders through an ad-hoc committee of government and private sector representatives, *the Comite de Concertation du Secteur Prive*, but that politics remained highly factional and social cohesion fragile in Cote d'Ivoire, which had been in the Bank's list of countries affected by fragility, conflict and violence (FCV) until 2019.

With the achievement of two of the three RIs rated modest, and the third negligible, the efficacy of this pillar is rated *moderately unsatisfactory*.

**Rating**

*Moderately Unsatisfactory*

**OBJECTIVE 2**

**Objective**

To enhance public procurement.

**Rationale**

- **RI4**: The number of days on average to complete a public procurement, from the preparation of tenders to approval, was reduced from 159 days in 2015 to 95.4 days in 2019, exceeding the target of a reduction to 100 days. More recent data show a further reduction to 94.7 days in 2020. According to the ICR (page 22), the electronic procurement system was implemented in 25 ministries by end-2019 and extended to all ministries in 2020, after being piloted in five ministries in DPF2 (PA8) and extended to ten ministries in DPF3 (PA9). The final target of 100 days was also made more ambitious than the original target of 120 days. However, the operation is lacking an indicator to measure progress toward the objective of enhancing the integrity of public procurement, relative to the gravity of the problems documented before the reform: 59 percent of public contracts were awarded with several irregularities and 15 percent were approved without the requisite documentation. By itself, the reduction of the number of days to complete a public procurement provides no evidence that irregularities in the award and approval of public contracts were eliminated or diminished. The achievement is therefore rated *modest*.

With the achievement of the sole RI rated modest, the efficacy of this pillar is rated *moderately unsatisfactory*.

**Rating**
OBJECTIVE 3

Objective
To strengthen efficiency and equity in the education sector.

Rationale

- RI5: The repetition rate in primary schools was reduced from 15.6 percent in 2015 to 9.5 percent in 2020, meeting the target for a reduction to less than 10.5 percent. The creation of sub-cycles in primary schooling, which aimed to reduce the repetition rate by focusing on "blocks of competencies" as the criterion for judging student performance and promotion to the next sub-cycle, was supposed to be matched by efforts to improve the measurement of education outcomes at the end of each sub-cycle. However, according to the ICR (page 23), the program to measure and publish education outcomes was discontinued after being implemented for only one year, reportedly because of "lack of resources," raising questions of attribution and sustainability. The achievement is therefore rated modest rather than substantial or high.

- RI6: The number of new teachers recruited in primary schools with a student-teacher ratio above the national average (of 50 students to 1 teacher) was 9,898 by 2019, exceeding the target of 5,000. However, the number of teacher recruits gives no indication of whether the higher-than-average student-teacher ratio in these primary school classrooms, located predominantly in underserved regions of the country, was reduced to the national average (or to under the average). The achievement of RI6 is therefore rated substantial rather than high.

- RI7: The completion rate in lower secondary education increased from 47 percent in 2015 to 63.6 percent in 2019-20 for boys, meeting the target of an increase of more than 60 percent, and from 35.2 percent in 2015 to 57.2 percent in 2019-20 for girls, meeting the target of an increase of more than 49.5 percent. According to the ICR (page 24), however, this result was weakened by the failure of the government to launch a program (either a pilot or a regular program) to deliver vouchers to poor families that would have covered the costs of secondary education of poor students. The original indicator – the completion rate in lower secondary education of students from the poorest families – was revised by deleting the reference to "poorest families" because of the lack of reliable data. Yet, this would have been a results indicator of equity in education, an objective of this pillar in addition to efficiency. The achievement is rated substantial rather than high.

With the achievement of two of the three RIs rated substantial and one rated modest, the efficacy of this pillar is rated satisfactory.

Rating
Satisfactory

OBJECTIVE 4
Objective
To improve the performance of the electricity sector by enabling private sector participation and diversification.

Rationale
- RI8: Commercial and technical losses (annualized basis) were reduced from 22 percent in 2015 to 16.92 percent in 2019, meeting the target for a reduction to less than 20 percent. This reflected improved operational performance for the sector. The achievement of is rated high.
- RI9: The collection rate on the electricity bills of domestic customers rose from 85 percent in 2016 to 97 percent in 2019, exceeding the target for improvement to 95 percent. This reflected improved financial performance for the sector. The achievement is rated high.
- RI10: The arrears accumulated by the public sector on its electricity bills were reduced from CFAF 80 billion in 2016 to CFAF 9.9 billion in 2019, meeting the target for a reduction to CFAF 20 billion or less. The achievement is rated high.

