

**DATA SHEET
PROJECT PAPER**

Date: January 15, 2010		Task Team Leader: Svetlana Proskurovska			
Country: Republic of Tajikistan		Sector Manager/Director: William Leslie			
Project Name: Public Sector Reform Project		Dorotinsky/Luca Barbone			
Project ID: P096861		Country Director: Motoo Konishi			
		Environmental category: C			
Borrower: The Republic of Tajikistan					
Responsible agency: the Executive Office of the President					
Revised estimated disbursements (Bank FY/USD m*)					
*Disbursements in USD are presented using SDR/USD exchange rate at project approval					
FY	FY07	FY08	FY09	FY10	FY11
Annual	0.41	0.60	1.20	1.60	1.19
Cumulative	0.41	1.01	2.21	3.81	5.00
Current closing date: June 1, 2011					
Revised closing date [if applicable]: No					
Indicate if the restructuring is:					
Board approved Yes					
Does the restructured project require any exceptions to Bank policies?					
Have these been approved by Bank management?					
Is approval for any policy exception sought from the Board?					
				Yes <input checked="" type="checkbox"/> No	
				<input checked="" type="checkbox"/> Yes No	
				— Yes <input checked="" type="checkbox"/> No	
Revised project development objective: Establish legal and organizational prerequisites for improved public sector management, improve public access to legislation, and strengthen regulatory framework in selected areas					
Revised outcomes:					
1. A transparently managed and increasingly merit-based civil service.					
2. A law on Organization of Public Administration and a reform plan for streamlining the overall central government structure approved; and organizational structures and management systems in selected core public sector entities improved.					
3. A Strategy and Action Plan for modernizing public financial management approved and under implementation.					
4. Enhanced public accessibility to legislation and streamlined legislation in selected areas.					
Does the restructured project trigger any new safeguard policies? No					
Revised Financing Plan (in USD m.)					
	Source	Local	Foreign	Total	
	Borrower	0	0	0	
	IBRD/IDA	0	5	5	
	Others	0	0	0	
	Total	0	5	5	

1. Introductory Statement

1. This Project Paper seeks the approval of the Executive Directors to introduce the following changes in the Tajikistan, Public Sector Reform Project, IDA Grant No.H245-TJ (P096861) and any accompanying amendments to the Project's legal documents. The proposed changes would amend the Project Development Objective (PDO) and modify the Main Indicators to realistically reflect (i) expected Project outcomes, (ii) revised Project implementation arrangements, and (iii) revised disbursement schedule. These changes are based on the evaluation of progress during the Project mid-term review (May 27, 2009) and prevailing Project implementation environment. This restructuring intends to align the revised statements of objectives in the Project Paper and the revised Supplemental Letter No.2 of the Financing Agreement with the intended activities and planned inputs.

2. The Project was designed to support the Government's Public Sector Reform Strategy (PARS, 2006) and the original PDO was formulated on the assumption of strong leadership and dedicated reform management. The achievement of the approved PDO—*to assist the Recipient in the implementation of PARS through strengthening policy making and service delivery systems and enhancing transparency of public management in selected core public sector entities* – requires strong Government role in coordination of different elements of public sector reform. However, contrary to the expectation underlying the Project's original design, no reliable system for the management of public sector reform has been established so far. In the absence of strong reform leadership and coordination capacity, various project activities and outputs, designed to contribute to the CAS objective of sustainable *improvements in public sector performance*, remain rather weakly integrated. Likewise, the ad hoc reform management structure has stalled decision making on implementation of selected reform measures, which has resulted in a slower pace of reforms and project disbursements, than had been originally expected.

3. On the other hand, most of the planned activities under the Project have been either successfully implemented, or initiated. The outputs already achieved are expected to contribute to achieving key objectives under the PARS. To some extent, the Project Coordination Team (PCT), comprised of local consultants, guided by the Project Steering Committee, has compensated for the absence of a central reform management structure in the Government by facilitating the implementation of public sector reforms supported by the Project.

