

PCR EVALUATION NOTE FOR PUBLIC SECTOR OPERATIONS

1. BASIC INFORMATION

a. Basic project data			
Project title: INCLUSIVE PRIVATE SECTOR DEVELOPMENT AND COMPETITIVENESS PROGRAMME (IPSDCP)-Phase II			
Project code: P-SC-K00-005	Instrument number(s): 2000130014130		
Project type: Program Based Operation	Sector: Multi-Sector (Budget Support)		
Country: Seychelles	Environmental categorization (1-3) : 3		
Processing Milestones	Key Events	Disbursement and Closing date	
Date approved: 23 Sept 2015	Cancelled amount:	Original disbursement deadline: 31 Dec 2015	
Date signed: 09 Nov 2015	Supplementary financing:	Original closing date: 31 Dec 2015	
Date of entry into force : 22 Jan 2016	Restructuring:	Revised disbursement deadline: 30 Jun 2016	
Date effective for 1st disbursement: 01 Mar 2016	Extensions (specify dates): granted on 24 Feb 2016	Revised closing date: 30 Jun 2016	
Date of actual 1st : 24 Mar 2016			
b. Financing sources			
Financing source/ instrument (MUA)	Approved amount (MUA) :	Disbursed amount (MUA) :	Percentage disbursed (%) :
Financing source/ instrument1:		7,123,521.87	100
Grant:			
Government:			
Other (ex. Co-financiers):			
TOTAL :		7,123,521.87	100
Co-financiers and other external partners: World Bank			
Execution and implementation agencies: Ministry of Finance, Trade and Economic Planning			
c. Responsible Bank staff			
Position	At approval		At completion
Regional Director	NEGATU, Gabriel		NEGATU, Gabriel
Country Manager			
Sector Director	MUKETE, Jacob Diko		COULIBALY, Abdoulaye
Sector Manager	ABIOLA, Wilfrid		ABIOLA, Wilfrid
Task Manager	SUGDEN, Carina		SUGDEN, Carina
Alternate Task Manager	IJEH, Samuel		IJEH, Samuel

PCR Team Leader		SUGDEN, Carina
PCR Team Members		
d. Report data		
PCR Date : 19 Dec 2017		
PCR Mission Date:	From: 22 Mar 2016 and 11 Dec 2017	To: 24 Mar 2016 and 14 Dec 2017 (PCR completed over 2 missions)
PCR-EN Date:		
Evaluator/consultant : Stefano Migliorisi		Peer Reviewer/Task Manager:

2. PROJECT DESCRIPTION

Summary from Appraisal Report including addendum/corrigendum or loan agreement, and taking into account any modification that occurred during the implementation phase.

a. Rationale and expected impacts:

Provide a brief and precise description on the project/programme rationale (concerns/questions raised), expected impacts and the intended beneficiaries (directly or indirectly impacted by the project/programme). Highlight any change that occurred during the execution phase.

Seychelles' economy is driven by two dominant sectors (i.e., tourism and fisheries), leaving the economy highly vulnerable to external shocks. Enhancing competitiveness and exploiting the potential of the domestic private sector were therefore high priorities for the Government, as stated in its Strategy 2017.

The Private Sector Development and Competitiveness Programme-II (IPSDCP II) was expected to contribute to the Government's strategy by strengthening Seychelles' competitiveness in a way that would promote inclusive, sustainable and resilient economic growth.

Direct beneficiaries of the program activities were private sector operators, including MSMEs, and several public sector institutions. Civil society was expected to benefit through greater access to budgetary information, and the overall population through improved social services and a more inclusive growth.

b. Objectives/Expected Outcomes:

Provide a clear and concise description of the project objectives, expected outcomes, and intended beneficiaries. In so doing, highlight any revision/amendment.

IPSDCP-II had two complementary operational policy objectives: 1) improving the investment climate with a particular focus on easier access to finance, and 2) enhancing public sector efficiency as measured by CPIA ratings B (Public Administration) and D (Governance).

The intended beneficiaries were the same as for the overall program, with a particular focus on women-led businesses for objective 1.

c. Outputs and intended beneficiaries:

Provide a clear and concise description the expected outputs and intended beneficiaries. In so doing, highlight any revision/amendment.

The program was expected to produce five outputs.

Output 1: Improved legal framework and systems for business facilitation and investment promotion. Planned improvements included a new IT system for land registration; an E-tax filing and payment system; and a Competition Bill. Key intended beneficiaries were foreign and local businesses.

Output 2: Increasing effective demand for MSME credit. Key targets were Cabinet approval of a new MSME strategy, and the development of a Financial Literacy Programme. Key intended beneficiaries were local MSMEs.

Output 3: Improved regulatory framework for non-banking financial sector. Key targets were the adoption of a strategy for

Seychelles' Financial Services Authority (FSA); Seychelles becoming a member of the International Organisation of Securities Commissions (IOSCO); and an amendment to the International Business Companies (IBC) Act of 1994 regulating the over 70,000 companies established under the Act (an action also mentioned in the IMF 3-year program), bringing it in line with international best practice on offshore companies. Key intended beneficiaries were foreign and local businesses.

Output 4: Improved framework for private sector participation in public investments through the approval of a new Public-Private Partnership (PPP) policy by Cabinet. Key intended beneficiaries were foreign and local businesses, as well as public sector institutions.

Output 5: Improved transparency and participation in procurement and budget processes through the online publication of the country's budgets for 2015 and 2016, and of an annual procurement report approved by cabinet. Key intended beneficiaries were public sector institutions, civil society and local businesses.

d. Principal activities/Components:

Provide a clear and concise description of the principal activities/components. In so doing, highlight any revision/amendment.