With the achievement of the three RIs rated high, the efficacy of this pillar is rated highly satisfactory.

Rating
Highly Satisfactory

OBJECTIVE 5
Objective
To consolidate transparency in the management of the cocoa sector.

Rationale
- RI11: The proportion of defaulted contracts by buyers and exporters was reduced from 15 percent of total production in 2015 to 0 percent of total production in 2019 (i.e., there were no contracts under default in 2019), meeting the target for a reduction to under 5 percent of total production. The number of defaulted contracts was considered a strong indicator of the quality of exporters and the integrity of the export process, and would reflect the result of prior actions to instill greater transparency in the management and operations of the cocoa industry. According to the ICR (pages 25-26), greater transparency yielded other positive results: (a) exporters that failed to meet more stringent financial standards were weeded out, cutting the number of eligible exporters by a third from 66 to 22; and (b) officials who had committed irregularities in the management of the industry were dismissed, including the Managing Director of the CCC. In the same vein, the ICR warns that the stoppage of the audits risks the sustainability of this outcome. Because the transparency objective feeds on audits, the achievement is rated modest.

With the achievement of the sole RI rated modest, the efficacy of this pillar is rated moderately unsatisfactory.
Rating

Moderately Unsatisfactory

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Overall Achievement of Objectives (Efficacy)

Rationale

With the efficacy of the first, second, and fifth objectives rated moderately unsatisfactory, the third objective satisfactory, and the fourth objective highly satisfactory, the overall efficacy of the programmatic series is rated moderately satisfactory.

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Overall Efficacy Rating

Moderately Satisfactory

6. Outcome

Rationale

Relevance is rated satisfactory, as the prior actions could be reasonably expected to produce intended outcomes. Efficacy is rated moderately satisfactory: (a) there was high achievement of the objective to improve electricity sector performance; (b) there was evidence of improved efficiency in the education sector, but less evidence of improved equity; (c) there was achievement but subsequent backsliding in transparent management of the cocoa sector; and (d) the operation's results indicators were inadequate to demonstrate changes in revenue tax collection or enhancement of public procurement. The outcome of the programmatic series is rated moderately satisfactory.

a. Rating

Moderately Satisfactory

7. Risk to Development Outcome

The persistence of factionalism in politics, the relative fragility of social cohesion, and the country's slow emergence from FCV status pose substantial risks to the sustainability of the development outcomes of this programmatic series. The reversal of some reforms supported by this series, many before the closing of the third
operation, reflects the severity of the challenges to the sustainability of the program’s outcomes across a wide range of risk categories.

**Political Risk.** The elimination of exemptions to the VAT, in addition to five other new tax revenue measures, was rescinded soon after the approval of the 2018 budget. The fragility of the national political consensus around difficult fiscal adjustment measures, including VAT reform, risks derailing Côte d’Ivoire’s convergence to the WAEMU’s fiscal deficit norm of 3 percent of GDP. The government needs to engage the private sector more intensively on fiscal reform considering that the tax package faced stiff private sector resistance even after consultations with stakeholders. The government might also consider offering offsetting social measures to address concerns about the adverse social impacts of adjustment measures, as it did with the new tax package that replaced the original plan.

**Technical Risks.** The pilot to implement the e-procurement, e-learning, and decision support modules for public procurement faced technical challenges that were overcome only with extensive information and training sessions, according to the ICR. It would appear from this experience that more technical assistance is needed to mitigate the risks arising from the introduction of technology-focused innovations to public procurement. The effort to build a new database on prices to help benchmark contracts would be such an application facing technical risks and, hence, requiring mitigation measures.

**Institutional Capacity Risk.** The inability of the primary school system to measure and publish education outcomes at the end of each new sub-cycle in primary schooling risks diminishing reforms that created "blocs of competencies" as a basis of promotion of student to the next sub-cycle. After implementing the student assessments for one year, the authorities have failed to continue the annual assessment. The lack of an assessment of education outcomes would render the new sub-cycle system ineffectual in improving the quality of primary schooling. Related to institutional capacity risks are deficiencies in the economic and social data collected by the government that would allow for a better assessment of program outcomes.

