

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



FRAGILE STATES FACILITY

UNION OF COMOROS

**ECONOMIC REFORM AND FINANCIAL GOVERNANCE
SUPPORT PROGRAMME (PAREGF)**

COMPLETION REPORT

TABLE OF CONTENTS

ACRONYMS AND ABBREVIATIONS.....	i
A. PROGRAMME DATA AND KEY DATES.....	1
B. PROGRAMME CONTEXT	2
C. PROGRAMME OBJECTIVE AND LOGICAL FRAMEWORK	3
D. OUTPUTS AND OUTCOMES	6
E. DESIGN AND READINESS AT PROJECT IMPLEMENTATION	9
F. IMPLEMENTATION.....	11
G. COMPLETION	12
H. LESSONS LEARNED FROM APPRAISAL	13
I. RATINGS SUMMARY	14
J. PROCESSING.....	15
ANNEX I : PROGRAMME COST AND FINANCING BY SOURCE.....	1
ANNEX II : AFRICAN DEVELOPMENT BANK INPUTS	2
ANNEX III : KEY ECONOMIC AND FINANCIAL INDICATORS	1
ANNEX IV : LIST OF DOCUMENTS USED	1

ACRONYMS AND ABBREVIATIONS

CAB	:	Cabinet
CPIA	:	Country Policy and Institutional Assessment
CREF	:	Economic and Financial Reforms Unit
CSP	:	Country Strategy Paper
FSF	:	Fragile States Facility
GAP	:	Governance Action Plan
SGAG	:	Deputy Secretary-General of the Government
GDP	:	Gross Domestic Product
GEFRD	:	Governance and Economic and Financial Reform Department
GPRS	:	Growth and Poverty Reduction Strategy
HIPC-I	:	Heavily Indebted Poor Countries Initiative
ICBP	:	Institutional Capacity Building Project
IMF	:	International Monetary Fund
MFBEF	:	Ministry of Finance, Budget and Female Entrepreneurship
NA	:	Not Applicable
Ops.com	:	Operations Committee
OREB	:	East Region Department B
PAREGF	:	Economic Reform and Financial Governance Support Programme
PEFA	:	Public Expenditure and Financial Assessment
PFM	:	Public Finance Management
PR	:	Presidency
PRGF	:	Poverty Reduction and Growth Facility
UA	:	Unit of Account
UNDP	:	United Nations Development Programme

PROJECT COMPLETION REPORT (PCR) FOR REFORM SUPPORT OPERATIONS

A. PROJECT DATA AND KEY DATES

I. BASIC INFORMATION

Project Number : P-KM-KA0-001	Project Name : Economic Reform and Financial Governance Support Programme (PAREGF)	Country: Union of Comoros	
Co-financing instrument(s) : General budget support/FSF Grant No. 5900155000501		Department : Multisector : Governance	Environmental Category: III
Original Commitment: UA 2 million	Amount Cancelled : UA 0 million	Amount Disbursed: UA 2 million	% Disbursed: 100%
Structure of the tranches: First tranche: UA 1 million (2009); Second tranche: UA 1 million (2010);			
Borrower: Union of Comoros			
Executing Agency: The Economic and Financial Reform Monitoring Unit (CREF), in charge of monitoring the implementation of reforms, coordinated the engineering works with the administrative structures responsible for the application of reforms and monitoring the implementation of PAREGF. CREF is also in charge of monitoring the programme with the IMF and the World Bank.			
Co-financiers and other External Partners: The operation was not co-financed. However, it received parallel financing from other donors: the World Bank (USD 3 million or UA 2.04 million – 2010) and the European Union (Euro 7.27 million or UA 6.71 million – 2009)			

II. KEY DATES

Project Concept Note Cleared by Ops. Com: 25 March 2009	Appraisal Report Cleared by Ops. Com: 25 May 2009	Board Approval: 15 July 2009	
Restructuring(s) : Nil			
	Original Date	Actual Date	Difference in months [actual date – original date]
EFFECTIVENESS	August 2009	22 July 2009	0
MID-TERM REVIEW	May 2010	03-24 April 2010	0
CLOSING	December 2010	December 2010	0
	Original disbursement date	Actual disbursement date	Waivers
TRANCHE 1:	September 2009	29 September 2009	No condition was waived, and disbursement was made within the time frame.
TRANCHE 2 :	July 2010	21 December 2010	There was no waiver. However, the action plan for implementing the public

		finance management strategy was finalized late. This resulted in 5 months slippage on the disbursement of the 2nd tranche.
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III. RATINGS SUMMARY

CRITERIA	SUB-CRITERIA	SCORES
PROGRAMME OUTCOME	Achievement of outputs	2
	Achievement of outcomes	1
	Timeliness	4
	OVERALL PROJECT OUTPUT	2
BANK PERFORMANCE	Design and Readiness	3
	Supervision	4
	OVERALL BANK PERFORMANCE	4
BORROWER PERFORMANCE	Design and Readiness	3
	Implementation	3
	OVERALL BORROWER PERFORMANCE	3

IV. RESPONSIBLE BANK STAFF

POSITION	AT APPROVAL	AT COMPLETION
Regional Director (OREB)	Mrs. D. GAYE	Mr. S. KAYIZZI-MUGERWA
Sector Director (OSGE)	Morag. NEGATU	Mr. I. LOBE NDOUMBE
Sector Manager (OSGE.2)	Mrs. M. KANGA	Mr. J. D. MUKETE
Task Manager (OSGE.2)	Mr. M. MALLBERG	Mr. M. MALLBERG
PCR Team Leader		Mr. M. MALLBERG
PCR Team Members		