The program had two components, that were not amended or revised during implementation.

Component 1: Improved Investment Climate

The improved investment climate component of IPSDCP-II was mostly focused on continuing support to Government reforms initiated under the previous policy-based operation (PBO), IPSDCP-I.

Activities under the business enabling environment sub-component included the full operationalization of e-government initiatives, such as the electronic land registry system (crucial to ease property registration and investment as well as access to finance) and the on-line filing and payment of business taxation. Under IPSDCP-I the government had approved a competition policy, while IPSDCP-II supported the introduction of a new competition bill addressing overlapping functions of agencies, ensuring harmonization with other national and regional competition legislation and alignment with international best practice. Finally, to ensure greater coherence and comprehensiveness of the support offered by the government for MSME development, the sub-component supported the preparation of a MSME development strategy and financial literacy programme.

The financial sector development sub-component continued actions under IPSDCP-I that had supported the creation of the FSA and IOSCO compliance. IPSDCP-II supported the adoption of the first strategic plan for the FSA, the affiliation to IOSCO international standards and the approval of the international business companies' bill regulating the offshore sector and requiring international business companies to keep a register of the beneficial owners in Seychelles.

Component 2: Enhanced Public Sector Efficiency

Against a background of sustained fiscal consolidation, this component supported reforms aimed at improving the efficiency of the public sector through public-private partnerships (PPPs). The specific output targeted was the development of a PPP Policy, which was expected to provide the basis for a comprehensive review and preparation of the required PPP regulatory and legal framework. The component also focused on reforms aimed at enhancing transparency and compliance with international standards. The targeted policy actions were for Government to post budget information on its website in a timely manner, as well as to produce and publish online a first monitoring report on procurement performance.

3. PROJECT PERFORMANCE ASSESSMENT

RELEVANCE

a. Relevance of the project development objective:

Evaluation of the relevance ex-ante and ex-post (including during the implementation phase). The relevance of the project objective (during the evaluation ex-ante and the post-evaluation) in terms of alignment with country's development priorities and strategies, the beneficiary needs (including any changes that may have occurred during the implementation), applicable Bank sector strategies, the Bank country/ regional strategy, and general strategic priorities of the Bank. This criterion equally assesses the extent to which the project's development objective was clearly stated and focused on outcomes and the realism of the intended outcomes in the project setting.

The project development objective's (PDO) relevance was highly satisfactory as it remained fully aligned with the Bank's CSP, the

Seychelles development strategies and the country's priorities for the entire duration of the program.

The program addressed Seychelles vulnerability to external shocks caused by its dependence on two dominant sectors - tourism and fisheries.

From a strategic point of view, the thrust of the Government's Seychelles Strategy 2017 (covering the period 2008-2017) was to improve the environment for private sector development, and its second pillar was to "Enhance Competitiveness and Governance". According to the PCR, the program was also aligned with the Financial Sector Development Implementation Plan (FSDIP) 2015, the draft Medium Term National Development Strategy and the Medium-Term Financing Framework, none of which was made available for this PCREN.

The PDO was also aligned with the Bank's 2011-2015 Country Strategy Paper (CSP) whose pillar "Strengthening Private Sector Development and Economic Competitiveness" included a sub-pillar on "enabling financing and regulatory environment." During the Mid-Term Review of the CSP, Public Finance Management was incorporated as a priority under this sub-pillar.

In terms of priorities, the 2017 World Bank's Systematic Country Diagnostic identified "shortfalls in the private sector enabling environment" as the top constraint (high priority), "access to credit" as the sixth (additional priority), and "governance: transparency and accountability of public action" as the twelfth (likely priority) out of thirteen strategic priorities for Seychelles, indicating that the project development objectives were also well aligned with the country's development priorities and needs, in addition to the country's and Bank's development strategies.

PCR rating 4 PCREN rating 4

b. Relevance of project design (from approval to completion):

The evaluator should provide an assessment of the relevance of the project design regardless of the one provided in the PCR. The evaluator will also comment on the PCR conclusion for this section, and will provide an evaluation of the relevance of the project design. The latter assesses the soundness and the timing of eventual adjustments, or technical solutions to ensure the achievement of the intended results (outcomes and outputs), the adequacy of the risk assessment, environmental and social protection measures, as well as the implementation arrangements. For Programme Based Operations (PBO), an assessment will be made on the relevance of the prior actions, the policy dialogue and the extent to which the operation could have been more pro-poor in its design.

Program design's relevance was satisfactory as the design was consistently but not highly conducive to achieving the program's results due to weaknesses in its results' chain.

The Programme was designed to ensure full complementarity with a parallel Development Policy Loan (DPL) (2015-2016) from the World Bank (see World Bank 2017 in references for details), and the IMF Extended Credit Facility (EFF) programme (see IMF 2017 in references for details).

Design was simple with few policy actions and components, and most were continuing activities supported under IPSDCP-I. A stand-alone PDO with a simple design was an appropriate choice of instrument, considering the good progress made on previous policy based loans from the Bank, the World Bank and IMF, and the upcoming elections at time of appraisal.