4. Yet it is unlikely for the Project to achieve the originally envisioned *strengthening of policy making and service delivery systems*, as stated in the approved PDO. Realistically, the Project has a fair possibility to help prepare plans for improving service delivery and transparency of public management in eight policy areas. Even if these plans are approved before the Project closure, achievement of real improvements in service delivery would require time and financial resources beyond the scope of the Project. Therefore, the Project cannot deliver measurable improvements in service delivery. As for improving policy-making capacity, the proposals for institutional changes developed under the Project have been put on hold due to uncertain commitment to this objective. A political decision to change the existing power hierarchy and

embrace change that would strengthen the role of professional civil servants represents a significant challenge to the political leadership. These previously underestimated factors form an environment in which swift institutional reforms, as envisaged by the Project at approval, do not appear feasible.

5. The World Bank institutional reform program in Tajikistan is also supported by the European Commission (EC), which has already implemented two projects on civil service strengthening. Given the importance of reliable and well managed institutions for achievement of the country's development objectives, the EC plans continued technical support to the Republic of Tajikistan aimed at improving the civil service management system, professional training, and building institutions. The EC has agreed to support the restructuring of ministries that will have been assisted by this Project through the vertical functional reviews. This coordinated donor support will help assure sustainability of the achieved Project results after its closure.

2. Background and Reasoning for Restructuring

6. The Project was approved on July 6, 2006 and became effective on September 8, 2006. The original PDO was to assist the Recipient in the implementation of PARS through strengthening policy-making and service delivery systems and enhancing transparency of public management in selected core sector entities.

7. *The original main indicators* at Project approval stage included the following:

- The number of civil servants (new entrants) recruited through merit-based competitions increases by 50 percent from the baseline level to be established in November 2006;
- Reform Plans are implemented for 8 line ministries or central agencies by the end of the project and reports on their implementation are published on the Government web site;
- The level of deviation between approved and executed central government budget decreases by 30% over the project period, from the baseline level which will be established on the basis of the Budget Execution Report for 2005;¹ and
- Access to information and regulation, norms and procedures by businesses increases 40-50 percent from the baseline level to be established by a survey to be conducted in early 2007.

While the Project is moving toward the main indicators, their full achievement cannot be expected during the Project lifetime. Therefore the main indicators are revised as presented on p.9.

8. The Project has five Components: (1) Civil Service Management; (2) Public Administration Reform Strategy; (3) Budget Management; (4) Regulatory Management; and (5) Governance Reforms Management and Project Management. The Project needs restructuring because the available time and resources are insufficient to fully achieve the

¹ Subject to the absence of severe external or internal shocks

expected results of Components 2, 3 and 4. Moreover, some results, as explained below, are not feasible in the prevailing political economy environment. For instance, it is not feasible to fully implement reform plans in 8 line ministries given that the vertical functional reviews in 7 ministries are expected to be completed toward the of 2010, thus leaving insufficient time and no financial resources for implementation proposed restructuring. Also, achieving a 30% decrease of deviations between the approved and actual budget, as a result of the project activities, is not feasible, as the Project does not specifically address improvements in the budget planning and execution processes.

9. During implementation, project implementation arrangements have changed. From its launch in September 2006, the Project has experienced problems with implementation arrangements. In the absence of a dedicated permanent government structure responsible for implementation of PARS, the Department of Economic Reforms and Investments (DERI) of the Executive Office of the President (EOP) has been charged with Project implementation. Having no permanent staff to support PARS, DERI hired a team of consultants to form a Project Coordination Team (PCT), which has become fully dysfunctional in January 2007, when the Project Director (staunch PARS champion) was replaced.

10. The fiduciary support to the Project has been also discontinued after the Aid Coordination Unit was abolished by the President's Decree. After four months at a standstill, Project implementation resumed in May 2007. A new, better qualified Project Coordination Team was hired and became fully functional by September 2007. For one year the Project implementation status was Moderately Unsatisfactory, before being upgraded to Moderately Satisfactory in 2008.