B. PROGRAMME CONTEXT

PAREGF was among the first Bank operations after the lifting of arrears sanction on the Union of Comoros in early 2009. The programme was designed and implemented concurrently with the Institutional Capacity Building Project (ICBP) financed by the Bank and an institutional support operation financed by the World Bank. The Bank also financed a complementary technical support during preparation of the Public Finance Management Reform Strategy (PFM) through the FSF. The project falls under the first pillar – macro-economic framework stabilization – of the Bank Group assistance strategy in the I-CSP 2009-2010. It is also consistent with the first pillar of I-PRSP 2006-2009: stabilize the economy and lay the foundations of equity-based accelerated and sustainable growth. During PAREGF design, the macro-economic situation was difficult, with low growth (0.5% in 2008 and 1% in 2009) and an increase in inflation (9.5% at end 2009) mainly as a result of the impacts of the world financial crisis and the political crisis Comoros had just experienced. In public finance, due to the political problems and economic slowdown, domestic revenues declined to 12.4% of GDP in 2008, leading to an increase in the budget deficit. The programme therefore sought to quickly provide budget resources to stabilize the economic situation and budget management, while initiating a reform programme and continuing the implementation of reforms. PAREGF was implemented concurrently with the Poverty Reduction and Growth Facility (PRGF) supported by the IMF and budget support financed by the World Bank

and the European Commission. Within a context of economic fragility and political consolidation, these operations sought to harmoniously support the authorities' efforts in implementing reforms, improving governance and public finance, and reaching the HIPC-I decision point achieved in June 2009. Considering the priorities of the authorities to revive the economy, stabilize and improve public finance, while helping the Government to execute priority expenditures, a budget support was well justified. In view of this coordinated approach between the donors and the context described above, the programme justification and relevance were satisfactory.

C. PROGRAMME OBJECTIVE AND LOGICAL FRAMEWORK

1. State the Programme Development Objective(s) (as set out in the Appraisal Report)		
The objective of the Economic Reform and Financial Governance Support Programme (PAREGF) was to contribute to poverty reduction through more effective and efficient public resources management. It aimed specifically at: (i) improving public finance management (PFM) and (ii) streamlining the public finance reform process.		
2. Describe how each reform and/or each disbursement condition contributed to achieving the programme development objectives.		
<p>The following disbursement conditions contributed to achieving the objective of improving public finance management: (i) provide evidence of the adoption of the Decree on the Procedures Manual for the General Treasury of Comoros; (ii) provide evidence of the adoption of the Decree regulating public expenditure ; (iii) provide evidence of the adoption of the Budget Procedures Manual; (iv) provide evidence of the adoption of the General Instruction defining the operation of the new Government Accounting Plan following the Decree to determine the accounting nomenclature; and (v) provide evidence that the public accounting regulations have been adapted to the new accounting plan through modification of the Ordinance regulating public accounting.</p> <p>The condition “provide evidence of the preparation and adoption of the reform strategy and action plan” was an important contribution to achieving the objective of streamlining the public finance reform process.</p> <p>The purpose of the condition for maintaining a programme with the IMF was to ensure macro-economic stability. Indeed, the objective of the reforms implemented under the IMF programme (in the public finance management, the civil service, and the investment climate) was to promote growth, maintain inflation at a reasonable rate, increase tax revenue, make the external sector more viable, strengthen institutions and promote governance.</p>		
3. Provide a brief assessment (up to two sentences) of the <u>programme objectives</u> along the following three dimensions: insert a working score, using the scoring scale provided in Appendix 1.		
PROGRAMME OBJECTIVES DIMENSIONS	ASSESSMENT	SCORE
RELEVANT	The programme objectives were relevant to GPRS priorities, in line with strategic pillar 1 and, in particular, programme 1 of this pillar, which aims to improve the functioning of the State and Public Finance.	4
ACHIEVABLE	The two programme objectives were relevant and achievable given the programme inputs. Nevertheless, they are ambitious considering the timeframe and particularly the objectives of improving CPIA indicators. The improvement of CPIA indicators is often a slow process and the adoption of new instruments, despite the relevance of such actions, does not necessarily entail an improvement in CPIA indicators. In the case of PAREGF, adequate emphasis was not laid on the implementation of the texts, and the timeframes were relatively short.	2

CONSISTENT	c) Consistent with the Bank's country or regional strategy.	The programme objectives were consistent with Pillar 1 of I-CSP 2009-2010, namely: stabilization of the macro-economic framework which identifies PFM reform as a priority. The programme was also consistent with the GAP and the Bank's medium-term strategy.	4
4. Present the logical frame			
OUTPUTS		Indicators to be assessed (The appraisal report did not specify the indicators)	
Component 1 – Improve public resource management			
Continue the monthly meeting of the budget departments of the four entities under the aegis of CREF		Meeting reports	
Create the Ministry of Finance website		The website is accessible via the Internet.	
Disseminate key budgetary information through the written and radio-television press.		Press copy indicating the key budget information.	
Prepare systematically every year the macro-economic framework paper setting the budgetary limits.		Copy of the 2009 and 2010 macro-economic framework paper.	
Make the ASYCUDA++ system in Moheli operational so as to facilitate autonomous customs procedures and traceability of cash receipts in postal parcel services and airport squad units.		Customs Department letter informing the public that the ASYCUDA++ system in Moheli is operational in the postal parcel services and airport squad units.	
Make joint squads operational in order to synergize the tax and customs revenues control and recovery.		Order establishing the joint Tax/Customs Squad is signed.	
Adopt the Order setting up the Treasury Committee.		Order signed	
Adopt the decree on the Budget Procedures Manual		Decree signed	
Adopt a decree fixing the harmonized Union of Comoros budget nomenclature		Decree signed	
Adopt the procedures Manual for the General Treasury of the Comoros.		Decree signed	
Adopt the Decree regulating public expenditure		Decree signed	
Adopt the decree establishing the nomenclature of public expenditure supporting documents		Decree signed	
Adopt the General Instruction on the functioning of the new State Accounting Plan following adoption of the decree defining the accounting nomenclature.		Decree signed	
Adapt public accounting regulations to the new accounting plan by amending the Ordinance regulating public accounting.		Decree signed	
Initiate revision of the Public Procurement Code		Contract with a consultant to revise the signed Code	
Conduct a study to clarify the missions of Control Agencies.		Study copy	
Separate the Financial Control Department by establishing a General Financial Control Department.		Text on the separation of Financial Control Department by establishing a General Financial Control Department.	