However, more policy actions should have been prior-actions and elements of the results framework were not convincing and made attribution difficult, as outcome monitoring indicators were composite indicators that included areas of financial sector improvement that were well outside the scope of the reforms supported under the project. For example, the Distance to Frontier (DTF) rating for access to credit in the Doing Business Indicators and the number of businesses getting loans from the Small Business Financing Agency (SBFA) were supposed to improve because of a Financial Literacy Programme and a MSME Strategy. The DB access to credit indicator measures two types on institutions (i.e., legal rights of borrowers and lenders in secured transactions and bankruptcy laws; and coverage, scope and quality of credit information available through credit registries and bureaus) neither of which could be affected by a literacy programme and a MSME strategy. The financial market indicator in the Global Competitiveness Report was a composite of 8 indicators (i.e. availability of financial services, affordability of financial services, financing through local equity market, ease of access to loans, venture capital availability, soundness of banks, regulation of securities exchanges and legal rights (measured on an index from 0 to 10). The ease of credit indicator in Doing Business was also a composite of four indicators (a repeated indicator on the strength of legal rights; an indicator on the depth of credit information based on an index from 0 to 8; credit registry coverage (% of adults) and credit bureau coverage (% of adults). Since IPSDCP-II targeted 'outputs that support the implementation of FSDIP, specifically areas relating to strengthening the regulatory framework for NBFIs. Targeted outputs will include the Financial Services Authority strategic plan, the affiliation to IOSCO international standards and the approval of the international business companies' bill' it is unclear what several of the indicators had to do with actual activities under the project.

PCR rating 4 PCREN rating 3

EFFECTIVENESS

c. Effectiveness in delivering outputs:

Evaluation of the extent to which the project achieved its stated results (obtained from the logical framework) based on the last Implementation Progress and Results Report (IPR) and by considering accurate reporting of direct or indirect evidence on intended and unanticipated outputs. In the absence of sufficient data (as direct evidence), indirect evidence (such as project outcomes and other pertinent processes/elements of the causal chain) should be used particularly in the evaluation of the extent to which the project is expected to achieve its stated results/ objectives. The absence of sufficient data to assess the effectiveness should be indicated (and clearly detailed in the PCR quality evaluation section). The PCR score should equally be indicated in this section.

The five outputs under the program covered 11 actions, 6 of which have been achieved, 4 have been delayed or modified, and 1 has been missed. The PCR found that “out of the 16 policy targets almost one third were either delayed or remain unmet due to capacity constraints” (p. 12). It is nevertheless true that most actions were completed successfully and in a timely manner, and the achievement of outputs is therefore rated as satisfactory.

Output 1: Improved legal framework and systems for business facilitation and investment promotion (fully achieved). The new IT system for land registration is in place and the e-Tax filing and payment system has been launched although uptake has been slower than expected. In contrast, the Competition Bill was prepared but not adopted due to the Government’s decision to draft a more comprehensive bill covering also consumer protection.

Output 2: Increasing effective demand for MSME credit (partially achieved after program closing). Cabinet has not approved a new MSME strategy yet, while implementation of the Financial Literacy Programme started only in 2018.

Output 3: Improved regulatory framework for non-banking financial sector (partially achieved). The strategy for Seychelles’ Financial Services Authority (FSA) was approved as prior action, while the amendment to the International Business Companies (IBC) Act of 1994 was ratified by Parliament in January 2016, bringing practices of the offshore sector in line with international best practices, as stated by the IMF (2017, p.51). However, Seychelles’ application for membership of the International Organisation of Securities Commissions (IOSCO) has been rejected.

Output 4: Improved framework for private sector participation in public investments (fully achieved). The new Public-Private Partnership (PPP) policy has been approved by Cabinet, and a PPP law is being drafted.

Output 5: Improved transparency and participation in procurement and budget processes (partially achieved). The country’s budgets for 2015 and 2016 were published online, but no annual procurement report has been prepared or approved by cabinet.

PCR rating 3 PCREN rating 3

d. Effectiveness in delivering outcomes:

Evaluation of the extent to which the program achieved its intended set of outcomes (including for Program Based Operations (PBOs) where complementary measures are necessary for their implementation, namely public awareness, policy dialogue and institutional arrangements for instance). The evaluator should make an assessment based on the results of the last project Implementation Progress and Results (IPR). The evaluator shall indicate the degree to which project outcomes (intended and unanticipated) as well as reasons for any eventual gap were discussed in the PCR.

Outcome 1) improving the investment climate with a particular focus on easier access to finance

The measurement of this outcome used two indicators.

The first was the Financial Market Development Index of the Global Competitiveness Report that was expected to improve and showed instead a deterioration of conditions for investment and business development in the Seychelles, declining from 3.87 in 2014-2017 to 3.27 in 2017-2018 (on a scale from 1 to 7 where 7 is best). The same report showed that access to financing remains today the most binding constraint to competitiveness in the country with a score of 24.1, more than double the second constraint (tax rate at 11.2).

The second measurement was the Distance to Frontier (DTF) indicator on Getting Credit from the World Bank’s Doing Business database: an economy’s distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. The value used to measure the baseline in the PCR (a DTF of 10 for DB 2014) is wrong, as DB 2014 referred to 2013. As the correct baseline year was 2015 (considering that IPSDCP-II entered into force in January 2016), the Doing Business year used as baseline should have been 2016 which included data as of June 1, 2015. The baseline DTF (DB 2016) was therefore 35,

a value that remained unchanged in DB 2017 and DB 2018. It is therefore fair to conclude that the second indicator showed no improvement.

Other indicators lead to similar conclusions on this outcome. For example, the disaggregated AfDB CPIA indicators under Cluster B (wrongly selected to measure Outcome 2) showed no improvement in the business regulatory environment (its CPIA remained at 3.33 in 2014, 2015 and 2016) which remains today the main strategic obstacle as revealed by the World Bank's SCP, while the improvements in financial sector development (its CPIA going from 3.50 in 2014 and 2015 to 3.83 in 2016) cannot be attributed to the program as the MSME strategy had not even been approved by 2016, while activities on financial literacy have started only in 2018.

