Report Number: ICRR0022597

## 1. Project Data

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|---|---|---|
| **Project ID**<br>P121492 | **Project Name**<br>PA Enhanced Public Sector Efficiency TAL | |
| **Country**<br>Panama | **Practice Area(Lead)**<br>Governance | |
| **L/C/TF Number(s)**<br>IBRD-80160 | **Closing Date (Original)**<br>30-Sep-2016 | **Total Project Cost (USD)**<br>49,916,715.20 |
| **Bank Approval Date**<br>03-Mar-2011 | **Closing Date (Actual)**<br>30-Jun-2020 | |

| | IBRD/IDA (USD) | Grants (USD) |
|---|---|---|
| Original Commitment | 55,000,000.00 | 0.00 |
| Revised Commitment | 49,916,715.20 | 0.00 |
| Actual | 49,916,715.20 | 0.00 |

| Prepared by | Reviewed by | ICR Review Coordinator | Group |
|---|---|---|---|
| Igor Pejovic | Judyth L. Twigg | Sengphet Lattanavong | IEGEC (Unit 1) |



## 2. Project Objectives and Components

### a. Objectives

The project's objective was to assist public agencies of the Borrower in producing, using and disseminating timely and quality performance information, thereby allowing a more efficient, transparent and accountable use of the Borrower's public budget funds.

For the purpose of this Review, the objectives are defined as follows:

**Objective 1 – producing, using and disseminating timely and quality performance information**
**Objective 2 – more efficient, transparent and accountable use of the Borrower's public budget funds**

The outcome indicators and targets—all of which were qualitative— were revised twice, at restructurings in 2015 and 2018. Two of the original five outcome indicators were dropped at the 2015 restructuring, and the other three were made less specific and ambitious at the 2015 restructuring and then sharpened at the 2018 restructuring. As none of the three outcome targets in effect as of the final (2018) restructuring were fully met, this Review will not conduct a split rating and will assess achievement based on the 2018 targets.

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

Yes

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

Yes

### Date of Board Approval

09-Oct-2015

### c. Will a split evaluation be undertaken?

No

### d. Components

**Component 1: Strengthening performance-based budget management and evaluation**
(Appraised cost: US$ 2.52 million. Actual cost: US$ 1.80 million.)

This component aimed at improving budget strategic planning and evaluation functions in the Ministry of Economy and Finance (MEF) and in pilot sector ministries to facilitate prioritization of allocations, predictability of program funding, transparency, and accountability. The provision of support to MEF, including, goods, information technology (IT) equipment, operating costs, training, and technical assistance for the carrying out of activities aimed at: improving the institutional and technical capacities of MEF for performance-based strategic planning and budgeting to create conditions for enhancing the quality of public spending; and designing, implementing, and institutionalizing an integrated management and evaluation system, coordinated between the MEF and sector ministries.

**Component 2: New financial management model: strengthening budget execution, treasury, accounting and control**
(Appraised cost: US$ 42.98 million. Actual cost: US$ 40.87 million.)

This component was to provide support to MEF and the Office of the Comptroller General (*Contraloría General de la República de Panamá*, CGR), including goods, operating costs, training, and technical assistance, for the modernization of the Borrower's integrated financial management system (transition to a new system, ISTMO), through the carrying out of activities aimed at: consolidating and integrating all core public financial management processes, focusing on interoperability and integration among selected MEF areas such as budgeting, accounting, treasury, payroll, public procurement, public investment and planning; modernizing control systems performed by CGR; and supporting the Borrower's statistical capacity.

**Component 3: Strengthening public procurement and contracting capacity**
(Appraised cost: US$ 9.00 million. Actual cost: US$ 7.01 million.)

This component was to provide support to the Directorate General for Public Contracts (*Dirección General de Contrataciones Publicas*, DGCP), including goods and IT equipment, training, and technical assistance, for the reform of the Borrower's public procurement process, through the carrying out of activities aimed at: supporting the institutional strengthening of DGCP and building the capacity of public procurement officials; supporting ongoing legal and regulatory reforms to pursue modernization of the public procurement system and processes; supporting ongoing development of the e-procurement platform *PanamaCompra version2;* and developing a research center in the Borrower's Procurement Administrative Tribunal.

**Component 4: Creation and support of project management capacities**
(Appraised cost: US$ 0.55 million. Actual cost: US$ 7.01 million.)