11. In spite of the good implementation progress since the second part of 2008, when many activities have been initiated and completed, the original, very ambitious Project outcome framework is not fully achievable in the prevailing politically complex and technically challenging environment. Therefore, in recognition of implementation challenges, the Project should be restructured, keeping the PDO broadly in line with the original one, but with some revisions of the results framework to render the outcomes more realistic. As of January 15, 2010, the Project has disbursed 52 percent of the Grant.

3. Proposed Changes

12. This section presents proposed changes of the Project Development Objective and Outcomes and records Project achievements as well as explains constraints to achieving originally stated outcomes.

13. The revised Project Development Objective (PDO) reflects the reduction in scope of expected project achievements for institutional restructuring, policy making capacity and service delivery systems. The reasons for that include: initially stated overambitious objectives that were not supported by adequate resources and planned activities, later than expected initiation of the vertical functional reviews for restructuring, the absence of the central government unit to implement policy coordination reforms, and insufficient

time and resources required for achievement of measurable improvements in service delivery across the public sector.

14. The new PDO captures the achievement of a strengthened legal regime for management of meritocratic civil service and for transparent organizational system of public administration, which are the *prerequisites* for effective and accountable public sector management. Also a new transparent civil service remuneration system, and a more equitable, linked with job descriptions, remuneration system for public health employees are *prerequisites* for attraction and retention of skilled specialists in the public service. Finally, the development of restructuring plans for 7 ministries through the vertical functional review is also a *prerequisite* for improving accountability and efficiency of public administration systems, including public service delivery systems.

15. At the same time, due to growing importance of exploration of natural minerals for economy of Tajikistan, the Project shall expand the scope of improvements of regulatory regime by including the subsoil sector. The new PDO is presented below.

Project Development Objective	
Original	The project development objective is to assist the Recipient in the implementation of the Public Administration Reform Strategy through strengthening policy making and service delivery systems and enhancing transparency of public management in selected core public sector entities
Revised	Establish legal and organizational prerequisites for improved public sector management, improve public access to legislation, and strengthen regulatory framework in selected areas

16. The proposed changes to definition of Outcomes, which are described in this section below, are:

Original Outcomes	Revised Outcomes
1. A transparently managed and increasingly merit-based Civil Service	1. A transparently managed and increasingly merit-based civil service
2. A rationalized overall central government structure and improved organization and management systems in selected core public sector entities	2. A law on Organization of Public Administration and a reform plan for streamlining the overall central government structure approved; and organizational structures and management systems in selected core public sector entities improved
3. Increasingly reliable, comprehensive and available public financial management information	3. A Strategy and Action Plan for modernizing public financial management approved and under implementation
4. Enhanced transparency and accessibility of the legal and regulatory framework	4. Enhanced public accessibility to legislation and streamlined legislation in selected areas

17. The original Financing Agreement defined Main Indicators which have been revised and renamed as Target Values for Outcome Indicators. The proposed changes are:

Original Main Indicators	Target Values for Outcome Indicators
1. The number of civil servants (new entrants) recruited through merit-based competition increases by 50 percent from the baseline level to be established in November 2006	1. Competitive merit-based recruitment of civil servants for positions below grades 1-2 is institutionalized. At least 80 percent of vacant positions are filled either by competitive recruitment or promotion.
2. Reform Plans are implemented for 8 line ministries or central agencies by the end of the project and reports on their implementation are published on the Government Website	2.1 Reform Plans for streamlining of institutions structures in 8 ministries and central agencies approved and short-term restructuring measures implemented
	2.2 The law on Organization of Public Administration, defining principles of organization and accountability of public administration bodies, is submitted for adoption
3. The level of deviation between the approved and executed central government budget decreases by 30 % over the project period, from the baseline level established on the basis of the Budget Execution Report for 2005	3.1 A Public Financial Management Strategy, establishing framework for improvements in management, efficiency and transparency of the use of public resources, is approved
	3.2 A new remuneration system in the health system is designed and implemented
4. Access to information and regulation norms and procedures by business increased by 40-50 percent from the baseline level established by a survey to be conducted in early 2007	4.1 Access to information on laws and regulations for the legal entities is improved 4.2 Regulations in the area of fire safety, sanitary-epidemiological standards and subsoil use area streamlined