On a similar vein, the ICRR for a parallel World Bank operation (World Bank, 2017), that covered also access to credit as one of its three pillars, found that its policy actions on this pillar (i.e., support for a centralized electronic collateral registry and improved credit reporting) had fallen short of targets leading to unsatisfactory effectiveness.

As Bank's guidelines require to measure progress of the collective effort of the Bank, its partners and government, the unsatisfactory rating for this outcome, based on no progress or deterioration of its indicators, is reinforced by the ICRR findings.

In conclusion, there is overwhelming evidence of lack of progress on access to finance in the Seychelles over the last few years.

Outcome 2) enhancing public sector efficiency as measured by CPIA ratings B (Public Administration) and D (Governance)

The PCR evaluated performance on the second outcome comparing the 2013 and 2015 CPIA ratings for a program whose implementation started in 2016. 2016 data is available only for CPIA cluster B (covering financial sector development, trade policies and business regulatory environment), discussed above. Using the average cluster B rating, as in the PCR, to evaluate "public sector efficiency" does not make sense, as the disaggregated indicators refer to Outcome 1.

While the indicators included in the program's results framework are not available, the 2016 PEFA, which is not public, showed improvements across 9 indicators, according to the PCR. The PEFA 2016, scored PI-9 public access to fiscal information at B, while gave a low score of D to PI-24 Procurement, due to persisting weaknesses in areas such public access to procurement information (as evidenced also from the missed program outputs in this area). Improvements were only noted in the sub-area of transparency, and comprehensiveness in the legal and regulatory framework.

In conclusion, there is evidence of improved transparency, but progress on procurement has been unsatisfactory.

Overall, the only evidence of progress on outcomes concerns part of outcome 2 (transparency), while no progress has been achieved on access to finance or procurement. The problems with the results framework – particularly the links between outcomes and outputs as discussed above – led to a situation where despite the outputs being satisfactorily achieved, the outcomes were not. The achievement of outcomes is therefore rated as unsatisfactory.

PCR rating 3 PCREN rating 2

e. Project development outcome:

The ratings derived for outcomes and output are combined to assess the progress the project has made towards realizing its development objectives, based on the rating methodology recommended in the Staff Guidance Note on project completion reporting and rating (see IPR Guidance Note for further instruction on development objective rating).

Based on the rating methodology recommended in the Staff Guidance Note on project completion reporting and rating, as the effectiveness in delivering outcomes is rated unsatisfactory and the effectiveness in delivering outputs satisfactory, the program development outcome is rated unsatisfactory. In other words, the 'cascade' of downgrading continues since the unsatisfactory rating for effectiveness in achieving outcomes leads – by rule – to the downgrading of the development objective rating.

PCR rating 3 PCREN rating 2

f. Beneficiaries:

Using evidence, the evaluator should provide an assessment of the relevance of the total number of beneficiaries by categories and disaggregated by sex.

A significant proportion of Seychelles MSMEs are operated by women and women have accesses the services offered by the Government, including credit (e.g., women accounted for 63% of SBFA's new loans to MSMEs in 2016). Other information on beneficiaries included in the PCR cannot be traced to program actions and is therefore not included here.

g. Unanticipated additional outcomes (positive or negative, not taken into consideration in the project logical framework):

This includes gender, climate change, as well as social and socio-economic- related issues. Provide an assessment of the extent to which intended or unanticipated additional and important outcomes have been taken into consideration by the PCR. The assessment should also look at the manner the PCR accounted for these outcomes.

None.

EFFICIENCY

h. Timeliness:

The timeliness of project implementation is based on a comparison between the planned and actual period of implementation from the date of effectiveness for first disbursement. For Programme Based Operations (PBOs), the timely release of the tranche(s) are assessed through this same criterion.

The program lasted 6 months more than planned and disbursement was delayed by three months due to a change in financing needs of the government. The ratio between planned implementation time as per PAR from date of effectiveness (12 months) and actual implementation time (15 months) was 0.8 and timeliness is therefore rated as unsatisfactory based on the rating methodology recommended in the Staff Guidance Note on project completion reporting and rating.

PCR rating 3 PCREN rating 2

i. Resource use efficiency:

Provide an assessment of physical implementation (based on outputs delivered) against resources used (based on cumulative commitments) at completion for all contributors to the project (the Bank, Government, and others). This criterion would normally not apply to PBOs, as there is often no direct link between the outputs and the amount of contribution (in which case the rater would indicate N/A).

N/A

j. Cost-benefit analysis:

Provide an assessment of the timeliness of the development outputs, and the extent to which costs of the costs have been effective and have been provided in the most efficient manner. The PCR rating should be discussed. The evaluator should verify whether the benefits of the project (achieved or expected) exceed its actual costs. To achieve this, evidences will mainly be based on a comparison between Economic Rates of Return (ERR) calculated at appraisal, the mid-term review and completion. When commenting PCR ratings, the degree of utilization of valid sources for evidence justifying the rating assigned should be taken into consideration. The evaluator should ensure of the validity of assumptions and that the same model was used for the calculation of others ERRs. For PBOs for which this calculation model does not apply, an assessment could be done with regards to the contribution of policy reforms to economic growth. In the absence of sufficient evidence, an appropriate rating should be assigned.

