



1. Project Data:		Date Posted : 06/16/2004	
PROJ ID: P071375		Appraisal	Actual
Project Name: Economic Recovery Credit	Project Costs (US\$M)	200.0	104.3
Country: Cote d'Ivoire	Loan/Credit (US\$M)	200.0	104.3
Sector(s): Board: RDV - Central government administration (30%), Agricultural marketing and trade (30%), Crops (20%), General education sector (10%), Health (10%)	Cofinancing (US\$M)		
L/C Number: C3656			
	Board Approval (FY)		02
Partners involved :	Closing Date	12/31/2003	12/31/2003

Prepared by :	Reviewed by :	Group Manager :	Group:
Pierre M. De Raet	John H. Johnson	Kyle Peters	OEDCR

2. Project Objectives and Components

a. Objectives

The objective was to recover the ground lost owing to the combined effects of the economic decline during 1998-01, and the socio-political turmoil of 1999-2000, and set the stage for future progress . The specific objectives were :
 1) create the conditions for renewed broad-based growth driven by the rural economy and a private sector more confident about the future;
 2) improve the delivery of public services to the poor, using and building local capacity to manage these services; and
 3) improve efficiency and accountability in public resource management .

b. Components

1) Renewed broad-based growth was to be pursued through reforms in two areas : (i) promoting agricultural growth by strengthening competition, transparency, and accountability in cocoa /coffee production, marketing and exports and by further liberalizing the cotton sector; and (ii) promoting private sector development (PSD) by relaunching the privatization process, pursuing the rehabilitation of the financial sector, and reestablishing confidence with the private sector.
 2) Improved delivery of public services, especially in education and health, was to be achieved by maintaining education and health budgets, undertaking public expenditure reviews (PER), preparing Medium-Term Expenditure Frameworks (MTEF), relying increasingly on local governments for the delivery of education and health services, opening the textbook market to competition, progressively increasing the autonomy of the drug procurement agency, and raising the proportion of generic drugs . Special measures were identified to strengthen the fight against HIV/AIDS.
 3) Improved public expenditure management was to be strengthened in budget formulation by the preparation of MTEFs and PERs, in budget execution by improving the integrated public financial management system and completing the reform of public procurement, in budget control and oversight by strengthening the internal and external audit institutions.

c. Comments on Project Cost, Financing and Dates

The Credit was in 3 tranches, US\$100, 60, and 40 million. The first tranche was disbursed upon effectiveness on June 10, 2002. The conditions for the release of the second tranche could not be met causing its cancellation as well as that of the third tranche. The Credit was closed on December 31, 2003, the original date.

3. Achievement of Relevant Objectives:

In September 2002, three months after Board approval, civil war erupted in C ôte d'Ivoire, effectively partitioning the country. The recovery program of the Government and the project were severely disrupted, even in the areas controlled by the Government. The macroeconomic framework derailed and the IMF Poverty Reduction and Growth Facility (PRGF) program went off track. Both the PRSP and HIPC processes were interrupted . As a result, none of

the objectives was achieved.

However, the following may be listed as steps in attempting to make progress under the project :

Under the first objective, as part of the measures taken to reorganize the cocoa /coffee sectors by improving competition and regulation, audits of the various sector agencies were undertaken that revealed serious governance problems; unfortunately these were not corrected .

Under the second objective, some progress was made in the opening of the market for textbooks and in the distribution of free books to primary schools .

Under the third objective, the PER process was reformulated with a view to assessing the impact of the war on public resource management and expenditure controls .

4. Significant Outcomes/Impacts:

There was no significant outcome or impact.

5. Significant Shortcomings (including non-compliance with safeguard policies):

1) Given the still fragile national reconciliation process and the fluid circumstances prevailing in the first half of 2002, the operation was too demanding and too complex, in that it relied extensively on the capacity of local governments and communities to be effective and produce a substantial impact on the ground .

2) Ownership by the Government as a whole and by different implementing ministries and agencies was very uneven.

3) Although not a shortcoming under the project per se, the difficulties in project execution highlight the persistence of the negative influence of vested interests and corruption on achieving macro -economic and structural reforms in Côte d'Ivoire.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Unsatisfactory	Unsatisfactory	
Institutional Dev .:	Negligible	Negligible	
Sustainability:	Unlikely	Unlikely	
Bank Performance:	Satisfactory	Satisfactory	It is surprising that a mid-2003 Bank supervision mission could find project implementation satisfactory when the IMF PRGF program had derailed .
Borrower Perf .:	Unsatisfactory	Unsatisfactory	
Quality of ICR:		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

In situation of post-conflict, even after the country has a new agreement with the IMF, the Bank takes reasonable and calculated, but high, risks in re-engaging with the country. The issues are how long to wait before re-engaging and how extensive should be the involvement.

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The ICR is satisfactory but the text suffers from repetition and would have benefited from more editing . The ICR also errs in regarding events happening over the territory of the Borrower as outside of its control .