Component 2: Streamline the public finance reform process			
Prepare and adopt the reforms implementation strategy and action plan.		Cabinet meeting report indicating the adoption of the strategy and action plan.	
Implement the strategy and action plan adopted.		Ongoing activities indicating the implementation of the strategy and action plan.	
Expected Outcomes		Indicators to be measured	
Component 1: Improve public resource management			
The expenditures executed correspond to credits allocated in the original budget.		- CPIA Indicator No. 13 increases from 2 in 2008 to 2.5 in 2009 and 3 in 2010	
Expenditure management is more effective and more transparent.		- CPIA Indicator No. 16 increases from 2 in 2008 to 2.5 in 2009 and 3 in 2010	
Component 2: Streamline the public finance reforms process			
The reform implementation strategy is adopted.		- The reforms implementation strategy and action plan are adopted in 2010	
The action plan to improve the effectiveness and quality of the public finance management system is adopted.		- The implementation of the strategy and action plan started at the end of 2010	
5. For each dimension of the logical framework, provide a brief assessment (up to two sentences) of the extent to which the logical framework achieved the following objectives.			
LOGICAL FRAME DMENSIONS		ASSESSMENT	SCORE
LOGICAL	a) Presents a logical causal chain for achieving the programme development objectives.	The logical causal chain for achieving the development objectives was relatively well established. However, certain measures, particularly the adoption of decrees and orders were only the first stages in the reform process. It is only when the implementation of the various instruments is effective that the development objectives could be achieved.	3
MEASURABLE	b) Expresses objectives and outcomes in a way that is measurable and quantifiable.	Most of the objectives and outcomes were measurable and quantifiable. The outputs matrix does not specify the indicators to be measured, but their formulation implies that most of the outputs are measurable. .	2
THOROUGH	c) States the risks and key assumptions	On the whole, the risks and assumptions are clearly stated in the logical framework, and a risk analysis is also presented in the text. Risk mitigation measures are also enumerated. The programme identified the political risk. The risk assessment could have been enriched by a detailed analysis of the country's 'political economy.	3

D. OUTPUTS AND OUTCOMES

I. ACHIEVEMENT OF OUTPUTS

In the table below, assess actual versus expected outputs		
MAJOR REFORM MEASURES		Score
Expected outputs	Actual outputs	
Component 1: Improve public resource management		
Continue the monthly meeting of the budget departments of the four entities under the supervision of CREF	Meetings were organized monthly in the first three months of the programme, but this frequency was considered too constraining. Meetings were therefore organized quarterly. In all, 8 meetings were organized. The meetings were organized under the supervision of CREF.	2
Install the Ministry of Finance website.	The website was not created. Discussions are under way to see how best to operate the Presidency website and possibly extend it to the other Ministries, including the Ministry of Finance, Budget and Investments. The absence of a website complicates the provision of information to the general public and administrative services (laws, texts, regulations, etc.).	1
Disseminate key budget information through the written and radio-television press.	Some information is disseminated in the written press and, most of the time, as press articles and not press releases. Therefore, very little budget information is published and when it is, it comes as official communication.	1
Systematically prepare, every year, the macro-economic framework paper setting budget limits.	A macro-economic framework is prepared under the programme with the IMF. The 2009 budget circular contains some information on the macro-economic framework, but the 2011 budget circular does not. There are no budget limits in the circulars.	1
Make the ASYCUDA++ system in Mohali operational in postal parcel services and airport squad units to facilitate automated customs procedures and traceability of cash receipts.	The ASYCUDA++ system is not yet operational in Mohali in postal parcel services and airport squad units. Lack of administrative organization, financing and space accounts for ASYCUDA++ not being operational in the above-mentioned entities.	1
Make the joint squads operational in order to synergize tax and customs revenues control and recovery.	Order No. 09/53 of 25 August 2008 established a multi-purpose Tax/Customs squad (joint squad) to fight against tax evasion in the informal and formal sectors. For about six months, the Squad was operational. However, it no longer is.	1
Adopt the order establishing the Treasury Committee	Decree 09-081 of 20 July 2009 instituting the State Treasury Plan and creating a Treasury Committee was adopted. The Treasury Committee met once in 2011, but no treasury plan is yet operational.	3
Adopt a decree on the Budget Procedures Manual	Decree No. 09-082/PR of 20 July 2009 regulating public expenditure was adopted. In Article 27, it stipulates that the budget procedures manual attached to the decree is part and parcel of the decree. Following adoption of the text, its dissemination and implementation took more time than planned. Training is envisaged as institutional support; it could help to improve and accelerate the implementation of the text. .	3
Adopt the decree fixing the harmonized budget nomenclature	Decree 09-084/PR of 20 July 2009 fixing the harmonized budget nomenclature of the Union of Comoros was adopted. However,	3