18. At the moment of restructuring, the following results have been achieved:
- a. Competitive merit-based recruitment institutionalized;
 - b. Civil service remuneration system developed; its approval and piloting pending;
 - c. Reform plan for the Ministry of Labor and Social Protection developed and legal and institutional changes implemented;
 - d. First draft law on System of Public Administration drafted (*new activity*);
 - e. The Public Financial Management Strategy approved and being implemented;
 - f. Classification of posts in the health sector developed, the pay grading structure established and is being implemented;

- g. The compilation of the legal data base completed in Russian, Tajik and Partially in English languages, and made available to all public and private persons on demand subject to subscription fee; and
- h. The regulatory regime in the fire safety and sanitary and epidemiological areas reviewed; adoption of the revised regulation partially completed.

19. Other important activities are on-going. Among them are: conducting the vertical functional review of seven ministries, drafting the law on Organization of Public Administration, reviewing the regulatory regime in the subsoil sector, expanding the network for on line access to the civil service register and legal database Adliya, developing training modules, introducing performance appraisal system in the civil service, and other activities. All Project funds have been committed. The Government realizes that the PSRP Project will not have enough resources to fully implement the objectives of the Public Administration Reform Strategy. Therefore, presently the Government discusses possibilities of follow up technical assistance with donors.

20. Notwithstanding good implementation progress achieved recently, some initially envisioned activities are not likely to be implemented due to the prevailing technical capacity or political economy constraints. This will impact the set of Project Outcomes. Moreover, some of the Outcomes could not be achieved with the planned activities, as they require more fundamental reforms that are beyond the scope of the PSRP Project.

21. The Intermediate Outcomes that will not be achieved, and therefore should be cancelled or amended, include:

- a. *Effective reform monitoring and tracking system put in place, as reflected in the quality of the Annual Reports on PARS implementation issued by DERI.* The reason for that is that currently, DERI does not have formal competences or devoted staff in the area of public administration reform. The Project consultants forming Project Coordination Group are currently asked to monitor PARS implementation in the areas linked to project activities. This is not a sustainable solution. Implementation of this outcome requires institutional changes in the EOP's mandate and structure which so far have not been agreed upon.
- b. *Public Financial Management Reform Action Plan adopted and capacity of budget units to use strategic budget planning tools enhanced, as reflected in a 30% reduction of the difference between the approved and executed central government budget.* The first part of this indicator related to PFM reform plan has been fulfilled. However, the PSRP Project activities, as per Project design, did not address such issues, as strategic budget planning tools, which might improve reliability of the government budget. Therefore, the achievement of 30% reduction in difference between approved and executed budgets could not be achieved. This policy issue is being addressed through other donor supported interventions, including the Public Financial Management Modernization Project.

22. During Project implementation, *additional activities* that support the overall PDO have been identified and initiated. For example, this Project supports (under Component 2) *a new activity* of developing a law on public administration that would establish a legal basis for increased transparency and accountability in the public administration. This activity helps achieve the revised PDO. Based on sound legal basis and recommendations of the vertical functional reviews the Government can establish sound management and accountability arrangements.

23. The language of the Intermediate Outcome Indicators (as presented in the Attachment to Supplemental Letter No 2 to the Financing Agreement of July 27, 2006) has been revised to align with the activities and expected results. The table below presents the comparison of the original and the revised set of Intermediate Outcome Indicators.