N/A

k. Implementation progress:

The assessment of the Implementation Progress (IP) on the PCR is derived from the updated IPR and takes into account the all applicable IP criteria assessed under the three categories : i) Compliance with covenants (project covenants, environmental and social safeguards and audit compliance), ii) project systems and procedures (procurement, financial management and monitoring and evaluation), and iii) project execution and financing (disbursement, budget commitments, counterpart funding and co-financing).

All legal covenants were met. Covenants for Entry into Force and disbursement of the first tranche were met on time. There were no environmental or social safeguards as this was a Category III Program and no ESMP and/or RAP were required. No specific audit arrangements apply to this budget support operations. Government accounts were regularly audited by the Auditor General's office. Country systems were used for disbursement and procurement. All measures preliminary to Board presentation and conditions for entry into force and disbursement were fulfilled within the timeframes prescribed in the Loan agreement.

Implementation Progress is therefore rated as satisfactory.

SUSTAINABILITY

I. Financial sustainability:

Provide an assessment of the extent to which funding mechanisms and modalities (eg. Tariffs, user fees, maintenance fees, budgetary allocations, other stakeholder contributions, aid flows, etc.) have been put in place to ensure the continued flow of benefits after completion, with particular emphasis on financial sustainability. For PBOs, the assessment should focus on financial sustainability of reforms, as well as the Bank's policy dialogue to promote financial sustainability of the reforms.

Government achieved a primary balance surplus of 3.4 per cent of GDP by end December 2016, due to better than expected revenue collections in 2016, and lower expenditure outcome for certain lines.

The Government remains fully committed to bringing public debt to sustainable levels, with the debt to GDP ratio declining by two thirds between 2008 and 2016 from almost 200 percent to a little over 70 percent. The Government's primary surplus target of 2.5 percent of GDP from 2018 onwards is deemed sufficient to bring the debt to GDP ratio below 50 per cent by 2021, as confirmed by IMF (2017). E-tax collection is expected to improve the efficiency of revenue collection, and improved access to credit, if achieved, is likely to strengthen the financial sustainability of Seychellois SMEs.

However, Seychelles remain exposed to external shocks, natural disasters and climate change, and access to credit is still the major constraint to competitiveness. A deteriorating security situation in the Middle East and Africa could reduce receipts from tourism. Political divisions, with government and legislature controlled by different parties, could also affect fiscal discipline.

Bank's policy dialogue on reforms remains strong and well-coordinated with the IMF and the World Bank, and the IMF program remains on track.

m. Institutional sustainability and strengthening of capacities:

Provide an assessment of the extent to which the project has contributed to the strengthening of institutional capacities – including for instance through the use of country systems – that will continue to facilitate the continued flow of benefits associated with the project. An appreciation should be made with regards to whether or not improved governance practices or improved skills, procedures, incentives, structures, or institutional mechanisms came into effect as a result of the operation. For PBOs, this should include an assessment on the contributions made to building the capacity to lead and manage the policy reform process; the extent to which the political economy of decision making was conducive to reform; the Government's commitment to reform; and how the design reinforced national ownership.

IPSDCP-I and IPSDCP-II and parallel technical assistance programs significantly strengthened government capacity in e-governance, business enabling environment, financial sector development and PFM. The program supported the establishment of the Government Budget Committee, which led to greater participation of non-governmental stakeholders in the budgeting process, the definition of the functions of the Fair Trading Commission, the establishment of the Financial Service Authority and the development of its strategy.

As discussed below, there was strong ownership of and commitment to the reform program by Government, although 2016 saw a fiscal slippage due to social concerns over economic inequality that led to a delay in the fourth review of the IMF EFF program.

n. Ownership and sustainability of partnerships:

Provide an assessment of whether the project has effectively involved relevant stakeholders, promoted a sense of ownership amongst the beneficiaries (both men and women) and put in place effective partnerships with relevant stakeholders (eg. local authorities, civil society organizations, private sector, donors) as required for the continued maintenance of the project outputs. For PBOs, the assessment should measure the extent to which the Government's capacity to conduct consultations during policy dialogue and the extent to which the Bank supported the Government in deepening the consultation processes.

An IMF ex post assessment of longer-term program engagement in the Seychelles over the decade 2008-2017 found strong government ownership of the programs supported by the IMF in coordination with the World Bank and the Bank. The report stated that "strong ownership by the authorities played a key role in successful programs. During the program period since late 2008, the authorities proactively set the macroeconomic targets and designed the over-arching and ambitious structural reform

agenda. Their strong sense of ownership led to steadfast implementation of prudent macroeconomic policies and structural reforms in consecutive years” (IMF, 2017, p. 26). In addition, the PCR found that “significant efforts were also deployed to engage all the concerned stakeholders, to ensure their active involvement and contribution to the shaping and implementation of the reform agenda.” (PCR, p. 13).

PCR rating 3 PCREN rating 3

o. Environmental and social sustainability:

Provide an assessment of the objectivity of the PCR rating on the project’s implementation of environmental and social mitigation/enhancement measures with regard to the Environmental and Social Management Plan (ESMP), the capacity of country institutions and systems, as well as the availability of funding to ensure the environmental and social sustainability of the operation. This criterion would normally only apply to Environmental Category I and II projects.

N/A

4. PERFORMANCE OF STAKEHOLDERS

a. Bank performance:

(Preparation/approval, ensure of Quality at Entry (QAE) : quality of the supervision, completion) : Provide observations on the objectivity of the PCR ratings and feedback provided by the Borrower, and if necessary, re-assess the Bank’s performance throughout the project cycle (design, implementation, completion) by focusing on evidence from the PCR in relation to 7 criteria defined in the PCR Guidance Note.