This component was intended to support MEF, CGR, and DGCP with goods, IT equipment, training, and technical assistance for the carrying out of management, monitoring, reporting, auditing, and evaluation of project implementation activities.

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

The total costs at appraisal were US$ 60.13 million, comprised of a US$ 55 million IBRD loan and a Borrower contribution of US$ 5.13 million. Total actual Bank disbursement was US$ 49.92 million. At project closing, Component 1 was 71.54 percent disbursed, component 2 (ISTMO) was 95 percent disbursed, component 3 (*PanamaCompra 3*) was 77.5 percent disbursed, and component 4 (project administration) was 50 percent disbursed. **A total of US$ 5.1 million was cancelled at project closing**. The Borrower contributed US$ 3.32 million of a planned US$ 5.13 million contribution.

The project was approved on **March 3, 2011** and became effective on **March 7, 2012**, with an original closing date of **September 30, 2016**. The project was implemented over almost ten years during the mandates of three government administrations. **The project underwent two level two restructurings** (2015 and 2018) that each included changes to all outcome indicators and targets.

- **The first restructuring (2015) extended the project's completion date from September 30, 2016 to August 31, 2018** in order to refocus and align project activities with priorities of the new government that took office in July 2014. The objective remained unchanged, but the outcome indicators, activities and components budgets were revised. Activities and budget for components 1 and 3 were reduced by US$3.95 million, and activities and budget for component 2 were increased by US$2.12 million to expand the coverage of ISTMO across the central government and put in place a secure interface with other government public administration systems (notably *PanamaCompra 3* and E-tax systems). Outcome indicators on improving the internal audit function and public perception of the transparency and efficiency of the procurement system were dropped, as the development of internal control and internal audit functions was postponed pending reform of the entire system of financial control for public funds, and it was determined that there was

insufficient time for the new procurement platform to have a measurable impact on changes in user perceptions.
- **The second restructuring (2018) extended the project's closing date by 16 months, from August 31, 2018 to December 31, 2019** to allow for completion of planned activities. There were changes in the component costs, reallocating US$ 2.12 million from component 1 and US$ 3.95 million from component 3 to component 2 to support the extension of ISTMO from the central government to decentralized entities. Outcome indicators and targets were made more specific.
- **The closing date was extended one additional time in December 2019**, for an additional six months, in order to complete planned activities. **The project closed on June 30, 2020.**

## 3. Relevance of Objectives

### Rationale

The objectives were highly relevant to country conditions and context at appraisal. Weak public sector institutional capacity, inefficiency, and lack of transparency were key structural constraints to growth. Panama's Public Expenditure and Financial Accountability assessment in 2013 confirmed weaknesses in the national procurement system and national budget that had been identified at project appraisal: underestimation of revenue projections, lack of clear rules for budget formulation and execution, lack of rigorous definition of programs or performance metrics in the program budget structure, significant omissions in the coverage of accounting information, and under-implementation of the single treasury account. Panama requires a modern regulatory framework to promote adequate oversight, enforce consistent social and environmental safeguards and standards across sectors, and strengthen financial sector regulation. The project was designed to address these priorities.

The objective of the project remains highly relevant to Bank and government strategy. The *2015 Panama Systematic Country Diagnostic* identified the effectiveness of public institutions as a priority structural area to support growth in the coming years. The Bank's *Country Partnership Framework for FY15–21* recognized governance as a cross-cutting theme of the overall country engagement, focusing on strengthening institutional capacity and governance of the public sector. The *2019-24 Government of Panama Strategic Plan* has objectives for strengthening institutional capacities to improve planning and management, upgrading financial management and public procurement systems, and modernizing the public sector to improve transparency.

### Rating
High

## 4. Achievement of Objectives (Efficacy)

## OBJECTIVE 1

### Objective

Producing, using and disseminating timely and quality performance information

### Rationale

The ICR (Table 1, p. 6) reconstructed a results chain based on the information in the Project Appraisal Document. This objective was to be achieved through a newly designed and integrated financial management system that would be implemented in government institutions and coordinated at the central government level between the Ministry of Finance and sector ministries. This would in turn lead to the production of financial reports with integrated budget, accounting, and treasury information. Additionally, the integration of budget, accounting, and treasury financial system areas and harmonization of payroll, procurement, planning, and public investment systems in the MEF and pilot sectors would lead to quality financial reports covering all government areas, meeting modern accounting and audit standards. The theory of change as established in the ICR was not well constructed; for example, "production and dissemination of quality financial reports" was included as both an output and an outcome.