Original Intermediate Outcome Indicators	Revised Intermediate Outcome Indicators
<p>1. Civil Service Register, as a key tool for horizontal Civil Service management, operational, as reflected through annual reports on Civil Service development issued by the CSD</p> <p>2. Consistency in recruitment and promotion practices achieved in central government, as reflected in annual reports on Civil Service development issued by the CSD and confirmed through Public Officials Surveys at the start and the end of the Project</p> <p>3. Recruitment by open competition, based on public vacancy announcements, is institutionalized, as reflected in annual reports on Civil Service development issues by the CSD and confirmed through Public Officials Surveys at the start and end of the Project</p> <p>4. New civil service pay system fully operational, as reflected in annual reports on Civil Service development issued by the CSD and confirmed through Public Officials Surveys at the started and end of the Project</p> <p>5. Effective reform monitoring and tracking system put in place, as reflected in the quality of the Annual Reports on PARS implementation issued by DERI</p> <p>6. Reallocation of functions between institutions at central government level completed, as reflected in Government</p>	<p>1. The Civil Service Register is automated and accessible through a network by 47 government bodies. The CSD monitors civil service development and issues quarterly reports on the status of implementation of the civil service policy</p> <p>2. Consistency in promotion practices achieved in central government entities, as reflected in annual reports on civil service development issued by the CSD and confirmed through Public Officials Surveys</p> <p>3. Recruitment by open competition, based on public announcements of vacancies, is institutionalized, as reflected in annual reports on civil service development issued by the CSD and confirmed through Public Officials Surveys at the start and the end of the Project</p> <p>4. New civil service pay system is approved and introduced on a pilot basis, consistent with the public expenditure framework, as reflected in annual reports on civil service development issued by the CSD and confirmed through Public Officials Surveys conducted at the start and the end of the Project</p> <p>5. Functions of different institutions at central government level clarified based on recommendations of functional reviews and the new law on Organization of Public Administration, as reflected in Government Resolutions on the structure of the central state</p>

<p>Resolutions on the structure of the central state administration</p> <p>7. Management and accountability systems for service delivery in the Ministry of Labor and Social Protection streamlined, as reflected in Annual Reports on PARS implementation and in Annual reports of the Ministry of Labor and Social Protection</p> <p>8. Public Financial Management Reform Action Plan adopted and capacity of budget units to use strategic budget planning tools enhanced, as reflected in a 30% reduction of the difference between approved and executed central government budget</p> <p>9. New wage and staff planning systems for primary health care operational, as reflected in relevant Presidential Decrees and in annual reports of the Ministry of Health</p> <p>10. Improved access to legal norms and acts to both government and public, as measured through surveys on accessibility of normative acts, as well as specific accessibility to regulations on pilot inspections agencies</p> <p>11. Internal and technical regulations of pilot inspections agencies developed and published, with increased understanding of firm level obligations during public sector inspections, as well as increased comprehension by inspectors of their new roles, as reflected in client survey results and FIAS reports</p>	<p>administration</p> <p>6. Management and accountability systems for service delivery in the Ministry of Labor and Social Protection streamlined, as reflected in Annual Report on PARS implementation and in Annual reports of the Ministry of Labor and Social Protection</p> <p>7. A Public Financial Management Strategy and an Action Plan for improving management, efficiency and transparency of the public resource have been approved and are under implementation</p> <p>8. A new wage and staff planning system for primary healthcare operational, as reflected in relevant Presidential Decrees and in annual reports of the Ministry of Health</p> <p>9. Improved public access to legal norms and acts through the official government legal database Adliya, which includes all effective legislation in the Republic of Tajikistan and is available to public bodies, the private sector, and the general public (on a subscription basis)</p> <p>10. Technical regulations of pilot inspection agencies updated, streamlined (up to 30% reduction or substantial amendments in the number of regulations) and made publicly available, resulting in firms' increased understanding of their obligations with regard to fire safety and sanitary-epidemiological standards, as reflected in survey results</p> <p>11. Legislation in the subsoil sector streamlined resulting in improved business environment for mining of natural minerals</p>
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24. Further changes involve changes in planned *activities*: under the Civil Service Reform (Component 1, Subcomponent A), the task of establishment of assessment centers for civil service recruitment cannot be implemented, due to the lack of adequate institutional capacity and current low attractiveness of the civil service (fewer than 2 candidates per vacant post on average). The task of establishing the assessment centers is proposed to be cancelled.