Quality at entry. The World Bank’s ICRR found also that there was substantial high quality economic and sector work used in preparing the combined programs. While design was simple, the choice of instrument appropriate and development objectives highly relevant, the design of the result framework was weak as the results chain was not convincing and indicators were not useful to evaluate performance.

Program implementation was responsive to the needs of the borrower, with delayed disbursement requested by the Government and promptly granted by the Bank. Bank missions were well coordinated with the IMF and the World Bank to avoid overstretching limited government coordination capacity.

However, the Bank was not able to address lack of progress on procurement and access to credit in a timely manner. Knowing the political difficulties of some of these reforms, the program might have been designed differently with more prior actions in this area, or disbursement delayed further till certain key actions had been undertaken. As described below, a similar criticism has been made on the World Bank’s performance in the ICRR of its parallel operation (World Bank, 2017).

PCR rating 3 PCREN rating 2

b. Borrower performance:

Provide observations on the objectivity of the PCR ratings, and if necessary, re-assess the Borrower’s performance throughout the project cycle (design, implementation, completion) by focusing on evidence from the PCR in relation to questions defined in the PCR Guidance Note.

The Government owned the reform program and was committed to it. Its overall performance in managing the overall reform efforts has been deemed strong by all development partners as stated in the IMF’s ex post assessment (IMF 2017), the World Bank’s ICRR (World Bank 2017), and the Bank’s PCR of this program.

PCR rating 3 PCREN rating 3

c. Performance of other stakeholders:

Provide observations on the objectivity of the PCR ratings, and if necessary, re-assess the other stakeholders’ performance throughout the project cycle (design, implementation, completion) by focusing on evidence from the PCR in relation to relevant questions specific to each stakeholder (co-financiers, NGO, contractors and service providers).

World Bank (2017) found that the World Bank’s performance had been unsatisfactory, due to, inter alia, its inability to address the lack of progress on access to credit in a timely manner.

PCR rating 3 PCREN rating 2

5. SUMMARY OF OVERALL PROJECT PERFORMANCE

a. Overall assessment:

Provide a summary of the project/programme's overall performance based on the PCR 4 key components (Relevance, Effectiveness, Efficiency and Sustainability). Any difference with the PCR and the reasons that have resulted in them should be mentioned. For cases with insufficient evidence (from the PCR and other documents) available, the evaluator should assign a partly satisfactory rating (to be revised) until a post project performance evaluation (e.g. PPER, PER or PRA) is complete.

The program had highly relevant objectives, but a design that suffered from a weak result chain. While most outputs were completed, few outcomes were achieved, and the program's efficiency was limited by implementation delays. Implementation progress was satisfactory, and the limited results achieved seem sustainable.

b. Design, implementation and utilization of the M&E (appreciation of the evaluator):

Provide an assessment of planned and actual cost of the design, implementation and utilization of the M&E system. Design : To which extent the project M&E system was explicit, adequate and realistic to generate and analyse relevant data ; Implementation : To which extent relevant data was collected – Elements of M&E implementation and effectiveness in the PCR ; Utilization : degree of utilization of data generated for decision-making and resource allocation – elements of M&E utilization in the PCR.

The design of the monitoring and evaluation framework was weak, with a questionable choice of indicators and targets, and unclear causal effects. Due to its weaknesses, the M&E framework was only used ex post to assess program results and did not allow proper attribution. The fact that some sub-pillars were addressed by several DPs at the same time only compounded the attribution problem.

6. EVALUATION OF KEY LESSONS LEARNED AND RECOMMENDATIONS

a. Lessons learned:

Provide a brief description of any agreement/disagreement with all or part of the lessons learned from the PCR after analysis of the project performance with regards to each of the key components of the evaluation (Relevance, Effectiveness, Efficiency, and Sustainability). List the PCR main new and/or reformulated pertinent (and generic) lessons learned for each of these components here. It is recommended that no more than five lessons learned are discussed. Key questions and targeted audience must also be specified for each lesson learned.

The PCR did not provide general lesson but mixed them up with recommendations. Relevant lessons were included after each evaluation component. Overall, important lessons were identified on

- the importance of technical assistance for structural reforms based on an initial needs assessment;
 - the crucial role of government ownership of reforms and the need for this ownership to be broad;
 - the importance of considering capacity constraints and political feasibility when identifying policy conditions;
 - the extreme relevance of the choice of prior actions in a stand-alone single tranche operation as there are no triggers for subsequent PBOs;
 - the importance of coordination among IMF, World Bank and the Bank considering that none had a county office; and
 - the need to consider the legal ramifications of technology innovation (e.g., concerning digital signatures).
-

b. Recommendations:

Provide a brief description of any agreement/ disagreement with all or part of the recommendations from the PCR. List the PCR main new and/or reformulated recommendations (requiring more actions by the Borrower and/or the Bank) here.

The PCR's recommendations focused on the need to pursue incomplete reforms through new PBOs, and the importance to provide adequate technical assistance in a timely manner to fill capacity gaps. These seem sensible, although the above lessons also point to the need for broader consultation even if this might lead to a slower pace of reform, a careful choice of instrument and prior actions in future operations, and a stronger focus on implementation challenges with an in-depth assessment of practical challenges, be they regulatory, political or both.

7. COMMENTS ON PCR QUALITY AND TIMELINESS

The overall PCR rating is based on all or part of the criteria presented in the annex and other: The quality of the PCR is rated as highly satisfactory (4), satisfactory (3), unsatisfactory (2), and highly unsatisfactory (1). The timeliness of the PCR is rated as on time (4) or late (1). The participation of the Borrower, co-financier, and the bank's external office(s) are rated as follows: Very Good (4), Good (3), Fair (2), Poor (1).