Outputs

The project supported consultancies for the development of the regulatory and methodological approaches to program budgeting; supply and installation of an Integrated Government Resource Planning System for the public sector; launch of the planned new integrated financial management system, ITSMO; and training.

Outcomes

The original target for performance orientation of the budget was that a budget document would be presented to Congress using program classifications and financial and non-financial performance information in the 2014 budget. The ICR (p. 12) reports that there was resistance to change from the National Budget Directorate (DIPRENA), leading to a scaling back of ambition in the 2015 restructuring to implementation of performance budgeting as a pilot in just three ministries: health, education, and public works. The line ministries showed interest in the new program budgeting approach, but DIPRENA did not adopt the methodology. However, DIPRENA expressed interest in continuing with this agenda, and the outcome target was shifted at the 2018 restructuring to production and disclosure of information on the budget associated with key performance indicators for ten public sector entities. DIPRENA did not follow up. Ultimately, there was no government body with the authority to manage the reform, and no further work was done on performance budgeting. The program design and performance metrics developed with project support were not applied to the 2018 budget. The budget still applies a basic program classification at the agency level, but it does not apply a systematic approach to program definition or include performance indicators.

The original target for quality of financial information was that a consolidated government statement would be prepared annually with few omissions, consistent format over time, and disclosure of accounting standards (international or national). According to the ICR (p. 12), the introduction and rollout of ISTMO—to all central government entities in 2016 and to decentralized agencies by 2019—enabled integration of budget and accounting classifications, dynamic reporting and availability of real-time budget execution information, integrated controls, automated debt management, budget scenario generation, automatic transaction accounting, automatic reconciliation of bank accounts, income integration, and real-time inventory management. However, there were significant shortcomings. With the introduction of ISTMO, the outcome target was revised at the 2015 restructuring to generation and publication of consolidated financial statements for the central government, disclosing adherence to modern accounting and audit standards, within six months of the end of the fiscal year. This revision shifted the focus of the indicator from coverage, consistency, and application of standards to timeliness and transparency. The 2018 restructuring further dropped the reference to accounting and audit standards from the target, reflecting delays in the implementation of accounting standards. The ICR explained that the government was unable to produce annual consolidated financial statements due to difficulties with the quality, comparability, and reliability of financial information produced by ISTMO. There were inconsistencies in accounting information transferred from the old public financial management system to the initial balances under ISTMO; unreconciled payroll and treasury data and financial information on state fixed assets; and inability to post tax and non-tax revenues in ISTMO. The ICR notes that MEF departments with legacy systems, especially treasury and budgeting, have resisted the transition to ISTMO and have continued to use their old systems, and that there were significant shortcomings in change management. The ICR also notes that MEF issued a Ministerial Resolution and accompanying Institutional Plan in November 2020 mandating procedures to guarantee the publication of central government consolidated financial statements.

There was minimal progress in producing, using, and disseminating quality and timely performance information. Outcome targets were not met. Achievement of this objective is rated Negligible.

### Rating
Negligible

## OBJECTIVE 2
### Objective
More efficient, transparent and accountable use of the Borrower's public budget funds

### Rationale
Transparency in the use of public resources was to be achieved through modernization of control systems and design, as well as implementation and institutionalization of an improved procurement platform (PanamaCompra3) and general national legal framework for public procurement. The theory of change as established in the ICR did not explain how these measures would also lead to improved accountability and efficiency, as specified in the objective.

Outputs

The project supported studies, diagnostic analysis, design, data center services, and supply and installation services for an update to the e-procurement platform (PanamaCompra3), as well as migration to the new platform. It also supported the hiring of a legal specialist in public procurement law to support a modernized legal framework for procurement. However, the government decided to postpone the development of internal control and internal audit functions subject to pending reforms of the entire system of financial control for public funds.