of the Union of Comoros.	after the adoption of the text, its dissemination and implementation were slower than expected. Training is scheduled as institutional supports, which could improve and accelerate the text implementation.	
Adopt the General Treasury Procedures Manual of the Comoros.	Decree No. 09-054/VP-MFBEB/CAB of 25 August 2009 on the procedures manual for the financial services, including the General Treasury, was adopted. The dissemination and implementation of the text after its adoption were slower than planned. Training is envisaged as institutional support, and could improve and accelerate the text implementation.	3
Adopt the decree regulating public expenditure	Decree No.09-082/PR of 20 July 2009 regulating public expenditure was adopted. The decree stipulates credit opening management, commitment, liquidation, pay scheduling, payment, liabilities and sanctions relating to public expenditure in Comoros. The dissemination and implementation of the text after its adoption were slower than expected. Training is envisaged as institutional support; it could improve and accelerate the text implementation.	3
Adopt the Decree establishing the nomenclature of supporting documents on public expenditure.	Decree No. 09-83 of 20 July 2009 establishing the nomenclature of supporting documents on State expenditure was adopted. The dissemination and implementation of the text after its adoption were slower than expected. Training is as institutional support; it could improve and accelerate the text implementation.	3
Adopt the General Instruction on the functioning of the new State Accounting Plan following adoption of the Decree fixing the accounting nomenclature.	Decree No. 09-084/PR of 20 July 2009 establishing the harmonized budget nomenclature of the Union of Comoros defines the accounting nomenclature. Decree No. 09-83 of 20 July 2009 establishes the nomenclature of supporting documents on public expenditure. Its detailed annex gives the instruction on operating the accounting plan. The dissemination and implementation of the text after its adoption were slower than expected. Training is envisaged as part of institutional support; it could improve and accelerate the text implementation.	3
Adapt the public accounting regulations to the new plan by modifying the Ordinance regulating public accounting.	Ordinance No.10-04/ on the new State Accounting Plan was adopted on 15 November 2010. The Annex comprises the new public accounting regulations adapted to the new State accounting plan. The dissemination and implementation of the text after its adoption were slower than expected. Training is scheduled as part of institutional support; it could improve and accelerate the text implementation.	3
Initiate revision of the Public Procurement Code.	A Public Procurement Reform Committee was set up, and it initiated the revision of the Public Procurement Code. A technical assistant was recruited to revise the Public Procurement Code. A draft public procurement code was sent to the Bank on 07 April 2011 for remarks and comments.	3
Conduct a study to clarify the missions of the control agencies.	The study was not conducted	1
Separate the Financial Control Department by creating a General Financial Control Department.	The Financial Control Department was not separated from the General Budget Department.	1

Component 2: Streamline the public finance reform system		
Prepare and adopt the reform implementation strategy and action plan.	A public finance management reform strategy and an action plan to implement the strategy were developed. The Cabinet adopted the public finance management reform strategy on 10 November 2010 (Extract of the report of the Cabinet Meeting 10-2010/PR/SGAG of 22 November 2010). The implementation action plan of the strategy was adopted by Cabinet Meeting on 17 November 2010 (Extract of the report of the Cabinet Meeting 10-220/PR/SGAG of 23 November 2010). It was prepared with the participation of key stakeholders.	4
Implement the strategy and action plan.	The implementation of the public finance management reform strategy and the strategy implementation action plan has started. Several projects and programmes financed by donors (World Bank, African Development Bank, IMF, European Union, UNDP and France) support the authorities in building capacities, improving governance and public finance management. Few of the measures have been implemented. Nevertheless, a relatively significant number of actions are being implemented (56% of the actions scheduled over the 2010-2011 period are under implementation). However, the implementation of the strategy and action plan is slower than expected, and its ownership could be assumed more by the institutions. The reforms steering, coordination and monitoring-evaluation mechanism is not yet established; it would be useful to be better organized.	2
OVERALL OUTCOME SCORE [Corresponds to average of the working scores]		2
	[Redacted]	Check here to override the auto-calculated score.
Provide reasons for overriding the auto-calculated score		
Insert the new score or re-enter the auto-calculated score		2

II ACHIEVEMENT OF OUTOMES

1. Using available monitoring data, assess the achievement of expected outcomes. Import the expected outcomes from the logical framework in Section C.		
OUTCOMES		Working Score
Expected	Actual	
- CPIA Indicator No. 13 increases from 2 in 2008 to 2.5 in 2009 and 3 in 2010	CPIA Indicator No. 13 remained at 2 in 2009 and 2010	1
- CPIA Indicator No. 16 increases from 2 in 2008 to 2.5 in 2009 and 3 in 2010	CPIA Indicator No. 16 remained at 2 in 2009 and 2010	1
OVERALL OUTCOME SCORE [Corresponds to average of the working scores]		1
		Check here to override auto-calculated score
Provide reasons for overriding the calculated score		
Insert the new score or re-enter the calculated score.		1
2. <u>Impact on Poverty and the Social Situation:</u>		
<p>It is difficult to assess the programme impact on poverty and the social situation, as the programme was implemented over only two years. There are only a few data, thus making it more difficult to assess the impact. During the programme implementation, Comoros recorded some improvement in growth, which rose from 1.8% in 2009 to 2.1% in 2010, and a relatively stable inflation below 7%. However, the growth rate remains below the levels required for poverty reduction and significant improvement in social development. PAREGF helped to stabilize the macro-economic situation and achieve the HIPC-I decision point. The implementation of HIPC-I should, in the long run, contribute positively to poverty reduction and improvement of the social situation. The reforms supported by PAREGF, which are aimed at improving public resource management, have not yet impacted directly on poverty and social development. These reforms could eventually contribute to the implementation of budgetary policies more favourable to GPRS implementation. Furthermore, by improving public finance, the programme helped to consolidate the political stability of the country – a prerequisite for reducing poverty and improving the social indicators. .</p>		
3. <u>Threats to sustainability of the actual outputs</u>		
<p>PAREGF was implemented on schedule and, despite less outputs than expected, probably helped to stabilize the economic situation and facilitate budget implementation. A large number of key texts on public finance management were adopted. Several factors could undermine the sustainability of outputs, namely: (i) the long electoral and transition period following the December 2010 Presidential elections; (ii) slowdown in the implementation of reforms to improve the investment climate, economic competitiveness and good governance in public finance management; (iii) too long delays in the implementation of texts on public finance management; (iv) delays in the implementation of measures to reach the HIPC-I decision point scheduled for 2012; (v) the setback in payroll control suffered at the end of 2010, which could lead to the payroll reaching 11% of GDP and representing 76% of the budget, thereby limiting the likelihood of increasing pro-poor expenditure; (vi) the low level of transparency in the implementation of substantial financial support provided by some bilateral donors, particularly for the economic citizenship programme, and support provided following the Doha Conference; and (vii) lack of transparency in the recent award of a contract in the telecommunications sector. The programme risk analysis did not adequately take these dimensions into account.</p>		