The quality of the PCR was satisfactory (3). It provided relevant information but included mistakes on a few baselines, did not consistently apply guidelines in determining efficiency ratings, and did not always draw logical conclusions from the evidence it gathered on program effectiveness. The PCR was carried out 18 months after program closure, a timing that is considered satisfactory (3) as the program needed time for its results to be properly assessed.

8. SUMMARY OF THE EVALUATION

This is a summary of both the PCR and IDEV ratings with justification for deviations/comments. Appropriate section of the PCR Evaluation should be indicated in the last column in order to avoid detailed comments. The evaluator must provide a reasonable explanation for each criterion the PCR rating is not validated by IDEV. Consequently, the overall rating of the project could be "equally satisfactory".

Criteria	PCR	PCREN	Reason for disagreement/ Comments
RELEVANCE			
Relevance of project development objective	4 (HS)	4 (HS)	
Relevance of project design	4 (HS)	3 (S)	Several weaknesses in results framework make attribution difficult.
EFFECTIVENESS			
Development objective (DO)	3 (S)	2 (U)	While progress has been achieved in the area of transparency due to publishing budget information and preparation of a public private partnership policy (two relatively easier actions from a political economy point of view), failures in improving access to credit and strengthening procurement make progress unsatisfactory
EFFICIENCY			
Timeliness	3 (S)	2 (U)	The PCR did not apply the 2012 Staff Guidance on Project Completion Reporting and Rating that envisages a U for a ratio between 0.75 and 1 (project ratio was 0.8).
Resource use efficiency	N/A	N/A	
Cost-benefit analysis	N/A	N/A	
Implementation progress (IP)	3 (S)	3 (S)	
SUSTAINABILITY			
Financial sustainability	3 (S)	3 (S)	
Institutional sustainability and strengthening	3 (S)	3 (S)	

of capacities			
Environmental and social sustainability	N/A	N/A	
OVERALL PROJECT COMPLETION RATING	3		
Bank performance:	3 (S)	2 (U)	The Bank did not address limited progress on access to credit or procurement in a forceful manner – same criticism levied against the World Bank below.
Borrower performance:	3 (S)	3 (S)	
Performance of other shareholders:	3 (S)	2 (U)	World Bank’s performance rating from ICRR of parallel operation
Overall PCR quality:		3 (S)	The PCR was timely and provided relevant information but included mistakes on a few baselines, did not consistently apply guidelines in determining efficiency ratings, and did not always draw logical conclusions on program performance.

9. PRIORITY FOR FUTURE EVALUATIVE WORK: PROJECT FOR PERFORMANCE EVALUATION REPORT, IMPACT EVALUATION, COUNTRY/SECTOR REVIEWS OR THEMATIC EVALUATION STUDIES:

- Project is part of a series and suitable for cluster evaluation
- Project is a success story
- High priority for impact evaluation
- Performance evaluation is required to sector/country review
- High priority for thematic or special evaluation studies (Country)
- PPER is required because of incomplete validation rating

Major areas of focus for future evaluation work:

- a) Performance evaluation is required for sector/ country review
- b) Cluster evaluation (institutional support)
- c) Sector evaluation (budgetary support or public finance management reforms)

Follow up action by IDEV:

Identify same cluster or sector operations; organize appropriate work or consultation mission to facilitate a), b) and/or c).

Division Manager clearance

Director signing off

Data source for validation:

- Task Manager/ Responsible bank staff interviewed/contacted (in person, by telephone or email)
- Documents/ Database reports

Attachment:

- PCR evaluation note validation sheet of performance ratings
- List of references

PROJECT COMPLETION REPORT EVALUATION NOTE

Validation of PCR performance ratings

PCR rating scale:

Score	Description
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
UTS	Unable to score/rate
NA	Non Applicable

Criteria	Sub-criteria	PCR work score	IDEV review	Reasons for deviation/comments
RELEVANCE	Relevance of the project development objective (DO) during implementation	4	4	
	Relevance of project design (from approval to completion)	4	3	Several weaknesses in results framework make attribution difficult.
OVERALL RELEVANCE SCORE		4	3.5	
EFFECTIVENESS*	Effectiveness in delivering outcomes			
	Outcome1	3	2	No evidence of achievements, wrong measurements in PCR
	Outcome2	3	3	Progress only on transparency, no progress elsewhere
	Effectiveness in delivering output			
	Output1	3	3	
	Output2	3	3	All achieved except IOSCO
	Output3	3	2	Achieved but much later and only on financial literacy
	Output4	3	3	
	Output5	3	2	No progress on procurement, while publication of budget online was a relatively easy task
	Development objective (DO)			
	Development objective rating	3	2	Applied guidelines – difference is due to the differences in output and outcome effectiveness

Criteria	Sub-criteria	PCR work score	IDEV review	Reasons for deviation/comments
				described above
	Beneficiaries			
	Beneficiary1			
	Beneficiary2			
	Unanticipated outcomes (positive or negative not considered in the project logical framework) and their level of impact on the project (high, moderate, low)			
	Institutional development			
	Gender			
	Environment & climate change			
	Poverty reduction			
	Private sector development			
	Regional integration			
	Other (specify)			
EFFECTIVENESS OVERALL SCORE		3	2	While progress has been achieved has been in the area of transparency due to publishing budget information and preparation of a public private partnership (two relatively easy actions), failures in improving access to credit or strengthening procurement make progress unsatisfactory
EFFICIENCY	Timeliness (based on the initial closing date)	3	2	The PCR did not apply the 2012 Staff Guidance on Project Completion Reporting and Rating that envisages a U for a ratio between 0.75 and 1 (project ratio was 0.8).
	Resource used efficiency	N/A		
	Cost-benefit analysis	N/A		
	Implementation progress (from the IPR)	3	3	
	Other (specify)			
OVERALL EFFICIENCY SCORE		3	3	Timeliness affected by delays requested by customer and therefore has less weight
SUSTAINABILITY	Financial sustainability	3	3	
	Institutional sustainability and strengthening of	3	3	