Outcomes

A modernized legal framework for procurement was established through Law 61 on reforming public contracting, published in September 2017. PanamaCompra3 was fully developed, tested, and ready for deployment in June 2020, offering online access for suppliers, tendering, contract management, and advanced analytics. The ICR reports that full implementation of the system was delayed by COVID-19, as new users of the system could not be trained as planned, but that provisions were in place to carry out that training as soon as pandemic restrictions are eased. The new procurement platform includes functionalities for managing complaints, but the ICR provides no information on the use of those functionalities. The original outcome indicators for this objective were an increase in the ratings of the OECD benchmark methodology to assess national procurement systems, and improved perception of transparency and efficiency in the public procurement system. At the 2015 restructuring, the OECD benchmark was replaced with a more general indicator on improved transparency and access to information (government procurement information generated and disseminated semi-annually), and the indicator for perception of transparency and efficiency of the procurement system was dropped because there was no time to impact user perceptions within the project's time frame. In 2018, the ambition of the remaining outcome indicator was increased, with a target of daily publication of competitive procurements. As the system has not yet been rolled out, this target was not achieved.

There was important progress toward achievement of increased transparency in the use of public budget funds through the development of PanamaCompra3, and it is reasonable to expect additional progress as COVID-19 restrictions are lifted. However, the expected modernization of control systems was not carried out, and there is no information on increased efficiency and accountability in the use of public budget funds. Achievement of this objective is therefore rated Modest.

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**Rating**
Modest

## OVERALL EFFICACY

**Rationale**

The project’s overall efficacy is rated as *Modest.* There was little evidence of progress in the production, use, and dissemination of quality and timely performance information, or on improved efficiency and accountability in the use of public budget funds. However, the development of a new legal framework for public procurement and the design and testing of PanamaCompra3 represent important progress toward increased transparency, and the evidence presented in the ICR makes it appear likely that training on the system and its implementation will be completed as soon as pandemic restrictions are eased.

| Overall Efficacy Rating | Primary Reason |
| --- | --- |
| Modest | Low achievement |

## 5. Efficiency

No formal economic analysis was prepared at the time of appraisal. The Project Appraisal Document cited methodological challenges in undertaking economic and financial analyses of public sector technical assistance operations. It referred to likely positive fiscal impacts resulting in economic gains, but it did not attempt to quantify or link these gains to specific project activities. The ICR (pp. 14-15) cites an economic analysis carried out at the 2018 restructuring that quantified economic benefits and internal rates of return, but it does not provide the results of that analysis.

There were significant shortcomings in implementation efficiency, including extensive delays with ISTMO and PanamaCompra3. Challenges were associated with the contracting of firms, including drafting of the terms of reference that took longer than expected, resulting in delays in bidding processes and initiation of the contracts. There were additional delays in the approval of annual budget allocations and in General Comptroller endorsement of contracts. In particular, because 2019 was a general election year, no budget for external credit was allocated by the government that year until August, meaning that the implementing agency could not carry out new procurement or process payments during this time, including outstanding payments that had been incurred in 2018. The project did not receive a budget allocation again in 2020 because of the COVID-19 pandemic, once again putting all new procurement on hold. Ultimately, actual expenditures on the development and implementation of the ISTMO system exceeded estimates, as key aspects of system complexity were not anticipated during project design. Finally, issues with institutional resistance to the rollout of ISTMO created significant inefficiency.

Overall efficiency is rated *modest.*

**Efficiency Rating**

Modest

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

| | Rate Available? | Point value (%) | *Coverage/Scope (%) |
|---|---|---|---|
| Appraisal | | 0 | 0<br>☐ Not Applicable |
| ICR Estimate | | 0 | 0<br>☐ Not Applicable |

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

## 6. Outcome

The project's objectives were highly relevant to country needs, Bank strategy, and government strategy. The development and readiness for rollout of PanamaCompra3 represents important progress toward achievement of the objective to improve transparency in the use of public budget funds, but little evidence is presented on achievement of improved efficiency or transparency in the use of public budget funds, or on improved production, use, or dissemination of timely and quality performance information. Efficacy is therefore rated modest. Efficiency was also modest, with extensive implementation delays and ineffective management of institutional change toward improved performance-oriented budgeting or use of a new public financial management system. These ratings indicate that there were significant shortcomings in the project's preparation and implementation, leading to an Outcome rating of Moderately Unsatisfactory.

a. **Outcome Rating**
Moderately Unsatisfactory

## 7. Risk to Development Outcome

The ICR (p. 21) cites a "reasonable expectation that both the ISTMO and PanamaCompra3 activities will be successfully completed and adopted." While the available evidence indicates that the new procurement system will be implemented as pandemic restrictions are lifted, there is limited evidence that institutional change management strategies have been adopted that will reduce resistance to ISTMO. However, it may be the case that the MEF's new institutional plan and decree on ISTMO (November 2020) will catalyze progress toward the system's use; in that event, publication of consolidated financial statements would represent a significant step toward production and dissemination of performance information. In addition, production of financial statements and transparent public procurement are included as prior actions/triggers in the Bank's Panama Pandemic Response and Growth Recovery Development Policy Operation (P174107 US$ 300 million), approved in December 2020 and scheduled to close on December 31, 2021.