E. PROJECT DESIGN AND READINESS FOR IMPLEMENTATION

1. State the extent to which the Bank and the Borrower ensured that the programme was commensurate with the Borrower's capacity to implement it by designing it appropriately and putting in place the required implementation arrangements. Consider all programme design aspects.
The programme was prepared in close collaboration with the Bank, the technical and financial partners, and the relevant authorities of the Comorian administration. The lessons learned from the implementation of previous budget support programmes in the fragile States countries of the Bank and other donors were taken into account during programme design

and preparation (particularly the need to focus on the disbursement conditions and put in place technical support to enhance institutional capacities and coordinate support with other donors). The programme was designed in line with the government reform priorities. The country's fragile context and emergence from political crisis were taken into consideration mainly by rapidly putting the operation in place, whereas the authorities needed budget resources to stabilize the economy and budget management. The Government's institutional capacities were equally taken into account, and the implementation of an institutional capacity building project was favourable. However, owing to project implementation delay longer than the quick disbursement operations, it would probably have been more appropriate to put the project in place before the budget support operation. The measures, particularly those triggering disbursement of the tranches, were chosen so that they would be achievable within reasonable deadlines. Programme design also benefited from coordination with other budget donors and from a number of studies, particularly the PEFA survey conducted in 2007. A coordination framework between the formal donors and additional studies probably profited the operation. The risk assessment was satisfactory, but could have analyzed the political risk better, especially its influence on the reforms implementation rate. The weak institutional capacity had been identified under the programme, but the risk related to the time to improve the institutional capacities was underestimated. The programme also probably underestimated the "change management" dimension, and should have better identified the risk related to stakeholder ownership of the reforms to be implemented. The programme could have better taken into account the required timeframe, and better analyzed the factors required to achieve the targeted results. Lastly, the programme failed to include measures to ensure better allocation of budget expenditures to priority expenditures for GPRS implementation. .

2. For each dimension of project design and readiness for implementation, provide a brief assessment (up to two sentences), using the scoring scale provided in Appendix 1.

PROJECT DESIGN AND READINESS FOR IMPLEMENTATION DIMENSIONS		ASSESSMENT	Working Score	
REALISM	a) Project complexity is matched with country capacity and political commitment	The project design at preparation was realistic, especially in terms of the choice of disbursement conditions for the first tranche, which allowed for disbursement of this tranche within the timeframe. The disbursement of the second tranche encountered some delays. The total number of measures could have been reduced, or more emphasis could have been put on the implementation of the texts rather than on their adoption.	2	
RISK ASSESSMENT AND MITIGATION	b) Project design includes adequate risk analysis.	On the whole, the risks and assumptions stated were adequately taken into account. However, there was no separate analysis of the fiduciary risks (procurement and financial management). Programme assessment and certain risks could have been better analyzed.	2	
USE OF COUNTRY SYSTEMS	c) Project procurement, financial management, monitoring and/or other systems are based on those already in use by the government and/or other partners.	The systems in the country were used for the budget support.	4	
For the following dimensions, provide separate working scores for Bank performance and Borrower performance			Working Score	
			Bank	Borrower
CLARITY	d) Responsibilities for project implementation are clearly defined.	Programme implementation responsibilities are clearly defined in the appraisal report.	3	3

PROCUREMENT READINESS	e) Monitoring indicators and monitoring plan are adopted.	Monitoring indicators and monitoring plan are adopted.	3	3
BASELINE DATA	f) Baseline data are available at programme design.	The baseline data used in the logical frame were available at programme design. However, lack of study and updated data limited the choice of programme monitoring indicators.	2	2

F. IMPLEMENTATION

1. State the key programme implementation dimensions				
<p>The donee submitted to the Bank, within the agreed timeframe, evidence of the implementation of the first budget support tranche. On the other hand, the conditions precedent to disbursement of the second tranche were fulfilled with some delay, and the disbursement was made five months late – i.e. almost at the end of the fiscal year. The implementation of the measures, which were not disbursement conditions, was low. PAREGF implementation monitoring unit submitted progress reports and one audit report to the Bank. Some progress reports were submitted late, and their quality could have been improved. In addition, the audit report was not prepared according to the terms of reference approved by the Bank.</p>				
2. Comment on the <u>role of other partners</u>				
<p>The programme was not co-financed. On the other hand, it benefited from parallel financing of the World Bank and the European Union, which also provided budgetary aid to the country in 2009 and 2010. During programme implementation, the donors endeavoured to improve their coordination.</p>				
3. <u>Harmonization</u> . Indicate whether the Bank made specific efforts to harmonize the instruments, systems and/or methods with other partners.				
<p>There are favourable conditions for better coordination of donor efforts and harmonization of their support. However, coordination remained mostly informal, and there was no formal budget support partnership framework. The absence of field offices for the Bank and other donors (the only multilateral institution with a field office was the United Nations System, which assumed leadership in organizing coordination of the donors) makes it difficult to establish a formal harmonization mechanism.</p>				
4. For each dimension of project implementation, assess the extent to which the project achieved the following objectives.				
PROJECT IMPLEMENTATION DIMENSIONS		ASSESSMENT		Working Score
TIMELINESS	a) Extent of project adherence to original closing date. If the number on the right is below 12, «4» is scored; between 12.1 and 24, «3» is scored; between 24.1 and 36, «2» is scored; beyond 36.1, «1» is scored.	Difference in months between the original closing date and the actual closing date or date for achieving 98% disbursement	The second tranche was disbursed in December 2010	4
		0		
BANK PERFORMANCE	Bank complied with:			4
	Environmental safeguards	The programme was classified in category III, and its implementation did not cause any environmental problem.		