25. Under Component 2 the Project cannot implement the activity on capacity building for the EOP structure(s) in charge of public administration reform to introduce key governance reforms and track their implementation and impact over time. Currently, there is no dedicated unit in the EOP in charge of public administration reform.

Moreover, the Project funds have been fully committed leaving no space for this activity, even if such units were created.

26. Under Component 2, full restructuring of 7 ministries, for which vertical functional reviews will be conducted during 2010, may not be achieved during the Project life span. However, under the Project restructuring recommendations will be developed, and most likely implemented after the Project closure, possibly with additional donor support, e.g. of the European Union.

27. The planned achievement of *improving policy-making capacity and policy impact assessment practices at the sector level* (Part 2, item (d) of Schedule 1 of the Financing Agreement) is not likely to happen. Improving policy-making and impact assessment capacity requires establishing proper structures in ministries, adopting adequate normative and methodological basis, and building technical capacity of personnel in charge of sector policy. Implementation of these activities, and more importantly, the success in improving policy coherence is conditional on the strength of Government's central policy coordination capacity, which in spite of recommendations developed under Component 2 has so far not been established. The attainment of this objective at a sector level would require *additional resources and time*, but more importantly, will depend on government commitment. Therefore, a more accurate estimation of available resources, government commitment and existing capacity suggests *the need to revise the formulation of Project outcomes under this Component*.

28. In light with the proposed revision of the outcome for Component 3, the *title of the component* shall be changed from "Budget Management" to "Public Financial Management". The Component description in PAD identifies major outputs, including a strategy for the modernization of public financial management, related training activities and a reform of the remuneration structure in the health service. Clearly, these outputs do not contribute to attaining the originally formulated outcome – *improved reliability and comprehensiveness of public financial information*. Moreover, the Project description in the PAD refers to support for *introducing a Medium Term Budget Framework (MTBF)*. Some training for supporting MTBF has been provided under the Project; however, the success in introducing the MTBF is more directly attributable to other Bank and donor-financed operations, including technical assistance under the Bank's policy lending program (PDPG) and under a Project of the European Commission. Therefore, the Project outcome referring to reliability of budget information is changed.

29. It is also important to clarify that unlike stated in PAD results matrix, the Project planned to support the development of a Public Financial Management Strategy rather than to help design an Integrated Public Financial Management System (IPFMS). Component 3 has produced important outputs that include a Public Financial Management Strategy, an analytical report on the Review of Public Financial Management Business Procedures, and a system of classification of health care employees. The Project also supports *a new activity* under Component 3 (part b) – implementation of the new remuneration system for health care employees. However, the design of IPFMS has been addressed by the PHRD Grant for preparation of the PFMMP Project, not the PSRP Project.

30. Under Component 4 Capacity Building in Regulatory Management many activities have been completed and outputs delivered. The Project has implemented planned activities and delivered outputs on improving regulatory quality and service delivery in two selected inspectorates – Fire Safety Inspection and Sanitary and Epidemiological Service. Support to compiling the National electronic legal database – *Adliya* – has also been satisfactorily delivered. Plans to make *Adliya* available on line, so as to ensure access to the national legislation, are currently being pursued by the Project. The Project has also strengthened the IT capacity of the Ministry of Justice (MOJ) to facilitate the review and registration of secondary legal and normative documents.

31. However, the initial intention of the MOJ to fully revise and update the entire body of legislation, including secondary acts, has proved to be impossible due to insufficient Project resources. Under the circumstances, the MOJ has opted for conducting *a review of legislation in the priority area of subsoil use regulation*. This priority emerged with the current expansion of exploration of natural mineral deposits. As long as the legislation in this area has gaps and inconsistencies, this potentially may lead to lost revenues for the government. So the proposed activity is in strong demand.