## 8. Assessment of Bank Performance

## a. Quality-at-Entry

Project design was built on a well-defined government reform program. It built on previous Bank engagement in Panama and called for ambitious public financial management reforms that were requested by the government. The PAD noted that project preparation drew on the Bank’s technical expertise in these reform areas and lessons learned from the implementation of previous technical assistance and public administration operations in Panama: the importance of aligning the project with the country's political cycles; the need to establish clear project governance structures and implementation arrangements, with provisions for retaining trained staff; and the value of close supervision and the Bank's presence in-country. However, these lessons were not adequately incorporated into project design, leaving major shortcomings. Challenging reforms, such as performance budgeting, were ill-suited to the capacity limitations of Panamanian institutions. Some of the outcome indicators were not adequate measures of progress toward achievement of the objectives, and some indicators were not plausibly connected to activities supported by the project. There were no intermediate indicators to capture progress on public financial management system reform and implementation of key IT systems. Implementation arrangements were inadequate; institutional assessments carried out as part of project preparation had confirmed that the DPI (*Dirección de Programación de Inversiones*), the implementing agency at the beginning of the project (later changed to the Department of Project Administration, DAP), lacked the technical, fiduciary, and coordinating skills needed for such a complex project, but capacity development measures were not adequate. The project team also failed to assess the challenges related to change management and the attachment to legacy systems among key entities (ICR, p. 16), and in particular, prerequisite political economy/institutional analysis was not carried out to understand that DIPRENA would not be willing to proceed with reform (ICR, p. 17); "it was simply assumed that all departments would cooperate in the transition" (ICR, p. 16). Further, the ambitious project scope was not feasible within the originally proposed implementation timeline.

### Quality-at-Entry Rating

Unsatisfactory

## b. Quality of supervision

The project team worked proactively to adjust the project activities and indicators, modifying activities in some cases to meet shifting government priorities. However, supervision was unbalanced, focused disproportionately on accelerating implementation and disbursement rates and realignment of the project, which placed greater emphasis on the components supporting *PanamaCompra* and the ISTMO system than on substantive areas of reform (such as addressing the institutional requirements for the preparation of financial statements).

According to the ICR (p. 19), the project team did not adequately communicate risks and implementation challenges to management. Implementation Status and Results Reports were not candid, though aides-memoire did register some shortcomings. There were six task team leaders over the course of the project's ten years, resulting in a lack of continuity in understanding, communicating, and addressing implementation challenges. The ICR (p. 20) states that "the Bank team raised concerns and challenged MEF on the need for the senior management to take the lead in project implementation. However, the project ultimately failed to address the dysfunctional institutional arrangements that left the Accounting Unit as the project champion, isolated, without the support of MEF senior management needed to enforce decisions and ensure effective implementation of the ISTMO system." The ICR (p. 20) also states that the Bank's fiduciary specialists "were able to engage easily and quickly with DAP throughout the life of the project," but in the Government's completion report, DAP stated that it received inadequate technical support and guidance during project implementation

### Quality of Supervision Rating

Unsatisfactory

### Overall Bank Performance Rating

Unsatisfactory

## 9. M&E Design, Implementation, & Utilization

### a. M&E Design

DPI (later changed to DAP) was to carry out all M&E activities, strengthened by capacity development financed by the project's fourth component. DPI's reporting was intended not only to monitor the project, but also to serve broadly as the main progress report mechanism for broader government reform.

The original results framework was detailed, including baselines and annual targets, frequency of reporting, data sources, methodology, and responsible institutions. However, as noted earlier, there was not clear alignment between project activities, intermediate indicators, outcome indicators, and the project's objectives.