	Fiduciary requirements	The fiduciary requirements are consistent with Bank rules under the Fragile States budget support.	4
	Project covenants	Bank complied with the provisions of the Grant Agreement.	4
	Bank supervision was satisfactory in terms of skills mix and practicality of solutions.	The programme was supervised by the Task Manager, in close collaboration with the donors and the government.	3
	Bank provided quality management oversight.	3 supervision missions were organized during the programme implementation. The supervisions were coordinated with other donors.	3
Borrower complied with:			
BORROWER PERFORMANCE	Environmental safeguards	The programme was classified in category III, and its implementation did not cause any environmental problem.	4
	Fiduciary requirements	The audit was submitted to the Bank in accordance with the provisions stipulated in the programme, but not according to Bank terms of reference.	3
	Conditions and triggers	All the disbursement conditions were fulfilled.	4
	The borrower was responsive to Bank supervision findings and recommendations	Overall, the borrower was responsive to Bank supervision findings and recommendations.	3
	The borrower collected and used monitoring information for decision-making.	This Borrower did not always provide quality implementation monitoring due at times to institutional weaknesses and lack of rigour in monitoring programme implementation.	2

G. COMPLETION

1. WAS THE PCR SUBMITTED ON SCHEDULE IN COMPLIANCE WITH BANK POLICY?			
Last disbursement date (cancellation date) MM/DD/YY	Date PCR was sent to pcr@afdb.org MM/DD/YY	Difference in months	WORKING SCORE (auto-calculated) If the difference is six months or less, 4 is scored. If the difference is 6 months or more, 1 is scored
21 December 2010	4
Briefly describe the PCR process			
<p>The completion report was prepared following a mission undertaken by the Task Manager to Comoros. The mission covered one week (from 19 to 26 March) and coincided with the IMF programme review mission. Apart from data collection, the mission held discussions with the officials of the Ministry of Finance and other institutions involved in the programme implementation. On that occasion, the mission was able to gather the comments of the budget support coordination unit on the difficulties encountered in the programme implementation and the lessons to be drawn by both the Bank and the Government for future reform programme operations. The mission also held discussions with some donors involved in the budget support. The peer review was done within the timeframe. Their comments and observations were taken into account and enriched the completion report.</p>			

H. LESSONS LEARNED

Summarize the key lessons the Bank and the Borrower can draw from the project outcomes.

The implementation of this programme was an important contribution to the resumption of Bank operations. In a fragile context and emergence from political crisis, PAREGF helped to stabilize the macro-economic and budgetary situation. PAREGF also helped to start the implementation of public finance management reforms and streamline the continuation of the public finance management reform process. Though the fragile context and close coordination with other donors were taken into account, the objectives targeted were too ambitious and programme design did not adequately take into consideration the time required to implement the reforms. The operation showed that in such a context, it is essential to assess the efforts required to achieve the expected results and know the potential constraints so as to be able to set realistic objectives. Lastly, it revealed that budget support operations in fragile States are important instruments of dialogue to focus reform efforts on sectors deemed to be priorities and support the pace of these reforms. The implementation of institutional support along with budget support was important, and contributed to improving the reform process and enhancing institutional capacities.

The key lessons to be drawn from the implementation of this programme are: (i) in a fragile context of emergence from political crisis, quick disbursement instruments are useful to contribute to macro-economic and budget stabilization efforts made by the authorities; (ii) operations in fragile countries should be carried out over long periods and preferably through programming approaches; (iii) the fiduciary risk should be analyzed during the appraisal of future budget support operations so as to identify appropriate measures to mitigate risks; (iv) future operations should lay more emphasis on measures to balance the poverty reduction expenditure budget and preferably be better informed by the studies; (v) future operations should clearly define the measures to be implemented, and place more emphasis on the implementation of policies and regulations rather than on the adoption of texts and policies. It is also necessary to make better assessment of the reform implementation deadlines and time between the implementation of reforms and their impact on the performance indicators; (vi) in future operations, the Bank should strengthen dialogue with the Government on the programme structure and priorities so as to improve ownership of the programme; (vii) the Bank should continue making coordination efforts with the other donors; (viii) the Bank should improve its field presence in order to better monitor programme implementation; (ix) future operations should incorporate a better risk analysis, particularly political risks and political economy-related risks; (x) future operations should better incorporate change management dimensions into the reform process; (xi) It is urgent for the Comorian authorities to continue reform efforts to improve public finance management, and particularly effective and transparent budgetary resource management. To increase investments, stimulate private sector growth and development while promoting social development, the authorities should also improve private the sector investment and the business climate, and implement reforms under the HIPC-I without delay. It is therefore particularly important for the authorities to pursue the reforms to improve domestic tax resource mobilization and control the payroll so that the economic infrastructure consistent with GPRS priorities can be implemented through the State budget.

I. RATINGS SUMMARY

All the working scores are auto-calculated from the relevant section of the PCR.