**Macroeconomic Risk.** Côte d’Ivoire’s economy is expected to grow an annual average 6.4 percent in 2021-23 after slowing down to 2 percent growth in 2020 (from an annual average 6.6 percent in 2018-19) following the outbreak of the COVID-19 pandemic. The fiscal and external balances are projected to remain in deficit, however, over the near term. The pandemic continues to pose a downside to the recovery, exerting pressure on government finances. The economic slowdown in 2020, for instance, resulted in a new uptick in arrears on electricity bills during the year.

**Political Economy Risk.** The discontinuation of audits of the PVAM and its associated marketing and pricing system, the Reserve Fund, the FIMR, the FIA, and the Fonds Sacherie reflects political economy risks that threaten the sustainability of reforms to the management of the cocoa sector. While the program achieved the target of reducing the proportion of defaulted contracts between exporters and buyers, the management of the cocoa sector has yet to change significantly, according to the ICR. Improvements to the governance system remain necessary, and reforms can only be informed by regular audits. Studies that underpinned the cocoa sector reforms supported by this series (see Section 8a) suggest more comprehensive approaches in the long term that may also address political economy risks: creating other mechanisms, including social protection schemes, to support cocoa farmers in cases where the stabilization funds turn out to be inadequate relative to deep international commodity price swings, and embedding the cocoa industry reform plan within a larger rural and agricultural productivity program.
8. Assessment of Bank Performance

a. Bank Performance – Design

Rationale

Analytic foundations. The design of the programmatic series was informed by analytic work produced by the Bank as well as by the IMF and the government:


Linked operations. The program development objectives and the prior actions supported by this programmatic series were related to the development objectives and project activities of other World Bank operations in Cote d'Ivoire.

- Pillar 1 – The Governance and Institutional Development Project (P107355) aimed to enhance transparency and efficiency in the management of public finances and to improve governance and efficiency in the cocoa sector.
- Pillar 2 – The Enhancing Government Effectiveness for Improved Public Services (P164302) aimed to strengthen government capacity in program-based budgeting and procurement, delivery of selected education services, management of roads contracts, and facilitating access to financial services.
- Pillar 3 – The Emergency Basic Education Support Project (P119328) aimed to restore and increase access to basic education, rehabilitate and improve the conditions for teaching and learning, and restore and strengthen the institutional capacity to deliver quality basic education.
- Pillar 4 – The CI-ENERGIES Guarantee Project (P164145) aimed to improve the electricity sector’s financial performance by refinancing the short-term liabilities of CI-ENERGIES. The Electricity Transmission and Access Project (P157055) aimed to contribute to the improvement of the efficiency and reliability of electricity supply and increased access to electricity.
- Pillar 5 – The Governance and Institutional Development Project (P107355) aimed to enhance transparency and efficiency in the management of public finances and to improved governance and efficiency in the cocoa sector.

Stakeholder consultation. According to the Program Documents, stakeholder consultations were undertaken within the context of the PND preparation (the reforms supported by this series were informed by, and aligned
with, the PND priorities). However, these discussions with stakeholders would appear to have been insufficient, considering the private sector opposition to the VAT exemption elimination.

**Donor coordination.** The Bank collaborated closely with other development partners in the policy areas supported by this programmatic series. The Bank collaborated with the IMF through a Joint Management Action Plan. The IMF prepared an Extended Credit Facility program focused on domestic resource mobilization and the management of fiscal risk stemming from the electricity sector and PPP projects. The Bank, the European Union, and the African Development Bank assisted the government to develop a new strategic framework for public financial management and an action plan to implement reforms at both national and subnational levels, with the African Development Bank providing technical assistance, and the European Union, budget support and technical assistance. Meanwhile, the Agence Française de Développement partly aligned its operations in Côte d’Ivoire to be supportive of the policy areas of this programmatic series.

**Design shortcomings.** There were deficiencies with several of the results indicators chosen by the Bank to measure the efficacy of the program. While these indicators generally reflected the results of the prior actions, they lacked the ability to measure the achievement of the program objectives (see Section 4).