### b. M&E Implementation

During the two restructurings, the initial M&E framework was streamlined, though it was not fully adjusted to reflect changes in project activities. DAP improved the quality of information provided to the Bank after the 2015 restructuring. However, the revisions to the outcome indicators in the 2015 restructuring produced a disconnect between the outcome indicators and intermediate indicators, and the further changes at the 2018 restructuring widened this gap. Throughout, there was limited focus on measuring and reporting achievement of objectives rather than implementation of activities. Furthermore, the revisions to the outcome targets did not reflect delays in project implementation.

### c. M&E Utilization

The project's M&E reporting was not used as much as it could have been to inform decision making on project challenges and opportunities. Slow progress toward some targets resulted in some corrective actions, including dropping some indicators and revising targets at the two restructurings. ISRs did not discuss progress towards achieving reforms supported by the project beyond progress in implementing ISTMO and PanamaCompra3. According to the ICR (p. 18), "in retrospect, ISR ratings were overoptimistic as regards the prospects for achievement of the objectives: the project was upgraded from Moderately Unsatisfactory to Moderately Satisfactory in October 2017 because of a renewed commitment by the government, and then downgraded to Moderately Unsatisfactory six months before the closing date, despite an extended period in which the ISRs signaled implementation difficulties."

### M&E Quality Rating

Negligible

## 10. Other Issues

### a. Safeguards

The project was classified as Environmental Assessment category C. At the time of appraisal no environmental or social impacts were expected, and no safeguard policies were triggered. The ICR reports no environmental or social impacts.

### b. Fiduciary Compliance

Financial management arrangements were generally in compliance with Bank requirements. The financial management performance rating was consistently Satisfactory throughout the project's lifetime (ICR, p. 19). Unqualified audited financial statements were received by the Bank on time. Interim financial reports were received with minor delays throughout the life of the project and were always found to be acceptable. The final audit report for the project was received on time.

The procurement performance rating was Moderately Satisfactory across the project's lifetime, but given the shortcomings described in the ICR, it appears that these ratings were too generous. Acceptable procurement plans were submitted to the Bank in a timely manner and properly implemented. However, there were frequent delays when formalizing contracts or amendments, mostly due to a protracted process of endorsement by the Office of the Comptroller General. According to the ICR (p. 19), slow government administrative procedures for procurement, budget approval, and funds release significantly affected project implementation.

### c. Unintended impacts (Positive or Negative)

None reported.

### d. Other

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## 11. Ratings

| Ratings | ICR | IEG | Reason for Disagreements/Comment |
|---|---|---|---|
| Outcome | Moderately Unsatisfactory | Moderately Unsatisfactory | |
| Bank Performance | Unsatisfactory | Unsatisfactory | |
| Quality of M&E | Negligible | Negligible | |
| Quality of ICR | --- | Modest | |

## 12. Lessons

The ICR (pp. 21-22) contains many insightful lessons. Key among these, restated by IEG, are:

- IT solutions are a means to an end, rather than an end in themselves. Public financial management reform projects will be most successful if they focus on broader reforms rather than primarily on information technology solutions. This project focused too exclusively on the ISTMO and PanamaCompra3 systems rather than the contribution those systems should make to a broader reform action plan.
- Project design must explicitly take existing technical capacity into consideration. In this case, the emphasis on performance budgeting drew from enthusiasm for achieved success in several high-income countries (the United Kingdom, New Zealand, Australia), without taking into account that it was an innovative practice that required more technical capacity and ownership than was available in Panama.
- Transitions from legacy IT systems require well developed change management strategies, carefully derived from political economy and institutional analysis, and integrated at the design stage. In this case, the interests and likely behaviors of several key stakeholders and system users were not anticipated and taken into account. In the absence of agreed transition arrangements, supporting regulations, and political leadership, there is likely to be hesitation and even obstruction.

## 13. Assessment Recommended?

No

## 14. Comments on Quality of ICR

The ICR is concise and candid about the project's shortcomings in design and implementation. The substance of its lessons is analytically insightful, and the lessons should prove useful to future operations in the sector and in the country. However, the ICR had significant shortcomings. It assessed outcomes and ratings on the basis of achievement of results indicators and activities rather than the development objectives; there is no assessment of achievement specifically of the objectives. There was lack of clarity in the specified results chain, with some elements (such as production and dissemination of quality financial reports) cited as both outputs and outcomes. It did not acknowledge that the revisions to the project's outcome indicators and targets should have prompted consideration of a split rating methodology. Most of the lessons are framed as recommendations rather than lessons.

**a. Quality of ICR Rating**
Modest