Criteria	Sub-criteria	PCR work score	IDEV review	Reasons for deviation/comments
	capacities			
	Ownership and sustainability of partnerships	3	3	
	Environmental and social sustainability	N/A	N/A	
<p>*The rating of the effectiveness component is obtained from the development objective (DO) rating in the latest IPR of the project (see Guidance Note on the IPR). The ratings for outputs and outcomes are determined based on the project's progress towards realizing its targets, and the overall development objective of the project (DO) is obtained by combining the ratings obtained for outputs and outcomes following the method defined in the IPR Guidance Note. The following method is applied: Highly satisfactory (4), Satisfactory (3), Unsatisfactory (2) and Highly unsatisfactory (1).</p>				

Criteria	Sub-criteria	PCR Work score	IDEV review	Reasons for deviation/comments
BANK PERFORMANCE	Proactive identification and resolution of problems at different stage of the project cycle		2	
	Use of previous lessons learned from previous operations during design and implementation		3	
	Promotion of stakeholder participation to strengthen ownership		3	
	Enforcement of safeguard and fiduciary requirements			
	Design and implementation of Monitoring & Evaluation system		1	
	Quality of Bank supervision (mix of skills in supervisory teams, etc)		2	
	Timeliness of responses to requests		3	
OVERALL BANK PERFORMANCE SCORE		3	2	The Bank did not address limited progress on access to credit or procurement.
BORROWER PERFORMANCE	Quality of preparation and implementation		3	
	Compliance with covenants, agreements and safeguards		3	
	Provision of timely counterpart funding			
	Responsiveness to supervision recommendations		3	
	Measures taken to establish basis for project sustainability		3	
	Timeliness of preparing requests		3	
OVERALL BORROWER PERFORMANCE SCORE		3	3	
PERFORMANCE	Timeliness of disbursements by			

OF OTHER STAKEHOLDERS	co-financiers			
	Functioning of collaborative agreements		3	
	Quality of policy dialogue with co-financiers (for PBOs only)		2	
	Quality of work by service providers			
	Responsiveness to client demands			
OVERALL PERFORMANCE OF OTHER STAKEHOLDERS		3	2	World Bank's performance rating from ICRR of parallel operation
The overall rating is given: Very Good, Good, Fair and Poor.				
(i) Very Good (HS) : 4				
(ii) Good (H) : 3				
(iii) Fair (US) : 2				
(iv) Poor (HUS): 1				

DESIGN, IMPLEMENTAION AND UTILIZATION OF MONITIRING AND EVALUATION (M&E)

Criteria	Sub-criteria	IDEV Score	Comments
M&E DESIGN	M&E system is in place, clear, appropriate and realistic	1	Not realistic, poor causal chain, inadequate indicators
	Monitoring indicators and monitoring plan were duly approved		
	Existence of disaggregated gender indicator	3	Access to credit by women-owned businesses
	Baseline data were available or collected during the design	2	Available, but some were wrong
	Other, specify		
OVERALL M&E DESIGN SCORE		2	
M&E IMPLEMENTATION	The M&E function is adequately equipped and staffed		
OVERALL M&E IMPLEMENTATION SCORE		2	
M&E UTILIZATION	The borrower used the tracking information for decision		
OVERALL M&E UTILIZATION SCORE		2	
OVERALL M&E PERFORMANCE SCORE		2	

PCR QUALITY EVALUATION

Criteria	PCR-EVN (1-4)	Comments
QUALITY OF PCR		
1. Extent of quality and completeness of the PCR evidence and analysis to substantiate the ratings of the various sections	3	
2. Extent of objectivity of PCR assessment score	2	
3. Extent of internal consistency of PCR assessment ratings; inaccuracies; inconsistencies; (in various sections; between text and ratings; consistency of overall rating with individual component ratings)	2	
4. Extent of identification and assessment of key factors (internal and exogenous) and unintended effects (positive or negative) affecting design and implementation	2	
5. Adequacy of treatment of safeguards, fiduciary issues, and alignment and harmonization	3	
6. Extent of soundness of data generating and analysis process (including rates of returns) in support of PCR assessment	n/a	
7. Overall adequacy of the accessible evidence (from PCR including annexure and other data provided)	3	
8. Extent to which lessons learned (and recommendations) are clear and based on the PCR assessment (evidence & analysis)	3	
9. Extent of overall clarity and completeness of the PCR	3	
Other (specify)		
PCR QUALITY SCORE	3	

PCR compliance with guidelines (PCR/OM ; IDEV)		
1. PCR Timeliness (On time = 4; Late= 1)	3	
2. Extent of participation of borrower, Co-financiers & field offices in PCR preparation		
3. Other aspect(s) (specify)		
PCR COMPLIANCE SCORE	3	
*** rated as Very Good (4), or Good (3), or Fair (2), or Poor (1)		

References

1. IMF (2017), *Request for a Three-Year Policy Coordination Instrument and Ex Post Assessment of Longer Term Program Engagement*, Staff Report, p. 26.
2. World Bank (2017), *Sustaining Reforms for Inclusive Growth*, ICR Review.