**Rating**

Moderately Satisfactory

**b. Bank Performance – Implementation**

**Rationale**

**Monitoring.** The Bank monitored the programs closely. Bank missions reviewed progress with the overall reform program and assessed the macroeconomic policy framework to ensure that it remained adequate for the program. The Bank obtained quarterly progress reports from the government. Each Program Document reported the results achieved by the prior operation: the progress as of mid-2017 for DPF1, and the progress as of end-2017 or mid-2018 for DPF2.

**Adaptation.** The Bank revised the triggers (indicative prior actions for the next operation in the series) to adjust to the evolving context of the reform program.

- Of the eight triggers for DPF2: (a) three were delayed, becoming triggers instead for DPF3; (b) two were revised; (c) one was dropped following its inclusion in the IMF program (the two centers to monitor tax payments by medium-sized enterprises) and replaced with a new trigger (a new electronic platform for filing and paying taxes); and (d) two were retained without changes.
- Of the ten triggers for DPF3: (a) six were revised; (b) two were dropped (the manual to implement Decree 2010-200, and the pilot voucher program for poor families); and (c) two were retained without changes.

The Bank also made changes to the results indicators over the course of the programmatic series. The indicators were replaced with measures that were either better linked to their associated prior actions or had
more readily available data. Nonetheless, some indicators lacked the ability to measure progress toward the pillar objectives.

- Three results indicators for Pillar 1 were dropped: the number of tax-paying firms and individuals in the government's taxpayer database (after DPF1); the percentage of medium and large-sized enterprises filing and paying taxes online (after DPF2); and the increase in VAT revenues collected by the Directorate General of Taxes, as a percentage of GDP (after DPF1).
- One results indicator for Pillar 3 was dropped -- the increase in the completion rate in lower secondary education of children from the poorest families (after DPF2) -- for lack of reliable data.
- Three results indicators for Pillar 4 were dropped: the improved financial performance by CI-ENERGIES as evidenced by an increase in the firm's net income (after DPF1); the reduction in losses at CI-ENERGIES (after DPF1); and the signing by the government of at least two PPAs with IPPs, including one PPA for renewable energy (after DPF2).

**Rating**

Moderately Satisfactory

c. Overall Bank Performance

**Rationale**

With the performance at design and during implementation rated moderately satisfactory, the overall performance of the Bank is rated moderately satisfactory.

**Overall Bank Performance Rating**

Moderately Satisfactory

9. Other Impacts

a. Social and Poverty

According to the Program Documents, the programmatic series would help reduce poverty and improve equity in Cote d'Ivoire: (a) reforms aimed at broadening the tax base would raise public revenues that could be used to fund socially beneficial programs; (b) however, changes to the VAT, a tax on consumption, could affect poor households, in response to which the government could explore social safety net measures to help mitigate any adverse effects on the disposable income and consumption of the poor; (c) reforms to improve public procurement would result in efficiency gains that would free fiscal resources for social programs; (d) many education reforms would improve opportunities for the poor – the revision of student assignment criteria to ensure that students from poor households were retained in public schools closer to their homes; the reduction of high repetition rates, including through remedial classes, and the redeployment of teachers to improve the
teacher/student ratio in poor regions; and (e) enhancing the performance of the electricity sector would improve the access to electricity for poor households and for firms, which can expand employment opportunities.

According to the ICR: (a) the government and the Bank were conducting an analysis of the distributional impact of the tax system and public spending (using the commitment to equity approach); (b) measures supported by this program that promoted access to, and improved the quality of, primary and secondary education benefitted students from poor households; (c) actions to enhance the operational and financial performance of the electricity sector improved access to electricity, including for poor households (only 47 percent of the population had access to electricity in 2015); and (d) efforts to improve the management of the cocoa sector would have benefitted cocoa producers directly, half of whom were poor or near-poor, and indirectly through government tax revenues from the industry, which could be spent on social services for the poor. **Importantly, the ICR did not offer any evidence for these claims, ex-post.**

b. Environmental

The Program Documents determined that the programmatic series was "not likely to have significant negative effects on the country’s environment, forests, or other natural resources" and that any adverse environmental effects, which were "expected to be minor," would be manageable through the existing country and Bank framework.