32. The objective of increasing access to legislation for government entities and private sector operators is expected to be achieved under the Project. However, in the absence of a review of the entire legislation internal legal inconsistencies and outdated norms will not be corrected. It is recommended that the MOJ seek additional technical assistance in this area from donors within the medium term.

33. Concerning Project implementation arrangements, this Project Paper acknowledges that fiduciary support for the Project, including procurement and financial management functions, is no longer delivered by the Aid Coordination Unit, as originally foreseen in the PAD. Instead, the Accounting Department of the Executive Office of the President with support from local consultants of the Project Coordination Team (PCT) has become in charge of the Project fiduciary function. The Project Coordinator with the PCT consultants supporting core components continues to administer the Project under reporting arrangements to the Project Director and steering from the Project Board, chaired by the State Economic Advisor to the President.

34. The sustainability of Project results appears uneven, depending on the level of commitment of various Project beneficiaries. The sustainability of Project results could improve significantly if a permanent unit responsible for coordination of public administration reform were established in the Executive Office of the President. However, there is no clear evidence that such a unit may be established during the Project. This warrants a conservative approach to defining Project outcomes and impacts.

4. Analysis

35. The proposed changes in the results framework do not substantially change the original development objective or deviate from the rationale that informed the Project's design. Instead, the proposed changes aim to better align expected results with the institutional capacity and political economy constraints, as well as with available Project

resources to ensure that the expected results are attainable within the lifetime of the Project. The proposed changes will have no major effect on economic, financial, technical or social aspects.

36. The assumption that 8 ministries and central agencies will be restructured to assure better policy coordination and delivery of public services has been revised and scaled down in line with delayed initiation of the vertical functional reviews. Despite delays with initiating functional reviews, the Project will deliver reorganization plans for 8 ministries; however, the time for full restructuring will not be sufficient. Only selected short-term reorganization measures can be achieved and significant improvements in the social services sector that was revised on a pilot basis. Similarly, the improvements in policy making and impact assessment practices at the sectoral level would be unrealistic to achieve due to political economy, capacity, time and resources constraints. The outputs on regulatory management will have been delivered in line with the project objectives, albeit on a more limited scale, as resources for a full revision of the entire legal basis have been insufficient. Significant improvements are expected in implementation of the civil service reform, where legal basis will have been developed and implemented to improve merit based recruitment and civil service attraction.

37. The proposed changes do not change the environmental category or trigger new safeguard policies.

38. The restructuring does not involve any exceptions to Bank policies.

5. Expected Outcomes

39. As presented in paragraph 23, the expected outcomes will be changed to realistically reflect possible achievements under the Project's political, organizational and technical capacity constraints.

6. Benefits and Risks

40. The most significant remaining risk to the sustainability of Project outcomes is the absence of a permanent central public administration reform structure. Reliance on consultants for Project implementation makes the PARS agenda vulnerable especially after Project closure. Failure to create a relevant Government structure has led to missed opportunities for strengthening the Government's own capacity to steer and technically manage reforms beyond the duration of the Project. Potentially, without strong central monitoring and stewardship, whole-of-government institutional reforms can backslide in favor of sectoral interests. It is uncertain if the Government will take the steps to consolidate Project achievements and continue improving public sector performance.

Annex . Table of Eligible Expenditures

Category	Original Amount of the Financing Allocated (expressed in SDR)	Revised Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Goods, consultants' services and Training	3,075,900	1,536,088.38	100%
(2) Operating Costs	296,000	94,745.74	100%
(3) Refund of Project Preparation Advance	128,100	19,146.93	Amount payable pursuant to Section 2.07 of the General Conditions
(4) Goods, consultants' services, training and operating costs		1,850,018.95	100%
TOTAL	3,500,000	3,500,000	