CRITERIA	SUB-CRITERIA	Working Score
PROJECT OUTCOME	Outputs	2
	Outcomes	1
	Timeliness	4
	OVERALL PROJECT OUTCOME SCORE	2
BANK PERFORMANCE	Design and Readiness	
	Project objectives are relevant to country development priorities	4
	Programme objectives could in principle be achieved with the programme inputs and in the expected timeframe	2
	The project's objectives are in line with the Bank's national or regional strategy	4
	The logical frame presents a logical causal chain for achieving the project development objectives.	3
	The logical frame expresses objectives and outcomes in a way that is measurable and quantifiable	2
	The logical frame states the risks and key assumptions	3
	Programme capacity was matched with country capacity and political commitment	2
	Programme design includes adequate risk analysis	2
	Programme procurement, financial management, monitoring and/or other systems are based on those already in use by government and/or other partners.	4
	Responsibilities for programme implementation are clearly defined	3
	Monitoring indicators and monitoring plan were adopted at project design	3
	Baseline data are available or being collected	2
	PROJECT DESIGN AND READINESS SUB-SCORE	3
	Supervision:	
	Bank complied with:	
	Environmental safeguards	4
	Fiduciary requirements	4
	Project covenants (conditions and triggers)	4
	Bank provided quality supervision in the form of skills mix and practicality of solutions	3
	Bank provided quality management oversight	3
	PCR was available on time	4
SUPERVISION SUB-SCORE	4	
OVERALL BANK PERFORMANCE SCORE	4	
BORROWER PERFORMANCE	Responsibilities for programme implementation are clearly defined	3
	Documents required for implementation (specifications, design and procurement documents, etc.) are ready at appraisal	3
	Monitoring indicators and monitoring plan were adopted at project design. Baseline data were available or being collected at project design	2
	OVERALL BANK PERFORMANCE SCORE	3
	Environmental safeguards	4
	Fiduciary requirements	4
	Project covenants (conditions and triggers)	4

	Borrower was responsive to Bank supervision findings and recommendations	3
	Borrower based decisions on monitoring information	2
	OVERALL IMPLEMENTATION SCORE	3
	OVERALL BORROWER PERFORMANCE SCORE	3

J. PROCESSING

STEP	SIGNATURE AND COMMENTS	DATE
Ag. Sector Manager clearance		
Regional Director clearance		
Sector Director approval		

SCORING SCALE

SCORE	EXPLANATION
4	Very Good - Fully achieved, with no shortcomings
3	Good- Mostly achieved despite a few shortcomings
2	Fair- Partially achieved. Shortcomings and achievements are roughly balanced
1	Poor- Very limited achievement with extensive shortcomings
NA	Not Applicable

PROGRAMME COST AND FINANCING BY SOURCE

Source of Finance	Amount (in UA million)	Financing instrument
ADB/ADF	UA 2 million	FSF budget support Grant
World Bank	USD 3 million or UA 2.04 million – mid 2010)	FSF budget support Grant
European Commission	EUR 7.27 million or UA 6.71 million – 2009	V-Flex

AFRICAN DEVELOPMENT BANK INPUTS

MISSION TYPE	MISSION DATE	TEAM MEMBERS & SPECIALTIES
Preparation	30 January to 24 February 2009	<ul style="list-style-type: none"> - Mr. Mallberg, Principal Economist OSGE.2 - Mr. M'Hamed Amdiss, Economist/Consultant OSGE.2
Appraisal	02-27 April 2009	<ul style="list-style-type: none"> - Mr. Mallberg, Principal Economist OSGE.2 - A. Amoumoun, Principal Procurement Expert, OSGE.2 - S.Ibrahim, Economist/Consultant OSGE.2
Supervision	October 2009 April 2010 October 2010	<ul style="list-style-type: none"> - Mr. Mallberg, Principal Economist OSGE.2 - A. Amoumoun, Principal Governance Specialist - M. Mallberg, Principal Economist OSGE.2 - K. Soleman, Lead Economist, OREB - P.Trape , Country Economist, OREB - Mr. Mallberg, Principal Economist OSGE.2
Completion	19 to 26 March	<ul style="list-style-type: none"> - Mr. Mallberg, Principal Economist, OSGE.2

INDICATORS	RATINGS				
	Previous Report				Present Report 03.04.2010
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A. PROJECT IMPLEMENTATION					
Compliance with loan conditions precedent to entry into force	-	-	-	3	3
Compliance with General Conditions	-	-	-	3	3
Compliance with Other Conditions	-	-	-	3	3
B. PROCUREMENT PERFORMANCE					
Consultancy Services Procurement	-	-	-		
Goods and Works procurement	-	-	-		
C. FINANCIAL PERFORMANCE					
Foreign Exchange Availability	-	-	-	3	3
Local Currency Availability	-	-	-		
Disbursement Flows	-	-	-	3	3
Cost Management	-	-	-		
Performance of Co-Financiers	-	-	-		
D. ACTIVITIES AND WORKS					
Adherence to implementation schedule	-	-	-	2	2
Consultants or Technical Assistance Performance	-	-	-		
Contractors Performance	-	-	-		
Project Management Performance	-	-	-		
E. IMPACT ON DEVELOPMENT					
Likelihood of achieving development Objectives	-	-	-	3	3
Likelihood that benefits will be realized and sustained	-	-	-	3	3
Likelihood of project contribution to increase in	-	-	-	3	3
Current Rate of Return	-	-	-		
F. OVERALL PROJECT ASSESSMENT					
Current Supervision Average	-	-	-	2.89	2.89
Current Trend over time					2.89