The ICR concluded that the operation "did not have significant negative effects on the country’s environment, forests, or other natural resources." However, the document acknowledged that Côte d'Ivoire's cocoa sector faced significant issues with deforestation, but that these issues would be subsequently addressed through a planned successor operation.

c. Gender

The Program Documents stated that the programmatic series was "expected to have a positive impact on gender equality." Reforms under Pillar 2 would help enhance gender parity in primary and secondary schools.

The ICR reported that the completion rate in lower secondary education increased from 35.2 percent in 2015 to 57.2 percent in 2019-20 for girls, meeting the target of an increase of more than 49.5 percent, part of the results of this series (see Section 5). Discussions with Bank staff indicate that measures to improve access to and quality of education in collèges de proximité, including by hiring bivalent teachers that would keep these schools open, benefited girls who attended these schools rather than regular schools in more distant locations.

d. Other

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10. Quality of ICR

Rationale
Consistency with Guidelines. The ICR was prepared consistent with OPCS guidelines on ICRs for development financing operations and includes sections on the relevance of prior actions and the relevance of results indicators.

Conciseness. The account of the project's performance is well informed and concisely presented. The programmatic series covered five distinct policy and structural reform areas – taxation, public procurement, education, electricity services, the all-important cocoa industry – and involved 25 prior actions, some consisting of multiple parts, and 11 results indicators. The discussions were comprehensive but focused.

Results Orientation. The assessment of efficacy was outcome-oriented and based on the degree of achievement of the results targets.

Quality of Evidence. The ICR backed its assessment of efficacy with additional information on decisions made by the government to either strengthen some of the prior actions or moderate the pace of reform implementation of the three-operation programmatic series because of changed circumstances, including political sensitivities and implementation difficulties. The additional information is important for understanding the evolution of triggers and prior actions in the series.

Quality of Analysis. The assessment of the efficacy of the program was candid. While the program fulfilled all the prior actions and achieved many outcome targets, several policy reforms were reversed, setting off questions about the sustainability of program outcomes.

Lessons. The lessons are well-founded and potentially valuable to future reform operations that are complex, politically sensitive, and difficult to implement in an FCV or post-FCV setting.

a. Rating

Substantial

11. Ratings

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12. Lessons

Three lessons are drawn from the ICR, with some adaptation.
Enhancing transparency is a vital first step in designing and advancing structural reform programs. In this series, the institutional, technical, and financial audits of the PVAM, the Reserve Fund, and the CCC-managed development funds were vital to understanding structural and operational problems in the governance and management of the cocoa industry. Regular and systematic conduct of independent audits would continue to be necessary moving forward to help design reforms that would address issues and questions raised by the collapse in international cocoa prices in 2017: the viability of the government-set farmgate prices, the adequacy of the Reserve Fund to protect producers from price drops, the utility of the development funds to support productivity initiatives, and the overall governance of the industry marketing, pricing, and support systems.

Electricity tariffs remain a nagging issue in electricity service reform. In this series, the range of measures to improve the operational and financial performance of the electricity sector included improving collections of electricity bills, reducing and settling arrears and restructuring debt with utility companies, and reducing technical and non-technical losses in transmission and distribution. A decree was issued adopting a methodology to set electricity tariff rates closer to operating costs, but the series never required implementation of the adjustment. A plan preceding this series to raise tariffs in 2016 was rejected by customers, and a new plan to raise tariffs to cover operating costs at IPPs remains politically charged. However, the authorities must ultimately confront the issue if the scheme to attract private participation in energy projects is to succeed.

Assembling a package of complementary support instruments can help strengthen the impact of a development policy operation. In this series, the effort to improve the operational and financial performance of the electricity sector was supported by related interventions including an International Finance Corporation investment to expand the AZITO and CIPREL power plants, an IDA guarantee operation for the refinancing of short-term liabilities of CI-ENERGIES, and a separate IDA investment project financing to reinforce the transmission system, rehabilitate and extend the distribution system, continue with rural electrification, and strengthen institutional capacity of the electricity sector. According to the ICR, these combined operations provided a "critical mass of leverage" to implement difficult reforms.

13. Project Performance Assessment Report (PPAR) Recommended?

No