KEY ECONOMIC AND FINANCIAL INDICATORS

	2008	2009	2010		2011	2012	2013	2014	2015
			Prog 1st	Rev. prog.	Proj	Proj	Proj	Proj	Proj
(Annual percentage change, unless otherwise indicated)									
National income and prices									
Real GDP	1.0	1.8	2.1	2.1	2.5	3.5	4.0	4.0	4.0
GDP deflator	5.5	4.6	3.8	3.8	3.3	3.1	3.1	3.3	3.3
Consumer price index (annual averages)	4.8	4.8	2.6	2.7	3.0	2.9	2.9	3.0	3.0
Consumer price index (end period)	7.4	2.2	3.1	3.2	2.8	2.9	3.0	3.0	3.0
Money and credit									
Net foreign assets	-6.8	9.7	9.6	0.3	1.5	1.2	1.5	2.2	4.6
Domestic credit	41.7	34.9	7.2	9.7	15.1	10.5	10.0	9.9	10.1
Net credit to government (Treasury)	31.2	13.4	-28.7	-7.8	17.5	4.3	2.6	1.5	-2.6
Broad money	11.6	13.5	7.5	12.7	8.6	7.3	7.5	7.7	7.6
Velocity (GDP/end-year broad money)	3.5	3.3	3.3	3.3	3.2	3.2	3.2	3.2	3.2
External sector									
Exports, f.o.b.	-55.4	93.1	17.1	14.1	13.9	8.2	7.8	7.8	7.9
Imports, f.o.b.	28.5	1.6	13.1	14.4	-1.4	6.3	2.3	5.7	4.0
Export volume	-35.0	71.2	18.1	12.5	9.8	2.1	1.8	2.7	2.7
Import volume	33.1	10.6	-0.8	-4.8	-7.0	4.8	-0.3	4.9	2.8
Terms of trade	-40.8	22.8	-13.0	-15.6	-2.1	4.5	3.1	4.2	3.8
(In percent of GDP, unless otherwise indicated)									
Investment and savings									
Investment	14.3	12.4	16.6	17.2	17.3	18.1	19.0	19.8	20.4
Public	9.3	4.7	7.5	7.5	7.7	8.0	8.5	8.8	9.0
Private	5.0	7.7	9.1	9.7	9.6	10.1	10.6	11.0	11.5
Gross national savings	3.2	3.4	7.7	7.1	3.7	5.0	7.0	7.9	9.3
Public	1.0	4.1	7.6	8.5	1.0	2.1	2.4	3.1	3.6
Private	2.3	-0.7	0.1	-1.4	2.8	2.9	4.6	4.8	5.7
Government budget									
Domestic Revenue	13.1	13.9	14.3	14.4	14.2	14.5	14.7	15.1	15.5
Total grants	10.4	9.7	13.7	14.5	7.1	7.2	6.9	7.1	7.1
Total expenditure	26.0	23.0	23.2	24.0	23.2	22.7	22.9	23.0	23.0
Current expenditure	16.8	18.1	15.6	16.5	15.5	14.7	14.5	14.3	14.0
Domestic primary balance	-2.8	-2.6	-1.5	-1.6	-1.3	-0.5	-0.4	0.0	0.4
Change in arrears	0.2	0.2	-7.6	-7.8	-0.4	-0.5	-0.8	-0.9	-0.8
External interest	0.1	-0.1	-2.2	-2.4	0.0	0.0	0.0	0.0	0.0
Domestic	0.0	0.4	-5.4	-5.4	-0.4	-0.5	-0.8	-0.9	-0.8
Overall balance (cash basis)	-2.3	0.8	-2.7	-3.0	-2.2	-1.5	-2.2	-1.7	-1.2
Excluding grants	-12.8	-8.9	-16.4	-17.4	-9.4	-8.7	-9.0	-8.8	-8.3
Financing	2.4	-0.7	-0.6	0.9	0.0	-0.7	-0.7	-0.9	-1.0
Foreign (net)	1.2	-1.3	0.8	1.3	-0.7	-0.9	-0.8	-1.0	-0.9
Domestic (net)	1.1	0.6	-1.4	-0.4	0.7	0.2	0.1	0.1	-0.1
Financing gap ¹	0.0	0.0	3.3	2.1	2.2	2.2	2.9	2.6	2.2
External sector									
Exports of goods and services	14.0	13.2	15.0	13.2	13.7	14.0	14.0	14.3	14.5
Imports of goods and services	48.4	47.9	50.5	50.8	47.6	47.4	45.3	44.6	43.2
Current account balance	-11.1	-9.0	-8.9	-10.2	-13.6	-13.1	-12.0	-11.9	-11.1
Excl. official and private transfers	-34.3	-34.7	-35.9	-38.1	-34.2	-33.6	-31.4	-30.4	-28.7
External debt, NPV In percent of GDP ²	37.4	46.2	41.8	41.8	40.2	38.4	36.5	34.5	32.5
External debt, NPV In percent of exports of goods & services	267	330	308	308	286	275	266	255	242
External debt service (in percent of exports of goods and services)	12.2	14.3	19.5	19.5	9.7	9.1	7.8	8.3	10.3
Overall balance of payments (in millions of U.S. dollars)	-15.9	30.1	-6.0	-13.7	-11.8	-12.3	-16.6	-15.2	-10.8
Official grants and loans (percent of GDP)	11.1	9.7	13.9	14.9	7.3	7.4	7.1	7.3	7.3
Gross international reserves (end of period)									
In millions of U.S. dollars	110.4	153.1	153.3	137.5	139.3	139.8	140.6	141.5	144.1
In months of imports of goods & services	5.1	7.1	6.5	6.1	6.3	6.0	5.9	5.7	5.6
Real effective exchange rate (2000=100)	122.3	122.6	...	...	...	...	...	...	...
Exchange rate: CF/US\$ (period average)	334.3	353.2	360.7	383.2	...	...	...	...	...
Memorandum items:									
GDP (nominal, in billions of CF)	178.0	189.6	201.0	201.0	212.7	226.8	243.3	261.4	280.8

Sources: Comorian authorities; and IMF staff estimates and projections.

¹ The program financing gap for 2010–12 will be covered by grants and ECF financing as spelled out in Text Table 8.

² External debt ratios before traditional debt-relief. 2008 debt data not comparable, as it does not account for the full stock of debt.

LIST OF DOCUMENTS USED

1. PAREGF Appraisal Report
2. PCR Format for Budget Support and Balance of Payments Support
3. GPRS
4. PAREGF Preparation, Appraisal and Supervision Mission Reports.
5. IMF Reports
6. World Bank Reports
7. PAREGF implementation document transmitted by CREF and implementation reports transmitted by CREF
8. Various Decrees, Orders, Ordinances and Reports
9. PRCI Preparation, Appraisal and Supervision Mission Reports.